

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel to the Authority (as defined herein), pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") and existing statutes, regulations, administrative pronouncements and judicial decisions, and in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Authority and the Borrowers (as herein defined), and assuming continuing compliance by the Authority and the Borrowers with certain ongoing covenants described herein, interest on the Series 2017 C-1 Notes (as defined herein) is not included in gross income for Federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Series 2017 C-1 Notes held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. Interest on the Series 2017 C-2 Notes (as defined herein) is includable in gross income for federal income tax purposes. Further, in the opinion of Bond Counsel, interest on the Notes (as defined herein) and any gain from the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See, "TAX MATTERS" herein.

Hudson County Improvement Authority
(County of Hudson, State of New Jersey)
\$55,097,000 County-Guaranteed Pooled Notes, Series 2017 C
(Local Unit Loan Program)
consisting of
\$41,247,000 Tax-Exempt County-Guaranteed Pooled Notes, Series 2017 C-1
(Local Unit Loan Program)
\$13,850,000 Federally Taxable County-Guaranteed Pooled Notes, Series 2017 C-2
(Local Unit Loan Program)

Dated: Date of Delivery

Maturity Date: October 18, 2018

Series 2017 C-1 Notes - Coupon: 2.25% Price: 101.104% CUSIP: 443728EU0
Series 2017 C-2 Notes - Coupon: 2.25% Price: 100.588% CUSIP: 443728EV8

The \$55,097,000 aggregate principal amount of County-Guaranteed Pooled Notes, Series 2017 C (Local Unit Loan Program), consisting of \$41,247,000 Tax-Exempt County-Guaranteed Pooled Notes, Series 2017 C-1 (Local Unit Loan Program) (the "Series 2017 C-1 Notes") and \$13,850,000 Federally Taxable County-Guaranteed Pooled Notes, Series 2017 C-2 (Local Unit Loan Program) (the "Series 2017 C-2 Notes") and together with the Series 2017 C-1 Notes, the "Notes") will be issued by the Hudson County Improvement Authority (the "Authority") as fully registered notes of each series and, when issued, will be registered in the name of Cede & Co. ("Cede"), as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Notes. Individual purchases will be made in book-entry form (without certificates) in the principal amount of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required.

The principal of and interest on the Notes, calculated on a 30 day month and 360 day year basis, is payable on the Maturity Date, shown above, to the registered owners thereof at their respective addresses as they appear on the registration books of TD Bank, National Association, Cherry Hill, New Jersey, acting in the capacity as trustee, registrar and paying agent for the Notes. Provided DTC, or its nominee Cede, is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made directly to DTC or its nominee, which is obligated to remit such principal and interest to DTC Participants, as defined herein. DTC Participants and Indirect Participants, as defined herein, will be responsible for remitting such payments to the beneficial owners of the Notes. See, "DESCRIPTION OF THE NOTES - The DTC Book-Entry-Only System", herein.

The Notes are not subject to redemption prior to maturity. See, "DESCRIPTION OF THE NOTES - Redemption of Notes", herein.

The Notes are being issued pursuant to: (i) the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey, as amended and supplemented (the "Act"); (ii) a resolution of the Authority entitled "Note Resolution - County-Guaranteed Pooled Notes (Local Unit Loan Program)" adopted on August 12, 2009, as amended (the "Note Resolution"); (iii) a certificate of the Executive Director/CFO of the Authority entitled "Certificate of the Executive Director/CFO of the Hudson County Improvement Authority Providing for the Issuance and Sale of \$55,097,000 Aggregate Principal Amount of County-Guaranteed Pooled Notes, Series 2017 C (Local Unit Loan Program) Consisting of \$41,247,000 Aggregate Principal Amount of Tax-Exempt County-Guaranteed Pooled Notes, Series 2017 C-1 (Local Unit Loan Program) and \$13,850,000 Aggregate Principal Amount of Federally Taxable County-Guaranteed Pooled Notes, Series 2017 C-2 (Local Unit Loan Program) and Determining Various Matters Pertaining Thereto" dated October 4, 2017, exercising powers delegated by the Note Resolution (the "Series Certificate," and together with the Note Resolution, the "Resolution"); and (iv) all other applicable law. The Notes are being issued to provide funds to make loans to (a) certain municipalities (the "Municipal Borrowers") and (b) the Parking Authority of the Township of Weehawken (the "Parking Authority" and together with the Municipal Borrowers, the "Borrowers"), each located within the County of Hudson, State of New Jersey (the "County"), to: (i) refinance certain of the outstanding tax appeal refunding notes, bond anticipation notes or project notes issued to temporarily finance tax appeal judgments or capital projects of the Borrowers or special emergency notes of the Borrowers, as applicable; (ii) temporarily finance capital projects of certain Municipal Borrowers; and (iii) pay certain of the costs of issuance of the Notes and the Borrower Notes (as hereinafter defined).

The Notes constitute direct and special obligations of the Authority and will be payable from and are secured by payments made on general obligation notes purchased by the Authority from each of the Municipal Borrowers (collectively, the "Municipal Borrower Notes") and payments made on a project note of the Parking Authority (the "Parking Authority Borrower Note" and together with the Municipal Borrower Notes, the "Borrower Notes"). The Borrower Notes will be sold to the Authority pursuant to separate Borrower Note Purchase Agreements entered into between the Authority and each of the Borrowers, and the Loan Repayments (as defined herein) as required under the Borrower Notes are pledged by the Authority to secure the applicable series of Borrower Notes described under "THE LOANS" herein.

The Municipal Borrower Notes shall be direct and general obligations of each of the respective Municipal Borrowers and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of each of the respective Municipal Borrowers, without limitation as to rate or amount. In the opinion of bond counsel to each of the Municipal Borrowers, each respective Municipal Borrower Note is a valid and legally binding obligation of the applicable Municipal Borrower and, unless paid from other sources, is payable from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of such Municipal Borrower, without limitation as to rate or amount.

Payments on the Parking Authority Borrower Note will be derived from Parking Authority Revenues (as hereinafter defined) of the Parking Authority. In the opinion of bond counsel to the Parking Authority, the obligation of the Parking Authority to make payment constitutes a direct and special obligation of the Parking Authority payable from Parking Authority Revenues of the Parking Authority. As additional security for the Parking Authority Borrower Note, payment of principal of and interest on the Parking Authority Borrower Note is fully, unconditionally and irrevocably guaranteed by the Township of Weehawken, New Jersey (the "Township") pursuant to a guaranty ordinance adopted on November 23, 2009 by the Township (the "Parking Authority Township Guaranty") in accordance with the Parking Authority Law, N.J.S.A. 40A:11A-1 *et seq.* (the "Parking Authority Law"), and unless such Parking Authority Borrower Note is paid from other sources, is payable from *ad valorem* taxes levied upon all taxable property in the Township, without limitation as to rate or amount. In the opinion of bond counsel to the Township, the Township's obligation to make such payments under the Parking Authority Township Guaranty is a direct and general obligation of the Township, payable, unless paid from other sources, from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of the Township, without limitation as to rate or amount. The Parking Authority Township Guaranty shall remain in effect until the Parking Authority Borrower Note and any renewals have been paid in full.

As additional security for the Notes, payment of the principal of and interest on the Notes is fully, unconditionally and irrevocably guaranteed by the County pursuant to a guaranty ordinance adopted on August 13, 2009 by the County (the "County Guaranty") and, unless such Notes are paid from other sources, is payable from *ad valorem* taxes levied upon all taxable property in the County, without limitation as to rate or amount. In the opinion of bond counsel to the County, the County's obligation to make such payments under the County Guaranty is a direct and general obligation of the County, payable, unless paid from other sources, from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of the County, without limitation as to rate or amount. The County Guaranty shall remain in effect until the Notes and any renewals have been paid in full.

THE AUTHORITY HAS NO POWER TO LEVY OR COLLECT TAXES. THE NOTES ARE NEITHER A DEBT NOR LIABILITY OF THE STATE OF NEW JERSEY, THE COUNTY (EXCEPT TO THE EXTENT OF THE COUNTY GUARANTY), THE BORROWERS (EXCEPT TO THE EXTENT OF THEIR RESPECTIVE BORROWER NOTES) OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF NEW JERSEY OTHER THAN THE AUTHORITY (TO THE EXTENT OF THE PLEDGED PROPERTY). THE AUTHORITY HAS NO TAXING POWER.

This cover page includes certain information for reference only and is not a summary of matters set forth herein. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Notes are offered for delivery when, as and if issued and delivered to the Underwriter, subject to the approval of legality thereof by McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Authority. Certain legal matters concerning the Borrower Notes will be passed upon by bond counsel to each of the Borrowers. Certain legal matters will be passed upon for the Authority by its General Counsel, William J. Netchert, Esq., Jersey City, New Jersey, and for the County by Donato J. Battista, Esq., Jersey City, New Jersey, County Counsel, and by DeCotiis, FitzPatrick, Cole & Gilbin, LLP, Teaneck, New Jersey, County Bond Counsel. Certain legal matters will be passed upon by Gibbons P.C., Newark, New Jersey, as Underwriter's Counsel. It is expected that the Notes will be available for delivery through the facilities of DTC on or about October 19, 2017 in New York, New York or such other place as agreed to by the Authority.

OPPENHEIMER & CO.

Dated: October 4, 2017

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No broker, dealer, salesman or other person has been authorized by the Authority or by the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Notes made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information which is set forth herein has been provided by the Authority, and by other sources which are believed to be reliable by the Authority, but such information provided by such other sources is not guaranteed as to accuracy or completeness by the Authority, and is not intended to be and is not to be construed as a representation by the Authority. Certain financial, economic and demographic information concerning the County is contained in Appendices A and B to this Official Statement. Such information has been furnished by the County. Certain financial and economic and demographic information concerning the Obligated Borrowers (as defined herein) is contained in Appendix C to this Official Statement. Such information has been furnished by such Obligated Borrowers. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of information relating to the County or the Obligated Borrowers, and the Authority and the Underwriter disclaim any responsibility for the accuracy or completeness thereof.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority, the County or the Obligated Borrowers since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose.

The Official Statement includes the cover page and the Appendices attached hereto. The Underwriter has been authorized by the Authority to print the Note offering yields and its name on the cover page, together with the interest rate per annum adopted for the Notes.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS THEY APPLY TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

The term CUSIP referenced on the front cover page hereof is a registered trademark of American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed on the front cover page hereof are being provided solely for the convenience of holders of the Notes only at the time of issuance of the Notes and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Notes.

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OFFICIAL STATEMENT
of the
HUDSON COUNTY IMPROVEMENT AUTHORITY
Relating to its
\$55,097,000 County-Guaranteed Pooled Notes, Series 2017 C
(Local Unit Loan Program)
consisting of
\$41,247,000 Tax-Exempt County-Guaranteed Pooled Notes, Series 2017 C-1
\$13,850,000 Federally Taxable County-Guaranteed Pooled Notes, Series 2017 C-2

INTRODUCTION

This Official Statement, which includes the cover page and the Appendices attached hereto, is furnished by the Hudson County Improvement Authority (the “Authority”), a public body corporate and politic of the State of New Jersey (the “State” or “New Jersey”), to provide certain information relating to the City of Bayonne (“Bayonne”), the City of Union City (“Union City”), the Township of Weehawken (“Weehawken” or “Township”), and the Town of West New York (“West New York”, and together with Bayonne, Union City and Weehawken, the “Municipal Borrowers”) and the Parking Authority of the Township of Weehawken (the “Parking Authority”, and together with the Municipal Borrowers, the “Borrowers”) each located in the County of Hudson, New Jersey (the “County”), as described under “THE LOANS” herein, and the \$55,097,000 aggregate principal amount of County-Guaranteed Pooled Notes, Series 2017 C (Local Unit Loan Program) consisting of \$41,247,000 Tax-Exempt County Guaranteed Pooled Notes, Series 2017 C-1 (Local Unit Loan Program) (the “Series 2017 C-1 Notes”) and \$13,850,000 Federally Taxable County-Guaranteed Pooled Notes, Series 2017 C-2 (Local Unit Loan Program) (the “Series 2017 C-2 Notes”, and together with the Series 2017 C-1 Notes, the “Notes”) to be issued by the Authority. The Notes are being issued pursuant to: (i) the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey, as amended and supplemented (the “Act”); (ii) a resolution of the Authority entitled “Note Resolution – County-Guaranteed Pooled Notes (Local Unit Loan Program)” adopted on August 12, 2009, as amended (the “Note Resolution”); (iii) a certificate of the Executive Director/CFO of the Authority, entitled “Certificate of the Executive Director/CFO of the Hudson County Improvement Authority Providing for the Issuance and Sale of \$55,097,000 Aggregate Principal Amount of County-Guaranteed Pooled Notes, Series 2017 C (Local Unit Loan Program) Consisting of \$41,247,000 Aggregate Principal Amount of Tax-Exempt County-Guaranteed Pooled Notes, Series 2017 C-1 (Local Unit Loan Program) and \$13,850,000 Aggregate Principal Amount of Federally Taxable County-Guaranteed Pooled Notes, Series 2017 C-2 (Local Unit Loan Program) and Determining Various Matters Pertaining Thereto” dated October 4, 2017, exercising powers delegated by the Note Resolution (the “Series Certificate,” and together with the Note Resolution, the “Resolution”); and (iv) all other applicable law.

The Notes constitute direct and special obligations of the Authority and are secured only by those revenues of the Authority which are derived by the Authority from the loan repayments (the “Loan Repayments”) made by the Borrowers pursuant to the Borrower Notes (as hereinafter defined) purchased by the Authority pursuant to the Borrower Note Purchase Agreements as

herein described. The Loan Repayments made pursuant to the Municipal Borrower Notes (as hereinafter defined) are pledged by the Authority for the payment of the principal of and interest on the applicable series of Notes described under "THE LOANS".

The Municipal Borrower Notes shall be direct and general obligations of each of the respective Municipal Borrowers and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of each of the respective Municipal Borrowers, without limitation as to rate or amount. In the opinion of bond counsel to each of the Municipal Borrowers, each respective Municipal Borrower Note is a valid and legally binding general obligation of the applicable Municipal Borrower, and, unless paid from other sources, is payable from *ad valorem* taxes levied upon all taxable property within the jurisdiction of such Municipal Borrower, without limitation as to rate or amount.

Payments on the Parking Authority Borrower Note (as hereinafter defined) will be derived from Parking Authority Revenues (as hereinafter defined) of the Parking Authority. In the opinion of bond counsel to the Parking Authority, the obligation of the Parking Authority to make payment constitutes a direct and special obligation of the Parking Authority payable from Parking Authority Revenues of the Parking Authority. See, "SECURITY FOR THE NOTES - Obligation of the Borrowers" herein. As additional security for the Parking Authority Borrower Note, payment of the principal of and interest on the Parking Authority Borrower Note is fully, unconditionally and irrevocably guaranteed by the Township pursuant to a guaranty ordinance adopted on November 23, 2009 by the Township (the "Parking Authority Township Guaranty") in accordance with the Parking Authority Law, N.J.S.A. 40A:11A-1 *et seq.* (the "Parking Authority Law"), and unless such Parking Authority Borrower Note is paid from other sources, is payable from *ad valorem* taxes levied upon all taxable property in the Township, without limitation as to rate or amount. In the opinion of bond counsel to the Parking Authority, the Township's obligation to make such payments under the Parking Authority Township Guaranty is a direct and general obligation of the Township, payable, unless paid from other sources, from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of the Township, without limitation as to rate or amount. The Parking Authority Township Guaranty shall remain in effect until the Parking Authority Borrower Note and any renewals have been paid in full. See, "SECURITY FOR THE NOTES - The Parking Authority Township Guaranty" herein.

As additional security for the Notes, payment of the principal of and interest on the Notes is fully, unconditionally and irrevocably guaranteed by the County pursuant to a guaranty ordinance adopted on August 13, 2009 by the County (the "County Guaranty") and, unless such Notes are paid from other sources, is payable from *ad valorem* taxes levied upon all taxable property in the County, without limitation as to rate or amount. In the opinion of bond counsel to the County, the County's obligation to make such payments under the County Guaranty is a direct and general obligation of the County, payable, unless paid from other sources, from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of the County, without limitation as to rate or amount. The County Guaranty shall remain in effect until the Notes and any renewals have been paid in full. See, "SECURITY FOR THE NOTES - The County Guaranty," herein.

In accordance with the Local Authorities Fiscal Control Law, constituting Chapter 313 of the Pamphlet Laws of 1983 of the State of New Jersey, the Local Finance Board, Division of

Local Government Services of the Department of Community Affairs of the State (the "Local Finance Board"), has reviewed the issuance of the Notes, and the financing of the improvements as described herein, and, by resolution dated September 13, 2017, made favorable findings and recommendations with regard thereto. TD Bank, National Association, Cherry Hill, New Jersey (the "Trustee", "Paying Agent", and "Registrar") has been appointed to serve as trustee, paying agent and registrar for the Notes.

Section 62 of the Act (the "Estoppel Law") permits the Authority to publish a notice which estops all persons from challenging the validity or authorization of obligations of the Authority, such as the Note Resolution, if such challenge is brought more than twenty (20) days after the publication of such notice. On September 3, 2009, the Authority published a notice (the "Notice") as permitted and set forth in the Estoppel Law with respect to the Note Resolution. In accordance with the Estoppel Law, the Notice stated that any action or proceeding of any kind or nature, questioning the validity of any covenants, agreements or contracts provided for or by the Note Resolution shall be commenced within twenty (20) days after the date of publication of such Notice. If no action or proceeding is instituted within such twenty (20) day period, then all persons are barred from instituting such type of action. The twenty (20) day period expired on September 23, 2009 and no such action was instituted.

Copies of the Resolution, the Borrower Note Purchase Agreements (as hereinafter defined), the Parking Authority Township Guaranty, the County Guaranty and the County Guaranty Agreement (as defined herein), are on file in the offices of the Authority located in Jersey City, New Jersey and at the principal corporate trust office of the Trustee located in Cherry Hill, New Jersey, and reference is made to such documents for the provisions relating to, among other things, the terms of and the security for the Notes, the custody and application of the proceeds of the Notes, the rights and remedies of the holders of the Notes, and the rights, duties and obligations of the Authority, the Borrowers and the Trustee.

This Official Statement contains brief descriptions of the Authority, the Notes, the Resolution, the Borrower Note Purchase Agreements, the Parking Authority Township Guaranty, the County Guaranty and the County Guaranty Agreement. A brief description and financial statements of the County are attached to this Official Statement as Appendices A and B, respectively, and financial and general information of those Borrowers which are scheduled to make debt service payments with respect to the Notes which equals or exceeds ten percent (10%) of the total debt service to be paid with respect to each series of the Notes is contained in Appendix C hereto; such Borrowers are Bayonne, Union City, Weehawken, West New York and the Parking Authority (collectively, the "Obligated Borrowers"). The description of the County has been furnished by the County and the descriptions of the Obligated Borrowers have been furnished by the applicable Obligated Borrowers, and neither the Authority nor the Underwriter has confirmed the accuracy or completeness of information relating to the County or the Obligated Borrowers, and the Authority and the Underwriter disclaim any responsibility for the accuracy or completeness thereof. Capitalized words and terms which are used herein which are not ordinarily capitalized and which are not otherwise defined herein shall have the meanings which are assigned to such words and terms in the Resolution. The summaries of and references to all documents, statutes, reports and other instruments which are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to such document, statute, report or instrument.

THE LOANS

The Notes are being issued to provide funds to make a loan to each of the Borrowers (each, a “Borrower Loan”). The Borrowers will apply the proceeds of the Borrower Loans to: (i) refinance certain of the outstanding tax appeal refunding notes, bond anticipation notes or project notes issued to temporarily finance tax appeal judgments or capital projects of the Borrowers or special emergency notes of the Borrowers, as applicable; (ii) temporarily finance capital projects of certain Municipal Borrowers; and (iii) pay certain of the costs of issuance of the Notes and the Borrower Notes, as hereinafter described. The Borrower Loans will be made pursuant to separate note purchase agreements entered into by and between the Authority and each of the Borrowers (the “Borrower Note Purchase Agreements”).

Pursuant to the Borrower Note Purchase Agreements, and in accordance with applicable law, each Municipal Borrower will issue and sell its general obligation note (each, a “Municipal Borrower Note”) and the Parking Authority will issue and sell its project note (the “Parking Authority Borrower Note”) to the Authority in the principal amounts shown below (collectively, the “Borrower Notes”). The Borrower Notes will be purchased by the Authority and the Loan Repayments will be pledged by the Authority to secure the applicable series of Notes described below. A default by a Borrower under its Borrower Note will not cause a default under the Borrower Notes of the non-defaulting Borrowers. See, “SUMMARY OF CERTAIN PROVISIONS OF THE BORROWER NOTES AND BORROWER NOTE PURCHASE AGREEMENTS” herein.

Series 2017 C-1 Notes

<u>Borrower</u>	<u>Borrower Note Amount</u>	<u>Purpose</u>
City of Bayonne	\$ 6,175,000	Real property acquisition, improvements to Police Department facility, Municipal Building and 57 th Street Fire House, and improvements to parks, infrastructure, recreational facilities and computer assisted management systems
City of Union City	16,725,000	Street, streetscape, parking, park and municipal building improvements, acquisition of property and equipment, and severance liabilities

Township of Weehawken	9,219,000	Acquisition of property, Pier B restoration, various capital improvements and acquisitions, construction of affordable housing units and taxes due and owing others
Town of West New York	9,128,000	Improvements to parks, roads and municipal buildings, acquisition of equipment and vehicles and taxes due and owing others
Total	<u>\$41,247,000</u>	

Series 2017 C-2 Notes

<u>Borrower</u>	<u>Borrower Note Amount</u>	<u>Purpose</u>
Parking Authority of The Township of Weehawken	\$13,850,000	Acquisition of land and buildings
Total	<u>\$13,850,000</u>	

MARKET PROTECTION

The County has in the past guaranteed the payment of principal of and interest on certain debt issued by various municipalities and entities of the County. The County Guaranty is a valid and legally binding obligation of the County and, unless the principal of and interest on such debt is paid from other sources, the County is obligated to make payment from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of the County, without limitation as to rate or amount for the payment of such debt. It is anticipated that within the next ninety (90) days, the County will not guaranty additional bonds or notes of the Authority. Additionally, the Authority anticipates selling not to exceed \$15,000,000 aggregate principal amount of City Guaranteed Lease Revenue Bonds, Series 2017 (Union City School District Parking Project) within the next ninety (90) days. Finally, the County anticipates selling approximately \$82,000,000 aggregate principal amount of general obligation bond anticipation notes and not to exceed \$19,500,000 principal amount of County College Refunding Bonds, Series 2017 within the next ninety (90) days.

Except for the anticipated issuance of Weehawken's \$551,000 aggregate principal amount of General Obligation Bonds, Series 2017A (Tax-Exempt), \$1,893,000 aggregate principal amount of General Obligation Bonds, Series 2017B (Taxable), and not to exceed \$6,500,000 aggregate principal amount of tax anticipation notes, the Borrowers do not anticipate selling any additional notes or bonds within the next ninety (90) days.

SOURCES AND USES OF NOTE PROCEEDS

	<u>Series 2017 C-1 Notes</u>	<u>Series 2017 C-2 Notes</u>
Sources of Funds		
Principal Amount of the Notes	\$41,247,000.00	\$13,850,000.00
Original Issue Premium	455,366.88	81,438.00
Total Sources of Funds	<u>\$41,702,366.88</u>	<u>\$13,931,438.00</u>
Uses of Funds		
Deposit to Loan Fund ⁽¹⁾	\$41,506,867.91	\$13,865,792.97
Costs of Issuance ⁽²⁾	195,498.97	65,645.03
Total Uses of Funds	<u>\$41,702,366.88</u>	<u>\$13,931,438.00</u>

⁽¹⁾ Represents the purchase price of the Borrower Notes less certain costs incurred by the Authority in connection with the issuance and delivery of the Notes, which have been netted against the purchase price.

⁽²⁾ Such costs include the underwriting fee, legal, printing, financial advisory and fiduciary expenses, and rating agency fees incurred in connection with the issuance of the Notes.

DESCRIPTION OF THE NOTES

General

The Series 2017 C-1 Notes are to be issued in the aggregate principal amount of \$41,247,000. The Series 2017 C-2 Notes are to be issued in the aggregate principal amount of \$13,850,000. The Notes shall be dated and bear interest, calculated on a 30 day month and 360 day year basis, from the date of delivery, payable at maturity, at the respective rates per annum as set forth on the front cover page of this Official Statement.

The Notes will be issued as fully registered book-entry Notes, and registered in the name of Cede & Co. ("Cede"), as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes under its book-entry-only system (the "DTC Book-Entry-Only System"). An individual purchaser may purchase a Note in book-entry form (without certificates) in denominations of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required. Provided DTC, or its nominee Cede, is the registered owner of the Notes, the principal of, redemption premium, if any, and interest on the Notes will be paid to DTC or Cede, as its nominee. See, "The DTC Book-Entry-Only System," herein. In the event the Notes are no longer subject to the DTC Book-Entry-Only System, the principal of and redemption premium, if any, on the Notes will be payable upon surrender of the respective Notes at a designated corporate trust office of the Paying Agent. Interest on the Notes will then be paid by check or bank draft mailed by the Paying Agent to the registered owners thereof at their addresses on file with the Registrar.

The DTC Book-Entry-Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each series of the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede or such other DTC nominee do not effect any change in

beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede's consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Notes will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Authority or Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Redemption of Notes

The Notes shall not be subject to redemption prior to their maturity date.

SECURITY FOR THE NOTES

General

The Notes constitute direct and special obligations of the Authority. The Notes are solely secured by the pledge of the Pledged Property, as that term is defined in the Resolution, which includes the Borrower Notes, the Revenues and the funds which are established and created under the Resolution (except the Rebate Fund, if any), including Investment Securities, as that term is defined in the Resolution, held in any fund and which are held by the Trustee under the terms of the Resolution, and all other moneys, securities or funds pledged for the payment of the principal of and interest on the Notes in accordance with the terms and provisions of the Resolution. See, "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" herein.

The Authority has no power to levy or collect taxes. The Notes are neither a debt nor a liability of the State of New Jersey, the County (except to the extent of the County Guaranty), the Borrowers (except to the extent of their respective Borrower Notes), or any other political subdivision of the State of New Jersey or the County, except the Authority (to the extent of the Pledged Property).

The provisions of the Notes and the Resolution are deemed to be and do constitute contracts by and among the Authority, the Trustee and the registered owners, from time to time, of the Notes and the security interest which is granted and the pledge which is made in the Resolution and the covenants and agreements which are set forth in the Resolution to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the registered owners of any and all Notes, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Notes over any other thereof, except as expressly provided in or pursuant to the terms of the Resolution.

Borrower Note Purchase Agreements

The Authority has entered into each Borrower Note Purchase Agreement to secure the related Borrower Loan. Pursuant to each Borrower Note Purchase Agreement, the Authority will purchase a Borrower Note in the principal amount equal to the related Borrower Loan. Each Borrower will be required to make the Loan Repayments to the Authority pursuant to its Borrower Note. The aggregate of the Loan Repayments made by the Borrowers will be sufficient to enable the Authority to pay the principal of and interest on the Notes. See,

“SUMMARY OF CERTAIN PROVISIONS OF THE BORROWER NOTES AND BORROWER NOTE PURCHASE AGREEMENTS” herein.

Obligation of the Borrowers

Municipal Borrowers. The obligation of each Municipal Borrower to repay its Borrower Loan is a direct and general obligation of each such Municipal Borrower payable from its general revenues and, unless paid from such sources, is payable from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of each of the respective Municipal Borrowers, without limitation as to rate or amount. In the opinion of bond counsel to each of the Municipal Borrowers, each respective Municipal Borrower Note is a valid and legally binding general obligation of the applicable Municipal Borrower and, unless paid from other sources, is payable from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of such Municipal Borrower, without limitation as to rate or amount.

Parking Authority Borrower. Payments on the Parking Authority Borrower Note will be derived from Parking Authority Revenues of the Parking Authority. Parking Authority Revenues means (i) all charges, rents, rates, fees or other charges and other income derived or to be derived by the Parking Authority from or for the ownership, operation, use or services of the System (as defined in the project note resolution duly adopted by the Parking Authority on November 23, 2009, as amended and supplemented) (the “Parking Authority Resolution”), including any proceeds of use and occupancy insurance, but excluding any Township Guaranty Funds (as defined in the Parking Authority Resolution) received by the Authority from the Township pursuant to the Township Guaranty (as defined in the Parking Authority Resolution), and (ii) investment income derived from the investment of any funds held pursuant to the Parking Authority Resolution, and which are deposited in the Debt Service Account (as defined in the Parking Authority Resolution). In the opinion of bond counsel to the Parking Authority, the obligation of the Parking Authority to make payment of the principal of and interest due on the Parking Authority Borrower Note constitutes a direct and special obligation of the Parking Authority payable from Parking Authority Revenues of the Parking Authority.

For financial and general information on the Obligated Borrowers, see APPENDIX C to this Official Statement.

The Parking Authority Township Guaranty

At the time of issuance and delivery of the Parking Authority Borrower Note, the Township, pursuant to the Parking Authority Township Guaranty, will guaranty the Parking Authority’s payment when due of the principal of and interest on the Parking Authority Borrower Note, including renewals, if any, by the Parking Authority of its Parking Authority Borrower Note. The Township’s obligations under the Parking Authority Township Guaranty to make the punctual payment of the principal of and interest on the Parking Authority Borrower Note as the same shall become due and payable shall be unconditional and irrevocable. Under the Parking Authority Law and the Parking Authority Township Guaranty, the Township shall be obligated to pay the principal of and interest on the Parking Authority Borrower Note, including renewals, if any, in the same manner and to the same extent as if the Township had issued

general obligation bonds under the Local Bond Law. The Township's obligation to make such payments under the Parking Authority Township Guaranty is a direct and general obligation of the Township, payable, unless paid from other sources, from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of the Township, without limitation as to rate or amount. In the opinion of bond counsel to the Parking Authority, the Township's obligation to make such payments under the Parking Authority Township Guaranty is a direct and general obligation of the Township, payable, unless paid from other sources, from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of the Township, without limitation as to rate or amount.

The County Guaranty

At the time of issuance and delivery of any notes issued pursuant to the Resolution (the "Authority Notes"), the County, pursuant to an ordinance adopted by the County on August 13, 2009 in accordance with the Act, will guaranty that portion of a defaulting borrower's unpaid principal and interest on its borrower note directly related to the Authority's payment when due of the principal of and interest on the Authority Notes, including renewals by the Authority of its notes, if any. The County's obligations under the County Guaranty to make the punctual payment of the principal of and interest on that portion of the notes as the same shall become due and payable shall be unconditional and irrevocable. Under the Act and the County Guaranty, the County shall be obligated to pay that portion of a defaulting borrower's principal of and interest on each Authority Note related to such borrower's equivalent, unpaid borrower note, in the same manner and to the same extent as if the County had issued general obligation notes for the unpaid borrower note under the Local Bond Law. The County's obligation to make such payments under the County Guaranty is a direct and general obligation of the County, payable, unless paid from other sources, from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of the County, without limitation as to rate or amount. In the opinion of bond counsel to the County, the County's obligation to make such payments under the County Guaranty is a direct and general obligation of the County, payable, unless paid from other sources, from *ad valorem* taxes levied upon all the taxable property within the jurisdiction of the County, without limitation as to rate or amount.

The County Guaranty Agreement

In order to establish the terms and conditions pursuant to which the County will make payments which are required to be made under the terms of the County Guaranty, the Authority and the County will enter into the County Guaranty Agreement on or before the initial delivery date of the Notes.

Pursuant to the Note Resolution, the Trustee shall promptly enforce, and seek payment pursuant to, the County Guaranty upon the failure of a Borrower to make timely payments under its respective Borrower Note. Pursuant to the County Guaranty Agreement, each Borrower Note shall provide that (a) no later than thirty (30) days prior to each payment due on such Borrower Note representing any and all payments to be applied to the payment of principal of and interest on the outstanding Authority Notes (each, a "Maturity Date"), Borrower shall either have (i) executed a purchase contract for the renewal of such outstanding Borrower Note, which purchase contract shall

require the delivery of new Borrower notes ten (10) days in advance of the Maturity Date, and/or (ii) provided notice to the County that it shall satisfy its payment of principal on its outstanding Borrower Notes no later than ten (10) days prior to the Maturity Date, and (b) such Borrower shall have deposited such principal and interest with the Trustee ten (10) days in advance of the Maturity Date. Revenues representing Loan Repayments deposited in the Revenue Fund, from payments made to the Authority by each Borrower for its respective Borrower Notes, shall be credited to each Borrower Account in the Debt Service Fund not later than 3:00 p.m. on the tenth (10th) day prior to a Maturity Date by the Trustee. Not later than 1:00 p.m. of the first Business Day thereafter, the Trustee shall determine whether (a) the amounts on deposit in each Borrower Account in the Debt Service Fund are sufficient to meet the Debt Service Requirement on such Series of Notes for the next succeeding Maturity Date, as applicable, and (b) which, if any, Borrower has not made a Loan Repayment or any portion thereof, which determination shall be made as at the close of business on the ninth (9th) day prior to a Maturity Date. The Trustee and the Authority shall cooperate with the reasonable requests of the County to secure payment of the amounts due from such Borrower. If on the ninth (9th) day prior to any Maturity Date, available funds on deposit in the Debt Service Fund are insufficient to provide for the payment of the principal of and interest on the Notes on the next succeeding Maturity Date, the Trustee shall notify the County, the Authority and the non-paying Borrower in writing in accordance with the provisions of Section 5(b) of the County Guaranty Agreement no later than 3:00 p.m. on such date, of the amount of such deficiency, and shall demand that such deficiency be cured by the non-paying Borrower no later than five (5) days before the next ensuing Maturity Date. The County shall acknowledge receipt of such notice in writing in accordance with the provisions of Section 5(b) of the County Guaranty Agreement within one (1) Business Day. If the deficiency is not so cured by the non-paying Borrower at least five (5) days prior to the next ensuing Maturity Date, the Trustee shall so notify the County (in writing) within one (1) Business Day thereafter and the County shall acknowledge receipt thereof within one (1) Business Day, and, no later than two (2) Business Days prior to such Maturity Date, the County shall make payment in immediately available funds to the Trustee of the amount of such deficiency then existing in the Debt Service Fund. Such County payment shall be deposited by the Trustee into the Debt Service Fund, as and to the extent provided in the Note Resolution. Notwithstanding any other provision of the County Guaranty Agreement to the contrary, failure of the Trustee to give the County notice as provided therein shall not relieve the County of its obligation to make payment to the Trustee under the terms of the County Guaranty, provided, however, that nothing in the County Guaranty Agreement shall be construed as a waiver of the County's right to proceed against the Authority, the non-paying Borrower or the Trustee for the County's damages, if any, arising from the failure to give timely notice to the County. Notwithstanding the foregoing, the Trustee shall not be responsible for any losses, liabilities, expenses or fees (including counsel fees) which are not due to its own negligence or willful misconduct. When notice has been provided as described above, the County shall take all actions necessary and permitted by law to make payment of an amount which, when added to the available amounts which are on deposit in the Debt Service Fund, is sufficient to pay the principal of and interest on the Notes due on the Maturity Date. Capitalized terms which are used herein shall have the same meanings which are assigned to such terms in the Note Resolution.

THE AUTHORITY

General

The Authority is a public body politic and corporate constituting a political subdivision of the State, established as an instrumentality exercising public and essential governmental functions to provide for the public convenience, benefit and welfare of the citizens of the County. The Authority was created pursuant to the Act and by resolution of the Board of Chosen Freeholders of the County on September 25, 1974. The Authority was established for the purpose of, among other things, providing public facilities, transportation facilities, the acquisition of equipment and the acquisition of property owned by the Federal government. Subsequent amendments to the Act permit the Authority to provide for the construction of convention halls, solid waste disposal facilities, recreation/entertainment centers and low- and moderate-income housing and to serve as a redevelopment agency and provide financing on behalf of certain non-profit entities.

The Authority Board

The Authority consists currently of nine (9) members, each of whom was appointed by resolution of the Board of Chosen Freeholders of the County for a term of five (5) years. The Authority Board members were sworn into office and will serve until the respective dates set forth below:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Frank Pestana	Chairman	1/31/2020
James P. Doran, Ed.D.	Vice Chairman	1/31/2021
Frank Lorenzo	Secretary	1/31/2022
Nicholas Goldsack	Treasurer	1/1/2020
Frank M. Bado, Esq.	Member	2/1/2014*
Brian K. Dellabella	Member	1/1/2022
Jeffrey Dublin	Member	1/31/2021
Martin T. Martinetti	Member	2/1/2018
John A. Peneda	Member	2/1/2019

* Serving until a successor is appointed.

The daily operations of the Authority are managed by its Chief Executive Officer, Norman M. Guerra, who became the Chief Executive Officer of the Authority on April 1, 2010. Mr. Guerra previously served as the Executive Director of the Authority beginning in April 2003.

Kurt A. Cherry serves as the Executive Director/CFO of the Authority. Mr. Cherry was appointed to the position of Executive Director of the Authority on April 1, 2010, and has served as the Chief Financial Officer since January 1, 2002.

Carmen Lozano serves as Assistant Secretary and William J. Netchert, Esq., Jersey City, New Jersey, serves as General Counsel to the Authority (the "General Counsel").

Outstanding Indebtedness of the Authority

The outstanding debt of the Authority (the “Outstanding Debt”) as of September 1, 2017 is as follows:

Summary of Outstanding Debt

**As of September 1, 2017
(Unaudited)**

Transaction	Amount Outstanding
Pooled Governmental Loan Program Bonds, Series 1986	\$54,240,000
Facility Lease Revenue Bonds, Series 1997	16,150,000
Lease Revenue Bonds, Series 2004 (North Hudson Regional Fire and Rescue Project - Original Parties Guaranteed Taxable Series)	10,050,000
Waterfront Improvement Bonds, Series 2004 (Weehawken Project);	3,445,000
Lease Revenue Bonds, Series 2004 (Weehawken Pershing Road Project)	5,030,000
Lease Revenue Bonds, Series 2004A (Harrison Facilities Lease Project)	6,685,000
Lease Revenue Bonds, Series 2004B (Harrison Facilities Lease Project)	1,190,000
Revenue Bonds, Series 2006A (Columbian Towers Development Co. of Hoboken, NJ Project)	4,694,359
Lease Revenue Bonds (North Hudson Fire and Rescue Project Guaranteed Tax-Exempt Series) Series 2006A	2,260,000
Lease Revenue Bonds (North Hudson Fire and Rescue Project Guaranteed Tax-Exempt Series) Series 2006B	2,140,000
Lease Revenue Bonds (Harrison Redevelopment Project), Series 2006A-1 Guaranteed Harrison Stadium Land Acquisition Special Obligation Capital Appreciation Bonds (Tax-Exempt)	24,443,426
Revenue Bonds, Series 2008A (Columbian Arms, Inc. Project)	3,419,591
County-Guaranteed Parking Revenue Bonds (Harrison Parking Facility Redevelopment Project), Series 2009C	37,970,000
County Guaranteed NJEIT Bonds, Series 2009C (Hudson County Improvement Authority Bayonne Redevelopment Agency Project) (Federally Taxable)	13,121,446
New Jersey Environmental Infrastructure Fund Series 2009A	9,329,230

Summary of Outstanding Debt

**As of September 1, 2017
(Unaudited)**

Transaction	Amount Outstanding
New Jersey Environmental Infrastructure Fund Series 2009A	\$ 1,134,861
County-Guaranteed Parking Revenue Bonds (Harrison Parking Facility Redevelopment Project), Series 2010C	6,900,000
Facility Lease Revenue Refunding Bonds, Series 2010 (Hudson County Lease Project)	45,135,000
County Improvement Bonds, Series 2010 (Hudson County Command Center Project - County General Obligation Recovery Zone Economic Development Bonds) (Federally Taxable)	19,500,000
Recovery Zone Facility Bonds, Series 2010 (DTCC Project)	9,065,000
County-Guaranteed Solid Waste Revenue Refunding Bonds, Series 2010A	31,815,000
County-Guaranteed Special Obligation Revenue Bonds (Township of Weehawken Port Imperial Parking Redevelopment Project), Series 2011 (Federally Taxable)	11,785,000
County-Guaranteed Lease Revenue Bonds, Series 2011 (Lincoln Park Golf Course Project)	12,045,000
Lease Revenue Refunding Bonds, Series 2011A (North Hudson Regional Fire and Rescue Project Guaranteed Tax-Exempt Series)	2,765,000
Lease Revenue Refunding Bonds, Series 2011B (North Hudson Regional Fire and Rescue Project Guaranteed Taxable Series)	6,725,000
County Guaranteed Special Acquisition Bonds, Series 2011 (830 Bergen Avenue Acquisition Project)	14,915,000
Federally Taxable County Secured Revenue Bonds, Series 2012 (Koppers Site Refinance Project)	4,090,000
County Guaranteed Renewable Energy Program Lease Revenue Bonds, Series 2012A (Federally Taxable)	4,005,000
Town of Harrison Secured Revenue Bonds, Series 2012 (Town of Harrison Notes Refinance Project) (Federally Taxable)	12,105,000
County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2012 (Federally Taxable)	45,605,000

Summary of Outstanding Debt

**As of September 1, 2017
(Unaudited)**

Transaction	Amount Outstanding
County Secured Lease Revenue Refunding Bonds, Series 2013 (Hudson County Plaza Refunding Project)	\$ 23,235,000
County Secured Revenue Bonds, Series 2013 (Koppers Site Refinance Completion Project)	13,900,000
County Secured Lease Revenue Refunding Bonds, Series 2015 (Hudson County Plaza Completion Refunding Project)	17,135,000
Lease Revenue Refunding Bonds, Series 2015 (Bayonne DPW Garage Refunding Project) (Federally Taxable)	7,905,000
County Secured Lease Revenue Bonds, Series 2016 (Hudson County Vocational-Technical Schools Project)	160,000,000
County Secured Lease Revenue Refunding Bonds, Series 2016 (Hudson County Plaza Refunding Project)	4,925,000
County Guaranteed Pooled Notes, Series 2016 C	48,920,000*
County Guaranteed Pooled Notes, Series 2017 A	40,857,000
County Guaranteed Pooled Notes, Series 2017 B	70,969,000
Total Outstanding Debt	\$809,603,913

Each issue of the Outstanding Debt is a special and limited obligation of the Authority and has been issued under bond resolutions and secured by project revenues separate from the Resolution and the Revenues. Each issue of the Outstanding Debt does not and will not affect, and will not be affected by, any other bonds or notes issued by the Authority, including the Notes.

SUMMARY OF CERTAIN PROVISIONS OF LOCAL GOVERNMENT FINANCE LAW

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

The Local Fiscal Affairs Law regulates the non-budgetary financial activities of local governments, including counties. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State. The audit, conforming to the Division of Local Government Services, in the New Jersey

* To be defeased by the issuance of the Notes.

Department of Community Affairs (the "Division") "Requirements of Audit," which must be completed within six (6) months after the close of the local unit's fiscal year, includes recommendations for improvement of the local unit's financial procedures. The audit report must also be filed with the Clerk of the local unit and is available for review during regular business hours and shall, within five (5) days thereafter, be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the local unit's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respect from generally accepted accounting principles.

The Local Authorities Fiscal Control Law, Chapter 313 of the Laws of New Jersey of 1983 (the "Local Authorities Fiscal Control Law"), provides for "State review of project financing of local authorities and for State supervision over the financial operation of local authorities."

The Local Finance Board shall prescribe the procedures for adoption and execution of annual budgets, and approval must be obtained prior to a budget's adoption and such budget shall also comply with the terms and provisions of any bond resolutions. On granting approval of a budget, the reasonableness and accuracy of revenue estimates are considered. Such revenue must be sufficient to meet all expenses, including debt service. An annual audit is required to be made, and completed within four (4) months of the closing of a fiscal year, by a registered municipal accountant or certified public accountant of the State.

Bond anticipation notes or project notes, containing a recital that they are issued in anticipation of the issuance of bonds, may be issued and may be renewed at any time within three (3) years of the date of the original note issue provided that the local authority submits the terms and conditions of the renewals to the Director of the Division, and the Director fails to disapprove the renewal in writing within ten (10) days of the date of its receipt. After three (3) years from the date of the original issue, renewals are subject to Local Finance Board approval.

A local authority may not be created unless the Local Finance Board so approves and a local authority may not be dissolved without providing for payment of all outstanding indebtedness and without the approval by the Local Finance Board.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An annual financial statement (the "Annual Financial Statement"), which sets forth the financial condition of a local unit for the fiscal year, must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities that operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. Such Statement reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget.

Accounting and Reporting Practices

The accounting policies of the local unit conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts that may be due from other governmental units and that are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the local unit's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the local unit that are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the local units do not record obligations for accumulated unused vacation and sick pay.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit, including the County, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget must be certified as approved by the Director prior to final adoption of the budget by the local unit, including the County. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director is required to review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations less non-tax revenues. Anticipated non-tax revenues are limited to the amount actually realized from the same source during the previous year unless the Director certifies a higher figure. The Director is empowered to permit a higher level of anticipation, however, should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary review functions, focusing on anticipated revenues, serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis," i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year the local unit's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of more than 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population of less than 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures that the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing or from the annual operating budget.

Limitation on Expenditures (“Cap Law”) (N.J.S.A. 40A:4-45.4)

N.J.S.A. 40A:4-45.4 places limits on county tax levies and expenditures. This law is commonly known as the “Cap Law” (the “Cap Law”). The Cap Law provides that the local unit shall limit any increase in its budget to 2.5% or the Cost-of-Living Adjustment, whichever amount is less, of the previous year’s local unit tax levy, subject to certain exceptions. The Cost-of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-of-Living Adjustment is equal to or less than 2.5%, the local unit may, by resolution approved by a majority vote of the full membership of the governing body, provide that the tax rate of the local unit for such year be increased by a percentage rate that is greater than the Cost-of-Living Adjustment, but not more than 3.5% over the previous year’s county tax levy. See N.J.S.A. 40A:4-45.14. The Cost-of-Living Adjustment for State Fiscal Year 2017 is 0.5%. In addition, pursuant to Chapter 100 of the Laws of New Jersey of 1994 (N.J.S.A. 40A:4-45.15a, -45.15b) and Chapter 74 of the Laws of New Jersey of 2004, counties may “Cap” bank under the Local Budget Law. Local units are permitted to appropriate available “Cap Bank” in either of the next two (2) succeeding years’ final appropriations if its actual appropriations in a fiscal year are below the allowable Cost of Living Adjustment.

Additionally, the Legislature of the State of New Jersey previously enacted P.L. 2007, c. 62 (the “Property Tax Act”) effective April 3, 2007, which imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The Property Tax Act was amended by the provisions of P.L. 2010, c. 44 effective July 13, 2010 (the “Amendment”) and applicable to the next budget year following enactment. The Amendment reduces the tax levy cap to 2% from 4%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs directly related to a declared emergency. Waivers from the Division or the Local Finance Board are no longer available under the Amendment.

The Division has advised that counties and municipalities must comply with both the budget “cap” and the tax levy limitation. Neither the tax levy limitation nor the “Cap Law”, however, limits the obligation of the local unit to levy *ad valorem* taxes upon all taxable real

property within the local unit to pay debt service on its bonds, notes or debt guaranties in connection with capital expenditures.

**SUMMARY OF CERTAIN PROVISIONS
OF THE BORROWER NOTES
AND BORROWER NOTE PURCHASE AGREEMENTS**

The following is a summary of certain provisions of the Borrower Notes and the Borrower Note Purchase Agreements. This summary does not purport to be comprehensive or definitive and is qualified by reference to all of the terms and the provisions of the Borrower Notes and the Borrower Note Purchase Agreements to which reference is hereby made. Capitalized words and phrases that are not defined herein or conventionally capitalized have the meanings given such words or phrases in the Borrower Notes and the Borrower Note Purchase Agreements.

The Authority has entered into the Borrower Note Purchase Agreements, the terms of which, except for the principal amount of Borrower Notes to be purchased from each Borrower by the Authority, are substantially identical. The obligations of each Borrower under its respective Borrower Note, and its respective Borrower Note Purchase Agreement, are separate and distinct. The default by any Borrower under the terms of its respective Borrower Note or Borrower Note Purchase Agreement does not impose additional obligations on the non-defaulting Borrowers.

Obligation of the Borrowers

In the opinion of bond counsel to each of the Borrowers (i) the proceedings taken by each Borrower to authorize and issue its respective Borrower Note under the Local Bond Law or the Parking Authority Law of the State, as applicable, or other similar law, and all other proceedings taken to authorize its respective Borrower Note (collectively, the “Local Proceedings”) have been validly authorized, executed and delivered and are in full force and effect, and (ii) the respective Borrower Notes are legal, valid and binding obligations of each Borrower enforceable in accordance with their terms and the terms of the Local Proceedings, and, solely in the case of the Municipal Borrowers, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property located within such Municipal Borrower to the extent necessary to make the required payments on its Borrower Note.

Payments on the Parking Authority Borrower Note will be derived from Parking Authority Revenues of the Parking Authority. In the opinion of bond counsel to the Parking Authority, the obligation of the Parking Authority to make payment constitutes a direct and special obligation of the Parking Authority payable from Parking Authority Revenues of the Parking Authority.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The Resolution contains various covenants and security provisions relating to the Authority Notes, certain of which are summarized below. The following summary does not

purport to be a full and complete statement of the provisions of the Resolution, and the Resolution should be read in full for a complete understanding of all the provisions thereof.

Capitalized terms which are used herein shall have the same meanings which are assigned to such terms in the Resolution.

Resolution to Constitute a Contract

The Resolution shall be deemed to be and shall constitute a contract among the Authority and the Holders from time to time of the Authority Notes; and the security interest granted and the pledge and assignment made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Holders of any and all of the Authority Notes, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Authority Notes over any other thereof, all except as expressly provided in or permitted by the Resolution.

The Pledge Effected by the Resolution

The Authority Notes are direct and special obligations of the Authority payable solely from the Pledged Property, meaning the Local Unit Notes and the Revenues (including payments received under the County Guaranty) and Funds other than the Rebate Fund, including Investment Securities held in any such Fund, together with all proceeds and revenues of the foregoing, all the Authority's right, title and interest in and to the foregoing and all other moneys, securities or funds pledged for the payment of the principal of and interest on the Authority Notes. All of the Pledged Property is pledged and assigned as security for the payment of the principal of, and interest on, the Authority Notes in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

Nothing contained in the Resolution shall be deemed a limitation upon the authority of the Authority to issue bonds, notes or other obligations under the Act secured by other income and funds other than the Pledged Property, including, without limitation, bonds, notes or other obligations secured by Federal or State grants.

Establishment of Funds and Accounts

The following Funds and Accounts are established under the Resolution:

- (1) Loan Fund, to be held by the Trustee,
- (2) Revenue Fund, to be held by the Trustee,
- (3) Debt Service Fund, to be held by the Trustee, and
- (4) Rebate Fund, to be held by the Authority.

Loan Fund

There shall be paid into the Loan Fund the amounts required to be so paid by the provisions of the Resolution or any Supplemental Resolution. The Trustee shall apply moneys in the Loan Fund, at the written direction of the Authority, to the making of Loans to the Borrowers and the payment of Costs of Issuance in accordance with Article XIII of the Resolution.

Pursuant to an order of the Authority simultaneously delivered to the Trustee upon the original issuance of any Authority Notes, any Authority Note proceeds representing costs of issuance shall be immediately deposited in the Costs of Issuance Account in the Loan Fund and shall be paid by the Trustee in accordance with the provisions of the Resolution.

Revenue Fund

All Revenues shall be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund. The Trustee shall transfer to the Debt Service Fund the amount, if any, required so that the balance in said Fund shall equal the sum of the amounts of the Debt Service Requirement on all Authority Notes of like Series for the next respective succeeding Maturity Date, provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded from the balance in said Fund the amount, if any, set aside in said Fund from the proceeds of Authority Notes of like Series for the payment of interest on Authority Notes of such Series less that amount of such proceeds to be applied in accordance with the Resolution to the payment of interest accrued and unpaid and to accrue on Authority Notes of such Series to the next Interest Payment Date. So long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Authority Notes of any Series in accordance with their terms (including principal and interest thereon) no transfers shall be required to be made to the Debt Service Fund.

Debt Service Fund

Pursuant to Section 504 of the Resolution, all Revenues shall be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund. On or prior to the thirtieth (30th) day before each Maturity Date, the Trustee shall transfer to the Debt Service Fund the amount, if any, required so that the balance therein shall equal the sum of the amounts of the Debt Service Requirement on all Authority Notes of like Series for the next respective succeeding Maturity Date, provided that, for the purposes of computing the amount to be deposited in the Debt Service Fund, there shall be excluded from the balance therein the amount, if any, set aside in the Debt Service Fund from the proceeds of Authority Notes of like Series for the payment of interest on Authority Notes of such Series less that amount of such proceeds to be applied in accordance with the Resolution to the payment of interest accrued and unpaid and to accrue on Authority Notes of such Series to the next Maturity Date. On or prior to each redemption date for all or part of the Authority Notes of any Series, the Trustee shall transfer to the Debt Service Fund the amount required to redeem such Authority Notes on such redemption date. So long as

there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Authority Notes of any Series in accordance with their terms (including principal and interest thereon) no transfers shall be required to be made to the Debt Service Fund.

Pursuant to Section 505 of the Resolution, the Trustee shall hold the Local Unit Notes and any payments of principal and interest received with respect thereto, including any payments made pursuant to the County Guaranty, in the Debt Service Fund. The Trustee shall promptly enforce, and seek payment pursuant to, the County Guaranty in accordance with the County Guaranty Agreement, upon the failure of the Trustee to receive the timely payment of principal and interest on the Local Unit Notes relating to the applicable Series of Authority Notes when due. On each Maturity Date and each redemption date, the Trustee shall withdraw from the Debt Service Fund an amount equal to the interest due on the Authority Notes of any Series on such Maturity Date or redemption date, which moneys shall be paid by the Paying Agent to the payment of such interest. On the Maturity Date of any Authority Notes, the Trustee shall make available to the Paying Agent from moneys in the Debt Service Fund an amount equal to the principal due on such date, which moneys shall be applied by the Paying Agent to the payment of such principal. On each redemption date, the Trustee shall make available to the Paying Agent from moneys in the Debt Service Fund an amount equal to the Redemption Price of the Authority Notes to be redeemed on such redemption date, which moneys shall be applied by the Paying Agent to the payment of such Redemption Price.

Rebate Fund

Moneys on deposit in the Rebate Fund, including earnings on or gain realized on any moneys or investments therein, shall be held by the Authority in trust and applied as provided by instructions to the Authority contained in the Tax Certificate delivered pursuant to the Resolution.

Depositories

All moneys held by the Trustee and the Authority under the provisions of the Resolution shall constitute trust funds and the Trustee and the Authority may deposit such moneys with one or more Depositories in trust for said parties. All moneys deposited under the provisions of the Resolution with the Trustee or any Depository shall be held in trust and applied only in accordance with the provisions of the Resolution, and each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

Investment of Certain Funds

Moneys held in the Debt Service Fund, the Loan Fund and the Revenue Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund. In making any investment in any Investment Securities with moneys in any Fund established under the Resolution, the Authority may instruct in writing the Trustee or any Depository to combine

such moneys with moneys in any other Fund, but solely for purposes of making such investment in such Investment Securities.

Power to Issue Authority Notes and Pledge Pledged Property

The Authority is duly authorized under all applicable laws to create and issue the Authority Notes, to adopt the Resolution and to pledge the Pledged Property purported to be subjected to the lien of the Resolution in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Resolution, the Pledged Property so pledged is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of the equal rank with the pledge and assignment created by the Resolution, and all action on the part of the Authority to that end has been and will be duly and validly taken. The Authority Notes and the provisions of the Resolution are and will be the valid and legally binding obligations of the Authority. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property under the Resolution and all the rights of the Authority Noteholders under the Resolution against all claims and demands of all persons whomsoever.

Tax Covenant

The Authority covenants to maintain the exclusion from gross income for Federal income tax purposes of interest on the Series 2017 C-1 Notes. In furtherance of the covenant contained in the preceding sentence, the Authority will, among other things, comply with the Tax Certificate. Notwithstanding any other provision of the Resolution to the contrary, so long as necessary in order to maintain the exclusion from gross income for Federal income tax purposes of interest on the Series 2017 C-1 Notes, the covenants contained in the Resolution shall survive the payment or discharge thereof upon defeasance of such Series 2017 C-1 Notes pursuant to the Resolution. Also see "TAX MATTERS" herein.

Events of Default

The following events shall constitute an Event of Default under the Resolution:

- (i) if default shall be made in the due and punctual payment of the principal of any Authority Note when and as the same shall become due and payable, whether at maturity or otherwise;
- (ii) if default shall be made in the due and punctual payment of interest on any Authority Note when and as such interest shall become due and payable;
- (iii) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution or in the Authority Notes contained, and such default shall continue for a period of sixty (60) days after written notice thereof to the Authority by the Trustee or to the Authority and the Trustee by the

Holders of not less than ten percent (10%) in principal amount of the Authority Notes Outstanding;

- (iv) if the Authority shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of its properties and/or its rents, fees, charges or other revenues therefrom, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debt as such debts mature, or shall authorize to take any action in furtherance of any of the foregoing; or
- (v) if a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Authority in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Authority, of its properties and/or the rents, fees, charges or other revenues therefor, or a decree or order for the dissolution, liquidation or winding up of the Authority and its affairs or a decree or order finding or determining that the Authority is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days.

Acceleration

So long as such Event of Default shall not have been remedied, unless the principal of all the Authority Notes shall have already become due and payable, the Trustee, by notice in writing to the Authority, or upon receipt of a direction in writing from the Holders of not less than twenty-five percent (25%) in principal amount of the Authority Notes Outstanding, shall declare the principal of all the Authority Notes then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Authority Notes contained to the contrary notwithstanding. The right of the Trustee or of the Holders of not less than twenty-five percent (25%) in principal amount of the Authority Notes to make or direct any such declaration, however, is subject to the condition that if, at any time after such declaration, but before the Authority Notes shall have matured by their terms, all overdue installments of interest upon the Authority Notes, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper fees, charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Authority Notes due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Authority Notes or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be

made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Holders of twenty-five percent (25%) in principal amount of the Authority Notes Outstanding, by written notice to the Authority and the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Holders of twenty-five percent (25%) in principal amount of the Authority Notes Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default shall *ipso facto* be deemed to be annulled; but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Supplemental Resolutions Effective Upon Filing With the Trustee

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Authority may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Authority Representative, shall be fully effective in accordance with its terms:

(1) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the authentication and delivery of Authority Notes or the issuance of other evidences of indebtedness;

(2) To add to the covenants and agreements of the Authority in the Resolution, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(3) To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(4) To authorize Authority Notes of a Series and, in connection therewith, specify and determine the matters and things referred to in Article II of the Resolution, and also any other matters and things relative to such Authority Notes which are not contrary to or inconsistent with the Resolution as heretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Authority Notes;

(5) To authorize, in compliance with all applicable law, Authority Notes to be issued in the form of coupon Authority Notes registrable as to principal only and, in connection therewith, specify and determine the matters and things relative to the issuance of such coupon Authority Notes, including provisions relating to the timing and manner of provision of any notice required to be given to the Holders of such coupon Authority Notes, which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such coupon Authority Notes;

(6) To authorize, in compliance with all applicable law, Authority Notes to be issued in the form of Authority Notes issued and held in book-entry form on the books of the Authority, any Fiduciary or custodian appointed for that purpose by the Authority and, in connection therewith, make such additional changes to the Resolution, not adverse to the rights of the Holders of the Authority Notes, as are necessary or appropriate to accomplish or recognize such book-entry form Authority Notes, substitute for any such Fiduciary or custodian, provide for in, and amend any provisions in, the Resolution relating to the giving of notice, and specify and determine the matters and things relative to the issuance of such book-entry form Authority Notes as are appropriate or necessary;

(7) To confirm, as further assurance, any pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Resolution of the Pledged Property and to pledge any additional revenues, moneys, securities or other agreements; and

(8) To modify any of the provisions of the Resolution in any other respect whatever, provided that such modification shall become effective prior to the authentication and delivery of the first Authority Note authorized to be issued pursuant to the Resolution, such Supplemental Resolution shall be specifically referred to in the text to all Authority Notes authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Authority Notes issued in exchange therefor or in place thereof.

Supplemental Resolutions Effective Upon Consent of Trustee

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Authority Representative, and (ii) the filing with the Trustee and the Authority of instruments in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or

(2) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect.

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Authority Notes thereunder, in any particular, may be made by a Supplemental Resolution with the written consent, given as provided in the Resolution, of the Holders of at least a majority in principal amount of the Authority Notes Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Authority Notes of any specified maturity remain Outstanding, the consent of the Holders of such Authority Notes shall not be required and such

Authority Notes shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Authority Notes under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Authority Note or of any interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Authority Note, or shall reduce the percentages or otherwise affect the classes of Authority Notes the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. The Trustee may in its discretion determine whether or not, in accordance with the foregoing powers of amendment, Authority Notes of any particular maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Authority Notes.

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Authority Notes thereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Resolution and the written consent of the Holders of all of the Authority Notes then Outstanding, such consent to be given as provided in the Resolution except that no notice to Authority Noteholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Authority Noteholders.

Defeasance

If, subject to the provisions set forth in the next succeeding sentence, the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Authority Notes the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated in the Authority Notes and in the Resolution, then the pledge of the Pledged Property, any Revenues, and other moneys and securities pledged under the Resolution and all covenants, agreements and other obligations of the Authority to the Authority Noteholders, shall thereupon cease, terminate and become void and be discharged and satisfied. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Outstanding Authority Notes of a particular maturity or particular Authority Notes within a maturity, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Authority Notes shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the Authority to the Holders of such Authority Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

Loan Defaults

The Trustee shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, the Local Unit Notes, including the prompt payment of all Loan Repayments. The Trustee shall not, except pursuant to Section 1303 of the Resolution, release the obligations of any Local Unit under any Local Unit Note and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Authority and of the Holders of the Authority Notes under or with respect to each Local Unit Note, provided that this provision shall not be construed to prevent the Trustee from settling a default on any Local Unit Note or Local Unit Note Purchase Agreement on such terms as the Trustee shall determine to be in the best interests of the Noteholders. The Authority shall promptly advise the Trustee of any default of which it is aware under any Local Unit Note.

PLEDGE OF THE STATE NOT TO LIMIT POWER OF AUTHORITY OR RIGHTS OF NOTEHOLDERS

The Act sets forth the pledge and agreement of the State of New Jersey that it will not limit or alter the rights vested by the Act in the Authority to fulfill the terms of any agreements made with holders of obligations of the Authority or in any way impair the rights and remedies of such Holders, until such obligations, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such Holders, are fully met and discharged.

MUNICIPAL BANKRUPTCY

The undertakings of the Authority, the County and the Borrowers should be considered with reference to 11 U.S.C. §101 *et seq.*, as amended and supplemented (the “Bankruptcy Code”), and other bankruptcy laws affecting creditors’ rights and governmental units in general. The Bankruptcy Code permits a municipality, a political subdivision or a public agency or instrumentality of the State that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purposes of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of the petitioner’s creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a local unit must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond

or note, may not be avoided pursuant to certain preferential transfer provisions set forth in the Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.*, which provides that a local unit, including the Authority, the Borrowers and the County, has the power to file a petition in bankruptcy with any United States court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts, provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE AUTHORITY, THE BORROWERS OR THE COUNTY EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCES OF PAYMENT OF AND SECURITY FOR THE NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

NEGOTIABILITY OF THE NOTES

Section 24 of the Act, N.J.S.A. 40:37A-67, provides that any bond or obligation issued pursuant to the Act, including the Notes, shall be fully negotiable within the meaning and for all purposes of the negotiable instruments law of the State and each holder or owner of such bond or other obligation, including the Notes, or of any coupon appurtenant thereto, by accepting such bond or coupon shall be conclusively deemed to have agreed that such bond, obligation or coupon is and shall be fully negotiable within the meaning and for all purposes of said negotiable instruments law.

LEGALITY FOR INVESTMENT

The Act provides that: (1) the State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof; (2) all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, which banks, trust companies, and other such institutions are organized and existing under the laws of the State of New Jersey; and (3) all executors, administrators, guardians, trustees and other fiduciaries acting under the laws of the State of New Jersey, may legally invest any sinking funds, monies or other funds belonging to them or within their control in any bonds issued pursuant to the Act and such bonds will be authorized security for any and all public deposits.

LITIGATION

The Authority

There is no litigation pending or threatened involving the Authority that would materially impair the financial stability of the Authority or affect the issuance, sale or delivery of the Notes

or the valid execution of the contract of purchase between the Authority and the Underwriter, or the Borrower Note Purchase Agreements between the Authority and the respective Borrowers.

The Borrowers

There is no litigation pending or threatened involving any Borrower that would materially impair the financial stability of such Borrower, or affect the execution of the Borrower Note Purchase Agreement by such Borrower, or such Borrower's performance, both financial and otherwise, thereunder, or the issuance or enforceability of its Borrower Note.

The Township

There is not now pending or threatened, any litigation (i) restraining or enjoining the authorization or adoption of the authorization proceedings for, or enforceability, of the Parking Authority Township Guaranty, or (ii) of any nature relating to the existence or powers of the Township or which, if decided unfavorable to the interest of the Township, would materially adversely affect (a) its financial condition or operations or (b) the validity or enforceability of, or its ability to make payments under, the Parking Authority Township Guaranty.

The County

There is not now pending or threatened, any litigation (i) restraining or enjoining the authorization or adoption of the authorization proceedings for, or enforceability of the County Guaranty, or (ii) of any nature relating to the existence or powers of the County or which, if decided unfavorably to the interest of the County, would materially adversely affect (a) its financial condition or operations or (b) the validity or enforceability of, or its ability to make payments under, the County Guaranty.

NOTES NOT A DEBT OF THE STATE OF NEW JERSEY

The Notes shall not in any way be a debt or liability of the State or of any political subdivision thereof other than the Authority (to the extent of the Pledged Property), the County to the extent of the County Guaranty and the County Guaranty Agreement and the Borrowers (to the extent of their respective Borrower Notes), and do not and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof, other than (a) the limited obligations of the Authority (to the extent of the Pledged Property), which has no taxing power, and (b) the County which, to the extent that other funds of the County are insufficient, has pledged its full faith and credit and will be obligated to levy *ad valorem* taxes on all taxable property within the County in an amount sufficient to provide for payment under the County Guaranty and the County Guaranty Agreement, as is needed to pay the principal of and interest on the Notes (but not redemption premium, if any) and (c) the Borrowers which, to the extent that other funds of the Borrowers are insufficient, have pledged their full faith and credit and will be obligated to levy *ad valorem* taxes upon all the taxable property within the jurisdiction of the Borrowers.

TAX MATTERS

Series 2017 C-1 Notes

Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”) provides that interest on obligations such as the Series 2017 C-1 Notes is not included in gross income for federal income tax purposes only if certain requirements are met. In the Arbitrage and Tax Certificate of the Authority (the “Tax Certificate”) and the Use of Proceeds Certificates to be executed by each of the Borrowers (the “Use of Proceeds Certificate”), both which will be delivered in connection with the issuance of the Series 2017 C-1 Notes, the Authority and the Borrowers will make certain representations, certifications of fact, and statements of reasonable expectation in connection with the issuance of the Series 2017 C-1 Notes and certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of the interest on the Series 2017 C-1 Notes from gross income under Section 103(a) of the Code.

In the opinion of Bond Counsel, under existing statutes, regulations, administrative pronouncements and judicial decisions, and in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Authority and the Borrower and assuming compliance by the Authority and the Borrower with its ongoing covenants, interest on the Series 2017 C-1 Notes is not included in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103(a) of the Code and is not an item of tax preference to be included in calculating alternative minimum taxable income under the Code for purposes of the alternative minimum tax imposed with respect to individuals and corporations. Interest on the Series 2017 C-1 Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax imposed on corporations as a result of interest on the Series 2017 C-1 Notes being included in “adjusted current earnings.”

Certain Federal Tax Consequences Relating to the Series 2017 C-1 Notes

Although interest on the Series 2017 C-1 Notes is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2017 C-1 Notes may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Series 2017 C-1 Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Series 2017 C-1 Notes.

There can be no assurance that legislation will not be introduced or enacted after the issuance and delivery of the Series 2017 C-1 Notes so as to affect adversely the exclusion from gross income for federal income tax purposes of interest on the Series 2017 C-1 Notes. Each purchaser of the Series 2017 C-1 Notes should consult his or her own advisor regarding any changes in the status of pending or proposed federal tax legislation.

Series 2017 C-2 Notes

In the opinion of Bond Counsel, interest on the Series 2017 C-2 Notes is includable in gross income for federal income tax purposes.

The following is a summary of certain United States federal income tax consequences of the ownership of the Series 2017 C-2 Notes as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as Treasury Regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2017 C-2 Notes generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, this summary is addressed only to original purchasers of the Series 2017 C-2 Notes that are "U.S. holders" (as defined below), deals only with Series 2017 C-2 Notes held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in the Series 2017 C-2 Notes.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Series 2017 C-2 Notes. A "non-U.S. investor" is a holder (or beneficial owner) of a Series 2017 C-2 Note that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration, and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

Sale or Redemption of Series 2017 C-2 Notes

A bondowner's tax basis for a Series 2017 C-2 Note is the price such owner pays for the Series 2017 C-2 Note plus amounts of any original issue discount included in income, reduced on account of any payments received (other than "qualified periodic interest" payments) and any amortized premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2017 C-2 Note, measured by the difference between the amount realized and the basis of the Series 2017 C-2 Note as so adjusted, will generally give rise to capital gain or loss if the Series 2017 C-2 Note is held as a capital asset.

Possible Recognition of Taxable Gain or Loss upon Defeasance of Series 2017 C-2 Notes

Defeasance of any Series 2017 C-2 Note may result in a deemed exchange under Section 1001 of the Code, in which event the holder of such Series 2017 C-2 Note will recognize taxable gain or loss in an amount equal to the difference between the amount realized on from the deemed exchange (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted basis in such Series 2017 C-2 Note.

Backup Withholding

A bondowner may, under certain circumstances, be subject to "backup withholding" (currently the rate of this withholding tax is 28%, but may change in the future) with respect to interest or original issue discount on the Series 2017 C-2 Note. This withholding generally applies if the owner of a Series 2017 C-2 Note (a) fails to furnish the Authority with its taxpayer identification number; (b) furnishes the Authority an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Authority with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to bond owners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below). Owners of the Series 2017 C-2 Notes should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Series 2017 C-2 Notes will be reported to the bondowners and to the Internal Revenue Service.

Foreign Bondowners

Under the Code, interest and original issue discount income with respect to Series 2017 C-2 Notes held by nonresident alien individuals, foreign corporations or other non-United States persons ("Nonresidents") generally will not be subject to the United States withholding tax (or backup withholding) if the Authority (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Series 2017 C-2 Notes is a Nonresident. The withholding tax may be reduced or eliminated by an applicable tax treaty, if any. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident bondowner, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

ERISA

The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA (an "ERISA Plan") and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning

of the Code. All fiduciaries of ERISA Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Series 2017 C-2 Notes.

In all events, all investors should consult their own tax advisors in determining the federal, state, local and other tax consequences to them of the purchase, ownership and disposition of the Series 2017 C-2 Notes.

IRS Circular 230 Disclosure

To ensure compliance with requirements imposed by the Internal Revenue Service, any purchaser of a Series 2017 C-2 Note is hereby informed that (i) any U.S. federal tax advice contained in this Official Statement (including any appendices) is not intended or written by Bond Counsel to the Authority to be used, and that it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under the Code; (ii) such advice is written to support the promotion or marketing of the transaction(s) or matter(s) addressed by the written advice; and (iii) the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The Notes

New Jersey Gross Income Tax

In the opinion of Bond Counsel, the interest on the Notes and any gain realized on the sale of the Notes are not includable as gross income under the New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the Federal or State level, may adversely affect the exclusion of interest on and any gain realized on the sale of the Notes under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market price or marketability of the Notes.

EACH PURCHASER OF THE NOTES SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, OR COURT DECISIONS.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

APPROVAL OF LEGALITY

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Authority, whose approving legal opinion will be delivered with the Notes, substantially in the form annexed hereto as APPENDIX D. All legal matters incident to the authorization, sale and delivery of the Borrower Notes will be passed upon for the Borrowers by their respective bond counsel. Certain legal matters will be passed upon for the Authority by its General Counsel, William J. Netchert, Esq., Jersey City, New Jersey and for each Borrower by its counsel. Certain legal matters will be passed upon for the County by its Counsel, Donald J. Battista, Esq., Jersey City, New Jersey and by its County Bond Counsel, DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey. Certain legal matters will be passed upon for the Underwriter by its Counsel, Gibbons P.C., Newark, New Jersey.

The various legal opinions or certificates to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion or delivering a certificate, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion or delivering a certificate guarantee the outcome of any legal dispute that may arise out of the transaction.

CREDIT RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P") has assigned the Notes the rating of "SP-1+". Such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from S&P. There is no assurance that such rating will be retained for any given period of time or that such rating will not be revised downward entirely by such rating agency if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

UNDERWRITING

The Series 2017 C-1 Notes are being purchased from the Authority by Oppenheimer & Co. (the "Underwriter") pursuant to a contract of purchase dated October 4, 2017 between the Underwriter and the Authority (the "Purchase Contract"). The Purchase Contract provides that the purchase price of the Series 2017 C-1 Notes is \$41,671,431.63 (par amount of \$41,247,000.00 less an Underwriter's discount in the amount of \$30,935.25 and plus an original issue premium in the amount of \$455,366.88).

The Series 2017 C-2 Notes are being purchased from the Authority by the Underwriter pursuant to the Purchase Contract. The Purchase Contract provides that the purchase price of the Series 2017 C-2 Notes is \$13,921,050.50 (par amount of \$13,850,000.00 less an Underwriter's discount in the amount of \$10,387.50 and plus an original issue premium in the amount of \$81,438.00).

The obligation of the Underwriter to make such purchase is subject to certain additional terms and conditions set forth in the Purchase Contract, to the approval of certain legal matters by counsel and to certain other conditions. The initial public offering prices may be changed from time to time by the Underwriter.

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing Notes into investment trusts) and certain dealer banks acting as agents at prices lower or yields higher than the public offering prices or yields stated on the front cover page hereof.

SECONDARY MARKET DISCLOSURE

In accordance with the provisions of Rule 15c2-12, as amended (the “Rule”), promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, the Authority and Digital Assurance Certification, L.L.C., as dissemination agent (the “Dissemination Agent”) will enter into an agreement (the “Continuing Disclosure Agreement”).

The Authority has agreed, pursuant to the provisions of the Continuing Disclosure Agreement, for the benefit of the Holders of the Notes, to provide notices of the occurrence of certain enumerated events listed in Section(b)5(i)(C) of the Rule.

Specifically, the Authority has agreed in the Continuing Disclosure Agreement to deliver, in a timely manner not in excess of ten (10) business days following the occurrence of any of the following events to the Municipal Securities Rulemaking Board (the “MSRB”), notice of any of the following events: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security; (vii) modifications to rights of security holders, if material; (viii) note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the securities, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event; (xiii) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

A failure by the Authority to comply with the provisions of the Continuing Disclosure Agreement will not constitute an Event of Default under the Resolution, and the Holders and Beneficial Owners of the Notes are limited to the remedies set forth in the Continuing Disclosure Agreement. However, failure by the Authority to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker or dealer before recommending the purchase or sale of Notes in the secondary market.

Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

The Authority failed to timely file its 2012 Annual Report. The Authority failed to timely file a notice with respect to such late filing with the MSRB. The Authority has entered into an agreement with the Dissemination Agent to ensure timely filings on a going-forward basis.

FINANCIAL STATEMENTS

The financial statements of the County as of December 31, 2016 and 2015 and for the years then ending included in APPENDIX B to this Official Statement have been audited by Donohue, Gironda, Doria & Tomkins, LLC, CPA (formerly known as Donohue, Gironda & Doria, CPA), independent certified public accountants, as stated in their report appearing in APPENDIX B to this Official Statement.

The financial statements of the City of Bayonne as of December 31, 2015 and 2014 and for the years then ending included in APPENDIX C to this Official Statement have been audited by Donohue, Gironda, Doria & Tomkins, LLC, CPA, independent certified public accountants, as stated in their report appearing in APPENDIX D to this Official Statement.

The financial statements of Union City as of June 30, 2016 and 2015 and for the years then ending included in APPENDIX C to this Official Statement have been audited by Donohue, Gironda & Doria, CPA, independent certified public accountants, as stated in their report appearing in APPENDIX C to this Official Statement.

The financial statements of Weehawken as of June 30, 2016 and 2015 and for the years then ending included in APPENDIX C to this Official Statement have been audited by Lerch, Vinci & Higgins, LLP, independent certified public accountants, as stated in the report appearing in APPENDIX C to this Official Statement. Selected financial information of Weehawken as of June 30, 2017 and for the year then ending included in APPENDIX C to this Official Statement has been compiled by Garbarini & Co. P.C., independent certified public accountants, as stated in the report appearing in APPENDIX C to this Official Statement.

The financial statements of West New York as of December 31, 2016 and 2015 and for the years then ending included in APPENDIX C to this Official Statement have been audited by Lerch, Vinci & Higgins, LLP, independent certified public accountants, as stated in their report appearing in APPENDIX C to this Official Statement.

The financial statements of the Parking Authority as of December 31, 2016 and 2015 and for the year then ending included in APPENDIX C to this Official Statement have been audited by Garbarini & Co. P.C., independent certified public accountants, as stated in their report appearing in APPENDIX C to this Official Statement.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Hoboken, New Jersey serves as municipal advisor to the Authority with respect to the issuance of the Notes and has assisted in matters relating to the

planning, structuring and issuance of the Notes. However, NW Financial Group, LLC has not audited or participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion or other assurance with respect thereto.

APPENDICES

APPENDIX A to this Official Statement consists of general information concerning the County which has been provided by the County from public documents of the County and from other public or official documents or publications which are referred to therein. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

APPENDIX B to this Official Statement consists of certain financial information concerning the County. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

APPENDIX C to this Official Statement consists of general information concerning the Obligated Borrowers which has been provided by each such Obligated Borrower from public documents of each such Obligated Borrower and from other public or official documents or publications which are referred to therein. APPENDIX C to this Official Statement also consists of certain financial information concerning such Obligated Borrowers. Neither the Authority nor the Underwriter has confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy and completeness thereof.

APPENDIX D to this Official Statement consists of the form of approving legal opinion of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Authority. Copies of such opinion will be available at the time of delivery of the Notes.

MISCELLANEOUS

The references herein to the Act, the Resolution, the Parking Authority Township Guaranty, the County Guaranty, the County Guaranty Agreement, the Borrower Note Purchase Agreements, and the Continuing Disclosure Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to the Act, the Resolution, the Parking Authority Township Guaranty, the County Guaranty, the County Guaranty Agreement, the Borrower Note Purchase Agreements, and the Continuing Disclosure Agreement for full and complete statements of such provisions. These documents may be inspected at the principal corporate trust office of the Trustee.

Any statements which are contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable but no representations whatsoever are made that such estimates or

assumptions are correct or will be realized. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of the Notes.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

**HUDSON COUNTY IMPROVEMENT
AUTHORITY**

By: /s/ Kurt A. Cherry
Kurt A. Cherry, Executive Director/CFO

Dated: October 4, 2017

APPENDIX A

General Information on the County

COUNTY OF HUDSON

General Information

The County of Hudson (the "County" or "Hudson County"), State of New Jersey (the "State" or "New Jersey") is a peninsula bounded by Newark Bay, the Passaic and Hackensack Rivers on the west, the Hudson River and New York City on the east, the Kill Van Kull on the south (separating the City of Bayonne and Staten Island, New York) and Bergen County on the north. Hudson County, at 46 square miles, is the smallest of New Jersey's 21 counties. The resident population of Hudson County is approximately 634,266 as per the 2010 census for New Jersey issued by the U.S. Census Bureau. With over 13,585 persons per square mile, Hudson County is the most densely populated county in New Jersey.

Twelve (12) municipalities form Hudson County. They are as follows:

Jersey City	Harrison
Bayonne	Secaucus
North Bergen	Guttenberg
Union City	Weehawken
West New York	East Newark
Kearny	Hoboken

Located between the City of Newark and New York City, the most populous cities of New Jersey and New York, respectively, Hudson County is in an ideal location for industry as well as commerce. It is estimated that one (1) million persons pass through the County each day. Major transportation arteries that service the County are: the New Jersey Turnpike and other regional and interstate highways, the Lincoln and Holland Tunnels and various inter-county motor and rail links, including the Port Authority Trans-Hudson Railway ("PATH") connecting Manhattan with New Jersey. The County is also within a short travel distance of Newark Liberty International Airport in New Jersey and Kennedy International and LaGuardia Airports in New York. Within its borders are trunk-line railroads, motor freight transport facilities, deep water shipping ports and dockside warehouses that play an important role in exporting goods into world markets and importing raw materials and finished products for distribution throughout the United States.

Although the geographical boundaries of the County have not changed since it was created in 1840, internally, undeveloped marshland and underdeveloped waterfront areas are being changed to meet both the demand of technological advancement in industry and commerce, as well as the housing needs of the County's population.

County Government

Each county government in New Jersey derives its power as a separate unit of government from the Constitution of the State and State laws.

Counties, however, do not have sovereign power and may not, for instance, pass laws or ordinances that are not consistent with State laws or regulations. This form of government is supported by taxes levied by the governing body of the County and is apportioned among the municipalities that comprise the County according to the ratio of their equalized taxable ratables.

Counties were established in New Jersey around 1675 when small villages and communities combined to establish joint judicial and penal systems because it would be economically impractical for each to have a duplicate system.

Today, county government has complex responsibilities which include, but are not limited to: operating large institutions for the treatment of mental diseases, nursing homes, correctional facilities for those awaiting trial and serving sentences, courthouses for the prosecution of criminal cases and trial for civil matters, police departments and many other services.

Hudson County's Form of Government

On November 3, 1975, the citizens of Hudson County voted to change the form of government, whereby a County Executive is elected at-large and the members of the Board of Chosen Freeholders are elected by district.

This form of government officially is known as the "County Executive Plan" under the Optional County Charter Law, N.J.S.A. 40:41A-1 et seq., as amended and supplemented (the "Optional County Charter Law").

Under the Optional County Charter Law, the County adopted an Administrative Code which establishes the administrative framework of the County, setting forth principles of policy, establishing administrative, operational and organizational forms to conduct County business, providing penalties for violations of the Code and, in effect, serving as the constitution and by-laws under which the County operates.

The County Executive is the chief executive officer of the County and, as such, is required to supervise, direct and control all County administrative departments and to enforce the charter and all laws applicable to the County as well as all ordinances and resolutions adopted by the County. The County Executive's term of office is four (4) years.

The legislative power of the County is vested in the Board of Chosen Freeholders, which is responsible for the adoption of ordinances and resolutions and, in certain designated instances, to give its advice and consent on appointments made by the County Executive.

County Officials

County Executive

Mr. Thomas A. DeGise has served as the County Executive since November 2002. Prior to serving as County Executive, Mr. DeGise was Jersey City's longest serving Municipal Council President, holding that office from 1993 to 2001. He entered public life as a community leader during the 1980's, founding the New #28 School Neighborhood Association and eventually chairing the Heights Coalition of Neighborhood Associations (HCNA), a group dedicated to improving quality of life in Jersey City's Heights Section. He was an educator in the Jersey City Schools from 1975 to 2002. Mr. DeGise earned his Bachelor of Arts in Political Science from St. Peters College in 1973.

County
Administrator

On December 30, 2002, Abraham Antun was appointed to serve as Hudson County Administrator.

Previously, he served as Deputy Commissioner of the New Jersey Department of Community Affairs from February 2002 to December 2002. Mr. Antun was originally appointed as Hudson County Administrator in February 1999 and served in that capacity until February 2002. He also served as the Director of the Department of Finance and Administration from 1988 until February 2002.

Mr. Antun is a graduate of St. Peter's College with a Bachelor of Science in Accounting and Economics. He also holds a Master of Business Administration from Seton Hall University. He is licensed by the State as a Certified Municipal Finance Officer, Certified County Finance Officer and Certified Tax Collector.

County Counsel

On December 30, 2002, Donato J. Battista was appointed to serve as County Counsel. Previously, Mr. Battista was employed in private practice with the Office of Cole & Cole, Esqs. in Jersey City, New Jersey. He also had served as counsel to the Ethical Standards Board of the City of Jersey City. Mr. Battista is a graduate of St. Peter's College with a Bachelor of Science in History. He took post-graduate courses at Seton Hall University and he is also a graduate of Seton Hall University School of Law receiving a Juris Doctorate. He is admitted to the New Jersey State Bar and Federal District Court for the District of New Jersey.

Director of Finance
and Administration

Cheryl G. Fuller has been with the County of Hudson and served in various positions since 1988. From 1988 to 1996, she held the position of Division Chief of Accounts and Controls in the Department of Finance and Administration and more recently served as the Deputy Director of the Department. Ms. Fuller has also served as Business Administrator, City Manager and CFO for various New Jersey municipalities. Prior to employment in New Jersey local government she worked in public accounting for seven years.

Ms. Fuller is a graduate of Rutgers University with a Bachelor of Science in Accounting and Economics. She is licensed by the New Jersey Board of Accountancy as a Certified Public Accountant. She is also licensed by the State of New Jersey as a Certified Municipal Finance Officer, Certified County Finance Officer and Qualified Purchasing Agent.

Freeholder
Chairperson

Anthony P. Vainieri, Jr. was born in Jersey City and is a lifelong resident of North Bergen. He attended Horace Mann Grammar School and North Bergen High School. He later went to college to obtain a Certificate of Proficiency in Funeral Service that made it possible to take the NJ State Board and National Exams in funeral service becoming a Licensed Practitioner of Mortuary Science. He currently serves as the Manager and co-owner of the Vainieri Funeral Home in North Bergen. In addition Freeholder Vainieri serves as the Chief of Staff to the Mayor of North

Bergen and is Chairman of the North Bergen Zoning Board. He is a former member of the Hudson County Schools of Technology, a former Commissioner on the North Bergen Housing Authority and a former member of the NJ State Board of Mortuary Science. Freeholder Vainieri has been a member of the Board of Chosen Freeholders since January 1, 2015 and is Chairman of the Finance and Transportation Committees.

Freeholder
Vice Chairperson

William O'Dea was elected freeholder in September 1997.

Now serving his fifth full term, Freeholder O'Dea is Chairman of the Public Resources Committee, Chairman of the Banking Committee, representative to the Hudson County Improvement Authority, and a member of the Hudson County Schools of Technology Board of School Estimate. He is a member of the following committees: Taskforce on the Homeless; Contracts Review; and Environment, Health and Human Services.

A native of Jersey City, he has previous experience as an elected official, having served two consecutive terms, elected in 1985 and 1989, as a Jersey City Councilman. Currently, Bill O'Dea is Deputy Executive Director of the Elizabeth Development Company.

Freeholder O'Dea is a graduate of St. Peter's Preparatory in Jersey City, where he won the Silver Medal in Oratory Competition and the Silver Medal in Business Law. For his many academic successes, he was included in Who's Who Among American High School Students. Bill graduated magna cum laude with a Bachelors of Science degree from St. John's University. He won Gold Key Awards as a top student in criminal justice and in political science.

Chairperson
Pro Tempore

Caridad Rodriguez was elected to the Hudson County Board of Freeholders, representing the County's District 7 municipalities of West New York, Weehawken and Guttenberg, in November 2014. She is the first Cuban-American female to hold the office of Hudson County Freeholder.

Mrs. Rodriguez is a dedicated public servant who previously served in the New Jersey Assembly representing the 33rd District from 2008 to 2011. She was the first female and Hispanic Assembly representative for the 33rd District and the first Cuban-American Assemblywoman in the State of New Jersey. In the Assembly, she served as Vice-Chair on the Human Services Committee and as Member of the Public Works and Transportation Committee.

In May of 2011, Mrs. Rodriguez resigned her Assembly seat in order to be sworn in as a Commissioner of her home town of West New York, a seat she won in the 2011 Municipal Election. During the first year of her term, Mrs. Rodriguez served as Commissioner of Revenue and Finance. She

subsequently served as the Town's Commissioner of Public Safety for the remainder of her term.

Source: Hudson County Board of Chosen Freeholders, Office of the Clerk of the Board.

Board of Chosen Freeholders

The legislative body of each county in New Jersey is the Board of Chosen Freeholders. In other states, officials holding similar office are known as county supervisors or commissioners.

Hudson County has a nine (9) member Board of Chosen Freeholders, each of whom is elected within a district. The districts are equally proportioned on the basis of population. The board members select one of their members to serve as chairperson, one as vice-chairperson and one as chairperson pro-tempore for a period of one (1) year. The freeholders' elected term of office is three (3) years.

The legislative power of the County is vested in the Board of Chosen Freeholders. Under the Optional County Charter Law approved by the voters in 1975, the Board of Chosen Freeholders, among other things:

- a. Shall advise and consent to all appointments by the County Executive for which board confirmation is specified under the charter.
- b. Shall pass whatever ordinances and resolutions it deems necessary and proper for the good governance of the County.
- c. Appoints a clerk to the board who serves at the board's pleasure and who keeps the records and minutes of the board.
- d. May pass resolutions of disapproval or dismissal.
- e. May override a veto of the County Executive by a two-thirds vote.
- f. Approves the annual operating and capital budgets.

Public and Non-Public Schools

In the 2016/2017 school year, Hudson County's 12 municipalities and 16 Charter Schools had 5 Early Childhood Centers, 83 public elementary schools, 16 middle schools and 21 high schools. Supplementing these are 2 public special education schools, 2 private schools for the disabled, 4 adult/evening high schools and 2 satellite schools of technology.

In addition, there are institutions of higher learning such as Stevens Institute of Technology (an engineering college), New Jersey City University, St. Peter's College and Hudson County Community College, which awards a two-year Associate Degree.

Vocational-technical education has long been regarded as important to industrial growth within the County. In Bayonne, North Bergen, Kearny and Jersey City there are vocational education programs for high school students. Vocational education is also provided to adults through the HCST adult evening and adult high school.

As of September 2008, there were 363 registered family day care providers and 197 licensed child care centers registered with the Urban League of Hudson County of which 27 participate in the Pre-K (Abbott) Program in Hudson County.

Source: The Urban League of Hudson County, the New Jersey Department of Education - New Jersey School Directory and the Archdiocese of Newark's School Statistics.

Transportation

General

Hudson County lies on six (6) waterways: the Passaic River, Newark Bay, Kill Van Kull, New York Harbor, the Hackensack River and the Hudson River. Separated physically from Manhattan by the Hudson River, the County is connected via the Holland Tunnel from Jersey City, the Lincoln Tunnel from Weehawken and the PATH, a modernized rapid transit system having a rail tunnel, which traverses the Hudson River, with six (6) stations in Jersey City, Hoboken and Harrison.

Air

Within 15 minutes travel time from Hudson County, Newark Liberty International Airport, served by major airlines, has one of the largest and most comprehensive airfreight and new passenger terminals in the East. "Air Train", the airport's monorail completed in October 2001, connects to the Northeast Corridor Line of New Jersey Transit and Amtrak.

Newark Liberty International Airport is nearing completion of a \$3.8 billion redevelopment program that includes: the extension of the AirTrain system, a second International Arrivals Facility, modernized passenger terminals, improved airport access, additional parking facilities, expanding roadways, and improved runways and taxiways.

The airport provides over 20,000 parking spaces. There are over 17,000 public parking spaces, in the short-term, daily and economy/long-term lots and about 3,000 employee parking spaces. In January 2000, construction began on a six level 3,200-space parking garage at AirTrain Station P4. Construction began in the summer of 2000 for a 3,400-space four-level parking garage at Terminal C. Both garages are complete.

On December 8, 2005, The Port Authority of New York and New Jersey (the "Port Authority"), which owns Newark Liberty International Airport, approved its strategic plan, setting forth planned capital projects for 2006-2015, as approved by its Board. The plan includes \$268 million designated for modernization of Terminal B and \$50 million for modernization, expansion and structural parking at Terminal A of Newark Liberty International Airport.

Rail

New Jersey Transit has an extensive rail system providing passenger service throughout New Jersey and into New York Penn Station. The Hoboken Terminal and Secaucus Junction are currently New Jersey Transit's only stations in Hudson County, but both are major hubs in New Jersey Transit's system. These stations serve to provide convenient and frequent direct or connecting routes to all destinations served by the New Jersey Transit rail system with Secaucus Junction connecting all but one of New Jersey Transit's eleven (11) lines.

New Jersey Transit currently runs eight (8) separate direct routes to and from Hoboken Terminal:

Bergen County Line	Montclair-Boonton Line	Morristown Line
Main Line	Pascack Valley Line	Raritan Valley Line (Weekends Only)
North Jersey Coast Line	Gladstone Branch	

New Jersey Transit currently runs eight (8) separate direct routes to and from Secaucus Junction:

Bergen County Line	North East Corridor Line	North Jersey Coast Line
Morristown Line	Pascack Valley Line	Montclair-Boonton Line
Gladstone Branch	Main Line	

New Jersey Transit also manages the Hudson-Bergen Light Rail, which currently operates daily among twenty (20) stations from West Side Avenue, Jersey City, East 22nd Street, Bayonne to Lincoln Harbor, Weehawken. In October 2005, the Port Imperial Terminal was opened to weekend service. In 2006, two (2) more stations opened expanding service northward to Bergenline Avenue and Tonnelle Avenue, North Bergen.

The PATH is a rapid rail system that operates among Newark, Harrison, Jersey City and Hoboken in New Jersey and six (6) stations across the Hudson River in New York. The PATH has thirteen (13) rail stations throughout northeastern New Jersey and Manhattan, including the World Trade Center Station, which was reopened on November 23, 2003.

The Port Authority's strategic plan approved by its Board on December 8, 2005, includes approved 2006-2015 capital projects totaling \$1.1 billion designated for the completion of PATH rail car replacement and modernization of signal and power systems, platforms and rail yards.

Ferry

New York Waterway and Billy Bey Ferry Co. offer frequent and convenient ferry service into and out of Manhattan from Weehawken, Hoboken and Jersey City to World Financial Center and Pier 11/Wall Street in lower Manhattan, and to West 39th in midtown Manhattan, where free transfer is available to a variety of "loop" buses.

New York Water Taxi operates one ferry route between the Colgate Docks in Jersey City and Pier 11 near Wall Street. Liberty Park Water Taxi operates one ferry route between Liberty Landing Marina in Jersey City and Battery Park City/World Financial Center in Manhattan.

Bus

An extensive public/private system of bus routes provides intra-county and intra-state service via many local routes.

Major Highways

Rt. 495, Rt. 185, Rt. 3, Rt. 7, Rts. 1 & 9, Rt. 440 and the New Jersey Turnpike link the County to other eastern market areas and Rt. I-95, Rt. I-78, and Rt. I-280 provide western links within the State and New York.

Connecting the Hudson County peninsula's heavy industrial and waterfront areas is the 8 mile Newark Bay - Hudson County extension of the multi-lane New Jersey Turnpike. The Turnpike interchanges listed below provide direct access and physical proximity to New York City and other key market areas:

- | | | |
|-----|----------------------|---|
| 14 | – Newark, New Jersey | Newark Liberty International Airport. |
| 14A | – Bayonne | Port Jersey: a deep-water container-ship seaport and industrial park and Military Ocean Terminal Bayonne. |
| 14B | – Jersey City | Liberty State Park: the largest urban state park, bordering the Statue of Liberty and Ellis Island. |
| 14C | – Jersey City | Business and residential sections. |

Seaport

Port Jersey Industrial Marine Center is divided into a 100 acre industrial park and a modern 310 acre container-port with bulk capabilities, roll-on, roll-off and break-bulk facilities. The Port Jersey Corporation has formed its own railroad which will service the 17 berths and industrial complex. The Greenville Yards of Conrail are adjacent to this seaport. Port Jersey's geographic location provides excellent access to the sea from the Port of New York's Upper Harbor.

Communications

Newspapers

The Jersey Journal, published in Jersey City daily except Sundays and holidays, has a circulation of 30,000. New York City and New Jersey metropolitan area papers also have wide circulation. Several foreign language newspapers are available as well.

Postal Facilities

One of the largest postal distribution facilities in the entire northeastern United States is located in Jersey City. Local delivery is made from 33 offices throughout the County.

Telephone

Verizon New Jersey provides the majority of telephone access lines in the State. It provides voice, data, DSL and video services to residential and business customers. Previously, as New Jersey Bell, it had filed a proposal with the Board of Regulatory Commissioners to accelerate the installation of a fully fiber-optic network in the State by 2010.

Electricity and Gas

Public Service Electric & Gas Company ("PSE&G") supplies electric and/or gas service throughout Hudson County and in a 2,500 square mile corridor between New York and

Philadelphia. The company is the nation's third largest electric and gas utility. The utility uses fossil fuel generating stations, nuclear power, gas turbines, and pumped storage hydroelectric facilities. Increased reliability is obtained by the company's participation in the Pennsylvania-New Jersey-Maryland (PJM) power pool. PSE&G also supplies natural gas service to the customers in its service area. The bulk of the gas supply is from pipelines from the southwest United States.

Fuel Oil

Hudson County's fuel oil requirements are supplied from various locations. There are three (3) waterfront terminals with ample storage facilities and more than ten (10) reliable retailers who are capable of trucking oil to customers from one (1) of the terminals located in Jersey City, Bayonne or nearby Port Newark, which boasts terminals owned by most major oil companies in the United States.

Solid Waste

In accordance with its designation as a solid waste management district under the Solid Waste Management Act, the County developed a comprehensive plan for solid waste management within the Hudson County Solid Waste Management District. The original Hudson County Solid Waste Management Plan (the "County Plan") was adopted by the Hudson County Board of Chosen Freeholders (the "County Freeholders") on April 11, 1979 and was approved by the New Jersey Department of Environmental Protection ("DEP") on April 26, 1979. By Ordinance dated November 18, 1985, the County Freeholders designated the Hudson County Improvement Authority as the sole agency responsible for the implementation of the County Plan.

The County Plan has been amended from time to time to encompass significant changes in the Hudson County Solid Waste Management System (the "Solid Waste System") and, as required by the Solid Waste Management Act, to provide adequate planning for the disposal of all solid waste generated in the County. Most recently the County Plan has been amended in response to Atlantic Coast Demolition & Recycling, Inc. v. Board of Chosen Freeholders of Atlantic County, et al., 112 P.3d 652 (1997) ("Atlantic Coast").

The Hudson County Improvement Authority currently has outstanding \$85,660,000 in solid waste system revenue bonds relating to the development of the County Solid Waste System and compliance with state mandated solid waste disposal policies. The current County Plan provides, among other things, for the disposal of all in-County generated type 10 solid waste at SWT&R in Newark and solid waste types 13, 23, 25 and 27 at the New Jersey Meadowlands Commission in Lyndhurst.

The County, in order to fulfill its obligations under its Contingent Sale or Lease Agreement with the Hudson County Improvement Authority, issued \$33,000,000 in bond anticipation notes over a three year period beginning in 2001, for the purchase of the former resource recovery facility located in Kearny, New Jersey and commonly known as the Koppers Site (the "Koppers Site"). The \$33,000,000 in original note proceeds was paid to the Hudson County Improvement Authority for the Koppers Sites. These funds are expected to be repaid to Hudson County upon completion of the remediation and sale of the Koppers Site. The Hudson County Improvement Authority and Hudson County are currently participating in a cooperative effort to market the site. On May 1, 2012, the County permanently financed a portion of the outstanding obligations through the issuance of County Secured Koppers Site Revenue Bonds, Series 2012 through the Hudson County Improvement Authority in the amount of \$6,265,000. Further, on May 1, 2013, the County

permanently financed the remaining portion of the outstanding notes through the issuance of County Secured Koppers Site Revenue Bonds, Series 2013 through the Hudson County Improvement Authority in the amount of \$19,880,000. Both series of bonds are continuously callable and reach final maturity on May 1, 2025.

Water

Water is supplied to Hudson County municipalities as follows:

<u>Municipality</u>	<u>Supplier</u>
Bayonne	North Jersey District Water Supply Commission
East Newark	North Jersey District Water Supply Commission
Kearny	North Jersey District Water Supply Commission
Harrison	Passaic Valley Water Commission
Hoboken	United Water Company
Jersey City	United Water Company
Guttenberg	United Water Company
North Bergen	United Water Company
Secaucus	United Water Company
Union City	United Water Company
Weehawken	United Water Company
West New York	United Water Company

Sewerage

Generally, sewerage operations for Hudson County residents are administered by sewerage authorities either comprised of individual municipalities or groups of neighboring municipalities. Sewerage for Jersey City, Bayonne, Kearny, Harrison and East Newark is processed by the Passaic Valley Sewerage Commission. Sewerage for Hoboken, Union City, Weehawken and West New York is processed by the North Hudson Sewerage Authority. Sewerage for North Bergen and Guttenberg is processed by the North Bergen Municipal Utilities Authority. Sewerage for Secaucus is processed by the Secaucus Municipal Utilities Authority.

Sources: Economic Profile of Hudson County, Hudson County Chamber of Commerce and Industry, City of Bayonne Water and Sewer Departments, Town of Harrison Sewer Department, and Kearny Water Services. County of Hudson Department of Finance and Administration.

POPULATION OF THE COUNTY
Resident Population

<u>Municipality</u>	<u>1940</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>Land Area (Sq. Mi.)</u>
Bayonne	79,198	77,203	74,215	72,743	65,047	61,444	61,842	63,024	5.63
East Newark	2,273	2,173	1,872	1,922	1,923	2,157	2,377	2,406	0.10
Guttenberg	6,200	5,566	5,118	5,754	7,340	8,268	10,807	11,176	0.19
Harrison	14,171	13,490	11,743	11,811	12,242	13,425	14,424	13,620	1.22
Hoboken	50,115	50,676	48,441	45,380	42,460	33,397	38,577	50,005	1.28
Jersey City	301,173	299,017	276,101	260,350	223,532	228,537	240,055	247,597	14.92
Kearny	39,467	39,952	37,472	37,585	35,735	34,874	40,513	40,684	9.14
North Bergen	39,714	41,560	42,387	47,751	47,019	48,418	58,092	60,773	5.20
Secaucus	8,950	9,750	12,154	13,228	13,719	14,061	15,931	16,264	5.89
Union City	58,659	55,537	52,180	57,305	55,593	58,012	67,088	66,455	1.27
Weehawken	14,807	14,830	13,504	13,383	13,168	12,385	13,501	12,554	0.85
West New York	37,107	37,683	35,547	40,627	39,194	38,125	45,768	49,708	1.02
Hudson County	652,040	647,437	610,734	607,839	556,972	553,099	608,975	634,266	46.69

Source: U.S. Census Bureau.

PROJECTED POPULATION OF THE COUNTY

	Census on April 1	Estimates July 1	Projections to July 1	Population	Rate of Growth
Hudson County	1990			553,090	N/A
	2000			608,975	10.10%
		2012		653,369	6.79%
	2010			634,266	-3.01%
			2017	689,200	7.97%
			2022	724,600	4.89%
			2027	758,700	4.49%
			2032	780,600	2.81%

Note: Latest projection does not seem to take actual 2010 census into account.

Source: State of NJ Department of Labor and Workforce Development, Labor Market Information, Demographics, Labor Force Projections

**TOTAL HOUSING UNITS
BY MUNICIPALITY
1980-2010**

<u>Municipality</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>Percent Change 1980-1990</u>	<u>Percent Change 1990-2000</u>	<u>Percent Change 2000-2010</u>
Bayonne	26,363	26,468	26,826	27,799	0.40%	1.35%	3.63%
East Newark	696	755	799	794	8.48	5.83	-0.63%
Guttenberg	4,061	4,504	4,650	4,839	10.91	3.24	4.06%
Harrison	4,618	5,120	5,254	5,228	10.87	2.62	-0.49%
Hoboken	16,821	17,421	19,915	26,855	3.57	14.32	34.85%
Jersey City	87,999	90,723	93,648	108,720	3.10	3.22	16.09%
Kearny	13,301	13,435	13,872	14,180	1.01	3.25	2.22%
North Bergen	19,375	21,274	22,009	23,912	9.80	3.45	8.65%
Secaucus	5,502	6,013	6,385	6,846	9.29	6.19	7.22%
Union City	21,500	22,592	23,741	24,931	5.08	5.09	5.01%
Weehawken	5,208	5,583	6,159	6,213	7.20	10.32	0.88%
West New York	<u>15,832</u>	<u>15,794</u>	<u>17,360</u>	<u>20,018</u>	<u>-0.30</u>	<u>9.98</u>	<u>15.31%</u>
<i>Hudson County</i>	<u>221,276</u>	<u>229,682</u>	<u>240,618</u>	<u>270,335</u>	<u>3.79%</u>	<u>4.77%</u>	<u>12.35%</u>

Source: Hudson County 1990 Data Book, Department of Planning and Economic Development, 1990 Census Profile Series, Census 2000 Housing Units, U.S. Census Bureau.

Additional Source for Update: State of NJ Dept. of Labor and Workforce Development, State Data Center, Summary file-1 Data for Hudson County 2010 Census, U.S. Census Bureau

Housing Activity

The following table shows the number of dwelling units authorized by building permit in Hudson County through the years 2007-2016.

DWELLING UNITS AUTHORIZED BY BUILDING PERMIT

Type	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Building Permits	3,081	3,229	1,618	917	1,581	2,676	3,521	4,621	5,060	4,164
Single Units	161	115	84	55	47	46	130	272	400	338
Multi Units	2,920	3,114	1,534	862	1,534	2,630	3,391	4,349	4,660	3,826

Source: New Jersey Building Permits Program Data. State of New Jersey Department of Labor, Division of Labor Market and Demographic Research.

TOTAL DWELLING UNITS AUTHORIZED BY BUILDING PERMIT

By Municipality 2007-2016

<u>Municipality</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bayonne	251	626	68	46	46	189	286	193	188	63
East Newark	0	0	2	0	0	60	60	0	0	0
Guttenberg	43	72	51	2	2	22	8	18	21	2
Harrison	519	67	14	10	7	483	22	468	309	739
Hoboken	394	462	149	254	292	234	420	475	743	110
Jersey City	1,157	1,457	1,048	170	565	616	1,687	2,180	2,658	1,494
Kearny	11	0	0	0	0	0	2	151	0	84
North Bergen	2	0	0	0	0	0	0	0	0	10
Secaucus	101	245	69	373	406	665	667	632	657	766
Union City	196	64	77	19	2	55	39	43	94	81
Weehawken	68	41	28	13	0	217	226	403	5	558
West New York	<u>339</u>	<u>195</u>	<u>112</u>	<u>30</u>	<u>261</u>	<u>135</u>	<u>104</u>	<u>58</u>	<u>385</u>	<u>257</u>
Hudson County	<u>3,081</u>	<u>3,229</u>	<u>1,618</u>	<u>917</u>	<u>1,581</u>	<u>2,676</u>	<u>3,521</u>	<u>4,621</u>	<u>5,060</u>	<u>4,164</u>

Source: State of New Jersey Department of Labor, Division of Labor Market and Demographic Research.

**NEW JERSEY COUNTIES
TOTAL RESIDENTIAL UNITS AUTHORIZED BY BUILDING PERMITS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
New Jersey	25,400	18,369	12,396	13,540	13,079	17,939	24,199	28,174	30,640	26,793
Atlantic	1,136	794	512	512	390	441	484	722	710	1,083
Bergen	2,957	1,311	806	1,232	1,660	2,535	2,751	3,408	2,672	3,144
Burlington	1,037	976	806	682	791	713	734	1,000	892	825
Camden	1,191	895	585	487	603	898	1,368	1,506	1,121	553
Cape May	1,081	485	428	434	452	491	658	638	614	642
Cumberland	683	336	262	246	182	190	219	211	237	134
Essex	1,854	1,314	777	663	575	1,334	1,463	2,617	3,214	2,386
Gloucester	920	788	865	716	592	534	939	491	736	727
Hudson	3,081	3,229	1,618	917	1,581	2,676	3,521	4,621	5,060	4,164
Hunterdon	316	206	268	275	287	181	199	348	425	355
Mercer	700	625	269	655	400	444	964	368	896	711
Middlesex	1,597	1,020	1,018	1,568	1,225	1,307	1,652	1,901	2,990	2,351
Monmouth	2,060	1,526	964	915	864	1,034	1,663	1,484	1,399	1,933
Morris	1,052	795	613	579	547	878	1,665	1,611	2,262	1,695
Ocean	2,160	1,527	902	1,322	933	1,125	2,171	2,937	2,621	2,628
Passaic	760	432	281	402	406	528	838	518	507	397
Salem	148	198	149	105	82	61	38	51	43	50
Somerset	926	791	438	716	580	1,169	1,221	1,310	1,551	995
Sussex	360	302	182	210	172	267	262	222	216	169
Union	1,123	673	488	730	566	929	1,111	1,966	2,185	1,594
Warren	258	146	165	174	191	204	278	244	289	257

Note: This table is prepared using annual averages derived from aggregated monthly building permit data. Due to differences in cutoff dates, annual averages derived from aggregated monthly data may differ from annualized building permit data.

Source: U.S. Bureau of the Census, Manufacturing and Construction Division
Prepared by: New Jersey Department of Labor & Workforce Development, 7/17

Unemployment

Listed below is a year-by-year compilation of annual average labor force and unemployment figures for Hudson County, New Jersey.

COMPARATIVE UNEMPLOYMENT DATA

<u>Year</u>	<u>Labor Force</u>	County Unemployment as % of Civilian <u>Labor Force</u>	State Unemployment as % of Civilian <u>Labor Force</u>	National Unemployment as % of Civilian <u>Labor Force</u>
2007	290,029	5.00	4.30	4.62
2008	294,030	6.20	5.50	5.80
2009	300,162	10.50	9.10	9.28
2010	652,642	9.60	9.50	9.61
2011	357,300	9.20	9.30	8.94
2012	361,039	9.10	9.30	8.07
2013	358,912	8.00	8.20	7.37
2014	357,862	6.50	6.60	6.15
2015	362,265	5.30	5.60	5.30
2016	362,265	3.80	5.00	4.90

Source: U.S. Department of Labor, Bureau of Labor Statistics, and New Jersey Department of Labor, Bureau of Labor Force Statistics.

Economy

The following chart shows the distribution of the Bergen-Hudson-Passaic Metropolitan Statistical Area labor force by industry group for the years 2007 through 2016.

BERGEN-HUDSON-PASSAIC MSA **Nonagricultural Wage and Salary Employment Trends** (Data in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Goods Producing	105.7	101.1	89.3	86.4	86.8	85.7	86.4	87.4	88.8	89.5
Manufacturing	72.2	69.0	61.9	60.6	60.8	59.2	58.6	58.2	58.4	59.0
Mining, Logging, and Construction	33.5	32.0	27.4	25.8	26.0	26.5	27.7	29.2	30.4	30.5
Service-Providing	801.1	797.0	775.6	777.3	780.2	787.6	794.5	802.9	814.2	826.7
Trade, Transportation, and Utilities	215.8	210.8	200.3	200.9	202.1	204.3	205.2	207.7	209.4	209.3
Information	24.0	22.2	19.7	19.5	18.7	18.1	18.1	19.1	19.6	19.6
Financial Activities	74.1	75.2	73.7	72.0	70.9	69.5	69.7	67.0	68.2	71.1
Professional and Business Services	136.2	137.4	128.3	129.2	135.9	140.0	142.1	139.8	142.5	144.4
Education and Health Services	130.8	133.3	136.9	139.7	140.6	143.4	144.1	148.9	152.3	156.6
Leisure and Hospitality	61.2	61.6	62.0	63.3	63.6	63.7	66.4	67.8	69.6	71.7
Other Services	38.5	34.6	33.2	32.9	33.2	34.4	34.0	35.3	35.9	36.4
Government	<u>120.5</u>	<u>121.9</u>	<u>121.6</u>	<u>119.9</u>	<u>115.4</u>	<u>114.1</u>	<u>114.8</u>	<u>117.4</u>	<u>116.9</u>	<u>117.5</u>
Total	<u>906.8</u>	<u>898.1</u>	<u>864.9</u>	<u>863.7</u>	<u>867.0</u>	<u>873.3</u>	<u>880.9</u>	<u>890.3</u>	<u>903.0</u>	<u>916.2</u>

Source: New Jersey Department of Labor, Division of Labor Market and Demographic Research.

NEW JERSEY **ESTIMATED OCCUPATIONAL EMPLOYMENT PROJECTIONS**

	Actual 2010	Projected 2020	% Change
Management, Business and Financial Occupations	481,500	520,400	8.1
Professional and Related Occupations	932,700	1,008,900	8.2
Service Occupations	830,400	915,900	10.3
Sales and Related Occupations	444,900	479,400	7.8
Office and Administrative Support Occupations	705,400	732,400	3.8
Farm, Fishing and Forestry Organizations	2,300	2,500	8.7
Construction and Extraction Occupations	134,700	158,700	17.8
Installation, Maintenance and Repair Occupations	147,100	158,300	7.6
Production Occupations	182,900	178,500	-2.4
Transportation and Material Moving Occupations	293,700	320,900	9.3
Total	4,155,600	4,475,900	7.1

Source: New Jersey Department of Labor, Division of Labor Market and Demographic Research.

**25 LARGEST TAXPAYERS IN HUDSON COUNTY
BASED UPON 2016 ASSESSED VALUATION**

	<u>Assessed Valuation</u>
1 Hartz Mountain Corp	\$970,146,472
2 Mack Cali Properties	370,450,700
3 Applied Properties	205,064,000
4 NC Housing Associates	132,666,800
5 IMTT Bayonne Industries	118,102,000
6 Sovereign LTD	102,913,000
7 ASN Hoboken I & II, LLC	102,706,000
8 DSF IV Hoboken Owner LLC	90,708,000
9 Fraternity Meadows LLC	83,916,000
10 1130 Grand St Hoboken LLC	80,461,000
11 PSE & G	80,654,250
12 8100 River Road	68,376,100
13 Lennar	68,717,300
14 North Bergen East	62,388,500
15 CPT Juliana, LLC	61,750,000
16 MPT of Hoboken RE LLC	60,347,300
17 Toll Brothers	59,735,600
18 Newport Centre LLC	58,088,000
19 PMP 500 Plaza Dr Corp	48,477,600
20 Verizon	46,327,221
21 MEPT Newport Tower	45,000,000
22 7855 Blvd East	44,826,800
23 John Hancock Life Ins	43,490,400
24 70 Columbus Urban Renewal, LLC	42,775,100
25 Global Weehawken Acq	42,500,000
	\$ 3,090,588,143

Source: Hudson County Board of Taxation

FIFTEEN LARGEST PRIVATE EMPLOYERS IN THE COUNTY OF HUDSON
Company Name and Location Estimated Number of Employees

1)	United Parcel Services, Inc. NY Corp. (Secaucus)	6,000
2)	UBS Financial Services (Weehawken)	5,000
3)	John Wiley & Sons Inc. (Hoboken)	4,900
4)	Goldman Sachs & Co. (Jersey City)	3,782
5)	United States Postal Service (Jersey City)	2,200
6)	Pershing LLC/Mellon Bank (Jersey City)	2,000
7)	Hanover Direct Inc.	1,975
8)	Bayonne Hospital (Bayonne)	1,867
9)	New Jersey City University (Jersey City)	1,663
10)	Hoboken University Medical Center (Hoboken)	1,647
11)	JP Morgan Chase Bank (Jersey City)	1,592
12)	Marsh USA Inc. (Hoboken)	1,500
13)	Citigroup Inc. (Jersey City)	1,500
14)	The Children's Place Retail Store (Secaucus)	1,500
15)	A & M (2015) LLC. (North Bergen)	1,500

Source: Hudson County Economic Development Corp., Major Employers List, January 2017.

County Tax Rates

The following schedule shows the Hudson County tax rate per \$1,000.00 based on equalized valuations.

In 2004, the County established an Open Space, Recreation, Farmland and Historic Preservation Trust Fund. This fund was duly approved by the Hudson County voters in November 2003. The open space tax is limited to 10 cents per \$1,000 County equalized valuation.

<u>Year</u>	<u>County Purpose</u>	<u>County Open Space</u>
2017	\$ 4.830015000	0.10
2016	5.256456600	0.10
2015	5.354033801	0.05
2014	5.432753843	0.05
2013	5.427580443	0.02
2012	5.120730860	0.10
2011	4.606056535	0.05
2010	4.100884057	N/A
2009	3.829555708	0.10
2008	3.706174779	0.10

Source: County of Hudson, Department of Finance and Administration.

HUDSON COUNTY ASSESSED VALUATIONS OF LAND AND IMPROVEMENT BY CLASS

<u>Year</u>	<u>Total</u>	<u>Class 1 Vacant Land</u>	<u>Class 2 Residential</u>	<u>Class 4a Commercial</u>	<u>Class 4b Industrial</u>	<u>Class 4c Apartments</u>
2017	\$ 31,158,397,783	\$ 849,409,973	\$ 18,545,205,021	\$ 6,221,516,519	\$ 2,504,043,940	\$ 3,038,222,330
2016	30,622,018,695	877,241,128	18,421,359,838	5,994,663,669	2,445,830,530	2,882,923,530
2015	30,386,776,195	838,973,628	18,255,451,065	5,945,021,942	2,478,909,730	2,868,419,830
2014	30,125,470,431	859,134,341	18,124,654,565	5,889,291,355	2,379,814,780	2,872,575,390
2013	22,065,703,640	813,000,997	12,579,961,122	4,541,483,527	2,373,106,080	1,758,151,914
2012	22,059,173,124	830,678,729	12,599,549,374	4,588,573,358	2,318,154,730	1,722,216,933
2011	22,254,673,988	885,377,129	12,634,080,055	4,651,379,831	2,352,772,470	1,731,064,503
2010	21,951,680,966	916,654,528	12,363,451,935	4,611,693,223	2,400,631,570	1,659,249,710
2009	21,934,717,615	924,883,320	12,239,841,123	4,607,681,202	2,494,042,770	1,663,269,200
2008	21,803,100,661	946,465,666	11,956,699,122	4,727,563,843	2,518,665,330	1,653,706,700

Source: Hudson County Board of Taxation.

HUDSON COUNTY NET VALUATIONS AS EQUALIZED

<u>Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Land and Improvements</u>	<u>Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Valuation as Equalized</u>	<u>Net Valuation Taxable Divided by Valuations Equalized</u>
2017	\$ 11,624,736,347	\$ 19,616,075,756	\$ 31,240,812,103	\$ 43,023,905	\$ 31,201,421,688	\$ 73,311,701,142	42.56 %
2016	11,584,280,860	19,123,062,915	30,707,343,775	45,384,383	30,667,403,078	65,392,301,602	46.90
2015	11,541,236,011	18,932,646,664	30,473,882,675	46,315,097	30,433,091,292	61,590,191,081	49.41
2014	11,516,820,400	18,683,448,751	30,200,269,201	43,445,405	30,168,915,836	58,176,635,774	51.86
2013	7,634,490,772	14,514,444,032	22,148,934,804	43,049,087	22,108,752,727	56,209,203,691	39.33
2012	7,649,489,836	14,514,012,032	22,163,501,868	47,041,091	22,106,214,215	57,804,197,033	38.24
2011	7,750,856,416	14,642,766,266	22,393,622,682	43,373,384	22,254,673,988	61,904,507,553	35.95
2010	7,580,446,090	14,531,622,026	22,112,068,116	38,886,432	21,990,567,398	66,652,575,537	33.00
2009	7,573,435,998	14,361,281,617	21,934,717,615	37,491,797	21,972,209,412	68,609,400,985	32.03
2008	7,540,835,916	14,262,264,745	21,803,100,661	38,412,138	21,841,512,799	66,711,261,411	32.74

Source: Hudson County Board of Taxation.

HUDSON COUNTY
Tax Levy - County Purpose

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Bayonne	\$ 26,294,413	\$ 27,017,738	\$ 28,440,609	\$ 27,344,708	\$ 27,761,544
East Newark	717,367	694,665	715,158	797,709	769,900
Guttenberg	4,557,904	4,697,652	4,803,745	4,722,131	4,894,916
Harrison	6,004,318	6,450,326	6,188,966	5,807,300	5,858,698
Hoboken	74,195,523	70,290,345	67,327,339	60,351,815	52,906,680
Jersey City	126,293,800	115,491,912	104,854,028	101,550,077	95,984,667
Kearny	17,673,754	18,989,597	18,509,406	17,655,623	17,580,340
North Bergen	26,935,179	26,541,907	25,529,571	24,411,429	25,123,600
Secaucus	23,505,445	23,825,377	22,862,721	25,787,637	26,861,356
Union City	17,439,293	17,912,576	16,902,714	15,892,890	16,628,553
Weehawken	13,996,033	13,240,946	14,502,521	13,812,519	13,635,896
West New York	<u>12,930,723</u>	<u>12,190,712</u>	<u>13,106,975</u>	<u>11,709,914</u>	<u>12,314,650</u>
Total	<u>\$ 350,543,753</u>	<u>\$ 337,343,753</u>	<u>\$ 323,743,753</u>	<u>\$ 309,843,753</u>	<u>\$ 300,320,800</u>

Source: County of Hudson, Department of Finance and Administration; Hudson County Board of Taxation.

HUDSON COUNTY
Tax Levy – County Open Space

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Bayonne	\$ 550,254	\$ 527,725	\$ 268,553	\$ 256,647	\$ 104,261
East Newark	14,852	13,215	6,717	7,484	2,838
Guttenberg	95,101	90,083	45,217	43,788	18,098
Harrison	126,957	126,316	57,865	54,894	21,853
Hoboken	1,546,411	1,348,278	636,000	560,750	198,439
Jersey City	2,660,997	2,232,752	1,012,320	962,576	360,806
Kearny	366,289	362,156	173,382	163,640	65,545
North Bergen	561,594	517,178	240,281	229,668	94,367
Secaucus	483,290	457,719	220,117	239,463	99,112
Union City	363,215	342,859	159,848	149,158	62,166
Weehawken	291,051	271,016	135,748	131,973	50,512
West New York	<u>271,159</u>	<u>249,933</u>	<u>123,462</u>	<u>108,792</u>	<u>46,127</u>
	<u>\$ 7,331,170</u>	<u>\$ 6,539,230</u>	<u>\$ 3,079,510</u>	<u>\$ 2,908,832</u>	<u>\$ 1,124,124</u>

Source: County of Hudson, Board of Taxation

**TAX-EXEMPT PROPERTIES IN HUDSON COUNTY
2017 ASSESSED VALUATION**

Public Schools	\$ 895,914,300
Schools other than Public	621,332,200
Public Property	2,986,258,480
Church and Charities	627,057,990
Cemeteries	67,642,500
Miscellaneous	<u>6,072,306,026</u>
Total	<u>\$ 11,270,511,496</u>

Source: Hudson County Board of Taxation.

Tax Collections

County taxes are payable quarterly by the various municipalities. Payment is required from the municipality in total and is not based on collections of taxes by the municipality. Accordingly, the County has achieved a constant 100% collections percentage.

The following table is the current real property tax collection record for the years 2007 through 2016.

<u>Fiscal Year</u> <u>Beginning January 1</u>	<u>County</u> <u>Purpose Tax</u>	<u>County Open</u> <u>Space Tax</u>	<u>Uncollected at End of</u> <u>Fiscal Year December 31</u>
2016	\$ 337,343,753	\$ 6,539,530	-0-
2015	323,743,753	3,079,510	-0-
2014	309,843,753	2,908,832	-0-
2013	300,320,800	1,124,124	-0-
2012	291,096,475	5,780,418	-0-
2011	279,653,339	3,095,225	-0-
2010	269,353,339	695,215	-0-
2009	257,381,953	6,860,940	-0-
2008	245,570,034	6,671,126	-0-
2007	233,775,687	5,861,231	-0-

Source: County of Hudson, Department of Finance and Administration.

**COMPARATIVE SCHEDULE OF
FUND BALANCES - CURRENT FUND**

<u>Calendar Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$ 38,212,443	\$ 34,614,535
2015	26,352,065	23,500,000
2014	25,565,615	24,000,000
2013	22,569,476	21,500,000
2012	23,099,387	22,500,000
2011	28,051,598	23,500,000
2010	25,060,546	24,000,000
2009	24,528,532	24,000,000
2008	24,285,914	23,800,000
2007	22,505,108	22,000,000

Source: County of Hudson, Department of Finance and Administration.

**SUMMARY OF COUNTY DEBT
DECEMBER 31, 2016**

Bonds and Notes Issued, Loans and Guarantees	\$ 669,966,887
Authorized But Not Issued-Bonds and Notes	<u>314,735,690</u>
Total Bonds and Notes Issued and Authorized but Not Issued	<u><u>984,702,577</u></u>
Issued:	
Green Acres Loan Payable	3,191,647
Serial Bonds and Notes Issued	362,960,156
Self-Liquidating Bonds	-
Guarantees – Hudson County Improvement Authority	<u>387,791,239</u>
Total Issued Bonds and Notes, Loans and Guarantees	<u><u>753,943,043</u></u>
Authorized But Not Issued:	
Serial Bonds and Notes Authorized but Not Issued	<u>230,759,534</u>
Total Serial Bonds and Notes, Loans and Guarantees Issued and Not Issued	<u><u>984,702,577</u></u>
Statutory Deductions	
Serial Bonds and Notes Issued	22,457,051
Self-Liquidating Bonds	-
Serial Bonds and Notes Authorized But Not Issued	29,899,000
Guarantees – Hudson County Improvement Authority	<u>387,791,239</u>
Total Statutory Deductions	<u><u>440,147,290</u></u>
Net Debt	<u><u>\$ 544,555,286</u></u>
Average Equalized Valuation of Real Property (Years 2014–2016)	65,188,015,896
Gross Debt as a Percentage of Equalized Valuations	1.511%
Net Debt as a Percentage of Equalized Valuations	0.835%
Gross Debt per Capita – 2010 Census: 634,266	\$1,553
Net Debt per Capita – 2010 Census: 634,266	\$859
Borrowing Power:	
2% of Average Equalized Valuation Basis	\$ 1,303,760,318
Net Debt	<u>544,555,286</u>
Remaining Borrowing Power:	<u><u>\$ 759,205,032</u></u>

Source: County of Hudson, Department of Finance and Administration.

**STATUTORY DEBT
DECEMBER 31, 2016**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Total Bonds and Notes for Self-Liquidating Purposes	\$ -	\$ -	\$ -
Total Serial Bonds and Notes Issued and Authorized But Not Issued	<u>984,702,577</u>	<u>440,147,290</u>	<u>544,555,286</u>
Total	<u>\$ 984,702,577</u>	<u>\$ 440,147,290</u>	<u>\$ 544,555,286</u>
Average Equalized Valuation of Real Property (Years 2014-2016)			<u>65,188,015,896</u>
Statutory Net Debt as a Percent of Valuation			0.835%

Source: County of Hudson, Department of Finance and Administration.

**COUNTY OF HUDSON
DEBT STATEMENT AS OF DECEMBER 31, 2016
AUTHORIZED BUT NOT ISSUED**

1.	Bonds Authorized not Issued		
2.	HCST Various Capital Improvements - 1997	\$	50,000.00
3.	Green Acres Projects:		
4.	West Hudson & Lincoln Park	\$	157,716.00
5.	Bayonne Park Playground	\$	3,500.00
6.	Laurel Hill Extension	\$	69,997.50
7.	HCST Various Capital Improvements - 1998	\$	20,000.00
8.	Various Capital Improvements - 2000	\$	211,146.00
9.	Open Space Capital Improvements - 2005	\$	200.00
10.	Various Capital Improvements - 2005	\$	250,000.00
11.	Various Capital Improvements - 2006	\$	438.40
12.	Green Acres Improvements - 2007	\$	190.00
13.	Various Capital Improvements - 2008	\$	362,000.00
14.	Green Acres Project - 2008	\$	1,050,000.00
15.	Various Capital Improvements - 2008	\$	20,360,000.00
16.	Various Capital Improvements - 2009	\$	5,210,000.00
17.	830 Bergen Acquisition	\$	1,968,749.98
18.	Various Capital Improvement - 2011	\$	1,111,500.00
19.	Various Capital Improvements - 2012	\$	1,090,476.00
20.	Various Capital Improvements - 2012	\$	28,267,156.00
21.	Hurricane Sandy Ordinance - 2012	\$	134,855.72
22.	Various 2013 Road & Bridge Improvements	\$	2,357,142.00
23.	FY 2013 Capital Improvements	\$	31,139,000.00
24.	HCST 2014-2015 Capital Improvements	\$	-
25.	2014 Various Road & Bridge Improvements	\$	1,495,500.00
26.	Property Acquisition 2015	\$	50,507,000.00
27.	HCST Various Improvements - 2015	\$	10,000,000.00
28.	Road & Bridge Improvements - 2015	\$	1,301,352.00
29.	FY 2016 HCCC Chapter 12	\$	-
30.	FY 2015 Various Capital Improvements	\$	42,746,824.00
31.	14th Street Viaduct	\$	18,234,790.46
32.	2016 Road and Bridge Projects	\$	1,560,000.00
33.	2016 HCST Improvements	\$	8,000,000.00
34.	2017 Chapter 12 HCCC	\$	3,100,000.00
		\$	230,759,534.06

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR THE NEXT TWENTY YEARS FOR
GENERAL BONDED DEBT ISSUED AND OUTSTANDING***

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	24,026,019.20	11,215,701.57	35,241,720.77
2018	25,559,428.36	10,905,862.74	36,465,291.10
2019	25,426,693.76	9,956,144.71	35,382,838.47
2020	26,509,325.59	8,982,940.73	35,492,266.32
2021	27,350,425.29	7,874,528.32	35,224,953.61
2022	18,875,556.23	6,727,539.01	25,603,095.24
2023	19,430,152.72	5,930,184.18	25,360,336.90
2024	19,943,593.19	5,107,175.54	25,050,768.73
2025	19,338,662.15	4,292,973.18	23,631,635.33
2026	17,197,673.96	3,515,697.42	20,713,371.38
2027	17,463,974.15	2,879,321.87	20,343,296.02
2028	15,656,604.21	2,230,981.07	17,887,585.28
2029	13,657,413.63	1,613,790.10	15,271,203.73
2030	13,542,211.45	1,061,399.63	14,603,611.08
2031	9,649,182.97	530,254.42	10,179,437.39
2032	2,952,954.18	195,251.78	3,148,205.96
2033	1,225,401.32	106,447.14	1,331,848.46
2034	705,000.00	66,880.63	771,880.63
2035	720,000.00	38,665.00	758,665.00
2036	346,000.00	16,002.50	362,002.50

* Excludes debt service on the County's Certificates of Participation, Lease Revenue Bond Issues and Merrill Lynch Redevelopment Project.

Source: County of Hudson, Department of Finance and Administration.

**SCHEDULE OF ANNUAL LOAN PAYMENTS FOR PRINCIPAL AND INTEREST FOR THE
NEXT SEVENTEEN YEARS FOR GREEN ACRES TRUST LOAN PROGRAMS**

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Loan Payment</u>
2017	262,894.20	62,525.00	325,419.20
2018	268,178.36	57,240.83	325,419.19
2019	273,568.76	51,850.45	325,419.21
2020	258,700.59	46,351.71	305,052.30
2021	224,175.29	41,450.80	265,626.09
2022	228,681.23	36,944.87	265,626.10
2023	233,277.72	32,348.42	265,626.14
2024	221,093.19	27,743.46	248,836.65
2025	225,537.15	23,299.48	248,836.63
2026	198,923.96	18,921.15	217,845.11
2027	130,849.15	15,281.35	146,130.50
2028	133,479.21	12,651.29	146,130.50
2029	120,538.63	10,046.08	130,584.71
2030	122,961.45	7,623.25	130,584.70
2031	125,432.97	5,151.92	130,584.89
2032	127,954.18	2,630.53	130,584.71
2033	35,401.32	354.01	35,755.33

Source: County of Hudson, Department of Finance and Administration.

Bond Anticipation Notes

As of December 31, 2016, the County has \$83,976,156 Bond Anticipation Notes outstanding that are due on December 14, 2017.

Hudson County Lease-Purchase Agreement

In connection with a State Superior Court ruling that ordered construction of a correctional facility within the County, the County entered into a lease-purchase agreement with Hudson County Funding Company, Inc. on November 1, 1988 to fund the construction of the facility. The term of the agreement was November 1, 1988 to December 1, 2021. Concurrent with the signing of the agreement with Hudson County Funding Company, Inc., the County arranged for the issuance of \$104,500,000 in Certificates of Participation. The Certificates of Participation represented proportionate interests in the rental payments to be made by the County to Hudson County Funding Company, Inc. with interest payments commencing in 1989 and principal payments commencing in 1992.

The lease-purchase agreement was amended on July 1, 1990 with the term of the agreement becoming July 1, 1990 to December 1, 2021. Additional Certificates of Participation in the amount of \$19,100,000 were concurrently issued with principal payments commencing in 1992 and interest payments commencing in 1990.

On April 1, 1992, the 1988 and 1990 Series Certificates of Participation were refunded and replaced with the issuance of 1992 Series Refunding Certificates of Participation in the amount of \$135,635,000. The term of the 1992 Series Refunding Certificates of Participation was April 1, 1992 to December 1, 2021.

On September 1, 1998, the lease purchase agreement was amended and restated. As of May 15, 2002 and pursuant to the aforesaid amended and restated lease purchase agreement, the 1992 Series Refunding Certificates of Participation were refunded and replaced with the issuance of \$118,915,000 Series 2002 Refunding Certificates of Participation. The term of the Series 2002 Refunding Certificates of Participation is May 15, 2002 to December 1, 2021.

The proceeds of the Series 2008 Certificates were issued to, among other things, currently refund \$45,325,000 of the outstanding Series 2002 Refunding Certificates maturing June 1, 2017 through and including December 1, 2021.

Hudson County Lease-Purchase Agreement – Additional Project

In addition to the amended and restated lease-purchase agreement for the initial project described above, the County entered into a supplemental lease-purchase agreement with AGH Leasing, Inc. as of December 15, 2002 to fund the construction of a new dormitory housing facility, kitchen facility and related upgrades for the expansion (the “Additional Project”). In December 2003, the County directed the issuance of \$25,220,000 Correctional Facility Certificates of Participation, Series 2002A (the “Series 2002A Certificates”) to fund the cost of the Additional Project. Principal payments commenced December 1, 2005 and continue annually through 2012 for the serial portion, and will then be applied annually from December 1, 2013 through 2021 for mandatory sinking fund payments. Interest is paid semiannually commencing June 1, 2005. Capitalized interest of \$2,078,574.33 was paid upon issuance, covering the semiannual dates proceeding June 1, 2005.

\$5,780,000 Series 2004 Certificates were issued on May 13, 2004 to finance the remaining costs of the Additional Project. The Lease Purchase Agreement with AGH Leasing, Inc. was accordingly amended and supplemented as of May 13, 2004. Principal payments commenced December 31, 2005 and continue annually through 2017 for the serial portion, and will then be applied annually from December 1, 2017 through 2021 for mandatory sinking fund payments. Interest is paid semiannually commencing December 1, 2005. Capitalized interest of \$245,014.88 was paid upon issuance, covering the semiannual dates proceeding December 31, 2005.

\$17,155,000 of refunding Certificates of Participation (COPs) were issued in August 2013 (the Series 2013 Certificates) to advance refund a portion of the originally issued \$25,220,000 aggregate principal amount of COPs, Series 2002A in the form of term certificates maturing on December 1, 2021 and advance refund a portion of the originally issued \$5,780,000 COPs, Series 2004 maturing on various dates through December 1, 2021.

The following is an analysis of correctional facility lease payments remaining to be paid by the County from 2017 through final maturity.

<u>Year</u>	<u>Lease Payment</u>	<u>Principal</u>	<u>Interest</u>
2017	13,421,700.00	9,935,000.00	3,486,700.00
2018	13,420,825.00	10,575,000.00	2,845,825.00
2019	13,427,625.00	11,270,000.00	2,157,625.00
2020	13,426,100.00	12,000,000.00	1,426,100.00
2021	13,420,550.00	12,800,000.00	620,550.00

Source: County of Hudson, Department of Finance and Administration.

FACILITY LEASE REVENUE BONDS

1992 Bonds

On December 1, 1992, the Hudson County Improvement Authority (the "Authority") issued Facility Lease Revenue Bonds (Hudson County Lease Project, Series 1992) (the "1992 Bonds") in the aggregate principal amount of \$112,700,000. The 1992 Bonds were issued to provide funds for (a) the costs of acquisition, construction, installation and equipping of (i) a 590 bed long-term facility to be located in the County; (ii) a 66 bed youth house facility; (iii) a police and fire training academy; and (iv) other public facilities to be provided to and used by the County, including County administrative offices (the facilities described in items (i) through (iv) are collectively referred to as the "1992 Facilities") for lease to the County; (b) funding capitalized interest on the 1992 Bonds; and (c) the payment of costs of issuing the 1992 Bonds. In connection with the issuance of the 1992 Bonds by the Authority, the Authority and the County entered into a lease agreement providing for, among other things, the lease of the real property and the construction thereon of the 1992 Facilities by the Authority, and upon acquisition, construction, installation or equipping of the 1992 Facilities. Pursuant to the terms of the lease agreement, the County is required to make rental payments to the Authority in amounts sufficient to pay or provide for the payment of (i) the debt service on the 1992 Bonds; (ii) certain expenses of the Authority and Fiduciaries; and (iii) certain expenses incurred by the Authority and the County in connection with the 1992 Bonds.

Hospital Remediation Bonds

On December 17, 1992, the Authority issued its 1992 Bonds pursuant to the General Bond Resolution to finance the cost of the acquisition, improvement and construction of various public facilities located in the County to be used by the County (the "Facilities"), including a new 590 bed long-term care facility (the "New Hospital Facility") in order to combine the operations at both the Meadowview Nursing Home Center and the B.S. Pollack Hospital operations at both the Meadowview Nursing Center and the B.S. Pollack Hospital (together, the "Hospitals"). The Hospitals were acquired and improved by the Authority with the proceeds of the 1992 Bonds and leased back to the County.

For various reasons, however, the County abandoned the construction of the New Hospital Facility and determined to transfer the operation and ultimately the ownership of the Hospitals to Progressive Health Care of Hudson County Inc. ("Progressive"), a private company, pursuant to a lease purchase agreement (the "Transfer Agreement"). Since the conveyance of the Hospitals to

Progressive pursuant to the Transfer Agreement would result in private use of the Hospitals, the Authority and the County submitted a request to the Internal Revenue Service ("IRS") for a ruling that such transfer would not cause the interest on the 1992 Bonds to be includible in gross income of the holders thereof.

In a Letter Ruling dated November 19, 1996 (the "Letter Ruling"), the IRS determined that in order to effectuate the transfer of the Hospitals to Progressive without adverse tax consequences, the Authority would be required to:

1. make a tender offer to holders of \$26,735,000 of the 1992 Bonds (the "Attributed Bonds") not later than ninety (90) days after the closing of the transfer of the Hospitals at a price that will not be less than (a) the price at which the Attributed Bonds would be offered if they were defeased with United States Treasury Obligations to the earliest call date after the date of the transfer, including any redemption premium, plus (b) an additional premium designed so that a reasonable issuer under these circumstances would expect to purchase through the tender offer all of the Attributed Bonds for which the tender offer was made, assuming holders are reasonable persons motivated solely by economic factors; and
2. defease any of the Attributed Bonds for which the tender offer was made but which were not acquired in the tender offer with moneys other than tax-exempt bond proceeds, at a rate restricted to the yield on the 1992 Bonds, to the first call date (the tender and/or defeasance being hereinafter referred to as the "Defeasance and Retirement Plan").

On December 1, 1996, the Hospitals were transferred to Progressive and the ninety (90) day remediation period commenced. Therefore, in order to comply with the Letter Ruling, the Authority, on January 14, 1997, mailed an Invitation (the "Invitation") to all holders of the 1992 Bonds to tender, on a "first come first serve basis," their bonds at a tender price which was determined to satisfy the requirements of the Letter Ruling. The tender prices were determined by NW Financial Group, the Authority's and the County's financial advisor, as of the date of the Invitation. The Invitation expired on February 14, 1997 and the Authority received and accepted for purchase \$21,360,000 of the Attributed Bonds (the "Tendered Bonds"). The Chair of the Local Finance Board approved the acceptance of the Tendered Bonds. The Authority has defeased the balance (\$5,375,000 aggregate principal amount) of the Attributed Bonds (the "Defeased Bonds").

On March 13, 2002, by Resolution 153-3-2002, the Board of Chosen Freeholders for the County (the "Board") approved of and authorized the sale of the Meadowview Nursing Center to Secaucus Realty Holding, L.L.C., a subsidiary of Omni Asset Management, L.L.C. (the "Borrower").

As part of that sale, the Hudson County Improvement Authority agreed to accept payment of the sale price of \$10,000,000 in May 2006 (the "Loan").

To evidence the indebtedness and to secure payment thereof, the Borrower on November 5, 2002 executed a mortgage note (the "Original Note") obligating the Borrower to repay \$10,000,000, without interest, on or before May 5, 2006.

The Borrower made a prepayment on the Original Note in the amount of \$250,000. In consideration for that prepayment, and recognizing the time value of money, the Original Note securing the indebtedness was reduced to a current principal amount of \$9,700,000.

On March 19, 2009, Secaucus Realty Holding, L.L.C. paid off the remaining outstanding mortgage.

Advance Refunding Bonds

On August 1, 1998, the Authority issued \$91,575,000 aggregate principal amount of Facility Lease Revenue Refunding Bonds, Series 1998 (the "1998 Bonds") to advance refund all of the Authority's outstanding \$85,635,000 1992 Bonds and to pay the costs of issuance of the 1998 Bonds.

In November of 2010, Refunding Bonds in the amount of \$65,900,000 (Series 2010 Bonds) were issued to currently refund the outstanding Series 1998 Bonds.

The following is an analysis of the combined lease payments remaining to be paid by the County through final maturity:

<u>Year</u>	<u>Lease Payment*</u>	<u>Principal</u>	<u>Interest</u>
2017	8,957,259	5,415,000	3,542,259
2018	8,954,934	5,705,000	3,249,934
2019	8,961,184	6,020,000	2,941,184
2020	8,959,689	6,345,000	2,614,689
2021	8,960,334	6,720,000	2,240,334
2022	8,958,393	7,115,000	1,843,393
2023	8,952,588	7,530,000	1,422,588
2024	8,956,641	7,980,000	976,641
2025	8,958,470	8,455,000	503,470

* In addition there is an administration fee payable to the Authority that is based on 1/10 of 1% of outstanding principal.
Source: County of Hudson, Department of Finance and Administration.

J.P. Morgan Securities LLC, successor to Bear, Stearns & Co., Inc. (the "Underwriter") entered into a Forward Bond Purchase Contract on March 12, 2004 (the "Purchase Contract") between the Authority and the Underwriter pursuant to which the Underwriter paid a fee (an "Upfront Fee") to the Authority for the acquisition of an option to cause the Authority to issue and sell the Series 2010 Bonds to the Underwriter for a Purchase Price equal to (i) the amount necessary to pay the principal of, and the redemption premium, if any, on the 1998 Bonds, (ii) an additional payment of \$1,842,841.16 and (iii) certain costs of issuance, including the premium on the Policy (as defined in the body of the Preliminary Official Statement).

County Services Building Project (County Plaza)

On April 1, 2005, the Authority issued \$29,505,000 aggregate principal amount of its County Secured Lease Revenue Bonds, Series 2005 (County Services Building Project), to provide funds to (a) acquire real property that consists of a seven story building with approximately 340,000 square feet of space located on 9.67 acres of land at 257 Cornelison Avenue in Jersey City, (b) acquire, renovate and improve real property that consists of 2.85 acres of land at 180 Baldwin Avenue in Jersey City, (c) pay twelve months capitalized interest on such bonds, (d) establish a bond reserve fund pursuant to resolution adopted by the Authority and (e) pay the costs and expenses associated with the issuance of such bonds. Further, the County shall contribute \$7,700,000 toward the acquisition and renovation of the facilities described in (a) and (b) above. Pursuant to the provisions of a Lease Agreement dated as of April 1, 2005 by and between the Authority and the County, as amended and supplemented, the County shall make lease payments to the Authority. These payments under the Lease Agreement are sufficient to pay the principal of and interest on the bonds when scheduled. The County's payment obligation under the Lease Agreement is a general obligation. Capitalized interest paid upon issuance covered September 1, 2005 through March 1, 2007 interest requirements.

On July 11, 2007 the Authority issued an additional \$27,490,000 principal amount of its County Secured Lease Revenue Bonds, Series 2007 (County Services Building Completion Project) to provide additional funds to complete the renovation of the real property. The Authority and the County entered into an amended Lease Agreement whereby the County will make additional lease payments to the Authority. Capitalized interest covered September 1, 2007 through a portion of September, 2008.

In January of 2013, \$25,460,000 of Refunding Bonds (Series 2013 Bonds) were issued to advance refund a portion of the outstanding Series 2005 Lease Revenue Bonds maturing on various dates through 2035. On September 14 of 2016, \$4,925,000 of Refunding Bonds were issued to advance refund a portion of the outstanding County Secured Lease Revenue Bonds, Series 2007.

The following are the combined lease payments to be paid by the County from 2017 through final maturity.

<u>Year</u>	<u>Lease Payment*</u>	<u>Principal</u>	<u>Interest</u>
2017	3,662,869.58	1,620,000.00	2,042,869.58
2018	3,684,775.00	1,710,000.00	1,974,775.00
2019	3,680,700.00	1,780,000.00	1,900,700.00
2020	3,679,200.00	1,865,000.00	1,814,200.00
2021	3,668,825.00	1,950,000.00	1,718,825.00
2022	3,668,825.00	2,050,000.00	1,618,825.00
2023	3,668,700.00	2,155,000.00	1,513,700.00
2024	3,658,450.00	2,255,000.00	1,403,450.00
2025	3,657,825.00	2,370,000.00	1,287,825.00
2026	3,668,325.00	2,490,000.00	1,178,325.00
2027	3,653,350.00	2,570,000.00	1,083,350.00
2028	3,662,125.00	2,670,000.00	992,125.00
2029	3,661,712.50	2,760,000.00	901,712.50
2030	3,651,750.00	2,840,000.00	811,750.00
2031	3,651,312.50	2,935,000.00	716,312.50

2032	3,650,831.25	3,035,000.00	615,831.25
2033	5,228,543.75	4,765,000.00	463,543.75
2034	5,228,481.25	4,955,000.00	273,481.25
2035	5,232,306.25	5,140,000.00	92,306.25

Source: County of Hudson, Department of Finance and Administration.

Lincoln Park Golf Course Project

In June, 2011, the Authority issued County-Guaranteed Lease Revenue Bonds, Series 2011 (Lincoln Park Golf Project). The Authority has leased the Project Site from the County in exchange for a lump rent payment equivalent to net bond proceeds pursuant to a lease agreement. Also pursuant to the Lease Agreement, which will be coterminous with the term of the Bonds, the County will lease the Project Site back from the Authority for a stream of rent payments that will be sufficient to pay debt service on the Bonds (the "Lease Payments"). The Lease Payments and debt service are structured to pace the anticipated revenues from the facility, which are anticipated to increase over the life of the Bonds. This stream of Lease Payments will secure the Bonds, which will be further secured by a guaranty of the County.

The following is a schedule of the remaining lease payments on the Bonds through maturity.

<u>Year</u>	<u>Lease Payment</u>	<u>Principal</u>	<u>Interest</u>
2017	772,873.76	200,000.00	572,873.76
2018	806,773.76	240,000.00	566,773.76
2019	804,192.51	245,000.00	559,192.51
2020	805,908.13	255,000.00	550,908.13
2021	806,801.88	265,000.00	541,801.88
2022	806,842.51	275,000.00	531,842.51
2023	835,386.26	315,000.00	520,386.26
2024	837,486.26	330,000.00	507,486.26
2025	838,813.76	345,000.00	493,813.76
2026	834,286.26	355,000.00	479,286.26
2027	833,876.26	370,000.00	463,876.26
2028	876,461.26	430,000.00	446,461.26
2029	876,876.26	450,000.00	426,876.26
2030	875,941.26	470,000.00	405,941.26
2031	878,684.38	495,000.00	383,684.38
2032	875,006.25	515,000.00	360,006.25
2033	918,150.00	585,000.00	333,150.00
2034	918,150.00	615,000.00	303,150.00
2035	916,650.00	645,000.00	271,650.00
2036	918,525.00	680,000.00	238,525.00
2037	918,650.00	715,000.00	203,650.00
2038	960,900.00	795,000.00	165,900.00
2039	958,062.50	835,000.00	123,062.50
2040	960,762.50	885,000.00	75,762.50
2041	960,712.50	935,000.00	25,712.50

Source: County of Hudson, Department of Finance and Administration.

THE COUNTY VOCATIONAL-TECHNICAL SCHOOLS PROJECT

The Bonds are being issued to provide funds to (a) finance the design, construction and equipping of the School, including Site work and athletic facilities, (b) pay capitalized interest on the Bonds to and including May 1, 2018, (c) fund a Bond Reserve Requirement for the Bonds (as defined herein) and (d) pay certain costs of issuance of the Bonds.

The School will be constructed on an approximate 20-acre site owned by the County and located in the Laurel Hill section of the Meadowlands in the Town of Secaucus within the County (the "Site"), and will replace HCST's older and outdated school facility located in the Township of North Bergen within the County.

The School will be a three story facility, situate over an enclosed parking garage, with approximately 340,000 square feet of educational and related administrative space. The New Jersey Department of Education ("NJDOE") has approved the School for a functional capacity of 1,500 grades 9-12 students.

There will be three classroom wings within the School, consisting of 34 academic classrooms, 15 science classrooms, 9 media classrooms, 4 vocational workshops, 8 digital media classrooms, a dance studio, 2 art studios, 3 music studios and rehearsal rooms, 2 culinary arts classrooms, a TV production studio, a fabrication lab, a black box theater, an auditorium with a stage, a cafeteria, a media center, a weight room and related fitness rooms, a yoga room, a judo room, a cross-fit room, and a gymnasium.

Legal Authorization for School Construction and Financing Structure

Pursuant to Section 7G-5a of the Education Law (N.J.S.A. Title 18A) (the "County Vocational School District School Construction Law"), boards of education of county vocational school districts may request applicable county improvement authorities to (i) construct county vocational school district school facilities projects and (ii) issue their bonds to finance such projects, and any annual State Debt Service Aid awarded by NJDOE to any such projects shall be paid on such county improvement authority bonds. Additionally, county improvement authorities are permitted to undertake such projects via a "design-build contract" process, and are generally exempt from otherwise applicable State public bidding laws and regulations, for so long as such authorities comply with all other applicable statutory and regulatory requirements relating to public school design and construction, and procure all required NJDOE approvals in connection therewith.

The HCST Board of Education has requested the Authority to undertake the School project on a "design-build contract" basis on its behalf in accordance with the requirements of the County Vocational School District School Construction Law, and the Authority has agreed to do so.

1. The County, as the owner of the Site, will enter into a 75-year, Ground Lease Agreement, dated as of May 1, 2016, with HCST, under which the County will lease the Site to HCST (the "75-Year Ground Lease Agreement").

2. HCST, as the lessee of the Site, will enter into a 35-year, Ground Sublease Agreement, dated as of May 1, 2016, with the Authority, under which HCST will sublease the Site to the Authority, and the Authority will undertake the School design/build process (the “35-Year Ground Sublease Agreement”).

3. The Authority, as the sub lessee of the Site, will enter into a 35-year, Ground Sublease and School Facilities Lease Agreement, dated as of May 1, 2016, with the County, under which the Authority will sublease the Site and lease the School to the County (the “Lease Agreement”). The County’s unconditional obligation to timely make all Basic Rent payments under the Lease Agreement is the principal security for the Bonds. See “SECURITY AND SOURCE OF PAYMENT” herein.

4. The County, as a second sub lessee of the Site, will enter into a 35-year, Ground and School Facilities Sublease Agreement, dated as of May 1, 2016, with HCST, under which the County will sublease the Site and School to HCST, and HCST will operate the School (the “35-Year Ground and School Facilities Sublease Agreement”).

5. The terms of the 35-Year Ground Sublease Agreement, Lease Agreement and 35-Year Ground and School Facilities Sublease Agreement (collectively, the “35-Year Leases”) are coterminous with the term of the Bonds. Upon expiration of such 35-Year Leases, the County shall be the fee owner of the Site and the School, and shall continue to lease same to HCST for the remainder of the term of the 75-Year Ground Lease Agreement.

State Debt Service Aid Awarded to County for School

NJDOE has issued a “Final Eligible Costs Letter” (the “FEC Letter”) to HCST, setting forth the awarded State Aid to the County for the construction of the School. Such FEC Letter (i) approved \$147,275,002 in “final aid eligible costs” for the School (the “DSA Eligible Costs”), and (ii) awarded 59% in annual State debt service aid (“DSA”) for such DSA Eligible Costs.

The following is a schedule of the lease payments on the HCIA Vo-Tech County Secured Lease Revenue Bonds through maturity.

<u>Year</u>	<u>Lease Payment</u>	<u>Principal</u>	<u>Interest</u>
2017	0.00	0.00	0.00
2018	4,018,900.00	0.00	4,018,900.00
2019	9,978,200.00	1,980,000.00	7,998,200.00
2020	9,981,725.00	2,075,000.00	7,906,725.00
2021	9,980,350.00	2,180,000.00	7,800,350.00
2022	9,978,600.00	2,290,000.00	7,688,600.00
2023	9,981,100.00	2,410,000.00	7,571,100.00
2024	9,977,600.00	2,530,000.00	7,447,600.00
2025	9,977,850.00	2,660,000.00	7,317,850.00
2026	9,981,350.00	2,800,000.00	7,181,350.00
2027	9,979,987.50	2,935,000.00	7,044,987.50
2028	9,976,750.00	3,075,000.00	6,901,750.00
2029	9,979,000.00	3,235,000.00	6,744,000.00
2030	9,980,575.00	3,390,000.00	6,590,575.00
2031	9,981,250.00	3,545,000.00	6,436,250.00
2032	9,981,475.00	3,720,000.00	6,261,475.00
2033	9,980,725.00	3,910,000.00	6,070,725.00
2034	9,980,225.00	4,110,000.00	5,870,225.00
2035	9,979,475.00	4,320,000.00	5,659,475.00
2036	9,977,975.00	4,540,000.00	5,437,975.00
2037	9,980,100.00	4,775,000.00	5,205,100.00
2038	9,980,225.00	5,020,000.00	4,960,225.00
2039	9,977,850.00	5,275,000.00	4,702,850.00
2040	9,977,350.00	5,545,000.00	4,432,350.00
2041	9,977,975.00	5,830,000.00	4,147,975.00
2042	9,978,975.00	6,130,000.00	3,848,975.00
2043	9,979,600.00	6,445,000.00	3,534,600.00
2044	9,979,100.00	6,775,000.00	3,204,100.00
2045	9,976,725.00	7,120,000.00	2,856,725.00
2046	9,981,475.00	7,490,000.00	2,491,475.00
2047	9,977,375.00	7,880,000.00	2,097,375.00
2048	9,977,518.75	8,305,000.00	1,672,518.75
2049	9,979,693.75	8,755,000.00	1,224,693.75
2050	9,977,718.75	9,225,000.00	752,718.75
2051	9,980,281.25	9,725,000.00	255,281.25

Source: County of Hudson, Department of Finance and Administration.

Hudson County Command Center Project General Obligation Recovery Zone Economic Development Bonds

On December 22, 2010, the County, through the Hudson County Improvement Authority, issued \$20,700,000 aggregate principal amount of General Obligation Recovery Zone Economic Development Bonds (Hudson County Command Center) to provide funds to (a) finance the acquisition of an existing warehouse building (the Command Center) located to Kearny, New Jersey, for use by the County as a storage space and a Command Center for the County's Office of Emergency Management, storage space and a Command Center for the County Correctional Center and an archive record storage facility for the Hudson County Prosecutor's Office and (b) pay costs of issuance associated with Project and the Bonds.

Recovery Zone Economic Development Bonds ("Economic Development Bonds") are a type of taxable Build America Bond. These bonds must be used in designated "recovery zones" to finance projects with a "qualified economic development purpose", including financing capital expenditures paid or incurred with respect to property located in a recovery zone, expenditures for public infrastructure and construction of public facilities and expenditures for job training and educational programs. The key feature of Economic Development Bonds is the ability of the issuer to receive an interest subsidy payment from the U.S. Treasury equal to 45% of the interest payments on the bonds. The interest subsidy payment effectively lowers the interest costs of the issuer.

The following is the debt service schedule associated with these bonds. The debt shown on this schedule is gross and does not include the interest subsidy payments expected from the U.S. Treasury.

Hudson County Improvement Authority \$20,700,000 Federally Taxable Recovery Zone Economic Development Bonds

<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	1,300,000	4.790%	1,221,722	2,521,722
2018	1,400,000	5.266%	1,159,452	2,559,452
2019	1,400,000	5.416%	1,085,728	2,485,728
2020	1,400,000	5.616%	1,009,904	2,409,904
2021	1,400,000	5.816%	931,280	2,331,280
2022	1,400,000	6.516%	849,856	2,249,856
2023	1,400,000	6.516%	758,632	2,158,632
2024	1,400,000	6.516%	667,408	2,067,408
2025	1,400,000	6.928%	576,184	1,976,184
2026	1,400,000	6.928%	484,960	1,884,960
2027	1,400,000	6.928%	387,968	1,787,968
2028	1,400,000	6.928%	290,976	1,690,976
2029	1,400,000	6.928%	193,984	1,593,984
2030	1,400,000	6.928%	48,496	1,448,496

Source: County of Hudson, Department of Finance and Administration.

COUNTY BUDGET AND STATEMENTS OF REVENUES AND EXPENDITURES

Pension Benefits

All eligible County employees participate in the Public Employees' Retirement System ("PERS"), the Consolidated Police and Firemen's Pension Fund and the Police and Firemen's Retirement System ("PFRS") of New Jersey. The Division of Pensions within the New Jersey Department of Treasury is the administrator of the funds and charges municipalities and counties annually for their respective contributions. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The County is ultimately liable for funding of the pension plans by increases in future billings from the State. Information as to the comparison of the actuarially computed values of vested benefits with the systems' assets is not available from the State Division of Pensions and, therefore, is not presented. The following is a comparative schedule of combined contributions for the five year period:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contributory Plans</u>					
Public Employees' Retirement System	\$ 12,757,605.76	\$11,626,939.88	\$10,824,160.09	\$10,745,777.77	\$ 10,010,351.00
Consolidated Police & Fireman's Retirement Fund	45,000.00	36,692.00	60,554.16	56,805.18	68,503.90
Police & Fireman's Retirement System	12,359,525.91	12,751,037.01	12,466,412.50	12,106,521.35	11,990,542.00
Defined Contribution Retirement Program	<u>65,000</u>	<u>48,598.89</u>	<u>39,219.27</u>	<u>28,945.21</u>	<u>6,984.39</u>
Total	\$ 25,227,131.67	\$ 24,463,267.78	\$ 23,390,346.02	\$ 22,938,049.51	\$21,404,426.23

Source: County of Hudson, Department of Finance and Administration.

On March 15, 2003, the County issued \$5,040,000 Pension Refunding Bonds.

In accordance with law, the County adopted early retirement incentive programs for eligible employees covered by PFRS and the PERS. As a result of the employees' early retirements, the County created unfunded accrued liabilities to the PFRS and the PERS (collectively, the "Pension Liabilities"). Such Pension Liabilities are paid by the County annually out of the County's general fund. The annual payments extend through fiscal year 2021.

The Early Retirement Refinancing Act, P.L. 2002, c. 42, permits municipalities and school districts to issue bonds to fund the cost of retiring the present value of the unfunded accrued + liability due and owing for early retirement incentive benefits.

The proceeds of the Bonds will be used by the County to (i) pay the present value of the Pension Liabilities, and (ii) pay the cost of issuance of the Bonds.

The County also administers several contributory pension plans which are closed to new memberships. Following is a comparative schedule of combined contributions for the four-year period:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	\$ 1,525,000.00	\$ 1,525,000.00	\$ 1,525,000.00	\$ 1,525,500.00
Hudson County Employee's Pension Fund				
Court Attendants' Pension Fund	<u>420,000.00</u>	<u>485,000.00*</u>	<u>515,000.00</u>	<u>535,000.00</u>
Total	\$ 1,945,000.00	\$ 2,010,000.00	\$ 2,040,000.00	\$ 2,060,000.00

Source: County of Hudson, Department of Finance and Administration.

The County also awards non-contributory pensions by resolution of the Board of Chosen Freeholders for certain veterans and County employees who were not eligible to join other pension plans. Following is a comparative schedule of combined contributions for the four-year period:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Non-Contributory Pension Fund	\$ 2,520,000.00	\$ 2,583,000.00	\$ 2,787,600.00	\$2,491,087.28
Veterans' Pension Fund	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 2,520,100.00	\$ 2,583,000.00	\$ 2,787,600.00	\$2,491,087.28

Source: County of Hudson, Department of Finance and Administration.

Health Benefits

Pursuant to Chapter 78, P.L. 2011, the Pension and Benefit Reform Law, the majority of County employees as of July 1, 2015 are contributing at YEAR 4 of the required salary contribution schedule based on the level of insurance coverage and salary. Effective January 1, 2016, all County employees are contributing at YEAR 4.

Annual Audit

The entire annual audit report for the year ended December 31, 2015 is on file with the Clerk of the Board of Freeholders and is available for review during business hours.

APPENDIX B

Audited Financial Statements of the County

COUNTY OF HUDSON
NEW JERSEY

REPORT OF AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015



**DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC**

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Members
of the Board of Chosen Freeholders
County of Hudson, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the County of Hudson, New Jersey (the “County”), which comprise the comparative balance sheet – regulatory basis, of each fund and General Fixed Assets as of December 31, 2016 and 2015, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis and statement of appropriations – regulatory basis, of the Current Fund and Affordable Housing Utility Fund, and the related statement of changes in Fund Balance – regulatory basis, of the General Capital Fund, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division and the standards applicable to the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note A, the financial statements are prepared by the County on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2016 and 2015, and the changes in its financial position for the years then ended.

Unmodified Opinion on Regulatory Basis Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and General Fixed Assets of the County as of December 31, 2016 and 2015, the respective operations and changes in fund balance – regulatory basis, revenues – regulatory basis and appropriations – regulatory basis of the Current Fund and Affordable Housing Utility Fund, the changes in fund balance – regulatory basis of the General Capital Fund, for the years then ended, in accordance with the financial reporting provisions of the Division as described in Note A.

Other Matters

Management's Discussion and Analysis

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary data section, general comments and comments and recommendations are presented for purposes of additional analysis as required by the Division and are not required part of the basic financial statements. The schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and N.J. Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not required parts of the basic financial statements.

The supplementary data section, general comments, comments and recommendations, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data section, general comments, comments and recommendations, schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2017, on our consideration of the County'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* in considering the County's internal control over financial reporting and compliance.



DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC

Certified Public Accountants



MARK W. BEDNARZ

RMA No. 547

Bayonne, New Jersey
September 27, 2017

**COUNTY OF HUDSON
CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2016</u>	<u>2015</u>
	<u>Ref.</u>		
<u>Assets</u>			
Current Fund:			
Cash and Cash Equivalents	A-4	\$ 141,169,779.31	\$ 115,408,265.93
Cash - Change Funds	A-5	<u>200.00</u>	<u>200.00</u>
		141,169,979.31	115,408,465.93
Intergovernmental Receivables:			
Recovery Zone Bond Subsidy	A-9	<u>260,000.00</u>	<u>240,000.00</u>
Receivables and Other Assets with Full Reserves:			
Added and Omitted Taxes	A-8	3,118,006.24	2,282,814.64
Interfunds	A-12	59,798.68	-
Security Deposits	A-10	<u>2,500.00</u>	<u>2,500.00</u>
		3,180,304.92	2,285,314.64
Total Current Fund		<u>144,610,284.23</u>	<u>117,933,780.57</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4	8,018,978.81	7,237,677.19
Federal and State Grants Receivable	A-25	<u>46,634,089.41</u>	<u>42,287,805.79</u>
Total Federal and State Grant Fund		<u>54,653,068.22</u>	<u>49,525,482.98</u>
Total Assets		<u>\$ 199,263,352.45</u>	<u>\$ 167,459,263.55</u>

See accompanying notes to financial statements

**COUNTY OF HUDSON
CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2016</u>	<u>2015</u>
	<u>Ref.</u>		
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Liabilities			
Appropriation Reserves	A-3; A-13	\$ 12,512,610.05	\$ 13,183,885.81
Encumbrances Payable	A-22	27,166,428.17	27,494,756.53
Prepaid Revenues	A-23	1,583,064.91	536,337.10
Contracts and Commitments Payable	A-14	54,799,522.82	38,547,956.67
Due to State of New Jersey	A-16	-	1,914,151.79
Miscellaneous Payables	A-19	4,793.38	4,793.38
Reserve for:			
Compensated Absences	A-11	4,423,259.46	4,423,259.46
Tax Rebate on Capital Investments	A-18	2,450,000.00	2,450,000.00
Unclaimed Property	A-20	312,890.09	312,890.09
HCST Summer Youth Program	A-21	86,331.55	104,031.55
County College (EFA) Interest	A-15	33,652.40	33,652.40
		<u>103,372,552.83</u>	<u>89,005,714.78</u>
Reserve for Receivable and Other Assets	contra	3,180,304.92	2,285,314.64
Fund Balance	A-1	<u>38,057,426.48</u>	<u>26,642,751.15</u>
Total Current Fund		<u>144,610,284.23</u>	<u>117,933,780.57</u>
Federal and State Grant Fund:			
Reserve for Federal and State Grants			
Appropriated	A-26	36,870,272.24	29,963,450.20
Encumbered	A-26	17,691,465.57	19,500,668.74
Unappropriated	A-27	<u>91,330.41</u>	<u>61,364.04</u>
Total Federal and State Grant Fund		<u>54,653,068.22</u>	<u>49,525,482.98</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 199,263,352.45</u></u>	<u><u>\$ 167,459,263.55</u></u>

See accompanying notes to financial statements

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS**

		2016	2015
	<u>Ref.</u>		
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 23,500,000.00	\$ 24,000,000.00
Miscellaneous Revenue Realized	A-2	209,652,445.07	192,773,120.07
Receipts from Current Taxes	A-2	337,343,753.11	323,743,753.11
Non-Budget Revenue	A-2a	11,535,376.99	11,383,381.31
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	1,517,361.20	11,429,221.07
Reserves for Federal and State Grants Canceled		-	50,000.00
Trust Fund Cancellations	A-12	59,798.68	-
Contracts and Commitments Canceled	A-14	1,185,648.35	905,498.88
Forfeited Bail	A-17	273,065.86	170,887.50
		<u>585,067,449.26</u>	<u>564,455,861.94</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations			
Salaries and Wages		174,777,538.00	172,787,645.00
Other Expenses		265,511,485.62	258,383,438.24
Capital Improvements		30,184,011.52	33,178,598.98
Debt Service		36,271,797.87	33,359,282.03
Deferred Charges		515,460.28	540,589.09
Statutory Expenditures		42,347,768.89	41,129,172.59
	A-3	<u>549,608,062.18</u>	<u>539,378,725.93</u>
Interfund	A-12	59,798.68	-
Refund of Prior Year Revenue	A-4	484,913.07	-
		<u>550,152,773.93</u>	<u>539,378,725.93</u>
Statutory Excess to Fund Balance		34,914,675.33	25,077,136.01
Fund Balance, January 1	A	<u>26,642,751.15</u>	<u>25,565,615.14</u>
		61,557,426.48	50,642,751.15
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>23,500,000.00</u>	<u>24,000,000.00</u>
Fund Balance, December 31	A	<u>\$ 38,057,426.48</u>	<u>\$ 26,642,751.15</u>

See accompanying notes to financial statements

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

STATEMENT OF REVENUES - REGULATORY BASIS

		Adopted Budget	Added by NJSA 40A:4-87	Realized	Excess (Deficit)
	Ref.				
<u>SURPLUS</u>	A-1	\$ 23,500,000.00	\$ -	\$ 23,500,000.00	\$ -
<u>MISCELLANEOUS REVENUES</u>					
LOCAL REVENUES					
County Clerk		120,000.00	-	121,629.24	1,629.24
Register of Deeds and Mortgages		7,700,000.00	-	9,209,396.18	1,509,396.18
Surrogate		225,000.00	-	218,682.02	(6,317.98)
Sheriff		1,950,000.00	-	5,177,197.82	3,227,197.82
Interest on Investments and Deposits		400,000.00	-	535,453.71	135,453.71
Mental Hospital		17,956,341.00	-	22,107,369.29	4,151,028.29
Intoxicated Driver Resource Center Fees		250,000.00	-	257,720.00	7,720.00
NJ School Building Aid		95,000.00	-	96,033.00	1,033.00
Parks & Recreation		155,000.73	-	2,000.00	(153,000.73)
Title IV-D, Social Security Act - Child Support Program		750,000.00	-	1,528,819.74	778,819.74
Federal & State Contracts - Indirect Cost Allocation		5,000,000.00	-	5,000,000.00	-
Maintenance of:					
State Prisoners in County Institutions		150,000.00	-	90,761.60	(59,238.40)
Other County Inmates in County Institutions		-	-	-	-
Federal and ICE Inmates in County Institutions		18,087,575.00	-	18,555,631.33	468,056.33
Reserve to Pay Bonds		92,202.00	-	92,202.00	-
Youth House Lunch Reimbursement		25,000.00	-	-	(25,000.00)
Telephone Commissions		550,000.00	-	327,165.90	(222,834.10)
		53,506,118.73	-	63,320,061.83	9,813,943.10
STATE AID WITHOUT OFFSETTING APPROPRIATIONS					
County College Bonds (NJSA 18A:64A-22.6)		3,524,924.66	-	3,527,735.00	2,810.34
STATE ASSUMPTION OF COSTS OF COUNTY SOCIAL AND WELFARE SERVICES AND PSYCHIATRIC FACILITIES					
Social And Welfare Services (C.66. P.L. 1990):					
Division of Youth and Family Services		6,091,917.00	-		(6,091,917.00)
Supplemental Social Security Income		1,608,110.00	-	1,667,392.00	59,282.00
Psychiatric Facilities (C.73,P.L. 1990):					
Maintenance of Patients in State Institutions					
for Mental Diseases		9,811,600.00	-	9,811,600.00	-
for Mentally Retarded		25,489,393.00	-	25,489,393.00	-
Board of County Patients in State and Other Institutions		13,076.00	-	10,936.92	(2,139.08)
Division of Developmental Disabilities, Assessment Program		18,158.00	-	122,777.43	104,619.43
		43,032,254.00	-	37,102,099.35	(5,930,154.65)

See accompanying notes to financial statements

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

STATEMENT OF REVENUES - REGULATORY BASIS

Ref.	Adopted Budget	Added by NJSA 40A:4-87	Realized	Excess (Deficit)
<u>MISCELLANEOUS REVENUES (continued)</u>				
PUBLIC AND PRIVATE REVENUES OFFSET WITH APPROPRIATIONS				
Council on the Arts, Local Arts Program	\$ 106,343.00	\$ -	\$ 106,343.00	\$ -
NJ Destination Marketing Organizations	124,360.00	-	124,360.00	-
Area Plan Grant	4,440,151.00	1,824,504.00	6,264,655.00	-
Comprehensive Alcoholism and Drug Abuse	993,913.00	-	993,913.00	-
TB Health Services Grant	-	528,321.00	528,321.00	-
TB Health State Supplemental	-	35,000.00	35,000.00	-
Youth Incentive Program Award	-	44,551.00	44,551.00	-
Workforce Investment Act	-	2,941,167.00	2,941,167.00	-
Prosecutor Insurance Fraud Reimb. Program	-	250,000.00	250,000.00	-
HC Safe Communities Grant	62,000.00	-	62,000.00	-
Juvenile Detention Alternatives Initiative	-	123,633.00	123,633.00	-
NJ Transit Corp. Senior Citizen and Disabled				
Resident Transportation Assistance Act	1,033,683.00	123,983.27	1,157,666.27	-
HIV Emergency Relief Formula Grant	2,500,759.00	636,731.00	3,137,490.00	-
HIV Emergency Relief Supplemental Grant	-	1,621,717.00	1,621,717.00	-
Minority AIDS Initiative Program	377,889.00	93,995.00	471,884.00	-
Homeless and Family Shelter Strategy Grant	-	1,993,379.00	1,993,379.00	-
Human Services Advisory Council	-	82,356.00	82,356.00	-
Workfirst NJ DFD	-	476,399.00	476,399.00	-
Work First NJ DOL	-	6,442,250.00	6,442,250.00	-
Work First NJ DOL - Supplemental	-	68,000.00	68,000.00	-
Social Services for the Homeless	1,887.00	-	1,887.00	-
Community Programs for Clients of Family Court	307,803.00	-	307,803.00	-
Supportive Assist. for Individuals and Families Prog.	-	756,583.00	756,583.00	-
Clean Communities Grant	-	21,591.43	21,591.43	-
Juvenile Justice Commission -				
State/Community Partnership Grant	842,354.00	-	842,354.00	-
Megan's Law	450.00	17,563.00	18,013.00	-
HC Schools of Tech. - Summer Youth Programs	-	33,700.00	33,700.00	-
Body Armor Replacement Fund	-	64,054.91	64,054.91	-
Pedestrian Safety	-	16,000.00	16,000.00	-
Drive Sober or Get Pulled Over	-	10,000.00	10,000.00	-
Subregional Transportation Planning Grant	-	113,296.00	113,296.00	-
Alliance to Prevent Alcoholism and Drug Abuse	-	608,898.00	608,898.00	-
Emergency Management Assistance Grant	55,000.00	-	55,000.00	-
Crime Victims Assistance Program	-	364,323.00	364,323.00	-
State Homeland Security Grant	-	615,239.01	615,239.01	-
Urban Areas Security Initiative	-	357,500.00	357,500.00	-
Edward Byrne Memorial Justice Assistance Grant	-	259,578.00	259,578.00	-
Detention Exercise Equipment				
for Facility Enhancements	124,850.00	-	124,850.00	-
LEAP Linking to Employment				
Activities for Prerelease	-	500,000.00	500,000.00	-
COPS Grant	-	1,500,000.00	1,500,000.00	-
State Health Insurance Assistance Program (SHIP)	-	26,500.00	26,500.00	-
	<u>10,971,442.00</u>	<u>22,550,812.62</u>	<u>33,522,254.62</u>	<u>-</u>

See accompanying notes to financial statements

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

STATEMENT OF REVENUES - REGULATORY BASIS

	Adopted Budget	Added by NJSA 40A:4-87	Realized	Excess (Deficit)
<u>Ref.</u>				
<u>MISCELLANEOUS REVENUES (continued)</u>				
OTHER SPECIAL ITEMS				
Open Space Tax Debt Service	\$ 1,124,911.26	\$ -	\$ 1,124,911.26	\$ -
Division of Social Services (Welfare)	47,492,163.00	-	49,055,344.58	1,563,181.58
Added and Omitted Taxes	2,352,693.90	-	2,352,693.90	-
County Clerk, P.L. 2001 C. 370	48,000.00	-	47,300.26	(699.74)
Register of Deeds and Mortgages, P.L. 2001 C. 370	1,900,000.00	-	2,302,349.04	402,349.04
Surrogate, P.L. 2001 C. 370	200,000.00	-	193,925.57	(6,074.43)
Sheriff, P.L. 2001 C. 370	1,250,000.00	-	3,310,011.72	2,060,011.72
State of NJ - Lease of Court Space	200,000.00	-	226,152.00	26,152.00
NJ Superior Court - Service Agreements	525,000.00	-	437,859.21	(87,140.79)
Dedicated Revenue - Motor Vehicle Fines Reimb. of Previous Year Expenditures (N.J.S.A. 39:5.41)	4,500,000.00	-	4,500,000.00	-
County Prosecutor Funding Initiative - Pilot Program	802,500.00	-	802,500.00	-
Maintenance of Federal and ICE Inmates in County Institutions	3,191,925.00	-	3,274,523.17	82,598.17
Meadowview Campus-Treatment Leases	665,000.00	-	563,362.96	(101,637.04)
PILOT Payments, County Share (NJSA 40A:20-1 et.)	3,400,000.00	-	3,451,721.60	51,721.60
ARRA Recovery Zone Bonds Subsidy	553,680.90	-	537,639.00	(16,041.90)
	<u>68,205,874.06</u>	<u>-</u>	<u>72,180,294.27</u>	<u>3,974,420.21</u>
Total Miscellaneous Revenues	179,240,613.45	22,550,812.62	209,652,445.07	7,861,019.00
<u>AMOUNT TO BE RAISED BY TAXATION</u>				
County Purpose Tax	A-1, A-7 <u>337,343,753.11</u>	<u>-</u>	<u>337,343,753.11</u>	<u>-</u>
Budget Totals	540,084,366.56	22,550,812.62	570,496,198.18	7,861,019.00
Non-Budget Revenues	A-2a <u>-</u>	<u>-</u>	<u>11,535,376.99</u>	<u>11,535,376.99</u>
	<u>\$ 540,084,366.56</u>	<u>\$ 22,550,812.62</u>	<u>\$ 582,031,575.17</u>	<u>\$ 19,396,395.99</u>
<u>Ref.</u>	A-3	A-3		
Miscellaneous Revenues Anticipated				
Revenues Accrued	A-9		\$ 176,130,190.45	
Federal and State Grants	A-12		<u>33,522,254.62</u>	
Total Miscellaneous Revenues Realized	A-1		<u>\$ 209,652,445.07</u>	

See accompanying notes to financial statements

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

**STATEMENT OF REVENUES - REGULATORY BASIS
ANALYSIS OF NON-BUDGET REVENUES**

Miscellaneous Revenues Not Anticipated:

Fringe and Indirect Cost Reimbursements - Welfare	\$ 5,719,496.15
State Criminal Alien Assistance Pogram	1,793,600.00
Interest on Delinquent Taxes	1,620,176.65
NJ Voter Registration Election Costs	448,875.00
Miscellaneous Receipts	386,326.01
County Sheriff GPS Electronic Monitoring Device	345,665.56
Meadowview Utilities Payments	300,000.00
Fringe and Indirect Cost Reimbursements - Various	255,785.27
Salary Refunds	184,280.77
Lease of County Properties	145,341.88
Motion Picture Photo Shoot Fees	85,981.80
Prisoner Maintenance - Jail	84,826.04
Division of Aging - State Aid	58,000.00
Social Security Administration Recoveries	31,800.00
Inmat Medical Co-Pay Reimbursemet	25,746.05
Weights and Measures Penalties	19,897.35
Commissions - Vending Machines	10,978.85
H.C. Chest Clinic	7,069.52
FEMA Reimbursements	6,607.24
Mental Health Administration - Salary Reimbursement	3,000.00
Copy Fees	925.91
Special Civil - Fines, Costs and Ordinances	655.00
Settlement of Claims	341.94

\$ 11,535,376.99

Ref. A-1, A-2

A-12 \$ 72,038.77

A-4 11,463,338.22

\$ 11,535,376.99

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended
	Adopted	Modified	Paid or	Encumbered	Reserved	Balances
	Budget	Budget	Charged			Canceled
LEGISLATIVE						
Board of Chosen Freeholders						
Salaries and Wages	\$ 721,054.00	\$ 721,054.00	\$ 631,580.40	\$ 14,000.00	\$ 75,473.60	\$ -
Other Expenses	290,300.00	290,300.00	153,104.00	124,511.57	12,684.43	-
Clerk of the Board						
Salaries and Wages	328,674.00	328,674.00	313,932.63	6,500.00	8,241.37	-
Other Expenses	64,100.00	64,100.00	38,355.87	17,369.70	8,374.43	-
	<u>1,404,128.00</u>	<u>1,404,128.00</u>	<u>1,136,972.90</u>	<u>162,381.27</u>	<u>104,773.83</u>	<u>-</u>
ADMINISTRATIVE AND EXECUTIVE						
Law Department						
Salaries and Wages	3,172,534.00	3,022,534.00	2,902,272.77	55,000.00	65,261.23	-
Other Expenses	1,752,950.00	2,002,950.00	1,183,928.20	793,673.84	25,347.96	-
Division Consumer Protection						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	5,000.00	5,000.00	43.15	-	4,956.85	-
Planning Board						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	64,300.00	64,300.00	29,941.99	32,208.23	2,149.78	-
County Executive						
Salaries and Wages	911,612.00	861,612.00	806,954.63	16,000.00	38,657.37	-
Other Expenses	53,000.00	53,000.00	21,929.13	13,254.31	17,816.56	-
County Administrator						
Salaries and Wages	493,202.00	553,202.00	529,604.79	16,000.00	7,597.21	-
Other Expenses	1,189,050.00	1,129,050.00	420,028.42	678,388.77	30,632.81	-
Public Employees Award Program	100.00	100.00	-	-	-	100.00
Office of Cultural and Heritage Affairs						
Salaries and Wages	426,992.00	346,992.00	299,695.12	6,500.00	40,796.88	-
Other Expenses	270,570.00	270,570.00	201,554.03	40,719.37	28,296.60	-
	<u>8,339,510.00</u>	<u>8,309,510.00</u>	<u>6,395,952.23</u>	<u>1,651,744.52</u>	<u>261,713.25</u>	<u>100.00</u>
DEPARTMENT OF FINANCE AND ADMINISTRATION						
Director of Finance and Administration						
Salaries and Wages	332,759.00	307,759.00	256,143.15	5,300.00	46,315.85	-
Other Expenses	12,300.00	12,300.00	5,543.34	4,712.00	2,044.66	-
Audit Services	244,000.00	244,000.00	-	244,000.00	-	-
Division of Accounts and Controls						
Salaries and Wages	1,136,663.00	1,136,663.00	1,066,346.35	22,500.00	47,816.65	-
Other Expenses	122,807.00	97,807.00	15,203.82	73,844.83	8,758.35	-
Division of Purchasing						
Salaries and Wages	567,395.00	517,395.00	495,660.18	9,500.00	12,234.82	-
Other Expenses	24,508.00	24,508.00	18,511.86	3,150.01	2,846.13	-
Division of Management Information Services						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	1,816,694.00	1,866,694.00	1,736,353.86	114,487.11	15,853.03	-
Division of Tax Assessments						
Salaries and Wages	442,356.00	442,356.00	419,875.04	7,800.00	14,680.96	-
Other Expenses	6,000.00	6,000.00	(769.32)	5,741.53	1,027.79	-
Division of Personnel						
Salaries and Wages	1,205,982.00	1,180,982.00	1,136,116.67	23,000.00	21,865.33	-
Other Expenses	348,984.00	348,984.00	219,879.14	109,817.92	19,286.94	-
Insurance						
Group Plans for Employees	49,604,000.00	49,604,000.00	48,718,361.43	149,304.10	736,334.47	-
Health Benefit Waiver	400,000.00	400,000.00	358,948.49	-	41,051.51	-
Workers' Compensation	4,250,000.00	4,250,000.00	2,000,000.00	2,250,000.00	-	-
Liability Insurance	4,250,000.00	4,250,000.00	4,250,000.00	-	-	-
Division of Central Services						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-
	<u>64,764,548.00</u>	<u>64,689,548.00</u>	<u>60,696,174.01</u>	<u>3,023,157.50</u>	<u>970,216.49</u>	<u>-</u>

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Balances Canceled
CONSTITUTIONAL OFFICES						
County Clerk						
Salaries and Wages	\$ 1,307,698.00	\$ 1,337,698.00	\$ 1,291,728.32	\$ 27,500.00	\$ 18,469.68	\$ -
Other Expenses	53,826.00	53,826.00	36,564.58	9,125.81	8,135.61	-
Register of Deeds and Mortgages						
Salaries and Wages	1,242,389.00	1,242,389.00	1,178,675.49	25,000.00	38,713.51	
Other Expenses	213,914.00	213,914.00	194,160.81	19,045.84	707.35	-
Prosecutor's Office						
Salaries and Wages	21,070,382.00	20,570,382.00	18,679,120.66	380,000.00	1,511,261.34	
Other Expenses	2,316,858.00	2,316,858.00	1,775,126.19	411,994.14	129,737.67	-
	26,205,067.00	25,735,067.00	23,155,376.05	872,665.79	1,707,025.16	-
THE JUDICIARY						
County Surrogate						
Salaries and Wages	1,218,191.00	1,218,191.00	1,190,819.54	25,000.00	2,371.46	
Other Expenses	64,354.00	64,354.00	53,537.09	10,547.56	269.35	-
Probation Department						
Other Expenses	100.00	100.00	-	-	100.00	-
Title IV-D Social Security Act						
Other Expenses	100.00	100.00	-	-	100.00	-
	1,282,745.00	1,282,745.00	1,244,356.63	35,547.56	2,840.81	-
REGULATION						
Sheriff's Office						
Salaries and Wages	23,083,010.00	24,283,010.00	22,878,832.13	391,000.00	1,013,177.87	-
Other Expenses	1,560,683.00	1,710,683.00	1,397,834.80	285,752.28	27,095.92	-
Board of Elections						
Salaries and Wages	453,433.00	453,433.00	397,543.51	8,000.00	47,889.49	-
Other Expenses	60,760.00	60,760.00	18,837.54	36,638.31	5,284.15	-
Special Election Expense	1,007,000.00	1,007,000.00	907,788.27	-	99,211.73	-
County Clerk Elections						
Other Expenses	33,750.00	33,750.00	26,848.61	1,157.19	5,744.20	-
Special Election Expense	1,000,000.00	1,000,000.00	920,237.90	-	79,762.10	-
Superintendent of Elections	2,193,658.00	2,228,658.00	2,011,739.57	156,031.53	60,886.90	-
Weights and Measures						
Salaries and Wages	346,622.00	346,622.00	304,051.14	7,000.00	35,570.86	-
Other Expenses	500.00	500.00	405.00	-	95.00	-
Medical Examiner						
Other Expenses	1,953,900.00	1,953,900.00	1,072,345.49	881,554.51	-	-
	31,693,316.00	33,078,316.00	29,936,463.96	1,767,133.82	1,374,718.22	-
DEPARTMENT OF PARKS AND COMMUNITY SERVICES						
Director of Parks and Community Services						
Salaries and Wages	429,592.00	404,592.00	361,112.64	8,000.00	35,479.36	-
Other Expenses	123,200.00	123,200.00	14,792.54	21,180.76	87,226.70	-
Division of Parks						
Salaries and Wages	5,132,821.00	5,082,821.00	4,873,175.24	93,000.00	116,645.76	
Other Expenses	1,819,363.00	1,819,363.00	1,295,092.62	472,480.10	51,790.28	-
Utilities	1,560,000.00	1,790,000.00	1,517,056.73	138,607.85	134,335.42	-
Division of Planning						
Salaries and Wages	609,668.00	584,668.00	527,434.54	8,000.00	49,233.46	-
Other Expenses	62,200.00	62,200.00	26,358.25	34,765.03	1,076.72	-
Office of Business Opportunity & Community Service						
Salaries and Wages	340,085.00	275,085.00	245,146.74	7,500.00	22,438.26	-
Other Expenses	85,085.00	85,085.00	47,704.28	24,083.48	13,297.24	-
Division of Housing and Community Development						
Salaries and Wages	60,987.00	60,987.00	12,762.81	-	48,224.19	-
Other Expenses	126,300.00	126,300.00	325.63	90,948.01	35,026.36	-
	10,349,301.00	10,414,301.00	8,920,962.02	898,565.23	594,773.75	

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended Balances Canceled
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF ROADS & PUBLIC PROPERTY						
Director of Roads & Public Property						
Salaries and Wages	\$ 761,449.00	\$ 761,449.00	\$ 704,997.63	\$ -	\$ 56,451.37	\$ -
Other Expenses	14,475.00	14,475.00	7,935.26	4,341.55	2,198.19	-
Division of Buildings and Grounds						
Salaries and Wages	11,282,743.00	11,182,743.00	10,727,519.97	215,000.00	240,223.03	
Other Expenses	4,405,730.00	4,330,730.00	2,491,325.27	1,538,113.69	301,291.04	
Fuel	100.00	100.00	-	-	100.00	
Telephone, Water & Light	8,950,000.00	8,620,000.00	7,317,215.55	1,120,576.37	182,208.08	
Motor Pool						
Salaries and Wages	836,957.00	786,957.00	742,453.48	15,000.00	29,503.52	
Other Expenses	556,535.00	816,535.00	594,883.90	158,325.86	63,325.24	
Utilities	750,000.00	465,000.00	224,426.83	62,843.67	177,729.50	
Division of Roads and Bridges						
Salaries and Wages	1,463,580.00	1,403,580.00	1,319,450.97	26,000.00	58,129.03	
Other Expenses	887,950.00	887,950.00	550,287.59	288,427.80	49,234.61	
County Bridges						
Other Expenses	100.00	100.00	-	-	100.00	-
Joint Bridges						
Salaries and Wages	117,620.00	117,620.00	66,100.36	2,000.00	49,519.64	-
Other Expenses	132,476.00	132,476.00	35,526.58	80,149.54	16,799.88	-
Lighting of Highways & Bridges	1,375,000.00	1,375,000.00	811,335.65	268,616.45	295,047.90	-
Office of Traffic Signals and Signs						
Salaries and Wages	348,005.00	348,005.00	292,625.62	6,000.00	49,379.38	-
Other Expenses	144,700.00	169,700.00	120,856.21	35,671.50	13,172.29	
Division of Engineering						
Salaries and Wages	1,636,823.00	1,636,823.00	1,562,278.91	32,500.00	42,044.09	
Other Expenses	57,880.00	57,880.00	2,312.38	40,843.53	14,724.09	-
Construction Board of Appeals						
Other Expenses	24,775.00	24,775.00	4,036.48	15,120.29	5,618.23	-
Office of Emergency Management						
Salaries and Wages	463,833.00	437,833.00	372,784.47	9,000.00	56,048.53	-
Other Expenses	34,975.00	34,975.00	17,292.01	14,182.42	3,500.57	-
Office of the Fire Marshall						
Salaries and Wages	149,018.00	150,018.00	146,303.68	2,800.00	914.32	-
Other Expenses	2,500.00	2,500.00	1,734.73	253.50	511.77	-
Division of Central Services						
Salaries and Wages	619,164.00	654,164.00	634,457.95	12,500.00	7,206.05	-
Other Expenses	904,501.00	769,501.00	631,626.89	102,330.77	35,543.34	-
	35,920,889.00	35,180,889.00	29,379,768.37	4,050,596.94	1,750,523.69	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Director of Health and Human Services						
Salaries and Wages	758,073.00	698,073.00	642,439.80	15,000.00	40,633.20	-
Other Expenses	651,435.00	611,435.00	361,792.30	208,138.73	41,503.97	-
Aid to Handicapped Adults	15,000.00	15,000.00	-	15,000.00	-	-
N.J. Division of Youth and Family Services -						
County Share	6,091,917.00	6,091,917.00	-	-	-	6,091,917.00
Children's Center for Special Needs -						
Contractual	75,000.00	75,000.00	49,667.00	25,333.00	-	-
Aid to County Branch - NJ Association for						
Retarded Citizens	50,000.00	50,000.00	37,499.94	12,500.06	(0.00)	-
Division of Compliance and Audits						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
Office on Aging						
Salaries and Wages	222,653.00	237,653.00	227,645.64	5,000.00	5,007.36	-
Other Expenses	35,060.00	35,060.00	23,308.69	5,000.00	6,751.31	-
Veterans' Internments						
Salaries and Wages	21,867.00	21,867.00	-	-	1,867.00	20,000.00
Other Expenses	48,312.00	48,312.00	20,141.13	16,254.26	11,916.61	

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended Balances Canceled
	Adopted	Modified	Paid or	Encumbered	Reserved	
	Budget	Budget	Charged			
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
Office of Disability Services						
Salaries and Wages	\$ 233,327.00	\$ 183,327.00	\$ 133,281.29	\$ 3,500.00	\$ 46,545.71	\$ -
Other Expenses	22,400.00	22,400.00	7,403.99	13,415.42	1,580.59	-
Visiting Homemaker Service -						
Child Abuse Services in Emergency	5,700.00	5,700.00	-	5,700.00	-	-
Division of Psychiatric Services						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
Meadowview Psychiatric Hospital						
Salaries and Wages	10,687,494.00	10,587,494.00	10,219,761.82	187,500.00	180,232.18	-
Other Expenses	1,997,248.00	1,997,248.00	1,146,425.93	703,125.04	147,697.03	-
Food and Kitchen Supplies	1,485,754.00	1,485,754.00	1,084,005.12	315,794.12	85,954.76	-
Division of Public Health						
Salaries and Wages	130,683.00	130,683.00	128,027.00	-	2,656.00	-
Other Expenses	1,573,928.00	1,573,928.00	1,176,247.78	395,272.87	2,407.35	-
Maintenance of Patients in State Institutions for:						
Mental Disease N.J.S.A. 30:4-79	14,799,715.00	14,799,715.00	14,799,715.00	-	-	-
Mental Retarded N.J.S.A. 30:4-79	25,489,393.00	25,489,393.00	25,489,393.00	-	-	-
Project C.A.A.R.E.	1,050,000.00	1,050,000.00	710,672.56	324,555.89	14,771.55	-
Employee Health Clinic						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	100.00	100.00	-	-	100.00	-
T.B. Chest Clinic						
Salaries and Wages	520,123.00	520,123.00	424,604.86	16,000.00	79,518.14	-
Other Expenses	408,910.00	408,910.00	29,125.20	282,402.30	97,382.50	-
Transcend						
Salaries and Wages	1,274,757.00	1,499,757.00	1,370,523.28	114,137.97	15,095.75	-
Other Expenses	1,000.00	1,000.00	414.30	-	585.70	-
Diagnostic Shelter Program -						
Contractual	258,557.00	258,557.00	205,309.00	40,443.00	12,805.00	-
	67,908,906.00	67,898,906.00	58,287,404.63	2,704,072.66	795,511.71	6,111,917.00
DEPARTMENT OF FAMILY SERVICES						
Director of Family Services						
Salaries and Wages	397,474.00	397,474.00	356,055.44	8,500.00	32,918.56	-
Other Expenses	261,900.00	261,900.00	121,474.51	129,462.72	10,962.77	-
County Welfare Agency						
Salaries and Wages	33,898,374.00	33,898,374.00	31,297,951.42	650,000.00	450,422.58	1,500,000.00
Other Expenses	27,019,933.00	27,019,933.00	21,591,499.48	3,654,589.79	273,843.73	1,500,000.00
County Assistance Programs	2,336,259.00	2,336,259.00	2,250,000.00	-	86,259.00	-
Office of Workforce Development						
Salaries and Wages	189,429.00	189,429.00	174,316.00	3,000.00	12,113.00	-
Other Expenses	42,155.00	42,155.00	2,901.25	30,000.00	9,253.75	-
	64,145,524.00	64,145,524.00	55,794,198.10	4,475,552.51	875,773.39	3,000,000.00
DEPARTMENT OF CORRECTIONS						
Adult Correctional Center						
Salaries and Wages	48,788,822.00	48,788,822.00	43,341,623.55	700,000.00	1,547,198.45	3,200,000.00
Other Expenses	10,408,595.00	10,258,595.00	5,852,420.96	3,816,878.15	589,295.89	-
Food and Kitchen Supplies	3,041,758.00	3,041,758.00	2,391,938.47	471,091.68	178,727.85	-
Payment to Municipal Authorities and U	1,616,220.00	1,616,220.00	1,423,027.93	2,320.00	190,872.07	-
Division of Juvenile Detention						
Salaries and Wages	100.00	100.00	-	-	100.00	-
Other Expenses	3,056,069.00	3,056,069.00	2,084,350.07	707,415.00	264,303.93	-
Food and Kitchen Supplies	100.00	100.00	-	-	100.00	-
	66,911,664.00	66,761,664.00	55,093,360.98	5,697,704.83	2,770,598.19	3,200,000.00

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended Balances Canceled
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF EDUCATION						
Superintendent of Schools						
Salaries and Wages	\$ 227,697.00	\$ 227,697.00	\$ 205,642.19	\$ 4,000.00	\$ 18,054.81	\$ -
Other Expenses	20,000.00	20,000.00	15,799.48	4,179.26	21.26	-
Hudson County Community College	12,343,161.00	12,343,161.00	12,343,160.00	-	1.00	-
Reimbursements for Residents Attending Out of County Two Year Colleges-N.J.S.A.	125,000.00	150,000.00	80,458.83	60,000.00	9,541.17	-
Vocational School	26,795,000.00	26,795,000.00	26,795,000.00	-	-	-
	39,510,858.00	39,535,858.00	39,440,060.50	68,179.26	27,618.24	-
UNCLASSIFIED						
Ethics Board						
Salaries and Wages	11,936.00	11,936.00	11,693.73	-	242.27	-
Other Expenses	13,250.00	13,250.00	-	-	13,250.00	-
Administration of Debt Service	312,000.00	312,000.00	89,648.80	217,966.00	4,385.20	-
Advertisements and Announcements	60,000.00	60,000.00	24,803.25	700.00	34,496.75	-
Volunteer Fire Co. Instructions	4,000.00	4,000.00	2,000.00	-	2,000.00	-
	401,186.00	401,186.00	128,145.78	218,666.00	54,374.22	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Federal and State Grants						
Council on the Arts	106,343.00	106,343.00	106,343.00	-	-	-
NJ Destination Marketing	124,360.00	124,360.00	124,360.00	-	-	-
Area Plan Grant	4,440,151.00	6,264,655.00	6,264,655.00	-	-	-
Comprehensive Alcoholism	1,145,057.00	1,145,057.00	1,145,057.00	-	-	-
TB Health Services Grant	-	528,321.00	528,321.00	-	-	-
TB Health State Supplemental	-	35,000.00	35,000.00	-	-	-
Youth Incentive Program Award	-	44,551.00	44,551.00	-	-	-
Workforce Investment Act	-	2,941,167.00	2,941,167.00	-	-	-
Insurance Fraud Program	-	250,000.00	250,000.00	-	-	-
HC Safe Communities Grant	62,000.00	62,000.00	62,000.00	-	-	-
Juvenile Detention Alternatives	-	123,633.00	123,633.00	-	-	-
Transportation Assistance Act	1,033,683.00	1,157,666.27	1,157,666.27	-	-	-
HIV Emergency Relief Formula	2,500,759.00	3,137,490.00	3,137,490.00	-	-	-
HIV Emergency Relief Supp.	-	1,621,717.00	1,621,717.00	-	-	-
Minority AIDS Initiative Program	377,889.00	471,884.00	471,884.00	-	-	-
Homeless and Family Shelter	-	1,993,379.00	1,993,379.00	-	-	-
Human Services Advisory Council	-	82,356.00	82,356.00	-	-	-
Workfirst NJ DFD	-	476,399.00	476,399.00	-	-	-
Work First NJ DOL	-	6,442,250.00	6,442,250.00	-	-	-
Work First NJ DOL - Supplemental	-	68,000.00	68,000.00	-	-	-
Social Services for the Homeless	1,887.00	1,887.00	1,887.00	-	-	-
Community Programs/Family Court	307,803.00	307,803.00	307,803.00	-	-	-
SAIF Program	-	756,583.00	756,583.00	-	-	-
Clean Communities Grant	-	21,591.43	21,591.43	-	-	-
Juvenile Justice Commission Grant	842,354.00	842,354.00	842,354.00	-	-	-
Megan's Law	450.00	18,013.00	18,013.00	-	-	-
HC ST Summer Youth Programs	-	33,700.00	33,700.00	-	-	-
Body Armor Replacement Fund	-	64,054.91	64,054.91	-	-	-
Pedestrian Safety	-	16,000.00	16,000.00	-	-	-
Drive Sober or Get Pulled Over	-	10,000.00	10,000.00	-	-	-
Subregional Trans. Planning	-	113,296.00	113,296.00	-	-	-
Alliance to Prevent Alcoholism	-	608,898.00	608,898.00	-	-	-
Emerg. Management Assistance	55,000.00	55,000.00	55,000.00	-	-	-
Crime Victims Assistance Program	-	364,323.00	364,323.00	-	-	-
State Homeland Security Grant	-	615,239.01	615,239.01	-	-	-
Urban Areas Security Initiative	-	357,500.00	357,500.00	-	-	-
Byrne Justice Assistance Grant	-	259,578.00	259,578.00	-	-	-
Detention Exercise Equipment	124,850.00	124,850.00	124,850.00	-	-	-

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Paid or Charged	Expended		Unexpended Balances Canceled
	Adopted Budget	Modified Budget		Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued)						
LEAP Program	\$ -	\$ 500,000.00	\$ 500,000.00	\$ -	\$ -	\$ -
COPS Grants	-	1,500,000.00	1,500,000.00	-	-	-
(SHIP) Insurance Assistance	-	26,500.00	26,500.00	-	-	-
Matching Funds for Grants	75,000.00	75,000.00	-	-	75,000.00	-
	11,197,586.00	33,748,398.62	33,673,398.62	-	75,000.00	-
Total Operations	430,035,228.00	452,586,040.62	403,282,594.78	25,625,967.89	11,365,460.95	12,312,017.00
Contingent	30,000.00	30,000.00			15,000.00	15,000.00
Total Operations Including Contingent	430,065,228.00	452,616,040.62	403,282,594.78	25,625,967.89	11,380,460.95	12,327,017.00
Detail:						
Salaries and Wages	180,076,702.00	179,497,538.00	165,266,665.60	3,177,037.97	6,333,834.43	4,720,000.00
Other Expenses	249,988,526.00	273,118,502.62	238,015,929.18	22,448,929.92	5,046,626.52	7,607,017.00
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	1,500,000.00	1,500,000.00	1,500,000.00	-	-	-
Correction Facility Lease Financing	13,430,350.00	13,430,350.00	13,430,350.00	-	-	-
Facility Lease Revenue Bonds:						
Various Projects	9,380,225.02	9,380,225.02	8,730,225.02	-	-	650,000.00
Administration Building	2,839,936.50	2,839,936.50	2,839,936.50	-	-	-
City Plaza	3,683,500.00	3,683,500.00	3,683,500.00	-	-	-
	30,834,011.52	30,834,011.52	30,184,011.52	-	-	650,000.00
COUNTY DEBT SERVICE						
Payment of Bond Principal						
Open Space Bonds	863,000.00	863,000.00	863,000.00	-	-	-
County College Bonds	485,000.00	485,000.00	485,000.00	-	-	-
State Aid County College Bonds	5,215,000.00	5,215,000.00	5,215,000.00	-	-	-
Vocational School Bonds	3,025,000.00	3,025,000.00	3,025,000.00	-	-	-
Other Bonds	12,235,625.00	12,235,625.00	12,235,625.00	-	-	-
Payment of Bond Anticipation Notes	1,000,000.00	1,000,000.00	1,000,000.00	-	-	-
Interest on Bonds						
Open Space Bonds	261,911.26	261,911.26	261,911.26	-	-	-
County College Bonds	551,693.76	551,693.76	551,693.76	-	-	-
State Aid County College Bonds	2,057,282.50	2,057,282.50	2,057,282.50	-	-	-
Vocational School Bonds	1,655,700.00	1,655,700.00	1,655,700.00	-	-	-
Other Bonds	6,906,084.82	6,906,084.82	6,906,084.82	-	-	-
Interest on Notes	1,690,081.32	1,690,081.32	1,690,081.32	-	-	-
Green Trust Loan Program	375,419.21	375,419.21	325,419.21	-	-	50,000.00
	36,321,797.87	36,321,797.87	36,271,797.87	-	-	50,000.00
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Deferred Charges						
Prior Year Bills	15,460.28	15,460.28	-	15,460.28	(0.00)	-
Various Capital Improvements	500,000.00	500,000.00	500,000.00	-	-	-
Statutory Expenditures						
Contribution To:						
Public Employee Retirement Sys.	11,626,939.88	11,626,939.88	11,626,939.88	-	-	-
Social Security System	12,250,000.00	12,250,000.00	11,480,090.18	-	769,909.82	-
County Employee Pension Fund	1,525,000.00	1,525,000.00	-	1,525,000.00	-	-
Police and Fire Retirement Sytem	12,751,037.01	12,751,037.01	12,751,037.01	-	-	-
Consolidated Police/Fire Pension	36,692.00	36,692.00	36,691.48	-	0.52	-
Court Attendant Pension Fund	485,000.00	485,000.00	415,240.96	-	69,759.04	-
Non-Contributory County Pension	2,583,000.00	2,583,000.00	2,367,203.62	-	215,796.38	-
Veterans' Pension Fund	100.00	100.00	-	-	100.00	-

See accompanying notes to financial statements

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriated		Expended			Unexpended
	Adopted Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Balances Canceled
DEFERRED CHARGES AND STATUTORY EXPENDITURES (continued)						
Contribution To:						
Unemployment Compensation Insurance						
Insurance (N.J.S.A. 43:21-3)	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ -	\$ -	\$ -
N.J. State Disability Insurance	725,000.00	725,000.00	664,817.77	-	60,182.23	-
Deferred Contribution (DCRP)	65,000.00	65,000.00	48,598.89	-	16,401.11	-
	<u>42,863,229.17</u>	<u>42,863,229.17</u>	<u>40,190,619.79</u>	<u>1,540,460.28</u>	<u>1,132,149.10</u>	<u>-</u>
JUDGMENTS	<u>100.00</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100.00</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 540,084,366.56</u>	<u>\$ 562,635,179.18</u>	<u>\$ 509,929,023.96</u>	<u>\$ 27,166,428.17</u>	<u>\$ 12,512,610.05</u>	<u>\$ 13,027,117.00</u>
	Ref.			A-22	A	
Budget as Adopted	A-2	\$ 540,084,366.56			-	
Added by N.J.S.A. 40A:4-87	A-2	<u>22,550,812.62</u>				
		<u>562,635,179.18</u>				
Appropriations Canceled		<u>13,027,117.00</u>				
	A-1	<u>\$ 549,608,062.18</u>				
Cash Disbursed	A-4		487,216,377.15			
Capital Improvement Fund		1,500,000.00				
Deferred Charges		500,000.00				
Federal and State Grant Appropriations		<u>33,673,398.62</u>				
	A-12		<u>35,673,398.62</u>			
			<u>522,889,775.77</u>			
Less: Cash Receipts	A-4		<u>12,960,751.81</u>			
			<u>\$ 509,929,023.96</u>			

See accompanying notes to financial statements

**COUNTY OF HUDSON
TRUST FUND
AS OF DECEMBER 31, 2016 AND 2015**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2016</u>	<u>2015</u>
	<u>Ref.</u>		
<u>Assets</u>			
Cash and Cash Equivalents	B-1	\$ 47,216,501.21	\$ 45,943,575.73
Community Development Programs Receivable	B-12	<u>8,051,732.72</u>	<u>6,625,151.75</u>
Total Assets		<u>\$ 55,268,233.93</u>	<u>\$ 52,568,727.48</u>
<u>Liabilities and Reserves</u>			
Reserve for:			
Encumbrances	B-2	\$ 5,565,344.28	\$ 8,528,298.71
Interfunds Payable	B-3	59,798.68	-
Dedicated Revenues	B-4	20,271,544.24	18,461,836.48
Motor Vehicle Fines	B-5	7,541,157.33	8,849,618.95
County Open Space	B-10	11,160,771.49	5,776,835.81
Self-Insurance Fund	B-6	346,190.44	450,015.83
State Unemployment Insurance Fund	B-7	1,058,566.80	2,700,126.28
Confiscated Cash Seized on Arrest	B-8	800,526.56	797,311.61
Other Cash Reserves	B-9	251,694.14	251,694.14
Community Development Programs	B-11	8,091,508.09	6,633,315.49
CDBG Loan Guarantee	B-13	<u>121,131.88</u>	<u>119,674.18</u>
Total Liabilities and Reserves		<u>\$ 55,268,233.93</u>	<u>\$ 52,568,727.48</u>

See accompanying notes to financial statements

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2016 AND 2015**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2016</u>	<u>2015</u>
	<u>Ref.</u>		
<u>Assets</u>			
Cash and Cash Equivalents	C-2, C-3	\$ 38,880,389.59	\$ 78,235,598.94
State Road Aid Allotments Receivable	C-4	33,879,318.31	23,757,350.31
Due From State - Green Acres Program II	C-8	966,440.50	966,440.50
Due From US Government Earmark	C-10	750,000.00	750,000.00
Due from Port Authority of New York & New Jersey	C-5	237,038.00	237,038.00
Deferred Charges to Future Taxation:			
Funded	C-6	293,401,897.36	303,033,236.49
Unfunded	C-7	<u>229,214,584.60</u>	<u>231,345,892.89</u>
Total Assets		<u>\$ 597,329,668.36</u>	<u>\$ 638,325,557.13</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Notes	C-19	\$ 83,976,156.00	\$ 84,976,156.00
Reserve for Youth Consultation Services	C-21	130,934.65	130,934.65
General Serial and Term Bonds Payable	C-18	278,984,000.00	287,697,000.00
Capital Improvement Fund	C-14	2,023,129.17	603,129.17
Retained Percentages Due Contractors	C-9	1,727,585.57	1,314,632.60
Contracts Payable	C-13	42,698,574.50	36,132,077.05
Reserve for Payment of Debt	C-16	11,323,596.41	10,478,028.71
Reserve for State Road Aid Allotments	C-15	2,142,499.87	2,142,499.87
Green Acres Loans Payable	C-17	3,191,647.36	3,449,361.49
Reserve for Public Buildings, Grounds and Parks Arts Inclusion	C-20	1,272,666.88	474,613.00
Improvement Authorizations:			
Funded	C-12	49,973,682.92	60,986,528.46
Unfunded	C-12	107,906,971.65	137,301,747.75
Mortgage Payable - Due to HCIA	C-22	11,226,250.00	11,886,875.00
Fund Balance	C-1	<u>751,973.38</u>	<u>751,973.38</u>
Total Liabilities, Reserves, and Fund Balance		<u>\$ 597,329,668.36</u>	<u>\$ 638,325,557.13</u>
Bonds and Notes Authorized But Not Issued	C-23	<u>\$ 145,238,428.60</u>	<u>\$ 146,369,736.89</u>

See accompanying notes to financial statements

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	C	\$ <u><u>751,973.38</u></u>

See accompanying notes to financial statements.

**COUNTY OF HUDSON
AFFORDABLE HOUSING UTILITY FUND
AS OF DECEMBER 31, 2016 AND 2015**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2016</u>	<u>2015</u>
	<u>Ref.</u>		
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 379,742.75	\$ 379,742.75
Capital Fund:			
Cash and Cash Equivalents:	D-4	203,482.84	203,482.84
Total Assets		<u>\$ 583,225.59</u>	<u>\$ 583,225.59</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Fund Balance	D-1	\$ 379,742.75	\$ 379,742.75
Capital Fund:			
Improvement Authorizations - Funded	D-6	203,482.84	203,482.84
Total Liabilities, Reserves and Fund Balance		<u>\$ 583,225.59</u>	<u>\$ 583,225.59</u>

See accompanying notes to financial statements

**COUNTY OF HUDSON
AFFORDABLE HOUSING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS**

		<u>2016</u>	<u>2015</u>
	<u>Ref.</u>		
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-2	\$ 250.00	\$ 250.00
Statutory Excess to Fund Balance		250.00	250.00
Fund Balance, January 1		<u>379,742.75</u>	<u>379,742.75</u>
		379,992.75	379,992.75
Decreased by:			
Utilized as Anticipated Revenue	D-2	<u>250.00</u>	<u>250.00</u>
Fund Balance, December 31	D	<u><u>\$ 379,742.75</u></u>	<u><u>\$ 379,742.75</u></u>

See accompanying notes to financial statements

**COUNTY OF HUDSON
AFFORDABLE HOUSING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

STATEMENT OF REVENUES - REGULATORY BASIS

	Adopted Budget	Realized	Excess (Deficit)
Operating Surplus Anticipated	\$ 250.00	\$ 250.00	\$ -
Budget Totals	250.00	250.00	-
Non-Budget Revenues	-	-	-
	<u>\$ 250.00</u>	<u>\$ 250.00</u>	<u>\$ -</u>
<u>Ref.</u>	D-3		

See accompanying notes to financial statements

**COUNTY OF HUDSON
AFFORDABLE HOUSING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended	Cancelled
	Budet	Modified Budget	Reserved	
Operations:				
Other Expenses	\$ 250.00	\$ 250.00	\$ -	\$ 250.00
	<u>\$ 250.00</u>	<u>\$ 250.00</u>	<u>\$ -</u>	<u>\$ 250.00</u>
	<u>Ref.</u>			
Budget as Adopted	D-2	\$ 250.00		
Appropriations Canceled	above	<u>250.00</u>		
	D-1	<u>\$ -</u>		

See accompanying notes to financial statements

**COUNTY OF HUDSON
GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2016 AND 2015**

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Land and Improvements	\$ 75,517,141.63	\$ 75,517,141.63
Construction	291,585,773.49	287,788,610.86
Infrastructure	7,981.50	7,981.50
Machinery, Equipment and Licensed Vehicles	<u>86,644,203.76</u>	<u>81,140,443.77</u>
Total Assets	<u>\$ 453,755,100.38</u>	<u>\$ 444,454,177.76</u>
<u>Investment in Fixed Assets</u>		
Investment in General Fixed Assets	<u>\$ 453,755,100.38</u>	<u>\$ 444,454,177.76</u>

See accompanying notes to financial statements

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The County of Hudson, New Jersey (the “County”) functions independently through a county executive plan form of government pursuant to New Jersey Statutes Annotated (N.J.S.A.) Title 40, Chapter 41A. The governing body consists of a county executive, elected to a four year term, and a board of nine freeholders, who are elected to concurrent three year terms. The purpose of the County is to provide general county services and conduct general county affairs, as provided for by the County’s various departments, offices, agencies and programs. The County also has certain oversight responsibilities towards local governments that are located within the County’s geographical boundaries, including its twelve municipalities.

The financial statements of the County include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the County, as required by N.J.S.A. 40A:5-5. Governmental Accounting Standards Board (“GASB”) establishes criteria to be used to determine which component units should be included in the financial statements of the primary government (the County). The State of New Jersey, Department of Community Affairs, Division of Local Government Services, (the “Division”) requires the financial statements of the County to be reported separately from its component units. If the provisions of GASB had been complied with, the following component units would have been discretely presented with the financial statements of the County:

Hudson County Community College	Hudson County Schools of Technology
Hudson County Improvement Authority	

Audit reports of the component units are available at the offices of each of the respective component units. The County Welfare Agency is discretely presented with the financial statements of the County:

BASIS OF PRESENTATION

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund categories to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION (continued)

The financial statements of the County have been prepared in conformity with accounting principles and practices prescribed by the Division, which differ from GAAP. Such principles and practices prescribed by the Division are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the County accounts for its financial transactions through the following separate funds and account group, which differ from the fund structure required by GAAP.

Current Fund – This is the general fund of the County and is used to record income and expenditures of a general operating nature.

Federal and State Grant Fund – This fund is used to account for activity of the majority of the grants received by the County, including grant receivables and their related receipts and expenditures against related grant reserves. Grants recorded here must also be included in the County operating budget.

Trust Funds – This fund is used to account for receipts, custodianship and disbursement of dedicated revenues in accordance with the purpose for which each reserve was created, subject to available cash in each individual trust fund reserve established pursuant to N.J.S.A. 40A:4-39 and other applicable state statutes.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund or other funds. Also included in this fund are bonds and notes payable offset by deferred charges to future taxation.

Affordable Housing Utility Operating and Capital Fund – This fund is used to account for the operations and acquisition of capital facilities of the County-owned Affordable Housing Utility. The Operating Utility records revenues and expenditures applicable to the general operation of the program to create additional affordable housing in the County. The Capital Utility is used to account for financial resources used to provide loans to create affordable housing within the County.

Payroll Agency Fund – This fund is used to accumulate and pay employee salary and wages and payroll deductions to proper agencies.

General Fixed Assets – This is not a separate fund type, but an “account group” used to account for all fixed assets of the County.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION (continued)

The accounts of the County are maintained in accordance with the Division's principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The Division's principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The General Fixed Assets account group, on the other hand, is a financial reporting device designed to provide accountability for certain fixed assets and the investment in those fixed assets that are not recorded in the funds because they do not directly affect net expendable available financial resources.

BASIS OF ACCOUNTING

The County prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis 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 current financial resource focus and modified accrual basis of accounting is generally followed with significant exceptions which are explained as follows:

Revenues – Revenues are realized when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal revenue sharing funds and other Federal and State grants are realized as revenue when anticipated in the budget. Receivables for property taxes assessed to the municipalities within the County, as well as any amounts added or omitted and other amounts due to the County, are recorded with offsetting reserves on the balance sheet of the Current Fund. Such amounts are not recorded as revenue until collected. Accordingly, no provision has been made to estimate that portion of receivables that are uncollectible. GAAP requires revenues to be recognized in the accounting period when they become measurable and available and in certain instances reduced by an allowance for doubtful accounts.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Expenditures – Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Appropriation reserves covering unexpended appropriation balances are automatically created at the end of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriations for principal and interest payments on general capital and utility indebtedness are provided on the cash basis. GAAP requires expenditures in the current (or general) fund 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 – Encumbrances are contractual orders outstanding at year end reported as expenditures through the establishment of an encumbrance payable. Outstanding encumbrances at year end are reported as a cash liability in the financial statements. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – Appropriation Reserves are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Transfers are allowed between certain line items during the first three months of the fiscal year. Lapsed appropriation reserves are recorded as other credits to income. Appropriation Reserves do not exist under GAAP.

Interfunds – Advances from the Current Fund are reported as interfunds receivable with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfunds receivable in other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Deferred Charges to Future Taxation, Funded and Unfunded - Upon the authorization of capital projects, the County establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. Annually, the County raises the debt requirements for that particular year in the Current Fund budget. As the funds are raised by taxation, the deferred charges are reduced. GAAP does not require the establishment of deferred charges to future taxation.

Compensated Absences and Post-Employment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources to be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

Improvement Authorizations – Improvement Authorizations in the general capital fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the current fund. GAAP does not recognize these amounts as liabilities.

General Fixed Assets - Accounting for Governmental Fixed Assets as promulgated by the Division differs in certain respects from GAAP, and requires the inclusion of a statement of general fixed assets as part of the County's basic financial statements.

Fixed assets used in governmental operations (general fixed assets) are accounted for in an account group identified as "General Fixed Assets" and are not included within the records of any fund types. Purchases from these funds for fixed assets are recorded as expenditures within the fund. With minor exception, public domain ("infrastructure") general fixed assets consisting of certain improvements other than improvements to buildings, such as improvements to roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets, except land, are valued at historical cost or estimated historical cost if actual historical cost is not available. Expenditures for construction in progress are recorded in the Capital Fund against authorizations under which the project was approved until such time as the construction is completed and put into operations.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

The County is required to maintain a subsidiary ledger of detailed records of fixed assets and to provide property management standards to control fixed assets. The Division sets a maximum policy for defining general fixed assets as non-expendable personal property having a physical existence, a useful life of more than five years and an acquisition cost of \$5,000 or more per unit.

No depreciation has been provided for in the financial statements. Fixed assets acquired through federal grants in aid or contributed capital have been accounted for separately.

Accounting for utility fund property and equipment purchased by the Affordable Housing Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The utility does not record depreciation on fixed assets.

GAAP requires the recording of infrastructure assets and requires capital assets be depreciated over their estimated useful life unless they are either inexhaustible or are infrastructure assets reported using the modified approach.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities, 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. Actual results could differ from these estimates.

Cash and Investments - New Jersey governmental units are required to deposit public funds in a public depository. Public depositories are defined by statutes as any State or federally chartered bank, savings bank or an association located in New Jersey or a state or federally chartered bank, savings bank or an association located in another state with a branch office in New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation (FDIC) and which receives or holds public funds on deposit. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

The County is also required to annually adopt a cash management plan and to deposit or invest its funds pursuant to the cash management plan. The cash management plan adopted by the County requires it to deposit funds as permitted in N.J.S.A 40:5-15.1, so long as the funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey and requires all public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

In 2009, legislation revised GUDPA to provide higher levels of security and oversight. Among the increased protections and oversight, the revised GUDPA ensures a common level of deposit risk by each bank choosing to accept local government deposits, requires banks to fully collateralize deposits over \$200 million, implements enforcement protocol which allows the Department of Banking and Insurance to institute risk-based collateral requirements promptly when a bank shows signs of stress, provides enhanced oversight by the Department of banking and insurance and permits GUDPA certificates to be provided through an online system.

Cash Equivalents include certificate of deposits with a maturity date of less than three (3) months.

Also see Note B - Cash and Cash Equivalents.

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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the County and approved by the Division in accordance with the Local Budget Law. Budgets are adopted on the same basis of accounting utilized for the preparation of the County's financial statements. The budgetary requirements herein outlined are applicable to only the Current and Affordable Housing Utility Operating Funds, and not the Trust, Capital Fund, Affordable Housing Utility Capital Fund or the General Fixed Assets account group. However, statutes require the County to adopt annually a six-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

The County must adhere to procedures for adoption of its annual budget as established by the Division. These procedures include statutory deadlines of: January 26 for introduction and approval and February 25 for adoption. These dates are subject to extension by the Division by approval of the Local Finance Board. Appropriations within the adopted budget cannot be modified until the final two months of the year at which time transfers between certain line items are allowed. Under certain circumstances emergency authorizations and insertions of items of revenue and appropriation are allowed by authorization of the governing body, subject to approval of the Division.

The County must prepare its budgets in compliance with applicable laws capping the amounts by which both the budgeted appropriations and tax levy can be increased. A description of both “CAPS” follows:

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the County is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the “cost of living adjustment” (COLA), whichever is less. The COLA is calculated based on the traditional federal government inflation calculation. The County can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap spending to one percentage point greater than the COLA, up to a maximum of 3.5%, upon passage of a COLA Rate Resolution.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It establishes limits on the increase in the total County amount to be raised by taxation (tax levy). The core of the levy cap formula is a 2% increase to the previous year’s amount to be raised by taxation, net of any applicable cap base adjustments and emergency or special emergency appropriations.

Sale of Municipal Assets - The proceeds of the sale of County assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

Long-Term Obligations - General long-term debt is recognized as a liability of the General Capital Fund for the full amount. The County’s utility long-term debt is recognized as a liability of the Affordable Housing Utility Capital Fund for the full amount.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Reserves (Other than Reserve for Receivables) - Reserves, other than reserve for receivables are considered as liabilities, and not as a reservation of fund balance.

Reserve for Receivables and Other Assets – Receivables of the County, with the exception of certain intergovernmental receivables, are offset on the balance sheet with a credit that is created to preserve the revenue recognition basis required by the Division’s accounting principles. The reserve delays the recognition of these revenues until they are received in cash.

Advertising Costs - Advertising costs are charged against the appropriate budget line as they occur. The County does not engage in direct-response advertising.

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

BASIC FINANCIAL STATEMENTS

The GASB Codification also requires the financial statements of a governmental unit presented in the general purpose financial statements to be in accordance with GAAP. The County 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.

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 County’s financial position and operations. Comparative data is not presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications – Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year’s format. These reclassifications had no effect on fund balance and changes in fund balance.

Reconciliation of Accounting Basis – As described throughout Note A, substantial differences exist between GAAP and the basis prescribed by the Division. Reconciliation between the two would not be meaningful or informative and therefore is not provided herein.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE B. CASH AND CASH EQUIVALENTS

DEPOSITS

All cash and cash equivalents on deposit as of the years ended December 31, 2015 and 2014 are partially insured by the FDIC up to \$250,000 for each depository. Deposits in excess of FDIC limits, as noted below, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA (see Note A - Cash and Investments) or are on deposit with the New Jersey Asset and Rebate Management Program (NJARM) and New Jersey Educational Facilities Authority (NJEFA).

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized.
- b. Collateralized with securities held by the pledging financial institution.
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

At December 31, 2016 and 2015, the County's deposits are summarized as follows, deposits are allocated among four financial institutions:

	2016	2015
Insured - FDIC	\$ 1,000,000.00	\$ 1,000,000.00
Insured - GUDPA	234,868,874.51	248,282,916.99
NJ Asset and Rebate Management Program	-	504,573.21
	<u>\$ 235,868,874.51</u>	<u>\$ 249,787,490.20</u>

Under GUDPA, financial institutions are not required to pledge collateral for amounts covered by FDIC insurance.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the County's deposits as of December 31, 2016 and 2015 are held in foreign currency.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE B. CASH AND CASH EQUIVALENTS (continued)

INVESTMENTS

New Jersey statutes permit the County to purchase the following types of securities when authorized by the cash management plan (described in note A):

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- Government money market mutual funds.
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services for investment by local units.
- Local government investment pools.
- Deposits with the State of New Jersey Cash Management Fund.
- Agreements for the repurchase of fully collateralized securities if (a) the underlying securities are permitted investments pursuant to the first and third bullets of this section, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

Custodial Credit Risk - In the case of investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the County's name and are held by either the counterparty or its trust department or agent, but not in the County's name.

Foreign Currency Risk - Investments are also exposed to the same foreign currency risk as deposits. It is the risk that changes in exchange rates will adversely affect investments. The County does not have any investments denominated in foreign currency as of December 31, 2016 and 2015.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE B. CASH AND CASH EQUIVALENTS (continued)

INVESTMENTS (continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County 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.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County does not have an investment policy regarding the management of credit risk.

Concentration of Credit Risk - The County places no formal limit on the amount it may invest in any one issuer. New Jersey Statutes limit municipal investments to those specified and summarily identified in the first paragraph of the “Investments” section of this note. Currently, the County’s only investments consist of deposits in the MBIA Government Investment Pool, the NJARM Program and the NJEFA Fund, all of which are classified as Government Investment Pools.

Investment Type	Fair Value*	Investment Maturities (in Years)			
		< 1	1 - 5	6 - 10	> 10
2016 Government Investment Pools	\$ -	\$ -	\$ -	\$ -	\$ -
2015 Government Investment Pools	\$ 504,573.21	\$ 504,573.21	\$ -	\$ -	\$ -

*Short-term investments are carried at cost, which approximates fair value.

The New Jersey Asset and Rebate Management Program (“NJARM”) – This is a financial organization created exclusively for New Jersey local governments. The Program was designed to help achieve excellence in the governmental unit’s investment program. Created as a joint investment trust under the Interlocal Services Act, NJARM provides participants with investment and arbitrage compliance services for both bond proceeds and general operating funds. As of December 31, 2016 and 2015, the County had balances \$-0- and \$504,573.21, respectively, in the NJARM Program government investment pool.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE C. PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

Property taxes are collected and remitted quarterly to the County by the County's twelve municipalities. Each municipality is responsible for enforcing collection from individual taxpayers, and is required to remit to the County the full amount of the County portion of the municipality's total tax levy. The County portion includes County purpose taxes and County Open space taxes. Property taxes receivable for County purpose taxes are recorded in the Current Fund, while County Open Space Taxes are recorded in the Trust Fund, as each municipality's semiannual tax levy billing is approved. In addition, the County's share of taxes for any added and omitted assessments throughout the year for each municipality is recorded by the County as taxes receivable in the Current Fund.

Property tax bills are to be mailed by the municipality on or before June 14 and December 1. If the municipality is unable to mail bills by these dates, it has until June 30 and December 31 to mail estimated bills for the respective initial mailing dates. The June 14/30 bill is due from the taxpayer to the municipality in two quarterly installments on August 1 and November 1. The municipality is then required to remit the County taxes to the County on August 15 and November 15. The December 1/31 bill is due from the taxpayer to the municipality in two quarterly installments on February 1 and May 1. The municipality is then required to remit the County taxes to the County on February 15 and May 15. For added/omitted taxes, the municipality is to mail the bill on or before October 25. The due date for the taxpayer to pay the municipality is November 1. The municipality is then required to remit the County taxes on added/omitted assessments by February 15.

As of December 31, 2016 and 2015, the County had added and omitted taxes receivable of \$3,118,006.24 and \$2,282,814.64, respectively.

NOTE D. COUNTY DEBT

SUMMARY OF COUNTY DEBT

The Local Bond Law, N.J.S.A. 40A:2, governs the issuance of bonds to finance general and utility capital expenditures of the County. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County are backed by the full faith and credit of the County. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years, or be retired by the issuance of bonds.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

SUMMARY OF COUNTY DEBT (continued)

At December 31, 2016 and 2015 the County's debt is summarized as follows:

	December 31, 2016			Dec. 31, 2015
	Issued	Authorized But Not Issued	Total	Total
Statutory Debt Pursuant to Local Bond Law				
General:				
General, School and College Improvement Bonds	\$ 278,984,000.00	\$ 145,238,428.60	\$ 424,222,428.60	\$ 434,066,736.89
Green Trust Loans	3,191,647.36	-	3,191,647.36	3,449,361.49
Bond Anticipation Notes	83,976,156.00	-	83,976,156.00	84,976,156.00
Total Gross Statutory Debt Issued	366,151,803.36	145,238,428.60	511,390,231.96	522,492,254.38
County Guaranty	548,270,066.00	-	548,270,066.00	579,434,687.00
Gross Statutory Debt	914,421,869.36	145,238,428.60	1,059,660,297.96	1,101,926,941.38
Less Statutory Deductions to Debt Limit:				
Debt Guaranteed by County	548,270,066.00	-	548,270,066.00	579,434,687.00
Funds in Hand for Payment of Debt				
Capital Fund: Reserve for Payment of Bonds	11,323,596.41	-	11,323,596.41	10,478,028.71
Trust Fund: Open Space Trust Fund	5,541,000.00	-	5,541,000.00	6,404,000.00
Merrill Lynch Delegation Agreement	6,750,000.00	-	6,750,000.00	7,400,000.00
NJSA 18A:64A-22.1 to 22.8 - County Colleges	29,899,000.00	-	29,899,000.00	30,064,000.00
	601,783,662.41	-	601,783,662.41	633,780,715.71
Net Statutory Debt	\$ 312,638,206.95	\$ 145,238,428.60	\$ 457,876,635.55	\$ 468,146,225.67

The County's long-term debt for the year ended December 31, 2015 is summarized as follows:

	Balance Dec. 31, 2014	New Issues	Retirements	Balance Dec. 31, 2015	Due by Dec. 31, 2016
General Serial Bonds	\$ 300,307,000.00	\$ 8,900,000.00	\$ 21,510,000.00	\$ 287,697,000.00	\$ 21,813,000.00
Green Acres Loans	3,701,997.65	-	252,636.16	3,449,361.49	257,714.13
	<u>\$ 304,008,997.65</u>	<u>\$ 8,900,000.00</u>	<u>\$ 21,762,636.16</u>	<u>\$ 291,146,361.49</u>	<u>\$ 22,070,714.13</u>

The County's long-term debt for the year ended December 31, 2015 is summarized as follows:

	Balance Dec. 31, 2015	New Issues	Retirements	Balance Dec. 31, 2016	Due by Dec. 31, 2017
General Serial Bonds	\$ 287,697,000.00	\$ 13,100,000.00	\$ 21,813,000.00	\$ 278,984,000.00	\$ 23,735,000.00
Green Acres Loans	3,449,361.49	-	257,714.13	3,191,647.36	262,894.21
	<u>\$ 291,146,361.49</u>	<u>\$ 13,100,000.00</u>	<u>\$ 22,070,714.13</u>	<u>\$ 282,175,647.36</u>	<u>\$ 23,997,894.21</u>

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

Debt Refunding

During the years ended December 31, 2016, the City renewed Bond Anticipation Notes in the amount of \$83,976,156. There were no Refunding Bonds issued in 2016.

School Bond Reserve Act

Certain bonds of the County issued as Vocational School Bonds are additionally secured and are entitled to the benefits of the New Jersey School Bond Reserve Act, chapter 72 of the Laws of New Jersey of 1980. If the County is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund for the Support of Free Public School of the State of New Jersey will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the reserve account in accordance with the provisions of the School Bond Reserve Act. Any such payment of interest or purchase price of school bonds paid on behalf of the County pursuant to this Act shall be deducted from the appropriation for apportionment of State Aid. Included in the County's "General Serial and Term Bonds Payable" as of December 31, 2016 and 2015 are Vocational School Bonds additionally secured under the School Bond Reserve Act of \$42,040,000 and \$46,590,000, respectively.

County College Bond Act

The County has issued County Community College Bonds which qualify under the County College Bond Act, chapter 12 of the Laws of New Jersey of 1971, as amended. In accordance with this act, the County has received notification from the State Treasurer that the State will provide support for a proportionate share of the principal and interest when due. Such support will be made to the County, upon the County's certification of amounts due, on or before the dates when such bonds are payable by the County. During the years ended December 31, 2016 and 2015, the County recognized \$3,527,735.00 and \$3,566,730.91, respectively, as 'State Aid – County College Bond' revenues pursuant to this act.

Included in the County's "General Serial and Term Bonds Payable" as of December 31, 2016 and 2015 are Hudson County Community College Bonds additionally secured under the County College Bond Act of \$30,485,000 and \$29,440,000, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE

General Serial and Term Bonds Payable

The County has outstanding at December 31, 2016 and 2015 various general serial and term bonds. The following table summarizes the 2016 activity and short term principal liability of the County's Vocational School Bonds, Community College Bonds and Pension Refunding Bonds in addition to General Improvement and Refunding Bonds.

Summary of General Serial and Term Bonds Activity					
Description	Balance			Balance	
	Dec. 31, 2015	Increase	Decrease	Dec. 31, 2016	Due by Dec. 31, 2017
Merrill Lynch Refunding Bonds issued April 17, 1991 for \$10,000,000 maturing annually from 2012 through 2026 bearing variable interest rates	\$ 7,400,000.00	\$ -	\$ 650,000.00	\$ 6,750,000.00	\$ 650,000.00
Recovery Zone Economic Development Bonds issued December 22, 2010 for \$20,700,000 maturing annually through 2030 bearing interest rates of 1.704% to 6.928%	19,700,000.00	-	200,000.00	19,500,000.00	1,300,000.00
General Improvement Refunding Bonds issued April 26, 2011 for \$15,200,000 maturing annually through 2021 bearing interest rates of 2.00% to 5.00%	10,090,000.00	-	1,450,000.00	8,640,000.00	1,535,000.00
General Improvement Bonds issued June 19, 2012 for \$10,925,000 maturing annually through 2032 bearing interest rates of 2.00% to 3.75%	9,980,000.00	-	315,000.00	9,665,000.00	525,000.00
General Improvement Refunding Bonds, Series 2014 issued Nov. 6, 2014 for \$24,410,000 to refund Series 2006 General Improvement Bonds maturing Sept. 1 annually from 2015 through 2021 bearing interest rates of 1.5% to 5%	24,320,000.00	-	3,865,000.00	20,455,000.00	3,830,000.00
General Obligation Bonds, Series 2014 issued Nov. 25, 2014 for \$74,000,000 to Finance Multiple Ordinances maturing Dec. 1 annually from 2015 through 2031 bearing interest rates of 2% to 5%	70,220,000.00	-	3,785,000.00	66,435,000.00	3,810,000.00
Koppers Site HCIA Bonds issued May 1, 2012 for \$6,265,000 maturing annually through 2025 bearing an interest rate of 2.50%	4,990,000.00	-	445,000.00	4,545,000.00	455,000.00

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

Summary of General Serial and Term Bonds Activity - continued					
Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Koppers Site Refinance Completion Project	\$ 16,965,000.00	\$ -	\$ 1,515,000.00	\$ 15,450,000.00	\$ 1,550,000.00
County Secured Revenue Bonds issued May 1, 2013 for \$19,880,000 maturing annually through 2025 bearing an interest rate of 2.50%					
Open Spaced Bonds issued September 12, 2006 for \$4,723,000 maturing annually through 2016 bearing interest rates of 4.00% to 4.25%	673,000.00		673,000.00	-	-
Open Space Bonds issued July 13, 2011 for \$6,446,000 maturing annually through 2036 bearing interest rates of 3.00% to 4.625%	5,731,000.00	-	190,000.00	5,541,000.00	190,000.00
County College Bonds issued June 25, 2013 for \$8,710,000 maturing annually through 2033 bearing interest rates of 3.0% - 4.75%	\$ 8,210,000.00	\$ -	\$ 250,000.00	\$ 7,960,000.00	\$ 250,000.00
General Improvement Bonds issued June 18, 2015 for \$5,700,000 to Finance Ordinance No. 529-09-2014 maturing annually on June 1 through 2035 bearing interest rates of 2.00% to 5%	5,700,000.00	-	235,000.00	5,465,000.00	235,000.00
County Community College Bonds issued September 12, 2006 for \$ 25,000,000 maturing annually through 2021 bearing interest rates of 4.00% to 4.25%	1,785,000.00	-	1,785,000.00	-	-
County Community College Bonds issued January 28, 2010 for \$32,353,000 maturing annually through 2030 bearing interest rates of 3.00% to 4.00%	25,903,000.00	-	1,475,000.00	24,428,000.00	1,525,000.00
County Community College Bonds issued June 19, 2012 for \$8,500,000 maturing annually through 2027 bearing interest rates of 2.00% to 3.50%	7,450,000.00	-	350,000.00	7,100,000.00	570,000.00

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

Summary of General Serial and Term Bonds Activity - continued					
Description	Balance			Balance	Due by
	Dec. 31, 2015	Increase	Decrease	Dec. 31, 2016	Dec. 31, 2017
County College Bonds issued June 25, 2013 for \$1,500,000 maturing annually through 2028 bearing interest rates of 3.0% to 4.5%	1,360,000.00	-	70,000.00	1,290,000.00	70,000.00
County College Refunding Bonds issued May 9, 2013 for \$5,765,000 maturing annually through 2018 bearing interest rates of 3.0% - 4.0%	3,420,000.00	-	1,145,000.00	2,275,000.00	1,140,000.00
County College Bonds, Series 2014 issued June 11, 2014 for \$4,250,000 to Finance Ordinance No. 374-06-2013 maturing March 15 annually from 2015 through 2029 bearing interest rates of 2% to 3.25%	4,050,000.00	-	200,000.00	3,850,000.00	200,000.00
County College Refunding Bonds, Series 2014 issued Nov. 6, 2014 for \$10,010,000 to refund Series 2006 Community College Bonds maturing Sept. 1 annually from 2015 through 2021 bearing interest rates of 1.5% to 5%	\$ 9,960,000.00	\$ -	\$ -	\$ 9,960,000.00	\$ 1,815,000.00
County College Bonds, Series 2015 (County College Bond Act, P.L. 1971 c. 12) issued June 11, 2014 for \$15,650,000 to Finance Ordinance No. 528-09-2014 maturing annually on June 1 through 2030 bearing interest rates of 2% to 5%	3,200,000.00	-	190,000.00	3,010,000.00	190,000.00
Vocational School Bonds issued September 11, 2006 for \$27,925,000 maturing annually through 2026 bearing interest rates of 4.00% to 4.25%	1,315,000.00	-	1,315,000.00	-	-
Vocational School Refunding Bonds issued April 26, 2011 for \$2,740,000 maturing annually through 2021 bearing interest rates of 2.00% to 5.00%	1,790,000.00	-	265,000.00	1,525,000.00	270,000.00
County Vo-Tech Schools Bonds issued June 25, 2013 for \$8,750,000 maturing annually through 2024 bearing interest rates of 3.0% to 4.0%	7,750,000.00	-	500,000.00	7,250,000.00	600,000.00
County Vocational-Technical Schools Bonds, Series 2014 issued June 11, 2014 for \$15,650,000 to Finance Ordinance No. 261-05-2013 maturing March 15 annually from 2015 through 2027 bearing interest rates of 2% to 3%	14,705,000.00	-	945,000.00	13,760,000.00	945,000.00

COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

Summary of General Serial and Term Bonds Activity - continued					
Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
County Vocational-Technical Schools Refunding Bonds, Series 2014 issued Nov. 6, 2014 for \$21,225,000 to refund Series 2006 County Vo-Tech Bonds maturing Sept. 1 annually from 2015 through 2028 bearing interest rates of 1.5% to 5%	\$ 21,030,000.00	\$ -	\$ -	\$ 21,030,000.00	\$ 1,395,000.00
County Vocational-Technical Schools, Series 2016A issued June 14, 2016 for \$10,100,000 to fund Ord. No. 271-5-2014 maturing July 1 annually from 2017 through 2032 bearing interest rates of 2.0% to 5%	-	10,100,000.00	-	10,100,000.00	520,000.00
County College Bonds, Series 2016B (C. 12 Bonds) issued June 14, 2016 for \$10,100,000 to fund Ord. No. 648-11-2015 maturing July 1 annually from 2017 through 2031 bearing interest rates of 2.0% to 5%	-	3,000,000.00	-	3,000,000.00	165,000.00
	<u>\$ 287,697,000.00</u>	<u>\$ 13,100,000.00</u>	<u>\$ 21,813,000.00</u>	<u>\$ 278,984,000.00</u>	<u>\$ 23,735,000.00</u>

Merrill Lynch Refunding Bonds - Merrill Lynch Refunding Bonds, which were issued by the County for \$10,000,000 on April 17, 1991, but under a delegation agreement, the debt service is paid by Merrill Lynch directly to the Hudson County Improvement Authority. Such bonds shall mature serially each July 1, from 2012 through 2025, in the amount of \$650,000 each year. On July 1, 2026, the remaining principal of \$900,000 shall mature. Interest on the bonds is based on a variable rate. Interest is projected on the forgoing schedule on an average interest rate of 2.0%. These bonds had outstanding balances at December 31, 2016 and 2015 of \$6,750,000 and \$7,400,000, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

The General Obligation Recovery Zone Economic Development Bonds dated December 22, 2010 consist partially of term bonds in addition to serial payments. These term bonds are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the date fixed for redemption. The following table represents the sinking fund schedule for each of the term bond payments required.

Schedule of Mandatory Sinking Fund Payments		
Recovery Zone Economic Development Bonds Maturing		
	Dec. 1, 2025	Dec. 1, 2030
2022	\$ 1,400,000.00	\$ -
2023	1,400,000.00	-
2024	1,400,000.00	-
2025	1,400,000.00	-
2026	-	1,400,000.00
2027	-	1,400,000.00
2028	-	1,400,000.00
2029	-	1,400,000.00
2030	-	1,400,000.00
Due at Maturity	<u>\$ 5,600,000.00</u>	<u>\$ 7,000,000.00</u>

The following paragraphs further describe the bonds included in the summary of general serial and term bond activity.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

General Obligations Bonds, Series 2006 – A total issue of \$98,155,000, these bonds consist of:

- County Vocational-Technical Schools Bonds issued in the amount of \$27,925,000 for the purpose of permanently financing various capital improvements to and the acquisition and installation of real property and equipment for Hudson County Schools of Technology, as authorized by Ordinance No. 412-9-2000 adopted September 28, 2000 (\$4,350,000 issued herein), Ordinance No. 305-7-2004 adopted July 8, 2004 (\$6,550,000 issued herein), Ordinance No. 299-7-2005 adopted July 14, 2005 (\$5,075,000 issued herein) and Ordinance No. 269-6-2006 adopted June 22, 2006 (\$11,950,000 issued herein). These bonds, which were partially refunded in 2014 and had outstanding balances at December 31, 2016 and 2015 of \$1,315,000 and \$-0-, respectively, were issued under the School Bond Reserve Act, as previously described.
- County College Bonds issued in the amount of \$25,000,000 under the County College Bond Act, as previously described, for the purpose of permanently financing various capital improvements and equipment for Hudson County Community College as authorized by Ordinance No. 49-2-2006 adopted on February 9, 2006. These bonds were partially refunded in 2014 and had outstanding balances at December 31, 2016 and 2015 of \$-0- and \$1,785,000, respectively.
- Open Space Bonds issued in the amount of \$4,723,000 for the purpose of permanently financing various 2005 open space, recreation and historic preservation trust fund capital improvements as authorized by Ordinance No. 447-10-2005 adopted on October 27, 2005. These bonds had outstanding balances at December 31, 2016 and 2015 of \$-0- and \$673,000, respectively.

County College Bonds, Series 2010 – These bonds were issued under the County College Bond Act, as previously described, for the purpose of permanently financing various capital projects by and for Hudson County Community College as authorized by Ordinance No. 161-4-2008 adopted on April 10, 2008 (\$30,000,000 issued herein) and Ordinance No. 70-1-2010 adopted on January 28, 2010 (\$2,353,000 issued herein). Issued in 2006 for an original amount of \$32,353,000, these bonds had outstanding balances at December 31, 2016 and 2015 of \$24,428,000,000 and \$25,903,000, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

County General Obligation Recovery Zone Economic Development Bonds (Federally Taxable) –

These bonds were issued to provide funds which will be used by the County to finance the renovation of an existing warehouse building located in Kearny for use by the County as storage space and a Command Center for the County's Office of Emergency Management, storage space and a Command Center for the County Correctional Center and an archive record storage facility for the Hudson County Prosecutor's Office. Funds are also provided herein to pay costs associated with the bonds and capital improvements aforementioned. The County is required to make debt service payments to the HCIA which shall be sufficient to pay the principal of and interest on the bonds when scheduled.

The Bonds are being issued as taxable "Recovery Zone Economic Development Bonds" as authorized by the Recovery Act. By designating the Bonds as "Recovery Zone Economic Development Bonds," the County, through the HCIA, will receive cash subsidy payments from the United States Treasury equal to 45 percent of the interest payable on the Bonds on each Interest Payment Date.

The subsidies to be received on the bonds are subject to certain ongoing requirements that must be met subsequent to the issuance and delivery of the bonds in order for the HCIA or County to continue to receive the cash subsidy payments, including requirements relating to the use and expenditure of proceeds of the bonds. Noncompliance may cause the HCIA or County to be ineligible to continue to receive the cash subsidy payments. The Authority and County have each covenanted in its Tax and Arbitrage Certificate to comply with certain applicable provisions of the Code relating to actions to be taken by the Authority and County, respectively, in respect of the bonds after the issuance thereof to the extent necessary to effect and maintain the receipt of the cash subsidy payments.

During the years ended December 31, 2016 and 2015, the County received \$537,639.00 and \$497,644.14, respectively, pursuant to the cash subsidy provided by the United States Treasury. The cumulative subsidy received over the life of the bonds at December 31, 2015 and 2014 are \$3,172,989.72 and \$2,635,350.72, respectively.

Due to the events of sequestration, the aggregate (total Federal) reduction in subsidy payments for these bonds was 8.7% of the Federal amount budgeted for such payments. The likelihood of potential future sequestration action is unclear, however, should it occur, additional reductions in future subsidy payments are possible.

Issued in 2010 for an original amount of \$20,700,000, these bonds had outstanding balances at December 31, 2016 and 2015 of \$19,500,000 and \$19,700,000, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

Open Space Bonds, Series 2011 – These bonds were issued to provide for the permanent financing of various open space, recreation and historic preservation trust fund capital improvements and the acquisition of real property for the expansion of Berry Lane Park for open space, recreation and historic preservation trust fund capital purposes as authorized by Ordinance No. 534-11-2007 adopted November 20, 2007 (\$5,276,000 issued herein) and Ordinance No. 485-10-2010 (\$1,170,000 issued herein). Issued in 2011 for an original amount of \$6,446,000, these bonds had outstanding balances at December 31, 2016 and 2015 of \$5,541,000 and \$5,731,000, respectively.

General Obligation Refunding Bonds, Series 2011 – During the year ended December 31, 2011, the County issued \$17,940,000 of refunding bonds dated April 26, 2011 consisting of:

- \$15,200,000 General Improvement Refunding Bonds, Series 2011, the proceeds of which refunded the remaining principal balance of \$15,200,000 and interest accrued through November 1, 2011 of the General Improvement Bonds issued on November 1, 2001 in the original amount of \$20,885,000. These bonds had outstanding balances at December 31, 2016 and 2015 of \$8,640,000 and \$10,090,000, respectively.
- \$2,740,000 Vocational School Refunding Bonds (NJ School Bond Reserve Act, 1980 NJ Laws C. 72, as amended), Series 2011, the proceeds of which refunded the remaining principal balance of \$2,740,000 and interest accrued through November 1, 2011 of the Vocational School Bonds issued on November 1, 2001 in the original amount of \$3,650,000. These bonds had outstanding balances at December 31, 2016 and 2015 of \$1,525,000 and \$1,790,000, respectively
- Proceeds of both refunding bonds were also used to pay costs of issuance of the bonds.

General Obligation Bonds, Series 2012 – During the year ended December 31, 2012, the County issued \$19,425,000 of general obligation bonds dated June 19, 2012 consisting of:

- \$10,925,000 General Improvement Bonds, Series 2012, the proceeds of which refund the entire outstanding amount of bond anticipation notes of the County issued August 18, 2011 and maturing August 17, 2012 providing for the acquisition of real property located at 567 Pavonia Avenue, Jersey City and various improvements thereto as authorized by Ordinance No. 331-8-2009 finally adopted August 25, 2009. These bonds had outstanding balances at December 31, 2015 and 2014 of \$9,980,000 and \$10,295,000, respectively.
- \$8,500,000 County College Bonds, Series 2012, the proceeds of which provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Hudson County Community College as authorized by Ordinance No. 266-05-2012 finally adopted May 10, 2012. These bonds had outstanding balances at December 31, 2015 and 2014 of \$7,450,000 and \$7,800,000, respectively.
- Proceeds of both bonds were also used to pay costs of issuance of the bonds.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

Acquisition of Koppers Seaboard Site - On February 26, 1998 the Board of Chosen Freeholders approved Resolution 103-2-1998, subsequently amended on November 24, 1998 by Resolution 611-11-1998, authorizing the execution of a contingent purchase or lease agreement by and between the County and the HCIA. The County and the HCIA entered into an agreement that provides for the County's unconditional obligation to purchase or lease the Koppers Site, located in Kearny, New Jersey for a minimum net purchase price of \$33,000,000 in the event that other efforts to sell or lease the site by the HCIA to a third party purchaser were unsuccessful. On June 14, 2001, the HCIA sent formal notification to the County that they were unable to transfer or lease the Koppers Site, in accordance with the provisions of the agreement.

The County agreed that the contingent purchase price be paid in three (3) annual installments of \$11,000,000 each on October 1 of 2001, 2002 and 2003. The County has paid \$33,000,000 to the HCIA in connection with the Koppers Site in accordance with the agreement. On July 26, 2001, the County adopted a bond ordinance in the amount of \$33,300,000.00 to meet the obligation. The County issued bond anticipation notes in three \$11,000,000 tranches in 2001, 2002 and 2003 and subsequently rolled over such bond anticipation notes, with certain pay-downs through and including the date hereof. Bonds were issued in 2012 to permanently finance the 2001 tranche and in 2013 to permanently finance the 2002 and 2003 tranches. Original authorization of these bonds was through Ordinance No. 300-7-2001.

- **HCIA Bonds, Series 2012** - During the year ended December 31, 2012, the County issued \$6,265,000 of bonds at an interest rate of 2.5% for the purpose of refunding a portion of the outstanding amount of bond anticipation notes of the County issued August 31, 2011 and maturing May 1, 2012 providing for the acquisition of land in Kearny referred to as the Koppers Site. Of the \$6,265,000 issued, \$6,144,000 was for the purposes of refunding the bond anticipation notes and the remaining \$121,000 was issued to finance the costs of issuance. These bonds had outstanding balances as of December 31, 2016 and 2015 of \$4,545,000 and \$4,990,000, respectively.
- **Completion, County Secured Revenue Bonds, Series 2013** - During the year ended December 31, 2013, the County issued \$19,880,000 of bonds at an interest rate of 2.5% for the purpose of refunding the total outstanding amount of bond anticipation notes of the County issued May 1, 2012 and maturing May 1, 2013 providing for the acquisition of land in Kearny referred to as the Koppers Site. These bonds had outstanding balances as of December 31, 2016 and 2015 of \$15,450,000 and \$16,965,000, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

General Obligation Bonds, Series 2013 – During the year ended December 31, 2013, the County issued \$18,960,000 of general obligation bonds dated June 25, 2013 consisting of:

- \$8,750,000 County Vocational-Technical Schools Bonds, Series 2013, the proceeds of which are to provide for the permanent financing of capital improvements and the acquisition of related capital equipment for the Hudson County Schools of Technology as authorized by Ordinance No. 406-07-2012 finally adopted July 12, 2012. These bonds had outstanding balances at December 31, 2016 and 2015 of \$7,250,000 and \$7,750,000, respectively.
- \$8,710,000 County College Bonds, Series 2013, the proceeds of which provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Hudson County Community College as authorized by Ordinance No. 407-07-2012 finally adopted July 12, 2012. These bonds had outstanding balances at December 31, 2016 and 2015 of \$7,960,000 and \$8,210,000, respectively.
- \$1,500,000 of Chapter 12 County College Bonds, Series 2013, the proceeds of which provide for the permanent financing of capital improvements and acquisition of related capital equipment at and for certain facilities of Hudson County Community College as authorized by Ordinance No. 267-05-2012 finally adopted May 10, 2012. These bonds had outstanding balances at December 31, 2016 and 2015 of \$1,290,000 and \$1,360,000, respectively.
- Proceeds of the above bonds were also used to pay costs of issuance of the bonds.

County College Refunding Bonds, Series 2013 – These bonds were issued to refund all of the County's \$6,000,000 outstanding callable County College Bonds, Series 2003(County College Bond Act, 1971 N.J. Laws c. 12, as amended), dated July 15, 2003 and maturing on July 15 in the years 2014 through 2018, inclusive, and also to pay, when due, interest accrued on the Refunded Bonds through and including July 15, 2013 as well as the costs of issuance of the Bonds. Issued in 2013 for an original amount of \$5,765,000, these bonds had outstanding balances at December 31, 2016 and 2015 of \$2,275,000 and \$3,420,000, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

General Obligation Refunding Bonds, Series 2014 – During the year ended December 31, 2014, the County issued \$55,645,000 of refunding bonds dated November 6, 2014 consisting of:

- \$24,410,000 General Improvement Refunding Bonds, Series 2014, the proceeds of which refunded \$25,462,000 of the General Improvement Bonds, Series 2006 issued in the original amount of \$39,082,000. These bonds had outstanding balances at December 31, 2016 and 2015 of \$20,455,000 and \$24,320,000, respectively.
- \$21,225,000 Vocational School Refunding Bonds (NJ School Bond Reserve Act, 1980 NJ Laws C. 72, as amended), Series 2014, the proceeds of which refunded \$21,285,000 of the County Vocational/Technical School Bonds, Series 2006 issued in the original amount of \$27,925,000. These bonds had outstanding balances at December 31, 2016 and 2015 of \$21,030,000 and \$21,030,000, respectively
- \$10,010,000 County College Refunding Bonds (County College Bond Act, 1971 NJ Laws C. 12, as amended), Series 2014, the proceeds of which refunded 10,385,000 of the Community College Bonds issued September 12, 2006 in the original amount of \$25,000,000 providing for improvements to Hudson County Community College. These bonds had outstanding balances at December 31, 2016 and 2015 of \$9,960,000 and \$9,960,000, respectively
- Proceeds of the above refunding bonds were also used to pay costs of issuance of the bonds.

County Vocational-Technical Schools Bonds, Series 2014 – These bonds were issued to provide for the permanent financing of various Hudson County Schools of Technology improvements as authorized by Ordinance No. 261-05-2013 adopted May 7, 2013. Issued in 2014 for an original amount of \$15,650,000, these bonds had outstanding balances at December 31, 2016 and 2015 of \$13,760,000 and \$14,705,000 respectively.

County College Bonds, Series 2014 – These bonds were issued to provide for the permanent financing of various Hudson County Community College improvements as authorized by Ordinance No. 374-06-2013 adopted June 27, 2013. Issued in 2014 for an original amount of \$4,250,000, these bonds had outstanding balances at December 31, 2016 and 2015 of \$3,850,000 and \$4,050,000, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

BONDS PAYABLE (continued)

General Obligation Bonds, Series 2014 – These bonds were issued to provide for the permanent financing of various Hudson County improvements as authorized by the ordinances noted below.

Ordinance Number	Date of Adoption	Purpose	Bonds Issued
267-06-2006	June 22, 2006	Various 2006 Capital Improvements and the Acquisition and Installation of Various Equipment, Furnishings, Vehicles and Other Capital Items	\$ 8,027,000.00
201-05-2007	May 10, 2007	Various 2007 Capital Improvements and the Acquisition and Installation of Various Equipment, Furnishings, Vehicles and Other Capital Items	19,720,000.00
100-03-2008	Mar. 13, 2008	Hudson County Plaza Building Project	5,890,000.00
137-03-2008	Mar. 27, 2008	Career Development Center	6,175,000.00
389-08-2008	Sep. 10, 2008	Various 2008 Capital Improvements by and in the County	9,723,000.00
088-02-2010	Feb. 11, 2010	Various 2010 Capital Improvements	10,690,000.00
457-10-2010	Oct. 14, 2010	Various 2010 Capital Improvements and the Acquisition and Installation of Various Equipment, Furnishings, Vehicles and Other Capital Items	13,775,000.00
			<u>\$ 74,000,000.00</u>

Issued in 2014 for an original amount of \$74,000,000, these bonds had outstanding balances at December 31, 2016 and 2015 of \$66,435,000 and \$70,220,000, respectively.

General Improvement Bonds, Series 2015 – These bonds were issued to provide for the permanent financing of a Science Center Building by and for the Hudson County Community College as authorized by Ordinance No. 529-09-2014 adopted September 11, 2014. Issued in 2015 for an original amount of \$5,700,000, this bond has an outstanding balance at December 31, 2016 and 2015 of \$5,465,000 and \$5,700,000, respectively.

County College Bonds, Series 2015 – These bonds were issued to provide for the permanent financing of various capital projects by and for the Hudson County Community College as authorized by Ordinance No. 528-09-2014 adopted September 11, 2014. Issued in 2015 for an original amount of \$3,200,000, this bond has an outstanding balance at December 31, 2016 and 2015 of \$3,010,000 and \$3,200,000, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

LOANS PAYABLE

Green Trust Loans Payable - The County has outstanding at December 31, 2016 and 2015 the following Green Trust Loans.

Summary of Green Trust Loans Activity				
	Balance Dec. 31, 2015	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Laurel Hill issued September 27, 2000 for \$306,502.50 maturing semi-annually from 2001 through 2020 bearing an interest rate of 2%	\$ 90,258.25	\$ 17,340.41	\$ 72,917.84	\$ 17,688.95
Urban Nature Center issued November 3, 2003 for \$270,000.00 maturing semi-annually from 2004 through 2023 bearing an interest rate of 2%	123,552.58	14,390.00	109,162.58	14,679.25
Bayonne and Waterfront Parks issued December 29, 2005 for \$498,391.00 maturing semi-annually from 2006 through 2025 bearing an interest rate of 2%	279,629.76	25,525.94	254,103.82	26,039.02
Bayonne Gregg Park Development originally issued February 23, 2009 for \$250,000.00 maturing semi-annually from 2009 through 2028 bearing an interest rate of 2%	177,184.83	12,062.11	165,122.72	12,304.57
Mercer Park originally issued December 29, 2005 for \$495,250.50 maturing semi-annually from 2006 through 2025 bearing an interest rate of 2%	174,463.20	37,430.75	137,032.45	38,183.11
West Hudson and Lincoln Parks - \$650,259 Environmental Projects - \$194,525 originally issued November 13, 2012 bearing an interest rate of 2%	704,968.19	57,903.32	647,064.87	59,067.17
Laurell Hill Park originally issued December 20, 2012 bearing an interest rate of 2%	847,791.07	42,328.80	805,462.27	43,179.61
Multi-Parks Playground originally issued August 19, 2013 bearing an interest rate of 2%	1,051,513.61	50,732.80	1,000,780.81	51,752.53
	<u>\$ 3,449,361.49</u>	<u>\$ 257,714.13</u>	<u>\$ 3,191,647.36</u>	<u>\$ 262,894.21</u>

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

DEBT SERVICE REQUIREMENTS TO MATURITY

The repayment schedule of annual long-term debt service principal for the next five years, and five year increments there-after, for bonds and loans issued and outstanding is as follows:

Year	Bond Principal	Green Loan Principal	Total
2017	23,735,000.00	262,894.21	23,997,894.21
2018	24,560,000.00	268,178.36	25,212,897.13
2019	24,385,000.00	273,568.76	25,023,128.35
2020	25,450,000.00	258,700.59	26,048,494.80
2021	26,275,000.00	224,175.30	26,811,595.76
2022-2026	88,840,000.00	1,107,513.23	91,095,894.06
2027-2031	60,203,000.00	633,261.42	61,398,356.46
2032-2036	5,536,000.00	163,355.49	5,858,423.01
Total	<u>\$ 278,984,000.00</u>	<u>\$ 3,191,647.36</u>	<u>\$ 285,446,683.78</u>

COUNTY-GUARANTEED DEBT

The County has guaranteed the following debt of the Hudson County Improvement Authority (HCIA).

Original Guaranty		Description	Guaranteed Debt Outstanding at:	
Date	Amount		Dec. 31, 2014	Dec. 31, 2015
09/22/2005	\$ 40,000,000.00	Harrison Stadium Project	\$ 40,000,000.00	\$ 40,000,000.00
09/22/2005	45,000,000.00	Harrison Parking Garage Project	45,000,000.00	45,000,000.00
08/25/2009	23,000,000.00	Bayonne Crossing Project	16,084,307.00	15,106,687.00
03/11/2010	12,500,000.00	Weehawken Port Imperial Parking Project	12,330,000.00	12,155,000.00
11/10/2010	95,000,000.00	Solid Waste System Revenue Refunding Bonds	82,395,000.00	80,695,000.00
03/03/2012	5,465,000.00	Renewable Energy Program Revenue Bonds	5,100,000.00	4,735,000.00
04/22/2011	18,000,000.00	830 Bergen Ave	16,410,000.00	15,670,000.00
12/10/2010	13,000,000.00	Lincoln Park Golf Course Project	12,630,000.00	12,440,000.00
12/11/2014	160,000,000.00	Career Technical High School	160,000,000.00	160,000,000.00
04/13/2009	300,000,000.00	Local Unit Loan Program Pooled Note Financing		
		2014 Notes Series T / 2015 Notes Series W	35,218,000.00	32,980,000.00
		2014 Notes Series U-1 / 2015 Notes Series X-1A	37,718,000.00	25,387,000.00
		2014 Notes Series U-2 / 2015 Notes Series X-2	55,207,515.00	59,765,000.00
		2014 Notes Series V / 2015 Notes Series Y	68,171,000.00	75,501,000.00
	<u>\$ 711,965,000.00</u>		<u>\$ 586,263,822.00</u>	<u>\$ 579,434,687.00</u>

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

COUNTY-GUARANTEED DEBT (continued)

Descriptions of County guarantees are as follows. Generally, the pursuant bond, note and loan obligations do not constitute obligations against the general credit of the County, except to the extent of the County Guarantee. Neither the debt nor the proceeds therefore are reflected on the accompanying financial statements, unless otherwise noted.

Local Unit Loan Program Pooled Note Financing - On August 13, 2009, the County adopted a Guaranty Ordinance fully, unconditionally and irrevocably securing the payment of principal and interest on certain notes to be issued by the HCIA (Pooled Note Financing) in an aggregate principal amount not exceeding \$300,000,000 for the purpose of providing additional security therefor, consenting to such financing and determining certain other matters in connection therewith.

Pursuant to this guarantee, the HCIA has issued notes annually referred to as “County-Guaranteed Pooled Notes (Local Unit Loan Program)” – (the “program”). Local Units participating in the program are collectively referred to as “borrowers” in the paragraphs that follow. As of December 31, 2015 and 2014, the amount of notes issued and outstanding under the program was \$192,933,000 and \$196,314,515, respectively. Notes issued under the program constitute direct, special and limited obligations of the HCIA and will be payable from and secured by payments made on general obligations notes purchased from each of the borrowers. The borrower’s notes are direct and general obligations of each of the respective borrowers. The notes are not a debt of the County, except to the extent of the County guarantee.

Harrison Stadium Project - On September 22, 2005, the County guaranteed the payment of principal and interest on \$40,000,000 County Guaranteed Stadium Land Acquisition Bonds (Harrison Stadium Project) issued by the HCIA. The proceeds of these bonds are to be used to purchase land to construct a multipurpose soccer stadium and amphitheater in the Town of Harrison. In 2006 the HCIA issued \$39,400,345 Lease Revenue Bonds Series 2006 consisting of \$30,529,047 Tax-Exempt County-Guaranteed Harrison Stadium Land Acquisition Special Obligation Capital Appreciation Bonds, Series 2006A-1 and \$8,871,298 Federally Taxable County-Guaranteed Harrison Stadium Land Acquisition Special Obligation Capital Appreciation Bonds, Series 2006A-2. As of December 31, 2015 and 2014, after accreted interest, the balance outstanding was \$41,709,526 and \$45,816,862, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

COUNTY-GUARANTEED DEBT (continued)

Harrison Parking Garage Project - On September 22, 2005, the County guaranteed the payment of principal and interest on \$45,000,000 County Guaranteed Parking Revenue Bonds (Harrison Parking Garage Project) issued by the HCIA. The proceeds of these bonds are to be used to construct a 1,500 space parking facility to accommodate the stadium. The balance outstanding on these bonds as of December 31, 2015 and 2014 is \$45,000,000, each year.

Bayonne Crossing Project - On August 25, 2009, the County adopted an ordinance authorizing the guaranty of payment of the payment of principal and interest on \$23,000,000 County Guaranteed Pilot Revenue Bonds (Bayonne Crossing Project) issued by the HCIA for the purpose of providing additional security therfor and determining certain other matters in connection therewith.

Pursuant to this guarantee, on September 15, 2009, the HCIA adopted a resolution authorizing it to act as an applicant for a loan application with the New Jersey Environmental Infrastructure Trust Fund on the behalf of the Bayonne Local Redevelopment Agency for the acquisition of land and/or various infrastructure improvements associated with the Bayonne Shopping Center Project. The Bayonne Local Redevelopment Agency is responsible for the repayment of the loan by certain payments-in-lieu-of taxes (Annual Service Charges) made by Cameron Bayonne Urban Renewal, LLC (the redeveloper). The loan obligations do not constitute obligations against the general credit of the County, except to the extent of the County Guarantee. The balance outstanding on these bonds as of December 31, 2015 and 2014 is \$15,106,687 and \$16,084,307, respectively.

Weehawken Port Imperial Parking Redevelopment Project - On March 11, 2010, the County adopted an Ordinance authorizing the guaranty of payment of principal and interest on \$12,500,000 County Guaranteed Special Obligation Revenue Bonds issued by the HCIA for the purpose of providing additional security therefor and determining certain other matters in connection therewith. The balance outstanding on the issued bonds as of December 31, 2015 and 2014 was \$12,155,000 and \$12,330,000, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

COUNTY-GUARANTEED DEBT (continued)

Solid Waste System Revenue Refunding Bonds - On November 10, 2010, the County adopted an Ordinance authorizing the guaranty of payment of principal and interest on \$95,000,000 County Guaranteed Solid Waste System Revenue Refunding Bonds issued by the HCIA for the purpose of providing additional security therefor and determining certain other matters in connection therewith.

Pursuant to this guarantee, the HCIA issued \$84,945,000 of County-Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2010, consisting of:

- \$31,815,000, Series 2010A Tax-Exempt Serial Bonds maturing in 2040 with interest rates ranging from 5.25% to 6%.
- \$43,655,000, Series 2010B Tax-Exempt Serial and Term Bonds maturing in 2013 with interest rates ranging from 2% to 5%.
- \$9,475,000, Series 2010C Federally Taxable Serial Bonds maturing in 2017 with interest rates ranging from 3%-5%.

The Bonds are being issued to refund on a current refunding basis the Refunded Bonds which are defined as the HCIA's Solid Waste System Revenue Bonds, Refunding Series 1998-1 (Non -AMT), Solid Waste System Revenue Bonds, Refunding Series 1998-2 (Non-AMT), Solid Waste System Revenue Bonds, Kopper Site Project Series 1998A (AMT) and Solid Waste System Revenue Bonds, Federally Taxable Series 1998B. In addition, proceeds of the Bonds will be applied to fund a Bond Reserve Fund, and pay the costs and expenses associated with the issuance of the Bonds. During the year ended December 31, 2012, the HCIA refunded \$45,055,000 of these bonds by issuing \$45,605,000 Refunding Series 2012 Term Bonds. The total outstanding balance of these bonds as of December 31, 2015 and 2014 was \$80,695,000 and \$82,395,000, respectively. The bonds are not a debt or liability of the County, except to the extent of the County Guarantee.

Career Technical High School - On December 12, 2012, the County adopted Ordinance No. 713-12-2014 authorizing the guaranty of payment of principal and interest of bonds, notes or other obligations in an amount not to exceed \$160,000,000 providing for a new Career Technical High School to be located in the Town of Secaucus for use by the County and any of its subdivisions, departments, agencies or instrumentalities, including without limitation the Board of School Estimate of the Hudson County Vocational School District. As of December 31, 2015, no debt on this guaranty was issued or outstanding.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

COUNTY-GUARANTEED DEBT WITH RENTAL PAYMENTS

Lincoln Park Golf Course Project - On December 10, 2010, the County adopted an Ordinance authorizing the guaranty of payment of principal and interest on \$13,000,000 County Guaranteed Golf Course Revenue Bonds issued by the HCIA for the purpose of providing additional security therefor and determining certain other matters in connection therewith.

Pursuant to this guarantee, the HCIA issued \$12,995,000 of County-Guaranteed Lease Revenue Bonds, Series 2011, consisting of serial and term bonds interest rates of 2% to 4.75% finally maturing in 2041. The proceeds of these bonds are used to finance the cap and closure of a municipal landfill and the construction of a public, nine-hole golf course thereon, together with all materials and work necessary therefor or incidental thereto (the "Project") and pay costs of issuance associated with the Project. The outstanding balance of these bonds as of December 31, 2015 and 2014 was \$12,440,000 and \$12,630,000, respectively.

These bonds are the full faith and credit obligation of the HCIA payable solely out of the revenues or other receipts, funds or moneys of the HCIA. However, the County is obligated to make rental payments to the HCIA in amounts sufficient to pay the debt service on the bonds when due and other expenses of the HCIA and the Trustee. The amount of the County's future minimum payments under the agreement is as follows:

Lincoln Park Golf Course - Minimum Future Payments			
Year	Total Lease Payments	Principal	Interest
2017	772,873.76	200,000.00	572,873.76
2018	806,773.76	240,000.00	566,773.76
2019	804,192.51	245,000.00	559,192.51
2020	805,908.13	255,000.00	550,908.13
2021	806,801.88	265,000.00	541,801.88
2022-2026	4,152,815.05	1,620,000.00	2,532,815.05
2027-2031	4,341,839.42	2,215,000.00	2,126,839.42
2032-2036	4,546,481.25	3,040,000.00	1,506,481.25
2037-2041	4,759,087.50	4,165,000.00	594,087.50
	<u>\$ 21,796,773.26</u>	<u>\$ 12,245,000.00</u>	<u>\$ 9,551,773.26</u>

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

COUNTY-GUARANTEED DEBT WITH RENTAL PAYMENTS (continued)

Renewal Energy Program - On December 8, 2011, the County adopted Ordinance No. 557-12-2011 authorizing the guaranty of payment of principal and interest on \$8,000,000 of County Guaranteed Renewable Energy Program Lease Revenue Bonds issued by the HCIA for the purpose of providing additional security therefor and determining certain other matters in connection therewith. Pursuant to this guarantee, the HCIA issued \$5,465,000 in County – Guaranteed Renewable Energy Lease Revenue Bonds, Series 2012A. The outstanding balance of these bonds as of the December 31, 2015 and 2014 was \$4,735,000 and \$5,465,000, respectively.

These bonds are the full faith and credit obligation of the HCIA payable solely out of the revenues or other receipts, funds or moneys of the HCIA. However, the County is obligated to make rental payments to the HCIA in amounts sufficient to pay the debt service on the bonds when due and other expenses of the HCIA and the Trustee.

The amount of the County's future minimum payments under the agreement is as follows:

Renewable Energy Program - Minimum Future Payments			
Year	Total Lease Payments	Principal	Interest
2017	534,169.00	365,000.00	169,169.00
2018	523,146.00	365,000.00	158,146.00
2019	510,990.00	365,000.00	145,990.00
2020	497,943.00	365,000.00	132,943.00
2021	483,999.00	365,000.00	118,999.00
2022-2026	2,192,183.00	1,825,000.00	367,183.00
2027-2028	105,660.00	72,000.00	33,660.00
	<u>\$ 4,848,090.00</u>	<u>\$ 3,722,000.00</u>	<u>\$ 1,126,090.00</u>

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

MORTGAGE PAYABLE AND COUNTY-GUARANTEE OF DEBT

Acquisition of Bergen Avenue Property - On April 22, 2011, the County adopted Ordinance No. 415-9-2011 authorizing the guaranty of payment of principal and interest on \$18,000,000 of County Guaranteed Special Acquisition Bonds issued by the HCIA for the purpose of providing additional security therefor and determining certain other matters in connection therewith.

Pursuant to this guarantee, the HCIA issued \$17,835,000 of County-Guaranteed Special Acquisition Bonds, Series 2011, consisting of serial and term bonds with interest rates of 2% to 4.5% finally maturing in 2031. The proceeds of the bonds are being used to finance the acquisition and improvements to 830 Bergen Avenue (the "Property"), fund the debt service reserve fund, fund capitalized interest on the bonds from the date of the bonds through and including November 15, 2012, and pay costs of issuance associated with the Property.

On November 30, 2011, the HCIA purchased the Property located at 830 Bergen Avenue in Jersey City, New Jersey containing approximately 110,000 square feet of office space and associated parking for approximately one hundred and fifty cars and converted the Property into two condominiums. The HCIA retained one of the condominiums consisting of one floor of office space and a 12.5% interest in the Property and the second condominium was sold to the County consisting of seven floors of office space and an 87.5% interest in the Property pursuant to an installment purchase agreement.

The County has financed the installment purchase agreement through the adoption of Ordinance No. 416-9-2011 on September 22, 2011. The purchase of the property was \$8,175,115. The remaining proceeds of the 2011 bonds are being held by a trustee to pay bills associated with improvements of the property and other associated costs as submitted by the County and HCIA. Should any funds remain, they will be used to pay down the related debt, reducing the liability of the County. Accordingly, a liability has been established on the books of the County for its pro-rata share of the purchase price and subsequent improvements. 87.5% of costs incurred and submitted to the trustee are charged to the improvement authorization, and mortgage payable, established to track the County's share of costs paid by the trustee, is correspondingly increased.

As of December 31, 2016 and 2015, the County's mortgage payable due to the HCIA was \$11,226,250.00 and \$11,886,875.00, respectively. Assuming the entirety of bond proceeds are utilized under the project, the County would be obligated to pay its full share of the HCIA obligation, with the total remaining payments due to the HCIA in accordance with the following amortization schedule:

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

MORTGAGE PAYABLE AND COUNTY-GUARANTEE OF DEBT (continued)

The amount of the outstanding bonds issued by the HCIA under the agreement over the amount of the installment payments due by the County is a guarantee of the County, though not a direct liability. The outstanding balance of the bonds issued by the HCIA pursuant to the guarantee as of December 31, 2016 and 2015 was \$15,670,000 and \$15,670,000, respectively. These bonds are the full faith and credit obligation of the HCIA payable solely out of the revenues or other receipts, funds or moneys of the HCIA as pledged and are not a debt or liability of the County, except to the extent of the County Guarantee and the County's obligations under the aforementioned installment purchase agreement.

Bergen Avenue Installment Payment Obligations			
Assuming Full Utilization of Bond Proceeds for Improvements			
Year	Total	Principal	Interest
2017	1,187,982.04	678,125.00	509,857.04
2018	1,185,001.56	691,250.00	493,751.56
2019	1,188,731.25	713,125.00	475,606.25
2020	1,184,837.50	730,625.00	454,212.50
2021	1,186,237.50	761,250.00	424,987.50
2022-2026	5,936,065.63	4,283,125.00	1,652,940.63
2027-2031	5,932,762.50	5,193,125.00	739,637.50
	<u>\$ 17,801,617.98</u>	<u>\$ 13,050,625.00</u>	<u>\$ 4,750,992.98</u>

BOND ANTICIPATION NOTES PAYABLE

The County 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 may be paid no later than the close of the tenth fiscal year next following the date of the original notes. The Division also prescribes that notes cannot be renewed past the third anniversary date of the original note unless an amount equal to at least the first legally required installment is paid prior to each anniversary date.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

BOND ANTICIPATION NOTES PAYABLE

As of December 31, 2016 and 2015, the County had outstanding total outstanding Bond Anticipation Notes of \$83,976,156.00 and \$84,976,156.00 respectively, as highlighted in the table below:

ACTIVITY OF BOND ANTICIPATION NOTES

Balance: December 31, 2015				Balance: December 31, 2016		
Interest Rate	Maturity Date	Balance	Budget Appropriation	Amount	Maturity Date	Interest Rate
\$84,976,156 Bond Anticipation Notes Originally issued December 18, 2015						
Equipment, Furnishings and Vehicles, Ord. No. 536-11-2008						
2.00%	12/16/2016	20,360,000.00	1,000,000.00	19,360,000.00	12/14/2017	2.50%
Various Capital Improvements, Ord. No. 276-07-2009						
2.00%	12/16/2016	5,210,000.00	-	5,210,000.00	12/14/2017	2.50%
Various 2012 Capital Improvements, Ord. No. 265-05-2012						
2.00%	12/16/2016	28,267,156.00	-	28,267,156.00	12/14/2017	2.50%
Various 2013 Capital Improvements, Ord. No. 719-12-2013						
2.00%	12/16/2016	31,139,000.00	-	31,139,000.00	12/14/2017	2.50%
		<u>\$ 84,976,156.00</u>	<u>\$ 1,000,000.00</u>	<u>\$ 83,976,156.00</u>		

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2015 and 2014, the County has authorized but not issued bonds and notes of \$146,369,736.89 and \$345,346,219.63, respectively, in the General Capital Fund, and which includes authorizations for General, Community College and Technical School capital projects.

The following activity relates to bonds and notes authorized but not issued that occurred during the year ended December 31, 2016:

Balance, Dec. 31, 2015	Increased by:		Decreased by:			Balance, Dec. 31, 2016
	Debt Authorized	Notes Matured	Bond Issued & Notes Renewed	Grants, Aid & Loans	Budget Appropriations	
<u>\$ 146,369,736.89</u>	<u>\$ 12,660,000.00</u>	<u>\$ 84,976,156.00</u>	<u>\$ 97,076,156.00</u>	<u>\$ 191,308.29</u>	<u>\$ 1,500,000.00</u>	<u>\$ 145,238,428.60</u>

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE D. COUNTY DEBT (continued)

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>\$ 1,059,660,297.96</u>	<u>\$ 601,783,662.41</u>	<u>\$ 457,876,635.55</u>

Net debt, \$457,876,635.55 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$65,188,015,895.67 equals 0.702%. Equalized valuation basis is the average of the equalized valuations of real estate, including improvements, and the assessed valuation of class II Railroad Property of the County for the last 3 preceding years.

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

2% of Equalized Valuation Basis	\$ 1,303,760,317.91
Net Debt	<u>457,876,635.55</u>
Remaining Borrowing Power	<u>\$ 845,883,682.36</u>

NOTE E. FUND BALANCES APPROPRIATED

Fund balance of the County consists of cash surplus and non-cash surplus. The County can anticipate fund balance to support its budget of the succeeding year, however, use of non-cash surplus is subject to the prior written consent of the Director of the Division. Fund balances at December 31, 2015 and 2014, which were appropriated and included as anticipated revenue in the succeeding year were as follows:

	<u>Fund Balance Dec. 31, 2015</u>	<u>Utilized in 2016 Budget</u>	<u>Fund Balance Dec. 31, 2016</u>	<u>Utilized in 2017 Budget</u>
Current Fund	\$ 26,642,751.15	\$ 23,500,000.00	\$ 38,057,426.48	\$ 34,614,535.00
Capital Fund	751,973.38	-	751,973.38	-
Affordable Housing Utility				
Operating Fund	379,742.75	250.00	379,742.75	-

The accounting principles and requirements prescribed by the Division do not provide for reservations or designations of fund balance on the financial statements.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION

Substantially all County employees participate in the Consolidated Police and Fireman's Pension Fund (CPFPPF), Public Employees Retirement System (PERS), Police and Fireman's Retirement System of New Jersey (PFRS) or the Defined Contribution Retirement Program (DCRP), all of which are multiple employer plans sponsored and administered by the State of New Jersey, with the exception of the CPFPPF, which is a single employer plan. The CPFPPF, PERS and PFRS are cost sharing contributory defined benefit public employee retirement systems. The DCRP is a defined contribution plan.

In addition, certain employees participate in the following plans: Hudson County Employees' Pension Fund, Court Attendant's Pension Fund, Non-Contributory Pension Fund and Veterans' Pension Fund.

STATE-MANAGED PENSION PLANS - CPFPPF

The Consolidated Police and Fireman's Pension Fund (CPFPPF) is a single employer contributory defined benefit plan which was established on January 1, 1952, under the provisions of N.J.S.A. 43:16 to provide retirement, death and disability benefits to county and municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members. The County currently only makes contributions for its retirees who are enrolled in this pension fund. During the years ended December 31, 2016, 2015 and 2014, the County contributed \$36,691.48, \$60,554.16 and \$56,805.28, respectively.

STATE-MANAGED PENSION PLANS – PERS (PROSECUTORS PART)

Chapter 366, P.L. 2001, established a special Prosecutors Part within the Public Employees' Retirement System (PERS), effective January 7, 2002. Chapter 1, P.L. 2010, closed the Prosecutors Part of the PERS to new members as of May 21, 2010. Prosecutors who were enrolled on or before May 21, 2010, remain members of the Prosecutors Part of the PERS, provided that they continue in eligible prosecutor service. Prosecutors taking office after May 21, 2010, will be enrolled as "regular" Tier 4 members of the PERS - except that a County Prosecutor who is appointed by the Governor with the advice and consent of the Senate will be enrolled in the Defined Contributions Retirement Program (DCRP) or regular PERS if a Tier 1 PERS member continuously since July 1, 2007.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS

Plan Description and Eligibility

The PERS was established in January, 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and post-retirement medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2007, 2008, 2010 and 2011. These changes resulted in various “tiers” which distinguish period of eligibility for enrollment. The delineation of these tiers is as follows:

- Tier 1: Employees enrolled before July 1, 2007.
- Tier 2: Employees eligible for enrollment after June 30, 2007 but before November 2, 2008.
- Tier 3: Employees eligible for enrollment after November 1, 2008 but before May 22, 2010.
- Tier 4: Employees eligible for enrollment after May 21, 2010 but before June 28, 2011.
- Tier 5: Employees eligible for enrollment after June 27, 2011.

Tier 1 and 2 employees must earn a base salary of \$1,500 or more to enroll in the plan. Pensionable salaries are limited to the IRS maximum salary compensation limits for Tier 1 employees and social security maximum wage for Tier 2 employees. Tier 2 employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 3 employees must earn a base salary that is annually adjusted. For the fiscal year ended June 30, 2016 and 2015 this base salary amount was \$8,300 and \$8,200, respectively. Employees earning between \$5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over \$5,000 are eligible to enroll in DRCP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Plan Benefits

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 64. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Each of the 5 Tiers have eligibility requirements and benefit calculations which vary for deferred retirements, early retirements, veteran retirements, ordinary disability retirements and accidental disability retirements. There is no minimum service requirement to receive these pension benefits. State-paid insurance coverage may be obtained after 25 years of service for employees in Tiers 1 through 4 and 30 years of service for Tier 5 employees.

Contributions and Liability

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the County and its employees for the previous three years are as follows:

Year Ended Dec. 31,	County Contribution		Base Wages Subject to Contributions	Employee Contributions			
	Amount Paid or Charged	As a Percentage of Base Wages		Amount Contributed	As a Percentage of Base Wages		
					Prosecutor	Regular	
2016	\$ 11,626,939.88	11.8%	\$ 98,625,839	7,137,155.30	10.00%	7.20%	(1)
2015	10,824,160.09	11.4%	94,903,000	6,744,997.70	10.00%	7.06%	(1)
2014	10,745,777.77	11.7%	91,542,787	6,397,333.10	10.00%	6.92%	(1)

(1) Rates change to that noted on July 1 of each year.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Contributions and Liability (continued)

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016 and 2015, the County's net pension liability for PERS, including the County's proportionate share, was as follows:

Year Ended June 30,	Proportionate Share		Net Pension Liability
	Rate	Change	
2016	1.40309%	0.06393%	\$ 415,555,309
2015	1.33916%	0.02867%	300,613,660

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability of the as of June 30, 2016 and 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

At:	2016		2015	
	Rate	Amount	Rate	Amount
1% Decrease	2.98%	\$ 509,214,528	3.9%	\$ 373,625,998
Current Discount Rate	3.98%	415,555,309	4.9%	300,613,660
1% Increase	4.98%	338,231,505	5.9%	239,400,644

Actuarial Assumptions

The total pension liability for the June 30, 2016 and June 30, 2015 measurement dates were determined by actuarial valuations as of July 1, 2015 and 2014, respectively, which were rolled forward to June 30, 2016 and 2015, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

	For Measurement Date of:	
	June 30, 2016	June 30, 2015
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021	1.65-4.15%	2.15-4.40%
	based on age	based on age
Thereafter	2.65-5.15%	3.15-5.40%
	based on age	based on age
Investment Rate of Return	7.65%	7.90%

Mortality – For the June 30, 2016 Measurement Date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants (set back two years for males and seven years for females). In addition, the tables provided for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females). The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements will be.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% and 7.90% at June 30, 2016 and 2015, respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS target asset allocations as of June 30, 2016 and 2015 are summarized in the following table:

Asset Class	Target Allocation		Real Rate of Return	
	June 30,	June 30,	June 30,	June 30,
	2016	2015	2016	2015
Cash	5.00%	5.00%	0.87%	1.04%
U.S. Treasuries	1.50%	1.75%	1.74%	1.64%
Investment Grade Credit	8.00%	10.00%	1.79%	1.79%
Mortgages	2.00%	2.10%	1.67%	1.62%
High Yield Bonds	2.00%	2.00%	4.56%	4.03%
Inflation-Indexed Bonds	1.50%	1.50%	3.44%	3.25%
Broad U.S. Equities	26.00%	27.25%	8.53%	8.52%
Developed Foreign Equities	13.25%	12.00%	6.83%	6.88%
Emerging Market Equities	6.50%	6.40%	9.95%	10.00%
Private Equity	9.00%	9.25%	12.40%	12.41%
Hedge Funds/Absolute Return	12.50%	12.00%	4.68%	4.72%
Real Estate (Property)	2.00%	2.00%	6.91%	6.83%
Commodities	50.00%	1.00%	5.45%	5.32%
Global Debt ex U.S.	5.00%	3.50%	-0.25%	-0.40%
REIT	5.25%	4.25%	5.63%	5.12%

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.9% as of June 30, 2016 and 2015, respectively, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year for the June 30, 2016 measurement date and the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions for the June 30, 2015 measurement date.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 and 2033 as of June 30, 2016 and 2015, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and 2033 as of June 30, 2016 and 2015, respectively, and the municipal bond rate was applied to projected benefit payments after those dates in determining the total pension liability.

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the years ended June 30, 2016 and 2015:

	June 30, 2015			June 30, 2014		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ 32,283,506	\$ -	\$ 32,283,506	\$ 7,715,434	\$ -	\$ 7,715,434
Difference Between Expected and Actual Experience	7,171,586	-	7,171,586	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(4,833,289)	(4,833,289)	-	(14,622,119)	(14,622,119)
Subtotal	39,455,092	(4,833,289)	\$ 34,621,803	7,715,434	(14,622,119)	\$ (6,906,685)
Changes in Proportion	8,425,621	-		4,744,718	-	
	<u>\$ 47,880,713</u>	<u>\$ (4,833,289)</u>		<u>\$ 12,460,152</u>	<u>\$ (14,622,119)</u>	

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Deferred Outflows and Inflows of Resources (continued)

Year Ended June 30,	
2016	\$ 6,321,060
2017	6,321,060
2018	6,321,060
2019	9,976,590
2020	5,682,033
Thereafter	-
	<u>\$ 34,621,803</u>

STATE-MANAGED PENSION PLANS – PFRS

Plan Description and Eligibility

The PFRS was established in July, 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2010 and 2011. These changes resulted in various “tiers” which distinguish period of eligibility for enrollment. The delineation of these tiers is noted as follows:

- Tier 1: Employees enrolled before May 22, 2010.
- Tier 2: Employees enrolled after May 21, 2010 but before June 29, 2011.
- Tier 3: Employees enrolled after June 28, 2011.

There is no minimum salary requirement to enroll, regardless of tier. Pensionable salaries are limited to the social security maximum wage for Tier 2 and 3 employees and federal pensionable maximum for Tier 1 employees. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Plan Benefits

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions and Liability

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the County and its employees for the previous three years are as follows:

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001.

Year Ended Dec. 31,	County Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		Amount Contributed	As a Percentage of Base Wages
2016	\$ 12,751,037.01	27.4%	\$ 46,462,822	\$ 4,645,679.57	10.00%
2015	12,466,412.50	26.2%	47,573,990	4,757,399.00	10.00%
2014	12,103,521.35	24.9%	48,614,427	4,861,442.70	10.00%

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Contributions and Liability (continued)

The amounts contributed on behalf of the County under this legislation are considered to be a special funding situation. As such, the State is treated as a non-employer contributing entity. Since the County does not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability to report in the financial statements of the County related to this legislation. However, the notes to the financial statements of the County must disclose the portion of the State's total proportionate share of the collective net pension liability that is associated with the County.

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

At June 30, 2016 and 2015, the County's net pension liability for PFRS, including the special funding situation described above and changes in the County's proportionate share, was as follows:

Year Ended June 30,	City (employer)		Net Pension Liability	State of N.J. (Nonemployer)	Total
	Proportionate Share			On-Behalf	
	Rate	Change		of County	
2016	1.29069%	-0.27240%	\$ 289,030,742	\$ 24,271,413	\$ 313,302,155
2015	1.56309%	-0.05626%	260,356,979	22,832,433	283,189,412

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability of the as of June 30, 2016 and 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

At:	2016		2015	
	Rate	Amount	Rate	Amount
1% Decrease	4.55%	\$ 372,683,948	4.79%	\$ 343,233,155
Current Discount Rate	5.55%	289,030,742	5.79%	260,356,979
1% Increase	6.55%	220,816,584	6.79%	192,778,862

Actuarial Assumptions

The total pension liability for the June 30, 2016 and June 30, 2015 measurement dates were determined by actuarial valuations as of July 1, 2015 and 2014, respectively, which were rolled forward to June 30, 2016 and 2015, respectively. These actuarial valuations used the following actuarial assumptions:

	For Measurement Date of:	
	June 30, 2016	June 30, 2015
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021	2.10-8.98%	2.60-9.48%
	based on age	based on age
Thereafter	3.10-9.98%	3.60-10.48%
	based on age	based on age
Investment Rate of Return	7.65%	7.90%

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Mortality – For the June 30, 2016 Measurement Date, preretirement mortality rates were based on the RP-2000 Preretirement Mortality Tables projected 13 years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Health Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected 13 years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement. The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year 2014 based on Projection Scale BB. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.9% as of June 30, 2016 and 2015, respectively, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in most recent fiscal year, for the measurement date of June 30, 2016, and on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions, for the measurement date of June 30, 2015. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050 and 2045 as of June 30, 2016 and 2015, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and 2045 as of June 30, 2016 and 2015, respectively, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2016 and 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS target asset allocations as of June 30, 2016 and 2015 are summarized in the following table:

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	June 30,		June 30,	
	2016	2015	2016	2015
Cash	5.00%	5.00%	0.87%	1.04%
U.S. Treasuries	1.50%	1.75%	1.74%	1.64%
Investment Grade Credit	8.00%	10.00%	1.79%	1.79%
Mortgages	2.00%	2.10%	1.67%	1.62%
High Yield Bonds	2.00%	2.00%	4.56%	4.03%
Inflation-Indexed Bonds	1.50%	1.50%	3.44%	3.25%
Broad U.S. Equities	26.00%	27.25%	8.53%	8.52%
Developed Foreign Equities	13.25%	12.00%	6.83%	6.88%
Emerging Market Equities	6.50%	6.40%	9.95%	10.00%
Private Equity	9.00%	9.25%	12.40%	12.41%
Hedge Funds/Absolute Return	12.50%	12.00%	4.68%	4.72%
Real Estate (Property)	2.00%	2.00%	6.91%	6.83%
Commodities	50.00%	1.00%	5.45%	5.32%
Global Debt ex U.S.	5.00%	3.50%	-0.25%	-0.40%
REIT	5.25%	4.25%	5.63%	5.12%

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the years ended June 30, 2016 and 2015:

	June 30, 2015			June 30, 2014		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ 48,068,366	\$ -	\$ 48,068,366	\$ 7,647,546	\$ -	\$ 7,647,546
Difference Between Expected and Actual Experience	-	(2,245,661)	(2,245,661)	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(4,531,284)	(4,531,284)	-	(20,786,779)	(20,786,779)
Subtotal	\$ 48,068,366	\$ (6,776,945)	\$ 41,291,421	\$ 7,647,546	\$ (20,786,779)	\$ (13,139,233)
Changes in Proportion	6,418,151	(6,170,391)		7,957,279	-	
	<u>\$ 54,486,517</u>	<u>\$ (12,947,336)</u>		<u>\$ 15,604,825</u>	<u>\$ (20,786,779)</u>	

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ 7,800,946
2017	7,800,946
2018	7,800,946
2019	12,997,641
2020	4,890,941
Thereafter	<u>-</u>
	<u>\$ 41,291,421</u>

STATE-MANAGED PENSION PLANS – GENERAL

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to state statutes, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated.

PERS and PFRS Fiduciary Net Position

The State of New Jersey issues publicly available financial reports that include the financial statements, required supplementary information and detailed information about the fiduciary net position of the PERS and PFRS. These financial statements were prepared in accordance with accounting principles generally accepted in the United States. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or accessed at www.state.nj.us/treasury/pensions.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM

The Defined Contribution Retirement Program (the “DCRP”), was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. It provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include (a) state or local officials elected or appointed on or after July 1, 2007, (b) employees enrolled in PERS on or after July 1, 2007 or PFRS after May 21, 2010 who earn salary in excess of established maximum compensation limits and (c) employees otherwise eligible for PERS on or after November 2, 2008 or PFRS after May 21, 2010 that do not earn below the minimum PFRS or PERS salary but more than \$5,000 annually. Participation in DCRP can be irrevocably waived if an official earns less than \$5,000.

Vesting occurs upon commencement of the third year of membership. Should the vesting period not be reached, contributions will be refunded to the appropriate contributing parties. Employer matching contributions and earnings are only available after the age of 55. Distributions render the member retired and ineligible for future participation in any State-administered plans. Otherwise, distributions are available at any time as lump sum, fixed term or life annuity.

Members are covered by employer-paid life insurance in the amount of 1 ½ times the annual base salary on which DCRP contributions was based. Members are also eligible for employer-paid long-term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during the 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid until the age of 70 so long as the member remains disabled and has not begun receiving retirement annuity payments.

The following table represents the County and employee contributions during the previous three years:

Year Ended	Employee Contributions		County Contributions	
	Amount	Rate	Amount	Rate
Dec. 31, 2016	\$ 89,097.97	5.50%	\$ 48,598.89	3.0%
Dec. 31, 2015	71,902.00	5.50%	39,219.27	3.0%
Dec. 31, 2014	34,732.89	5.50%	18,945.21	3.0%

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

COUNTY OF HUDSON EMPLOYEES PENSION FUNDS

The County administers the County Employees' Pension Fund and the Court Attendants' Pension Fund, which are contributory pension plans which are closed to new memberships. The County also awards non-contributory pensions by resolution of the Board of Chosen Freeholders for certain veterans and County employees who were not eligible to join other pension plans. The following is an analysis of pension contributions expended by the County for these plans expended in each of the last three years:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County Contributory Plans:			
County Employees' Pension Fund	\$ 1,525,000.00	\$ 1,525,000.00	\$ 1,525,000.00
Court Attendants' Pension Fund	415,240.96	474,106.91	535,000.00
County Non-Contributory Plans:			
Non-Contributory County Pension Fund	2,367,203.62	2,404,717.24	2,491,087.28
Veterans' Pension Fund	-	-	-

DEFERRED COMPENSATION PLAN

The County has established a deferred compensation program for its employees under Section 457 of the Internal Revenue Code. The Plans are a tax-deferred supplemental retirement program that allows County employees to contribute a portion of their salaries, before federal taxes, to a retirement account. Contributions, or deferrals, are made through payroll deductions. Individuals are 100% vested. Distributions are not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the County's general creditors.

NOTE G. POST-EMPLOYMENT BENEFITS

The County contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the Program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/ substance abuse and Medicare part B reimbursements to retirees and their covered dependents.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The County will pay the cost of Health Benefits Insurance for retirees and their dependents, if the retiree:

1. Receives retirement benefits from a state or locally administered retirement system; and
2. Has 25 or more years of service credited in that retirement system; or
3. Retired on an approved Disability Retirement (regardless of years of service).

Employees who do not qualify for County-paid Health Benefits insurance at retirement may be eligible to continue Health Benefits insurance at their own expense upon retirement. Employees who elect Deferred Retirement are not eligible for these benefits.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: www.state.nj.us/treasury/pensions.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an accrual basis.

Contributions to pay for health premiums of participating County retirees in the SHBP are billed to the County on a monthly basis. Payments are made through an annual appropriation in the line item "Insurance – Group Plans for Employees". The County contributions to SHBP for the years ended December 31, 2016, 2015 and 2014 were \$13,702,798.96, \$12,234,983.73 and \$10,956,507.92, respectively, which equaled the required contributions for each year. There were approximately 994, 967 and 865 retired participants eligible at December 31, 2016, 2015 and 2014, respectively.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, established new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required. Under Chapter 78, certain future retirees eligible for employee-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

Chapter 2, P.L. 2010, effective May 21, 2010, requires a minimum contribution of 1.5% of base salary toward the cost of health benefits coverage by all active public employees. Employees who become a member on or after the law's effective date would be required to pay in retirement 1.5% of their pension benefit toward the cost of health care coverage under the SHBP.

Post-Retirement Medical Benefits Contribution - P.L. 1990, c. 6 required PERS to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate funding of post-retirement medical benefits through PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees. As of June 30, 2012, there were approximately 94,000 retirees receiving post-retirement medical benefits, and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of the GASB Codification of OPEB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for PERS retirees' postretirement benefits on behalf of the County was not determined or made available by the State of New Jersey.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress - As of June 30, 2014, the most recent actuarial valuation date, the State had an \$16.4 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) for local employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions - In the June 30, 2014, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

NOTE H. COMPENSATED ABSENCES

County policy permits employees to carry over one year's accrued unused vacation days and to carry over all unused sick days. The maximum payment for unused sick days is \$10,000. This payment is made only to employees eligible for retirement and is based upon one-third of their accumulated sick leave. Should an employee die after having met the age and service requirements for a regular pension, the compensation for unused sick leave will be paid to the employee's estate. As of December 31, 2016 and 2015, the total accumulated absence liability was \$25,262,767.56 and \$25,430,124.63, respectively. Under accounting principles prescribed for counties by the Division, such amount is not reported either as an expenditure or liability. The County pays for these costs on a pay-as-you-go basis and charges such costs to the Salaries and Wages line of the respective departments from which the costs derived. As of December 31, 2016 and 2015, the County has reserved \$4,423,259.46, each year, for the future payment of compensated absences.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE I. RISK MANAGEMENT

Insurance Coverage

The County established a self-insurance program in accordance with New Jersey Statute Chapter 40:10-6. The Chapter enables the governing body of any local unit to create a fund to provide insurance coverage for its exposure to a wide variety of property casualty risks, including property damage caused to any of the unit's property, motor vehicles, equipment or apparatus; liability resulting from the use or operation of such motor vehicles, equipment or apparatus; liability for the unit's negligence, including that of its officers, employees and servants and workers' compensation obligations.

The County self-insures against such claims, including tort law suits, civil law suits, civil rights and worker's compensation. The County maintains a self-insurance fund, which at December 31, 2016 and 2015 held \$346,190.44 and \$450,015.83, respectively. The County contributed \$9,500,000 and \$11,000,000, respectively, to the fund during the years ended December 31, 2015 and 2014. The County has obtained the following coverage:

- General liability, including automobile and workers' compensation with limits of \$10,000,000 per occurrence and \$20,000,000 aggregate after exhaustion of a retained limit of \$750,000.
- Storage tank system and clean up policy for limits of \$1,000,000 and \$1,000,000 aggregate, including a deductible of \$25,000 for each claim.
- Property and business interruption sub-policy claims for limits of \$200,000,000 per occurrence with individual sub-policy claim limits.
- Surety bond coverage of \$50,000 for various County officials, a \$350,000 policy for the County Executive and a \$1,500,000 policy for the Chief Financial Officer.

Disaster Recovery

The County has prepared an internal disaster recovery plan in an effort to protect its financial processes and data in the event an unforeseen disaster should occur. Three external servers, each at a different location, are being maintained and updated daily. A fourth server and location are currently under construction. Daily activity is updated to the external servers daily. In addition, a software program has been integrated which synchronizes data on a daily basis for storage on the external servers, and a second program which can restore said data from the external servers should the need arise. In addition, ADP provides external storage for payroll data and provides disks to the County of such information.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE J. FIXED ASSETS

The County, through a third party vendor, completed a fixed asset inventory of all County assets as of December 31, 2015. The County had the following investment balance and activity in general fixed assets for and as of the year ended December 31, 2016 and 2015.

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Land	\$ 75,517,141.63	\$ -	\$ -	\$ 75,517,141.63
Buildings	287,788,610.86	3,797,162.63	-	291,585,773.49
Infrastructure	7,981.50	-	-	7,981.50
Equipment, Vehicles and Furniture	81,140,443.77	5,584,114.99	80,355.00	86,644,203.76
Total	<u>\$ 444,454,177.76</u>	<u>\$ 9,381,277.62</u>	<u>\$ 80,355.00</u>	<u>\$ 453,755,100.38</u>

In accordance with accounting practices prescribed by the Division, and as further detailed in Note A, no depreciation has been provided for and fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

NOTE K. INTERFUND TRANSACTIONS

The County has various transactions by and between its individual funds. Certain accounts of the Trust and Capital Funds earn interest which is required to be recorded as revenue in the Current Fund budget. Other transactions include budget appropriations in the Current Fund which are required to be turned over to the Federal and State Grant, Trust and Capital Funds. All these transfers are routine and are consistent with the activities of the funds making the transfers.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES

CAPITAL LEASE PROGRAM OBLIGATIONS

Hudson County Lease-Purchase Agreement (Correctional Facility) - In connection with a New Jersey Superior Court-ordered construction of a correctional facility within the County, the County entered into a lease-purchase agreement with Hudson County Funding Company, Inc. (HCFC) on November 1, 1988 to fund the construction of the facility. The term of the agreement was from November 1, 1988 to December 1, 2021. Concurrent with the signing of the agreement with HCFC, the County arranged for the issuance of \$104,500,000 in Certificates of Participation. The Certificates represented proportionate interests in the rental payments to be made by the County to HCFC with principal payments commencing in 1992 and interest payments commencing in 1989.

The lease-purchase agreement was amended on July 1, 1990 with the term of the agreement becoming effective July 1, 1990 to December 1, 2021. Additional Certificates of Participation in the amount of \$19,100,000 were concurrently issued with principal payments commencing in 1992 and interest payments commencing in 1990.

On April 1, 1992, the 1988 and 1990 series Certificates of Participation were refunded and replaced with the issuance of \$135,635,000 series 1992 Refunding Certificates of Participation, which in turn were replaced on May 15, 2002 via the "Forward Certificate Purchase Contract" with the issuance of \$118,915,000 series 2002 Refunding Certificates of Participation. The term of the 2002 series Refunding Certificates of Participation is from May 15, 2002 to December 1, 2021.

In addition to the Lease-Purchase Agreements for the initial project as described above, the County entered into a Lease-Purchase Agreement with AGH Leasing, Inc. on September 1, 1998 to fund the construction of a new dormitory housing facility, kitchen facility and related upgrades for the expansion.

On June 22, 2000, the County authorized \$31,000,000 to finance the additional costs of the project. Of the \$31,000,000 authorized, the County, on December 15, 2002, issued \$25,220,000 in Series 2002A Certificates of Participation relating to this Agreement. The Certificates represent proportionate interests in the rental payments to be made by AGH Leasing, Inc. Principal payments commenced December 1, 2005 and continue annually through 2012 for the serial portion, and will then be applied annually from December 1, 2013 through 2021 for mandatory sinking fund payments. Interest is paid semiannually, and commenced June 1, 2005. Capitalized interest of \$2,078,574.33 was paid upon issuance, covering the semiannual dates preceding June 1, 2005.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

On April 30, 2004, the County issued \$5,780,000 in Series 2004 Certificates of Participation, representing the balance of the \$31,000,000 debt authorized to finance the project described in the above paragraph. Principal payments commenced December 1, 2005 and continue annually through 2016 for the Serial portion, and will then be applied annually from December 1, 2017 through 2021 for mandatory sinking fund payments. Interest is paid semiannually, and commenced December 1, 2005. Capitalized interest of \$245,014.88 was paid upon issuance, covering the semiannual dates preceding December 1, 2005.

\$17,155,000 of refunding Certificates of Participation were issued August 8, 2013. The proceeds of the Series 2013 Certificates will be used to provide funds, together with other available funds held by the County and Manufacturers and Traders Trust Company, New York, New York (the "Trustee"), to advance refund a portion of the originally issued \$25,220,000 aggregate principal amount of Certificates of Participation, Series 2002A in the form of term certificates maturing on December 1, 2021 in the aggregate principal amount of \$14,060,000 and any redemption premium associated with such refunding; advance refund a portion of the originally issued \$5,780,000 aggregate principal amount of Certificates of Participation, Series 2004 maturing December 1, 2014 through and including December 1, 2016 and the term certificates maturing on December 1, 2021 in the aggregate principal amount of \$3,180,000; (pay the premium for the Debt Service Reserve Credit Facility in order to fund the Debt Service Reserve Fund; and pay the costs and expenses incurred in connection with the issuance of the Series 2013 Certificates.

The following is an analysis of the correctional facility lease payments to be made by the County through maturity for the remaining Certificates of Participation:

Year	Total Lease Payment	Principal	Interest
2017	\$ 13,421,700.00	\$ 9,935,000.00	\$ 3,486,700.00
2018	13,420,825.00	10,575,000.00	2,845,825.00
2019	13,427,625.00	11,270,000.00	2,157,625.00
2020	13,426,100.00	12,000,000.00	1,426,100.00
2021	13,420,550.00	12,800,000.00	620,550.00
	<u>\$ 67,116,800.00</u>	<u>\$ 56,580,000.00</u>	<u>\$ 10,536,800.00</u>

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

Hudson County Lease – 1992 Facility Lease Revenue Bonds - On December 1, 1992, the HCIA issued Facility Lease Revenue Bonds (the 1992 Bonds) in the aggregate principal amount of \$112,700,000. The 1992 Bonds were issued to provide funds for (a) the costs of acquisition, construction, installation and equipping of: (i) a 590-bed long-term care facility to be located in the County; (ii) a 66-bed youth house facility; (iii) a police and fire training academy; and (iv) other public facilities to be provided to and used by the County, including County administrative offices (the facilities described in items (i) through (iv) are collectively referred to as the 1992 Facilities) for lease to the County; (b) funding capitalized interest on the 1992 Bonds; and (c) the payment of costs of issuing the 1992 Bonds.

In connection with the issuance of the 1992 Bonds by the HCIA, the HCIA and the County entered into a lease agreement providing for, among other things, the lease of the real property and the construction thereon of the 1992 Facilities by the HCIA, and upon acquisition, construction, installation or equipping of the 1992 Facilities, the payment of rental payments to the HCIA by the County for the County's lease of the 1992 Facilities.

The construction and equipping of the new 590-bed long term care facility (hereafter referred to as the New Hospital Facility) was planned to combine the operations at both the Meadowview Nursing Center and the B.S. Pollak Hospital (together, the Hospitals). The Hospitals were acquired and improved by the Authority with the proceeds of the 1992 Bonds and leased back to the County.

In 1996 the construction of the New Hospital Facility was discontinued and the County and the HCIA determined to transfer the operation, and ultimately the ownership, of the Hospitals to Progressive Health Care of Hudson County Inc. (Progressive), a private company, pursuant to a lease and purchase agreement (the Transfer Agreement). The conveyance of the Hospitals to Progressive resulted in private use of the Hospitals.

In a Letter Ruling dated November 19, 1996 (the Letter Ruling), the IRS determined that in order to effectuate the transfer of the Hospitals to Progressive without adverse tax consequences, the HCIA would be required to make a tender offer to holders of \$26,735,000 of the 1992 Bonds, and defease any of the 1992 Bonds for which the tender offer was made but which were not acquired in the tender offer with moneys other than tax-exempt bond proceeds, at a rate restricted to the yield on the 1992 Bonds.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

On February 14, 1997, the HCIA received and accepted for purchase \$21,360,000 of the 1992 Bonds. The HCIA defeased the \$5,375,000 balance of its 1992 Bonds in accordance with the IRS Letter ruling, for a total issue of \$26,735,000. The HCIA used a portion of the 1997 Bonds to (i) pay the tender price to the holders of the Tendered Bonds and (ii) defease the bonds.

On August 1, 1998, the HCIA issued \$91,575,000 of Facility Lease Revenue Refunding Bonds. The series 1998 Bonds were issued to advance refund all of the HCIA's outstanding \$85,635,000 1992 bonds and pay the costs of issuance of the series 1998 Bonds. The series 1998 bonds are direct and special obligations of the authority payable from and secured by the revenues of the HCIA which are derived from lease of facilities to the County (from County Rental Payments); investment income from related funds; and other related monies, securities and funds.

On March 12, 2004, the HCIA entered into a forward bond purchase contract for the benefit of the County to purchase up to \$71,520,000 of the outstanding 1998 bonds between October 1, 2008 and October 1, 2010 through the issuance of bonds (the "Future Bonds") during that period, provided that the debt service on the 1998 Bonds purchased. The HCIA exercised its right to issue the Future Bonds.

On November 30, 2010, the HCIA, at the consent of the County, as lessee, issued the \$65,900,000 Facility Lease Revenue Refunding Bonds, Series 2010 to call all of the outstanding \$91,575,000 1998 Bonds.

The 2010 Bonds are guaranteed by the County and mature annually through 2025. The combined remaining debt service on the 1997 Bonds facility lease, with interest rates ranging from 7.3% to 7.7% and the 2010 Bonds facility lease, with interest rates ranging from 5.25% to 5.40%, is as follows:

Year	Total Lease Payment	Principal	Interest
2017	8,957,258.76	5,415,000.00	3,542,258.76
2018	8,954,933.76	5,705,000.00	3,249,933.76
2019	8,961,183.76	6,020,000.00	2,941,183.76
2020	8,959,688.76	6,345,000.00	2,614,688.76
2021	8,960,333.76	6,720,000.00	2,240,333.76
2022-2025	35,826,091.26	31,080,000.00	4,746,091.26
	<u>\$ 80,619,490.06</u>	<u>\$ 61,285,000.00</u>	<u>\$ 19,334,490.06</u>

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

Hudson County Improvement Authority - 1996 Facility Lease Taxable Revenue Bonds - On December 24, 1996, the HCIA issued Facility Lease Taxable Revenue bonds in the aggregate principal amount of \$29,660,000 (Administrative Building Projects, Series 1996, hereinafter referred to as the 1996 Bonds) at a rate of 7.37%. The Bonds were determined to be taxable by an IRS ruling, because the facility was being used as a private-use facility (hospital). The 1996 Bonds are special obligations of the HCIA payable from and secured by Revenues which are derived from the lease of the Facility to the County and investment income derived from funds held under the Resolution.

The 1996 Bonds were issued to provide funds for (a) the costs of the purchase from the County of the land and improvements thereupon located at 595 Newark Avenue in the City of Jersey City, County of Hudson, New Jersey, being more commonly known as the County Administration Building (hereinafter, the Facility), (b) the costs of additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of the Facility, and (c) the payment of the costs of issuing the 1996 Bonds.

Upon acquisition of the facility, the HCIA leased the Facility back to the County for use pursuant to the terms of an agreement entitled Lease and Agreement between County of Hudson, New Jersey and Hudson County Improvement Authority, dated as of December 1, 1996, (the Lease Agreement).

Under the terms of the Lease Agreement, the County is required to make rental payments to the HCIA sufficient, among other things, to pay or provide for the payment of debt service on the 1996 Bonds as well as certain expenses of the HCIA and the Trustee relating to the 1996 Bonds and the Facility.

The obligation of the County to make rental payments and to pay other amounts which are provided for in the Lease Agreement and to perform its obligations hereunder are absolute and unconditional, and such Rental Payments and other amounts shall be payable without rights of set-off, recoupment or counterclaim the County might have against the HCIA, the Trustee or any other person and whether or not the Facility is used or available for use by the County. The County is required to make the Rental Payments out of the first funds becoming legally available to the County for this purpose and to provide funds for such payments to the HCIA, if not otherwise available, from the levy of ad valorem taxes upon all the taxable real property in the County without limitation as to rate or amount. The County made its final lease payment in 2016.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

Hudson County Improvement Authority 2005 Secured Lease Revenue Bonds - On April 1, 2005, the HCIA issued County Secured Lease Revenue Bonds in the amount of \$29,505,000. The proceeds of the bonds will be used to (a) finance the acquisition, renovation and improvements to the Block Drug Building and the Block Drug Building Site (b) finance the acquisition, renovation and improvement to the Additional County Site (c) pay 12 months capitalized interest on the 2005 bonds, (d) pay costs of issuance associated with the issuance of the Series 2005 bonds, and (e) establish a bond reserve fund.

The Series 2005 Bonds are special obligations of the HCIA payable from and secured by, (i) Revenues of the HCIA which are derived from: (a) the lease of the Facilities to the County pursuant to the provisions of a lease agreement by and between the HCIA and the County dated as of April 1, 2005 (the "Lease Agreement"), under which the County is obligated to make Rental Payments sufficient, among other things, to pay debt service on the Series 2005 Bonds, (b) investment income derived from funds held under the Resolution, (ii) an assignment of the lease Agreement to the Trustee for the Series 2005 Bonds by the HCIA, and (iii) by all monies, securities and funds held or set aside, or to be held or set aside pursuant to the Resolution (except monies in the Rebate Fund which are required to be rebated to the United States Government pursuant to the provisions of the Code in order to ensure that interest on the Series 2005 Bonds is not includable in gross income for federal income tax purposes).

On January 15, 2013, the HCIA issued \$25,460,000 Lease Revenue Refunding Bonds, Series 203 (Hudson County Plaza Refunding Project) to provide funds to advance refund \$24,010,000 of the outstanding 2005 Bonds, and to pay associated costs of issuance. Under the terms of the amended financing, the HCIA leased back its interest in this project to the County, and the County is obligated to make rental payments to the HCIA in amounts sufficient to pay the debt service on the Series 2013 Refunding Bonds when due, as well as other expenses of the HCIA and Trustee.

The 2013 Bonds consist of (i) serial bonds in the amount of \$14,195,000 bearing interest rates ranging from 2.00% to 5.00% a year maturing from 2014 to 2028 in varying amounts ranging from \$75,000 to \$1,380,000, (ii) \$5,935,000 term bond bearing interest at 3.22% a year, subject to mandatory sinking fund redemption from 2029 to 2032 (final maturity) in varying amounts from \$1,420,000 to \$1,550,000, (iii) \$4,935,000 term bond bearing interest at 3.5% a year, subject to mandatory sinking fund redemption from 2033 to 2035 (final maturity) in varying amounts from \$1,595,000 to \$1,695,000.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

The following is an analysis of the lease payments to be made by the County through maturity:

Year	Total Lease Payment	Series 2013	
		Principal	Interest
2017	\$ 1,756,338.00	\$ 855,000.00	\$ 901,338.00
2018	1,756,438.00	890,000.00	866,438.00
2019	1,755,137.00	925,000.00	830,137.00
2020	1,752,512.00	965,000.00	787,512.00
2021	1,748,137.00	1,010,000.00	738,137.00
2022-2026	8,720,438.00	5,860,000.00	2,860,438.00
2027-2031	8,679,536.00	7,100,000.00	1,579,536.00
2031-2035	6,912,470.00	6,485,000.00	427,470.00
	<u>\$ 33,081,006.00</u>	<u>\$ 24,090,000.00</u>	<u>\$ 8,991,006.00</u>

Hudson County Improvement Authority Secured Lease Revenue Bonds Series 2007 - On July 11, 2007, the HCIA issued County Secured Lease Revenue Bonds in the amount of \$27,490,000 at interest rates of 4.0%-5.0%. The proceeds of the bonds will be used to (a) finance the renovation of the facilities to house the relocation of a number of social services agencies that are currently leasing space from private owners, (b) pay 12 months capitalized interest on the 2007 bonds, (c) pay costs of issuance associated with the issuance of the Series 2007 bonds, and (d) establish a bond reserve fund. These Lease Revenue Bonds were subsequently partially refunded as noted in the following paragraph.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

CAPITAL LEASE PROGRAM OBLIGATIONS (continued)

HCIA Secured Lease Revenue Refunding Bonds, Series 2015 (Hudson County Plaza Completion Project Refunding Project) - On June 11, 2015 the HCIA issued \$17,335,000 Lease Revenue Refunding Bonds, Series 2015 to provide funds to advance refund a portion of the HCIA's outstanding County Secured Lease Revenue Bonds Series 2007 (County Services Building Completion Project). The Refunding Plan calls for the Advance refunding of the Refunded Bonds, together with the interest payable thereon April 1, 2017. The Refunding Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturities and to pay certain costs of issuance of the Series 2015 Refunding Bonds. Under the terms of the amended financing, the HCIA leased back its interest in the Project to the County, and the County is obligated to make rental payments to the HCIA in amounts sufficient to pay the debt service on the Series 2015 Refunding Bonds when due and other expenses of the HCIA and the Trustee.

The following is an analysis of the lease payments to be made by the County through maturity:

Year	Total Lease Payment	Series 2007		Series 2015	
		Principal	Interest	Principal	Interest
2017	901,233.00	-	180,845.00	-	720,388.00
2018	1,703,338.00	-	179,350.00	820,000.00	703,988.00
2019	1,700,562.00	-	179,350.00	855,000.00	666,212.00
2020	1,701,687.00	-	179,350.00	900,000.00	622,337.00
2021	1,655,687.00	-	179,350.00	900,000.00	576,337.00
2022-2026	8,476,688.00	-	896,750.00	5,460,000.00	2,119,938.00
2027-2031	8,475,713.00	-	896,750.00	6,675,000.00	903,963.00
2032-2035	6,858,218.00	4,925,000.00	420,375.00	1,485,000.00	27,843.00
	<u>\$ 31,473,126.00</u>	<u>\$ 4,925,000.00</u>	<u>\$ 3,112,120.00</u>	<u>\$ 17,095,000.00</u>	<u>\$ 6,341,006.00</u>

Lincoln Park Golf Course Project – The County also entered into a lease agreement with the HCIA as part of an agreement regarding the financing of the Lincoln Park Golf Course Project. Refer to Note D “County-Guaranteed Debt” for further description of the matter.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

GRANT PROGRAMS

The County participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. The state and federal grants received and expended in the years ended December 31, 2015 and 2014 were subject to Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, which mandate that grant revenues and expenditures be audited in conjunction with the County's annual audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. These grantor agencies reserve the right to conduct additional audits of the County's grant programs for economy, efficiency and program results. As a result of these audits, costs previously reimbursed could become disallowed and require repayment by the County to the grantor agency. As of December 31, 2015 and 2014, the County does not believe that any material liabilities will result from such audits.

SUBSIDY OF RECOVERY ZONE BONDS

During the year ended December 31, 2011, the County issued General Obligation Recovery Zone Economic Development Bonds in the amount of \$20,700,000. By designating the Bonds as "Recovery Zone Economic Development Bonds," the County, through the HCIA, will receive cash subsidy payments from the United States Treasury equal to 45 percent of the interest payable on the Bonds on each interest payment date. Over the course of the bonds, through maturity in 2030, the County is due to receive \$7,701,988.81 in subsidies in support of interest payable.

ARBITRAGE REBATE

The County is subject Section 148 of Internal Revenue Code, which was enacted to minimize the arbitrage benefits from investing gross proceeds of tax-exempt bonds in higher yielding investments and to remove the arbitrage incentives to issue more bonds, to issue bonds earlier, or to leave bonds outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes for which the bonds were issued. The County has obtained outside professional services to calculate and monitor the arbitrage requirements for certain bond issues. At December 31, 2016 and 2015 the County has reserved \$2,450,000 to meet potential arbitrage requirements.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

LITIGATION

The County is a defendant in various lawsuits, none of which is unusual for a county of its size and should be adequately covered by the County's insurance program, defense program or by the County directly and which may be settled in a manner satisfactory to the financial stability of the County. The County self-insures and also carries excess insurance for all lines of coverage as described in Note I to the financial statements. It is anticipated that any judgments in excess of insured coverage would be paid by the County through future taxation or future debt borrowing. Litigation with potential substantial exposure exceeding \$270,000 as noted by County Counsel is highlighted as follows.

- A.A.: This is a claim by a pedestrian of a slip and fall in a building that belongs to Hudson County, which resulted in injury.
- J.A.: This is an inmate lawsuit alleging injury and excessive force against the Correctional Center. This matter was filed in August 2017 so there is very little detail; however, given the fact that it alleges an assault and is brought under fee shifting theories it would have a potential to be valued in excess of \$500,000.00.
- P.A.: This is a lawsuit brought by an outside service entity as well as three employees of the Correctional Center alleging all kinds of Civil Right violations with respect to their employment and their First Amendment Rights. The allegations as of this writing are brand new so at this time we cannot be more specific. However, because of the number of Plaintiffs and the fact that the theories are fee shifting, the case has a potential value in excess of \$490,000.00.
- J.B.: This is an employment lawsuit against the Welfare Department alleging discrimination on the basis of a disability and gender. Because of the fee shifting nature of the theories of liability and the fact that Plaintiff will have a large lost wage claim, the case is of potential value in excess of \$500,000.00. The matter was dismissed but is now on appeal.
- A.B.: This is an employment case alleging hostile work environment and discrimination against the Parks Department. This is brought in State Court under the New Jersey Law Against Discrimination which provides for fee shifting and fee enhancement. Because of this, the matter has the potential to exceed \$500,000.00 in value.
- G.F.: This is a claim wherein the Plaintiff alleges false arrest, malicious prosecution and various civil rights violations against the Sheriff's Department. Because of the nature of the allegations and fee shifting, the case may have substantial value.
- R.F.: This is an employment lawsuit against the Department of Weights and Measures alleging some type of discrimination and retaliation. As of this writing all we have received is the complaint but because it is an employment case with fee shifting theories it may have substantial value.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

LITIGATION (continued)

- H.F.: This is an employment discrimination and retaliation case against the Hudson County Correctional Center. The protected activity is alleged to have been a past lawsuit. Because it is an employment case brought under fee shifting theories it has a payout of substantial potential.
- Est. of J.F.: This is a wrongful death lawsuit against the Jail under Federal Civil Rights theories. It is alleged that the Plaintiff had preexisting and known medical conditions which precluded his being placed on certain work details, and was placed on an inappropriate work detail nonetheless and as a result suffered a heart attack. These allegations are disputed; however, because the matter is brought under the Civil Rights Act which is fee shifting and because of the nature of the allegations, the matter does have the potential to exceed \$500,000.00 in value.
- J.G.: Plaintiff alleges she sustained injuries to her feet while incarcerated at the Hudson County Correctional Center. She has since died and this matter has been dismissed for failure to answer interrogatories. It is unclear whether the plaintiff's family will move to vacate the dismissal and pursue the claim.
- E.G.: This is a lawsuit against the Division of Welfare alleging discrimination and retaliation for complaining about discrimination, and failure to promote. Because it is an employment case with fee shifting theories of liability asserted it may have a substantial value.
- Est. of J.H.: This is a lawsuit against the County and the County Prosecutor's Office for a shooting that occurred in Maryland. It alleges civil rights deprivations which are fee shifting and survivorship and wrongful death actions which could have substantial economic value. While it is believed that the County has a strong argument that the employee was not working within the scope of his employment, the case does have substantial value.
- B.H.: This is a claim by a pedestrian of a slip and fall on a sidewalk that resulted in injury. This sidewalk is a Hudson County road.
- K.H.: This is a lawsuit brought against the Hudson County Sheriff's Department for violation of the Conscientious Employee Protection Act and the New Jersey Law Against Discrimination by discriminating against the Plaintiff and creating a hostile work environment because of her gender and sexual orientation. Because it is brought under State Statutes that allow for fee shifting and fee enhancement it has a potential to exceed \$500,000.00 in value.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

LITIGATION (continued)

- A.J.: This is a case involving a prisoner who was to be extradited to Maryland and claims that the County Correctional Facility held him for too long, violating his civil rights. As this involves a potential violation of civil rights and potential fee shifting, it has a potential to be valued in excess of \$500,000.00.
- D.J.: This is a Civil Right case alleging false imprisonment and malicious prosecution where Plaintiff was jailed on what he asserts are trumped up charges. In October 2013 he was acquitted by a jury. Because of the nature of the allegations and the fee shifting aspects of the Civil Rights Statutes, the case has potential for a substantial award.
- W.K.: This is an employment case alleging discrimination and retaliation based on the First Amendment and W.K.'s political affiliation. W.K. is employed in the Department of Weights and Measures which comes under the aegis of the Sheriff's Department. Because of the nature of the allegations and the fee shifting theories under which this case is brought it is potentially worth in excess of \$500,000.00.
- M.L.: This is an employment case against the County alleging disparate treatment in terms of pay based on a disability handicap and perhaps age. Because it is brought under theories of liability under State Law that are fee shifting it may have substantial value.
- C.M.: This is a complaint for employment discrimination against the Department of Cultural Affairs. It is based on disability/handicap, failure to promote, failure to accommodate, and retaliation for complaining about being promoted and not being accommodated. The matter is in Federal Court under Federal and State fee shifting theories and therefore has a potential to exceed \$500,000.00 in value.
- K.M.: Plaintiff alleges improper assault and assault of a Meadowview patient at the hands of employees of the Meadowview Hospital. It is brought under Federal and State Civil Rights theories so there is fee shifting. Given the exposure and the nature of the allegations and the fact of fee shifting, it could have a potential value in excess of \$500,000.00.
- D.M.: This is a lawsuit brought under the Federal Family and Medical Leave Act for failure to provide an appropriate leave under that statute where her employment was terminated as a result of the events. Plaintiff also alleges handicap or disability discrimination based on a mental condition. Given the Federal theories of fee shifting and given the nature of the allegations this case may have substantial value.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE L. COMMITMENTS AND CONTINGENCIES (continued)

LITIGATION (continued)

- G.N.: This is a wrongful termination case. Plaintiff seeks to be reinstated and also seeks back pay. He claims he was discriminated against due to his national origin. Summary Judgment motions are due in two weeks.
- R.P.: This is a lawsuit where the Plaintiff fell at the intersection of Kennedy Boulevard and Pavonia Avenue. The claim was recently filed and no information is available; however, serious injuries are alleged.
- M.R.: This is a claim by a pedestrian of a slip and fall on a sidewalk that resulted in injury. This sidewalk is a Hudson County road.
- R.R.: This is an employment case alleging discrimination on the basis of a medical disability or handicap and a failure to accommodate, and a failure to comply with the Family Leave Act. All of the theories are fee shifting and given the nature of the allegations the matter has a value in excess of \$500,000.00.
- A.R.: This is a case alleging civil rights violations arising out of an alleged wrongful arrest and prosecution for welfare fraud. As the theories are fee shifting the case has a potential high value.
- L.T.R.: This is a case where the plaintiff slipped and fell on County property. Plaintiff's medical expenses exceed \$10,000.00 and the plaintiff is seeking an award of \$1,000,000.00.
- K.R-C.: This is an employment case against Roads and Bridges alleging disparate treatment on the basis of being a female. Because of the nature of the allegations and the fee shifting theories under which this case is brought, it has a potential value in excess of \$500,000.00.
- J.R.: This is a failure to protect allegation against the Jail brought under the Federal Civil Rights Act. Plaintiff alleges that he was the victim of an inmate-on-inmate assault at the hands of an inmate that the County knew or should have known was dangerous and violent. Because of the nature of the allegations and the fact of fee shifting the matter has the potential to exceed in \$500,000.00 in value.
- D.S.: This is an employment case alleging discrimination, hostile work environment, and retaliation. Because it is fee shifting and subject to fee enhancement, it has a potential value in excess of \$500,000.00.
- J.C.: This is an employment case which was just served upon the County alleging discrimination and hostile work environment. It has a potential value in excess of \$500,000.00.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE M. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 27, 2017, the date which the financial statements were available to be issued.

Issuance of Debt

General Obligation Bonds, Series 2017 – On June 28, 2017, the County issued \$131,100,000 of General Obligation Bonds, Series 2017, consisting of: \$8,000,000 Vo-Tech Bonds, and \$3,100,000 County College Bonds under the County College Bond Act of 1971, c.12. The Vo-Tech Bonds are being issued to finance various improvements of the Hudson County School of Technology as authorized by Ordinance No. 490-8-2016 adopted on August 4, 2016. The County Community College Bonds are being issued to finance various projects at the Hudson County Community College as authorized by Ordinance No. 489-8-2016 on August 4, 2016.

County Guaranty

Payment of the following notes issued by the HCIA is guaranteed by the County pursuant to a guaranty ordinance adopted on August 13, 2009. Such Guaranty shall remain in effect until the notes have been paid in full:

Guaranteed Pooled Notes, Series 2017A - On March 23, 2017, the HCIA issued \$40,857,000 of County Guaranteed Pool Notes Series 2017A maturing April 5, 2018, consisting of: \$28,598,000 Tax Exempt County Guaranteed Pool Notes Series 2017A-1 at an interest rate of 2.25% and \$12,259,000 Federally Taxable County Guaranteed Pool Notes Series 2017A-2 at an interest rate of 2.125%. These notes were issued to provide funds to make loans to the City of Union City, the Township of Weehawken, and the HCIA Authority on behalf of the special improvement district in the Township of Weehawken, and related refinancing costs and costs of issuance.

Guaranteed Pooled Notes, Series 2016B - On June 6, 2017, the HCIA issued \$70,969,000 of County Guaranteed Pool Notes Series 2017B maturing June 15, 2018, consisting of: \$24,574,000 Tax-Exempt County Guaranteed Pool Notes Series 2017B-1 at an interest rate of 2.25% and \$46,215,000 Federally Taxable County Guaranteed Pool Notes Series 2017B-2 at an interest rate of 2.0%. These notes were issued to provide funds to make loans to the City of Union City, the Township of Weehawken, and the City of Bayonne, and related refinancing costs and costs of issuance.

**COUNTY OF HUDSON
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

NOTE M. SUBSEQUENT EVENTS (continued)

Capital Ordinances

\$10,568,754 Road and Bridge Improvements - On April 17, 2017, the County adopted an ordinance providing for 2017 various road and bridge improvement projects and appropriating \$10,568,754 therefor (including Federal and State Grants received or to be received in the amount of \$7,000,500), and providing for the issuance of \$3,389,841 in bonds or notes to finance part of the costs thereof.

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF CASH AND CASH EQUIVALENTS

		<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
	<u>Ref.</u>		
Increased by:			
Non Budget Revenue	A-2a	\$ 11,463,338.22	\$ -
Budget Refunds	A-3	12,960,751.81	-
Petty Cash	A-6	10,520.00	-
County Taxes	A-7	337,343,753.11	-
Added and Omitted Taxes	A-8	2,403,824.40	-
Revenue Accounts Receivable	A-9	168,698,836.71	-
Interfunds	A-12, A-24	4,572,038.77	589,238.10
Appropriation Reserves	A-13		-
Due to State of New Jersey- Realty Transfer Fee	A-16	51,605,012.86	-
Reserve for Forfeited Bail	A-17	279,740.86	-
Reserve for HCST Summer Youth Program	A-21	16,000.00	-
Prepaid Revenues	A-23	1,462,055.15	-
Interfunds	A-24		
Grants Receivable	A-25	-	28,677,163.27
Appropriated Grant Reimbursements	A-26	-	648,170.13
Unappropriated Grant Reserves	A-27	-	90,680.00
		<u>590,815,871.89</u>	<u>30,005,251.50</u>
Decreased by:			
Refund of Prior Year Revenue	A-1	484,913.07	
Current Year Budget Appropriations	A-3	487,216,377.15	-
Petty Cash	A-6	10,520.00	-
Revenue Accounts Receivable	A-9		-
Interfunds	A-12	2,092,642.00	-
Appropriation Reserves	A-13	19,024,490.56	-
Contracts and Commitments Payable	A-14	2,699,576.08	-
Due to State of New Jersey - Realty Transfer Fee	A-16	53,519,164.65	-
Reserve for Forfeited Bail	A-17	6,675.00	-
Federal and State Appropriated Grant Reserves	A-26	-	29,223,949.88
		<u>565,054,358.51</u>	<u>29,223,949.88</u>
Net Change in Cash		25,761,513.38	781,301.62
Balance: December 31, 2015	A	<u>115,408,265.93</u>	<u>7,237,677.19</u>
Balance: December 31, 2016	A	<u>\$ 141,169,779.31</u>	<u>\$ 8,018,978.81</u>

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF CASH - CHANGE FUNDS

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	A	\$ 200.00
		<hr/> <hr/>
	<u>Analysis of Balance</u>	
Surrogate's Office		\$ 100.00
Office of the County Clerk		100.00
		<hr/>
		\$ 200.00
		<hr/> <hr/>

EXHIBIT A-6

SCHEDULE OF CASH - PETTY CASH

	<u>Ref.</u>	
Balance: December 31, 2015		\$ -
Increased by:		
Disbursements to Custodians	A-4	10,520.00
		<hr/> 10,520.00
Decreased by:		
Returns from Custodians	A-4	10,520.00
		<hr/>
Balance: December 31, 2016		\$ -
		<hr/> <hr/>

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF COUNTY TAX LEVY

	2016 County Tax Levy	Received	Balance December 31, 2016
City of Bayonne	\$ 27,017,738.27	\$ 27,017,738.27	\$ -
Borough of East Newark	694,664.54	694,664.54	-
Town of Guttenberg	4,697,651.87	4,697,651.87	-
Town of Harrison	6,450,326.48	6,450,326.48	-
City of Hoboken	70,290,345.30	70,290,345.30	-
City of Jersey City	115,491,911.78	115,491,911.78	-
Town of Kearny	18,989,596.90	18,989,596.90	-
Township of North Bergen	26,541,906.64	26,541,906.64	-
Town of Secaucus	23,825,376.94	23,825,376.94	-
City of Union City	17,912,576.57	17,912,576.57	-
Township of Weehawken	13,240,946.15	13,240,946.15	-
Town of West New York	12,190,711.67	12,190,711.67	-
	<u>\$ 337,343,753.11</u>	<u>\$ 337,343,753.11</u>	<u>\$ -</u>
<u>Ref.</u>	A-2	A-4	

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF ADDED AND OMITTED TAXES

	<u>Ref.</u>		
Balance: December 31, 2015			\$ 2,282,814.64
Increased by:			
Levy			<u>3,239,016.00</u>
			5,521,830.64
Decreased by:			
Current Year Revenue	A-9	\$ 2,282,814.64	
Prepaid Revenue	A-23	<u>121,009.76</u>	
	A-4		<u>2,403,824.40</u>
Balance: December 31, 2016			<u><u>\$ 3,118,006.24</u></u>

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance December 31, 2015	Current Year Accruals	Cash Collected	Added and Omitted Taxes Realized	Interfunds	Applied from Prior Year Prepaid	Balance December 31, 2016
County Clerk	\$ -	\$ 121,629.24	\$ 121,629.24	\$ -	\$ -	\$ -	\$ -
Register of Deeds and Mortgages	-	9,209,396.18	8,761,784.34	-	-	447,611.84	(0.00)
Surrogate	-	218,682.02	218,682.02	-	-	-	-
Sheriff	-	5,177,197.82	5,177,197.82	-	-	-	-
Interest on Investments and Deposits	-	535,453.71	535,453.71	-	-	-	-
Mental Hospital	-	22,107,369.29	22,107,369.29	-	-	-	-
Intoxicated Driver Resource Center Fees	-	257,720.00	257,720.00	-	-	-	-
New Jersey School Building Aid	-	96,033.00	96,033.00	-	-	-	-
Parks and Recreation	-	2,000.00	2,000.00	-	-	-	-
Title IV-D, Social Security Act -	-	1,528,819.74	1,528,819.74	-	-	-	-
Child Support Program	-	5,000,000.00	5,000,000.00	-	-	-	-
Federal and State Contracts -	-	-	-	-	-	-	-
Indirect Cost Allocation	-	-	-	-	-	-	-
Maintenance of:	-	-	-	-	-	-	-
State Prisoners in County Institutions	-	90,761.60	90,761.60	-	-	-	-
Other County Inmates in County Institutions	-	-	-	-	-	-	-
Federal and ICE Inmates in County Institutions	-	18,555,631.33	18,555,631.33	-	-	-	-
Reserve to Pay Bonds	-	92,202.00	-	-	92,202.00	-	-
Youth House Lunch Reimbursement	-	-	-	-	-	-	-
Telephone Commissions	-	327,165.90	327,165.90	-	-	-	-
State Aid-County College Bonds	-	3,527,735.00	3,527,735.00	-	-	-	-
Social and Welfare Services:	-	-	-	-	-	-	-
Division of Youth and Family Services	-	1,667,392.00	1,667,392.00	-	-	-	-
Supplemental Social Security Income	-	-	-	-	-	-	-
Psychiatric Facilities:	-	-	-	-	-	-	-
Maintenance of Patients in State Institutions	-	-	-	-	-	-	-
for Mental Diseases	-	9,811,600.00	9,811,600.00	-	-	-	-
for Mentally Retarded	-	25,489,393.00	25,489,393.00	-	-	-	-
Board of County Patients in State	-	-	-	-	-	-	-
and Other Institutions	-	10,936.92	10,936.92	-	-	-	-
Division of Developmental Disabilities,	-	122,777.43	122,777.43	-	-	-	-
Assessment Program	-	-	-	-	-	-	-

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance December 31, 2015	Current Year Accruals	Cash Collected	Added and Omitted Taxes Realized	Interfunds	Applied from Prior Year Prepaid	Balance December 31, 2016
Open Space Tax Debt Service	\$ -	\$ 1,124,911.26	\$ 1,124,911.26	\$ -	\$ -	\$ -	\$ -
Division of Social Services (Welfare)	-	49,055,344.58	49,055,344.58	-	-	-	-
Added and Omitted Taxes	-	2,352,693.90	-	2,282,814.64	-	69,879.26	(0.00)
Constitutional Officers-Increased Fees (P.L. 2001,C.370):							
County Clerk	-	47,300.26	47,300.26	-	-	-	-
Register of Deeds and Mortgages	-	2,302,349.04	2,302,349.04	-	-	-	-
Surrogate	-	193,925.57	193,925.57	-	-	-	-
Sheriff	-	3,310,011.72	3,310,011.72	-	-	-	-
State of New Jersey- Lease of Court Space	-	226,152.00	207,306.00	-	-	18,846.00	-
NJ Superior Court - Service Agreements	-	437,859.21	437,859.21	-	-	-	-
Dedicated Revenue - Motor Vehicle Fines	-	4,500,000.00	-	-	4,500,000.00	-	-
County Prosecutor Funding Initiative Pilot Progra	-	802,500.00	802,500.00	-	-	-	-
Maintenance of Federal and ICE Inmates	-						
in County Institutions	-	3,274,523.17	3,274,523.17	-	-	-	-
Meadowview Campus - Treatment Leases	-	563,362.96	563,362.96	-	-	-	-
PILOT Payments County Share	-	3,451,721.60	3,451,721.60	-	-	-	-
ARRA Recovery Zone Bonds Subsidy	240,000.00	537,639.00	517,639.00	-	-	-	260,000.00
	\$ 240,000.00	\$ 176,130,190.45	\$ 168,698,836.71	\$ 2,282,814.64	\$ 4,592,202.00	\$ 536,337.10	\$ 260,000.00
Ref.	A	A-2	A-4	A-8	A-12	A-23	A

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF SECURITY DEPOSITS

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	A	\$ 2,500.00

Analysis of Balance

American Urban Renewal Associates - Parking Lot Leases - B.S. Pollak Hospital	\$ 2,500.00
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EXHIBIT A-11

SCHEDULE OF RESERVE FOR COMPENSATED ABSENCES

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	A	\$ 4,423,259.46

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF INTERFUNDS RECEIVABLE / (PAYABLE)

	Ref.	Total	Federal and State		Capital Fund	Trust Fund		
			Grants Fund			Other Trust	Motor Vehicle Fines	
Increased by Debits:								
Budget Revenue Realized	A-2	\$ 33,522,254.62	\$ 33,522,254.62	\$ -	-	\$ -	\$ -	-
Revenue Accounts Receivable	A-9	4,592,202.00	-	92,202.00	-	-	4,500,000.00	-
Misc. Revenues Not Anticipated	A-2a	72,038.77	-	-	-	72,038.77	-	-
Trust Fund Cancellations	A-1	59,798.68	-	-	-	59,798.68	-	-
Cash Disbursed	A-4	2,092,642.00	184,844.00	1,907,798.00	-	-	-	-
		40,338,936.07	33,707,098.62	2,000,000.00	-	131,837.45	4,500,000.00	-
Decreased by Credits:								
Cash Received	A-4	4,572,038.77	-	-	-	72,038.77	4,500,000.00	-
Budget Appropriations	A-3	35,673,398.62	33,673,398.62	2,000,000.00	-	-	-	-
HCST Summer Youth Program	A-21	33,700.00	33,700.00	-	-	-	-	-
		40,279,137.39	33,707,098.62	2,000,000.00	-	72,038.77	4,500,000.00	-
Net Change in Interfunds		59,798.68	-	-	-	59,798.68	-	-
Balance: December 31, 2015		-	-	-	-	-	-	-
Balance: December 31, 2016								
Interfunds Receivable	A, A-1	\$ 59,798.68	\$ -	\$ -	-	\$ 59,798.68	\$ -	-

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF 2015 APPROPRIATION RESERVES

	Balance: December 31, 2015		Budget After	Paid or	Contracts and	Balance
	Reserved	Encumbered	Transfer	Charged	Commitments	Lapsed
LEGISLATIVE						
Board of Chosen Freeholders						
Salaries and Wages	\$ 29,492.23	\$ -	\$ 29,492.23	\$ 10,779.82	\$ -	\$ 18,712.41
Other Expenses	11,475.04	130,835.76	142,310.80	34,360.38	107,950.42	(0.00)
Clerk of the Board						
Salaries and Wages	21,767.14	-	21,767.14	4,784.89		16,982.25
Other Expenses	6,467.21	12,619.86	19,087.07	11,368.82	7,718.25	-
ADMINISTRATIVE AND EXECUTIVE						
Law Department						
Salaries and Wages	117,953.99	-	117,953.99	56,337.45		61,616.54
Other Expenses	34,595.15	511,190.20	545,785.35	171,615.24	374,170.11	(0.00)
Division of Consumer Protection						
Salaries and Wages	100.00	-	100.00			100.00
Other Expenses	6,360.00	-	6,360.00			6,360.00
Planning Board						
Salaries and Wages	100.00	-	100.00			100.00
Other Expenses	363.79	31,670.85	32,034.64	6,551.17	25,483.47	-
County Executive						
Salaries and Wages	47,124.25	-	47,124.25	14,904.93		32,219.32
Other Expenses	24,308.70	10,588.44	34,897.14	3,305.34	31,591.80	-
County Administrator						
Salaries and Wages	22,093.28	-	22,093.28	6,649.62	-	15,443.66
Other Expenses	6,595.39	564,826.61	571,422.00	250,179.96	321,242.04	0.00
Office of Cultural and Heritage Affairs						
Salaries and Wages	78,719.96	-	78,719.96	5,326.24		73,393.72
Other Expenses	338.80	46,053.34	46,392.14	18,591.59	27,800.55	0.00
DEPARTMENT OF FINANCE AND ADMINISTRATION						
Director of Finance and Administration						
Salaries and Wages	36,463.60	-	36,463.60	3,819.56		32,644.04
Other Expenses	2,396.11	2,177.66	4,573.77	777.66	3,796.11	0.00
Audit Services	-	224,500.00	224,500.00	148,500.00	76,000.00	-
Division of Accounts and Controls						
Salaries and Wages	152,643.32	-	152,643.32	14,695.80		137,947.52
Other Expenses	4,923.81	13,897.10	18,820.91	1,221.32	17,599.59	(0.00)
Division of Purchasing						
Salaries and Wages	47,065.72	-	47,065.72	12,791.26		34,274.46
Other Expenses	3,430.41	2,622.93	6,053.34	4,024.81	2,028.53	0.00
Division of Management Information Services						
Salaries and Wages	100.00	-	100.00			100.00
Other Expenses	27,674.78	93,569.88	121,244.66	40,792.75	80,451.91	(0.00)
Division of Tax Assessments						
Salaries and Wages	33,093.24	-	33,093.24	6,477.32		26,615.92
Other Expenses	3,788.16	710.61	4,498.77	154.24	603.00	3,741.53
Division of Personnel						
Salaries and Wages	143,780.90	-	93,780.90	19,272.55		74,508.35
Other Expenses	20,937.55	53,541.78	74,479.33	28,193.73	46,285.60	(0.00)
Insurance						
Group Plans for Employees	518,581.53	1,452,406.33	1,970,987.86	458,036.13	1,512,951.73	(0.00)
Health Benefit Waiver	3,037.06	-	3,037.06			3,037.06
Workers' Compensation	-	1,500,000.00	1,500,000.00	1,500,000.00		-
Liability Insurance			3,000,000.00	3,000,000.00		-
Division of Central Services						
Salaries and Wages	44,302.63	-	44,302.63	44,302.63		0.00
Other Expenses	45,307.45	421,521.45	466,828.90	92,153.19	367,175.12	7,500.59
CONSTITUTIONAL OFFICES						
County Clerk						
Salaries and Wages	107,110.62	-	107,110.62	30,627.36		76,483.26
Other Expenses	6,805.15	15,825.46	22,630.61	8,614.33	14,016.28	-
Register of Deeds and Mortgages						
Salaries and Wages	120,485.13	-	120,485.13	92,975.55		27,509.58
Other Expenses	4,418.14	35,133.98	39,552.12	33,101.43	77.14	6,373.55
Prosecutor's Office						
Salaries and Wages	782,839.50	300,000.00	482,839.50	257,490.73	225,348.77	-
Other Expenses	108,366.24	252,820.87	361,187.11	218,199.11	142,988.00	0.00

COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF 2015 APPROPRIATION RESERVES

	Balance: December 31, 2015		Budget After	Paid or	Contracts and	Balance
	Reserved	Encumbered	Transfer	Charged	Commitments	Lapsed
JUDICIARY						
County Surrogate						
Salaries and Wages	\$ 93,525.26	\$ -	\$ 93,525.26	\$ 18,165.08		\$ 75,360.18
Other Expenses	2,157.21	99,172.10	101,329.31	9,368.71	86,231.59	5,729.01
Probation Department						
Other Expenses	100.00	-	100.00			100.00
Title IV-D Social Security Act						
Other Expenses	100.00	-	100.00			100.00
REGULATION						
Sheriff's Office						
Salaries and Wages	745,313.41	400,000.00	645,313.41	302,045.73	343,267.68	0.00
Other Expenses	121,903.99	107,721.73	229,625.72	89,504.61	140,121.11	-
Board of Elections						
Salaries and Wages	45,981.69	-	45,981.69	6,219.51		39,762.18
Other Expenses	7,545.84	20,951.45	28,497.29	15,635.97	12,861.32	0.00
Special Election Expense	63,424.05	109,591.00	173,015.05	8,591.00	164,424.05	0.00
County Clerk Elections						
Other Expenses	4,479.24	4,662.90	9,142.14	1,519.90	7,622.24	-
Special Election Expense	127,710.30	113,150.00	240,860.30	5,650.00	235,210.30	(0.00)
Superintendent of Elections	60,922.21	243,553.49	304,475.70	71,500.84	232,974.86	(0.00)
Weights and Measures						
Salaries and Wages	49,010.19	-	49,010.19	4,865.64	44,144.55	-
Other Expenses	500.00	-	500.00			500.00
Medical Examiner						
Other Expenses	56,661.37	1,487,369.71	1,544,031.08	988,572.67	555,458.41	-
DEPARTMENT OF PARKS & COMMUNITY SERVICE						
Director of Parks & Community Service						
Salaries and Wages	22,448.46	-	22,448.46	5,422.77	17,025.69	(0.00)
Other Expenses	270.00	50,345.68	50,615.68	4,255.52	46,360.16	(0.00)
Division of Parks						
Salaries and Wages	245,268.02	-	195,268.02	119,051.70	76,216.32	(0.00)
Other Expenses	37,386.48	993,421.30	1,030,807.78	540,587.40	490,220.38	-
Utilities	162,874.59	24,228.28	237,102.87	209,064.49	28,038.38	(0.00)
Planning						
Salaries and Wages	15,542.12	-	15,542.12	9,493.50		6,048.62
Other Expenses	3,143.48	14,419.33	17,562.81	15,801.88	1,760.93	(0.00)
Business Opportunity & Community Service						
Salaries and Wages	28,186.18	-	28,186.18	3,057.62	25,128.56	(0.00)
Other Expenses	4,828.59	78,370.77	83,199.36	34,669.07	48,530.29	-
Division of Housing and Community Development						
Salaries and Wages	15,782.57	-	15,782.57	234.00	15,548.57	-
Other Expenses	10,000.00	-	10,000.00		10,000.00	-
DEPARTMENT OF ROADS & PUBLIC PROPERTY						
Director of Roads & Public Property						
Salaries and Wages	25,823.93		25,823.93	12,462.26		13,361.67
Other Expenses	1,170.87	5,663.98	6,834.85	2,841.36	3,993.49	0.00
Division of Buildings and Grounds						
Salaries and Wages	729,865.77	-	429,865.77	375,503.67	54,362.10	(0.00)
Other Expenses	169,156.72	1,877,127.19	2,026,283.91	690,851.20	1,335,432.71	0.00
Fuel	100.00	-	100.00		100.00	-
Telephone, Water, and Light	-	1,668,604.16	1,668,604.16	1,556,410.79	112,193.37	(0.00)
Motor Pool						
Salaries and Wages	80,176.91	-	80,176.91	20,434.81	59,742.10	0.00
Other Expenses	49,495.89	180,788.21	230,284.10	78,949.53	151,334.57	(0.00)
Utilities	82,963.28	206,769.84	289,733.12	40,302.98	249,430.14	(0.00)
Division of Roads and Bridges						
Salaries and Wages	55,223.74	-	55,223.74	25,987.20	29,236.54	(0.00)
Other Expenses	24,115.90	113,828.17	147,944.07	138,349.47	9,594.60	(0.00)
County Bridges						
Other Expenses	100.00	-	100.00	-	100.00	-
Joint Bridges						
Salaries and Wages	36,933.47	-	36,933.47	1,760.04	35,173.43	-
Other Expenses	20,613.84	94,913.79	115,527.63	68,120.44	40,177.02	7,230.17
Lighting of Highways and Bridges	54,179.18	355,048.16	409,227.34	193,921.41	215,305.93	(0.00)

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF 2015 APPROPRIATION RESERVES

	Balance: December 31, 2015		Budget After	Paid or	Contracts and	Balance
	Reserved	Encumbered	Transfer	Charged	Commitments	Lapsed
DEPARTMENT OF ROADS & PUBLIC PROPERTY (continued)						
Office of Traffic Signals, Signs and Meters						
Salaries and Wages	\$ 15,728.50	\$ -	\$ 15,728.50	\$ 4,127.45	\$ 11,601.05	\$ -
Other Expenses	137.17	27,453.49	37,590.66	15,383.88	22,206.78	0.00
Engineering						
Salaries and Wages	98,502.31	-	98,502.31	(3,418.68)	101,920.99	(0.00)
Other Expenses	15,404.12	28,631.36	44,035.48	24,556.15	19,479.33	0.00
Construction - Board of Appeals						
Other Expenses	3,597.05	15,799.49	19,396.54	1,327.58	18,068.96	-
Office of Emergency Management						
Salaries and Wages	149,468.35	-	149,468.35	6,367.07		143,101.28
Other Expenses	3,422.03	6,574.48	9,996.51	5,833.60	4,162.91	-
Office of the Fire Marshall						
Salaries and Wages	2,747.47	-	2,747.47	2,149.62		597.85
Other Expenses	2,605.46	174.54	2,780.00	273.75	2,506.25	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Director of Health and Human Services						
Salaries and Wages	52,721.90	-	52,721.90	10,739.28		41,982.62
Other Expenses	88,256.80	136,784.31	225,041.11	103,751.19	121,289.92	(0.00)
Aid to County Branch - New Jersey Association to Handicapped Adults	-	15,000.00	15,000.00	15,000.00		-
Children's Center for Special Needs	-	36,460.71	36,460.71	7,135.71	29,325.00	-
Aid to County Branch - New Jersey Association for Retarded Citizens	-	23,666.70	23,666.70	4,166.66	19,500.04	-
Division of Compliance and Audits						
Salaries and Wages	100.00	-	100.00			100.00
Other Expenses	100.00	-	100.00	-	100.00	-
Office on Aging						
Salaries and Wages	7,516.65	-	7,516.65	7,516.65		(0.00)
Other Expenses	13,354.69	4,636.00	17,990.69	1,080.00	16,910.69	-
Veterans' Interments						
Salaries and Wages	11,974.00	-	11,974.00			11,974.00
Other Expenses	8,649.10	21,680.50	30,329.60	3,957.62	26,371.98	-
Office of Disability Services						
Salaries and Wages	56,371.27	-	56,371.27	3,564.70		52,806.57
Other Expenses	6,355.90	15,945.57	22,301.47	1,482.41	20,819.06	-
Visiting Homemaker Service - Child Abuse Services in Emergency	-	5,700.00	5,700.00	5,700.00		-
Division of Psychiatric Services						
Salaries and Wages	100.00	-	100.00			100.00
Other Expenses	100.00	-	100.00	100.00	100.00	(100.00)
Meadowview Psychiatric Hospital						
Salaries and Wages	370,650.21	-	270,650.21	270,650.21		0.00
Other Expenses	162,644.94	1,062,215.75	1,214,860.69	824,490.71	390,369.98	-
Food and Kitchen Supplies	-	259,068.80	269,068.80	262,303.26	6,765.54	(0.00)
Division of Public Health						
Salaries and Wages	2,688.76	-	2,688.76	1,978.39		710.37
Other Expenses	4,947.68	387,395.04	392,342.72	384,914.50	7,428.22	(0.00)
Maintenance of Patients in State Institutions for Mental Disease N.J.S.A. 30:4-79		42,302.00	42,302.00		42,302.00	-
Project C.A.A.R.E.	27,593.61	308,895.97	336,489.58	286,942.19	49,547.39	(0.00)
Employee Health Clinic						
Salaries and Wages	100.00	-	100.00			100.00
Other Expenses	100.00	-	100.00		100.00	-
T.B. Chest Clinic						
Salaries and Wages	135,791.45	-	135,791.45	11,155.11		124,636.34
Other Expenses	29,106.99	240,489.00	269,595.99	(18,223.24)	217,914.23	69,905.00
Transcend						
Salaries and Wages	86,792.08	-	86,792.08			86,792.08
Other Expenses	96,305.74	40,956.86	137,262.60	(757.40)	138,020.00	-
Diagnostic Shelter Program - Contractual	9,144.00	-	21,144.00	20,774.00	370.00	-

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF 2015 APPROPRIATION RESERVES

	Balance: December 31, 2015		Budget After	Paid or	Contracts and	Balance
	Reserved	Encumbered	Transfer	Charged	Commitments	Lapsed
DEPARTMENT OF FAMILY SERVICES						
Director of Family Services						
Salaries and Wages	\$ 10,790.30	\$ -	\$ 10,790.30	\$ 3,333.49		\$ 7,456.81
Other Expenses	8,916.95	89,308.01	98,224.96	8,941.24	89,283.72	-
County Welfare Agency						
Salaries and Wages	1,216,046.78	-	1,216,046.78	492,172.08	723,874.70	0.00
Other Expenses	255,209.03	4,915,875.26	5,171,084.29	486,966.62	4,684,117.67	(0.00)
County Assistance Programs	38,419.23	-	38,419.23		38,419.23	(0.00)
Office of Workforce Development						
Salaries and Wages	6,991.76	-	6,991.76	2,914.17		4,077.59
Other Expenses	8,016.39	32,737.23	40,753.62	362.24	40,391.38	0.00
DEPARTMENT OF CORRECTIONS						
Adult Correctional Center						
Salaries and Wages	1,239,959.99	1,000,000.00	739,959.99	739,959.99		0.00
Other Expenses	518,317.72	2,875,715.12	3,394,032.84	1,771,883.87	1,622,148.97	(0.00)
Food and Kitchen Supplies	299,517.73	693,655.95	993,173.68	5,658.02	987,515.66	0.00
Municipal Authorities and Utilities	112,129.61	1,300.00	113,429.61	69,862.89	43,566.72	0.00
Division of Juvenile Detention						
Salaries and Wages	28,954.58	-	28,954.58	-	28,954.58	0.00
Other Expenses	18,521.66	672,600.39	679,122.05	396,763.40	282,358.65	-
Food and Kitchen Supplies	56,828.73	-	56,828.73		56,828.73	-
DEPARTMENT OF EDUCATION						
Superintendent of Schools						
Salaries and Wages	5,677.35	-	5,677.35	3,790.48		1,886.87
Other Expenses	3,470.16	6,138.60	9,608.76	1,526.96	2,263.75	5,818.05
Hudson County Community College	0.50	-	0.50			0.50
Reimbursements for Residents Attending						
Out of County 2 Year Colleges	4,107.87	-	54,107.87	35,694.47	18,413.40	(0.00)
UNCLASSIFIED						
Ethics Board						
Salaries and Wages	246.25	-	246.25	180.67		65.58
Other Expenses	19,250.00	-	19,250.00		19,250.00	-
Administration of Debt Service	9,948.56	245,575.00	255,523.56	83,830.09	171,693.47	-
Advertisements and Announcements	28,230.00	20,000.00	48,230.00		20,000.00	28,230.00
Volunteer Fire Co. Instruction	2,000.00	-	2,000.00	2,000.00		-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Matching Funds for Grants	75,000.00		75,000.00			75,000.00
CONTINGENT	15,000.00		15,000.00			15,000.00
CAPITAL IMPROVEMENTS						
Facility Lease Revenue Bonds:						
Various Projects	650,000.01	-	650,000.01		650,000.01	(0.00)
City Plaza	217,486.87	-	217,486.87		217,486.87	0.00
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Deferred Charges						
Prior Year Bills		35,806.05	35,806.05		35,806.05	-
Statutory Expenditures						
Contribution To:						
Social Security System (O.A.S.I.)	434,634.47		434,634.47		434,634.47	(0.00)
Consolidated Police and Fire Pension	4,445.84		4,445.84		4,445.84	(0.00)
Court Attendants' Pension Fund	40,893.09		40,893.09		40,893.09	0.00
Noncontributory County Pension	382,882.76		382,882.76		382,882.76	(0.00)
Veterans' Pension Fund	1,000.00		1,000.00		1,000.00	-
Unemployment Compensation						
Insurance (N.J.S.A. 43:21-3)		300,000.00	300,000.00	300,000.00		-
N.J. State Disability Insurance	116,741.93		116,741.93	73,477.83		43,264.10
Deferred Contribution Retirement	10,780.73		10,780.73		10,780.73	0.00
JUDGMENTS						
	-	-	-	-	-	-
	<u>\$ 13,183,885.81</u>	<u>\$ 27,494,756.53</u>	<u>\$ 40,678,642.34</u>	<u>\$ 19,024,490.56</u>	<u>\$ 20,136,790.58</u>	<u>\$ 1,517,361.20</u>
Ref.	A	A-22		A-4	A-14	A-1

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF CONTRACTS AND COMMITMENTS PAYABLE

Budget Year End Dec. 31,	Balance December 31, 2015	Increased by: Appropriation Reserves	Decreased by:		Balance December 31, 2016
			Cash Disbursements	Cancelled to Operations	
2009	\$ 287,685.68	\$ -	\$ -	\$ 185,000.00	\$ 102,685.68
2010	1,446,787.48	-	-	591,347.69	855,439.79
2011	1,158,308.32	-	75.54	161,093.55	997,139.23
2012	8,054,103.76	-	1,103,293.95	97,839.99	6,852,969.82
2013	13,203,813.22	-	113,358.15	-	13,090,455.07
2014	14,397,258.21		1,482,848.44	105,845.47	12,808,564.30
2015	-	20,136,790.58		44,521.65	20,092,268.93
	<u>\$ 38,547,956.67</u>	<u>\$ 20,136,790.58</u>	<u>\$ 2,699,576.08</u>	<u>\$ 1,185,648.35</u>	<u>\$ 54,799,522.82</u>
<u>Ref.</u>	A	A-13	A-4	A-1	A

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR COUNTY COLLEGE (EFA) INTEREST

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	A	\$ 33,652.40

EXHIBIT A-16

SCHEDULE OF DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance: December 31, 2015		\$ 1,914,151.79
Increased by Cash Received from County Register	A-4	51,605,012.86
		<u>53,519,164.65</u>
Decreased by Cash Disbursed to State Agencies	A-4	53,519,164.65
Balance: December 31, 2016	A	\$ -

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR FORFEITED BAIL

	<u>Ref.</u>		
Balance: December 31, 2015			\$ -
Increased by:			
Cash Received	A-4		279,740.86
			<u>279,740.86</u>
Decreased by:			
Credit to Operations	A-1	\$ 273,065.86	
Cash Disbursed	A-4	<u>6,675.00</u>	
			<u>279,740.86</u>
Balance: December 31, 2016			<u><u>\$ -</u></u>

SCHEDULE OF RESERVE FOR TAX REBATE ON CAPITAL INVESTMENTS

	<u>Ref.</u>		
Balance: December 31, 2016 and 2015	A		<u><u>\$ 2,450,000.00</u></u>

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF MISCELLANEOUS PAYABLES**

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	A	\$ <u>4,793.38</u>

EXHIBIT A-20

SCHEDULE OF RESERVE FOR UNCLAIMED PROPERTY

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	A	\$ <u>312,890.09</u>

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF RESERVE FOR HUDSON COUNTY SCHOOLS OF TECHNOLOGY -
SUMMER YOUTH PROGRAM**

	<u>Ref.</u>	
Balance: December 31, 2015	A	\$ 104,031.55
Increased By:		
Cash Received	A-4	16,000.00
		<u>120,031.55</u>
Decreased By:		
Due to Federal and State Grant Fund	A-12	33,700.00
		<u>33,700.00</u>
Balance: December 31, 2016	A	<u>\$ 86,331.55</u>

EXHIBIT A-22

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	
Balance: December 31, 2015	A	\$ 27,494,756.53
Increased By:		
2016 Budget Appropriations	A-3	27,166,428.17
		<u>54,661,184.70</u>
Decreased By:		
Appropriation Reserves	A-13	27,494,756.53
		<u>27,494,756.53</u>
Balance: December 31, 2016	A	<u>\$ 27,166,428.17</u>

**COUNTY OF HUDSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF PREPAID REVENUES

	Balance December 31, 2015	Increased	Applied to Revenue	Balance December 31, 2016
Town of Kearny - Added and Omitted Tax Levy	\$ 69,879.26	\$ 121,009.76	\$ 69,879.26	\$ 121,009.76
State of NJ - Lease of Court Space	18,846.00		18,846.00	-
Integrity Inc.	-	34,626.00	-	34,626.00
Realty Transfer Fees	447,611.84	1,427,429.15	447,611.84	1,427,429.15
	<u>\$ 536,337.10</u>	<u>\$ 1,583,064.91</u>	<u>\$ 536,337.10</u>	<u>\$ 1,583,064.91</u>
<u>Ref.</u>	A		A-9	A
	A-8	\$ 121,009.76		
	A-4	<u>1,462,055.15</u>		
		<u>\$ 1,583,064.91</u>		

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF DUE FROM CURRENT FUND**

Balance: December 31, 2015	<u>Ref.</u>		\$	-
Increased by:				
Current Year Grant Awards	A-26	\$ 33,522,254.62		
Local Matching of Current Year Grant Awards	A-26	151,144.00		
Current Fund Reimbursement to:				
Federal and State Grants Receivable	A-25	86,721.00		
Cancel to Current Fund	A-25	<u>351,373.10</u>		
			\$	<u>34,111,492.72</u>
				34,111,492.72
Decreased by:				
Grant Awards - Budget as Adopted	A-25	\$ 10,971,442.00		
Grant Awards - by 40A:4-87	A-25	22,550,812.62		
Clear Interfund	A-4	<u>589,238.10</u>		
				<u>34,111,492.72</u>
Balance: December 31, 2016			\$	<u><u>-</u></u>

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Budget Year	Balance December 31, 2015	Anticipated in Budget		Cash Receipts	Unappropriated Reserves Budgeted	Other Activity	Cancelled	Balance December 31, 2016
	As Adopted	As Added by 40A:4-87						
N.J. Department of Community Affairs								
Clean Communities Grant								
2016	\$ -	\$ -	\$ 21,591.43	\$ 21,591.43	\$ -	\$ -	\$ -	\$ -
N.J. Department of Treasury								
Alliance to Prevent Alcohol and Drug Abuse								
2011	22,679.46	-	-	-	-	-	22,679.46	-
2014	2.85	-	-	-	-	-	2.85	-
2015	608,898.00	-	-	608,825.18	-	-	-	72.82
2016	-	-	608,898.00	10,178.49	-	-	-	598,719.51
N.J. Department of State								
NJ Council on Arts - Block Grant								
2015	26,585.00	-	-	26,585.00	-	-	-	-
2016	-	106,343.00	-	53,172.00	-	-	-	53,171.00
NJ Destination Marketing Organization								
2016	-	124,360.00	-	66,360.00	58,000.00	-	-	-
Public Archives & Records Infrastructure Support (PARIS)								
2005	46,262.60	-	-	-	-	-	-	46,262.60
2006	17,562.35	-	-	-	-	-	-	17,562.35
2007	8,650.00	-	-	-	-	-	-	8,650.00
2008	96,266.00	-	-	-	-	-	-	96,266.00
Justice Brennan Humanities								
2015	377.00	-	-	-	-	-	-	377.00
N.J. Department of Health and Senior Services								
Comprehensive Alcohol Services								
2012	462.00	-	-	-	-	-	462.00	-
2013	1,402.00	-	-	-	-	-	1,402.00	-
2014	56,826.00	-	-	-	-	-	-	56,826.00
2015	607,630.00	-	-	516,927.00	-	-	-	90,703.00
2016	-	993,913.00	-	615,236.00	-	-	-	378,677.00
State Health Insurance Assistance Program (SHIP)								
2015	26,188.00	-	-	26,188.00	-	-	-	-
2016	-	-	26,500.00	5,225.00	-	-	-	21,275.00
Tuberculosis Health Services Grant								
2015	228,073.00	-	-	228,073.00	-	-	-	-
2016	-	-	302,780.00	94,365.00	-	-	-	208,415.00
2014	-	-	-	-	-	-	-	-
2015	53,328.00	-	-	53,328.00	-	-	-	-
2016	-	-	225,541.00	135,791.00	-	-	-	89,750.00
Tuberculosis Health - Supplemental								
2016	-	-	35,000.00	35,000.00	-	-	-	-
Area Plan Grant - Aging								
2006	672,576.08	-	-	-	-	-	-	672,576.08
2007	391,825.00	-	-	-	-	-	-	391,825.00
2008	267,464.00	-	-	-	-	-	-	267,464.00
2009	486,957.00	-	-	-	-	-	-	486,957.00
2010	293,203.00	-	-	-	-	-	-	293,203.00
2011	431,168.00	-	-	-	-	-	-	431,168.00
2012	298,176.00	-	-	-	-	-	-	298,176.00
2014	53,826.00	-	-	-	-	-	-	53,826.00
2015	3,311,664.00	-	-	3,286,874.00	-	-	-	24,790.00
2016	-	4,440,151.00	1,824,504.00	2,085,976.00	-	-	-	4,178,679.00
Area Plan Grant - Aging (Supplemental)								
2015	10,916.00	-	-	-	-	-	-	10,916.00
N.J. Department of Environmental Protection								
Green Communities Grant								
2014	3,000.00	-	-	-	-	-	-	3,000.00
N.J. Department of Human Services								
Human Services Advisory Council								
2015	1,490.00	-	-	-	-	1,490.00	-	-
2016	-	-	82,356.00	79,918.00	-	2,436.00	-	2.00
Homeless & Family Shelter Strategy Program								
2006	12,145.74	-	-	-	-	-	-	12,145.74
2007	57,769.00	-	-	-	-	-	57,769.00	-
2008	6,288.00	-	-	-	-	-	6,288.00	-
2010	57,774.00	-	-	-	-	-	-	57,774.00
2011	7,804.26	-	-	-	-	-	-	7,804.26
2012	22,739.00	-	-	-	-	-	-	22,739.00
2013	17,536.00	-	-	-	-	-	-	17,536.00
2014	53,558.00	-	-	-	-	-	-	53,558.00
2015	1,472,989.00	-	-	1,459,582.00	-	-	-	13,407.00
2016	-	-	1,993,379.00	599,648.00	-	-	-	1,393,731.00

COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Budget Year	Balance December 31, 2015	Anticipated in Budget		Cash Receipts	Unappropriated Reserves Budgeted	Other Activity	Cancelled	Balance December 31, 2016
	As Adopted	As Added by 40A:4-87						
N.J. Department of Human Services (continued)								
Work First New Jersey								
2006	\$ 614,553.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614,553.00
2007	597,618.00	-	-	-	-	-	-	597,618.00
2008	818,393.00	-	-	-	-	-	-	818,393.00
2009	444,170.00	-	-	-	-	-	-	444,170.00
2009	-	-	-	-	-	-	-	-
Work First New Jersey Program - DFD								
2009	181,394.00	-	-	-	-	-	-	181,394.00
2009	286,921.00	-	-	-	-	-	-	286,921.00
2010	58,075.00	-	-	-	-	-	-	58,075.00
2011	66,391.00	-	-	-	-	-	-	66,391.00
2012	52,683.00	-	-	-	-	-	-	52,683.00
2013	57,579.00	-	-	-	-	-	-	57,579.00
2014	198,026.00	-	-	-	-	-	-	198,026.00
2015	238,199.00	-	-	238,199.00	-	-	-	-
2016	-	-	476,399.00	119,100.00	-	-	-	357,299.00
Work First New Jersey - DOL								
2010	612,424.00	-	-	-	-	-	-	612,424.00
2011	4,151.00	-	-	-	-	-	-	4,151.00
2012	313,563.41	-	-	-	-	-	-	313,563.41
2013	532,435.85	-	-	-	-	-	-	532,435.85
2014	704,455.30	-	-	217,584.00	-	-	-	486,871.30
2015	4,266,565.00	-	-	3,301,978.00	-	-	-	964,587.00
2016	-	-	6,442,250.00	783,493.00	-	-	-	5,658,757.00
Sandy Homeowner and Renter Assistance Program								
2013	3,109,238.00	-	-	-	-	-	-	3,109,238.00
Work First New Jersey - DOL Supplemental								
2010	261,774.00	-	-	-	-	-	-	261,774.00
2011	200,000.00	-	-	-	-	-	-	200,000.00
2012	6,157.00	-	-	-	-	-	-	6,157.00
2013	57,237.00	-	-	-	-	-	-	57,237.00
2014	163,881.00	-	-	-	-	-	-	163,881.00
2016	-	-	68,000.00	-	-	-	-	68,000.00
Supportive Assistance to Individuals and Families								
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012	4,146.00	-	-	-	-	-	-	4,146.00
2013	59,787.00	-	-	-	-	-	-	59,787.00
2014	-	-	-	-	-	-	-	-
2015	567,437.00	-	-	388,229.00	-	-	-	179,208.00
2016	-	-	756,583.00	-	-	-	-	756,583.00
N.J. Department of Labor and Workforce Development								
NJ Builders Utilizaation Initiative								
2011	6,500.00	-	-	-	-	-	-	6,500.00
Disability Program Navigator Initiative								
2009	1,848.00	-	-	-	-	-	-	1,848.00
WIA - ARRA								
2011	33,447.00	-	-	-	-	-	-	33,447.00
Workforce Investment Act								
2004	1,745,387.51	-	-	-	-	-	-	1,745,387.51
2006	2,494.20	-	-	-	-	-	-	2,494.20
2007	104,289.80	-	-	-	-	-	-	104,289.80
2007	-	-	-	-	-	-	-	-
2008	915.00	-	-	-	-	-	-	915.00
2013	27,442.00	-	-	-	-	-	-	27,442.00
2014	834,775.00	-	-	645,422.00	-	-	-	189,353.00
2015	3,066,402.00	-	-	2,194,304.00	-	(905.00)	29,803.00	843,200.00
2016	-	-	2,941,167.00	418,648.00	-	-	-	2,522,519.00
N.J. Department of Law and Public Safety								
Juvenile Accountability Incentive Block Grant								
2008	7,270.00	-	-	-	-	-	-	7,270.00
Juvenile Justice Commission - Partnership								
2008	29,521.93	-	-	-	-	-	-	29,521.93
2009	71,164.44	-	-	-	-	-	-	71,164.44
2010	137,686.84	-	-	-	-	-	-	137,686.84
2011	37,440.10	-	-	-	-	-	-	37,440.10
2012	129,222.12	-	-	-	-	-	-	129,222.12
2013	81,766.88	-	-	-	-	-	-	81,766.88
2014	11,214.26	-	-	-	-	-	-	11,214.26
2015	641,954.57	-	-	636,624.76	-	-	-	5,329.81
2016	-	842,354.00	-	259,914.98	-	-	-	582,439.02

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Budget Year	Balance December 31, 2015	Anticipated in Budget		Cash Receipts	Unappropriated Reserves Budgeted	Other Activity	Cancelled	Balance December 31, 2016
	As Adopted	As Added by 40A:4-87						
N.J. Department of Law and Public Safety (continued)								
Juvenile Detention Alternatives Initiative								
2013	\$ 81,472.71	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,472.71	\$ -
2014	5,932.64	-	-	-	-	5,932.64	-	-
2015	114,067.36	-	-	70,014.64	-	(5,932.64)	-	49,985.36
2016	-	-	123,633.00	20,677.28	-	-	-	102,955.72
Comprehensive Jail-Based Reentry Strategies								
2012	10,918.27	-	-	-	-	-	-	10,918.27
Body Armor Replacement Grant								
2016	-	-	64,054.91	64,054.91	-	-	-	-
Crime Victims Assistance Programs								
2015	201,754.36	-	-	201,754.36	-	-	-	-
2016	-	-	364,323.00	-	-	-	-	364,323.00
Community Programs - Clients of Family Court								
2008	117,166.40	-	-	-	-	-	-	117,166.40
2009	29,819.18	-	-	-	-	-	-	29,819.18
2010	94,180.51	-	-	-	-	-	-	94,180.51
2011	4,788.20	-	-	-	-	-	-	4,788.20
2012	80,475.53	-	-	-	-	-	80,475.53	-
2013	68,668.55	-	-	-	-	-	-	68,668.55
2014	26,473.06	-	-	-	-	-	26,473.06	-
2015	251,135.27	-	-	228,912.11	-	-	-	22,223.16
2016	-	307,803.00	-	52,009.07	-	-	-	255,793.93
Insurance Fraud Reimbursement Program								
2016	-	-	250,000.00	250,000.00	-	-	-	-
Hudson County SANE/SART Program								
2010	751.72	-	-	-	-	-	-	751.72
2015	72,159.34	-	-	67,672.76	-	-	4,145.12	341.46
JJC - State Incentive Program (SIP)								
2010	142,735.51	-	-	-	-	-	-	142,735.51
State Homeland Security Grant								
2008	755.98	-	-	-	-	-	-	755.98
2010	694.03	-	-	-	-	-	-	694.03
2012	469.29	-	-	-	-	-	-	469.29
2013	16.00	-	-	-	-	-	-	16.00
2014	646,088.28	-	-	646,065.33	-	-	22.95	0.00
2015	635,653.90	-	-	-	-	-	-	635,653.90
2016	-	-	615,239.01	-	-	-	-	615,239.01
Homeland Security Grant								
2008	55.53	-	-	-	-	-	-	55.53
Hudson County Safe Communities Program								
2015	6,930.74	-	-	-	-	-	-	6,930.74
2016	-	62,000.00	-	58,260.17	-	-	-	3,739.83
Pedestrian Safety Grant								
2015	16,000.00	-	-	1,331.70	-	-	-	14,668.30
2016	-	-	16,000.00	4,741.25	-	-	-	11,258.75
Pre-disaster Mitigation Planning								
2005	254,290.39	-	-	-	-	-	-	254,290.39
Urban Areas Security Initiative (UASI)								
2007	3,000.00	-	-	-	-	-	-	3,000.00
2011	773.46	-	-	-	-	-	-	773.46
2011	-	-	-	-	-	-	-	-
2013	0.46	-	-	-	-	-	0.46	-
2014	1,094.75	-	-	-	-	-	1,094.75	-
2015	526,532.00	-	-	-	-	-	-	526,532.00
2016	-	-	357,500.00	-	-	-	-	357,500.00
2013	706.07	-	-	-	-	-	-	706.07
2014	129,532.00	-	-	103,402.34	-	-	-	26,129.66
Hazard Mitigation Grant								
2013	187,500.00	-	-	183,000.00	-	-	4,500.00	-
Megans Law								
2015	5,024.90	-	-	5,474.90	-	(450.00)	-	-
2016	-	450.00	17,563.00	11,821.25	-	450.00	-	5,741.75
Multi-Jurisdictional Gang Gun Violence								
*	312.00	-	-	-	-	-	-	312.00
Multi-Jurisdictional Narcotic Task Force								
2015	118,286.64	-	-	118,286.64	-	-	-	-
Safer Communities Initiative Grant								
2008	100,000.00	-	-	-	-	-	-	100,000.00
Emergency Management Assistance Funding								
2011	50,000.00	-	-	-	-	50,000.00	-	-
2016	-	55,000.00	-	-	-	-	-	55,000.00

COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Budget Year	Balance December 31, 2015	Anticipated in Budget		Cash Receipts	Unappropriated Reserves Budgeted	Other Activity	Cancelled	Balance December 31, 2016
		As Adopted	As Added by 40A:4-87					
N.J. Department of Law and Public Safety (continued)								
Driver Sober or Get Pulled Over								
2015	\$ 10,000.00	\$ -	\$ -	\$ 3,172.20		\$ 2,713.63		\$ 4,114.17
2016	-	-	10,000.00	4,993.05	-	-	-	5,006.95
N.J. Office of Homeland Security & Preparedness								
SFY 2009 NJ Data Exchange Program								
2011	1,500.00	-	-	-	-	-	-	1,500.00
N.J. Department of Public Utilities								
Local Government Energy Audit Program								
2009	60,948.00	-	-	-	-	-	-	60,948.00
N.J. Transit								
Sr Citizens & Disabled Residents Transportation								
2011	53.94	-	-	-	-	-	-	53.94
2013	18,042.90	-	-	-	-	-	-	18,042.90
2014	102,898.94	-	-	-	-	-	-	102,898.94
2015	393,862.27	-	-	109,544.47	-	-	-	284,317.80
2016	-	1,033,683.00	123,983.27	420,755.09	-	-	-	736,911.18
N.J. Department of Transportation								
Subregional Transportation Planning Grant								
2013	9,983.93	-	-	-	-	-	-	9,983.93
2015	113,296.00	-	-	93,824.08	-	-	-	19,471.92
2016	-	-	113,296.00	23,482.54	-	-	-	89,813.46
Subregional Internship Program								
2008	6,300.00	-	-	-	-	-	-	6,300.00
2010	6,300.00	-	-	-	-	-	-	6,300.00
Traffic Delineators & Driver Feedback Signs-Paterson								
2007	4,621.00	-	-	-	-	-	-	4,621.00
N.J. Meadowlands Commission								
Hackensack River Restoration								
2006	80,000.00	-	-	-	-	-	-	80,000.00
North Jersey Transportation Planning Authority								
Hudson County Regional Bus Circulation Infrastructure								
2005	5,268.58	-	-	-	-	-	5,268.58	-
Bus Rapid Transit Feasibility Study								
2011	16,998.35	-	-	-	-	-	-	16,998.35
2012	8,000.00	-	-	-	-	-	-	8,000.00
U.S. Department of Commerce								
Foreign Trade Zone Study								
2005	33,769.62	-	-	-	-	-	-	33,769.62
U.S. Environmental Protection Agency								
Brownfields Assessment Pilot Grant								
2001	36,302.21	-	-	-	-	-	-	36,302.21
Brownfields Redevelopment Pilot Grant-Area Wide								
2004	21,342.22	-	-	-	-	-	-	21,342.22
Brownfields Cleanup Revolving Loan								
2001	6,491.50	-	-	-	-	-	-	6,491.50
U.S. Department of Marshall Services								
Fuel & Retrofitting of Vehicle - MOU								
2009	11,000.00	-	-	-	-	-	-	11,000.00
U.S. Department of Justice								
Edward Byrne Memorial Justice Services								
2011	95.15	-	-	-	-	-	95.15	-
2012	23,062.42	-	-	-	-	19,540.02	3,522.40	-
2013	40,012.98	-	-	59,553.00	-	(19,540.02)	-	0.00
2014	258,913.00	-	-	186,965.27	-	-	-	71,947.73
2015	244,570.00	-	-	15,926.00	-	-	-	228,644.00
2016	-	-	259,578.00	-	-	-	-	259,578.00
National Criminal History Inspection Prog								
2006	22,036.51	-	-	-	-	-	-	22,036.51
Second Chance Act Prisoner Reentry								
2014	724,321.00	-	-	724,321.00	-	-	-	-
HC Justice Assistance Grant - ARRA								
2009	1,898.20	-	-	-	-	-	-	1,898.20
Bullet Proof Vest Partnership								
2012	3,146.00	-	-	-	-	-	-	3,146.00
COPS Hiring Program								
2016	-	-	1,500,000.00	-	-	-	-	1,500,000.00

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Budget Year	Balance December 31, 2015	Anticipated in Budget		Cash Receipts	Unappropriated Reserves Budgeted	Other Activity	Cancelled	Balance December 31, 2016
	As Adopted	As Added by 40A:4-87						
U.S. Department of Health and Human Services								
HIV Emergency Relief Formula Grant								
2005	\$ 134,593.15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,593.15
2006	145,075.44	-	-	-	-	-	-	145,075.44
2009	1,603.42	-	-	-	-	-	-	1,603.42
2015	1,458,656.08	-	-	1,458,598.52	-	-	-	57.56
2016	-	2,500,759.00	636,731.00	2,011,645.98	-	-	-	1,125,844.02
HIV Emergency Relief Supplemental Grant								
2005	48,176.22	-	-	-	-	-	-	48,176.22
2006	5,668.43	-	-	-	-	-	-	5,668.43
2007	76,835.70	-	-	-	-	-	-	76,835.70
2014	4,828.04	-	-	-	-	-	4,828.04	-
2015	1,004,252.32	-	-	1,004,251.77	-	-	0.55	(0.00)
2016	-	-	1,621,717.00	168,304.50	-	-	-	1,453,412.50
Medical Transportation for Elderly & Disabled								
2007	100,000.00	-	-	-	-	-	-	100,000.00
Minority Aids Interactive Program								
2014	67.00	-	-	-	-	-	67.00	-
2015	270,969.69	-	-	270,969.20	-	-	0.49	(0.00)
2016	-	377,889.00	93,995.00	248,296.39	-	-	-	223,587.61
Homeless Prevention and Rapid Rehousing								
2009	10,237.00	-	-	-	-	-	-	10,237.00
Social Services Block Grant - Sandy Supplemental								
2013	718,078.00	-	-	181,023.00	-	-	-	537,055.00
Social Services for the Homeless								
2014	252,418.00	-	-	-	-	-	-	252,418.00
2016	-	1,887.00	-	-	-	-	-	1,887.00
U.S. Department of Emergency Management								
Hurricane Sandy Disaster NEG								
2013	19,566.00	-	-	-	-	-	-	19,566.00
Emergency Food Shelter								
2009	70,000.00	-	-	-	-	-	-	70,000.00
U.S. Department of Transportation								
Federal Highway Admin - NJDEP Recreational Trails								
2012	25,000.00	-	-	-	-	-	-	25,000.00
Unified Planning Work Program								
2014	64,000.00	-	-	59,638.18	-	-	-	4,361.82
U.S. Department of Homeland Security								
Detention Exercise Equipment								
2016	-	124,850.00	-	124,850.00	-	-	-	-
U.S. Department of Labor, Employment and Training Administration								
(LEAP) Linking to Employment Activities Pre-Release								
2016	-	-	500,000.00	-	-	-	-	500,000.00
Other								
Wastewater Management Plan								
2009	21,000.00	-	-	-	-	-	21,000.00	-
HCST Summer Youth								
2016	-	-	33,700.00	-	-	33,700.00	-	-
Medicare Improvements for Patients and Providers								
2014	476.00	-	-	-	-	-	-	476.00
Youth Incentive Program								
2016	-	-	44,551.00	44,551.00	-	-	-	-
Frequent User System Engagement (FUSE)								
2015	15,000.00	-	-	15,000.00	-	-	-	-
CWA Case Banking Equipment Grant								
2014	150,000.00	-	-	147,679.48	-	-	-	2,320.52
Post Sandy Planning Assistance Grant								
2014	180,000.00	-	-	-	-	-	-	180,000.00
2015	80,000.00	-	-	-	-	-	-	80,000.00
	<u>\$ 42,287,805.79</u>	<u>\$ 10,971,442.00</u>	<u>\$ 22,550,812.62</u>	<u>\$ 28,677,163.27</u>	<u>\$ 58,000.00</u>	<u>\$ 89,434.63</u>	<u>\$ 351,373.10</u>	<u>\$ 46,634,089.41</u>
Ref.	A	A-24	A-24	A-4	A-27		A-24	A

Reclassification of Receipts	A-27	\$ 2,713.63
Interfund: Summer Youth Donations	A-24	33,700.00
Interfund: Reclass Receipts	A-24	53,021.00
		<u>\$ 89,434.63</u>

COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
N.J. Department of Community Affairs								
Clean Communities Grant								
2016	\$	-	\$	-	21,591.43	\$	-	\$
N.J. Department of State								
NJ Council on Arts - Block Grant								
2008		360.00	-	-	-	-	-	360.00
2009		1,950.00	-	-	-	-	-	1,950.00
2011		181.25	-	-	-	-	-	181.25
2014		455.00	-	-	455.00	-	-	-
2015		25,723.25	-	-	25,427.25	4,338.00	-	4,634.00
2016		-	106,343.00	-	79,756.75	-	26,586.25	-
NJ Destination Marketing Organization								
2016		-	124,360.00	-	127,792.82	-	(3,432.82)	(0.00)
2015		864.41	-	-	-	(862.50)	-	1.91
Celebrating Art & History-Justice Brennan Court House								
2010		50.00	-	-	-	-	-	50.00
Public Archives & Records Infrastructure Support (PARIS)								
2005		20,224.68	-	-	-	-	-	20,224.68
2006		10,409.12	-	-	-	-	-	10,409.12
2007		4,352.09	-	-	-	-	-	4,352.09
2008		88,201.09	-	-	-	-	-	88,201.09
2009		45,920.25	-	-	-	-	-	45,920.25
Justice Brennan Humanities								
2015		3,775.00	-	-	3,775.00	-	-	-

COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
N.J. Department of Health and Senior Services & U.S. Department of Health and Human Services								
Area Plan Grant - Aging								
2002	\$	496,870.88	\$	-	\$	-	\$	496,870.88
2003		657,204.84		-		-		657,204.84
2004		496,645.92		-		-		496,645.92
2005		214,363.19		-		-		214,363.19
2006		857,619.57		-		-	5,975.69	857,619.57
2007		362,567.84		-		-	5,249.74	362,567.84
2008		456,316.34		-		-	188.92	456,316.34
2009		543,134.31		-		-	-	543,134.31
2010		481,314.78		-		-	3,972.90	481,314.78
2011		556,254.78		-		-	393.69	556,254.78
2012		98,645.38		-		-	155,900.38	98,645.38
2013		(20,712.57)		-		-	167,157.05	(20,712.57)
2014		(714.50)		-	8,026.25	-	109,424.52	(714.50)
2015		20,158.41		-	2,172,747.00	-	130,666.27	18,128.81
2016		-	6,264,655.00	-	4,961,651.39	-	1,228,606.84	74,396.77
Comprehensive Alcoholism & Drug Abuse								
2012		57.89		-		-	782.21	57.89
2013		1,350.23		-		-	1,041.76	1,350.23
2014		249.34		-		-	56,576.62	249.34
2015		(283.70)		-	162,038.97	-	90,488.33	2,657.80
2016		-	993,913.00	151,144.00	968,065.55	12,162.68	183,911.31	5,242.82
Tuberculosis Health Services - Federal								
2012		1,520.71		-		-		1,520.71
2015		-		-	18,272.00	-	-	-
2016		-	225,541.00	-	225,541.00	-	-	-
Tuberculosis Health Services								
2016		-	302,780.00	-	153,403.00	-	-	149,377.00
2015		141,753.00		-	141,753.00	-	-	-
Tuberculosis Health Services - Supplemental								
2016		-	35,000.00	-	35,000.00	-	-	-

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED**

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
N.J. Department of Health and Senior Services (continued)								
Homeless & Family Shelter Strategy								
2008	\$	12,112.48	\$	-	\$	-	-	\$
2011		30,951.66		-	5,788.00	(17,359.00)	604.84	12,112.48
2012		4,093.43		-	-	-	17,719.32	7,804.66
2013		8,427.52		-	-	-	8,723.55	4,093.43
2014		11,085.00		-	-	-	42,474.02	8,427.52
2015		59,062.94		-	1,286,512.37	-	-	11,085.00
2016		-	1,993,379.00	-	753,941.87	-	-	31,563.87
State Health Insurance Assistance & Program (SHIP)								
2011		23,000.00		-	-	-	-	162,686.88
2012		7,065.00		-	-	-	-	23,000.00
2015		6,618.54		-	9,918.71	-	-	7,065.00
2016		-	26,500.00	-	15,770.87	-	3,250.00	-
N.J. Department of Human Services								
Homeless & Family Shelter Strategy								
2007		74,674.14		-	-	-	-	74,674.14
2010		40,416.73		-	-	17,359.00	-	57,775.73
Homeless & Family Shelter Supplement								
*		12,145.74		-	-	-	-	12,145.74
Human Services Advisory Council								
2007		3,972.00		-	-	-	-	3,972.00
2012		564.00		-	-	-	-	564.00
2014		1,839.63		-	1,490.00	-	800.00	349.63
2015		3,477.48		-	10,406.82	-	-	0.16
2016		-	82,356.00	-	72,799.91	-	7,996.67	1,559.42
Personal Attendant Services Program								
2005		30,613.00		-	-	-	-	30,613.00

COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
N.J. Department of Human Services (continued)								
WorkFirst N.J. Program - DFD								
2008	\$	203,378.61	\$	-	\$	-	\$	203,378.61
2009		228,388.81		-		-	106.29	228,388.81
2010		85,378.02		-		-	-	85,378.02
2011		102,180.53		-		-	-	102,180.53
2012		30,208.93		-		-	26,535.19	30,208.93
2013		51,555.02		-		-	62,100.73	51,555.02
2014		(19,695.36)		-		-	185,518.78	(19,695.36)
2015		390,131.47		-	47,997.94	-	65.00	342,068.53
2016		-	476,399.00	-	27,782.75	-	-	448,616.25
Supportive Assistance to Individuals and Families								
2012		-		-	-	-	496,317.85	-
2013		-		-	-	-	161,880.70	-
2014		-		-	-	-	252,904.85	-
2015		758,155.64		-	-	-	-	758,155.64
2016		-	756,583.00	-	-	-	-	756,583.00
Sandy Homeowner and Renter Assistance Program								
2013		2,772,814.00		-	56,984.00	-	393,407.62	2,715,830.00
N.J. Department of Labor								
Welfare to Work Formula Grant								
2000		77,387.75		-	-	-	-	77,387.75
WorkFirst N.J.								
2002		80,027.73		-	-	-	-	80,027.73
2003		13,772.65		-	-	-	-	13,772.65
2004		386,234.85		-	-	-	-	386,234.85
2005		292,603.88		-	-	-	-	292,603.88
2006		1,259,087.32		-	-	-	-	1,259,087.32
2007		1,789,263.35		-	-	-	-	1,789,263.35
2008		469,280.02		-	-	-	-	469,280.02
2009		607,449.46		-	-	-	-	607,449.46

COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
N.J. Department of Labor (continued)								
WorkFirst N.J. - DOL Supplemental								
2010	\$	263,247.00	\$	-	\$	-	\$	263,247.00
2011		147,345.81		-		-		147,345.81
2016		-	68,000.00	-	13,910.74	-	8,000.00	46,089.26
WorkFirst N.J. - DOL								
2010		252,478.33		-		-		252,478.33
2011		835,515.61		-		-		835,515.61
2012		53,061.07	155,990.45	-		-	155,990.45	53,061.07
2013		3,199.64	98,846.52	-		-	98,846.52	3,199.64
2014		137,917.83	892,484.42	-	30,410.00	-	862,074.42	137,917.83
2015		2,236,684.10	2,592,714.00	-	2,295,725.26	-	430,977.79	2,102,695.05
2016		-	6,442,250.00	-	531,494.55	-	3,383,587.10	2,527,168.35
WorkFirst N.J. Program - DFD (Special Initiative)								
2006		52,915.53	2,695.90	-		-	2,695.90	52,915.53
2007		17,817.18	83.32	-		-	83.32	17,817.18
Workforce Investment Act								
2004		1,828,709.00		-		-		1,828,709.00
2006		119,772.00		-		-		119,772.00
2007		103,378.00		-		-		103,378.00
2008		94,670.00		-		-		94,670.00
2010		35,875.00		-		-		35,875.00
2011		3,885.00		-		-		3,885.00
2012		-	20,944.00	-		-	20,944.00	-
2014		-	868,548.00	-	651,864.00	(83,441.00)	133,243.00	-
2015		-	3,066,513.00	-	2,208,864.07	84,346.00	912,191.93	29,803.00
2016		-	2,941,167.00	-	413,302.00	-	2,527,865.00	-
WIA-ARRA								
2009		67,670.00		-		-		67,670.00
2011		88,304.00		-		-		88,304.00
NJ BUILD - Individual Training Account								
2011		6,500.00		-		-		6,500.00

COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015		Current Year	Local	Paid or	Receipts and	Balance: December 31, 2016	
	Reserved	Encumbered	Awards	Match	Charged	Re-Allocations	Encumbered	Reserved
N.J. Department of Labor (continued)								
Disability Program Navigator Initiative								
2009	\$ 4,268.14	\$ -	\$ -	-	\$ -	-	-	\$ 4,268.14
2011	30,758.26	-	-	-	-	-	-	30,758.26
N.J. Department of Law and Public Safety								
Body Armor Replacement Program								
2012	365.29	-	-	-	365.29	-	-	-
2013	7,692.40	(4,528.61)	-	-	7,692.40	-	(4,528.61)	-
2014	27,905.00	-	-	-	5,812.69	-	-	22,092.31
2015	57,157.50	8,077.47	-	-	8,077.47	-	-	57,157.50
2016	-	-	64,054.91	-	-	-	-	64,054.91
Community Emergency Response Team - (CERT)								
2004	6,150.00	-	-	-	-	-	-	6,150.00
Community Program - Clients of Family Court								
2000	44,758.68	-	-	-	-	-	-	44,758.68
2001	124,917.60	-	-	-	-	-	-	124,917.60
2008	115,034.22	-	-	-	-	-	-	115,034.22
2008	7,423.00	-	-	-	-	-	-	7,423.00
2002	9,653.69	-	-	-	-	-	-	9,653.69
2004	7,019.01	-	-	-	-	-	-	7,019.01
2005	8,278.95	-	-	-	-	-	-	8,278.95
2006	60,877.75	-	-	-	-	-	-	60,877.75
2009	118,111.71	861.00	-	-	-	-	861.00	118,111.71
2010	30,805.74	-	-	-	-	-	-	30,805.74
2011	67,295.26	68.63	-	-	-	-	68.63	67,295.26
2012	80,533.03	-	-	-	-	-	-	80,533.03
2013	49,668.51	19,000.04	-	-	-	-	-	68,668.55
2014	7.00	26,741.06	-	-	-	-	26,741.06	7.00
2015	26,420.11	170,179.16	-	-	151,625.75	(22,728.72)	19,843.20	2,401.60
2016	-	-	307,803.00	-	147,305.01	(61,002.68)	86,122.11	13,373.20
Comprehensive Jail Based Reentry Strategies								
2012	74,752.00	-	-	-	-	-	-	74,752.00

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED**

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
N.J. Department of Law and Public Safety (continued)								
Crime Victims Assistance Program								
2011	\$	1,961.20	\$	-	\$	-	\$	1,961.20
2015		134,606.81	-	-	134,606.81	-	-	-
2016		-	364,323.00	-	-	-	-	364,323.00
Homeland Security Grant								
2008		408.48	-	-	-	-	-	408.48
2009		81,201.80	-	-	-	-	-	81,201.80
Hudson County Safe Communities Program								
2015		-	6,930.74	-	-	-	6,930.74	-
2016		-	62,000.00	-	58,260.17	-	3,739.83	-
Hudson County SANE/SART Program								
2010		2,298.33	-	-	-	-	-	2,298.33
2015		71,699.04	-	-	67,553.92	-	-	4,145.12
JJC - State Incentive Program (SIP)								
2001		156,850.51	-	-	-	-	-	156,850.51
2003		58,270.00	-	-	-	-	-	58,270.00
2004		101,710.04	-	-	-	-	-	101,710.04
2010		63,958.86	-	-	-	-	-	63,958.86
Multi-Jurisdictional Gang, Gun & Narcotic Task Force								
2015		83,187.92	-	-	83,187.92	-	-	-
Juvenile Detention Alternatives Initiative								
2010		9,594.46	-	-	-	-	-	9,594.46
2011		11,325.17	-	-	-	-	-	11,325.17
2013		-	81,472.71	-	-	-	-	81,472.71
2015		101,776.52	-	-	47,422.83	17,206.12	3,346.00	85,987.90
2016		-	123,633.00	-	36,225.45	(18,170.88)	-	69,236.67
Juvenile Detention Alternatives Initiative - Innovation								
2012		3,074.85	-	-	-	-	35,315.26	3,074.85
Juvenile Accountability Incentive Block Grant								
2008		7,170.00	-	-	-	-	-	7,170.00

COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
N.J. Department of Law and Public Safety (continued)								
Juvenile Justice Commission Grant - Partnership								
2000	\$	144,192.07	\$	-	\$	-	\$	144,192.07
2001		8,771.77	-	-	-	-	-	8,771.77
2007		-	389.72	-	-	-	389.72	-
2008		85,429.83	-	-	-	-	-	85,429.83
2008		12,148.00	-	-	-	-	-	12,148.00
2009		110,574.10	-	-	-	-	-	110,574.10
2010		18,131.44	-	-	-	-	-	18,131.44
2011		6,746.29	-	-	-	-	-	6,746.29
2012		108,583.00	27,945.74	-	-	-	27,945.74	108,583.00
2013		-	82,431.15	-	-	-	82,431.15	-
2014		-	18,405.60	-	-	-	18,405.60	-
2015		(3,906.48)	438,147.26	-	454,346.87	23,693.48	3,587.39	0.00
2016		-	-	-	704,813.43	56,840.00	187,232.38	7,148.19
Megan's Law Grant								
2015		1,114.28	-	-	1,564.28	450.00	-	-
2016		-	18,013.00	-	15,874.25	(450.00)	-	1,688.75
State & Local All Hazards Emergency Operation Planning								
2003		16,593.25	-	-	-	-	-	16,593.25
State Homeland Security Grant								
2004		78,013.74	-	-	-	-	-	78,013.74
2005		68,335.96	-	-	-	-	-	68,335.96
2008		21,960.03	-	-	-	-	-	21,960.03
2009		2,098.96	-	-	-	-	-	2,098.96
2010		694.03	-	-	-	-	-	694.03
2012		469.29	-	-	-	-	-	469.29
2013		16.00	-	-	-	-	-	16.00
2014		327,195.81	280,257.36	-	607,430.22	-	-	22.95
2015		635,653.90	-	-	50,120.15	-	109,757.85	475,775.90
2016		-	-	-	-	-	-	615,239.01

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
N.J. Department of Law and Public Safety (continued)								
Pedestrian Safety Grant								
2015	\$	15,430.00	\$	570.00	\$	-	\$	10,107.64
2016	-	-	16,000.00	-	5,892.36	-	-	10,002.11
Pre-Disaster Mitigation Planning Grant								
2005		336,314.64	-	-	-	-	-	336,314.64
Urban Areas Security Initiative								
2005		7,444.64	-	-	-	-	-	7,444.64
2007		2,999.86	-	-	-	-	-	2,999.86
2009		462,595.70	-	-	-	-	-	462,595.70
2011		11,761.03	-	-	-	-	18,880.41	11,761.03
2013		1,095.21	-	-	-	-	-	1,095.21
2015		526,532.00	-	-	279,534.41	-	765.52	246,232.07
2016		-	357,500.00	-	-	-	-	357,500.00
2013		706.12	-	-	-	-	-	706.12
2014		89,024.55	-	-	72,180.47	-	-	26,129.66
Prosecutor Insurance Fraud Reimbursement Program								
2016		-	250,000.00	-	250,000.00	-	-	-
Logistics & Commodities Distribution Plan								
2009		33,685.00	-	-	-	-	-	33,685.00
Driver Sober or Get Pulled Over								
2015		10,000.00	-	-	5,885.83	-	-	4,114.17
2016		-	10,000.00	-	9,993.05	-	-	6.95
N.J. Department of Public Utilities								
Local Government Energy Audit Program								
2009		81,264.00	-	-	-	-	-	81,264.00
N.J. Office of Attorney General								
Mug Photo Project								
2009		22,036.51	-	-	-	-	-	22,036.51

COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015	Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016
	Reserved	Encumbered				Encumbered Reserved
N.J. Office of Justice						
Bullet Proof Vests						
2013	\$ -	\$ 4,528.61	\$ -	-	-	\$ 4,528.61 -
N.J. Office of Homeland Security & Preparedness						
Emergency Operations Center Grant						
2011	7,527.35	-	-	-	-	7,527.35
NJ Data Exchange Program						
2011	1,500.00	-	-	-	-	1,500.00
N.J. Department of Transportation						
Subregional Transportation Planning Grant						
2013	9,983.92	-	-	-	-	9,983.92
2015	113,296.00	-	-	66,780.17	-	46,515.83
2016	-	113,296.00	-	-	-	113,296.00
Unified Planning Work Program						
2014	-	64,000.00	-	59,638.18	-	4,361.82 -
Subregional Internship Program						
2008	6,300.00	-	-	-	-	6,300.00
2010	6,300.00	-	-	-	-	6,300.00
2011	8,300.00	-	-	-	-	8,300.00
Traffic Delineators/Driver Feedback Signs-Paterson Ave						
2007	4,621.00	-	-	-	-	4,621.00
N.J. Department of Treasury						
Alliance to Prevent Alcohol & Drug Abuse						
2011	42,193.70	-	-	-	-	42,193.70
2014	-	2.85	-	-	-	- 2.85
2015	33,579.40	457,778.32	-	483,284.90	(8,000.00)	72.74 0.08
2016	-	-	-	92,058.78	-	490,234.82 26,604.40
County 911 Coordinator						
2007	7,689.75	-	-	-	-	7,689.75

N.J. Transit

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED**

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
Senior Citizen & Disabled Resident Transportation Grant								
2006	\$	\$	-	-	\$	-	\$	\$
2009		209,606.82	-	-	-	-	209,606.82	405,04
2010		405.04	-	-	-	-	26.00	1,391.13
2011		1,391.13	-	-	-	-	1,087.95	12,803.68
2013		12,803.68	-	-	-	-	259.71	9,390.52
2014		9,390.52	-	-	-	-	-	123,983.27
2015		54,120.83	-	-	(69,914.88)	(52.44)	-	53,714.60
2016		595.49	-	-	25,121.07	68,262.94	-	80,659.82
		9,977.24	1,157,666.27	-	1,011,317.03	287,899.00	353,588.42	
N.J. Meadowlands Commission								
Hackensack River Tidal Wetland Restoration Project								
2006		80,000.00	-	-	-	-	-	80,000.00
U.S. Department of Commerce								
Foreign Trade Zone Study								
2005		49,174.84	-	-	-	-	-	49,174.84
North Jersey Transportation Planning Authority								
HC Regional Bus Circulation and Infrastructure Study								
2005		2,458.60	-	-	-	-	-	2,458.60
Bus Rapid Transit Feasibility Study								
2011		10.96	-	-	-	-	16,987.39	10.96
2012		5,667.40	-	-	-	-	-	5,667.40
U.S. Department of Emergency Management								
Emergency Food Shelter Program								
2009		70,000.00	-	-	-	-	-	70,000.00
Hurricane Sandy Disaster NEG								
2013		6,348.90	-	-	-	-	75,643.17	6,348.90
U.S. Department of Energy								
Solar Panels on County Facilities								
2010		500,000.00	-	-	-	-	-	500,000.00

COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
U.S. Department of Justice								
Edward Byrne Memorial Justice Services Grant								
2011	\$	\$ 95.15	-	\$	-	\$	-	\$ 95.15
2012	-	3,522.40	-	-	-	-	-	3,522.40
2013	-	217,017.03	-	-	217,017.03	-	-	-
2014	-	258,913.00	-	-	186,965.27	-	71,947.73	-
2015	-	244,570.00	-	-	15,926.00	-	228,644.00	-
2016	-	-	259,578.00	-	-	-	-	259,578.00
National Criminal History Inspection Program								
2006	22,036.51	-	-	-	-	-	-	22,036.51
Second Chance Act Prisoner Reentry								
2010	100,673.76	-	-	-	-	-	-	100,673.76
2011	(4,394.58)	17,880.50	-	-	-	-	17,880.50	(4,394.58)
2013	17,637.85	9,367.16	-	-	-	-	9,367.16	17,637.85
2014	39,908.71	413,192.22	-	-	579,884.83	287,230.13	139,998.82	20,447.41
Hudson County Justice Assistance - ARRA								
2009	98.20	-	-	-	-	-	-	98.20
Detention Exercise Equipment								
2016	-	-	124,850.00	-	124,850.00	-	-	-
COPS Grant								
2016	-	-	1,500,000.00	-	-	-	-	1,500,000.00
U.S. Department of Homeland Security								
Safer Communities Initiative Grant								
2008	100,000.00	-	-	-	-	-	-	100,000.00
Emergency Management Assistant Funding								
2015	50,000.00	-	-	-	50,000.00	-	-	-
2016	-	-	55,000.00	-	-	-	-	55,000.00
Hazard Mitigation Grant Program								
2013	4,500.00	-	-	-	-	-	-	4,500.00
Access and Functional Needs Program								
2013	8.64	-	-	-	-	-	-	8.64

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
U.S. Department of Transportation								
Supplemental Subregional Staff Support								
2009	\$ 63,069.90	\$ -	\$ -	-	\$ -	\$ -	-	\$ 63,069.90
U.S. Department of Labor								
(LEAP) Linking to Employment Activities Pre-Release Specialized American Job Centers (AJCS)								
2016	-	-	500,000.00	-	-	-	-	500,000.00
U.S. Environmental Protection Agency								
Brownfields Redevelopment Project								
2001	49,219.91	-	-	-	-	-	-	49,219.91
2004	21,342.22	-	-	-	-	-	-	21,342.22
U.S. Department of Health and Human Services								
Minority Aids Interactive Program								
2014	-	67.00	-	-	-	-	67.00	-
2015	-	179,645.14	-	-	179,644.65	-	0.49	0.00
2016	-	-	471,884.00	-	295,358.52	-	176,525.48	-
Social Services for the Homeless								
2014	12,462.23	264,694.41	-	-	1,319.06	-	-	275,837.58
2015	1,979.45	-	-	-	1,905.48	-	-	73.97
2016	-	-	1,887.00	-	-	-	-	1,887.00
Social Services Block Grant - Sandy Supplemental								
2013	31,340.00	521,835.51	-	-	287,221.04	-	234,614.47	31,340.00
HIV/ Emergency Relief Formula Grant								
2005	134,593.15	1,198.24	-	-	-	-	1,198.24	134,593.15
2009	1,601.80	79.00	-	-	-	-	79.00	1,601.80
2011	-	58.66	-	-	-	-	58.66	-
2015	633.20	966,743.30	-	-	967,318.30	-	0.09	58.11
2016	-	-	3,137,490.00	-	2,382,041.14	-	753,104.58	2,344.28

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
U.S. Department of Health and Human Services (continued)								
HIV/ Emergency Relief Supplemental Grant								
2002	\$	45,000.00	\$	-	-	\$	-	\$ 45,000.00
2003		42,324.05		-	-		-	42,324.05
2005		48,176.22		-	-		-	48,176.22
2006		144,993.03		-	-		-	144,993.03
2006		5,668.43		-	-		-	5,668.43
2007		72,848.74		-	-		2,674.00	72,848.74
2008		600,364.97		-	-		-	600,364.97
2014		113.69		-	-		4,714.35	113.69
2015		1,000.00		-	641,345.49		0.55	0.00
2016		-		-	607,217.49		1,013,404.41	1,095.10
U.S. Department of Marshall Services								
Fuel & Retrofitting of Vehicle - MOU								
2009		11,000.00		-	-		-	11,000.00
Provident Bank								
Coffee House Cultural Series								
2009		12,000.00		-	-		-	12,000.00
2010		4,400.00		-	-		-	4,400.00
Cultural & Heritage Affairs - Coffee House								
2005		5,036.00		-	-		-	5,036.00
Cultural & Heritage Program								
2006		402.11		-	-		-	402.11
U.S. Department of Transportation								
Federal Highway Admin - NJDEP Recreational Trails								
2012		12,268.20		-	-		2,189.50	12,268.20
U.S. Department of Agriculture								
Green Communities Grant								
2014		3,000.00		-	-		-	3,000.00

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED**

Budget Year	Balance: December 31, 2015		Current Year Awards	Local Match	Paid or Charged	Receipts and Re-Allocations	Balance: December 31, 2016	
	Reserved	Encumbered					Encumbered	Reserved
Other								
Hazardous Materials Emergency Preparedness Grant								
2008	3,118.00	-	-	-	-	-	-	3,118.00
Open Space Plan Grant								
2012	25,978.76	-	-	-	908.55	-	-	25,070.21
Frequent User System Engagement (FUSE)								
2015	15,000.00	-	-	-	15,000.00	-	-	-
HCST Summer Youth Program								
2015	18,625.48	-	-	-	52,325.48	33,700.00	-	-
2016	-	-	33,700.00	-	-	(33,700.00)	-	-
Medicare Improvements for Patients and Providers								
2014	475.06	-	-	-	-	-	-	475.06
Youth Incentive Program								
2016	-	-	44,551.00	-	44,551.00	-	-	-
Youth Incentive Program - Superstorm Sandy								
2014	-	-	-	-	-	450.00	-	450.00
CWA Case Banking Equipment Grant								
2014	2,320.52	-	-	-	-	-	-	2,320.52
Post Sandy Planning Assistance Grant								
2014	3,259.44	176,400.00	-	-	152,836.11	-	23,223.33	3,600.00
2015	80,000.00	-	-	-	-	-	-	80,000.00
Ref.	\$ 29,963,450.20	\$ 19,500,668.74	\$ 33,522,254.62	\$ 151,144.00	\$ 29,223,949.88	\$ 648,170.13	\$ 17,691,465.57	\$ 36,870,272.24
	A	A	A-24	A-24	A-4	A-4	A	A

**COUNTY OF HUDSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance, December 31, 2015	Cash Receipts	Current Year Budget	Adjust and Apply to Prior Year Grant Award	Balance, December 31, 2016
<u>State Grants</u>					
Community Provider Adjustment Contract	\$ 650.41	\$ -	\$ -	\$ -	\$ 650.41
Travel and Tourism Advertising and Promotion Grant	58,000.00	62,180.00	58,000.00	-	62,180.00
Impaired Driving Counter Measure / Driver Sober or Get Pulled Over	2,713.63	-	-	2,713.63	-
NJ Historical Commission Grant	-	28,500.00	-	-	28,500.00
	<u>\$ 61,364.04</u>	<u>\$ 90,680.00</u>	<u>\$ 58,000.00</u>	<u>\$ 2,713.63</u>	<u>\$ 91,330.41</u>
<u>Ref.</u>	A	A-4	A-25	A-25	A

**COUNTY OF HUDSON
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF CASH AND CASH EQUIVALENTS

Balance: December 31, 2015	<u>Ref.</u> B		\$ 45,943,575.73
Increased by Cash Receipts:			
Due from Current Fund	B-3	\$ 59,798.68	
Reserve for Dedicated Revenues	B-4	6,592,726.90	
Reserve for Motor Vehicle Fines	B-5	3,936,323.97	
Reserve for Self Insurance Fund	B-6	11,048,649.92	
Reserve for State Unemployment Insurance Fund	B-7	1,123,703.90	
Reserve for Cash Seized on Arrest	B-8	3,214.95	
Other Cash Reserves	B-9		
Reserve for County Open Space	B-10	6,574,846.94	
Community Development Programs Receivable	B-12	2,873,796.03	
CDBG Loan Program	B-13	<u>1,662.18</u>	
			<u>32,214,723.47</u>
			78,158,299.20
Decreased By Cash Disbursements:			
Due from Current Fund	B-3	4,572,038.77	
Reserve for Dedicated Revenues	B-4	4,752,028.58	
Reserve for Motor Vehicle Fines	B-5	49,828.44	
Reserve for Self Insurance Fund	B-6	11,152,475.31	
Reserve for State Unemployment Insurance Fund	B-7	2,765,263.38	
Reserve for County Open Space	B-10	4,807,774.63	
Reserve for Community Development Programs	B-11	2,842,184.40	
Reserve for CDBG Program Income and Other Adjustments	B-13	<u>204.48</u>	
			<u>30,941,797.99</u>
Balance: December 31, 2016	B		<u><u>\$ 47,216,501.21</u></u>

**COUNTY OF HUDSON
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>		
Balance: December 31, 2015	B		\$ 8,528,298.71
Increased:			
Dedicated Revenues	B-4	\$ 768,706.66	
Motor Vehicle Fines	B-5	694,957.15	
Open Space Trust Fund	B-10	<u>3,351,680.47</u>	
			<u>4,815,344.28</u>
			13,343,642.99
Decreased by:			
Dedicated Revenues	B-4	\$ 809,754.87	
Open Space Trust Fund	B-10	<u>7,718,543.84</u>	
			<u>8,528,298.71</u>
Balance: December 31, 2016	B		<u><u>\$ 4,815,344.28</u></u>

EXHIBIT B-3

SCHEDULE OF DUE TO CURRENT FUND

	<u>Ref.</u>		
Balance: December 31, 2015			\$ -
Increased by:			
Cash Receipts	B-1	\$ 59,798.68	
Motion Picture Shoot Revenues	B-4	72,038.77	
Anticipated by Current Fund	B-5	<u>4,500,000.00</u>	
			<u>4,631,837.45</u>
			4,631,837.45
Decreased by:			
Cash Disbursements	B-1		<u>4,572,038.77</u>
Balance: December 31, 2016			<u><u>\$ 59,798.68</u></u>

**COUNTY OF HUDSON
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR DEDICATED REVENUES

	Balance: Dec. 31, 2015	Prior Year Encumbrances	Cash Receipts	Cash Disbursed	Transfer to Current Fund	Encumbered	Balance: Dec. 31, 2016
Reserve for:	\$	\$	\$	\$	\$	\$	\$
Child Study Program	3,000.00	-	-	-	-	-	3,000.00
County Clerk (Ch. 422, P.L. 1985)	1,001,009.61	-	17,625.26	56,284.30	-	23,433.61	938,916.96
County Tax Board Fees (Ch. 499, P.L. 1979)	3,325,436.28	26,320.00	69,908.00	159,034.90	-	15,600.00	3,247,029.38
Cultural & Heritage Affairs - Coffee House Series	17,104.43	-	-	-	-	-	17,104.43
Federal Equity Sharing Program	715,675.29	48,131.90	160,832.41	68,904.96	-	23,507.61	832,227.03
Forensic Laboratory Trust Fund	25,007.19	21,877.22	37,315.24	29,008.57	-	21,647.45	33,543.63
Juror's Fees / Conditional Discharges	39,918.90	-	92.00	-	-	-	40,010.90
Parking Offenses Adjudication Act	67,092.05	-	-	-	-	-	67,092.05
Prosecutor's Escrow Account No. 1	917,162.61	4,000.00	1,156,073.00	842,088.82	-	4,000.00	1,231,146.79
Prosecutor's Escrow Account No. 2	927,790.62	1,250.00	383,627.63	447,729.69	-	1,250.00	863,688.56
Prosecutor's Escrow Account No. 3	335,449.90	3,786.82	65.19	98,821.68	-	1,512.49	238,967.74
Prosecutor's Law Enforcement Trust:							
Special Trust Account No. 1	490,026.96	-	2,885.07	10.00	-	-	492,902.03
Special Trust Account No. 2	603,013.61	303,411.03	2,482,367.11	682,389.55	-	202,334.97	2,504,067.23
Asset Management Account	638,263.73	-	1,747.30	132.02	-	-	639,879.01
Register of Deeds & Mortgages (Ch. 422, P.L. 1985)	2,646,297.80	7,170.86	127,491.26	118,949.82	-	200,677.29	2,461,332.81
Surrogate's Special Trust	74,299.56	47,729.27	22,250.00	47,729.27	-	-	96,549.56
Inmate Trust Fund	126,159.46	-	-	4,900.00	-	-	121,259.46
Inmate Welfare Fund - Commissary Profit	3,840,566.72	260,964.98	891,328.46	1,133,551.12	-	124,092.15	3,735,216.89
County Sheriff's Special Trust Fund	71,355.34	-	48,621.18	97,190.58	-	-	22,785.94
Sheriff's Officers Outside Employment	-	-	459,715.50	459,715.50	-	-	-
Fees for Motion Picture Shoots	55,716.84	-	16,321.93	-	72,038.77	-	-
Developer Contribution - Penhorn Creek Pump	302,137.92	-	77,000.00	-	-	-	379,137.92
Register's Homeless Trust Fund	508,012.75	-	160,367.19	240,746.03	-	109,253.97	318,379.94
County Sheriff's Weight and Measures -							
Special Trust Fund	597,791.97	28,419.79	159,063.00	37,828.54	-	2,263.39	745,182.83
County Sheriff's Federal Equitable Sharing Program	334,893.35	47,448.00	169,194.68	108,089.56	-	14,904.00	428,542.47
Held in Escrow:							
Major Subdivision Review Fees	756,907.65	9,245.00	148,625.94	118,923.67	-	24,229.73	771,625.19
Hartz Mountain	41,745.94	-	209.55	-	-	-	41,955.49
B	\$ 18,461,836.48	\$ 809,754.87	\$ 6,592,726.90	\$ 4,752,028.58	\$ 72,038.77	\$ 768,706.66	\$ 20,271,544.24
		B-2	B-1	B-1	B-3	B-2	B

**COUNTY OF HUDSON
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR MOTOR VEHICLE FINES

Balance: December 31, 2015	<u>Ref.</u> B		\$ 8,849,618.95
Increased by Receipts:			
Cash Receipts	B-1		<u>3,936,323.97</u>
			12,785,942.92
Decreased by Disbursements:			
Motor Vehicle Fines - Current Fund			
Anticipated Revenue	B-3	\$ 4,500,000.00	
Encumbrances	B-2	694,957.15	
Collection Fees and Other Road			
Repairs and Improvements	B-1	<u>49,828.44</u>	
			<u>5,244,785.59</u>
Balance: December 31, 2016	B		<u><u>\$ 7,541,157.33</u></u>

**COUNTY OF HUDSON
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR SELF INSURANCE FUND

Balance: December 31, 2015	<u>Ref.</u> B		\$ 450,015.83
Increased by:			
Budget Appropriations		\$ 8,752,115.50	
Workers' Compensation Refund		<u>2,296,534.42</u>	
	B-1		<u>11,048,649.92</u>
			11,498,665.75
Decreased by:			
Workers' Compensation Claims		4,755,048.70	
Auto and General Liability Claims		92,142.07	
Claims Administration Fees		149,489.20	
Medical Services		11,575.00	
Premiums on Bonds and Insurance		1,957,158.41	
Professional Services		74,090.59	
Administrative Expenses		1,114.06	
Legal Services		4,111,607.28	
Other Refunds/Credits		<u>250.00</u>	
	B-1		<u>11,152,475.31</u>
Balance: December 31, 2016	B		<u><u>\$ 346,190.44</u></u>

**COUNTY OF HUDSON
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT INSURANCE FUND

	<u>Ref.</u>	
Balance: December 31, 2015	B	\$ 2,700,126.28
Increased by:		
Payroll Deductions and Interest	B-1	1,123,703.90
		<u>3,823,830.18</u>
Decreased by Disbursements for:		
Hudson County Salary Account		\$ 2,522,340.71
State Unemployment Compensation Fund		<u>242,922.67</u>
	B-1	<u>2,765,263.38</u>
Balance: December 31, 2016	B	<u><u>\$ 1,058,566.80</u></u>

EXHIBIT B-8

SCHEDULE OF RESERVE FOR CONFISCATED CASH SEIZED ON ARREST

	<u>Ref.</u>	
Balance: December 31, 2015	B	\$ 797,311.61
Increased by Receipts:		
Cash Receipts - Interest	B-1	3,214.95
		<u>3,214.95</u>
Balance: December 31, 2016	B	<u><u>\$ 800,526.56</u></u>

**COUNTY OF HUDSON
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF OTHER CASH RESERVES

	Balance December 31, 2015	Balance December 31, 2016
Reserve for:		
Burial Funds	\$ 8,315.10	\$ 8,315.10
Parks Rental Security	60,488.07	60,488.07
Personal Attendant Services Program	46,470.99	46,470.99
Hudson County American Heritage Festival	715.00	715.00
Estate of Lebanec / Pollak Hospital	134,704.98	134,704.98
Hudson County Alliance for Teen Artists	1,000.00	1,000.00
	<u>\$ 251,694.14</u>	<u>\$ 251,694.14</u>
<u>Ref.</u>	B	B

EXHIBIT B-10

SCHEDULE OF RESERVE FOR COUNTY OPEN SPACE

Balance: December 31, 2015	<u>Ref.</u> B	\$ 5,776,835.81
Increased by Cash Receipts:		
Open Space Levy		\$ 6,539,230.16
Interest and Other		35,616.78
	B-1	6,574,846.94
Prior Year Encumbrances	B-10	7,718,543.84
		<u>14,293,390.78</u>
		20,070,226.59
Decreased by:		
Improvements	B-1	4,807,774.63
Encumbered at Year End	B-2	4,101,680.47
		<u>8,909,455.10</u>
Balance: December 31, 2016	B	<u>\$ 11,160,771.49</u>

**COUNTY OF HUDSON
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT PROGRAMS

<u>Grant Year</u>	<u>Balance: Dec. 31, 2015</u>	<u>Grant Award</u>	<u>Adjustments / Cancellations</u>	<u>Cash Disbursements</u>	<u>Balance: Dec. 31, 2016</u>
Community Development Block Grant					
2011	\$ 5,416.80	\$ -	\$ -	\$ 5,416.80	\$ -
2012	135,812.08	-	-	51,500.00	84,312.08
2013	688,230.32	-	-	320,435.28	367,795.04
2014	1,066,031.67	-	-	222,522.20	843,509.47
2015	1,793,131.64	-	-	864,414.69	928,716.95
2016	-	1,940,050.00	-	204,133.07	1,735,916.93
Continuum of Care Planning Grant					
2014	-	85,921.00	-	27,160.79	58,760.21
2016	-	205,975.00	-	49,568.88	156,406.12
Home Investment Partnership Program					
2007	-	-	15,241.25	15,241.25	-
2008	-	-	151,035.91	151,035.91	-
2012	-	-	445,143.95	445,143.95	-
2013	-	-	83,370.39	83,370.39	-
2014	1,459,101.75	-	(694,791.50)	175,898.00	588,412.25
2015	1,319,235.00	-	-	39,052.58	1,280,182.42
2016	-	1,902,267.00	-	-	1,902,267.00
Emergency Shelter Grant					
2015	166,356.23	-	-	166,356.23	-
2016	-	166,164.00	-	20,934.38	145,229.62
	<u>\$ 6,633,315.49</u>	<u>\$ 4,300,377.00</u>	<u>\$ -</u>	<u>\$ 2,842,184.40</u>	<u>\$ 8,091,508.09</u>
<u>Ref.</u>	<u>B</u>	<u>B-12</u>		<u>B-1</u>	<u>B</u>

**COUNTY OF HUDSON
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF COMMUNITY DEVELOPMENT PROGRAMS ACCOUNTS RECEIVABLE

<u>Grant Year</u>	<u>Balance: Dec. 31, 2015</u>	<u>Grant Award</u>	<u>Adjustments / Cancellations</u>	<u>Cash Receipts</u>	<u>Balance: Dec. 31, 2016</u>
Community Development Block Grant					
2011	-	-	-	-	-
2012	133,065.14	-	-	51,500.00	81,565.14
2013	688,230.32	-	-	320,435.28	367,795.04
2014	1,066,031.67	-	-	222,522.20	843,509.47
2015	1,793,131.64	-	-	864,414.69	928,716.95
2016	-	1,940,050.00	-	204,133.07	1,735,916.93
Continuum of Care Planning Grant					
2014	-	85,921.00	-	27,161.79	58,759.21
2016	-	205,975.00	-	81,179.51	124,795.49
Home Investment Partnership Program					
2007	-	-	15,241.25	15,241.25	-
2008	-	-	151,035.91	151,035.91	-
2012	-	-	445,143.95	445,143.95	-
2013	-	-	83,370.39	83,370.39	-
2014	1,459,101.75	-	(694,791.50)	175,898.00	588,412.25
2015	1,319,235.00	-	-	39,052.58	1,280,182.42
2016	-	1,902,267.00	-	-	1,902,267.00
Emergency Shelter Grant					
2015	166,356.23	-	-	166,356.23	-
2016	-	166,164.00	-	20,934.38	145,229.62
	<u>\$ 6,625,151.75</u>	<u>\$ 4,300,377.00</u>	<u>\$ -</u>	<u>\$ 2,868,379.23</u>	<u>\$ 8,057,149.52</u>
<u>Ref.</u>	B	B-11		B-1	B

**COUNTY OF HUDSON
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR CDBG LOAN GUARANTEE

Balance: December 31, 2016	<u>Ref.</u> B	\$ 119,674.18
Increased by Receipts:		
Cash Receipts	B-1	1,662.18
		<hr/> 121,336.36
Decreased by Receipts:		
Prior Year Bank Service Fees	B-1	204.48
		<hr/> 204.48
Balance: December 31 2016 and 2015	B	<u><u>\$ 121,131.88</u></u>

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF CASH AND CASH EQUIVALENTS

Balance: December 31, 2015	<u>Ref.</u> C		\$ 78,235,598.94
Increased by Cash Received:			
Deferred Charges to Future Taxation - Unfunded	C-7	191,308.29	
Due from Current Fund	C-11	<u>1,907,798.00</u>	
	C-3	2,099,106.29	
Reserve for Payment of Bonds	C-3, C-16	937,769.70	
General Serial Bonds Payable	C-3, C-18	<u>13,100,000.00</u>	
			<u>16,136,875.99</u>
			94,372,474.93
Decreased by Cash Disbursed:			
Encumbrances	C-13	3,994,857.72	
Retained Percentages Due Contractor	C-9	<u>219,419.01</u>	
	C-3	4,214,276.73	
Improvement Authorizations	C-3, C-12	<u>51,277,808.61</u>	
			<u>55,492,085.34</u>
Balance: December 31, 2016	C		<u><u>\$ 38,880,389.59</u></u>

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**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
ANALYSIS OF CASH AND CASH EQUIVALENTS**

Date of Ordinance	Description	Balance December 31, 2015		Cash Receipts		Cash Disbursements		Transfers		Balance December 31, 2016	
		\$	700,000.00	Miscellaneous		Improvement		Miscellaneous			
02/27/2003	Improvements to Various Parks/Recreation	\$	700,000.00	\$	-	\$	-	\$	-	\$	700,000.00
02/27/2003	Various Equipment		69.83		-		-		-		69.83
09/11/2003	Acquisition and Installation of Equipment		63,482.10		-		-		-		63,482.10
04/07/2004	Acquisition and Installation of Equipment		5,340.58		-		-		-		5,340.58
04/07/2004	Various Capital Improvements		1,239,984.87		-		27,532.50		5,448.92		1,208,222.87
07/08/2004	HC Schools of Technology		74,536.40		-		213,941.45		36,662.04		74,536.40
04/14/2005	Various Capital Improvements		276,885.12		-		144,744.75		328,327.35		463,166.09
04/14/2005	Equipment, Furnishings and Vehicles		1,095.92		-		-		1,095.92		1,095.92
07/14/2005	HC Schools of Technology		60,156.10		-		4,810.64		-		55,345.46
10/27/2005	Open Space, Recreation and Historic Pres.		1,001,267.69		-		-		-		1,001,267.69
06/22/2006	Various Capital Improvements		1,937,132.17		-		570,787.42		233,931.81		1,707,833.02
06/22/2006	Green Acres Park Improvements		(1,000,500.00)		-		-		-		(1,000,500.00)
06/22/2006	HC Schools of Technology		135,810.82		-		6,858.19		-		128,952.63
05/16/2007	Various Capital Improvements		3,086,447.11		-		4,569,334.33		692,803.66		1,668,632.68
11/20/2007	Open Space, Recreation and Historic Pres.		2,345,515.28		-		-		-		2,345,515.28
03/13/2008	County Plaza Building Project		482,855.21		-		-		13,555.09		469,300.12
03/27/2008	Career Development Center Project		1,760,733.23		-		-		-		1,760,733.23
09/10/2008	Various 2008 Capital Improvements		2,703,727.60		-		500.00		31,221.27		2,728,608.30
11/25/2008	Various Equipment, Furnishings, & Vehicles		1,474,089.62		-		495,864.20		2,044,557.07		965,736.18
7/9/2009	Various Capital Improvements		3,728,266.44		-		1,000.00		330,059.58		3,868,981.62
8/25/2009	Acquisition of 567 Pavonia Ave		377,401.44		-		168,506.15		9,528.03		206,245.94
2/11/2010	Various Capital Improvements		5,707,597.90		-		1,378,902.50		1,272,220.39		5,131,277.91
7/8/2010	14th Street Viaduct replacement		(13,179,096.93)		-	34,635.56	3,443.37		931,292.60		(13,144,461.37)
10/14/2010	Various Capital Improvements/Acquisitions		3,697,922.85		-		232,116.14		318,144.78		3,478,527.11
10/28/2010	Acquisition of Property for Expansion		28,614.00		-		-		-		28,614.00
4/28/2011	Various Capital Improvements		683,146.59		-		96,772.32		-		586,374.27
9/22/2011	Acquisition of 830 Bergen Avenue		(396,763.00)		-		-		297,879.45		(396,763.00)
4/26/2012	Various 2012 Capital Improvements		296,986.61		-		54,434.77		19,573.26		296,986.61
5/10/2012	Various 2012 Capital Improvements		13,132,652.92		-	44,949.48	5,043,344.71		3,019,587.23		10,746,523.82
7/12/2012	Hudson County Schools of Technology		228,166.64		-		115,736.11		-		112,430.53
7/12/2012	HC Community College - Various Imp.		82,458.32		-		82,447.88		-		10.44
12/6/2012	Hurricane Sandy Various Improvements		366,888.56		-		35,095.95		9,781.32		450,548.81
4/25/2013	Various Road and Bridge Improvements		1,387,942.08		-		693,527.46		2,471,175.00		(234,965.93)
5/7/2013	HC Schools of Tech. - Improvements		7,422,748.74		-		6,539,842.24		-		882,906.50
6/27/2013	Hudson County Community College		3,073,864.67		-		889,835.70		-		2,184,028.97
12/12/2013	Various 2013 Capital Improvements		11,075,486.37		-		9,779,297.72		4,754,094.41		8,496,926.78
05/22/2014	HC Schools of Technology 2014-2015 Imp.		(10,000,000.00)		-		21,695.71		-		78,304.29
	Improvement Authorizations (continued)				-						

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF CASH AND CASH EQUIVALENTS

Date of Ordinance	Description	Balance December 31, 2015		Cash Receipts		Cash Disbursements		Transfers		Balance December 31, 2016
				Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
06/26/2014	2014 Various Road & Bridge Improvements	\$ 893,951.24	\$ -	\$ -	-	\$ 4,128,578.64	\$ -	\$ 672,347.84	\$ 5,511,499.13	\$ 1,604,523.89
09/11/2014	Chapter 12 Community College	76,225.32	-	-	-	50,339.40	-	20.96	-	25,864.96
09/11/2014	Science Building - Community College	4,963,355.52	-	-	-	2,279,362.96	-	-	-	2,683,992.56
12/11/2014	Property Acquisition	(9,175,361.96)	-	-	-	1,679,390.98	-	1,793,782.10	471,690.63	(12,176,844.41)
05/14/2015	Schools of Technology Improvements	(4,642,997.02)	-	-	-	5,267,002.98	-	-	-	(9,910,000.00)
05/14/2015	2015 Road and Bridge Improvements	6,192,837.65	-	-	-	1,193,920.70	-	6,516,537.11	843,156.35	(674,463.81)
11/24/2015	Chapter 12 Community College	-	-	-	3,000,000.00	26,835.85	-	-	-	2,973,164.15
12/23/2015	Various Improvements and Acquisitions	2,137,342.00	-	-	-	8,009,896.10	-	18,086,169.64	-	(23,958,723.74)
12/23/2015	Various Improvements and Acquisitions	245,000.00	-	-	-	35,131.22	-	-	-	209,868.78
03/28/2016	2016 Road & Bridge Improvements	-	-	-	-	-	-	1,963,467.95	10,201,968.00	8,238,500.05
08/05/2016	Schools of Technology Equipment & Projects	-	-	-	-	519,165.05	-	-	-	(519,165.05)
		<u>\$ 78,235,598.94</u>	<u>\$ 2,099,106.29</u>	<u>\$ 14,037,769.70</u>	<u>\$ 59,033,308.35</u>	<u>\$ 97,269,856.87</u>	<u>\$ 100,811,079.88</u>	<u>Contra</u>	<u>Contra</u>	<u>\$ 38,880,389.59</u>
	<u>Ref.</u>	C, C-2	C-2	C-18	C-2, C-12	C-2	C-2			C, C-2
			C-16	\$ 937,769.70						38,880,389.59
			C-19	13,100,000.00					3,541,223.01	-
				<u>\$ 14,037,769.70</u>						(1,000,000.00)

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

**ANALYSIS OF CASH AND CASH EQUIVALENTS
ANALYSIS OF ENDING BALANCE**

	Balance December 31, 2016	Improvement Authorizations		Deferred Charges to Future Taxation	Notes Issued
		Funded	Unfunded	Unfunded	
Cash Reserves:					
Capital Improvement Fund	\$ 2,023,129.17	\$ -	\$ -	\$ -	\$ -
Retained Percentages Due Contractors	1,727,585.57	-	-	-	-
Reserve For Payment of Debt	11,323,596.41	-	-	-	-
Fund Balance	751,973.38	-	-	-	-
Reserve for Youth Consultation Services	130,934.65	-	-	-	-
Reserve for State Aid Allotments Receivable	2,142,499.87	-	-	-	-
Reserve for Public Buildings, Grounds and Parks Arts Inclusion	1,272,666.88	-	-	-	-
Contracts Payable	42,698,574.50	-	-	-	-
Receivables:					
Due From State - Green Acres Program II	(966,440.50)	-	-	-	-
State Road Aid Allotments Receivable	(33,879,318.31)	-	-	-	-
Due from US Government Earmark	(750,000.00)	-	-	-	-
Due from Port Authority of New York & New Jersey	(237,038.00)	-	-	-	-
Improvement Authorizations					
Date of Ordinance	Description				
11/23/1993	Various Improvements	175,228.63	175,228.63	-	-
12/08/1994	Various Improvements	619,867.62	619,867.62	-	-
12/28/1995	Equipment and Furnishings	36,522.96	36,522.96	-	-
12/28/1995	Buildings, Roads, Intersections and Bridges	167,984.78	167,984.78	-	-
03/27/1997	Various Capital Improvements	24,400.53	24,400.53	-	-
07/10/1997	Schools of Technology Improvements	26,860.00	26,860.00	50,000.00	(50,000.00)
10/09/1997	Green Acres-W. Hudson Park/Lincoln Parks	(83,765.58)	-	73,950.42	(157,716.00)
10/09/1997	Bayonne Park - Green Acres	237,561.03	237,561.03	3,500.00	(3,500.00)
10/09/1997	Laurel Hill Extension - Green Acres	22,832.50	22,832.50	69,997.50	(69,997.50)
03/12/1998	Improvements to Road, Bridges, and Parks	830,897.10	830,897.10	-	-
06/25/1998	Schools of Technology Improvements	-	-	20,000.00	(20,000.00)
11/12/1998	Roads, Intersections, and Parks	794,221.53	794,221.53	-	-
11/12/1998	Various Buildings and Facilities	1,893,623.29	1,893,623.29	-	-
06/10/1999	HC Community College Projects	65,025.75	65,025.75	-	-
09/09/1999	HC Community College Improvements	96,744.00	96,744.00	-	-
12/09/1999	Various Capital Improvements	668,011.36	668,011.36	-	-
09/28/2000	HC Schools of Technology	49,500.00	49,500.00	-	-
11/21/2000	Various Capital Improvements	380,114.52	380,114.52	211,146.00	(211,146.00)
07/26/2001	Koppers Site, Kearny Acquisition	96,874.00	96,874.00	-	-
02/14/2002	Various Capital Improvements	367,738.63	367,738.63	-	-
05/23/2002	HC Community College Improvements	131,463.26	131,463.26	-	-
02/27/2003	Various Capital Improvements	423,967.00	423,967.00	-	-
02/27/2003	Improvements to Various Parks/Recreation	700,000.00	700,000.00	-	-
02/27/2003	Various Equipment	69.83	69.83	-	-
09/11/2003	Acquisition and Installation of Equipment	63,482.10	63,482.10	-	-
04/07/2004	Acquisition and Installation of Equipment	5,340.58	5,340.58	-	-
04/07/2004	Various Capital Improvements	1,208,222.87	1,208,222.87	-	-
07/08/2004	HC Schools of Technology	74,536.40	74,536.40	-	-
04/14/2005	Various Capital Improvements	463,166.09	463,166.09	250,000.00	(250,000.00)
04/14/2005	Equipment, Furnishings and Vehicles	1,095.92	1,095.92	-	-
07/14/2005	HC Schools of Technology	55,345.46	55,345.46	-	-
10/27/2005	Open Space, Recreation and Historic Pres.	1,001,267.69	1,001,267.69	200.00	(200.00)
06/22/2006	Various Capital Improvements	1,707,833.02	1,707,833.02	438.40	(438.40)
06/22/2006	Green Acres Park Improvements	(1,000,500.00)	-	49,500.00	(1,050,000.00)
06/22/2006	HC Schools of Technology	128,952.63	128,952.63	-	-
05/16/2007	Various Capital Improvements	1,668,632.68	1,668,632.68	-	-
11/20/2007	Open Space, Recreation and Historic Pres.	2,345,515.28	2,345,515.28	190.00	(190.00)
03/13/2008	County Plaza Building Project	469,300.12	469,300.12	-	-
03/27/2008	Career Development Center Project	1,760,733.23	1,760,733.23	-	-
09/10/2008	Various 2008 Capital Improvements	2,728,608.30	2,728,608.30	362,000.00	(362,000.00)
11/25/2008	Various Equipment, Furnishings, & Vehicles	965,736.18	-	965,736.18	(19,360,000.00)
7/9/2009	Various Capital Improvements	3,868,981.62	-	3,868,981.62	(5,210,000.00)
8/25/2009	Acquisition of 567 Pavonia Ave	206,245.94	206,245.94	-	-
2/11/2010	Various Capital Improvements	5,131,277.91	5,131,277.91	-	-
7/8/2010	14th Street Viaduct replacement	(13,144,461.37)	-	5,090,329.09	(18,234,790.46)
10/14/2010	Various Capital Improvements/Acquisitions	3,478,527.11	3,478,527.11	-	-
10/28/2010	Acquisition of Property for Expansion	28,614.00	28,614.00	-	-

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF CASH AND CASH EQUIVALENTS
ANALYSIS OF ENDING BALANCE

		Balance December 31, 2016	Improvement Authorizations		Deferred Charges to Future Taxation Unfunded	Notes Issued
			Funded	Unfunded		
Improvement Authorizations (continued)						
Date of Ordinance	Description					
4/28/2011	Various Capital Improvements	\$ 586,374.27	\$ 586,374.27	\$ 1,111,500.00	\$ (1,111,500.00)	\$ -
9/22/2011	Acquisition of 830 Bergen Avenue	(396,763.00)	-	1,571,987.00	(1,968,750.00)	-
4/26/2012	Various 2012 Capital Improvements	296,986.61	296,986.61	1,090,476.00	(1,090,476.00)	-
5/10/2012	Various 2012 Capital Improvements	10,746,523.82	-	10,701,574.34	(28,222,206.52)	28,267,156.00
7/12/2012	Hudson County Schools of Technology	112,430.53	112,430.53	-	-	-
7/12/2012	HC Community College - Various Imp.	10.44	10.44	-	-	-
12/6/2012	Hurricane Sandy Various Improvements	450,548.81	338,825.56	246,578.97	(134,855.72)	-
4/25/2013	Various Road and Bridge Improvements	(234,965.93)	-	2,622,176.07	(2,857,142.00)	-
5/7/2013	HC Schools of Tech. - Improvements	882,906.50	882,906.50	-	-	-
6/27/2013	Hudson County Community College	2,184,028.97	2,184,028.97	-	-	-
12/12/2013	Various 2013 Capital Improvements	8,496,926.78	-	\$ 8,496,926.78	(31,139,000.00)	31,139,000.00
05/22/2014	HC Schools of Technology 2014-2015 Imp.	78,304.29	-	78,304.29	-	-
06/26/2014	2014 Various Road & Bridge Improvements	1,604,523.89	1,604,523.89	495,500.00	(495,500.00)	-
09/11/2014	Chapter 12 Community College	25,864.96	25,864.96	-	-	-
09/11/2014	Science Building - Community College	2,683,992.56	2,683,992.56	-	-	-
12/11/2014	Property Acquisition	(12,176,844.41)	-	38,330,155.59	(50,507,000.00)	-
05/14/2015	Schools of Technology Improvements	(9,910,000.00)	-	90,000.00	(10,000,000.00)	-
05/14/2005	2015 Road and Bridge Improvements	(674,463.81)	-	626,888.19	(1,301,352.00)	-
11/24/2015	Chapter 12 Community College	2,973,164.15	2,973,164.15	-	-	-
12/23/2015	Various Improvements and Acquisitions	(23,958,723.74)	-	18,788,100.26	(42,746,824.00)	-
12/23/2015	Various Improvements and Acquisitions	209,868.78	209,868.78	-	-	-
03/28/2016	2016 Road & Bridge Improvements	8,238,500.05	8,238,500.05	1,560,000.00	(1,560,000.00)	-
08/05/2016	FY2017 Community College Ch.12	-	-	3,100,000.00	(3,100,000.00)	-
08/05/2016	FY2017 Schools of Technology Equipment and Pr	(519,165.05)	-	7,480,834.95	(8,000,000.00)	-
		<u>\$ 38,880,389.59</u>	<u>\$ 50,473,682.92</u>	<u>\$ 107,406,971.65</u>	<u>\$ (229,214,584.60)</u>	<u>\$ 83,976,156.00</u>
Ref.	C		C-12	C-12	C-7	C-19

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF ROAD AID ALLOTMENTS RECEIVABLE

Balance: December 31, 2015	<u>Ref.</u> C		\$ 23,757,350.31
Increased by NJDOT Awards:			
Ord. 192-3-2016: Road and Bridge Improvements			
County Aid Program			
Local Bridges Future Needs Program		\$ 2,000,000.00	
NJ Transportation Trust Fund		3,452,700.00	
NJDOT State Aid Program, Bikeways		940,000.00	
Federal Grants			
FY2016 Local Safety Program		2,999,268.00	
Transportation Alternative Program		<u>730,000.00</u>	
	C-12		<u>10,121,968.00</u>
Balance: December 31, 2016	C		<u><u>\$ 33,879,318.31</u></u>

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF DUE FROM PORT AUTHORITY
OF NEW YORK AND NEW JERSEY**

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	C	\$ 237,038.00

EXHIBIT C-6

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED

	<u>Ref.</u>		
Balance: December 31, 2015	C		\$ 303,033,236.49
Increased by:			
Issuance of Bonds to Finance:			
Authorized Debt Not Previously Issued	C-7, C-18		13,100,000.00
			<u>316,133,236.49</u>
Decreased by:			
Green Acres Loans Payable Retired	C-17	\$ 257,714.13	
Serial Bonds Retired	C-18	21,813,000.00	
Mortgage Payment to HCIA	C-22	<u>660,625.00</u>	
			<u>22,731,339.13</u>
Balance: December 31, 2016	C		\$ 293,401,897.36
		Bonds Payable	\$ 278,984,000.00
		Green Acres Loan Payable	3,191,647.36
		Mortgage Payable	<u>11,226,250.00</u>
			<u>\$ 293,401,897.36</u>

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Date	Improvement Description	Increased by:		Decreased by:			Balance Dec. 31, 2016
			Balance Dec. 31, 2015	Current Year Authorizations	Issuance of Bonds	Budget Appropriations	Cash Receipts	
354-07-1997	07/10/1997	School of Technology Improvements	\$ 50,000.00	-	\$ -	-	-	\$ 50,000.00
502-10-1997	10/09/1997	Green Acres-Washington/Lincoln Parks	157,716.00	-	-	-	-	157,716.00
502-10-1997	10/09/1997	Bayonne Park - Green Acres	3,500.00	-	-	-	-	3,500.00
502-10-1997	10/09/1997	Laurel Hill Extension - Green Acres	69,997.50	-	-	-	-	69,997.50
331-06-1998	06/25/1998	School of Technology - Improvements	20,000.00	-	-	-	-	20,000.00
512-11-2000	11/21/2000	Various Capital Improvements	211,146.00	-	-	-	-	211,146.00
155-04-2005	04/14/2005	Various Capital Improvements	250,000.00	-	-	-	-	250,000.00
447-10-2005	10/27/2005	Open Space Trust Fund	200.00	-	-	-	-	200.00
267-06-2006	06/22/2006	Various Capital Improvements	438.40	-	-	-	-	438.40
268-06-2006	06/22/2006	Green Acres Project	1,050,000.00	-	-	-	-	1,050,000.00
534-11-2007	11/20/2007	Open Space Trust Fund	190.00	-	-	-	-	190.00
389-09-2008	09/10/2008	HC Community - 2008 Improvements	362,000.00	-	-	-	-	362,000.00
536-11-2008	11/25/2008	Equipment, Furnishings & Vehicles	20,360,000.00	-	-	1,000,000.00	-	19,360,000.00
276-07-2009	07/09/2009	Various Capital Improvements	5,210,000.00	-	-	-	-	5,210,000.00
331-07-2010	07/08/2010	14th Street Viaduct	18,269,426.02	-	-	-	34,635.56	18,234,790.46
189-04-2011	04/28/2011	Various Capital Improvements	1,111,500.00	-	-	-	-	1,111,500.00
416-09-2011	09/22/2011	Acquire 830 Bergen Ave Property	1,968,750.00	-	-	-	-	1,968,750.00
237-04-2012	04/26/2012	Various 2012 Capital Improvements	1,090,476.00	-	-	-	-	1,090,476.00
265-05-2012	05/10/2012	Various 2012 Capital Improvements	28,267,156.00	-	-	-	44,949.48	28,222,206.52
613-12-2012	12/06/2012	Hurricane Sandy Various Improvements	246,578.97	-	-	-	111,723.25	134,855.72
233-04-2013	04/25/2013	Various Road and Bridge Improvements	2,857,142.00	-	-	-	-	2,857,142.00
719-12-2013	12/12/2013	Various 2013 Capital Improvements	31,139,000.00	-	-	-	-	31,139,000.00
271-05-2014	05/22/2014	HC Schools of Tech. 2014-2015 Imp.	10,100,000.00	-	10,100,000.00	-	-	-
366-06-2014	06/26/2014	2014 Road & Bridge Improvements	995,500.00	-	-	500,000.00	-	495,500.00
715-12-2014	12/11/2014	Property Acquisition	50,507,000.00	-	-	-	-	50,507,000.00
268-08-2015	05/14/2015	Schools of Technology Improvements	10,000,000.00	-	-	-	-	10,000,000.00
269-05-2015	05/14/2015	2015 Road and Bridge Improvements	1,301,352.00	-	-	-	-	1,301,352.00
648-11-2015	11/24/2015	Chapter 12 Community College	3,000,000.00	-	3,000,000.00	-	-	-
753-12-2015	12/23/2015	Various Improvements and Acquisitions	42,746,824.00	-	-	-	-	42,746,824.00
192-3-2016	03/28/2016	2016 Road & Bridge Improvements	-	1,560,000.00	-	-	-	1,560,000.00
489-8-2016	08/05/2016	FY2017 Community College Ch.12	-	3,100,000.00	-	-	-	3,100,000.00
490-8-2016	08/05/2016	FY2017 Vo-Tech Equipment & Projects	-	8,000,000.00	-	-	-	8,000,000.00
			<u>\$ 231,345,892.89</u>	<u>\$ 12,660,000.00</u>	<u>\$ 13,100,000.00</u>	<u>\$ 1,500,000.00</u>	<u>\$ 191,308.29</u>	<u>\$ 229,214,584.60</u>
			C	C-12, C-23	C-6, C-18		C-2, C-23	C, C-3a
					C-11	500,000.00		
					C-19	1,000,000.00		
						1,500,000.00		

Ref.

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
ANALYSIS OF ENDING BALANCE**

Ordinance Number	Date	Improvement Description	Balance Dec. 31, 2016	Ending Balance Unfunded			Non-Financed	
				Bond Anticipation Notes Payable	Bonds & Notes Authorized But Not Issued		Improvement Expended	Authorizations Unexpended
354-07-1997	07/10/1997	School of Technology Improvements	\$ 50,000.00	\$ -	\$ 50,000.00	\$	-	\$ 50,000.00
502-10-1997	10/09/1997	Green Acres-Washington/Lincoln Parks	157,716.00	-	157,716.00		83,765.58	73,950.42
502-10-1997	10/09/1997	Bayonne Park - Green Acres	3,500.00	-	3,500.00		-	3,500.00
502-10-1997	10/09/1997	Laurel Hill Extension - Green Acres	69,997.50	-	69,997.50		-	69,997.50
331-06-1998	06/25/1998	School of Technology - Improvements	20,000.00	-	20,000.00		-	20,000.00
512-11-2000	11/21/2000	Various Capital Improvements	211,146.00	-	211,146.00		-	211,146.00
155-04-2005	04/14/2005	Various Capital Improvements	250,000.00	-	250,000.00		-	250,000.00
447-10-2005	10/27/2005	Open Space Trust Fund	200.00	-	200.00		-	200.00
267-06-2006	06/22/2006	Various Capital Improvements	438.40	-	438.40		-	438.40
268-06-2006	06/22/2006	Green Acres Project	1,050,000.00	-	1,050,000.00		1,000,500.00	49,500.00
534-11-2007	11/20/2007	Open Space Trust Fund	190.00	-	190.00		-	190.00
389-09-2008	09/10/2008	HC Community - 2008 Improvements	362,000.00	-	362,000.00		-	362,000.00
536-11-2008	11/25/2008	Equipment, Furnishings & Vehicles	19,360,000.00	19,360,000.00			-	-
276-07-2009	07/09/2009	Various Capital Improvements	5,210,000.00	5,210,000.00			-	-
331-07-2010	07/08/2010	14th Street Viaduct	18,234,790.46		-		13,144,461.37	5,090,329.09
189-04-2011	04/28/2011	Various Capital Improvements	1,111,500.00	-	1,111,500.00		-	1,111,500.00
416-09-2011	09/22/2011	Acquire 830 Bergen Ave Property	1,968,750.00	-	1,968,750.00		396,763.00	1,571,987.00
237-04-2012	04/26/2012	Various 2012 Capital Improvements	1,090,476.00	-	1,090,476.00		-	1,090,476.00
265-05-2012	05/10/2012	Various 2012 Capital Improvements	28,222,206.52	28,267,156.00	(44,949.48)		-	(44,949.48)
613-12-2012	12/06/2012	Hurricane Sandy Various Improvements	134,855.72	-	134,855.72		-	134,855.72
233-04-2013	04/25/2013	Various Road and Bridge Improvements	2,857,142.00	-	2,857,142.00		234,965.93	2,622,176.07
719-12-2013	12/12/2013	Various 2013 Capital Improvements	31,139,000.00	31,139,000.00	-		-	-
366-06-2014	06/26/2014	2014 Road & Bridge Improvements	495,500.00	-	495,500.00		-	495,500.00
715-12-2014	12/11/2014	Property Acquisition	50,507,000.00	-	50,507,000.00		12,176,844.41	38,330,155.59
268-08-2015	05/14/2015	Schools of Technology Improvements	10,000,000.00	-	10,000,000.00		9,910,000.00	90,000.00

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
ANALYSIS OF ENDING BALANCE**

Ordinance Number	Date	Improvement Description	Balance Dec. 31, 2016	Ending Balance Unfunded			Non-Financed Improvement Authorizations	
				Bond Anticipation Notes Payable	Bonds & Notes Authorized But Not Issued		Expended	Unexpended
269-05-2015	05/14/2015	2015 Road and Bridge Improvements	\$ 1,301,352.00	\$ -	\$ 1,301,352.00	\$	674,463.81	\$ 626,888.19
753-12-2015	12/23/2015	Various Improvements and Acquisitions	42,746,824.00	-	42,746,824.00		23,958,723.74	18,788,100.26
192-3-2016	03/28/2016	2016 Road & Bridge Improvements	1,560,000.00	-	1,560,000.00			1,560,000.00
489-8-2016	08/05/2016	FY2017 Community College Ch.12	3,100,000.00	-	3,100,000.00		-	3,100,000.00
490-8-2016	08/05/2016	FY2017 Vo-Tech Equipment & Projects	8,000,000.00	-	8,000,000.00		519,165.05	7,480,834.95
			\$ 229,214,584.60	\$ 83,976,156.00	\$ 145,238,428.60	\$	62,099,652.89	\$ 83,138,775.71
			C, C-3a	C-19	C-23			
		<u>Ref.</u>						

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
GREEN ACRES PROGRAM II**

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	C	\$ 966,440.50

EXHIBIT C-9

SCHEDULE OF RETAINED PERCENTAGES DUE CONTRACTOR

	<u>Ref.</u>		
Balance: December 31, 2015			\$ -
Increased by:			
Improvement Authorizations	C-12		2,743,169.13
			<u>2,743,169.13</u>
Decreased by:			
Cash Disbursements	C-2	\$ 219,419.01	
Contracts Payable	C-13	<u>796,164.55</u>	
			<u>1,015,583.56</u>
Balance: December 31, 2016			<u>\$ 1,727,585.57</u>

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF DUE FROM US GOVERNMENT EARMARK

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	C	\$ 750,000.00

EXHIBIT C-11

SCHEDULE OF DUE FROM CURRENT FUND

	<u>Ref.</u>		
Balance: December 31, 2015			\$ -
Increased by:			
Current Fund Budget Appropriations:			
Deferred Charges to Future Taxation	C-7	\$ 500,000.00	
Capital Improvement Fund	C-14	<u>1,500,000.00</u>	
			<u>2,000,000.00</u>
			2,000,000.00
Decreased by:			
Cash Receipts		1,805,840.55	
Interest Earned		<u>101,957.45</u>	
	C-2	1,907,798.00	
Anticipated as Current Fund Budget Revenue	C-16	<u>92,202.00</u>	
			<u>2,000,000.00</u>
Balance: December 31, 2016			\$ -

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Description	Ordinance Date	Amount	Balance, December 31, 2015		Prior Year Retention and Contracts Payable	2016 Authorizations	Paid or Charged	Retention and Contracts Payable at Year End	Balance, December 31, 2016	
			Funded	Unfunded					Funded	Unfunded
624-11-1993 Various Improvements	11/23/1993	\$ 9,525,000.00	\$ 175,228.63	\$ -	\$ -	\$ -	-	\$ -	\$ 175,228.63	\$ -
626-12-1994 Various Improvements	12/08/1994	6,866,655.00	619,867.62	-	-	-	-	-	619,867.62	-
739-12-1995 Equipment and Furnishings	12/28/1995	2,714,000.00	36,522.96	-	-	-	-	-	36,522.96	-
739-12-1995 Buildings, Roads, Intersections & Bridges	12/28/1995	7,116,000.00	167,984.78	-	-	-	-	-	167,984.78	-
428-08-1997 Various Capital Improvements	03/27/1997	4,000,000.00	24,400.53	-	-	-	-	-	24,400.53	-
354-07-1997 Schools of Technology Improvements	07/10/1997	3,700,000.00	26,860.00	50,000.00	-	-	-	-	26,860.00	50,000.00
502-10-1997 W. Hudson & Lincoln Parks-Green Acres	10/09/1997	2,002,500.00	-	73,950.42	-	-	-	-	-	73,950.42
502-10-1997 Bayonne Park - Green Acres	10/09/1997	411,000.00	237,561.03	3,500.00	-	-	-	-	237,561.03	3,500.00
502-10-1997 Laurel Hill Extension - Green Acres	10/09/1997	501,500.00	22,832.50	69,997.50	-	-	-	-	22,832.50	69,997.50
129-03-1998 Roads, Bridges, and Parks	03/12/1998	4,460,000.00	830,897.10	-	-	-	-	-	830,897.10	-
331-06-1998 Schools of Technology - Improvements	06/25/1998	720,000.00	-	20,000.00	-	-	-	-	-	20,000.00
594-11-1998 Road, Intersection & Park Improvements	11/12/1998	8,788,315.00	794,221.53	-	250,000.00	-	250,000.00	-	794,221.53	-
594-11-1998 Improvements to Buildings & Facilities	11/12/1998	2,830,360.00	1,907,673.29	-	43,200.00	-	57,250.00	-	1,893,623.29	-
321-06-1999 HC Community College-Variou Projects	06/10/1999	19,125,000.00	65,025.75	-	-	-	-	-	65,025.75	-
460-09-1999 HC Community College-Improvements	09/09/1999	2,025,000.00	96,744.00	-	-	-	-	-	96,744.00	-
623-12-1999 Various Capital Improvements	12/09/1999	11,550,000.00	668,011.36	-	-	-	-	-	668,011.36	-
412-09-2000 HC Schools of Technology-Improvements	09/28/2000	4,350,000.00	49,500.00	-	-	-	-	-	49,500.00	-
512-11-2000 Various Capital Improvements	11/21/2000	18,260,000.00	380,114.52	211,146.00	-	-	-	-	380,114.52	211,146.00
300-07-2001 Acquisition - Koppers Site, Kearny	07/26/2001	33,300,000.00	96,874.00	-	-	-	-	-	96,874.00	-

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Description	Ordinance Date	Amount	Balance, December 31, 2015		Prior Year Retention and Contracts Payable	2016 Authorizations	Paid or Charged	Retention and Contracts Payable at Year End	Balance, December 31, 2016	
			Funded	Unfunded					Funded	Unfunded
114-02-2002 Various Capital Improvements	02/14/2002	\$ 20,300,000.00	\$ 458,753.63	\$ -	\$ 44,750.09	\$ -	\$ 95,958.45	\$ 39,806.64	\$ 367,738.63	\$ -
310-05-2002 HC Community College-Variou Projects	05/23/2002	15,200,000.00	131,463.26	-	-	-	-	-	131,463.26	-
228-04-2003 Various Capital Improvements	04/10/2003	15,520,000.00	458,501.81	-	25,488.52	-	55,827.08	4,196.25	423,967.00	-
135-02-2003 Improvements-Parks/Recreation Facilities	02/27/2003	2,500,000.00	700,000.00	-	-	-	-	-	700,000.00	-
136-02-2003 Purchase & Improvements of Various Equip.	02/27/2003	1,500,000.00	69.83	-	-	-	-	-	69.83	-
477-09-2003 Acquisition & Installation of Various Equip.	09/11/2003	5,930,000.00	63,482.10	-	-	-	-	-	63,482.10	-
148-04-2004 Acquisition & Installation of Various Equip.	04/07/2004	1,000,000.00	5,340.58	-	32,981.42	-	27,532.50	5,448.92	5,340.58	-
147-04-2004 Various Capital Improvements	04/07/2004	14,450,000.00	1,239,984.87	-	218,841.49	-	213,941.45	36,662.04	1,208,222.87	-
305-07-2004 HC Schools of Technology Capital Improv.	07/08/2004	6,550,000.00	74,536.40	-	-	-	-	-	74,536.40	-
155-04-2005 Various Capital Improvements	04/14/2005	14,000,000.00	276,885.12	250,000.00	659,353.07	-	144,744.75	328,327.35	463,166.09	250,000.00
156-04-2005 Equipment, Furnishings and Vehicles	04/14/2005	1,665,000.00	1,095.92	-	1,095.92	-	-	1,095.92	1,095.92	-
535-11-2007 HC Community College-Improvements	*	5,075,000.00	60,156.10	-	-	-	4,810.64	-	55,345.46	-
447-10-2005 Open Space Trust Fund	10/27/2005	6,075,000.00	1,001,267.69	200.00	-	-	-	-	1,001,267.69	200.00
267-06-2006 Various Improvements-Equip/Furnishings	06/22/2006	19,900,000.00	1,937,132.17	438.40	575,420.08	-	570,787.42	233,931.81	1,707,833.02	438.40
268-06-2006 Green Acres Park Improvements	06/22/2006	6,750,000.00	-	49,500.00	-	-	-	-	-	49,500.00
269-06-2006 HC Schools of Technology-Improvements	06/22/2006	11,950,000.00	135,810.82	-	-	-	6,858.19	-	128,952.63	-
201-05-2007 Various Improvements-Equip/Furnishings	05/10/2007	24,874,000.00	3,086,447.11	-	3,844,323.56	-	4,569,334.33	692,803.66	1,668,632.68	-
534-11-2007 Open Space, Rec.and Historic Preservation	11/20/2007	6,440,000.00	2,345,515.28	190.00	-	-	-	-	2,345,515.28	190.00
100-03-2008 County Plaza Building Projects	03/13/2008	6,200,000.00	482,855.21	-	-	-	-	13,555.09	469,300.12	-

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Description	Ordinance Date	Amount	Balance, December 31, 2015		Prior Year Retention and Contracts Payable	2016 Authorizations	Paid or Charged	Retention and Contracts Payable at Year End	Balance, December 31, 2016	
			Funded	Unfunded					Funded	Unfunded
137-03-2008 Career Development Center Project	03/27/2008	\$ 6,500,000.00	\$ 1,760,733.23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,760,733.23	\$ -
389-09-2008 Various 2008 Capital Improvements	09/10/2008	16,200,000.00	2,703,727.60	362,000.00	56,601.97	-	500.00	31,221.27	2,728,608.30	362,000.00
536-11-2008 Equipment, Furnishings, and Vehicles	11/25/2008	21,433,000.00	(0.00)	1,474,089.62	2,032,067.83	-	495,864.20	2,044,557.07	-	965,736.18
276-07-2009 Various Capital Improvements	07/09/2009	21,600,000.00	-	3,728,266.44	471,774.76	-	1,000.00	330,059.58	(0.00)	3,868,981.62
331-08-2009 Acquisition of 567 Pavonia Avenue	08/25/2009	11,500,000.00	377,401.44	-	6,878.68	-	168,506.15	9,528.03	206,245.94	-
088-02-2010 Various Capital Improvements	02/11/2010	25,604,000.00	5,707,597.90	-	2,074,802.90	-	1,378,902.50	1,272,220.39	5,131,277.91	-
331-07-2010 14th Street Viaduct Replacement	07/08/2010	58,650,000.00	-	5,090,329.09	934,735.97	-	3,443.37	931,292.60	-	5,090,329.09
457-10-2010 Various Capital Improvements/Acquisitions	10/14/2010	14,500,000.00	3,697,922.85	-	330,865.18	-	232,116.14	318,144.78	3,478,527.11	-
485-10-2010 Acquire Property-Expand Berry Lane Park	10/28/2010	1,230,000.00	28,614.00	-	-	-	-	-	28,614.00	-
189-04-2011 Various Improvements-Roads and Bridges	04/22/2011	6,381,000.00	683,146.59	1,111,500.00	-	-	96,772.32	-	586,374.27	1,111,500.00
416-09-2011 Acquisition of 830 Bergen Avenue	09/22/2011	15,750,000.00	-	1,571,987.00	297,879.45	-	-	297,879.45	-	1,571,987.00
237-04-2012 Various 2012 Capital Improvements	04/26/2012	6,573,000.00	296,986.61	1,090,476.00	74,008.03	-	54,434.77	19,573.26	296,986.61	1,090,476.00
265-05-2012 Various 2012 Capital Improvements	05/10/2012	32,066,532.00	-	13,132,652.92	5,631,853.36	-	5,043,344.71	3,019,587.23	-	10,701,574.34
406-07-2012 Hudson County Schools of Technology	07/12/2012	8,750,000.00	228,166.64	-	-	-	115,736.11	-	112,430.53	-
407-07-2012 HC Community College - Various Imp.	07/12/2012	8,710,000.00	82,458.32	-	-	-	82,447.88	-	10.44	-
613-12-2012 Hurricane Sandy Various Improvements	12/06/2012	7,000,000.00	366,888.56	246,578.97	16,814.27	-	35,095.95	9,781.32	450,548.81	134,855.72
233-04-2013 Various Road and Bridge Improvements	04/25/2013	10,456,450.00	1,387,942.08	2,857,142.00	1,541,794.45	-	693,527.46	2,471,175.00	-	2,622,176.07
261-05-2013 HC Schools of Tech. - Improvements	05/07/2013	15,650,000.00	7,422,748.74	-	-	-	6,539,842.24	-	882,906.50	-
374-06-2013 Hudson County Community College	06/27/2013	4,250,000.00	3,073,864.67	-	-	-	889,835.70	-	2,184,028.97	-

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

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**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF CONTRACTS PAYABLE

Balance: December 31, 2015	<u>Ref.</u> C		\$ 37,446,709.65
Increased by:			
Improvement Authorizations	C-12	\$ 45,897,267.67	
Retained Percentages Due Contractor	C-9	<u>796,164.55</u>	
			<u>46,693,432.22</u>
			84,140,141.87
Decreased by Improvement Authorizations:			
Cash Disbursements	C-2	3,994,857.72	
Improvement Authorizations	C-12	<u>37,446,709.65</u>	
			<u>41,441,567.37</u>
Balance: December 31, 2016	C		<u><u>\$ 42,698,574.50</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance: December 31, 2015	<u>Ref.</u> C	\$ 603,129.17
Increased by:		
Cash Received for:		
Current Fund Budget Appropriation	C-11	<u>1,500,000.00</u>
		2,103,129.17
Decreased by Improvement Authorizations:		
Ord. 192-3-2016: Road and Bridge Improvements	C-12	<u>80,000.00</u>
Balance: December 31, 2016	C	<u><u>\$ 2,023,129.17</u></u>

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF RESERVE FOR STATE ROAD AID ALLOTMENTS

Balance: December 31, 2016 and 2015	<u>Ref.</u> C	\$ 2,142,499.87
Analysis of Ending Balance:		
River Road Improvement		18,247.04
Newark/Jersey City Turnpike, Kearny Pump Emergency		26,924.57
JFK Boulevard Section X - Bayonne		18,661.00
Traffic Signal Improvements Package "K"		88,687.26
Passaic Ave Bridge / Secaucus Blvd		1,000,000.00
JFK Boulevard Traffic Signal Improvements		590,000.00
Design Pedestrian Overpass - 32nd St.		399,980.00
		<u>\$ 2,142,499.87</u>

EXHIBIT C-16

SCHEDULE FOR RESERVE FOR PAYMENT OF DEBT

Balance: December 31, 2015	<u>Ref.</u> C	\$ 10,478,028.71
Increased by:		
Bond Premium	C-2, C-3	937,769.70
		<u>11,415,798.41</u>
Decreased by:		
Anticipated as Current Fund Budget Revenue	C-11	92,202.00
		<u>92,202.00</u>
Balance: December 31, 2016	C	<u>\$ 11,323,596.41</u>
	Notes	\$ 1,157,545.20
	Bonds	<u>10,166,051.21</u>
		<u>\$ 11,323,596.41</u>

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF GREEN ACRES LOANS PAYABLE**

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding		Interest Rates	Balance:		Retired	Balance:
			Date	Amount		Dec. 31, 2015	Dec. 31, 2016		
Laurel Hill	Sept. 27, 2000	\$ 306,502.50	Jan. 3, 2017	\$ 8,800.47	2.000%	\$ 90,258.25	\$ 72,917.84	\$ 17,340.41	\$ 109,162.58
			Jul. 3, 2017	8,888.48	2.000%				
			Jan. 3, 2018	8,977.36	2.000%				
			Jul. 3, 2018	9,067.14	2.000%				
			Jan. 3, 2019	9,157.81	2.000%				
			Jul. 3, 2019	9,249.39	2.000%				
			Jan. 3, 2019	9,341.88	2.000%				
			Jul. 3, 2019	9,435.31	2.000%				
Urban Nature Center	Nov. 3, 2003	\$ 270,000.00	Feb. 7, 2017	\$ 7,303.11	2.000%	\$ 123,552.58	\$ 109,162.58	\$ 14,390.00	\$ 109,162.58
			Aug. 7, 2017	7,376.14	2.000%				
			Feb. 7, 2018	7,449.89	2.000%				
			Aug. 7, 2018	7,524.40	2.000%				
			Feb. 7, 2019	7,599.64	2.000%				
			Aug. 7, 2019	7,675.64	2.000%				
			Feb. 7, 2020	7,752.39	2.000%				
			Aug. 7, 2020	7,829.92	2.000%				
			Feb. 7, 2021	7,908.21	2.000%				
			Aug. 7, 2021	7,987.30	2.000%				
			Feb. 7, 2022	8,067.17	2.000%				
			Aug. 7, 2022	8,147.84	2.000%				
			Feb. 7, 2023	8,229.32	2.000%				
			Aug. 7, 2023	8,311.61	2.000%				

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GREEN ACRES LOANS PAYABLE**

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding		Interest Rates	Balance:		Retired	Balance:
			Date	Amount		Dec. 31, 2015	Dec. 31, 2016		
Bayonne Waterfront Park	Dec. 29, 2005	\$ 498,391.00	Mar. 29, 2017	\$ 12,954.74	2.000%	\$ 279,629.76	\$ 254,103.82	\$ 25,525.94	\$ 254,103.82
			Sep. 29, 2017	13,084.28	2.000%				
			Mar. 29, 2018	13,215.12	2.000%				
			Sep. 29, 2018	13,347.27	2.000%				
			Mar. 29, 2019	13,480.75	2.000%				
			Sep. 29, 2019	13,615.55	2.000%				
			Mar. 29, 2020	13,751.71	2.000%				
			Sep. 29, 2020	13,889.23	2.000%				
			Mar. 29, 2021	14,028.12	2.000%				
			Sep. 29, 2021	14,168.40	2.000%				
			Mar. 29, 2022	14,310.09	2.000%				
			Sep. 29, 2022	14,453.18	2.000%				
			Mar. 29, 2023	14,597.72	2.000%				
			Sep. 29, 2023	14,743.69	2.000%				
			Mar. 29, 2024	14,891.14	2.000%				
			Sep. 29, 2024	15,040.04	2.000%				
			Mar. 29, 2025	15,190.44	2.000%				
			Sep. 29, 2025	15,342.35	2.000%				
Bayonne Gregg Park Dev.	Feb. 23, 2009	\$ 250,000.00	May 26, 2017	\$ 6,121.67	2.000%	\$ 177,184.83	\$ 165,122.72	\$ 12,062.11	\$ 165,122.72
			Nov. 26, 2017	6,182.90	2.000%				
			May 26, 2018	6,244.72	2.000%				
			Nov. 26, 2018	6,307.16	2.000%				
			May 26, 2019	6,370.24	2.000%				
			Nov. 26, 2019	6,433.94	2.000%				
			May 26, 2020	6,498.28	2.000%				
			Nov. 26, 2020	6,563.26	2.000%				

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF GREEN ACRES LOANS PAYABLE**

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding		Interest Rates	Balance: Dec. 31, 2015	Retired	Balance: Dec. 31, 2016
			Date	Amount				
Bayonne Gregg Park Dev.	(continued)		May 26, 2021	\$ 6,628.90	2.000%			
			Nov. 26, 2021	6,695.18	2.000%			
			May 26, 2022	6,762.13	2.000%			
			Nov. 26, 2022	6,829.76	2.000%			
			May 26, 2023	6,898.05	2.000%			
			Nov. 26, 2023	6,967.03	2.000%			
			May 26, 2024	7,036.70	2.000%			
			Nov. 26, 2024	7,107.07	2.000%			
			May 26, 2025	7,178.14	2.000%			
			Nov. 26, 2025	7,249.92	2.000%			
			May 26, 2026	7,322.42	2.000%			
			Nov. 26, 2026	7,395.65	2.000%			
			May 26, 2027	7,469.60	2.000%			
			Nov. 26, 2027	7,544.30	2.000%			
Mercer Park	Dec. 29, 2005	\$ 495,250.50	May 26, 2028	7,619.75	2.000%			
			Nov. 26, 2028	7,695.95	2.000%			
			May 28, 2017	\$ 18,996.58	2.000%	\$ 174,463.20	\$ 37,430.75	\$ 137,032.45
			Nov. 28, 2017	19,186.53	2.000%			
			May 28, 2018	19,378.41	2.000%			
			Nov. 28, 2018	19,572.19	2.000%			
			May 28, 2019	19,767.91	2.000%			
			Nov. 28, 2019	19,965.59	2.000%			
			May 28, 2020	20,165.24	2.000%			

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GREEN ACRES LOANS PAYABLE**

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015		Retired	Balance: Dec. 31, 2016	
			Date	Amount						
Environmental Projects 0900-95-076	Nov. 13, 2012	\$ 844,784.00	Feb. 16, 2017	\$ 29,386.65	2.000%	\$	704,968.19	\$	57,903.32	\$ 647,064.87
			Aug. 16, 2017	29,680.52	2.000%					
			Feb. 16, 2018	29,977.33	2.000%					
			Aug. 16, 2018	30,277.10	2.000%					
			Feb. 16, 2019	30,579.87	2.000%					
			Aug. 16, 2019	30,885.67	2.000%					
			Feb. 16, 2020	31,194.53	2.000%					
			Aug. 16, 2020	31,506.47	2.000%					
			Feb. 16, 2021	31,821.54	2.000%					
			Aug. 16, 2021	32,139.75	2.000%					
			Feb. 16, 2022	32,461.15	2.000%					
			Aug. 16, 2022	32,785.76	2.000%					
			Feb. 16, 2023	33,113.62	2.000%					
			Aug. 16, 2023	33,444.75	2.000%					
			Feb. 16, 2024	33,779.20	2.000%					
			Aug. 16, 2024	34,117.00	2.000%					
Laurel Hill Park 0900-01-031	Dec. 20, 2012	\$ 950,000.00	Feb. 16, 2025	34,458.16	2.000%					
			Aug. 16, 2025	34,802.75	2.000%					
			Feb. 16, 2026	35,150.77	2.000%					
			Aug. 16, 2026	35,502.28	2.000%					
			Mar. 21, 2017	\$ 21,482.39	2.000%	\$	847,791.07	\$	42,328.80	\$ 805,462.27
			Sept. 21, 2017	21,697.22	2.000%					
			Mar. 21, 2018	21,914.19	2.000%					
			Sept. 21, 2018	22,133.33	2.000%					
			Mar. 21, 2019	22,354.66	2.000%					
			Sept. 21, 2019	22,578.21	2.000%					

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF GREEN ACRES LOANS PAYABLE**

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding		Interest Rates	Balance: Dec. 31, 2015	Retired	Balance: Dec. 31, 2016
			Date	Amount				
Laurel Hill Park 0900-01-031	(continued)		Mar. 21, 2020	\$ 22,803.99	2.000%			
			Sept. 21, 2020	23,032.03	2.000%			
			Mar. 21, 2021	23,262.35	2.000%			
			Sept. 21, 2021	23,494.98	2.000%			
			Mar. 21, 2022	23,729.93	2.000%			
			Sept. 21, 2022	23,967.23	2.000%			
			Mar. 21, 2023	24,206.90	2.000%			
			Sept. 21, 2023	24,448.97	2.000%			
			Mar. 21, 2024	24,693.46	2.000%			
			Sept. 21, 2024	24,940.39	2.000%			
			Mar. 21, 2025	25,189.79	2.000%			
			Sept. 21, 2025	25,441.69	2.000%			
			Mar. 21, 2026	25,696.10	2.000%			
			Sept. 21, 2026	25,953.07	2.000%			
			Mar. 21, 2027	26,212.60	2.000%			
			Sept. 21, 2027	26,474.73	2.000%			
			Mar. 21, 2028	26,739.47	2.000%			
			Sept. 21, 2028	27,006.87	2.000%			
			Mar. 21, 2029	27,276.94	2.000%			
			Sept. 21, 2029	27,549.70	2.000%			
			Mar. 21, 2030	27,825.20	2.000%			
			Sept. 21, 2030	28,103.46	2.000%			
			Mar. 21, 2031	28,384.49	2.000%			
			Sept. 21, 2031	28,668.34	2.000%			
			Mar. 21, 2032	28,955.02	2.000%			
			Sept. 21, 2032	29,244.57	2.000%			

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF GREEN ACRES LOANS PAYABLE**

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance:		Retired	Balance: Dec. 31, 2016
			Date	Amount		Dec. 31, 2015			
Multi-Parks Playground 0900-04-031	Aug. 19, 2013	\$ 1,150,000.00	May 22, 2017	\$ 25,747.53	2.000%	\$ 1,051,513.61		\$ 50,732.80	\$ 1,000,780.81
			Nov. 22, 2017	26,005.00	2.000%				
			May 22, 2018	26,265.05	2.000%				
			Nov. 22, 2018	26,527.70	2.000%				
			May 22, 2019	26,792.98	2.000%				
			Nov. 22, 2019	27,060.91	2.000%				
			May 22, 2020	27,331.52	2.000%				
			Nov. 22, 2020	27,604.83	2.000%				
			May 22, 2021	27,880.88	2.000%				
			Nov. 22, 2021	28,159.69	2.000%				
			May 22, 2022	28,441.29	2.000%				
			Nov. 22, 2022	28,725.70	2.000%				
			May 22, 2023	29,012.96	2.000%				
			Nov. 22, 2023	29,303.09	2.000%				
			May 22, 2024	29,596.12	2.000%				
			Nov. 22, 2024	29,892.08	2.000%				
			May 22, 2025	30,191.00	2.000%				
			Nov. 22, 2025	30,492.90	2.000%				
			May 22, 2026	30,797.84	2.000%				
			Nov. 22, 2026	31,105.82	2.000%				
			May 22, 2027	31,416.88	2.000%				
			Nov. 22, 2027	31,731.04	2.000%				
			May 22, 2028	32,048.35	2.000%				
			Nov. 22, 2028	32,368.84	2.000%				
			May 22, 2029	32,692.53	2.000%				
			Nov. 22, 2029	33,019.45	2.000%				
			May 22, 2030	33,349.65	2.000%				
			Nov. 22, 2030	33,683.14	2.000%				

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GREEN ACRES LOANS PAYABLE

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding		Interest Rates	Balance: Dec. 31, 2015	Retired	Balance: Dec. 31, 2016
			Date	Amount				
Multi-Parks Playground 0900-04-031	(continued)		May 22, 2031	\$ 34,019.97	2.000%			
			Nov. 22, 2031	34,360.17	2.000%			
			May 22, 2032	34,703.78	2.000%			
			Nov. 22, 2032	35,050.80	2.000%			
			May 22, 2033	35,401.32	2.000%			
						<u>\$ 3,449,361.49</u>	<u>\$ 257,714.13</u>	<u>\$ 3,191,647.36</u>
						C	C-6	C
						Ref.		

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015	Issued	Retired	Balance: Dec. 31, 2016
			Date	Amount					
Merrill Lynch Refunding Bonds	April. 17, 1991	\$ 10,000,000.00	Jul. 1, 2017	\$ 650,000.00	Variable	\$ 7,400,000.00	\$ -	\$ 650,000.00	\$ 6,750,000.00
			Jul. 1, 2018	650,000.00	Variable				
			Jul. 1, 2019	650,000.00	Variable				
			Jul. 1, 2020	650,000.00	Variable				
			Jul. 1, 2021	650,000.00	Variable				
			Jul. 1, 2022	650,000.00	Variable				
			Jul. 1, 2023	650,000.00	Variable				
			Jul. 1, 2024	650,000.00	Variable				
			Jul. 1, 2025	650,000.00	Variable				
			Jul. 1, 2026	900,000.00	Variable				
General Obligation Recovery Zone Economic Development Bonds	Dec. 22, 2010	\$ 20,700,000.00	Dec. 1, 2017	\$ 1,300,000.00	4.790%	\$ 19,700,000.00	\$ -	\$ 200,000.00	\$ 19,500,000.00
			Dec. 1, 2018	1,400,000.00	5.266%				
			Dec. 1, 2019	1,400,000.00	5.416%				
			Dec. 1, 2020	1,400,000.00	5.616%				
			Dec. 1, 2021	1,400,000.00	5.816%				
			Dec. 1, 2022 (1)	1,400,000.00	6.516%				
			Dec. 1, 2023 (1)	1,400,000.00	6.516%				
			Dec. 1, 2024 (1)	1,400,000.00	6.516%				
			Dec. 1, 2025 (1)	1,400,000.00	6.516%				
			Dec. 1, 2026 (2)	1,400,000.00	6.928%				
			Dec. 1, 2027 (2)	1,400,000.00	6.928%				
			Dec. 1, 2028 (2)	1,400,000.00	6.928%				
			Dec. 1, 2029 (2)	1,400,000.00	6.928%				
			Dec. 1, 2030 (2)	1,400,000.00	6.928%				
General Improvement Refunding Bonds Series 2011	April 26, 2011	\$ 15,200,000.00	May 1, 2017	\$ 1,535,000.00	5.000%	\$ 10,090,000.00	\$ -	\$ 1,450,000.00	\$ 8,640,000.00
			May 1, 2018	1,620,000.00	5.000%				
			May 1, 2019	1,725,000.00	5.000%				
			May 1, 2020	1,830,000.00	5.000%				
			May 1, 2021	1,930,000.00	5.000%				

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015		Issued	Retired	Balance: Dec. 31, 2016	
			Date	Amount							
General Improvement Bonds Series 2012	June 19, 2012	\$ 10,925,000.00	Mar. 15, 2017	\$ 525,000.00	2.500%	\$ 9,980,000.00	\$ -	\$ -	\$ 315,000.00	\$ 9,665,000.00	
			Mar. 15, 2018	535,000.00	3.000%						
			Mar. 15, 2019	550,000.00	3.000%						
			Mar. 15, 2020	570,000.00	3.000%						
			Mar. 15, 2021	585,000.00	3.000%						
			Mar. 15, 2022	605,000.00	3.000%						
			Mar. 15, 2023	625,000.00	3.000%						
			Mar. 15, 2024	630,000.00	3.000%						
			Mar. 15, 2025	630,000.00	3.000%						
			Mar. 15, 2026	630,000.00	3.250%						
			Mar. 15, 2027	630,000.00	3.500%						
			Mar. 15, 2028	630,000.00	3.500%						
			Mar. 15, 2029	630,000.00	3.500%						
			Mar. 15, 2030	630,000.00	3.625%						
			Mar. 15, 2031	630,000.00	3.625%						
			Mar. 15, 2032	630,000.00	3.750%						
General Improvement Refunding Bonds, Series 2014	Nov. 6, 2014	\$ 24,410,000.00	Sep. 1, 2017	\$ 3,830,000.00	4.000%	\$ 24,320,000.00	\$ -	\$ -	\$ 3,865,000.00	\$ 20,455,000.00	
			Sep. 1, 2018	3,995,000.00	5.000%						
			Sep. 1, 2019	4,000,000.00	5.000%						
			Sep. 1, 2020	4,195,000.00	5.000%						
			Sep. 1, 2021	4,435,000.00	5.000%						

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015	Issued	Retired	Balance: Dec. 31, 2016
			Date	Amount					
General Obligation Bonds Series 2014 (Callable)	Nov. 25, 2014	\$ 74,000,000.00	Dec. 1, 2017	\$ 3,810,000.00	2.000%	\$ 70,220,000.00	\$ -	\$ 3,785,000.00	\$ 66,435,000.00
Ordinance No. 267-06-2006		\$ 8,027,000.00	Dec. 1, 2018	3,845,000.00	3.000%				
Ordinance No. 201-05-2007		19,720,000.00	Dec. 1, 2019	3,890,000.00	3.000%				
Ordinance No. 100-03-2008		5,890,000.00	Dec. 1, 2020	3,955,000.00	5.000%				
Ordinance No. 137-03-2008		6,175,000.00	Dec. 1, 2021	4,030,000.00	5.000%				
Ordinance No. 389-09-2008		9,723,000.00	Dec. 1, 2022	4,120,000.00	5.000%				
Ordinance No. 088-02-2010		10,690,000.00	Dec. 1, 2023	4,225,000.00	5.000%				
Ordinance No. 457-10-2010		13,775,000.00	Dec. 1, 2024	4,335,000.00	5.000%				
			Dec. 1, 2025	4,455,000.00	5.000%				
			Dec. 1, 2026	4,585,000.00	3.000%				
			Dec. 1, 2027	4,725,000.00	4.000%				
			Dec. 1, 2028	4,875,000.00	4.000%				
			Dec. 1, 2029	5,030,000.00	4.000%				
			Dec. 1, 2030	5,190,000.00	4.000%				
			Dec. 1, 2031	5,365,000.00	3.250%				
Koppers Site Refinance Project	May 1, 2012	\$ 6,265,000.00	May 1, 2017	\$ 455,000.00	2.500%	\$ 4,990,000.00	\$ -	\$ 445,000.00	\$ 4,545,000.00
HCIA Bonds			May 1, 2018	470,000.00	2.500%				
			May 1, 2019	480,000.00	2.500%				
			May 1, 2020	490,000.00	2.500%				
			May 1, 2021	505,000.00	2.500%				
			May 1, 2022	515,000.00	2.500%				
			May 1, 2023	530,000.00	2.500%				
			May 1, 2024	545,000.00	2.500%				
			May 1, 2025	555,000.00	2.500%				

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015	Issued	Retired	Balance: Dec. 31, 2016
			Date	Amount					
Koppers Site Refinance Completion Project, Series 2013 County Secured Revenue Bonds	May 1, 2013	\$ 19,880,000.00	May 1, 2017	\$ 1,550,000.00	2.500%	\$ 16,965,000.00	\$ -	\$ 1,515,000.00	\$ 15,450,000.00
			May 1, 2018	1,590,000.00	2.500%				
			May 1, 2019	1,630,000.00	2.500%				
			May 1, 2020	1,670,000.00	2.500%				
			May 1, 2021	1,715,000.00	2.500%				
			May 1, 2022	1,755,000.00	2.500%				
			May 1, 2023	1,800,000.00	2.500%				
			May 1, 2024	1,845,000.00	2.500%				
			May 1, 2025	1,895,000.00	2.500%				
			Matured Sep. 1, 2016			\$ 673,000.00	\$ -	\$ 673,000.00	\$ -
Open Space Bonds, S. 2006	Sep. 12, 2006	\$ 4,723,000.00	July 15, 2017	\$ 190,000.00	3.000%	\$ 5,731,000.00	\$ -	\$ 190,000.00	\$ 5,541,000.00
Open Space Bonds	July 13, 2011	\$ 6,446,000.00	July 15, 2018	185,000.00	3.000%				
			July 15, 2019	205,000.00	3.500%				
			July 15, 2020	210,000.00	4.000%				
			July 15, 2021	220,000.00	4.000%				
			July 15, 2022	225,000.00	4.000%				
			July 15, 2023	235,000.00	4.000%				
			July 15, 2024	245,000.00	4.000%				
			July 15, 2025	260,000.00	4.000%				
			July 15, 2026	270,000.00	4.000%				
			July 15, 2027	285,000.00	4.000%				
			July 15, 2028	300,000.00	4.000%				
			July 15, 2029	315,000.00	4.125%				
			July 15, 2030	330,000.00	4.125%				
			July 15, 2031	335,000.00	4.250%				
			July 15, 2032	340,000.00	4.375%				
			July 15, 2033	345,000.00	4.500%				
			July 15, 2034	350,000.00	4.500%				
			July 15, 2035	350,000.00	4.625%				
			July 15, 2036	346,000.00	4.625%				

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015	Issued	Retired	Balance: Dec. 31, 2016
			Date	Amount					
County College Bonds, Series 2013 Ordinance No. 407-07-2012	June 25, 2013	\$ 8,710,000.00	Mar. 15, 2017	\$ 250,000.00	3.000%	\$ 8,210,000.00	\$ -	\$ 250,000.00	\$ 7,960,000.00
			Mar. 15, 2018	250,000.00	4.000%				
			Mar. 15, 2019	480,000.00	4.000%				
			Mar. 15, 2020	480,000.00	4.000%				
			Mar. 15, 2021	500,000.00	4.000%				
			Mar. 15, 2022	500,000.00	4.000%				
			Mar. 15, 2023	500,000.00	4.000%				
			Mar. 15, 2024	500,000.00	4.000%				
			Mar. 15, 2025	500,000.00	4.000%				
			Mar. 15, 2026	500,000.00	4.125%				
			Mar. 15, 2027	500,000.00	4.250%				
			Mar. 15, 2028	500,000.00	4.500%				
			Mar. 15, 2029	500,000.00	4.630%				
			Mar. 15, 2030	500,000.00	4.630%				
			Mar. 15, 2031	500,000.00	4.750%				
			Mar. 15, 2032	500,000.00	4.750%				
			Mar. 15, 2033	500,000.00	4.750%				
General Improvement Bonds Series 2015 Ordinance No. 529-09-2014 Community College Science Building	June 18, 2015	\$ 5,700,000.00	June 1, 2017	\$ 235,000.00	3.000%	\$ 5,700,000.00	\$ -	\$ 235,000.00	\$ 5,465,000.00
			June 1, 2018	235,000.00	4.000%				
			June 1, 2019	240,000.00	5.000%				
			June 1, 2020	245,000.00	5.000%				
			June 1, 2021	250,000.00	5.000%				
			June 1, 2022	255,000.00	5.000%				
			June 1, 2023	260,000.00	5.000%				
			June 1, 2024	265,000.00	5.000%				
			June 1, 2025	270,000.00	5.000%				
			June 1, 2026	280,000.00	2.750%				
			June 1, 2027	285,000.00	3.000%				
			June 1, 2028	295,000.00	3.000%				
			June 1, 2029	305,000.00	3.000%				

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015	Issued	Retired	Balance: Dec. 31, 2016
			Date	Amount					
General Improvement Bonds Series 2015	(continued)		June 1, 2030	\$ 315,000.00	3.125%				
			June 1, 2031	325,000.00	3.250%				
			June 1, 2032	335,000.00	3.250%				
			June 1, 2033	345,000.00	3.375%				
			June 1, 2034	355,000.00	3.375%				
			June 1, 2035	370,000.00	3.500%				
Community College Bonds Series 2006	Sep. 12, 2006	\$ 25,000,000.00	Matured Sep. 1, 2016		4.250%	\$ 1,785,000.00	\$ -	\$ 1,785,000.00	\$ -
Community College Bonds Chapter 12	Jan. 28, 2010	\$ 32,353,000.00	Feb. 1, 2017	\$ 1,525,000.00	3.000%	\$ 25,903,000.00	\$ -	\$ 1,475,000.00	\$ 24,428,000.00
			Feb. 1, 2018	1,580,000.00	3.000%				
			Feb. 1, 2019	1,640,000.00	3.250%				
			Feb. 1, 2020	1,705,000.00	3.500%				
			Feb. 1, 2021	1,780,000.00	3.500%				
			Feb. 1, 2022	1,800,000.00	3.500%				
			Feb. 1, 2023	1,800,000.00	4.000%				
			Feb. 1, 2024	1,800,000.00	4.000%				
			Feb. 1, 2025	1,800,000.00	4.000%				
			Feb. 1, 2026	1,800,000.00	4.000%				
			Feb. 1, 2027	1,800,000.00	4.000%				
			Feb. 1, 2028	1,800,000.00	4.000%				
			Feb. 1, 2029	1,800,000.00	4.000%				
			Feb. 1, 2030	1,798,000.00	4.000%				

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015	Issued	Retired	Balance: Dec. 31, 2016
			Date	Amount					
County College Bonds Series 2012 (County College Bond Act, 1971)	June 19, 2012	\$ 8,500,000.00	Mar. 15, 2017	\$ 570,000.00	2.500%	\$ 7,450,000.00	\$ -	\$ 350,000.00	\$ 7,100,000.00
			Mar. 15, 2018	580,000.00	3.000%				
			Mar. 15, 2019	600,000.00	3.000%				
			Mar. 15, 2020	610,000.00	3.000%				
			Mar. 15, 2021	630,000.00	3.000%				
			Mar. 15, 2022	650,000.00	3.000%				
			Mar. 15, 2023	670,000.00	3.000%				
			Mar. 15, 2024	690,000.00	3.000%				
			Mar. 15, 2025	700,000.00	3.000%				
			Mar. 15, 2026	700,000.00	3.250%				
County College Bonds, Series 2013 (County College Bond Act, 1971 NJ Laws c. 12) Ordinance No. 267-05-2012	June 25, 2013	\$ 1,500,000.00	Mar. 15, 2017	\$ 70,000.00	3.000%	\$ 1,360,000.00	\$ -	\$ 70,000.00	\$ 1,290,000.00
			Mar. 15, 2018	70,000.00	4.000%				
			Mar. 15, 2019	100,000.00	4.000%				
			Mar. 15, 2020	100,000.00	4.000%				
			Mar. 15, 2021	100,000.00	4.000%				
			Mar. 15, 2022	110,000.00	4.000%				
			Mar. 15, 2023	120,000.00	4.000%				
			Mar. 15, 2024	120,000.00	4.000%				
			Mar. 15, 2025	120,000.00	4.000%				
			Mar. 15, 2026	120,000.00	4.125%				
County College Refunding Bonds, Series 2013 (County College Bond Act, 1971 NJ Laws c. 12)	May 9, 2013	\$ 5,765,000.00	Mar. 15, 2027	120,000.00	4.250%				
			Mar. 15, 2028	140,000.00	4.500%				
			July 15, 2017	\$ 1,140,000.00	4.000%	\$ 3,420,000.00	\$ -	\$ 1,145,000.00	\$ 2,275,000.00
			July 15, 2018	1,135,000.00	4.000%				

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE**

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015		Issued	Retired	Balance: Dec. 31, 2016	
			Date	Amount							
County College Bonds Series 2014 (County College Bond Act, 1971 NJ Laws c. 12) Ordinance No. 374-06-2013	June 11, 2014	\$ 4,250,000.00	Mar. 15, 2017	\$ 200,000.00	3.000%	\$	4,050,000.00	\$	\$ 200,000.00	\$	3,850,000.00
			Mar. 15, 2018	200,000.00	3.000%						
			Mar. 15, 2019	200,000.00	3.000%						
			Mar. 15, 2020	280,000.00	3.000%						
			Mar. 15, 2021	280,000.00	3.000%						
			Mar. 15, 2022	280,000.00	3.000%						
			Mar. 15, 2023	310,000.00	3.000%						
			Mar. 15, 2024	340,000.00	3.000%						
			Mar. 15, 2025	340,000.00	3.000%						
			Mar. 15, 2026	340,000.00	3.000%						
County College Refunding Bonds, Series 2014 (County College Bond Act, 1971 NJ Laws c. 12)	Nov. 6, 2014	\$ 10,010,000.00	Mar. 15, 2027	340,000.00	3.000%						
			Mar. 15, 2028	340,000.00	3.000%						
			Mar. 15, 2029	400,000.00	3.250%						
			Sep. 1, 2017	\$ 1,815,000.00	3.000%	\$	9,960,000.00	\$	\$ -	\$	9,960,000.00
			Sep. 1, 2018	1,875,000.00	4.000%						
			Sep. 1, 2019	2,000,000.00	4.000%						
County College Bonds Series 2015 (County College Bond Act, P.L. 1971 c. 12) Ordinance No. 528-09-2014 Chapter 12 Community College	June 18, 2015	\$ 3,200,000.00	Sep. 1, 2020	2,095,000.00	4.000%						
			Sep. 1, 2021	2,175,000.00	5.000%						
			June 1, 2017	\$ 190,000.00	3.000%	\$	3,200,000.00	\$	\$ 190,000.00	\$	3,010,000.00
			June 1, 2018	190,000.00	4.000%						
			June 1, 2019	195,000.00	5.000%						
			June 1, 2020	195,000.00	5.000%						
			June 1, 2021	200,000.00	5.000%						
			June 1, 2022	205,000.00	5.000%						
			June 1, 2023	210,000.00	5.000%						
			June 1, 2024	215,000.00	5.000%						
General Improvement Bonds Series 2015 (County College Bond Act, P.L. 1971 c. 12)	(continued)		June 1, 2025	220,000.00	5.000%						
			June 1, 2026	225,000.00	2.750%						
			June 1, 2027	230,000.00	3.000%						
			June 1, 2028	\$ 240,000.00	3.000%						
			June 1, 2029	245,000.00	3.000%						
			June 1, 2030	250,000.00	3.125%						

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE**

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015	Issued	Retired	Balance: Dec. 31, 2016
			Date	Amount					
County Vocational / Technical School Bonds Series 2006	Sep. 12, 2006	\$ 27,925,000.00	Matured Sep. 1, 2016			\$ 1,315,000.00	\$ -	\$ 1,315,000.00	\$ -
Vocational School Refunding Bonds Series 2011	April 26, 2011	\$ 2,740,000.00	May 1, 2017	\$ 270,000.00	2.750%	\$ 1,790,000.00	\$ -	\$ 265,000.00	\$ 1,525,000.00
			May 1, 2018	290,000.00	5.000%				
			May 1, 2019	305,000.00	5.000%				
			May 1, 2020	320,000.00	5.000%				
			May 1, 2021	340,000.00	5.000%				
County Vocational-Technical Schools Bonds, Series 2013 (NJ School Bond Reserve Act, 1980 NJ Laws c. 72) Ordinance No. 406-07-2012	June 25, 2013	\$ 8,750,000.00	Mar. 15, 2017	600,000.00	3.000%	\$ 7,750,000.00	\$ -	\$ 500,000.00	\$ 7,250,000.00
			Mar. 15, 2018	775,000.00	4.000%				
			Mar. 15, 2019	950,000.00	4.000%				
			Mar. 15, 2020	950,000.00	4.000%				
			Mar. 15, 2021	975,000.00	4.000%				
			Mar. 15, 2022	1,000,000.00	4.000%				
			Mar. 15, 2023	1,000,000.00	4.000%				
			Mar. 15, 2024	1,000,000.00	4.000%				
County Vocational-Technical Schools Bonds, Series 2014 (NJ School Bond Reserve Act, 1980 NJ Laws c. 72) Ordinance No. 261-05-2013	June 11, 2014	\$ 15,650,000.00	Mar. 15, 2017	\$ 945,000.00	3.000%	\$ 14,705,000.00	\$ -	\$ 945,000.00	\$ 13,760,000.00
			Mar. 15, 2018	945,000.00	3.000%				
			Mar. 15, 2019	945,000.00	3.000%				
			Mar. 15, 2020	1,240,000.00	3.000%				
			Mar. 15, 2021	1,240,000.00	3.000%				
			Mar. 15, 2022	1,240,000.00	3.000%				
			Mar. 15, 2023	\$ 1,350,000.00	3.000%				
			Mar. 15, 2024	1,460,000.00	3.000%				
			Mar. 15, 2025	1,460,000.00	3.000%				
			Mar. 15, 2026	1,460,000.00	3.000%				
			Mar. 15, 2027	1,475,000.00	3.000%				

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE

Description	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding December 31, 2016		Interest Rates	Balance: Dec. 31, 2015	Issued	Retired	Balance: Dec. 31, 2016
			Date	Amount					
County Vocational- Technical Schools Refunding Bonds, Series 2014 (NJ School Bond Reserve Act, 1980 NJ Laws c. 72)	Nov. 6, 2014	\$ 21,225,000.00	Sep. 1, 2017	\$ 1,395,000.00	3.000%	\$ 21,030,000.00	\$ -	\$ -	\$ 21,030,000.00
			Sep. 1, 2018	1,445,000.00	3.000%				
			Sep. 1, 2019	1,490,000.00	3.000%				
			Sep. 1, 2020	1,535,000.00	3.000%				
			Sep. 1, 2021	1,590,000.00	5.000%				
			Sep. 1, 2022	1,670,000.00	5.000%				
			Sep. 1, 2023	1,760,000.00	5.000%				
			Sep. 1, 2024	1,850,000.00	5.000%				
			Sep. 1, 2025	1,945,000.00	5.000%				
			Sep. 1, 2026	2,050,000.00	3.000%				
County Vo-Tech Bonds, Series 2016A Ordinance 271-5-2014	June 14, 2106	\$ 10,100,000.00	Sep. 1, 2027	2,115,000.00	3.125%				
			Sep. 1, 2028	2,185,000.00	3.125%				
			July 1, 2017	\$ 520,000.00	2.000%	\$ -	\$ 10,100,000.00	\$ -	\$ 10,100,000.00
			July 1, 2018	530,000.00	3.000%				
			July 1, 2019	540,000.00	4.000%				
			July 1, 2020	550,000.00	4.000%				
			July 1, 2021	565,000.00	4.000%				
			July 1, 2022	580,000.00	4.000%				
			July 1, 2023	600,000.00	5.000%				
			July 1, 2024	615,000.00	4.000%				
			July 1, 2025	630,000.00	4.000%				
			July 1, 2026	650,000.00	4.000%				
			July 1, 2027	670,000.00	2.000%				
			July 1, 2028	690,000.00	2.000%				
			July 1, 2029	710,000.00	2.000%				
			July 1, 2030	730,000.00	2.250%				
			July 1, 2031	750,000.00	2.250%				
			July 1, 2032	770,000.00	2.250%				

COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GENERAL SERIAL AND TERM BONDS PAYABLE

Maturities of Bonds Outstanding										
Description	Date of Issue	Original Issue Amount	December 31, 2016		Interest Rates	Balance: Dec. 31, 2015		Issued	Retired	Balance: Dec. 31, 2016
			Date	Amount						
County College Bonds, Series 2016B (County College Bond Act, 1971 NJ Laws c. 12) Ordinance 648-11-2015			July 1, 2017	\$ 165,000.00	2.000%	\$ -	-	\$ 3,000,000.00	\$ -	\$ 3,000,000.00
			July 1, 2018	170,000.00	3.000%					
			July 1, 2019	170,000.00	4.000%					
			July 1, 2020	175,000.00	4.000%					
			July 1, 2021	180,000.00	4.000%					
			July 1, 2022	185,000.00	4.000%					
			July 1, 2023	190,000.00	5.000%					
			July 1, 2024	200,000.00	4.000%					
			July 1, 2025	205,000.00	4.000%					
			July 1, 2026	210,000.00	4.000%					
			July 1, 2027	215,000.00	2.000%					
			July 1, 2028	225,000.00	2.000%					
			July 1, 2029	230,000.00	2.000%					
			July 1, 2030	235,000.00	2.250%					
			July 1, 2031	245,000.00	2.250%					
						<u>\$ 287,697,000.00</u>	<u>\$ 13,100,000.00</u>	<u>\$ 21,813,000.00</u>	<u>\$ 278,984,000.00</u>	
						Ref. C	C-2, C-7, C-23	C-6	C	

(1) Sinking fund payments combining for term bond payment of \$5,600,000 due Dec. 1, 2025.

(2) Sinking fund payments combining for term bond payment of \$7,000,000 due Dec. 1, 2030.

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Original Issue		Date of Issue	Date of Maturity	Interest Rate	Balance		Retired	Balance December 31, 2016
Date	Amount				December 31, 2015	Renewed		
Equipment, Furnishings and Vehicles, Ord. No. 536-11-2008								
12/18/2015	\$ 20,360,000.00	12/18/2015	12/16/2016	2.00%	\$ 20,360,000.00	\$ (19,360,000.00)	\$ 1,000,000.00	\$ -
		12/15/2016	12/14/2017	2.50%	-	19,360,000.00	-	19,360,000.00
Various Capital Improvements, Ord. No. 276-07-2009								
12/18/2015	5,210,000.00	12/18/2015	12/16/2016	2.00%	5,210,000.00	(5,210,000.00)	-	-
		12/15/2016	12/14/2017	2.50%	-	5,210,000.00	-	5,210,000.00
Various 2012 Capital Improvements, Ord. No. 265-05-2012								
12/18/2015	28,267,156.00	12/18/2015	12/16/2016	2.00%	28,267,156.00	(28,267,156.00)	-	-
		12/15/2016	12/14/2017	2.50%	-	28,267,156.00	-	28,267,156.00
Various 2013 Capital Improvements, Ord No. 719-12-2013								
12/18/2015	31,139,000.00	12/18/2015	12/16/2016	2.00%	31,139,000.00	(31,139,000.00)	-	-
		12/15/2016	12/14/2017	2.50%	-	31,139,000.00	-	31,139,000.00
					<u>\$ 84,976,156.00</u>	<u>\$ -</u>	<u>\$ 1,000,000.00</u>	<u>\$ 83,976,156.00</u>
					C		C-7, C-23	C
					Ref.			

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE OF RESERVE FOR PUBLIC BUILDINGS,
GROUNDS AND PARKS ARTS INCLUSION**

Balance: December 31, 2015	<u>Ref.</u> C	\$ 474,613.00
Increased by:		
Charge Improvement Authorizations	C-12	<u>1,633,598.88</u>
		2,108,211.88
Decreased by:		
Reimburse Improvement Authorizations	C-12	<u>\$ 835,545.00</u>
December 31, 2016	C	<u><u>\$ 1,272,666.88</u></u>

EXHIBIT C-21

SCHEDULE OF RESERVE FOR YOUTH CONSULTATION SERVICE

	<u>Ref.</u>	
Balance: December 31, 2016 and 2015	C	<u><u>\$ 130,934.65</u></u>

**COUNTY OF HUDSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF MORTGAGE PAYABLE

Balance: December 31, 2015	<u>Ref.</u> C	\$ 11,886,875.00
Decreased by:		
Amortization Paid by Current Fund Budget	C-6	<u>660,625.00</u>
Balance: December 31, 2016	C	<u><u>\$ 11,226,250.00</u></u>
County Share of:		
County Share of Purchase Price of \$8,175,115		\$ 7,153,225.63
Contracts 2011-2013 Totaling \$1,274,152.84		1,114,883.74
Debt Service and Other Charges at Issuance of \$2,255,288.44		1,973,377.39
Contracts 2014 Totaling \$4,045,443.72		<u>3,539,763.24</u>
County Share of Project Through December 31, 2016		13,781,250.00
Less: Mortgage Amortization Payments, 2013-2016		<u>2,555,000.00</u>
Mortgage Payable at December 31, 2016		<u><u>\$ 11,226,250.00</u></u>
Remaining Funds on Authorization		\$ 1,571,987.00
County Appropriation in Excess of Mortgage Agreement		<u>(144,375.00)</u>
Remaining Expenditures Available Under Mortgage Agreement		1,427,612.00
Mortgage Payable at December 31, 2016		11,226,250.00
Paid or Charged Directly by County - Due from Trustee		<u>396,763.00</u>
Due HCIA Assuming Full Use of Authorization, Net Amortization Paid		<u><u>\$ 13,050,625.00</u></u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance	Date	Improvement Description	Balance, December 31,		Increased by:		Decreased by:				Balance December 31, 2016	
			2015	2016	Current Year Authorizations	Notes Matured	Bonds Issued	Grants, Aid and Loans	Budget			
									Appropriations	Notes Issued		
07/10/1997	354-07-1997	Schools of Technology - Improvements	\$	50,000.00	\$	-	\$	-	\$	-	\$	50,000.00
10/09/1997	502-10-1997	Green Acres-Washington / Lincoln Parks		157,716.00	-	-	-	-	-	-	-	157,716.00
10/09/1997	502-10-1997	Bayonne Park - Green Acres		3,500.00	-	-	-	-	-	-	-	3,500.00
10/09/1997	502-10-1997	Laurel Hill Extension - Green Acres		69,997.50	-	-	-	-	-	-	-	69,997.50
06/25/1998	331-06-1998	Schools of Technology Improvements		20,000.00	-	-	-	-	-	-	-	20,000.00
11/21/2000	512-11-2000	Various Capital Improvements		211,146.00	-	-	-	-	-	-	-	211,146.00
04/14/2005	155-04-2005	Various Capital Improvements		250,000.00	-	-	-	-	-	-	-	250,000.00
10/27/2005	447-10-2005	Open Space Trust		200.00	-	-	-	-	-	-	-	200.00
06/22/2006	267-06-2006	Various Capital Improvements		438.40	-	-	-	-	-	-	-	438.40
06/22/2006	268-06-2006	Green Acres Project		1,050,000.00	-	-	-	-	-	-	-	1,050,000.00
11/20/2007	534-11-2007	Open Space Trust		190.00	-	-	-	-	-	-	-	190.00
09/10/2008	389-09-2008	Various 2008 Capital Improvements		362,000.00	-	-	-	-	-	-	-	362,000.00
11/25/2008	536-11-2008	Equipment, Furnishings and Vehicles		-	-	-	-	-	-	-	-	-
07/09/2009	276-07-2009	Various Capital Improvements		-	-	-	-	-	-	-	-	-
07/08/2010	331-07-2010	14th Street Viaduct		18,269,426.02	-	-	-	-	34,635.56	-	-	18,234,790.46
04/22/2011	189-04-2011	Various Capital Improvements		1,111,500.00	-	-	-	-	-	-	-	1,111,500.00
09/22/2011	416-09-2011	Acquisition of 830 Bergen Avenue		1,968,750.00	-	-	-	-	-	-	-	1,968,750.00
04/26/2012	237-04-2012	Various 2012 Capital Improvements		1,090,476.00	-	-	-	-	-	-	-	1,090,476.00
05/10/2012	265-05-2012	Various 2012 Capital Improvements		-	-	-	-	-	-	-	-	-
12/06/2012	613-12-2012	Hurricane Sandy Various Improvements		246,578.97	-	-	-	-	44,949.48	-	-	(44,949.48)
04/25/2013	233-04-2013	Various Road and Bridge Improvements		2,857,142.00	-	-	-	-	111,723.25	-	-	134,855.72
12/12/2013	719-12-2013	Various 2013 Capital Improvements		-	-	-	-	-	-	-	-	-
05/22/2014	271-05-2014	HC Schools of Technology 2014-2015 Imp.		10,100,000.00	-	-	-	10,100,000.00	-	-	-	-
06/26/2014	366-06-2014	2014 Various Road & Bridge Improvements		995,500.00	-	-	-	-	-	-	-	995,500.00
12/11/2014	715-12-2014	Property Acquisition		50,507,000.00	-	-	-	-	500,000.00	-	-	50,507,000.00
05/14/2015	268-08-2015	Schools of Technology Improvements		10,000,000.00	-	-	-	-	-	-	-	10,000,000.00
05/14/2015	269-05-2015	2015 Road and Bridge Improvements		1,301,352.00	-	-	-	-	-	-	-	1,301,352.00
11/24/2015	648-11-2015	Chapter 12 Community College		3,000,000.00	-	-	-	3,000,000.00	-	-	-	-
12/23/2015	753-12-2015	Various Improvements and Acquisitions		42,746,824.00	-	-	-	-	-	-	-	42,746,824.00
03/28/2016	192-3-2016	2016 Road & Bridge Improvements		-	-	1,560,000.00	-	-	-	-	-	1,560,000.00
08/05/2016	489-8-2016	FY2017 Community College Ch.12		-	-	3,100,000.00	-	-	-	-	-	3,100,000.00
08/05/2016	490-8-2016	FY2017 Vo-Tech Equipment and Projects		-	-	8,000,000.00	-	-	-	-	-	8,000,000.00
			\$	146,369,736.89	\$	12,660,000.00	\$	84,976,156.00	\$	191,308.29	\$	145,238,428.60
			C		C-7, C-12		C-19, C-2	C-18	C-11, C-7	C-2, C-19		C, C-3a, C-7
			Ref.									

**COUNTY OF HUDSON
AFFORDABLE HOUSING UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF CASH AND CASH EQUIVALENTS

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance: December 31, 2016 and 2015	D	<u>\$ 379,742.75</u>	<u>\$ 203,482.84</u>

EXHIBIT D-5

**ANALYSIS OF AFFORDABLE HOUSING UTILITY
CAPITAL CASH AND CASH EQUIVALENTS**

<u>Improvement Authorization</u>					<u>Analysis of Ending Balance Improvement Authorizations - Funded</u>
<u>Description</u>	<u>Ordinance Date</u>	<u>Number</u>	<u>Balance: Dec. 31, 2015</u>	<u>Balance: Dec. 31, 2016</u>	
Affordable Housing Improvements	2/23/1989	178-3-1989	<u>\$ 203,482.84</u>	<u>\$ 203,482.84</u>	<u>\$ 203,482.84</u>
		Ref.	D	D	D-6

EXHIBIT D-6

SCHEDULE OF CAPITAL IMPROVEMENT AUTHORIZATIONS

<u>Improvement Authorizations</u>				<u>Balance: Dec. 31, 2015</u>	<u>Balance: Dec. 31, 2016</u>
<u>Description</u>	<u>Ordinance Date</u>	<u>Number</u>	<u>Ordinance Amount</u>	<u>Funded</u>	<u>Funded</u>
Affordable Housing Improvements	2/23/1989	178-3-1989	\$ 100,000,000	<u>\$ 203,482.84</u>	<u>\$ 203,482.84</u>
		Ref.		D	D, D-5

**COUNTY OF HUDSON
GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY CLASS

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Land	\$ 75,517,141.63	\$ -	\$ -	\$ 75,517,141.63
Buildings	287,788,610.86	3,797,162.63	-	291,585,773.49
Infrastructure	7,981.50			7,981.50
Equipment, Vehicles and Furniture	81,140,443.77	5,584,114.99	80,355.00	86,644,203.76
Total	<u>\$ 444,454,177.76</u>	<u>\$ 9,381,277.62</u>	<u>\$ 80,355.00</u>	<u>\$ 453,755,100.38</u>
<u>Ref.</u>	E	E-2	E-2	E

EXHIBIT E-2

SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS

Balance: December 31, 2015	<u>Ref.</u> E	\$ 444,454,177.76
Increased by:		
Additions	E-1	<u>9,381,277.62</u>
		453,835,455.38
Decreased by:		
Deletions	E-1	<u>80,355.00</u>
Balance: December 31, 2016	E	<u>\$ 453,755,100.38</u>

Table 1

**COUNTY OF HUDSON
STATISTICAL SECTION (UNAUDITED)**

FIVE-YEAR HISTORY OF TAX LEVIES AND COLLECTIONS

<u>Year Ended December 31,</u>	<u>County Purpose Tax Levy</u>	<u>County Open Space Tax Levy</u>	<u>Cash Collection</u>	<u>Percent of Collection</u>
2016	\$ 337,343,753.11	\$ 6,539,230.16	\$ 343,882,983.27	100.00%
2015	323,743,753.11	3,079,549.82	326,823,302.93	100.00%
2014	309,843,753.11	2,908,831.79	312,752,584.90	100.00%
2013	300,320,800.00	1,124,123.76	301,444,923.76	100.00%
2012	291,096,475.00	5,780,418.17	296,876,893.17	100.00%

Table 2

FIVE-YEAR HISTORY OF NET VALUATIONS AS EQUALIZED

<u>Year Ended December 31,</u>	<u>Aggregate Assessed Valuation Real Property</u>	<u>Aggregate True Value Real Property</u>	<u>Equalized Valuation as a Percentage of Net Valuations Taxable</u>	<u>Tax Rate Per \$1,000</u>
2016	\$ 30,667,403,078	\$ 71,348,404,173	42.98%	\$ 5.256
2015	30,433,091,292	61,590,191,081	49.41%	5.354
2014	30,168,915,836	58,176,635,774	51.86%	5.432
2013	22,108,752,727	57,301,348,216	38.58%	6.106
2012	22,059,173,124	55,240,401,037	39.93%	5.120

Table 3

FIVE-YEAR HISTORY OF COUNTY TAXES AS APPORTIONED

<u>Year Ended December 31,</u>	<u>Total County Taxes Apportioned Including Adjustments</u>	<u>Tax Appeals Refunded to Municipalities</u>	<u>Net County Taxes Apportioned</u>
2016	\$ 343,731,797.11	\$ 6,388,044.00	\$ 337,343,753.11
2015	329,755,964.89	6,012,211.78	323,743,753.11
2014	316,059,341.60	6,215,588.49	309,843,753.11
2013	305,079,974.69	4,759,174.69	300,320,800.00
2012	295,999,735.61	4,903,260.61	291,096,475.00

Table 4

**COUNTY OF HUDSON
STATISTICAL SECTION (UNAUDITED)**

FIVE-YEAR HISTORY OF GOVERNMENTAL REALIZED REVENUES

SOURCE	2016	2015	2014	2013	2012
Surplus	\$ 23,500,000.00	\$ 24,000,000.00	\$ 21,500,000.00	\$ 22,500,000.00	\$ 23,500,000.00
Miscellaneous Revenues	42,416,726.13	52,273,897.77	51,798,339.13	49,507,554.06	48,436,121.71
State Aid and Reimbursements	84,658,119.74	74,264,085.82	82,915,911.44	78,930,761.57	74,975,942.20
Division of Welfare	49,055,344.58	34,886,405.16	40,570,077.54	31,618,419.28	33,215,269.45
Grants	33,522,254.62	31,348,731.32	34,705,713.28	39,129,336.19	31,794,887.50
County Purpose Tax	337,343,753.11	323,743,753.11	309,843,753.11	300,320,800.00	291,096,475.00
Total Budget Revenues Realized	570,496,198.18	540,516,873.18	541,333,794.50	522,006,871.10	503,018,695.86
Non-Budget Revenues	11,535,376.99	11,383,381.31	5,634,110.86	7,612,478.66	5,150,754.37
TOTAL REVENUES	\$ 582,031,575.17	\$ 551,900,254.49	\$ 546,967,905.36	\$ 529,619,349.76	\$ 508,169,450.23

Table 5

**COUNTY OF HUDSON
STATISTICAL SECTION (UNAUDITED)**

FIVE-YEAR HISTORY OF GOVERNMENTAL EXPENDITURES*

DEPARTMENT NAME	2016	2015	2014	2013	2012
General Government	\$ 15,899,086.00	\$ 16,893,824.92	\$ 16,762,281.00	\$ 15,828,688.00	\$ 15,196,192.00
Constitutional Offices	25,735,067.00	24,097,977.00	23,142,658.00	22,973,460.00	23,052,798.00
Judiciary	1,282,745.00	1,381,953.00	1,198,819.00	1,137,583.00	1,377,726.00
Regulation	33,078,316.00	30,933,152.00	30,652,687.00	32,316,572.00	29,734,368.00
Parks and Community Services	10,414,301.00	9,495,766.00	8,882,512.00	8,295,072.00	8,455,851.00
Roads and Public Property	35,180,889.00	33,943,447.00	32,464,817.00	32,674,808.00	32,135,606.00
Health and Human Services	61,786,989.00	63,632,447.00	68,820,606.00	67,577,929.00	65,310,207.00
Family Services	61,145,524.00	61,008,465.00	59,541,788.00	53,286,829.00	51,954,914.00
Corrections	63,561,664.00	64,736,652.00	66,087,235.00	66,535,419.00	65,402,976.00
Education	39,535,858.00	38,564,620.00	37,200,456.00	35,873,643.00	34,894,522.00
Insurance, Unclassified, Contingent and Judgments	58,920,186.00	54,915,402.00	52,137,252.00	49,477,576.00	47,602,251.00
Capital Improvements and Debt Service	66,455,809.39	66,537,881.01	56,505,899.76	52,573,411.27	51,802,394.17
Deferred Charges and Statutory Expenditures	42,863,229.17	41,669,761.68	40,560,909.85	39,165,396.90	38,100,283.05
Grants and Matching Funds	33,748,398.62	31,567,377.32	35,518,851.28	39,347,275.19	31,912,314.50
TOTAL EXPENDITURES	\$ 549,608,062.18	\$ 539,378,725.93	\$ 529,476,771.89	\$ 517,063,662.36	\$ 496,932,402.72

* Includes Current Fund Paid or Charged, Encumbered and Reserved.

Table 6

**COUNTY OF HUDSON
STATISTICAL SECTION (UNAUDITED)**

FIVE-YEAR HISTORY OF COUNTY PURPOSE TAX LEVY

MUNICIPALITY	2016	2015	2014	2013	2012
City of Bayonne	\$ 27,017,738.27	\$ 28,440,609.12	\$ 27,344,708.30	\$ 27,761,544.43	\$ 27,966,036.37
Borough of East Newark	694,664.54	715,157.60	797,709.39	769,899.58	660,312.61
Town of Guttenberg	4,697,651.87	4,803,744.61	4,722,130.92	4,894,915.81	4,757,331.03
Town of Harrison	6,450,326.48	6,188,966.07	5,807,300.49	5,858,697.85	5,777,487.76
City of Hoboken	70,290,345.30	67,327,339.13	60,351,815.44	52,906,680.10	48,649,256.71
City of Jersey City	115,491,911.78	104,854,028.28	101,550,077.13	95,984,667.47	94,807,507.15
Town of Kearny	18,989,596.90	18,509,406.31	17,655,622.71	17,580,339.80	17,603,188.78
Township of North Bergen	26,541,906.64	25,529,570.85	24,411,429.12	25,123,600.28	25,241,221.95
Town of Secaucus	23,825,376.94	22,862,721.42	25,787,636.92	26,861,356.30	24,824,380.69
City of Union City	17,912,576.57	16,902,713.83	15,892,889.98	16,628,552.95	17,080,189.54
Township of Weehawken	13,240,946.15	14,502,521.10	13,812,519.21	13,635,895.74	11,528,923.02
Town of West New York	12,190,711.67	13,106,974.79	11,709,913.50	12,314,649.69	12,200,639.39
	<u>\$ 337,343,753.11</u>	<u>\$ 323,743,753.11</u>	<u>\$ 309,843,753.11</u>	<u>\$ 300,320,800.00</u>	<u>\$ 291,096,475.00</u>

Table 7

**COUNTY OF HUDSON
STATISTICAL SECTION (UNAUDITED)**

FIVE-YEAR SUMMARY OF COUNTY DEBT

	2016	2015	2014	2013	2012
Outstanding Bonds, Notes and Loans	\$ 366,151,803	\$ 376,122,517	\$ 304,008,998	\$ 321,488,656	\$ 326,846,685
Bonds and Notes Authorized But Not Issued and Guarantees	693,508,495	725,804,424	960,032,089	646,241,967	664,753,725
	<u>\$ 1,059,660,298</u>	<u>\$ 1,101,926,941</u>	<u>\$ 1,264,041,087</u>	<u>\$ 967,730,623</u>	<u>\$ 991,600,410</u>
Issued:					
Green Acres Loans Payable	\$ 3,191,647	\$ 3,449,361	\$ 3,701,998	\$ 3,949,656	\$ 2,947,685
Bonds and Notes for School Purpose	53,665,000	46,590,000	49,740,000	36,095,000	28,600,000
General Bond Anticipation Notes (incl. Community College)	83,976,156	84,976,156	-	93,985,000	125,700,000
General Serial and Term Bonds (incl. Community College)	225,319,000	241,107,000	250,567,000	187,459,000	169,599,000
	<u>366,151,803</u>	<u>376,122,517</u>	<u>304,008,998</u>	<u>321,488,656</u>	<u>326,846,685</u>
Authorized But Not Issued by County:					
Bonds and Notes for School Purposes	18,070,000	20,150,000	170,100,000	15,650,000	8,820,000
General Bonds and Notes Authorized But Not Issued	127,168,429	126,219,737	175,246,220	119,954,702	101,433,725
Bonds Guaranteed by the County	548,270,066	579,434,687	586,263,822	510,637,265	554,500,000
	<u>693,508,495</u>	<u>725,804,424</u>	<u>931,610,042</u>	<u>646,241,967</u>	<u>664,753,725</u>
Total Bonds and Notes Issued, Authorized but not Issued and Guaranteed	1,059,660,298	1,101,926,941	1,235,619,040	967,730,623	991,600,410
Statutory Deductions	601,783,662	633,780,715	640,147,561	559,955,961	611,978,906
Net Debt	<u>\$ 457,876,635</u>	<u>\$ 468,146,226</u>	<u>\$ 595,471,479</u>	<u>\$ 407,774,662</u>	<u>\$ 379,621,504</u>
Three-Year Average Equalized Valuation of Real Property:					
Years in Equalization	2014-2016	2013-2015	2012-2014	2011-2013	2010-2012
Amount of Equalization	<u>\$ 65,188,015,896</u>	<u>\$ 60,430,140,564</u>	<u>\$ 57,520,582,007</u>	<u>\$ 56,633,339,354</u>	<u>\$ 57,958,873,791</u>
Gross Debt as a Percentage of Equalized Valuation	1.63%	1.82%	2.15%	1.71%	1.71%
Net Debt as a Percentage of Equalized Valuation	0.70%	0.77%	1.04%	0.72%	0.65%
Gross Debt per Capita	\$ 1,671	\$ 1,737	\$ 1,948	\$ 1,526	\$ 1,563
Net Debt per Capita	\$ 722	\$ 738	\$ 939	\$ 643	\$ 599
<u>BORROWING POWER</u>					
Debt Limit - 2% of Equalized Valuation Basis	\$ 1,303,760,318	\$ 1,208,602,811	\$ 1,150,411,640	\$ 1,132,666,787	\$ 1,159,177,476
Net Debt	457,876,635	468,146,226	595,471,479	407,774,662	379,621,504
Remaining Borrowing Power	<u>\$ 845,883,683</u>	<u>\$ 740,456,585</u>	<u>\$ 554,940,161</u>	<u>\$ 724,892,125</u>	<u>\$ 779,555,972</u>

Census	
2010	2000
634,266	608,975
634,266	608,975

Table 8

COUNTY OF HUDSON
STATISTICAL SECTION (UNAUDITED)

FIVE-YEAR HISTORY OF RATIO OF GENERAL BONDED DEBT SERVICE TO EXPENDITURES AND REVENUES

Year Ended Dec. 31,	Principal**	Interest**	Total Debt Service**	Total Expenditures*	Ratio of Debt Service to Expenditures	Total*** Realized Revenue	Ratio of Debt Service to Realized Revenue
2016	\$ 43,391,905.00	\$ 19,198,403.86	\$ 62,590,308.86	\$ 549,608,062.18	11.39%	\$ 570,496,198.18	10.97%
2015	41,461,480.00	22,711,414.13	64,172,894.13	539,378,725.93	11.90%	540,516,873.18	11.87%
2014	32,460,000.00	21,346,002.00	53,806,002.00	529,476,771.89	10.16%	522,006,871.10	10.31%
2013	28,831,875.00	20,505,965.59	49,337,840.59	517,063,662.36	9.54%	522,006,871.10	9.45%
2012	25,915,000.00	21,777,465.32	47,692,465.32	496,932,402.72	9.60%	503,018,695.86	9.48%

* Includes Current Fund Paid or Charged, Encumbered and Reserved.

**Excludes principal and interest on notes and green acres loans. Includes principal and interest on capital leases and installment purchase with HCIA.

***Realized budgeted revenue.

COUNTY OF HUDSON

ROSTER OF OFFICIALS

NAME	TITLE	TERM EXPIRES
Thomas A. DeGise	(1) County Executive	December 31, 2019
<i>Board of Chosen Freeholders</i>		
Kenneth Kopacz	Freeholder - District 1	December 31, 2017
William O'Dea	Freeholder - District 2	December 31, 2017
Gerard M. Balmir, Jr.	Freeholder - District 3	December 31, 2017
E. Junior Maldonado	Freeholder - District 4	December 31, 2017
Anthony L. Romano	Freeholder - District 5	December 31, 2017
Tilo Rivas	Freeholder - District 6 - 2016 Chairperson	December 31, 2017
Caridad Rodriguez	Freeholder - District 7	December 31, 2017
Anthony P. Vainieri, Jr.	Freeholder - District 8 - 2017 Chairperson	December 31, 2017
Albert J. Cifelli	Freeholder - District 9	December 31, 2017
Abraham A. Antun	County Administrator	
Cheryl G. Fuller	(2) Director, Department of Finance and Administration; Treasurer; Chief Financial Officer	
Alberto G. Santos	Clerk of the Board of Chosen Freeholders	December 31, 2017
Barbara Netchert	(3) County Clerk	December 31, 2017
Pamela Gardner	(3) County Register (2016)	December 31, 2016
Diane Coleman	(3) County Register (2017)	December 31, 2021
Frank X. Schillari	(3) County Sheriff	December 31, 2019
Joseph J. Ryglicki	(3) County Surrogate	December 31, 2019
Donato J. Battista	Director, Department of Law; County Counsel	
Michelle Richardson	Director, Department of Parks and Community Services (2016)	
Thomas De Leo	Director, Department of Parks and Community Services (September 8, 2016 to present)	
Darice Toon	Director, Department of Health and Human Services	
Benjamin Lopez	Director, Department of Family Services	
Tish Nalls-Castillo	Director, Department of Corrections (2016)	
Ronald Edwards	Director, Department of Corrections (August 10, 2017 to present)	
Harold E. Demellier, Jr.	Director, Department of Roads and Public Property (through May, 2016)	
Denise D'Alessandro	Director, Department of Roads and Public Property (June 23, 2016 to Present)	
Donald J. Kenny	County Tax Administrator	
John Brzozowski	Deputy Superintendent of Elections	

**Unless otherwise noted, the above officials held their respective titles during the year ended December 31, 2016 through the date of this report.*

The County self-insurance fund carries the following coverage for officials in office:

- (1) Surety bond coverage of \$350,000.
- (2) Surety bond coverage of \$1,500,000.
- (3) Surety bond coverage of \$50,000.

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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

To the Honorable Chairman and Members
of the Board of Chosen Freeholders
County of Hudson, New Jersey

We have audited, in accordance with the 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, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the accompanying financial statements – regulatory basis of the County of Hudson, New Jersey (the "County"), which comprise the comparative balance sheets – regulatory basis, of each fund and General Fixed Assets as of December 31, 2016 and 2015, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis – and statement of appropriations – regulatory basis, of the Current Fund and Affordable Housing Utility Fund, and the statement of changes in fund balance – regulatory basis, of the General Capital Fund, for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2017.

As described in Note A, the County prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis 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.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2016-001, which we consider to be a material weakness.

Compliance and Other Matters

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

We did note instances of noncompliance which are required to be reported under audit requirements prescribed by the Division, and which are described in the accompanying comments and recommendations section of this report.

The County's Response to Findings


The County's responses to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC
Certified Public Accountants



MARK W. BEDNARZ
RMA No. 547

Bayonne, New Jersey
September 27, 2017

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

To the Honorable Chairman and Members
of the Board of Chosen Freeholders
County of Hudson, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the County of Hudson, New Jersey's (the County's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *N.J. OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2016. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the

Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on the Federal USDA SNAP Program, TANF, Child Support and Paternity Program, Title XIX and Children's Health Insurance Program Grants and the State Workfirst NJ General Assistance Grant

As described in Findings 2016-001 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the following:

Finding Number	State Grant No.	Federal CFDA No.	Program Name	Compliance Requirement
2016-001	100-054-7550-121 / 308	N/A	Workfirst NJ General Assistance (GA) (Administration)	Cash Management, Reporting
2016-001	100-054-7550-162	10.551	Supplemental Nutrition Assistance Program	Cash Management, Reporting
2016-001	100-054-7550-162	93.558	Temporary Assistance for Needy Families-TANF (Administrative Costs)	Cash Management, Reporting
2016-001	100-054-7550-162	93.563	Title IV-D Child Support and Paternity (Administrative Costs)	Cash Management, Reporting
2016-001	100-054-7550-162	93.667	Title XX-Social Services Block Grant (Administrative Costs)	Cash Management, Reporting
2016-001	100-054-7550-162	93.767	State Children's Insurance Program-Administration (Administrative Costs)	Cash Management, Reporting
2016-001	100-054-7550-162	93.778	Medical Assistance Program and Medically Need Program (Administrative Costs)	Cash Management, Reporting

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

Qualified Opinion on the Federal USDA SNAP Program, TANF, Child Support and Paternity Program, Title XIX and Children's Health Insurance Program Grants and the State Workfirst NJ General Assistance Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the USDA SNAP Program, TANF, Child Support and Paternity Program, Title XIX and Children's Health Insurance Program Grants and the State Workfirst NJ General Assistance Grant, for the year ended December 31, 2016.

Unmodified Opinion on Each of the other Major Federal and State Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and each of its other major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2016.

Other Matters

The County's response to the noncompliance finding identified in our audit is described in the accompanying *schedule of findings and questioned costs*. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, 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 County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2016-001, to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC
Certified Public Accountants



MARK W. BEDNARZ
RMA No. 547

Bayonne, New Jersey
September 27, 2017

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	Federal CFDA Number	See Also Note	Pass-through Entity Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
U.S. Department of Agriculture Passed through NJ Department of Human Services: <i>Administered by Hudson County Division of Welfare</i> Supplemental Nutrition Assistance Program 01/01/2015 - 12/31/2015 10.551 -		-	100-054-7550-162	\$ 14,267,137.00	\$ 14,267,137.00	\$ -	\$ -	\$ 14,267,137.00	\$ 14,267,137.00	\$ -	\$ -	\$ -	\$ 14,267,137.00
		-	FS14-124	3,000.00	-	3,000.00	-	-	-	-	-	3,000.00	-
		-			\$ 14,267,137.00	\$ 3,000.00	\$ -	\$ 14,267,137.00	\$ 14,267,137.00	\$ -	\$ -	\$ 3,000.00	
Total U.S. Department of Agriculture and CFDA 10.551													
U.S. Department of Housing and Urban Development:													
CDBG - Entitlement Grants Cluster													
Community Development Block Grant													
		-	Direct Award	\$ 3,411,859.00	\$ 5,416.80	\$ 5,416.80	\$ -	\$ -	\$ 5,416.80	\$ -	\$ -	\$ (0.00)	\$ 3,173,525.65
		-	Direct Award	2,683,021.00	51,500.00	135,812.08	-	-	51,500.00	-	-	84,312.08	4,611,054.09
		-	Direct Award	2,962,702.00	320,435.28	688,230.32	-	-	320,435.28	-	-	367,795.04	1,396,860.91
		-	Direct Award	2,898,740.00	222,552.20	1,066,031.67	-	-	222,552.20	-	-	843,509.47	2,268,183.37
		-	Direct Award	1,968,272.00	864,414.69	1,793,131.64	-	-	864,414.69	-	-	928,716.95	1,039,555.05
		-	Direct Award	1,940,050.00	204,133.70		-	1,940,050.00	204,133.70	-	-	1,735,916.30	204,133.07
Passed through NJ Department of Community Affairs													
CDBG-DR (Post Sandy Planning Assistance)													
		-	09/25/2014 - 09/24/2015 14.218	180,000.00	-	3,259.44	176,400.00	-	152,836.11	-	23,223.33	3,600.00	153,176.67
		-	09/25/2015 - 06/24/2016 14.218	80,000.00	-	80,000.00	-	-	-	-	-	-	-
		-	Total CDBG - Entitlement Grant Cluster (CFDA 14.218)		1,668,422.67	3,771,881.95	176,400.00	1,940,050.00	1,821,258.78	-	23,223.33	4,043,849.84	
Emergency Solutions Grant													
		-	Direct Award	258,384.00	166,356.23	166,356.23	-	-	166,356.23	-	-	-	258,384.00
		-	Direct Award	166,164.00	20,934.38		-	166,164.00	20,934.38	-	-	145,229.62	20,934.38
		-	Total CFDA 14.231 - Emergency Shelter Grant		187,290.61	166,356.23	-	166,164.00	187,290.61	-	-	145,229.62	
HOME Investment Partnerships Program													
		-	Direct Award	4,095,796.00	-	-	-	-	15,241.25	(15,241.25)	-	-	4,688,863.72
		-	Direct Award	3,914,108.00	-	-	-	-	151,035.91	(151,035.91)	-	-	4,188,482.94
		-	Direct Award	3,812,642.00	-	-	-	-	445,143.95	(445,143.95)	-	-	1,895,664.53
		-	Direct Award	1,877,348.00	-	-	-	-	83,370.39	(83,370.39)	-	(0.00)	790,908.02
		-	Direct Award	1,945,469.00	-	1,459,101.75	-	-	175,898.00	694,791.50	-	588,412.25	154,659.45
		-	Direct Award	1,793,131.64	-	1,319,235.00	-	-	39,052.58	1,280,182.42	-	1,280,182.42	34,151.64
		-	Direct Award	1,902,267.00	-	-	-	1,902,267.00	-	-	-	1,902,267.00	34,151.64
		-	Total CFDA 14.239 - HOME Investment Partnerships Program		-	2,778,336.75	-	1,902,267.00	909,742.08	-	-	3,770,861.67	
Continuum of Care (CoC) Program													
		-	Direct Award	85,921.00	27,161.79	-	-	85,921.00	27,160.79	-	-	58,760.21	27,160.79
		-	Direct Award	205,975.00	81,179.51	-	-	205,975.00	49,568.88	-	-	156,406.12	49,568.88
		-	Total CFDA 14.257 - Homelessness Prevention and Rapid Re-Housing Program		108,341.30	-	-	291,896.00	76,729.67	-	-	215,166.33	
Total US Department of Housing and Urban Development													
		-		\$ 1,964,054.58	\$ 6,716,574.93	\$ 176,400.00	\$ 4,300,377.00	\$ 2,995,021.14	\$ 23,223.33	\$ -	\$ 8,175,107.46		

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	Federal CFDA Number	See Also Note	Pass-through Entity Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
U.S. Department of Justice													
Office for Victims of Crime													
Passed through NJ Department of Law and Public Safety - Division of Criminal Justice													
County Office of Victim Witness Advocacy													
Victims of Crime Act (VOCA) Victim Assistance Grant Program													
01/01/2010 - 09/30/2012	16.575	-	100-066-1020-142	\$ 339,363.00	\$ -	\$ 1,961.20	\$ -	\$ -	\$ -	\$ -	\$ 1,961.20	\$ 337,401.80	
01/01/2014 - 12/31/2014	16.575	-	100-066-1020-142	362,485.00	-	-	-	-	-	-	-	362,485.00	
01/01/2015 - 12/31/2015	16.575	-	100-066-1020-142	359,378.00	201,754.36	134,606.81	-	-	134,606.81	-	-	359,378.00	
06/11/2016 - 06/10/2017	16.575	-	14-100-066-1020-142	364,323.00	-	-	-	364,323.00	-	-	-	364,323.00	
NJ VOCA- SANE/SART Program													
09/01/2008 - 09/30/2009	16.575	-	100-066-1020-142	67,655.00	-	2,298.33	-	-	-	-	2,298.33	65,356.67	
10/01/2013 - 09/30/2014	16.575	-	100-066-1020-142	66,978.00	-	-	-	-	-	-	-	63,999.95	
09/01/2015 - 09/30/2016	16.575	-	100-066-1020-142	136,092.00	67,672.76	71,699.04	-	-	67,553.92	-	4,145.12	131,946.88	
Total CFDA 16.575 - Crime Victims Assistance and SANE/SART Programs					269,427.12	210,965.38	-	364,323.00	202,160.73	-	372,727.65		
Passed through NJ Department of Law and Public Safety:													
Juvenile Accountability Incentive Block Grant													
10/01/2007 - 09/30/2008	16.523	-	100-066-1800-121	72,698.00	-	7,170.00	-	-	-	-	7,170.00	65,528.00	
Total CFDA 16.523 - Juvenile Accountability Incentive Block Grant					-	7,170.00	-	-	-	-	7,170.00		
Community Oriented Policing Services Program (COPS) Grants													
COPS Hiring Program (CHP)													
09/01/2016 - 08/30/2019	16.710	-	Direct Award	1,500,000.00	-	-	-	1,500,000.00	-	-	-	1,500,000.00	-
Total CFDA 16.607 - Bulletproof Vest					-	-	-	1,500,000.00	-	-	-	1,500,000.00	
Office of Justice Programs, Bureau of Justice Assistance													
Justice Assistance Grant (JAG) Program Cluster													
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Local Solicitation													
10/01/2015 - 09/30/2016	16.738	-	Direct Award	244,570.00	15,926.00	-	-	-	15,926.00	-	228,644.00	-	15,926.00
10/01/2013 - 09/30/2017	16.738	-	Direct Award	288,566.00	186,965.27	244,570.00	-	-	186,965.27	-	71,947.73	-	216,618.27
06/01/2011 - 05/31/2012	16.738	-	Direct Award	410,429.00	-	-	-	-	-	-	-	95.15	410,333.85
10/01/2011 - 09/30/2015	16.738	-	Direct Award	308,023.00	-	-	-	-	-	-	-	3,522.40	304,500.60
10/01/2012 - 09/30/2016	16.738	-	Direct Award	271,842.00	59,553.00	-	-	-	-	-	-	-	271,842.00
10/01/2015 - 09/30/2019	16.738	-	Direct Award	259,578.00	-	-	-	259,578.00	-	-	-	259,578.00	-
Passed through NJ Department of Law and Public Safety:													
Edward Byrne Memorial Justice Assistance Grant (JAG) Program													
Local Law Enforcement Block Grant Program (Megan's Law)													
03/03/2015 - 09/30/2016	16.738	-	100-066-1020-261	16,496.00	5,474.90	1,114.28	-	480.00	1,564.28	-	-	-	16,946.00
* - *	16.738	-	2014-DJ-BX-0873	18,013.00	11,821.25	-	-	17,563.00	15,874.25	-	-	1,688.75	15,874.25
Multi-jurisdictional Gang, Gun and Narcotics Task Force													
07/01/2015 - 06/30/2016	16.738	-	100-066-1020-157	152,250.00	118,286.64	83,187.92	-	-	83,187.92	-	-	-	152,250.00
Subtotal CFDA 16.738 - Edward Byrne Memorial Justice Grant (JAG)					398,027.06	84,302.20	724,117.58	277,591.00	520,534.75	-	300,591.73	264,884.30	
Comprehensive Jail-Based Reentry Strategy Program													
07/01/2011 - 06/30/2012	16.803	-	100-066-1020-035	125,000.00	-	74,752.00	-	-	-	-	-	74,752.00	50,248.00
Edward Byrne Memorial Justice Grant-ARRA					-	-	-	-	-	-	-	-	-
01/01/2009 - 12/31/2009	16.804	-	Direct Award	2,658,805.00	-	98.20	-	-	-	-	-	98.20	2,658,706.80
Total Justice Assistance Grant (JAG) Program Cluster					398,027.06	159,152.40	724,117.58	277,591.00	520,534.75	-	300,591.73	339,734.90	
Second Chance Act Prisoner Reentry													
01/01/2010 - 12/31/2010	16.202	-	Direct Award	750,000.00	-	100,673.76	-	-	-	-	-	100,673.76	649,326.24
01/01/2011 - 12/31/2011	16.202	-	Direct Award	750,000.00	-	(4,394.58)	-	-	-	-	17,880.50	(4,394.58)	736,514.08
10/01/2013 - 06/30/2015	16.202	-	Direct Award	1,900,000.00	724,321.00	39,908.71	413,192.22	-	579,884.83	(287,230.13)	139,998.82	20,447.41	1,626,783.90
01/01/2012 - 12/31/2012	16.202	-	Direct Award	437,500.00	-	17,637.85	9,567.16	-	-	-	9,567.16	-	17,637.85
Total CFDA 16.202 - Second Chance Act Prisoner Reentry					724,321.00	153,825.74	440,439.88	-	579,884.83	(287,230.13)	167,246.48	134,364.44	410,494.99
Bullet Proof Vest													
01/01/2013 - 12/31/2013	16.607	-	Direct Award	35,328.61	-	-	4,528.61	-	-	-	4,528.61	-	30,800.00
Total CFDA 16.607 - Bulletproof Vest					-	-	4,528.61	-	-	-	4,528.61	-	-
National Crime History Inspection Program													
07/01/2010 - 06/30/2011	16.U01	-	Direct Award	-	-	22,036.51	-	-	-	-	-	22,036.51	-
Total U.S. Department of Justice					\$ 1,391,775.18	\$ 552,750.03	\$ 1,169,086.07	\$ 2,141,914.00	\$ 1,302,580.31	\$ (287,230.13)	\$ 472,366.82	\$ 2,576,033.10	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	Federal CFDA Number	See Also Note	Pass-through Entity Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
US Department of Labor, Employment and Training Administration													
Passed through NJ Department of Labor:													
Welfare-to-Work Formula	9/30/1999 - 6/30/2000	-	100-062-4545-285	\$ 1,637,003.00	\$ -	\$ 77,387.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,387.75	\$ 1,559,615.25
Passed through NJ Department of Labor:													
WIA/WIOA Cluster													
Workforce Innovation and Opportunity Act / WIOA (Formerly Workforce Investment Act / WIA)													
07/01/2004 - 06/30/2005	17.258	H	100-062-4545-285	466,784.00	-	269,437.00	-	-	-	-	-	269,437.00	197,347.00
07/01/2004 - 06/30/2005	17.258	H	100-062-4545-285	4,422,622.00	-	1,495,422.00	-	-	-	-	-	1,495,422.00	2,977,200.00
07/01/2004 - 06/30/2005	17.258	H	100-062-4545-285	100,000.00	-	63,850.00	-	-	-	-	-	63,850.00	36,150.00
07/01/2006 - 06/30/2007	17.258	H	100-062-4545-285	2,881,410.00	-	119,772.00	-	-	-	-	-	119,772.00	2,761,638.00
07/01/2007 - 06/30/2008	17.258	H	100-062-4545-285	140,713.80	-	39,047.00	-	-	-	-	-	39,047.00	101,666.80
07/01/2007 - 06/30/2008	17.258	H	100-062-4545-285	2,763,255.00	-	64,331.00	-	-	-	-	-	64,331.00	2,698,924.00
07/01/2007 - 06/30/2008	17.258	H	100-062-4545-285	2,342,001.00	-	94,670.00	-	-	-	-	-	94,670.00	2,247,331.00
07/01/2007 - 06/30/2008	17.258	H	100-062-4545-285	3,185,822.00	-	35,875.00	-	-	-	-	-	35,875.00	3,149,947.00
07/01/2009 - 06/30/2010	17.258	H	100-062-4545-285	3,126,872.00	-	-	-	-	-	-	-	-	3,122,987.00
07/01/2010 - 06/30/2011	17.258	H	100-062-4545-285	2,962,240.00	-	-	-	-	-	-	-	-	2,941,296.00
07/01/2011 - 06/30/2012	17.258	H	100-062-4545-285	3,439,081.00	645,422.00	-	20,944.00	-	651,864.00	83,441.00	20,944.00	-	3,222,397.00
07/01/2012 - 06/30/2012	17.258	H	100-062-4545-285	3,321,094.00	2,194,304.00	-	868,548.00	-	2,208,864.07	(84,346.00)	133,243.00	-	2,463,445.07
07/01/2015 - 06/30/2016	17.258	H	100-062-4545-285	2,941,167.00	418,648.00	-	3,066,513.00	2,941,167.00	413,302.00	-	2,577,865.00	-	413,302.00
07/01/2016 - 06/30/2017	17.258	H	100-062-4545-285	2,941,167.00	-	-	-	-	-	-	-	-	-
Workforce Investment Act - ARRA													
07/01/2008 - 06/30/2009	17.258	H	100-062-4545-285	1,875,111.00	-	67,670.00	-	-	-	-	-	67,670.00	1,807,441.00
07/01/2011 - 06/30/2012	17.258	H	100-062-4545-285	211,776.00	-	88,304.00	-	-	-	-	-	88,304.00	123,472.00
Total WIA-WIOA Cluster (CFDA 17.258)					3,238,374.00	2,342,263.00	3,956,005.00	2,941,167.00	3,274,030.07	(905.00)	3,594,243.93	2,372,066.00	
Workforce Innovation and Opportunity Act (WIOA)													
Linking to Employment Activities Pre-Release (LEAP) - Specialized American Job Centers (AACS)													
FAIN: PE-29750-16-60-A-34													
10/1/2016 - 9/30/2018	17.270	-	-	500,000.00	-	-	-	500,000.00	-	-	-	500,000.00	-
Total CFDA 17.253 - Hurricane Sandy Disaster National Emergency Grant													
Passed through NJ Department of Labor:													
Hurricane Sandy Disaster National Emergency Grant													
10/29/2012 - 08/29/2013	17.277	-	062-4545-100-377	1,296,548.00	-	6,348.90	75,643.17	-	-	-	75,643.17	6,348.90	1,214,555.93
07/01/2011 - 06/30/2012	17.277	-	062-4545-100-377	387,280.00	-	-	-	-	-	-	-	-	387,280.00
Total CFDA 17.253 - Hurricane Sandy Disaster National Emergency Grant						6,348.90	75,643.17	-	-	-	75,643.17	6,348.90	
Total U.S. Department of Labor					\$ 3,238,374.00	\$ 2,425,999.65	\$ 4,031,648.17	\$ 3,441,167.00	\$ 3,274,030.07	\$ (905.00)	\$ 3,669,887.10	\$ 2,955,802.65	
U.S. Department of Transportation:													
(1) Highway Planning and Construction Cluster													
Passed through North Jersey Transportation Planning Authority													
Federal Highway Administration (FHWA)													
Subregional Transportation Planning													
07/01/2012 - 06/30/2013	20.205	-	480-078-6320-167	74,240.00	\$ -	\$ 9,983.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,983.92	\$ 64,256.08
07/01/2015 - 06/30/2016	20.205	-	480-078-6320-167	113,296.00	93,824.08	113,296.00	-	-	66,780.17	-	-	46,513.83	66,780.17
07/01/2016 - 06/30/2017	20.205	-	480-078-6320-167	113,296.00	23,482.54	-	-	113,296.00	-	-	-	113,296.00	-
Subregional Internship Program													
07/01/2008 - 06/30/2009	20.205	-	480-078-6320-167	6,300.00	-	6,300.00	-	-	-	-	-	6,300.00	-
07/01/2009 - 06/30/2010	20.205	-	480-078-6320-167	6,300.00	-	6,300.00	-	-	-	-	-	6,300.00	-
07/01/2010 - 06/30/2011	20.205	-	480-078-6320-167	8,300.00	-	8,300.00	-	-	-	-	-	8,300.00	-
Subregional Staff Support ARRA													
07/01/2009 - 06/30/2010	20.205	-	480-078-6320-167	70,054.00	-	63,069.90	-	-	-	-	-	63,069.90	6,984.10
Unified Planning Work Program (UPWP)													
07/01/2014 - 06/30/2015	20.205	-	480-078-6320-167	64,000.00	59,638.18	-	64,000.00	-	59,638.18	-	4,361.82	-	-
Traffic Delimiters & Driver Feedback Signs on Paterson													
07/01/2007 - 06/30/2008	20.205	-	480-078-6320-167	35,000.00	-	4,621.00	-	-	-	-	-	4,621.00	30,379.00
Foreign Trade Zone Study													
n/a - n/a	20.205	-	480-078-6320-167	75,000.00	-	49,174.84	-	-	-	-	-	49,174.84	25,825.16

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	Federal CFDA Number	See Also Note	Pass-through Entity Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
U.S. Department of Transportation (continued):													
Passed through New Jersey Transportation Trust Fund Authority Act:													
Regional Bus Circulation and Infrastructure Study													
n/a - n/a	20.205	-	480-078-6320-167	\$ 160,000.00	\$ -	\$ 2,458.60	\$ -	\$ -	\$ -	\$ -	\$ 2,458.60	\$ 157,541.40	
Paterson Plank Slope Stabilization (HC-230A)	20.205	-	480-078-6320-167	600,000.00	-	401,344.39	-	-	-	401,344.39	-	429,905.61	
Sidewalk & Fence Repair Secaucus Road at Grand Ave Bridge (HC-221A)	20.205	-	480-078-6320-437	25,000.00	-	25,000.00	-	-	39,000.00	-	(14,000.00)	39,000.00	
Ferry Road Bridge Repairs (HC-434)	20.205	-	480-078-6320-437	25,000.00	-	25,000.00	-	-	59,715.00	-	(34,715.00)	59,715.00	
Masonry Repairs to Manhattan Ave Retaining Wall (HC-239A)	20.205	-	480-078-6320-437	100,000.00	-	-	-	-	139,887.00	(100,000.00)	(39,887.00)	139,887.00	
Reconstruction of Sinatra Drive North (HC-437)	20.205	-	480-078-6320-167	572,343.37	-	572,343.37	-	-	253,475.00	-	318,868.37	25,475.00	
Improvements to Sinatra Drive (216A)	20.205	-	480-078-6320-437	233,000.00	-	233,000.00	-	-	-	-	233,000.00	-	
2011 Road Resurfacing (HC-217A)	20.205	-	480-078-6320-437	1,840,000.00	-	542,242.92	-	-	-	-	542,242.92	1,297,757.08	
2012 Road Resurfacing (HC-218A)	20.205	-	480-078-6320-437	835,000.00	-	2,742,675.00	-	-	-	3,169,564.64	(426,889.64)	1,261,889.64	
JFK Boulevard East - Fence - Guttenberg (HC-219A)	20.205	-	480-078-6320-167	1,950,000.00	68,472.05	360,000.00	-	-	-	(107,905.55)	467,905.55	1,482,094.45	
Traffic Signal Improvements - Package U (HC-325)	20.205	-	480-078-6320-437	1,025,000.00	-	810,308.41	-	-	-	368,457.87	441,850.54	583,149.46	
Improvements to JFK Blvd Columbus Bridge	20.205	-	480-078-6320-437	205,000.00	20,070.96	-	-	-	-	40,866.45	(40,866.45)	245,866.45	
Single Span Arch Over Davis Avenue Harrison (HC-433)	20.205	-	480-078-6320-437	470,000.00	-	350,000.00	-	-	-	350,000.00	-	-	
Improvements to JFK Kennedy Boulevard (HC-224A)	20.205	-	480-078-6320-437	1,000,000.00	-	68,906.12	-	-	-	(71,306.66)	140,212.78	859,787.22	
Improvements to Passaic Avenue (HC-225A)	20.205	-	480-078-6320-437	800,000.00	-	(105,504.79)	-	-	-	(14,342.23)	(91,162.56)	891,162.56	
Traffic Signal Improvements - Package U (HC-325)	20.205	-	480-078-6320-437	400,000.00	-	(178,319.84)	-	-	-	-	(178,319.84)	578,319.84	
Rehabilitation of Single Span Arch Over Davis Avenue (HC-433)	20.205	-	480-078-6320-437	750,000.00	-	673,678.00	-	-	-	-	673,678.00	76,322.00	
Kennedy and Columbus Bridge Rehab Phase II	20.205	-	480-078-6320-437	800,000.00	-	1,000,000.00	-	-	297,296.76	200,000.00	502,703.24	297,296.76	
Columbus Bridge Rehab	20.205	-	480-078-6320-437	1,000,000.00	-	-	-	-	1,000,000.00	(1,000,000.00)	-	1,000,000.00	
Observer Highway and Newark Street Improvements	20.205	-	480-078-6320-437	2,557,228.00	26,916.64	-	-	-	-	(1,876,825.16)	1,876,825.16	680,402.84	
Lincoln Park Bike Lane Improvements (HC-228A)	20.205	-	480-078-6320-437	170,000.00	-	-	-	-	-	(11,552.10)	11,552.10	158,447.90	
Improvements to JJ Braddock Park Roadway (HC-229A)	20.205	-	480-078-6320-437	1,500,000.00	-	491,999.68	-	-	-	(191,210.35)	683,210.03	816,789.97	
Paterson Plank Slope Stabilization (HC-230A)	20.205	-	480-078-6320-437	650,000.00	-	248,655.61	-	-	-	(270,789.97)	519,445.58	130,554.42	
Improvements to Paterson Plank Road (HC-231A)	20.205	-	480-078-6320-437	450,000.00	-	-	-	-	-	80,859.71	(80,859.71)	530,859.71	
River Road Drainage Channel / Chamber Improvements (HC-232A)	20.205	-	480-078-6320-437	150,000.00	-	61,721.91	-	-	-	-	61,721.91	-	
Improvements to JFK Blvd (HC-233A)	20.205	-	480-078-6320-437	1,500,000.00	229,028.48	(216,032.07)	-	-	(377,768.64)	131,906.48	29,830.09	1,470,169.91	
Clay Street Bridge	20.205	-	480-078-6320-437	478,450.00	-	478,450.00	-	-	-	-	478,450.00	-	
12th Street Upgrades	20.205	-	480-078-6320-437	400,000.00	-	400,000.00	-	-	-	-	400,000.00	-	
Davis Avenue Bridge	20.205	-	480-078-6320-437	1,000,000.00	-	403,656.24	-	-	-	-	403,656.24	596,343.76	
Solar Panels on County Facilities	20.205	-	480-078-6320-437	50,000.00	-	500,000.00	-	-	-	500,000.00	-	-	
Improvement to Frank E. Rodgers Boulevard (227A)	20.205	-	480-078-6320-437	1,250,000.00	-	750,000.00	-	-	1,032,833.66	(500,000.00)	217,166.34	1,032,833.66	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	Federal CFDA Number	See Also Note	Pass-through Entity Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
U.S. Department of Transportation (continued):													
Improvements to Paterson Plank Road (231A)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	\$ 1,000,000.00	\$ -	\$ 256,843.65	\$ -	\$ -	\$ 212,296.64	\$ (743,156.35)	\$ -	\$ 787,703.36	\$ 212,296.64
Improvements to JFK Kennedy Boulevard - Jersey City (223A)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	1,500,000.00	-	1,455,298.54	-	-	-	(44,701.46)	-	1,500,000.00	-
Concrete Deck Rehab of the Park Ave Viaduct, Hoboken and Weehawken													
01/01/2015 - Completion	20.205	-	480.078-6320-437	905,000.00	-	-	-	905,000.00	1,288,740.96	-	-	(383,740.96)	-
JFK Blvd. East, West Hudson and Newark Street													
01/01/2015 - Completion	20.205	-	480.078-6320-437	1,195,000.00	35,620.22	-	-	1,195,000.00	964,961.50	-	-	230,038.50	-
Traffic Signals and Pedestrian Safety Improvement at JFK Boulevard East of Bergenline Avenue Braddock Park													
01/01/2015 - Completion	20.205	-	480.078-6320-437	430,000.00	-	430,000.00	-	-	-	-	-	430,000.00	-
Paterson Plank Road Traffic Signal and Pedestrian Safety Improvements at Washington Park													
01/01/2015 - Completion	20.205	-	480.078-6320-437	397,000.00	-	-	-	397,000.00	-	-	-	397,000.00	-
Safety Improvements to JFK Blvd. From Communipaw to Sip Ave.													
01/01/2016 - Completion	20.205	-	480.078-6320-437	3,000,000.00	-	-	-	3,000,000.00	-	-	-	3,000,000.00	-
Improvement to JFK Kennedy Boulevard - Bayonne (219-A)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	1,300,000.00	-	1,300,000.00	-	-	-	-	-	1,300,000.00	-
Improvements to Newark Street (222A)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	175,000.00	-	175,000.00	-	-	-	-	-	175,000.00	-
Resurfacing of Newark - Jersey City Turnpike (223A)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	625,000.00	-	625,000.00	-	-	-	-	-	625,000.00	-
Improvement to Frank E. Rodgers Boulevard (227A)													
01/01/2016 - Completion	20.205	-	480.078-6320-437	750,000.00	-	-	-	750,000.00	-	-	-	750,000.00	-
Improvements to JJ Braddock Park Roadways (229A)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	900,000.00	-	900,000.00	-	-	-	-	-	900,000.00	-
Reconstruction of Frank Sinatra Drive (437)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	6,000,000.00	-	6,000,000.00	-	-	-	-	-	6,000,000.00	-
River Road Drainage Outfall Improvements (234A)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	200,000.00	-	200,000.00	-	-	-	-	-	200,000.00	-
Hoboken Bicycle Lane Improvement (235)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	200,000.00	-	200,000.00	-	-	-	-	-	200,000.00	-
Stephen R. Gregg Park Roadways													
01/01/2016 - Completion	20.205	-	480.078-6320-437	1,400,000.00	-	-	-	1,400,000.00	-	-	-	1,400,000.00	-
14th Street and Park Avenue Viaduct, Hoboken													
01/01/2016 - Completion	20.205	-	480.078-6320-437	300,000.00	34,635.56	-	-	300,000.00	-	-	-	300,000.00	-
Improvements to West Hudson Park Roadways, Harrison (238A)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	450,000.00	-	450,000.00	-	-	-	-	-	450,000.00	-
Improvements to Park Avenue													
01/01/2016 - Completion	20.205	-	480.078-6320-437	287,500.00	-	-	-	287,500.00	154,392.00	-	-	133,108.00	154,392.00
Improvements to First Street													
01/01/2016 - Completion	20.205	-	480.078-6320-437	500,000.00	-	-	-	500,000.00	-	-	-	500,000.00	-
Traffic Signal Improvements - Package V - Eight Intersections (330A)													
01/01/2015 - Completion	20.205	-	480.078-6320-437	1,500,000.00	591,688.71	1,500,000.00	64,000.00	75,000.00	1,450,715.45	-	-	124,284.55	1,450,715.45
Subtotal CFDA 20.205						24,394,771.40	64,000.00	8,922,796.00	6,641,963.68	311,209.71	4,361.82	26,424,032.19	
Hudsonsack River Tidal Wetland Restoration													
01/01/2006 - 12/31/2006	20.219	-	100-042-4875-000	80,000.00	-	80,000.00	-	-	-	-	-	80,000.00	-
Recreational Trails Program													
01/01/2016 - 12/31/2016	20.219	-	*	25,000.00	-	10,542.30	-	-	-	(3,915.40)	2,189.50	12,268.20	14,457.70
(1) Total Highway Planning and Construction Cluster						24,485,313.70	64,000.00	8,922,796.00	6,641,963.68	307,294.31	6,551.32	26,516,300.39	
Passed through New Jersey Transit Corporation													
Casino Revenue Fund - Senior Citizens and Disabled Residents Transportation Grant/Transend													
Section 5310 - Enhanced Mobility of Seniors and Individuals with Disabilities													
01/01/2006 - 12/31/2006	20.513	-	*	\$ 1,853,942.00	\$ -	\$ 209,606.82	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,606.82	\$ 1,644,335.18
01/01/2009 - 12/31/2009	20.513	-	*	2,339,158.18	-	405.04	26.00	-	-	-	26.00	405.04	2,338,727.14
01/01/2010 - 12/31/2010	20.513	-	*	1,087,951.00	-	1,391.13	1,087.95	-	-	-	1,087.95	1,391.13	1,626,776.92
01/01/2011 - 12/31/2011	20.513	-	*	2,176,375.81	-	12,803.68	259.71	-	-	-	259.71	12,803.68	2,163,312.42
01/01/2014 - 12/31/2014	20.513	-	*	959,127.00	-	54,120.83	-	-	(69,914.88)	52.44	-	123,983.27	835,091.29
01/01/2015 - 12/31/2015	20.513	-	*	1,070,348.49	109,544.47	595.49	9,977.24	-	25,121.07	(68,262.94)	-	53,714.60	1,084,896.83
01/01/2013 - 12/31/2013	20.513	-	*	1,426,403.00	-	9,390.52	-	1,157,666.27	1,011,317.03	(287,899.00)	353,588.42	9,390.52	1,417,012.48
01/01/2016 - 12/31/2016	20.513	H		1,157,666.27	420,755.09	-	-	1,157,666.27	966,523.22	(356,109.50)	354,962.08	80,659.82	1,011,317.03
Total CFDA 20.513					530,299.56	288,313.51	11,350.90	1,157,666.27	966,523.22	(356,109.50)	354,962.08	491,954.88	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	Federal CFDA Number	See Also Note	Pass-through Entity Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
U.S. Department of Transportation (continued):													
Passed through North Jersey Transportation Planning Authority													
Subregional Studies Project													
Bus Rapid Transit Feasibility Study													
07/01/2012 - 06/30/2013	20.514	-	1160-100-176-2012	\$ 8,000.00	\$ -	\$ 5,667.40	\$ -	\$ -	\$ -	\$ -	\$ 5,667.40	\$ 2,332.60	
07/01/2011 - 06/30/2012	20.514	-	1160-100-176-2012	192,000.00	-	10.96	16,987.39	-	-	-	10.96	175,001.65	
Total CFDA 20.514 - Bus Rapid Transit Feasibility Study						-	5,678.36	16,987.39	-	-	16,987.39	5,678.36	
Highway Safety Cluster													
National Highway Traffic Safety Administration (NHTSA)													
Passed through NJ Department of Law and Public Safety													
State and Community Highway Safety - Hudson County Safe Communities Program													
10/11/2015 - 09/30/2016	20.600	-	66-1160-100-036	65,280.00	-	-	6,930.74	-	-	-	6,930.74	-	60,000.00
01/01/2015 - 09/30/2016	20.600	-	CP-16-08-010-02	62,000.00	58,260.17	-	-	62,000.00	58,260.17	-	3,739.83	-	58,260.17
NJ Division of Highway and Traffic Safety													
Pedestrian Safety, Education & Enforcement Fund - Pedestrian Safety Grant													
01/01/2015 - 12/31/2015	20.600	-	66-1160-100-036	16,000.00	1,331.70	15,430.00	570.00	-	5,892.36	-	10,107.64	5,892.36	
07/01/2016 - 05/31/2017	20.600	-	PS-E17-01-21	16,000.00	4,741.25	-	-	16,000.00	5,997.89	-	10,002.11	5,997.89	
Frequent User System Engagement (FUSE)													
01/01/2015 - 12/31/2015	20.600	-	66-1160-100-036	15,000.00	-	15,000.00	-	-	15,000.00	-	-	-	15,000.00
Total CFDA 20.600						64,333.12	30,430.00	7,500.74	85,150.42	-	20,109.75	-	
Passed through the Office of Highway Safety Planning													
Data Exchange Project													
07/01/2010 - 06/30/2011	20.612	-	1160-100-176-2011	150,000.00	-	1,500.00	-	-	-	-	1,500.00	-	148,500.00
Passed through NJ Department of Law and Public Safety, Division of Highway and Traffic Safety													
Drive Sober or Get Pulled Over													
01/01/2015 - 12/31/2015	20.616	-	"	10,000.00	3,172.20	10,000.00	-	-	5,885.83	-	4,114.17	5,885.83	
Statewide Labor Day Crackdown													
08/19/2016 - 09/05/2016	20.616	-	AL-16-45-04-M8-67	10,000.00	4,993.05	-	-	5,000.00	4,993.05	-	6.95	9,993.05	
Year End Holiday Crackdown Program													
12/19/2016 - 01/01/2017	20.616	-	AL-17-45-04-MH-85	10,000.00	-	-	-	5,000.00	5,000.00	-	-	-	9,993.05
Total CFDA 20.616						8,165.25	10,000.00	-	15,878.88	-	4,121.12	-	
Total Highway Safety Cluster						72,498.37	41,930.00	7,500.74	101,029.30	-	25,730.87	-	
Hazardous Materials Emergency Preparedness													
07/01/2007 - 06/30/2008	20.703	-	100-066-1200-703	3,118.00	-	3,118.00	-	-	-	-	3,118.00	-	-
Total U.S. Department of Transportation						\$ 1,194,486.64	\$ 24,824,333.57	\$ 99,839.03	\$ 10,168,462.27	\$ (48,815.19)	\$ 389,171.36	\$ 27,042,782.90	
U.S. Department of Treasury													
Federal Equitable Sharing Funds:													
Prosecutor	21.016	-	Direct Award	876,507.70	160,832.41	715,675.29	48,131.90	160,832.41	68,904.96	-	23,507.61	832,227.03	68,904.96
Sheriff	21.016	-	Direct Award	504,088.03	169,194.68	334,893.35	47,448.00	169,194.68	108,089.56	-	14,904.00	428,542.47	108,089.56
Total Total Department of Treasury and CFDA 21.016						330,027.09	1,050,568.64	95,579.90	330,027.09	-	38,411.61	1,260,769.50	
U.S. Environmental Protection Agency													
Brownfield Redevelopment Pilot Program													
01/01/1999 - 12/31/1999	66.818	-	Direct Award	\$ 200,000.00	\$ -	\$ 21,342.22	\$ -	\$ -	\$ -	\$ -	\$ 21,342.22	\$ 178,657.78	
01/01/2001 - 12/31/2001	66.818	-	Direct Award	200,000.00	-	49,219.91	-	-	-	-	49,219.91	150,780.09	
Total CFDA 66.818 - Brownfield Redevelopment Pilot Program						-	70,562.13	-	-	-	70,562.13	-	
National Clean Diesel Grant Program													
01/01/2009 - 12/31/2009	66.039	-	Direct Award	11,000.00	-	11,000.00	-	-	-	-	11,000.00	-	-
Total U.S. Environmental Protection Agency						\$ -	\$ 81,562.13	\$ -	\$ -	\$ -	\$ 81,562.13	-	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	See Also Note	Pass-through Entity Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
					Funds Available	Encumbered				Encumbered	Funds Available	
U.S. Department of Energy:												
Energy Audit Program 01/01/2010 - 12/31/2010	-	Direct Award	\$ 100,000.00	\$ -	\$ 81,264.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,264.00	\$ 18,736.00
Energy Efficiency & Conservation Block Grant - ARRA 01/01/2010 - 12/31/2010	-	Direct Award	500,000.00	-	500,000.00	-	-	-	-	-	500,000.00	-
Total U.S. Department of Energy												
U.S. Department of Health and Human Services:												
Passed through NJ Department of Health and Senior Services: Older Americans Act												
Area Agency on Aging - Area Plan Contract Grant												
01/01/2002 - 12/31/2002	H	100-046-4275-262	\$ 5,692,109.00	\$ -	\$ 496,870.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496,870.88	\$ 5,195,238.12
01/01/2003 - 12/31/2003	H	100-046-4275-262	6,104,425.00	-	657,204.84	-	-	-	-	-	657,204.84	5,447,220.16
01/01/2004 - 12/31/2004	H	100-046-4275-262	5,872,624.00	-	496,645.92	-	-	-	-	-	496,645.92	5,375,978.08
01/01/2005 - 12/31/2005	H	100-046-4275-262	6,579,181.00	-	214,363.19	-	-	-	-	-	214,363.19	6,364,817.81
01/01/2006 - 12/31/2006	H	100-046-4275-262	7,294,600.00	-	857,619.57	5,975.69	-	-	-	5,975.69	857,619.57	6,431,004.74
01/01/2007 - 12/31/2007	H	100-046-4275-262	6,517,784.00	-	362,507.84	5,249.74	-	-	-	5,249.74	362,507.84	6,149,966.42
01/01/2008 - 12/31/2008	H	100-046-4275-262	6,520,392.00	-	456,316.34	188.92	-	-	-	188.92	456,316.34	6,063,886.74
01/01/2009 - 12/31/2009	H	100-046-4275-262	6,936,390.00	-	543,134.31	-	-	-	-	-	543,134.31	6,393,255.69
01/01/2010 - 12/31/2010	H	100-046-4275-262	6,676,005.00	-	481,314.78	3,972.90	-	-	-	3,972.90	481,314.78	6,190,717.32
01/01/2011 - 12/31/2011	H	100-046-4275-262	6,022,607.00	-	556,254.78	393.69	-	-	-	393.69	556,254.78	6,065,958.53
01/01/2012 - 12/31/2012	H	100-046-4275-262	6,598,567.00	-	155,900.38	-	-	-	-	155,900.38	6,343,821.24	6,318,781.52
01/01/2013 - 12/31/2013	H	100-046-4275-262	6,465,226.00	-	(20,712.57)	167,157.05	-	-	-	167,157.05	(20,712.57)	6,251,827.98
01/01/2014 - 12/31/2014	H	100-046-4275-262	6,360,538.00	-	(714.50)	117,450.77	-	-	-	109,124.52	(714.50)	6,088,528.03
01/01/2015 - 12/31/2015	H	100-046-4275-262	6,237,323.11	3,286,874.00	20,158.41	2,301,383.67	-	8,026.25	-	130,666.27	18,128.81	4,961,651.39
-	H	100-046-4275-262	6,264,655.00	2,085,976.00	-	-	6,264,655.00	4,961,651.39	-	1,228,006.84	74,396.77	-
Office on Aging - Area Plan Grant- Supplemental												
01/01/2015 - 12/31/2015	-	100-046-4275-262	10,916.00	-	10,916.00	-	-	10,916.00	-	-	-	-
Office on Aging - Area Plan Grant- Study Relief												
01/01/2013 - 12/31/2013	-	100-046-4275-262	718,078.00	-	31,340.00	521,835.51	-	287,221.04	-	234,614.47	31,340.00	452,123.53
Total CFDA 93.045 - Office on Aging - Area Plan Grant												
Pass-Through NJ Department of Health and Senior Services:				5,372,850.00	5,261,925.17	3,279,508.32	6,264,655.00	7,429,645.68	10,916.00	2,042,150.47	5,323,376.34	
MIPPA Outreach and Enrollment 2013												
11/01/2013 - 09/30/2014	-	100-064-7530-103	40,000.00	-	475.06	-	-	-	-	-	475.06	39,524.94
Total CFDA 93.071												
Centers for Disease Control and Prevention												
Passed through NJ Department of Health and Senior Services												
Tuberculosis Control (Tb), Specialty Clinic Services												
07/01/2015 - 06/30/2016	-	100-046-4230-080	302,780.00	228,073.00	141,753.00	-	-	141,753.00	-	-	-	302,780.00
07/01/2016 - 06/30/2017	-	EPDI17TBS008	302,780.00	94,365.00	-	-	302,780.00	153,403.00	-	-	149,377.00	153,403.00
Tuberculosis Control (Tb), Specialty Clinic Services-Supplemental	-	EPDI16TBS007	35,000.00	35,000.00	-	-	35,000.00	35,000.00	-	-	-	35,000.00
Tuberculosis, Ambulatory Care												
01/01/2012 - 12/31/2012	-	100-046-4230-146	305,541.00	-	1,520.71	-	-	-	-	-	1,520.71	304,020.29
01/01/2015 - 12/31/2015	-	100-046-4230-146	243,813.00	53,328.00	-	18,272.00	-	18,272.00	-	-	-	243,813.00
01/01/2016 - 12/31/2016	-	EPDI16TAC004	225,541.00	135,791.00	-	-	225,541.00	225,541.00	-	-	-	225,541.00
Total CFDA 93.116 - Tuberculosis Health Services Grant												
Pass-Through NJ Department of Health and Senior Services:				546,557.00	143,273.71	18,272.00	563,321.00	573,969.00	-	-	150,897.71	
State Health Insurance Assistance Program (SHIP)												
01/01/2011 - 12/31/2011	-	100-054-5820-029	23,000.00	-	7,065.00	-	-	-	-	-	7,065.00	15,935.00
04/01/2012 - 03/31/2013	-	100-054-5820-029	32,000.00	-	23,000.00	-	-	-	-	-	23,000.00	-
04/01/2015 - 03/31/2016	-	100-054-5820-029	32,000.00	26,188.00	6,618.54	3,300.17	-	9,918.71	-	-	-	32,000.00
04/01/2016 - 03/31/2017	-	DOAS16SHIP019	26,500.00	5,225.00	-	-	26,500.00	15,770.87	-	3,250.00	7,479.13	15,770.87
Total CFDA 93.324 - State Health Insurance Program												
31,413.00				36,683.54	3,300.17	26,500.00	26,500.00	25,689.58	-	3,250.00	37,544.13	

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COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	Federal CFDA Number	See Also Note	Pass-through Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
U.S. Department of Health and Human Services: (continued)													
Passed through NJ Department of Human Services, Division of Family Development													
Temporary Assistance for Needy Families (TANF) - Social Services for the Homeless Program													
07/01/2014 - 06/30/2015	93.558	H	100-054-7550-072	\$ 1,891,319.00	\$ -	\$ 12,462.23	\$ 264,694.41	\$ -	\$ 1,319.06	\$ -	\$ 275,837.58	\$ 1,615,481.42	
01/01/2007 - 12/31/2007	93.558	H	100-054-7550-072	1,496,176.00	-	74,674.14	-	-	-	-	74,674.14	1,421,501.86	
01/01/2008 - 12/31/2008	93.558	H	100-054-7550-072	1,522,578.00	-	12,112.48	-	-	-	-	12,112.48	1,510,465.52	
01/01/2010 - 12/31/2010	93.558	H	100-054-7550-072	2,439,663.00	-	40,416.73	-	-	-	(17,359.00)	57,775.73	2,399,246.27	
01/01/2011 - 12/31/2011	93.558	H	100-054-7550-072	1,464,079.00	-	30,851.66	604.84	-	5,788.00	17,359.00	7,804.66	1,438,310.50	
01/01/2012 - 12/31/2012	93.558	H	100-054-7550-072	1,522,578.00	-	4,093.43	17,719.32	-	-	-	17,719.32	1,500,765.25	
01/01/2013 - 12/31/2013	93.558	H	100-054-7550-072	1,621,675.00	-	8,427.52	8,723.55	-	-	-	8,427.52	1,604,523.93	
01/01/2014 - 06/30/2014	93.558	H	100-054-7550-072	855,996.00	-	11,085.00	42,474.02	-	-	-	11,085.00	802,436.98	
01/01/2015 - 12/31/2015	93.558	H	100-054-7550-072	1,943,819.00	1,459,582.00	59,062.94	1,259,013.30	-	1,286,512.37	-	31,563.87	1,914,255.13	
07/01/2016 - 06/30/2017	93.558	H	G-1702NTANF	1,993,379.00	599,648.00	-	-	1,993,379.00	753,941.87	-	1,076,790.25	753,941.87	
Temporary Assistance for Needy Families (TANF) - Transportation and TIP Program													
07/01/2010 - 06/30/2011	93.558	-	100-054-7550-308	476,399.00	-	85,378.02	-	-	-	-	85,378.02	391,020.98	
07/01/2011 - 06/30/2012	93.558	-	100-054-7550-308	476,399.00	-	102,180.53	-	-	-	-	102,180.53	374,218.47	
07/01/2012 - 06/30/2013	93.558	-	100-054-7550-308	476,399.00	-	30,208.93	26,535.19	-	-	-	26,535.19	419,654.88	
07/01/2013 - 06/30/2014	93.558	-	100-054-7550-308	476,399.00	-	51,555.02	62,100.73	-	-	-	62,100.73	362,743.25	
07/01/2014 - 06/30/2015	93.558	-	100-054-7550-308	476,399.00	-	(19,695.36)	185,518.78	-	-	-	185,518.78	310,575.58	
07/01/2015 - 06/30/2016	93.558	-	100-054-7550-308	476,399.00	238,199.00	390,131.47	-	-	47,997.94	-	342,068.53	134,265.47	
07/01/2016 - 06/30/2017	93.558	-	G-1702NTANF	476,399.00	119,100.00	-	-	476,399.00	27,782.75	-	448,616.25	27,282.75	
Supportive Assistance to Individuals and Families (SAIF) Program													
01/01/2012 - 09/30/2013	93.558	-	100-054-7570-073	1,324,020.00	-	-	496,317.85	-	-	-	496,317.85	827,702.15	
10/01/2014 - 09/30/2015	93.558	-	100-054-7570-073	756,583.00	-	-	252,904.85	-	-	-	252,904.85	593,678.15	
01/01/2013 - 09/30/2014	93.558	-	100-054-7570-073	756,583.00	-	758,155.64	161,880.70	-	-	-	161,880.70	594,702.30	
10/01/2016 - 09/30/2017	93.558	-	100-054-7570-073	756,583.00	388,229.00	-	-	756,583.00	-	-	-	-	
01/01/2015 - 09/30/2015	93.558	-	G-1702NTANF	756,583.00	-	-	-	-	-	-	756,583.00	-	
Administered by Hudson County Division of Welfare													
Temporary Assistance for Needy Families-TANF (Public Assistance)													
01/01/2015 - 12/31/2015	93.558	-	100-054-7550-162	12,759,893.00	12,759,893.00	-	-	12,759,893.00	12,759,893.00	-	-	12,759,893.00	
Temporary Assistance for Needy Families-TANF (Administrative Costs)													
01/01/2014 - 12/31/2014	93.558	-	100-054-7550-162	7,023,488.00	7,023,488.00	-	-	7,023,488.00	7,023,488.00	-	-	7,023,488.00	
Total CFDA 93.558 - Temporary Assistance for Needy Families (TANF)					22,588,139.00	1,651,200.38	2,778,487.54	23,009,742.00	21,906,722.99	-	2,331,595.08	3,201,111.85	
Passed through NJ Department of Human Services:													
Administered by Hudson County Division of Welfare													
Title IV-D Child Support and Paternity-Administration													
01/01/2015 - 12/31/2015	93.563	-	100-054-7550-162	4,095,958.00	4,095,958.00	-	-	4,095,958.00	4,095,958.00	-	-	4,095,958.00	
Total CFDA 93.563 - Title IV-D Child Support and Paternity-Administration					4,095,958.00	-	-	4,095,958.00	4,095,958.00	-	-		
Passed through NJ Department of Human Services:													
Administered by Hudson County Division of Welfare													
Refugee Resettlement Programs													
01/01/2015 - 12/31/2015	93.566	-	100-054-7550-162	495,438.00	495,438.00	-	-	495,438.00	495,438.00	-	-	495,438.00	
Total CFDA 93.566 - Refugee Resettlement Programs					495,438.00	-	-	495,438.00	495,438.00	-	-		
Passed through NJ Department of Human Services:													
Administered by Hudson County Division of Welfare													
Title XX Social Services Block Grant													
01/01/2015 - 12/31/2015	93.667	-	100-054-7550-162	1,807,026.00	1,807,026.00	-	-	1,807,026.00	1,807,026.00	-	-	1,807,026.00	
Hurricane Sandy Homeowner/Renter Assistance													
01/01/2015 - 12/31/2015	93.667	-	Direct Award	4,719,400.00	181,023.00	2,772,814.00	393,407.62	-	56,984.00	-	393,407.62	1,610,162.38	
Total CFDA 93.667					1,988,049.00	2,772,814.00	393,407.62	1,807,026.00	1,864,010.00	-	393,407.62		
Passed through NJ Department of Human Services:													
Administered by Hudson County Division of Welfare													
State Children's Insurance Program-Administration													
01/01/2015 - 12/31/2015	93.767	-	100-054-7550-162	290,008.00	290,008.00	-	-	290,008.00	290,008.00	-	-	290,008.00	
Total CFDA 93.767					290,008.00	-	-	290,008.00	290,008.00	-	-		

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	Federal CFDA Number	See Also Note	Pass-through Entity Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
U.S. Department of Health and Human Services: (continued)													
Passed through NJ Department of Human Services: <i>Administered by Hudson County Division of Welfare</i>													
Title XIX													
Title XIX-Medical Assistance Program													
* 01/01/2015 - 12/31/2015	93.778	-	100-054-7550-162	\$ 1,205,135.00	\$ 1,205,135.00	\$ -	\$ -	\$ 1,205,135.00	\$ -	\$ -	\$ -	\$ -	\$ 1,205,135.00
Title XIX-Medical Assistance Program - Administration													
* 01/01/2015 - 12/31/2015	93.778	-	100-054-7550-162	11,332,746.00	11,332,746.00	-	-	11,332,746.00	11,332,746.00	-	-	-	11,332,746.00
Title XIX-Medically Needy													
* 01/01/2015 - 12/31/2015	93.778	-	100-054-7550-162	221,190.00	221,190.00	-	-	221,190.00	221,190.00	-	-	-	221,190.00
Total CFDA 93.778 - Title XIX					12,759,071.00	-	-	12,759,071.00	12,759,071.00	-	-	-	
Health Resources and Services Administration (HRSA)													
HIV Emergency Relief Project Grants													
HIV Emergency Relief Formula Grant (FERML)													
04/04/2005 - 04/03/2006	93.914	-	Direct Award	2,927,112.00	-	134,593.15	1,198.24	-	-	-	1,198.24	134,593.15	2,791,320.61
04/04/2006 - 04/03/2007	93.914	-	Direct Award	2,831,663.00	-	144,993.03	-	-	-	-	-	144,993.03	2,686,669.97
04/04/2009 - 04/04/2010	93.914	-	Direct Award	3,250,981.00	-	1,601.80	79.00	-	-	-	79.00	1,601.80	3,249,300.20
04/04/2011 - 04/04/2012	93.914	-	Direct Award	3,421,253.00	-	-	58.66	-	-	-	58.66	-	3,421,194.01
03/01/2015 - 02/28/2016	93.914	-	Direct Award	3,127,083.00	1,458,598.52	633.20	966,743.30	-	967,318.30	-	0.09	58.11	3,127,024.80
03/01/2016 - 02/28/2017	93.914	-	Direct Award	3,137,490.00	2,011,645.98	-	-	3,137,490.00	2,382,041.14	-	753,104.58	2,344.28	2,382,041.14
HIV Emergency Relief Supplemental Grant (SUPPL)													
04/04/2002 - 04/03/2003	93.914	-	Direct Award	3,097,117.00	-	45,000.00	-	-	-	-	-	45,000.00	3,052,117.00
04/04/2003 - 04/03/2004	93.914	-	Direct Award	42,324.05	-	48,176.22	-	-	-	-	-	48,176.22	3,266,120.95
04/04/2006 - 04/03/2006	93.914	-	Direct Award	2,717,726.00	-	-	-	-	-	-	-	-	2,695,549.78
04/04/2006 - 04/03/2007	93.914	-	Direct Award	2,313,479.00	-	5,668.43	-	-	-	-	-	5,668.43	2,307,810.57
04/04/2007 - 04/03/2008	93.914	-	Direct Award	1,286,939.00	-	72,848.74	2,674.00	-	-	-	2,674.00	72,848.74	1,211,416.26
03/01/2012 - 02/28/2013	93.914	-	Direct Award	1,352,757.00	-	600,864.97	-	-	-	-	-	600,364.97	752,392.03
03/01/2014 - 02/28/2015	93.914	-	Direct Award	1,671,436.00	-	113.69	4,714.35	-	-	-	4,714.35	113.69	1,666,607.96
03/01/2015 - 02/28/2016	93.914	-	Direct Award	1,670,067.00	1,004,251.77	1,000.00	640,346.04	-	641,345.49	-	0.55	-	1,028,720.96
03/01/2013 - 02/28/2014	93.914	-	Direct Award	1,325,514.00	-	-	-	-	-	-	-	-	1,323,389.16
03/01/2016 - 02/28/2017	93.914	-	Direct Award	1,621,717.00	168,304.50	-	-	1,621,717.00	607,217.49	-	1,013,404.41	1,095.10	607,217.49
(Ryan White) Minority Aids Initiative Program (MAI)													
03/01/2015 - 06/30/2016	93.914	-	Direct Award	472,361.00	270,969.20	-	179,645.14	-	179,644.65	-	0.49	-	472,360.51
03/01/2014 - 06/30/2015	93.914	-	Direct Award	463,762.00	-	-	67.00	-	-	-	67.00	-	463,695.00
03/01/2016 - 02/28/2017	93.914	-	Direct Award	471,884.00	248,296.39	-	-	471,884.00	295,358.52	-	176,525.48	-	295,358.52
Total CFDA 93.914 - HIV Emergency Relief Project Grants					5,162,066.36	1,097,317.28	1,795,525.73	5,231,091.00	5,072,925.59	-	1,951,826.85	1,099,181.57	
Total U.S. Department of Health and Human Services					\$ 53,229,549.36	\$ 10,963,689.14	\$ 8,268,501.38	\$ 54,542,810.00	\$ 54,513,437.84	\$ 10,916.00	\$ 6,722,230.02	\$ 12,528,416.66	
Social Security Administration													
Hudson County Division of Welfare													
Supplemental Security Income													
01/01/2015 - 12/31/2015	96.006	-	100-054-7550-162	\$ 869,480.00	\$ 869,480.00	\$ -	\$ -	\$ 869,480.00	\$ 869,480.00	\$ -	\$ -	\$ -	\$ 869,480.00
Total Social Security Administration and CFDA 96.006					\$ 869,480.00	\$ -	\$ -	\$ 869,480.00	\$ 869,480.00	\$ -	\$ -	\$ -	

U.S. Department of Homeland Security.

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	See Also Note	Pass-through Entity Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
					Funds Available	Encumbered				Encumbered	Funds Available	
Federal Emergency Management Agency (FEMA)												
Passed through NJ Office of Homeland Security and Preparedness												
State Homeland Security Act												
07/01/2004 - 03/31/2006	971004	1005-100-006	\$ 2,413,299.00	\$ -	\$ 78,013.74	\$ -	\$ -	\$ -	\$ -	\$ 78,013.74	\$ 2,335,285.26	
07/01/2004 - 03/31/2006	971004	1005-100-006	2,007,607.00	-	68,335.96	-	-	-	-	68,335.96	1,939,271.04	
07/01/2007 - 06/30/2008	971004	1005-100-006	348,940.00	-	21,960.03	-	-	-	-	21,960.03	326,979.97	
07/01/2008 - 06/30/2009	971004	1005-100-006	2,083,155.66	-	2,098.96	-	-	-	-	2,098.96	2,081,056.70	
07/01/2009 - 06/30/2010	971004	1005-100-006	2,025,260.66	-	694.03	-	-	-	-	694.03	2,024,566.63	
07/01/2012 - 06/30/2013	971004	1005-100-006	498,843.82	-	469.29	-	-	-	-	469.29	498,374.53	
07/01/2007 - 06/30/2008	971004	1005-100-006	2,290,333.40	-	408.48	-	-	-	-	408.48	2,289,924.92	
07/01/2015 - 06/30/2016	971004	1005-100-006	635,653.90	-	635,653.90	-	50,120.15	-	109,757.85	475,775.90	50,120.15	
07/01/2012 - 06/30/2013	971004	1005-100-006	572,449.74	-	16.00	-	-	-	-	16.00	572,433.74	
07/01/2008 - 06/30/2009	971004	1005-100-006	274,477.78	-	81,201.80	-	-	-	-	81,201.80	190,165.03	
Total CFDA 971004 - State Homeland Security Act				-	888,852.19	-	-	50,120.15	109,757.85	728,974.19		
Passed through NJ Office of Homeland Security and Preparedness												
Urban Areas Security Initiative												
01/01/2005 - 12/31/2005	971008	100-066-1200-879	75,000.00	-	7,444.64	-	-	-	-	7,444.64	67,555.36	
07/01/2005 - 06/30/2006	971008	100-066-1200-879	8,000.00	-	2,999.86	-	-	-	-	2,999.86	5,000.14	
07/01/2008 - 06/30/2009	971008	100-066-1200-879	1,111,351.61	-	462,995.70	-	-	-	-	462,995.70	648,755.91	
07/01/2015 - 06/30/2016	971008	100-066-1200-879	526,532.00	-	526,532.00	-	279,534.41	765.52	-	246,232.07	279,534.41	
07/01/2011 - 06/30/2012	971008	100-066-1200-879	487,000.00	-	11,761.03	18,880.41	-	-	-	11,761.03	456,358.56	
07/01/2011 - 06/30/2012	971008	100-066-1200-879	638,750.00	-	-	-	-	-	-	-	638,053.88	
07/01/2012 - 06/30/2013	971008	100-066-1200-879	301,500.00	-	1,095.21	-	-	-	-	1,095.21	300,404.79	
07/01/2013 - 06/30/2014	971008	100-066-1200-879	298,000.00	103,402.34	706.12	-	-	-	-	706.12	297,293.88	
Total CFDA 971008 - Urban Areas Security Initiative				103,402.34	1,013,134.56	18,880.41	-	279,534.41	19,645.93	732,834.63		
Passed through NJ Office of Homeland Security and Preparedness												
Pre-Disaster Mitigation Planning Grant												
01/01/2005 - 12/31/2005	971017	100-066-1200-866	879,999.99	-	336,314.64	-	-	-	-	336,314.64	543,685.35	
Total CFDA 971017 - Pre-Disaster Mitigation Planning Grant				-	336,314.64	-	-	-	-	336,314.64		
Passed through NJ Department of Law and Public Safety												
Public Assistance Grants - Hurricane Sandy												
* - *	971036	066-1200-100-A92	111,723.25	111,723.25	-	-	111,723.25	-	-	-	111,723.25	
Total CFDA 971039 - Hazard Mitigation Grant Program			111,723.25	111,723.25	-	-	111,723.25	-	-	-		
Passed through NJ Office of Homeland Security and Preparedness												
Hazard Mitigation Grant Program												
01/01/2013 - 12/31/2013	971039	100-066-1200-866	187,500.00	183,000.00	4,500.00	-	-	-	-	4,500.00	183,000.00	
Total CFDA 971039 - Hazard Mitigation Grant Program			187,500.00	183,000.00	4,500.00	-	-	-	-	4,500.00		
NJ Department of Law and Public Safety, Division of State Police												
Emergency Management Agency Assistance (EMAA)												
01/01/2015 - 12/31/2015	971042	100-066-1200-728	105,000.00	-	50,000.00	-	-	50,000.00	-	-	105,000.00	
07/01/2016 - 06/30/2017	971042	16-100-066-1200-726	55,000.00	-	-	-	55,000.00	-	-	55,000.00	55,000.00	
Access and Functional Needs Program												
10/01/2012 - 12/31/2013	971042	100-054-7570-122	23,000.00	-	8.64	-	-	-	-	8.64	22,991.36	
Total CFDA 971042				-	50,008.64	-	55,000.00	50,000.00	-	55,008.64		
Passed through NJ Office of Homeland Security and Preparedness												
State & Local All Hazards Emergency Operation Planning Program												
01/01/2003 - 12/31/2003	971051	100-066-1200-845	40,000.00	-	16,593.25	-	-	-	-	16,593.25	23,406.75	
Total CFDA 971051			40,000.00	-	16,593.25	-	-	-	-	16,593.25		
Emergency Operations Centers Grant												
01/01/2011 - 12/31/2011	971052	n/a	1,000,000.00	-	7,527.35	-	-	-	-	7,527.35	-	
Total CFDA 971052			1,000,000.00	-	7,527.35	-	-	-	-	7,527.35		

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass-through Grantor Program or Cluster Title and Grant Period	Federal CFDA Number	See Also Note	Pass-through Entity Identifying Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA) (continued)													
Passed through NJ Office of Homeland Security and Preparedness													
CERT-Community Emergency Response Team	97.053	-	100-066-1200-851	\$ 7,800.00	\$ -	\$ 6,150.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,150.00	\$ 1,650.00
Total CFDA 97.053					-	6,150.00	-	-	-	-	-	6,150.00	
Passed through NJ Office of Homeland Security and Preparedness													
State Homeland Security Program (SHSP - Local Share)													
09/01/2014 - 08/31/2016	97.067	-	100-066-1200-879	129,532.00	-	89,024.55	9,285.58	-	72,180.47	-	-	26,129.66	103,402.34
09/01/2014 - 08/31/2016	97.067	-	1005-100-006	646,088.28	646,065.33	327,195.81	280,257.36	-	607,430.22	-	-	22.95	646,065.33
09/01/2016 - 08/31/2019	97.067	-	EMW-2016-S8-00052-	357,500.00	-	-	-	357,500.00	-	-	-	357,500.00	-
09/01/2016 - 08/31/2019	97.067	-	EMW-2016-S8-00052- 801	615,239.01	-	-	-	615,239.01	-	-	-	615,239.01	-
Total CFDA 97.083					646,065.33	416,220.36	289,542.94	972,739.01	679,610.69	-	-	998,891.62	
Passed through NJ Office of Homeland Security and Preparedness													
Sister Communities Initiative Grant													
07/01/2008 - 06/30/2009	97.083	-	100-066-1200-866	100,000.00	-	100,000.00	-	-	-	-	-	100,000.00	-
Total CFDA 97.083					-	100,000.00	-	-	-	-	-	100,000.00	
Emergency Food and Shelter National Board Program													
01/01/2009 - 12/31/2009	97.114	-	NA	70,000.00	-	70,000.00	-	-	-	-	-	70,000.00	-
Total CFDA 97.114					-	70,000.00	-	-	-	-	-	70,000.00	
Logistics and Commodities Distribution Plan													
01/01/2009 - 12/31/2009	97.101	-	n/a	33,685.00	-	33,685.00	-	-	-	-	-	33,685.00	-
Total CFDA 97.101 - Logistics and Commodities Distribution Plan					-	33,685.00	-	-	-	-	-	33,685.00	
US Immigration and Customs Enforcement (ICE)/Detention Compliance and Removal													
Detention Exercise Equipment													
* - *	97.102	-	Direct Award	124,850.00	124,850.00	-	-	124,850.00	124,850.00	-	-	-	124,850.00
Total CFDA 97.102 - Logistics and Commodities Distribution Plan					124,850.00	-	-	124,850.00	124,850.00	-	-	-	
Total U.S. Department of Homeland Security					\$ 1,169,040.92	\$ 2,942,985.99	\$ 308,423.35	\$ 1,264,312.26	\$ 1,295,838.50	\$ -	\$ 129,403.78	\$ 3,090,479.32	
GRAND TOTAL EXPENDITURES OF FEDERAL AWARDS													
(1) Breakdown of Highway Planning and Construction Cluster by CFDA is as follows:													
See Detail Above	20.205		See Detail Above	\$ 46,840,547.37	\$ 591,688.71	\$ 24,394,771.40	\$ 64,000.00	\$ 8,922,796.00	\$ 6,641,963.68	\$ 311,209.71	\$ 4,361.82	\$ 26,424,032.19	\$ 8,519,871.86
See Detail Above	20.219		See Detail Above	105,000.00	-	90,542.30	-	-	-	(3,915.40)	2,189.50	92,268.20	14,457.70
					\$ 591,688.71	\$ 24,485,313.70	\$ 64,000.00	\$ 8,922,796.00	\$ 6,641,963.68	\$ 307,294.31	\$ 6,551.32	\$ 26,516,300.39	

(1) See Note H of the Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016

State Grant or Program Title and Grant Period	See Also Note	State Account or Grant Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015 Funds Available	Encumbered	Current Year Appropriations	Paid or Charged	Local Match	Program Income and Other Adjustments	Balance at Dec. 31, 2016 Encumbered	Funds Available	Cumulative Expenditures
NJ Department of Health and Senior Services:													
County 911 Coordinator 07/01/2006 - 06/30/2007		100-002-2034050	25,000.00	-	7,689.75	-	-	-	-	-	-	7,689.75	17,310.25
Total County 911 Coordinator				-	7,689.75	-	-	-	-	-	-	7,689.75	
Governor's Council on Alcoholism and Drug Abuse: Drug Enforcement Demand Reduction (DEDAR) Fund Alliance to Prevent Alcohol & Drug Abuse													
01/01/2015 - 12/31/2015		100-082-C001.004	608,898.00	608,825.18	33,579.40	457,778.32	-	483,284.90	-	8,000.00	72.74	\$ 0.08	\$ 600,825.18
01/01/2014 - 12/31/2014		100-082-C001.004	\$ 331,106.00	-	-	-	-	-	-	-	-	-	331,101.89
01/01/2014 - 12/31/2014		100-082-C001.004	608,898.00	-	-	2.85	-	-	-	-	2.85	-	608,895.15
01/01/2009 - 12/31/2009		100-082-C001.004	687,600.00	-	-	-	-	-	-	-	-	-	687,583.76
01/01/2011 - 12/31/2011		100-082-C001.004	687,600.00	-	42,193.70	-	-	-	-	-	-	42,193.70	645,406.30
01/01/2012 - 12/31/2012		2000-100-044	687,600.00	-	-	-	-	-	-	-	-	-	683,362.47
01/01/2013 - 12/31/2013		2000-100-044	662,211.00	-	-	-	-	-	-	-	-	-	662,208.00
07/01/2016 - 06/30/2017			608,898.00	10,178.49	-	-	608,898.00	92,058.78	-	-	490,234.82	26,604.40	92,058.78
Total Alliance to Prevent Alcohol and Drug Abuse				619,003.67	75,773.10	457,781.17	608,898.00	575,343.68	-	8,000.00	490,310.41	68,798.18	
Total NJ Department of Health and Senior Services				\$ 619,003.67	\$ 83,462.85	\$ 457,781.17	\$ 608,898.00	\$ 575,343.68	\$ -	\$ 8,000.00	\$ 490,310.41	\$ 76,487.93	
NJ Department of State													
Cultural and Heritage Program													
01/01/2005 - 12/31/2005		100-074-2530032	\$ 12,000.00	\$ -	\$ 5,036.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,036.00	\$ 6,964.00
01/01/2006 - 12/31/2006		100-074-2530032	31,750.00	-	402.11	-	-	-	-	-	-	402.11	31,347.89
01/01/2009 - 12/31/2009		100-074-2530032	12,000.00	-	12,000.00	-	-	-	-	-	-	12,000.00	-
01/01/2010 - 12/31/2010		100-074-2530032	4,400.00	-	4,400.00	-	-	-	-	-	-	4,400.00	-
Total Cultural and Heritage Program				-	21,838.11	-	-	-	-	-	-	21,838.11	
NJ State Council on the Arts													
Local Arts Program													
07/21/2015 - *													
01/01/2015 - 12/31/2015		100-074-2530032	106,343.00	53,172.00	-	-	106,343.00	79,756.75	-	-	26,586.25	-	79,756.75
			106,343.00	26,585.00	25,723.25	-	-	25,427.25	-	(4,338.00)	-	4,634.00	106,047.00
Cultural Projects Block Grant													
01/01/2014 - 12/31/2014		100-074-2530032	101,279.00	-	455.00	-	-	455.00	-	-	-	-	101,279.00
01/01/2011 - 12/31/2011		100-074-2530032	101,279.00	-	181.25	-	-	-	-	-	-	181.25	101,097.75
01/01/2009 - 12/31/2009		100-074-2530032	125,036.00	-	1,950.00	-	-	-	-	-	-	1,950.00	123,086.00
01/01/2008 - 12/31/2008		100-074-2530032	115,036.00	-	360.00	-	-	-	-	-	-	360.00	114,676.00
Total Cultural Projects Block Grant				79,757.00	28,669.50	-	106,343.00	105,639.00	-	(4,338.00)	26,586.25	7,125.25	
Passed through the New Jersey Division of Travel and Tourism: Destination Marketing Organization													
16-100-074-2510-013-6130													
07/01/2015 - 06/30/2016			124,360.00	66,360.00	-	-	124,360.00	127,792.82	-	-	(3,432.82)	-	127,792.82
10/01/2012 - 06/30/2013		*	\$ 82,350.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,350.00
10/01/2015 - 06/30/2015		*	82,350.00	-	864.41	-	-	-	-	862.50	-	1.91	81,485.59
Total Destination Marketing				66,360.00	864.41	-	124,360.00	127,792.82	-	862.50	(3,432.82)	1.91	
Passed through the New Jersey Historical Commission													
Justice Brennan Humanities													
01/01/2015 - 12/31/2015		100-074-2540044	3,775.00	-	3,775.00	-	-	3,775.00	-	-	-	-	3,775.00
Panel Celebrating Art & History of the Justice Brennan Court House													
01/01/2010 - 12/31/2010		100-074-2540044	1,300.00	-	50.00	-	-	-	-	-	-	50.00	1,250.00
Total New Jersey Historical Commission Grants				-	3,825.00	-	-	3,775.00	-	-	-	50.00	
Total NJ Department of State				\$ 146,117.00	\$ 55,197.02	\$ -	\$ 230,703.00	\$ 237,206.82	\$ -	\$ (3,475.50)	\$ 23,153.43	\$ 29,015.27	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016

State Grant or Program Title and Grant Period	See Also Note	State Account or Grant Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015 Funds Available	Current Year Appropriations	Paid or Charged	Local Match	Program Income and Other Adjustments	Balance at Dec. 31, 2016 Encumbered	Funds Available	Cumulative Expenditures
NJ Department of Human Services: Social Services for the Homeless (SSH) Program * - 12/31/2015		100-064-7550-072	\$ 12,077.28 1,887.00	\$ -	\$ 1,979.45	\$ -	\$ 1,905.48	\$ -	\$ -	\$ -	\$ 73.97	\$ 12,003.31
Social Services for the Homeless-Supplemental * - 12/31/2012		100-064-7550-072	58,499.00	-	12,145.74	-	-	-	-	-	1,887.00	-
Total Social Services for the Homeless				-	14,125.19	1,887.00	1,905.48	-	-	-	12,145.74	46,353.26
(1) WorkFirst New Jersey-DFD												
01/01/2006 - 12/31/2006		100-064-7550-308	2,058,099.00	-	52,915.53	2,695.90	-	-	-	2,695.90	52,915.53	2,002,487.57
01/01/2007 - 12/31/2007		100-064-7550-308	2,058,099.00	-	17,817.18	83.32	-	-	-	83.32	17,817.18	2,040,198.50
01/01/2008 - 12/31/2008		100-064-7550-308	1,943,940.00	-	203,378.61	-	-	-	-	-	203,378.61	1,740,561.39
01/01/2009 - 12/31/2009		100-064-7550-308	1,897,940.00	-	228,388.81	106.29	-	-	-	106.29	228,388.81	1,669,444.90
Passed through the NJ Division of Family Development Administered by Hudson County Division of Welfare												
(1) WorkFirst New Jersey-General Assistance												
01/01/2015 - 12/31/2015		100-064-7550-121	6,143,714.00	6,143,714.00	-	6,143,714.00	6,143,714.00	-	-	-	-	6,143,714.00
01/01/2015 - 12/31/2015		100-064-7550-121	361,960.00	361,960.00	-	361,960.00	361,960.00	-	-	-	-	361,960.00
(1) Total WorkFirst New Jersey				6,505,674.00	502,500.13	6,505,674.00	6,505,674.00	-	-	2,885.51	502,500.13	
Hudson County Department of Family Services Summer Youth Program												
Various Private Donors												
01/01/2009 - 12/31/2009		100-064-7570-195	1,67,007.56	-	-	-	-	-	-	-	-	65,500.00
01/01/2014 - 12/31/2014		100-064-7570-195	65,500.00	-	-	-	-	-	-	-	-	34,500.00
01/01/2015 - 12/31/2015		100-064-7570-195	34,500.00	-	18,625.48	-	52,325.48	-	(33,700.00)	-	1,350.23	33,700.00
01/01/2016 - 12/31/2016		100-064-7570-195	33,700.00	-	-	33,700.00	-	-	33,700.00	-	-	76,800.00
01/01/2011 - 12/31/2011		100-064-7570-195	76,800.00	-	-	-	-	-	-	-	-	96,700.00
01/01/2012 - 12/31/2012		100-064-7570-195	96,700.00	-	-	-	-	-	-	-	-	110,000.00
01/01/2012 - 12/31/2012		100-064-7570-195	110,000.00	-	-	-	-	-	-	-	-	
Total Summer Youth Program				-	18,625.48	33,700.00	52,325.48	-	-	-	-	
Division of Mental Health and Addiction Services												
County Comprehensive - Alcoholism, Drug Abuse and Addiction Services												
01/01/2012 - 12/31/2012		760-046-4240-001	\$ 990,834.00	\$ -	\$ 57.89	\$ 782.21	\$ -	\$ -	\$ -	\$ 782.21	\$ 57.89	\$ 989,993.90
01/01/2014 - 12/31/2014		760-046-4240-001	941,549.00	-	249.34	56,576.62	-	-	-	56,576.62	249.34	884,723.04
01/01/2013 - 12/31/2013		760-046-4240-001	1,133,773.00	-	1,350.23	1,041.76	-	-	-	1,041.76	1,350.23	1,131,381.01
01/01/2015 - 12/31/2015		760-046-4240-001	1,106,529.33	516,927.00	(283.70)	255,468.80	162,038.97	-	-	90,488.33	2,657.80	1,013,383.20
01/01/2016 - 12/31/2016		760-046-4240-001	1,145,057.00	615,236.00	-	1,145,057.00	816,921.55	151,144.00	(12,162.68)	183,911.31	5,242.82	816,921.55
Total Comprehensive Alcoholism Services				1,132,163.00	1,373.76	1,145,057.00	978,960.52	151,144.00	(12,162.68)	332,800.23	9,558.08	
Subtotal NJ Department of Human Services			7,637,837.00		53,624.56	316,754.90	7,538,865.48	151,144.00	(12,162.68)	335,685.74	526,164.92	
Personal Attendant Services Program												
01/01/2005 - 12/31/2005		100-064-7570-195	496,178.00	-	30,613.00	-	-	-	-	-	30,613.00	465,565.00
CWA Case Banking Equipment Grant												
03/15/2014 - 06/30/2014		CW14009	150,000.00	-	2,320.52	-	-	-	-	-	2,320.52	147,679.48
Open Space Plan Grant												
01/01/2013 - 12/31/2013		*	50,000.00	-	25,978.76	-	908.55	-	-	-	25,070.21	24,929.79
Passed the NJ Division of Family Development Administered by Hudson County Division of Welfare												
Supplemental Security Income												
01/01/2015 - 12/31/2015		100-064-7550-125	1,771,538.00	1,771,538.00	-	1,771,538.00	1,771,538.00	-	-	-	-	1,771,538.00
Total NJ Department of Human Services				\$ 9,409,375.00	\$ 595,536.84	\$ 9,457,856.00	\$ 9,311,312.03	\$ 151,144.00	\$ (12,162.68)	\$ 335,685.74	\$ 584,168.65	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016

State Grant or Program Title and Grant Period	See Also Note	State Account or Grant Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Local Match	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
					Funds Available	Encumbered					Encumbered	Funds Available	
NJ Department of Labor and Workforce Development													
(1) Work First New Jersey													
07/01/2001 - 06/30/2002		780-062-4545-005	\$ 893,290.00	\$ -	\$ 80,027.73	\$ -	\$ -	\$ -	-	\$ -	-	\$ 80,027.73	\$ 813,262.27
07/01/2002 - 06/30/2003		780-062-4545-005	420,895.00	-	13,772.65	-	-	-	-	-	-	13,772.65	407,122.35
07/01/2003 - 06/30/2004		780-062-4545-005	347,139.00	-	117,308.69	-	-	-	-	-	-	117,308.69	229,830.31
07/01/2004 - 06/30/2005		780-062-4545-005	3,582,584.00	-	268,926.16	-	-	-	-	-	-	268,926.16	3,313,657.84
07/01/2005 - 06/30/2006		780-062-4545-005	3,598,515.00	-	292,603.88	-	-	-	-	-	-	292,603.88	3,305,911.12
07/01/2006 - 06/30/2007		780-062-4545-005	6,672,686.00	-	1,259,087.32	-	-	-	-	-	-	1,259,087.32	5,413,598.68
07/01/2007 - 06/30/2008		780-062-4545-005	6,642,551.00	-	1,789,263.35	-	-	-	-	-	-	1,789,263.35	4,853,287.65
07/01/2008 - 06/30/2009		780-062-4545-005	6,842,551.00	-	469,280.02	-	-	-	-	-	-	469,280.02	6,373,270.98
07/01/2009 - 06/30/2010		780-062-4545-005	6,134,296.00	-	607,449.46	-	-	-	-	-	-	607,449.46	5,526,846.54
07/01/2010 - 06/30/2011		780-062-4545-005	4,998,359.00	-	252,478.33	-	-	-	-	-	-	252,478.33	4,745,880.67
07/01/2011 - 06/30/2012		780-062-4545-005	4,956,462.00	-	835,515.61	-	-	-	-	-	-	835,515.61	4,120,946.39
07/01/2012 - 06/30/2013		780-062-4545-005	5,857,402.00	-	53,061.07	155,990.45	-	-	-	-	155,990.45	53,061.07	5,443,454.89
07/01/2013 - 06/01/2014		780-062-4545-005	6,105,846.00	-	3,199.64	98,846.52	-	-	-	-	98,846.52	3,199.64	5,818,433.69
07/01/2014 - 06/30/2015		780-062-4545-005	6,133,846.00	217,584.00	137,917.83	892,484.42	-	30,410.00	-	-	862,074.42	137,917.83	5,133,853.75
07/01/2015 - 06/30/2016		780-062-4545-005	5,648,406.00	3,301,978.00	3,055,692.00	2,592,714.00	-	2,945,080.55	-	169,652.61	430,977.79	2,102,695.05	2,945,080.55
07/01/2016 - 06/30/2017		780-062-4545-005	6,442,250.00	783,493.00	-	-	6,442,250.00	531,494.55	-	-	3,383,587.10	2,527,168.35	531,494.55
(1) WorkFirst NJ -Supplemental													
07/01/2014 - 06/30/2015		780-062-4545-005	250,000.00	-	-	-	-	-	-	-	-	-	198,560.00
07/01/2013 - 06/30/2014		780-062-4545-005	300,000.00	-	-	-	-	-	-	-	-	-	139,540.00
07/01/2011 - 06/30/2012		780-062-4545-005	200,000.00	-	147,345.81	-	-	-	-	-	-	147,345.81	52,654.19
07/01/2010 - 06/30/2011		780-062-4545-005	466,000.00	-	263,247.00	-	-	-	-	-	-	263,247.00	202,753.00
(1) WorkFirst NJ CAVP Allocation - Supplemental													
1020-718-066-1020-001-XCJF-6120													
07/01/2015 - 06/30/2016			68,000.00	-	-	-	68,000.00	13,910.74	-	-	8,000.00	46,089.26	13,910.74
(1) Total Work First New Jersey -Supplemental													
Disability Program Navigator		*	70,125.00	-	4,268.14	-	-	-	-	-	-	4,268.14	65,856.86
07/01/2010 - 06/30/2011		*	35,446.00	-	30,758.26	-	-	-	-	-	-	30,758.26	-
Total Disability Program Navigator				-	35,026.40	-	-	-	-	-	-	35,026.40	-
NJ Build - Individual Training		n/a	6,500.00	-	6,500.00	-	-	-	-	-	-	6,500.00	-
07/01/2010 - 06/30/2011				-	-	-	-	-	-	-	-	-	-
Total NJ Department of Labor													
				\$ 4,303,055.00	\$ 9,687,702.95	\$ 3,740,035.39	\$ 6,510,250.00	\$ 3,320,895.84	\$ -	\$ 169,652.61	\$ 4,939,476.28	\$ 11,307,963.61	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016

State Grant or Program Title and Grant Period	See Also Note	State Account or Grant Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015		Current Year Appropriations	Paid or Charged	Local Match	Program Income and Other Adjustments	Balance at Dec. 31, 2016		Cumulative Expenditures
					Funds Available	Encumbered					Encumbered	Funds Available	
NJ Department of Law and Public Safety													
Juvenile Justice Commission Grant (Comprehensive County Funding Allocation)													
State/Community Partnership													
07/01/2000 - 06/30/2001		100-066-15004007	\$ 756,177.00	\$ -	\$ 144,192.07	\$ -	\$ -	\$ -	-	\$ -	-	\$ 144,192.07	\$ 611,984.93
07/01/2001 - 06/30/2002		100-066-15004007	793,091.00	-	8,771.77	-	-	-	-	-	-	8,771.77	784,319.23
07/01/2005 - 06/30/2006		100-066-15004007	835,323.00	-	-	-	-	-	-	-	-	-	729,804.89
07/01/2006 - 06/30/2007		100-066-15004007	839,228.00	-	-	-	-	-	-	-	-	-	742,987.29
07/01/2006 - 06/30/2007		100-066-15004007	911,202.00	-	-	389.72	-	-	-	-	389.72	-	776,039.84
07/01/2007 - 06/30/2008		100-066-15004007	1,052,297.00	-	-	-	-	-	-	-	-	-	1,002,452.75
07/01/2007 - 06/30/2008		100-066-15004007	859,211.00	-	-	-	-	-	-	-	-	18,131.44	773,781.17
07/01/2007 - 06/30/2008		100-066-15004007	12,148.00	-	-	-	-	-	-	-	-	85,429.83	85,429.83
07/01/2008 - 06/30/2009		100-066-15004007	12,148.00	-	-	-	-	-	-	-	-	12,148.00	12,148.00
07/01/2008 - 06/30/2009		100-066-15004007	867,803.00	-	-	-	-	-	-	-	-	110,574.10	110,574.10
07/01/2010 - 06/30/2011		100-066-15004007	867,803.00	-	-	-	-	-	-	-	-	6,746.29	861,056.71
07/01/2010 - 06/30/2011		100-066-15004007	867,803.00	-	-	-	-	-	-	-	-	6,746.29	861,056.71
07/01/2011 - 06/30/2012		100-066-15004007	867,803.00	-	-	-	-	-	-	-	-	108,583.00	731,274.26
05/01/2001 - 12/31/2002		100-066-15004168	1,011,336.00	-	-	27,945.74	-	-	-	-	27,945.74	-	1,011,336.00
07/01/2012 - 06/30/2013		100-066-15004007	867,803.00	-	-	-	-	-	-	-	-	-	785,371.85
07/01/2012 - 06/30/2013		100-066-15004007	867,803.00	-	-	82,431.15	-	-	-	-	82,431.15	-	802,227.40
07/01/2014 - 06/30/2015		100-066-15004007	820,633.00	-	-	18,405.60	-	-	-	-	18,405.60	-	862,460.09
07/01/2015 - 06/30/2016		100-066-15004007	842,354.00	636,624.76	-	438,147.26	-	454,346.87	-	(23,693.48)	3,587.39	7,148.19	862,460.09
01/01/2016 - 12/31/2016		100-066-15004007	842,354.00	259,914.98	-	-	842,354.00	704,813.43	-	(36,840.00)	187,232.38	156,850.51	704,813.43
													*
05/01/2001 - 12/31/2002		100-066-15004168	1,011,336.00	-	-	-	-	-	-	-	-	-	953,066.00
07/01/2003 - 06/30/2004		100-066-15004168	1,011,336.00	-	-	-	-	-	-	-	-	-	58,270.00
07/01/2004 - 06/30/2005		100-066-15004168	1,011,336.00	-	-	-	-	-	-	-	-	-	909,625.96
07/01/2005 - 06/30/2006		100-066-15004168	1,031,563.00	-	-	-	-	-	-	-	-	-	885,123.41
07/01/2005 - 06/30/2006		100-066-15004168	1,041,879.00	-	-	-	-	-	-	-	-	-	987,709.63
07/01/2007 - 07/01/2008		100-066-15004168	1,070,958.00	-	-	-	-	-	-	-	-	-	743,188.72
07/01/2009 - 06/30/2010		100-066-15004168	867,803.00	-	-	-	-	-	-	-	-	-	849,671.56
07/01/2010 - 06/30/2011		100-066-15004081	250,000.00	-	-	-	-	-	-	-	-	-	186,041.14
Family Court Services													
01/01/2000 - 12/31/2000		100-066-15004021	268,661.00	-	-	-	-	-	-	-	-	-	223,902.32
01/01/2001 - 12/31/2001		100-066-15004021	350,055.93	-	-	-	-	-	-	-	-	-	225,138.33
01/01/2002 - 12/31/2002		100-066-15004021	287,776.00	-	-	-	-	-	-	-	-	-	278,122.31
01/01/2004 - 12/31/2004		100-066-15004021	293,226.00	-	-	-	-	-	-	-	-	-	286,206.99
01/01/2005 - 12/31/2005		100-066-15004021	299,090.00	-	-	-	-	-	-	-	-	-	290,811.05
01/01/2006 - 12/31/2006		100-066-15004021	302,073.00	-	-	-	-	-	-	-	-	-	241,195.25
01/01/2007 - 12/31/2007		100-066-15004021	305,094.00	-	-	-	-	-	-	-	-	-	157,375.93
01/01/2008 - 12/31/2008		100-066-15004022	309,670.00	-	-	-	-	-	-	-	-	-	192,503.60
01/01/2008 - 12/31/2008		100-066-15004022	7,423.00	-	-	-	-	-	-	-	-	-	115,034.22
01/01/2009 - 12/31/2009		100-066-15004022	312,767.00	-	-	7,423.00	-	-	-	-	-	-	7,423.00
01/01/2010 - 12/31/2010		100-066-15004022	312,767.00	-	-	861.00	-	-	-	-	861.00	-	193,794.29
01/01/2011 - 12/31/2011		100-066-15004083	312,767.00	-	-	-	-	-	-	-	-	-	281,961.26
01/01/2012 - 12/31/2012		100-066-15004083	312,767.00	-	-	68.63	-	-	-	-	68.63	-	30,805.74
01/01/2012 - 12/31/2012		100-066-15004083	312,767.00	-	-	-	-	-	-	-	-	-	67,295.26
01/01/2014 - 12/31/2014		100-066-15004083	307,803.00	-	-	-	-	-	-	-	-	-	232,233.97
01/01/2013 - 12/31/2013		100-066-15004083	312,767.00	-	-	26,741.06	-	-	-	-	26,741.06	-	80,553.03
01/01/2015 - 12/31/2015		100-066-15004083	307,803.00	-	-	19,000.04	-	-	-	-	-	7.00	281,054.94
01/01/2015 - 12/31/2015		100-066-15004083	307,803.00	228,912.11	-	170,179.16	-	151,625.75	-	22,728.72	19,843.20	2,401.60	244,098.45
01/01/2016 - 12/31/2016		100-066-15004083	307,803.00	52,009.07	-	26,420.11	-	147,305.01	-	61,002.68	86,122.11	13,373.20	262,829.48
Total Juvenile Justice Commission				1,177,460.92	1,622,263.69	784,169.36	1,150,157.00	1,455,091.06	-	3,197.92	453,627.98	1,641,673.09	147,305.01
Division of Criminal Justice													
Body Armor Replacement Fund (BARF) Program													
07/01/2011 - 06/30/2012		718-066-10204001	78,182.19	-	-	-	-	365.29	-	-	-	-	78,182.19
07/01/2013 - 06/30/2014		718-066-10204001	78,182.19	-	-	-	-	7,692.40	-	-	-	-	78,182.19
07/01/2014 - 06/30/2015		718-066-10204001	71,168.10	-	-	(4,528.61)	-	27,905.00	-	-	(4,528.61)	-	22,092.31
07/01/2015 - 06/30/2016		718-066-10204001	65,234.97	-	-	8,077.47	-	5,812.69	-	-	-	-	49,075.79
07/01/2012 - 06/30/2013		718-066-10204001	99,268.55	-	-	-	-	8,077.47	-	-	-	-	8,077.47
			64,054.91	64,054.91	-	-	64,054.91	28,452.55	-	28,452.55	-	-	70,816.00
Total Body Armor Replacement Fund (BARF)				64,054.91	121,572.74	3,548.86	64,054.91	21,947.85	-	28,452.55	(4,528.61)	143,304.72	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016

State Grant or Program Title and Grant Period	See Also Note	State Account or Grant Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015 Funds Available	Encumbered	Current Year Appropriations	Paid or Charged	Local Match	Program Income and Other Adjustments	Balance at Dec. 31, 2016 Encumbered	Funds Available	Cumulative Expenditures
NJ Department of Law and Public Safety (continued)													
Office of the Insurance Fraud Prosecutor													
County Prosecutor Insurance Fraud Reimbursement Program Allocation Receipt													
01/01/2015 - 12/31/2015		1020-100-305	\$ 264,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 264,500.00
01/01/2016 - 12/31/2016			250,000.00	250,000.00			250,000.00	250,000.00					250,000.00
Total Insurance Fraud Reimbursement Program				250,000.00	-	-	250,000.00	250,000.00					
Public Archives and Records Infrastructure Support (PARIS)													
07/01/2004 - 06/30/2005		100-066-1500-081	1,397,983.00	-	20,224.68	-	-	-	-	-	-	20,224.68	1,377,758.32
07/01/2005 - 06/30/2006		100-066-1500-081	1,326,500.00	-	10,409.12	-	-	-	-	-	-	10,409.12	1,316,090.88
07/01/2006 - 06/30/2007		100-066-1500-081	470,000.00	-	4,352.09	-	-	-	-	-	-	4,352.09	465,647.91
07/01/2007 - 06/30/2008		100-066-1500-081	436,900.00	-	88,201.09	-	-	-	-	-	-	88,201.09	348,698.91
07/01/2008 - 06/30/2009		100-066-1500-081	618,410.00	-	45,920.25	-	-	-	-	-	-	45,920.25	572,489.75
Total Public Archives and Records Infrastructure				-	169,107.23	-	-	-	-	-	-	169,107.23	
Mug Photo Project													
01/01/2009 - 12/31/2009		*	22,036.51	-	22,036.51	-	-	-	-	-	-	22,036.51	-
Total Mug Photo Project				-	22,036.51	-	-	-	-	-	-	22,036.51	
Juvenile Detention Alternatives Initiative (JDAI) Innovations Funding Grant													
07/01/2009 - 06/30/2010		*	\$ 160,000.00	\$ -	\$ 9,594.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,594.46	\$ 150,405.54
07/01/2010 - 06/30/2011		100-066-1500-021	120,000.00	-	11,325.17	-	-	-	-	-	-	11,325.17	108,674.83
07/01/2011 - 06/30/2012		1500-100-237	125,200.00	-	35,315.26	-	-	-	-	-	35,315.26	3,074.85	86,809.89
01/01/2014 - 12/31/2014		1500-100-237	120,000.00	-	101,776.52	-	-	-	-	-	-	-	120,000.00
01/01/2015 - 12/31/2015		1500-100-237	120,000.00	70,014.64	17,774.09	-	-	47,422.83	-	(17,206.12)	3,346.00	85,987.90	47,872.22
01/01/2013 - 12/31/2013		1500-100-237	120,000.00	20,677.28	81,472.71	-	-	-	-	-	-	81,472.71	38,527.29
01/01/2016 - 12/31/2016		100-066-1500-237	123,633.00	90,691.92	125,771.00	134,562.06	123,633.00	83,648.28	-	964.76	38,661.26	260,691.76	36,225.45
Total Juvenile Detention Alternatives					125,771.00	134,562.06	123,633.00	83,648.28	-	964.76	38,661.26	260,691.76	
Victim and Witness Advocacy Funds													
07/01/2012 - 06/30/2013		100-066-1020-093	66,893.00	-	-	-	-	-	-	-	-	-	-
Total Victim and Witness Advocacy Funds				-	-	-	-	-	-	-	-	-	-
Total NJ Department of Law and Public Safety				\$ 1,582,207.75	\$ 2,060,751.17	\$ 922,280.28	\$ 1,587,844.91	\$ 1,813,687.19	\$ -	\$ 32,615.23	\$ 487,760.63	\$ 2,236,813.31	
NJ Department of Environmental Protection													
Green Acres Trust Local Programs													
West Hudson and Lincoln Park Restoration - Loan Portion		533-042-4800-002	\$ 1,000,000.00	\$ -	\$ 154,505.41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,505.41	\$ 845,494.59
West Hudson and Lincoln Park Restoration - Grant Portion		533-042-4800-003	1,000,000.00	-	154,505.72	-	-	-	-	-	-	154,505.72	845,494.28
Open Space, Recreation & Historic Preservation-Secaucus		8049-001-F000-6110	900,000.00	-	900,000.00	-	-	-	-	-	-	900,000.00	-
Total Green Acres Trust Local Programs				-	1,209,011.13	-	-	-	-	-	-	1,209,011.13	
Solid Waste Administration													
Clean Communities Grant		4900-765-042-4900-005-V42Y-6010	21,591.43	21,591.43	-	-	21,591.43	21,591.43	-	-	-	-	21,591.43
Total Clean Communities Grant				21,591.43	-	-	21,591.43	21,591.43	-	-	-	-	
Total NJ Department of Environmental Protection				\$ 21,591.43	\$ 1,209,011.13	\$ -	\$ 21,591.43	\$ 21,591.43	\$ -	\$ -	\$ -	\$ 1,209,011.13	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016

State Grant or Program Title and Grant Period	See Also Note	State Account or Grant Number	Program or Award Amount	Funds Received	Balance at Dec. 31, 2015 Funds Available	Encumbered	Current Year Appropriations	Paid or Charged	Local Match	Program Income and Other Adjustments	Balance at Dec. 31, 2016 Encumbered	Funds Available	Cumulative Expenditures
NJ Department of Children and Families													
Youth Incentive Program													
01/01/2014 - 12/31/2014		14-0HR	44,551.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	44,551.00
01/01/2015 - 12/31/2015		14-0HR	44,551.00	-	44,551.00	-	-	44,551.00	-	-	-	-	44,551.00
01/01/2016 - 12/31/2016		16-0HR	44,551.00	44,551.00	-	-	44,551.00	44,551.00	-	-	-	-	44,551.00
Youth Incentive Program - Sandy													
01/01/2014 - 09/30/2015		14-0HRZ	27,000.00	-	-	-	-	-	-	(450.00)	-	450.00	26,550.00
Total Youth Incentive Program				44,551.00	44,551.00	-	44,551.00	89,102.00	-	(450.00)	-	450.00	
Human Services Advisory Council Grant													
01/01/2006 - 12/31/2006		100-084-7570-049	\$ 150,138.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 148,645.05
01/01/2007 - 12/31/2007		100-084-7570-049	161,481.00	-	3,972.00	-	-	-	-	-	-	3,972.00	157,509.00
01/01/2012 - 12/31/2012		100-084-7570-049	126,907.00	-	564.00	-	-	-	-	-	-	564.00	126,343.00
01/01/2014 - 12/31/2014		100-084-7570-049	82,356.00	-	1,839.63	800.00	-	1,490.00	-	-	800.00	349.63	81,206.37
01/01/2013 - 12/31/2013		100-084-7570-049	126,907.00	-	-	-	-	-	-	-	-	-	126,907.00
01/01/2015 - 12/31/2015		100-084-7570-049	82,536.00	-	3,657.48	6,929.50	-	10,406.82	-	180.00	-	0.16	82,535.84
01/01/2016 - 12/31/2016		16AUN	82,536.00	79,918.00	-	-	82,356.00	72,799.91	-	-	7,996.67	1,559.42	72,799.91
Total Human Services Advisory Council				79,918.00	10,033.11	7,729.50	82,356.00	84,696.73	-	180.00	8,796.67	6,445.21	
Total NJ Department of Children and Families				\$ 124,469.00	\$ 54,584.11	\$ 7,729.50	\$ 126,907.00	\$ 173,798.73	\$ -	\$ (270.00)	\$ 8,796.67	\$ 6,895.21	
GRAND TOTAL STATE OF NEW JERSEY FINANCIAL ASSISTANCE				\$ 162,005,818.85	\$ 13,746,246.07	\$ 5,444,581.24	\$ 18,544,050.34	\$ 15,653,835.72	\$ 151,144.00	\$ 194,359.66	\$ 6,285,183.16	\$ 15,450,355.11	
(1) The sources of WorkFirst NJ Grants are from two State Departments. To determine major programs, these grants were combined as follows:				\$ 10,808,729.00	\$ 10,148,676.68	\$ 3,742,920.90	\$ 13,015,924.00	\$ 10,026,569.84	\$ -	\$ 169,652.61	\$ 4,942,361.79	\$ 11,768,937.34	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF HUDSON
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE A. REPORTING ENTITY

The County of Hudson, New Jersey (the “County”), received and continues to participate in numerous federal award and state financial assistance programs, in the form of grant cost reimbursements and revenue sharing entitlements. The County is the reporting entity for the grant programs received. Administration of the grant programs is performed by the various departments and outside offices of the County.

Accounting functions for the grants are performed by the County’s Department of Finance and Administration. Grant and program cash funds may be commingled with the County’s other funds provided each grant is accounted for separately within the County’s financial records.

The County, for purposes of the schedules of expenditures of federal awards (SEFA) and state financial assistance (SESFA), includes all of the primary government as defined criteria established by the Governmental Accounting Standards Board. The County administers certain federal and state award programs through subrecipients. Those subrecipients are not considered part of the County’s reporting entity.

Hudson County Division of Welfare

Certain grant programs noted in the schedules of expenditures of federal awards and state financial assistance are administered by the Hudson County Division of Welfare (the “agency”). All such programs are noted in the schedules of expenditures of federal awards and state financial assistance with the sub-header “*Administered by the Hudson County Division of Welfare*”.

The financial statements of the agency have been prepared in accordance with the County Welfare Agency Accounting Manual, Ruling 12, published by the State of New Jersey, Department of Human Services, Division of Family Development. The accounting practices prescribed is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting revenues and expenditures are recorded on a cash basis.

In addition, Assistance Fund transactions after the first of each month are reflected in the subsequent month’s activity. The Assistance Fund report reflects financial activity in each year for the period of December 2 of the prior year through December 1 of the Current Year.

COUNTY OF HUDSON
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE B. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") includes the federal and state award activity of the County under programs of the federal and state government for the year ended December 31, 2016. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included on the schedule of expenditures of state financial assistance. Federal awards that are mixed or commingled with State awards and for which the accounting system does not separately delineate expenditures between the commingled Federal and State awards, are recorded as Federal awards. Because the Schedules present only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in fund balance of the County.

NOTE C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 County accounts for federal awards and state financial assistance through the following accounting practices which differ from those required by accounting principles generally accepted in the United States of America.

The County, in accordance with the Division's directive, fully realizes revenues and charges appropriations when grants are adopted by the governing body in the budget of the Current Fund. The revenues are charged and the receivable accounted for in the Federal and State Grant Fund. Appropriations are charged and the amount allotted for spending is accounted for as an appropriated reserve. Programs within the General Capital Fund and various Trust Funds are accounted for within the equivalent revenue and appropriation (or reserve) accounts for those respective funds. Expenditures are measured from payments charged directly to specific grant programs. Expenditures in the Schedules are measured from payments charged directly to specific grant programs in the underlying accounting records. Federal and state awards provided to sub-recipients are treated as expenditures when paid.

COUNTY OF HUDSON
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other significant accounting policies are as follows:

Local Contributions - Local matching contributions are required by certain federal and state grants. The amount or percentage of matching contributions varies with each program. Local matching contributions are raised in the Current Fund budget.

Indirect Costs - The County is not utilizing the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D. CONTINGENCIES

Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable laws and regulations. Federal and state grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. Such contingencies are fully disclosed in the Notes to the Financial Statements.

NOTE E. MONITORING OF SUB-RECIPIENTS

Under the requirements of the Single Audit Act and State regulations, if the County, as a primary recipient, receives federal and state financial assistance and provides \$750,000 or more of such assistance to a sub-recipient in a fiscal year, the County is responsible for determining that the expenditures of federal and state monies passed through to sub-recipients are utilized in accordance with applicable laws and regulations.

NOTE F. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing the preparation of federal and state financial reports vary by federal and state agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal and state financial reports do not necessarily agree with the amounts reported in the accompanying schedules of expenditures of federal awards and state financial assistance, which are prepared on the basis of accounting explained in Note B.

COUNTY OF HUDSON
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE G. OTHER REPORTING REQUIREMENTS

Law Enforcement Trust Fund

The Hudson County Prosecutor's Office submits an annual financial report of the Law Enforcement Trust Fund (the "LETf") pursuant to the specific requirements by its oversight federal and state agencies. Included in the LETf are the proceeds of fund sharing from the federal and state agencies that are pooled with forfeitures obtained by the Office of the Prosecutor and local law enforcement agencies. The LETf is included in the County's Trust Fund.

NOTE H. PASS-THROUGH AWARDS AND COMMINGLED ASSISTANCE

The County receives federal and state awards passed-through different levels of government. As a result, the individual sources of federal and state awards may be commingled and not always separately identifiable. In instances in which the federal amounts received are commingled by the state or other levels of government with other funds and cannot be separately identified, they are reported as federal expenditures. In instances in which the state amounts received are commingled by other levels of government, other than federal, and cannot be separately identified, they are reported as state expenditures. The following awards include both state and federal funding which are not separately identifiable, and which are reported on the schedule of expenditures of federal awards:

WIA/WIOA Cluster

The County receives grant awards from the New Jersey Department of Labor and Workforce Development (NJDOl) which include pass-through Federal funding commingled with State NJDOl funding. The source of the Federal funds is the Federal Workforce Innovation and Opportunity Act (WIOA), formerly Workforce Investment Act (WIA), which consist of Adult, Youth and Dislocated Worker Program awards. The State funds include the Supplemental Workforce Development Benefits Program (SmartSTEPS) and Workforce Learning Link Program. The County's accounting system commingles these programs, therefore, the programs are grouped in the SEFA according to the majority funding, CFDA 17.258, and more specifically the "WIO/WIOA Cluster", to which each of the Federal programs belong. The current year grant award is detailed below.

	Workforce Innovation and Opportunity Act (WIOA) Cluster				Supp. Workforce Development (SmartSTEPS)	Workforce Learning Link	Total Combined Award
	Adult CFDA 17.258	Youth CFDA 17.259	Dislocated Worker CFDA 17.278	Total			
2016 Award	\$ 937,187.00	\$ 908,434.00	\$ 910,508.00	\$ 2,756,129.00	\$ 12,038.00	\$ 173,000.00	\$ 2,941,167.00

COUNTY OF HUDSON
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE H. PASS-THROUGH AWARDS AND COMMINGLED ASSISTANCE (continued)

Senior Citizen and Disabled Transportation/FTA

The County receives grant awards from New Transit Corporation for the Senior Citizen and Disabled Resident Transportation Assistance Program (SCDRTAP), also referred to as "Casino Revenue" and/or Transcend Grant. Commingled with this funding are monies from the Federal Transit Administration (FTA) Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Grant (CFDA 20.513). The County's accounting commingles the State and Federal awards, therefore, the entire amount is reported as Federal funding in the SEFA, despite the majority of the funding coming from State sources. The current year grant award is detailed below.

	Federal Transit Administration CFDA 20.513	NJ Transit FTA Match	Casino Revenue SCDRTAP	Reprogram of Prior Year SCDRTAP	Total Combined Award
2016 Award	\$ 138,800.00	\$ 7,200.00	\$ 887,683.00	\$ 123,983.27	\$ 1,157,666.27

TANF/Social Services for the Homeless

The County receives grant awards from the New Jersey Department of Human Services (NJDHS) which include pass-through Federal funding commingled with State NJDHS funding. The source of the Federal funds is Temporary Assistance for Needy Families (TANF) and the Social Services Block Grant (SSBG). The State funds include State Social Services for the Homeless, State SSBG and Intensive Care Management. The County's accounting commingles the State and Federal awards, therefore, the entire amount is reported as Federal funding in the SEFA under CFDA 93.558, despite the majority of the funding coming from State sources. The current year grant award is detailed below.

	Federal TANF CFDA 93.558	Federal SSBG CFDA 93.667	State SSBG	State Social Services for the Homeless	State Intensive Case Management	Total Combined Award
2016 Award	\$ 371,615.00	\$ 58,499.00	\$ 111,806.00	\$ 1,349,399.00	\$ 102,060.00	\$ 1,993,379.00

COUNTY OF HUDSON
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE H. PASS-THROUGH AWARDS AND COMMINGLED ASSISTANCE (continued)

Older Americans Act – Area Agency on Aging, Area Plan Contract Grant

The County receives grant awards from the New Jersey Department of Health and Senior Services (NJDHSS) which include pass-through Federal funding commingled with State NJDHSS funding. The source of the Federal funds is Title III, Parts B, C1 and C2, which are part of the “Aging Cluster” as well as Parts D and E. The State funds include State Weekend Home Delivered Meals, Safe Housing and Transportation Program, Adult Protective Services, State Area Plan Matching Funds, Social Services Block Grant, State Home Delivered Meals, Care Management Quality Assurance Funds, Medicaid, Nutrition Services Incentive Program Funds and Supplemental Funds (formerly COLA). The County’s accounting system commingles these programs, therefore, the programs are grouped in the SEFA according to the majority Federal funding, CFDA 93.045, and more specifically the “Aging Cluster”, to which the majority of the Federal programs belong. The current year grant award is detailed below.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Aging Cluster			
Title III, Part B - Supportive Services (CFDA 93.044)	\$ 832,231.00	\$ -	\$ 832,231.00
Title III, Part C1 - Congregate Meals (CFDA 93.045)	895,678.00	-	895,678.00
Title III, Part C2 - Home Delivered Meals (CFDA 93.045)	515,689.00	-	515,689.00
Title III, Part D - Preventive Health (CFDA 93.043)	44,373.00	-	44,373.00
Title III, Part E - Caregiver Services (CFDA 93.052)	334,950.00	-	334,950.00
State Weekend Home Delivered Meals (SWHDM)	-	79,946.00	79,946.00
Safe Housing and Transportation Program (SHTP)	-	95,127.00	95,127.00
Adult Protective Services (APS)	-	514,263.00	514,263.00
State Area Plan Matching Funds	-	221,612.00	221,612.00
Social Services Block Grant (SSBG)	-	1,622,931.00	1,622,931.00
State Home Delivered Meals (SHDM)	-	75,063.00	75,063.00
Care Management Quality Assurance Funds (CMQA)	-	23,810.00	23,810.00
Medicaid	-	42,045.00	42,045.00
Nutrition Services Incentive Program Funds (NSIP)	-	461,530.00	461,530.00
Supplemental Funds (formerly COLA)	-	441,739.00	441,739.00
Total 2016 Award	<u>\$ 2,622,921.00</u>	<u>\$ 3,578,066.00</u>	<u>\$ 6,200,987.00</u>

**COUNTY OF HUDSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified-as prescribed by NJ DLGS
Adverse-according to GAAP

Internal control over financial reporting:

1) Material weakness(es) identified?	✓	Yes	Finding 2016-001	No
2) Significant deficiency(ies) identified?		Yes		✓ No

Noncompliance material to financial statements noted?	Yes	✓		No
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Federal Awards

Internal Control over major federal programs:

1) Material weakness(es) identified?	✓	Yes	Finding 2016-001	No
2) Significant deficiency(ies) identified?		Yes		No

Type of auditor's report issued on compliance for major federal programs:

Unmodified for all major federal programs, except for the following which are all Qualified:

10.551: USDA Food Stamp Program (SNAP) Administrative Costs
93.558: Temporary Assistance for Needy Families (TANF) Administrative Costs
93.563: Title IV-D, Child Support and Paternity Program Administrative Costs
93.778: Title XIX, Medical Assistance Program and Medically Needy Program Administrative Costs
93.767: State Children's Health Insurance Program Administrative Costs

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	✓	Yes	Finding 2016-001	No
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Identification of major Federal programs:

CFDA Number	Name of Federal Program or Cluster
10.551	Supplemental Nutrition Assistance Program (SNAP)
14.218	Community Development Block Grant
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities
93.558	Temporary Assistance to Needy Families
93.563	Title IV-D Child Support and Paternity
93.778	Title XIX Grants

Dollar threshold used to distinguish between Type A and Type B Programs:	\$	2,592,121.07
--	----	--------------

Auditee qualified as low-risk auditee?	Yes	✓		No
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**COUNTY OF HUDSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

State Financial Assistance

Internal Control over Compliance:

1) Material weakness(es) identified?	✓	Yes	Finding 2016-001		No
2) Significant deficiency(ies) identified?		Yes			No

Type of auditor's report issued on compliance for major State programs:

Unmodified for all major State programs, except the Workfirst NJ General Assistance (GA)
Administration Costs Grant, which is Qualified.

Any audit findings disclosed that are required to be reported
in accordance with NJ OMB 15-08, as amended?

	✓	Yes	Finding 2016-001		No
--	---	-----	------------------	--	----

Identification of major State programs

State Grant Number	Name of State Program
100-054-7550-121 / 308	WFNJ - General Assistance / WFNJ - DFD
780-062-4545-005	WIA - Work First New Jersey

Dollar threshold used to distinguish between Type A and Type B Programs:	\$	750,000.00
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COUNTY OF HUDSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Section II - Schedule of Financial Statement Findings

(This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting.)

Finding 2016-001

Material Weakness in Internal Control

- Criteria: Sound accounting policies suggest that the County is required to reconcile and compare information reported in its financial records to the underlying accounting records and reports provided to and from grantor and oversight agencies, and to do so in a timely manner.
- Condition: 2016 Reconciliations for the County Department of Family Services, Division of Welfare (the "Division") Administration account were completed more than eight months after the close of the fiscal year. There remains an unidentified reconciling item of \$572,846.
- Context: The discrepancy was noted in a review of the Division's "Administrative Fund Disbursements Worksheet", which is a report submitted to the State of New Jersey, Division of Family Development for reimbursement of certain administrative costs allocated to various grants. The report, which details administrative disbursements by line of expense, contained an amount of \$14,273,949 listed as "other". The Division subsequently worked to identify \$13,701,103 of this amount, leaving the \$572,846 noted in the paragraph above as unidentified.
- Effect: Administrative account reconciliations, prepared properly on a timely basis, provide certainty that the County is receiving all reimbursable administrative costs under the terms of the grant. Further, during the course of our audits the Division provided multiple PA215, PA222 and PA205 for audit review, and it could not be verified whether subsequent revisions were submitted to the State of New Jersey.
- Cause: The County is not properly reconciling administrative account bank reconciliations on a timely basis.

COUNTY OF HUDSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Section II - Schedule of Financial Statement Findings
(continued)

Finding 2016-001

(continued)

Recommendation: The Division should reconcile its administration account bank reconciliations on a timely basis, and properly identify all disbursements on the “Administrative Fund Disbursements Worksheet” it prepares for submission to the State of New Jersey, Division of Family Development for reimbursements under the terms of various grants.

Views of Responsible Officials (unaudited)

The Welfare Division will institute a 3 part reconciliation process to assure that all expenditures are reconciled on a timely basis. We will reconcile our disbursements to the bank posting and also reconcile the disbursements to the County Ledger to assure that all reports submitted to the State are reflect the precise costs.

In addition, the County Finance Department will review the reporting of expenditures to the State prior to their submission and require that all bank reconciliations prepared by the Welfare Division for those accounts are independently reviewed.

All revised PA215, PA 222 and PA205 reports have been submitted to the State of New Jersey.

COUNTY OF HUDSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2016

**Section III – Schedule of Federal Awards and State Financial Assistance –
Findings and Questioned Costs**

(This section identifies audit findings required to be reported by the 2 CFR 200.516(a) and New Jersey OMB Circular 15-08.)

Finding 2016-001

(Repeated from Section II as required by the Uniform Guidance)

Material Weakness in Internal Control Over Federal and State Major Programs

Noncompliance - (C) Cash Management, (L) Reporting

(Federal Funding is Indirect, State Funding is Direct)

U.S. Department of Agriculture

Passed through the New Jersey Department of Human Services

CFDA 10.551 Supplemental Nutrition Assistance Program

U.S. Department of Health and Human Services

Passed through the New Jersey Department of Human Services

CFDA 93.558 Temporary Assistance for Needy Families-TANF (Administrative Costs)

CFDA 93.563 Title IV-D Child Support and Paternity (Administrative Costs)

CFDA 93.667 Title XX-Social Services Block Grant (Administrative Costs)

CFDA 93.767 State Children's Insurance Program-Administration (Administrative Costs)

CFDA 93.778 Medical Assistance Program and Medically Need Program (Administrative Costs)

N.J. Department of Human Services

WorkFirst New Jersey-General Assistance

Refer to Section II for Criteria, Effect, Cause and Recommendation.

Condition: 2016 Reconciliations for the County Department of Family Services, Division of Welfare (the “Division”) Administration account were completed more than eight months after the close of the fiscal year. There remains an unidentified reconciling item of \$572,846.

Questioned Costs: No questioned costs were noted as the unidentified amount was not submitted for grant reimbursement.

COUNTY OF HUDSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2016

Section III – Schedule of Federal Awards and State Financial Assistance –
Findings and Questioned Costs
(continued)

Finding 2016-001

(continued)

Context: The discrepancy was noted in a review of the Division’s “Administrative Fund Disbursements Worksheet”, which is a report submitted to the State of New Jersey, Division of Family Development for reimbursement of certain administrative costs allocated to various grants. The report, which details administrative disbursements by line of expense, contained an amount of \$14,273,949 listed as “other”. The Division subsequently worked to identify \$13,701,103 of this amount, leaving the \$572,846 noted in the paragraph above as unidentified.

Views of Responsible Officials of the County: (repeated from Section II)

The Welfare Division will institute a 3 part reconciliation process to assure that all expenditures are reconciled on a timely basis. We will reconcile our disbursements to the bank posting and also reconcile the disbursements to the County Ledger to assure that all reports submitted to the State are reflect the precise costs.

In addition, the County Finance Department will review the reporting of expenditures to the State prior to their submission and require that all bank reconciliations prepared by the Welfare Division for those accounts are independently reviewed.

All revised PA215, PA 222 and PA205 reports have been submitted to the State of New Jersey.

**COUNTY OF HUDSON
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016**

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 4 of Government Auditing Standards, 2 CFR 200.516(a) and New Jersey OMB Circular 15-08.)

Finding 2014-001

Finding 2015-001

Noncompliance - (L) Reporting

- N.J. Department of Human Services

Social Services for the Homeless, Grant Account No. 100-054-7550-072

Condition: The County did not file Social Services for the Homeless grant and Area Plan Grant expenditure reports in a timely manner.

Current Status: This finding has been corrected.

**COUNTY OF HUDSON
GENERAL COMMENTS**

DECEMBER 31, 2016

**CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3
AND 11-4 ET. SEQ.**

N.J.S.A. 40A:11-3 states “When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent or other employee so designated by the governing body when so authorized by ordinance or resolution, as appropriate to the contracting unit, without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If a purchasing agent has been appointed, the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000 or the threshold amount adjusted by the Governor pursuant to subsection c. of this section. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.”

The current threshold amount as adjusted by the Governor is \$40,000. The County has appointed a Qualified Purchasing Agent and has passed a resolution raising its bid threshold to the maximum allowable amount of \$40,000.

N.J.S.A. 40A:11-4 states “Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.”

The governing body of the County has the responsibility of determining whether the expenditures in any category will exceed \$40,000 within the fiscal year. Where questions arise as to whether any contract or agreement might result in a violation of the Statute, the opinion of County Counsel should be sought before a commitment is made.

**COUNTY OF HUDSON
GENERAL COMMENTS**

DECEMBER 31, 2016

**CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3
AND 11-4 ET. SEQ. (continued)**

The minutes indicate that bids were requested by public advertisement and contracts awarded for the following items:

- Barber and Beauty Supplies
- Grass and seeds for Parks Department
- Foldger Adams Lock Parts
- Purchase Pre-owned furniture (Various)
- Medical Surgical Supplies (Various)
- Liquid Melting Agents and Parts
- Maintenance of Overhead Doors and Barriers Gates
- Plumbing Supplies
- Leaf disposal and recycling
- Electrical Distribution Equipment
- Maintenance and testing of electrical distribution equipment and systems
- Lock Repair
- Hardware, Houseware and Tools
- Mason Supplies
- Janitorial Supplies (Various)
- Special Printing Services (Various)
- Purchase and installation of watt transmitter for County Radio System
- Purchase Lexan Glass
- Improvements to JFK Blvd and other Hudson County Roads (Various)
- Medicaid Electronic Eligibility Program
- Maintenance of Elevators
- Concrete Deck rehabilitation
- Uniforms
- Garbage and recycling containers
- Purchase (1) New MSM 3600 Show Master 3000 Series Show Vehicle
- Bottled water and rental of water coolers
- Water treatment chemicals
- Purchase Storz, Aluminum Hydrant Adapters
- Asbestos Abatement
- One (1) New Oshkosh Model SEB Cab Forward AWD Chasis
- James J. Braddoc/Columbus Parks Tennis and Basketball Courts
- Temperature Control Maintenance (Various)
- Bituminous Concrete
- Office Chairs and Accessories
- Lumber Supplies
- Reconstruct of Monumental Stairs and Plaza, County Courthouse
- Aerial Dispensing of Chemicals & Mosquito Surveillance
- Sludge Tank & Clarifier Tank, Sludge Removal & Disposal
- Fire Sprinkler, Pump, Hydrant and Suppression Systems-Inspection
- Traffic Control Signal System and Parts
- Aquatic Service in Various County Parks
- Blue Collar Uniforms
- GPS Electronic Monitoring Bracelets
- Paint and Paint Supplies
- Radio Equipment Maintenance
- LED lamps and lamp parts
- Personal Care Supplies
- White Park Bench Slates
- Snow Plowing
- New 2016 (Or Newer Model) Adult Mini Buses
- Purchase Two (2) New 2017 GMC!TK36043 Crew Cabs
- Improvements to Ferry Road Bridge
- Fence Repair and Stairway Landing repair
- Park Ave and 74th street improvements
- Vehicle body repairs, painting and re-finishing
- One (1) New 2017 Ford Super Duty F-550 DRW
- Woodcliff Lake Wall Restoration

**COUNTY OF HUDSON
GENERAL COMMENTS**

DECEMBER 31, 2016

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3 AND 11-4 ET. SEQ.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000, "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those for which bids had been previously sought by public advertisements or for which a resolution had been previously adopted under the provision of N.J.S.A. 40A:11-6.

CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC ADVERTISEMENT FOR BIDS PER N.J.S.A. 40A:11-5, et seq., 40A:11-6.1(b) AND 40A:11-12

N.J.S.A. 40A:11-12 states: "Any contracting unit under this act [the County] may without advertising for bids, or having rejected all bids obtained pursuant to advertising therefore, purchase any goods or services under any contract or contracts for such goods or services entered into on behalf of the State by the Division of Purchase and Property in the Department of the Treasury."

When utilizing state contracts, as the contracts are commonly referred to, the County is required to place its order with the vendor offering the lowest price, including delivery charges, that best meets the County's requirements, and is also required to document such with specificity prior to placing the order. The minutes indicate resolutions were adopted authorizing the awarding of contracts or agreements for "state contracts" per N.J.S.A. 40A:11-12 for the following items:

- | | |
|---|--|
| - Boom Truck to be used by the Parks Department (Various) | - Specialty gas |
| - Dell Office servers and software emergency | - Service support contract for GCMS |
| - Industrial Supplies (Various) | - (2) 2017 Ford SUVs |
| - Electrical equipment and supplies (Various) | - (5) Ford SUVs |
| - Asbestos Abatement' | - Equipment for (7) New SUVs |
| - New Furniture | - Enhance video arraignment system |
| - Clerk Website re-design | - Administration building camera maintenance |
| - Communications headset used by SWAT Team | - Software Maintenance Renewal |

**COUNTY OF HUDSON
GENERAL COMMENTS**

DECEMBER 31, 2016

**CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC ADVERTISEMENT FOR
BIDS PER N.J.S.A. 40A:11-5, et seq., 40A:11-6.1(b) AND 40A:11-12 (continued)**

“State Contracts” continued:

- Fencing
- Automobile Tires (Various)
- Lease of 16 Copiers
- Copier Maintenance and Repairs (Various)
- Compressed Gas
- Cellular Telephone and Equipment (Various)
- Office Supplies (Various)
- Maintenance Agreement for CISCO VBLOCK
- VMWare Renewal
- Targets for training of qualified personell
- Maintenance contract for GPS
- Environmental Testing Equipment
- Extended warranty for liscence plate reader
- Doorbell System installation at Juneau Building
- Biocheck Powder test kits
- Parts and Repair for road maintenance equipment (Various)
- Microwave links
- Office Furniture (Various)
- Shelter Kits
- Remote area lighting
- New Data fiberoptic cabling
- New Computers (Various)
- Air Conditioning Parts (Various)
- Installation of cameras at 595 Newark Ave
- Liscencing of body camera system (Various)
- 2015 Chevrolet Tahoe from HCCC
- Mattresses
- Install and Program New Phones
- Portable Radios
- Lawn and ground repair equipment'
- 2016 Ford Fiesta
- Two X-Ray and Magnometer Machines (Various)
- Ammunition (Various)
- Maintenance for Data Storage (Variuous)
- Snow Plow Parts and Blades
- Secruity video cameras
- Fuel Oil (2) Diesel (Various)
- Mailroom equipment maintenance and supplies (Various)
- 4 new network switches
- One video court system
- Gasoline (87 Octane) (Various)
- Additional data port installation at Duncan Ave
- Supplies for machine shop (Various)
- Disk Storage array system
- New Laptops (Various)
- Handscope for forensic searches
- Homicide Unit Equipment
- CITRIX remote application
- Countywide radio system
- Video conferencing equipment (Various)
- Replace metal benches
- Turnkey telephone Control Service
- Lumber Supply
- Tactical Equipment
- Wiring for telephone and data lines
- Emergency siren kits
- DNA Testing (Various)
- LTI Station for investiagtion uses\
- SHI RSA Migration Project
- OEM and Tele-measurements Agreement
- Dell Power Edge Server (Various)
- 3 Thermal imaging cameras
- Replacement of a 2006 John Deere Engine
- (2) 2017 Express passenger vans
- Equipment needed for passenger vans
- 2017 Ford Focus S
- Arts and crafts supplies
- Kronos employee attendance tracking system
- (48) Cameras for courtrooms at administration building
- Gate Installation at County Plaza
- Fence Installation at James J Braddock Park
- (5) New Computers
- Vehicle emergency repsonse equipment
- Spartial data logic renewal
- Metal file cabinets
- Portable light towers
- Countywide data network maintenance
- (25) Active shooter kits
- (12) Forcible entry kits
- Heavy Duty Vehicle Lift
- Secure email gateway sanitazion
- 5 software operator liscences
- Parts for heavy duty vehicle (Various)
- Custom Web Application
- Fence replacement at North Hudson Park
- Lock Parts
- (3) 2017 Chevrolet Express 3500 Vans
- Equipment for(3) Chevrolet Vans
- Fingerprint system
- Uniforms for emergency personell
- 2017 Ford F250 Pick Up Truck
- Document Conversion (Various)
- 2017 Ford F260 Super Duty Vehicle
- Lincoln Park Track Fence Repair
- Egallogic Storage (Dell)
- (3) Chevrolet 3500 express vans modifications
- Printers (Various)
- Medical Waste Pick up and disposal
- Tait Radio for Special Victims Unit
- 2017 Ford Utility Truck
- Simplycity document scanning liscence renewal
- Communication equipment maintenance
- Moving service and furniture set up (Various)

**COUNTY OF HUDSON
GENERAL COMMENTS**

DECEMBER 31, 2016

**CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC ADVERTISEMENT FOR
BIDS PER N.J.S.A. 40A:11-5, et seq., 40A:11-6.1(b) AND 40A:11-12 (continued)**

N.J.S.A. 40A:11-5.1(a)(i) states: “Any contract the amount of which exceeds the bid threshold, may be negotiated and awarded by the governing body without public advertising for bids and bidding therefor and shall be awarded by resolution of the governing body if the subject matter thereof consists of professional services. The governing body shall in each instance state supporting reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in the official newspaper, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file and available for public inspection in the office of the clerk.”

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “professional services” per N.J.S.A. 40A:11-5.

- | | |
|--------------------------------------|---------------------------------|
| - Consulting Services | - Electrical Services (Various) |
| - Labroatory and Phlebotomy Services | - Pipe Cleaning Service |
| - Senior Citizen Boat Ride Services | - Plumbing Services |
| - Pharmaceutical Services | - Other Professional Services |

N.J.S.A. 40A:11-6.1(b) states: “When in excess of the bid threshold, and after documented effort by the contracting agent [the County] to secure competitive quotations, a contract for extraordinary unspecifiable services may be awarded upon a determination in writing by the contracting agent that the solicitation of competitive quotations is impracticable. Any such contract shall be awarded by resolution of the governing body.” N.J.S.A. 40A:11-5.1(a)(ii) further states: “The governing body shall in each instance state supporting reasons for its action in the resolution awarding each [extraordinary unspecifiable service] contract and reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed...a brief notice of the award of such contract.”

N.J.S.A. 40A:11-5.1(a)(ii) further states: “The governing body shall in each instance state supporting reasons for its action in the resolution awarding each [extraordinary unspecifiable service] contract and reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed...a brief notice of the award of such contract.”

**COUNTY OF HUDSON
GENERAL COMMENTS**

DECEMBER 31, 2016

**CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC ADVERTISEMENT FOR
BIDS PER N.J.S.A. 40A:11-5, et seq., 40A:11-6.1(b) AND 40A:11-12 (continued)**

The notice shall be printed once, in the official newspaper, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file and available for public inspection in the office of the clerk.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “extraordinary unspecifiable services” per N.J.S.A. 40A:11-6.1(b).

There are additional exceptions noted in N.J.S.A. 40:11-5, et seq., which for contracts which may be negotiated and awarded by resolution of the governing body without public advertising for bids. The County has also awarded contracts under other exceptions noted in N.J.S.A. 40A:11-5 and elsewhere as including:

- N.J.S.A. 40A:11-5.(1).(g), the acquisition, subject to prior approval of the Attorney General, of special equipment for confidential investigation;
- N.J.S.A. 40A:11-5.(1).(l), those goods and services necessary or required to prepare and conduct an election;
- N.J.S.A. 40A:11-5.(1).(m), Insurance, including the purchase of insurance coverage and consultant services, which exception shall be in accordance with the requirements for extraordinary unspecifiable services;
- N.J.S.A. 40A:11-5.1 (q), library and educational goods and services;
- N.J.S.A. 40A:11-5.(1).(dd), the provision or performance of goods or services for the support or maintenance of proprietary computer hardware and software, except that this provision shall not be utilized to acquire or upgrade non-proprietary hardware or to acquire or update non-proprietary software;

**COUNTY OF HUDSON
GENERAL COMMENTS**

DECEMBER 31, 2016

**CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC ADVERTISEMENT FOR
BIDS PER N.J.S.A. 40A:11-5, et seq., 40A:11-6.1(b) AND 40A:11-12 (continued)**

- N.J.S.A. 52:34-10.6(a), notwithstanding the provisions of any law to the contrary, any purchase by the State or by a State agency or local government unit of equipment, goods or services related to homeland security and domestic preparedness, that is paid for or reimbursed by federal funds awarded by the U.S. Department of Homeland Security or other federal agency, may be made through the receipt of public bids or as an alternative to public bidding and subject to the provisions of this section, through direct purchase without advertising for bids or rejecting bids already received but not awarded (c) Purchases made without public bidding shall be from vendors that shall either (1) be holders of a current State contract for the equipment, goods or services sought, or (2) be participating in a federal procurement program established by a federal department or agency, or (3) have been approved by the State Treasurer in consultation with the New Jersey Domestic Security Preparedness Task Force. All homeland security purchases herein shall continue to be subject to all grant requirements and conditions approved by the State administrative agency.

**CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC ADVERTISEMENT FOR
BIDS PER N.J.S.A. 40A:11-6, et seq.**

Any contract may be negotiated or awarded for a contracting unit without public advertising for bids and bidding therefor, notwithstanding that the contract price will exceed the bid threshold, when an emergency affecting the public health, safety or welfare requires the immediate delivery of goods or the performance of services; provided that the awarding of such contracts is made in the following manner:

- a. The official in charge of the agency wherein the emergency occurred, or such other officer or employee as may be authorized to act in place of that official, shall notify the purchasing agent, a supervisor of the purchasing agent, or a designated representative of the governing body, as may be appropriate to the form of government, of the need for the performance of a contract, the nature of the emergency, the time of its occurrence and the need for invoking this section. If that person is satisfied that an emergency exists, that person shall be authorized to award a contract or contracts for such purposes as may be necessary to respond to the emergent needs. Such notification shall be reduced to writing and filed with the purchasing agent as soon as practicable.
- b. Upon the furnishing of such goods or services, in accordance with the terms of the contract, the contractor furnishing such goods or services shall be entitled to be paid therefor and the contracting unit shall be obligated for said payment. The governing body of the contracting unit shall take such action as shall be required to provide for the payment of the contract price.

**COUNTY OF HUDSON
GENERAL COMMENTS**

DECEMBER 31, 2016

**CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC ADVERTISEMENT FOR
BIDS PER N.J.S.A. 40A:11-6, et seq. (continued)**

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “emergency contracts” per N.J.S.A. 40A:11-6.

**CONTRACTS AND AGREEMENTS ENTERED INTO BY JOINT AGREEMENTS FOR THE
PROVISION OF GOODS AND SERVICES PER N.J.S.A. 40A:11-10**

N.J.S.A. 40A:11-10(a)(1) states “ The governing bodies of two or more contracting units may provide by joint agreement for the provision and performance of goods and services for use by their respective jurisdictions...(c) Such agreement shall be entered into by resolution adopted by each of the participating bodies and boards, which shall set forth the categories of goods or services to be provided or performed, the manner of advertising for bids and of awarding of contracts, the method of payment by each participating body and board, and other matters deemed necessary to carry out the purposes of the agreement. (d) Each participating body's and board's share of expenditures for purchases under any such agreement shall be appropriated and paid in the manner set forth in the agreement and in the same manner as for other expenses of the participating body and board.” The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for “cooperative pricing systems contracts” per N.J.S.A. 40A:11-10.

**PURPOSES FOR WHICH COMPETITIVE CONTRACTING MAY BE USED BY LOCAL
UNITS N.J.S.A. 40A:11-4.1-4.5**

N.J.S.A. 40A:11-4.1 states “Notwithstanding the provisions of any law, rule or regulation to the contrary, competitive contracting may be used by local contracting units in lieu of public bidding for procurement of specialized goods and services the price of which exceeds the bid threshold, for...” The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for “competitive contracting” per N.J.S.A. 40A:11-4.1b(2).

**COUNTY OF HUDSON
GENERAL COMMENTS**

DECEMBER 31, 2016

**EXPENDITURE LESS THAN BID THRESHOLD, BUT 15% OR MORE OF THAT AMOUNT
PER N.J.S.A. 40A:11-6.1**

N.J.S.A. 40A:11-6.1 states: “For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, except for paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting unit shall award the contract after soliciting at least two competitive quotations, if practicable.” The County advised us that quotations were, for the most part, solicited for items, the cost of which was \$6,000 or more, within the terms of N.J.S.A. 40A:11-6.1.

**CHANGE ORDERS EXCEEDING 20 PERCENT OF ORIGINALLY AWARDED CONTRACT
PRICE**

Change orders exceeding the originally awarded contract price by more than 20% are allowed only in limited instances. The authorization process requires a resolution of the governing body and an affidavit of publication for notice in an officially designated newspaper of the entity. The County has certified in its 2016 budget the following change orders which exceeded 20% of the originally awarded contract during 2015:

1. NONE

**COUNTY OF HUDSON
COMMENTS AND RECOMMENDATIONS**

DECEMBER 31, 2016

Schedule of Findings and Questioned Costs

We noted certain other matters that we reported in the accompanying schedule of findings and questioned costs section of this report. Such matters are required to be reported under *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and N.J. OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*

Status of Prior Years' Audit Recommendations

A review was performed on all prior year's recommendations. With the exception of those findings noted as being repeated from the prior year, corrective action was taken on all prior year recommendations.

Corrective Action

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all counties are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the governing body and submitted within 60 days from the date the audit is received.

APPENDIX C

Financial Statements of and other Information Relating to Obligated Borrowers

THE CITY OF BAYONNE **GENERAL INFORMATION**

Introduction

The City of Bayonne (the "City") is situated on a peninsula bounded by water on three sides - Newark Bay on the West, Upper New York Bay (the entrance to the New York metropolitan area's water front) on the east, and the Kill van Kull on the South, a narrow body of water which connects Newark and Upper New York Bays. The City of Jersey City forms the City's northern boundary.

Settled in March of 1646 as a resort center for people living in the interior parts of New Jersey and New York State, the City became a township in 1861, and was incorporated as a city on March 10, 1869. The City is 5.63 square miles in area (approximately three miles long and one mile wide, with the Peninsula at Bayonne Harbor it is at least 2.5 miles wide), or approximately 3,450 acres of which 2,524 acres is developed land area. Based on the 2010 census, the City has a population of 63,024 residents.

The City's location and availability of water frontage for loading and unloading waterborne freight and its residential use on the western side of the City provide a broad tax base for the City.

The principal retail business and shopping areas are located along Broadway, a north to south thoroughfare. Except for Broadway and J.F.K. Boulevard, the north to south thoroughfares are avenues in alphabetical order, starting with Avenue A on the western side. Cross streets are in numerical order from 1 to 63, with 63rd Street and the New Jersey Turnpike extension to the Holland Tunnel being approximately the dividing line between the City and Jersey City. The City's residential area encompasses essentially the land between Newark Bay and Avenue F from 1st Street to 58th Street, except for the concentrated area of office and retail shops on Broadway and a few other small areas.

There are a number of historic landmarks in the City, including such edifices as: St. Mary's Star of the Sea Church, a mix of Victorian and Romanesque styles; the Bayonne Public Library, an example of Classical Revival architecture; and St. Henry's Church, an example of Gothic architecture.

Cultural activities include an art center at the Bayonne Jewish Community Center, the City-maintained Firehouse Museum holding firefighting memorabilia and the Bayonne Historical Society. Ten civic and fraternal groups, such as the Chamber of Commerce and the Bayonne Women's Club, provide forums for the exchange of ideas and camaraderie for those in business or over the age of eighteen. Activities for younger people are sponsored by the Bayonne Family Community Center, the Bayonne PAL, the Boy Scouts of America, the Bayonne Little League, the Cal Ripken League, Pop Warner Football, Bayonne Youth Hockey, the Jewish Community Center, and the City through its thirteen parks, fifteen playgrounds, and two County-operated parks (see "Recreational Facilities" herein). For those people who play golf, facilities are available on Staten Island or in Union and Middlesex Counties to the west within about thirty minutes driving time. A private golf course is available in Jersey City. A private golf course and miniature golf course have also been built in the City.

CITY GOVERNMENT

In November of 1961, the City's voters approved a Mayor and Council Form of Government (Plan "C" of the Optional Municipal Charter Law). The City is divided into three wards, with a Council person elected from each ward and the Mayor and two Council persons elected at large by all the voters in the City for respective terms in office of four years.

Mayor James Davis was elected Mayor of Bayonne on June 10, 2014. Mayor Davis was a member of the Bayonne Police Department for 28 years, rising through the ranks from Patrolman to Captain. During his tenure as a police officer, he served in conjunction with numerous state and federal agencies' investigative units.

Council President Sharon Ashe-Nadrowski is an At-Large Councilwoman serving her first term. Ms. Nadrowski is the first female Council President in Bayonne's history.

Thomas Cotter represents the first Ward, Salvatore Gullace represents the second Ward, Gary LaPelusa, Sr. represents the third Ward, and Juan M. Perez is an At-Large Councilman. All Councilmembers are serving their first term with the exception of Councilman LaPelusa who is serving his second term.

The legislative power of the City is vested in the Municipal Council, which meets approximately once every three weeks.

The Mayor has the power to approve ordinances adopted by the Municipal Council or to return ordinances to the Municipal Council with a statement of his objections. A two-thirds majority of the Municipal Council members may override the Mayor's veto. The Mayor cannot vote in proceedings of the Municipal Council except to fill a vacancy, in which case the Mayor may cast the deciding vote. The Mayor has the executive power and is responsible for enforcing the charter, ordinances and general laws of the City, and supervising all City departments. The Mayor appoints the directors of all departments with the advice and consent of the Municipal Council.

On February 17, 2016, the Mayor and Municipal Council voted to approve a plan to increase the number of City departments from four to five in an attempt to create more accountability and improve efficiency. Under the approved plan, the existing departments were consolidated into the Department of Business Administration, directed by Joseph DeMarco, the Department of Finance, directed by Terrence Malloy, the Department of Law, directed by John F. Coffey II, Esq., the Department of Public Safety, directed by Robert Kubert, and the Department of Public Works, Parks and Recreation, directed by Gary S. Chmielewski. Each appointment is subject to the advice and consent of the Municipal Council.

DEPARTMENT OF BUSINESS ADMINISTRATION

Business Administrator

Joseph DeMarco was appointed City Business Administrator on July 1, 2014. Mr. DeMarco has a Juris Doctor degree from Fordham University, and has been a Business Administrator in the State of New Jersey for the last four (4) years. Mr. DeMarco served as a Councilman in the Borough of Bernardsville. While in the private practice of law he represented various counties and municipalities.

Director of Finance, Municipal Controller and Chief Financial Officer

Terrence Malloy is the City's Director of Finance, Municipal Controller and Chief Financial Officer. An honors graduate of Rutgers University with a BS degree in Accounting, Mr. Malloy is a Certified Municipal Finance Officer and is a member of the Government Finance Officers Association of New Jersey. Mr. Malloy was appointed Business Administrator and Director of Finance on August 19, 1998 and has been the City's Chief Financial Officer since April of 1988. Mr. Malloy has been in the Department of Finance since June of 1980. Mr. Malloy served as Mayor from October 17, 2007 to November 4, 2008.

Municipal Treasurer

Janet Convery has been with the City since 1982 and has served as the Municipal Treasurer and Treasurer of School Monies since January 1993. Ms. Convery received a B.A. degree from Trenton State College and studied towards an M.B.A. at Seton Hall University. Ms. Convery is a Certified Municipal Finance Officer and is a member of the Government Finance Officers Association of New Jersey.

City Clerk

Robert F. Sloan has served as City Clerk since July 1978. Mr. Sloan graduated from Rutgers University with a B.A. degree in history and from Rutgers University School of Law with a Juris Doctor degree. Mr. Sloan was also formerly the City's Director of the Department of Law.

Department of Law

John F. Coffey II, Esq., is licensed to practice law in the State of New Jersey, and was appointed as the City's Corporation Counsel in August 2014 and Director of Law in February 2016. Mr. Coffey graduated from Fairfield University in 1984 with a BA in American Studies, and in 1987 attained his Juris Doctor degree from New York Law School. Mr. Coffey was Assistant City Attorney from 1990 to 2002, and City Law Director from June 2002 to May 2009.

Tax Collector

Joanne Sisk was appointed to the office of Tax Collector in 2002, having previously served as Acting Tax Collector from 1999 through 2002. Ms. Sisk is a Certified Tax Collector and is a member of both the Essex-Hudson-Passaic Chapter of Tax Collectors and Treasurers Association and the New Jersey State Tax Collectors and Treasurers Association.

Tax Assessor

Mr. Joseph G. Nichols, a Certified Tax Assessor, was appointed Tax Assessor on July 1, 2000. Mr. Nichols is an honors graduate of Rutgers University and received his Juris Doctor degree from Rutgers University School of Law. Mr. Nichols has served as an adjunct professor at Rutgers University teaching courses in Business and Professional Ethics. Prior to becoming Tax Assessor, Mr. Nichols was the Director of the City's Law Department. Mr. Nichols also serves as legal counsel to the Bayonne Municipal Utilities Authority. He also served as Executive Director of the Bayonne Local Redevelopment Authority.

DEPARTMENT OF PUBLIC SAFETY

Director of Public Safety

Robert "Red" Kubert was appointed Director of Public Safety on July 1, 2014. As a former uniformed employee, Mr. Kubert attained the rank of Chief of Police. He retired from his position in 2012 after over 40 years of service to the Bayonne Police Department. As Director, Mr. Kubert oversees the Police and Fire Departments.

Police Department

The Police Department is under the supervision of Police Chief Drew Niekrasz. The Police Department has 1 Chief, 2 Deputy Chiefs of Police, 11 Captains, 13 Lieutenants, 37 Sergeants, 117 Uniformed Officers and 44 Civilians.

Fire Department

The Fire Department is under the supervision of Fire Chief Keith Weaver. Fire Department personnel consists of 1 Fire Chief, 2 Deputy Fire Chiefs, 4 Battalion Chiefs, 42 Captains, 121 Uniformed Firemen, 3 full-time civilians and 1 part-time civilian.

DEPARTMENT OF PUBLIC WORKS AND PARKS

Director of Public Works and Parks

Gary Chmielewski was appointed Director of Public Works and Parks in August 2010. Mr. Chmielewski oversees the operations of the DPW's maintenance of roads, municipal property, collection of solid waste from street containers and collection of recyclable materials by 119 DPW personnel.

Recreational Facilities

The County maintains two parks, the 97.6 acre Bayonne Park along Newark Bay in midtown, and the 5.5 acre Mercer Park on the City's northern border with Jersey City.

The Bayonne Parks Department maintains thirteen parks (56.9 acres) and fifteen playgrounds (2.2 acres) in various sections of the City. In addition to the park system, there is an indoor skating facility, a swimming pool facility, a skateboard park and Veterans Memorial Stadium with 4,200 permanent seats and room for a large number of temporary seats. In addition to maintaining baseball diamonds, soccer and bocce fields, basketball courts, tennis courts, and jogging and bike trails, the Bayonne Parks Department oversees Little League and Senior Citizen activities.

Parking Utility

Effective January 1, 2012, the Bayonne Parking Authority (the "BPA") was officially dissolved and the Bayonne Parking Utility was created. The Bayonne Parking Utility is accounted for as a separate Utility Fund on the books and records of the City. The City has determined to initially assume all of the outstanding debt and obligations of the BPA as a means of providing the City the immediate ability to continue providing parking service while insuring the timely and efficient payment of the obligations and debt of the BPA. The operations of the Utility are funded through parking fees and ticket charges.

OTHER ENTITIES

Public Library

The Bayonne Public Library system consists of the main library, originally built with the support of the Andrew Carnegie Foundation, and two branch libraries. In addition to 264,487 conventional volumes, there are 219 periodicals, 439 CD Rom Disks, 5,627 audio and video cassettes and thousands of microfilm reels and microfiche for current and historical newspapers and government documents. The main library sponsors academic and senior citizen programs, children's "Story Telling Hours", various cultural programs and exhibits, including annual series of jazz and classical music. The main library has facilities to accommodate up to 900 people for meetings and seminars.

Economic Development

The Bayonne Urban Enterprise Zone Development Corporation is manager of the Special Improvement District. The Special Improvement District was originally incorporated in November, 1990, to assist in the economic development of the shopping district from 19th Street to 27th Street on Broadway. In the year 2000, the Municipal Council approved the expansion of the Special Improvement District to include the area of Broadway between 17th Street and 30th Street.

The Bayonne Office of Community Development has four programs funded by the federal government to help provide for home and business improvements and rehabilitation through various assistance Community Block Grants. Currently, the Bayonne Office of Community Development has outstanding applications for these federal grants. A federal grant will cover only approximately 25% of the improvements and rehabilitation for those business concerns located on Broadway in the Special Improvement District. In addition to grants for the private sector, grants are available for the City's infrastructure improvements, such as streets, playgrounds and parks.

The largest and most visible current development was the relocation and construction, completed by the State, of State Route 169 into a four-lane divided limited access highway from its connection with State Route 440 at Newark Bay to the industrial districts along the Upper New York Bay waterfront and connection to the Bayonne Bridge over the Kill Van Kull.

Recently, the "Bayonne Crossing" Shopping Center, anchored by Lowe's Home Improvement and Wal-Mart and many other restaurants and retail stores, opened as the largest shopping center in the area, with direct access from Route 440. Also on 440, an \$18 million complex called "Winners", billed as one of the nation's most elaborate off-track wagering facilities, opened in 2012. Bayonne Crossing is an almost 400,000 square foot Power Center located as a gateway to Hudson County and the area surrounding Bayonne.

The Bayonne Urban Enterprise Zone (the "BUEZ") was formally approved by the State of New Jersey in September 2002, which includes the entire Special Improvement District, plus all other retail zones as well as the entire Military Ocean Terminal. This has a multiplier effect on the recent increase in development that the City is experiencing. Future projects planned by the BUEZ include streetscapes, parking facility improvements, and a loan program for member businesses.

Local Redevelopment Authority

In 2006, the Authority entered into a Redevelopment Agreement with Trammell Crow Residential for a 7.42 acre portion of the Bayonne Bay District. The Authority transferred deed to Trammell Crow on November 29, 2007. In May 2008, Trammell Crow held a groundbreaking ceremony for the start of construction of the Alexan Bayonne Bay, consisting of 544 rental properties and a residential clubhouse. The apartments became available for occupancy in the summer of 2009.

In October, 2006, the Authority entered into a Redevelopment Agreement with Atlantic Realty to develop a portion of the Bayonne Bay. The agreement governs five phases of development with a right to build approximately 1369 units of housing covering 11 blocks.

In late 2007, the Authority entered into a Redevelopment Agreement/Contract for Sale with Dynamic Delivery Corporation to purchase a portion of property to construct an access road for truck traffic from the maritime district and for Dynamic to construct a truck terminal. The new road represents a major infrastructure improvement for the Peninsula at Bayonne.

On August 14, 2014, an ordinance was passed dissolving the Authority pursuant to N.J.S.A. 40A:12A-24 and N.J.S.A. 40A:5A-20. In furtherance of the dissolution, the City adopted an ordinance appropriating \$75,000,000 therefor and authorized not to exceed \$75,000,000 principal amount of bonds in connection therewith. Further, also on August 14, 2014, the City passed a resolution making certain determinations in connection with the assumption of certain outstanding obligations of the Authority.

EDUCATIONAL FACILITIES

In addition to the public school system, there are three denominational high schools and six denominational schools for pre-high school students. Additionally, there are pre-school facilities available.

Nearby higher educational facilities consist of St. Peter's University, New Jersey City University and Hudson County Community College in Jersey City, Stevens Institute of Technology in Hoboken, St. John's University in Staten Island and in Newark, Rutgers - The State University, University of Medicine and Dentistry, New Jersey Institute of Technology and Seton Hall University School of Law.

BOARD OF EDUCATION OF THE CITY OF BAYONNE

General Information

The School District of Bayonne (the "District") was established in 1890. On November 3, 2015, Bayonne held its first school board election in over thirty-five years. The District has opted to hold Board elections with November general elections. The Board of Education of the City of Bayonne (the "Board") governs the operations of the District and is responsible for approving all fiscal matters. The District's Fiscal Year begins July 1 and ends June 30 in the next calendar year.

The Board is composed of nine members, each serving for a three-year term on a staggered basis. The President and Vice President are chosen for one-year terms from among the Board members. The Board is a policy-making body and has the general responsibility to provide an education program, to establish policies, to supervise the public schools in the District, and to appoint the Superintendent of Schools (the "Superintendent").

The administrative structure of the Board gives final responsibility for both the educative process and the business operation to the Superintendent. The Superintendent is the chief executive officer of the Board in charge of carrying out Board policies. The Board Secretary is the chief financial officer who must submit monthly financial reports to the Board and annual reports to the State Department of Education. State law requires a Treasurer of School Monies to hold in trust all school monies and to make a monthly report to the Board.

The debt service requirements of school purpose debt issued prior to November 3, 2015 is paid by the city, except for that portion paid by the State directly to a paying agent (Additional State School Aid Bonds).

District Principal Officials

Dr. Michael A. Wanko is the Interim Superintendent of Schools and Mr. Leo J. Smith is the School Business Administrator.

District Personnel

The following table sets forth by classification the number of personnel the District employs:

<u>Classification</u>	<u>Number of Personnel (1)</u>
Instructional Personnel	1,017
Student and Instruction Related Services	125
General Administration	10
School Administration	65
Central Services	12
Plant Operation and Maintenance	152
Pupil Transportation	22
Other	<u>2</u>
Total Personnel	<u>1,405</u>

(1) For the fiscal year ended June 30, 2016

Source: The Board.

District Facilities

The Board presently operates a high school complex consisting of a high school building and separate Physical Education/Community Education Center buildings with outdoor physical facilities, eleven elementary schools and two buildings housing a garage and maintenance facilities.

Historical Student Enrollment

<u>Fiscal Year</u>	<u>Grades K-8</u>	<u>Grades 9-12</u>	<u>Other</u>	<u>Total Enrollment</u>
2015-2016	5,800	1,997	1,662	9,459
2014-2015	5,787	2,004	1,311	9,102
2013-2014	5,819	1,878	1,333	9,030
2012-2013	5,575	2,069	1,331	8,975
2011-2012	5,548	2,204	1,355	9,107
2010-2011	5,903	2,180	1,333	9,416
2009-2010	5,785	2,216	1,142	9,143
2008-2009	5,745	2,088	1,418	9,251
2007-2008	5,878	2,018	1,460	9,356
2006-2007	5,485	1,953	1,686	9,124

School Building Facilities

Type of Facility	Construction Date	Addition or Renovation Date	2015-2016 Enrollment (1)
High School	1923	1935/1983	2,288
Elementary Schools:			
1. Henry E. Harris	1921	1973/2000	668
2. Philip Vroom	1914		465
3. Walter F. Robinson	1909		764
4. Mary J. Donohue	1920	2000	493
5. Lincoln	1919	1985	465
6. Horace Mann	1913	1924	604
8. Midtown Community	1993		1,117
9. Washington	1917	2000	700
10. Woodrow Wilson	1930		687
12. John M. Bailey	1911	2001	659
14. Nicolas Oresko	1937	2008	452
Adult High School			97
Charter School			43
			<u>9,502</u>

(1) Includes Special Education, Adult High School and Regional Day School.

Source: The Board's October 2016 count.

State and Federal School Aid

The District receives State and federal aid annually, for various operating purposes. The following table sets forth on a Fiscal Year basis the General Fund Revenues, the amount of State and federal school aid, and the percentage of such school aid to the General Fund Revenues.

Fiscal Year	(A) General Fund Revenues	(B) State School Aid	(B) Federal School Aid	(C) Percentage of B to A
2016	\$ 131,481,828	\$ 67,955,758	\$ 378,139	52.0%
2015	128,311,692	66,977,550	412,176	52.5%
2014	125,956,577	64,455,293	271,720	51.4%
2013	126,153,231	66,284,994	335,780	52.8%
2012	122,023,932	60,980,982	2,104,351	51.7%
2011	118,408,258	57,087,479	293,792	48.5%
2010	121,627,100	53,832,724	8,396,836	51.2%
2009	116,140,685	55,762,954	98,024	48.1%
2008	107,606,959	49,085,111	102,421	45.7%
2007	100,176,473	44,553,176	54,343	44.5%

Source: The Board.

LAND USE

Residential

There are few homogeneous areas where single family residences exist, except for a four-block area along Newark Bay just south of the County's Bayonne Park. The principal residential type of usage is multi-family, which includes two-family houses primarily, three- to four-family houses, rowhouses, townhouses, garden apartments, and mid- and high-rise apartments. Mid- and high-rise apartments are only situated on isolated sites along the southern waterfront, the northwest section of the City, and within urban renewal districts. Existing high-rise apartment structures are not considered a significant residential land use.

Commercial

The major commercial activity in the form of retail stores is concentrated along Broadway, a situation that has not changed from the City's early times. Some major commercial establishments exist on Avenue C between 24th and 27th Streets, Avenue A and North Street and Route 440, including the aforementioned "Bayonne Crossing" and "Winners" complex.

There are shopping areas at each end of the City as well as a mixture of retail shops and services and professional and commercial offices along Broadway. The City also has a number of small and mid-size industries that provide employment for area residents and enhance tax revenues for the City.

Office/Professional

This type of activity consists typically of medical or legal office space from converted single-family residences.

Mixed Use

Many of the apartment units have been converted to professional office space. There are a number of mixed use properties, located primarily along the principal north-south thoroughfares.

Industrial Districts

There are four industrial districts plus the Peninsula at Bayonne Harbor located along the City's eastern and western waterfronts.

53rd Street District

This district encompasses approximately 19 acres in the northwest portion of the City along Newark Bay, and is the newest district established. Presently, there are only six firms located in this district, two of which are small manufacturing firms. There are six acres of vacant land in this district on which development is constricted due to possible subsurface soil contamination. There is no rail access and access by road is through residential areas.

Bergen Point District

Located at the City's southwest corner on Newark Bay and the Kill Van Kull, Bergen Point covers an area of 138 acres. Firms in this district are comprised of smaller metals and chemicals manufacturing firms and light industry. Land for expansion of existing firms is limited, with the exception of a 57 acre Texaco tract. Texaco has moved its facilities from Bayonne. Texaco is presently clearing and cleaning the area under the guidance of the Environmental Clean-up Responsibility Act prior to the sale of the 57 acres.

Road access is excellent via the Bayonne Bridge to Interstate Route 287. Access from or to the north is via the four-lane divided limited access State Route 440 (formerly Route 169). Rail access is available via a branch of the Conrail-owned Bayonne Industrial Track.

Port Jersey District

Located in the City's northeast portion along the Jersey City borderline and Upper New York Bay, Port Jersey encompasses 160 acres in the City of a total of 400 acres, the balance being in Jersey City. Of the fourteen concerns located in Port Jersey, eleven are warehouse/distribution centers, and include such firms as Todd Logistics, Global Terminal & Container Services, Unimark, Workbench, BMW Distributions and Preparation Center, and a New York and New Jersey Port Authority operated distribution center for foreign-made cars. Port Jersey is one of the major distribution centers in the New Jersey and New York areas.

Road access to Port Jersey is via Exit 14A of the New Jersey Turnpike and State Route 440 to Pulaski Street. Although not currently available, rail access to Port Jersey could be made available from the Conrail-owned Bayonne Industrial Track.

Constable Hook District

Located on Upper New York Bay along the City's eastern/central waterfront, Constable Hook (the "Hook") encompassing roughly 727 acres, is the largest and most heavily concentrated of all the districts. However, approximately 87 acres in the upland area is currently vacant. The area north of 22nd Street is comprised of various warehouse/distribution and light industrial firms. Within the Hook are 55 firms, including such corporations as Exxon, Amerada Hess, IMTT and Coastal Oil.

Road access to the Hook is via State Route 440 to various access roads, such as the Hook Access Road. Since the completion of improvements to State Route 440, access to the Hook has been improved. Rail access is by the Conrail-owned Bayonne Industrial Track.

Peninsula at Bayonne Harbor (formerly Military Ocean Terminal)

This military facility is situated on 700 acres between the industrial districts of Port Jersey and Constable Hook on Upper New York Bay. The Peninsula at Bayonne Harbor contains a causeway, an artificial peninsula extending two miles into Upper New York Bay, with piers for ocean going vessels, railroad tracks and roadways, a drydock over 1,000 feet long capable of handling any ship afloat, storage facilities, various office-type buildings and residential buildings for military personnel and families. On an average day, between 150 and 200 trucks enter the Terminal area for unloading in addition to rail freight via the Bayonne Industrial Track. It should be noted that this military facility is closed. The City is actively working to convert the military base into a viable commercial, residential and park development.

The Peninsula at Bayonne Harbor is a visionary plan to transform the former Military Ocean Terminal into a vibrant, mixed-use waterfront community. The peninsula calls for the creation of six different, yet integrated districts, consisting of residential, commercial, entertainment and recreation space, as well as marinas, ferry service and more than two miles of waterfront walkway. With a choice location in New York Harbor and stunning views of the Statue of Liberty and the Manhattan skyline, development of the 430 acre tract promises to be the most significant urban waterfront development in the New York/New Jersey region since the build-out of Battery Park City in New York and the Gold Coast Waterfront communities of Hoboken, Weehawken and Jersey City in New Jersey.

Quasi-Public

This category of land use includes property owned privately yet generally operated for the public use and includes such institutions as hospitals, churches, private and denominational schools, and fraternal organizations.

Areas

The waterfront areas on the City's western and southern sides provide opportunities to integrate existing public park facilities and provide for flexible zoning for residential and business unit development with access oriented towards the water as conceived in a "Land Use Plan Element".

Medical Facilities

Bayonne Medical Center is the major private medical facility serving the City. Other health services include Bayonne Community Mental Health Center, Bayonne Physical Therapy and Rehabilitation, two diagnostic laboratories - Hudson Medical Lab and Bayonne Medical Laboratories, Inc., and the Medi-Center for outpatient services. Bayonne Medical Center recently completed constructing a Renal-Dialysis Center. Ambulance service is provided by McCabe Ambulance Service, which has a zero sum contract with the City.

Bayonne Medical Center has a capacity of 278 beds. The City operates a clinic in the Municipal Building for testing of blood pressure and other types of tests.

Housing Authority of the City of Bayonne

The Housing Authority of the City of Bayonne (the "Housing Authority"), operating under the guidelines of the U.S. Department of Housing and Urban Development ("HUD"), owns and maintains 1,879 public housing and senior citizen dwelling units in 36 buildings.

NEW CONSTRUCTION AND HOUSING STATISTICS

New Construction Building Permits

Housing Units Authorized To Be Built

<u>Year Ended Dec. 31,</u>	<u>Single Family</u>	<u>Two Family</u>	<u>Three and Four Family</u>	<u>Five or More</u>	<u>Total</u>
2016	46	0	3	14	63
2015	44	0	6	138	188
2014	55	2	12	124	193
2013	38	10	17	221	286
2012	19	4	9	157	189

Estimated Construction Costs

Estimated Construction Costs

<u>Year Ended Dec. 31,</u>	<u>Single Family</u>	<u>Two Family</u>	<u>Three and Four Family</u>	<u>Five or More</u>	<u>Total</u>
2016	\$ 6,319,008	\$ -	\$ 199,338	\$ 1,756,264	\$ 8,274,610
2015	4,818,769	-	398,676	16,602,126	21,819,571
2014	6,078,628	212,900	797,352	16,703,233	23,792,113
2013	4,127,393	1,064,500	1,129,583	29,769,472	36,090,948
2012	1,934,217	412,500	670,750	18,595,925	21,613,392

Housing Statistics

Housing Units

<u>Political Division</u>	<u>One Unit Detached</u>	<u>One Unit Attached</u>	<u>2-4 Units</u>	<u>5-9 Units</u>	<u>10 or More Units</u>	<u>Mobile Homes</u>	<u>Boat, RV, Van, etc.</u>	<u>Total Units</u>
City	3,649	1,801	14,393	2,378	5,034	143	-	27,398
County	27,667	16,268	102,979	30,044	96,880	438	147	274,423
State	1,917,641	332,387	572,403	170,544	549,414	34,810	743	3,577,942

<u>Political Division</u>	<u>Occupied</u>	<u>Vacant</u>	<u>Homeowner Vacancy Rate</u>	<u>Rental Vacancy Rate</u>	<u>Persons Per Owner Occupied Unit</u>	<u>Persons Per Household</u>
City	25,240	2,562	2.6%	8.9%	2.67	2.49
County	246,437	23,898	4.5%	6.6%	2.66	2.54
State	3,214,360	339,202	1.8%	7.6%	2.79	2.68

Number of Units by Owner-Specified Valuation

<u>Political Division</u>	<u>Under \$100,000</u>	<u>\$100,000-\$199,999</u>	<u>\$200,000-\$299,999</u>	<u>\$300,000-\$499,999</u>	<u>\$500,000-\$999,999</u>	<u>\$1,000,000 or More</u>	<u>Total Units</u>	<u>Median Value</u>
City	521	843	2,796	4,585	709	82	9,536	\$ 318,300
County	3,281	9,187	19,737	30,349	12,728	2,807	78,089	\$ 335,300
State	125,670	332,296	501,347	685,730	348,386	62,678	2,056,107	\$ 315,900

Renter-Specified Monthly Contract Rent Per Unit

<u>Political Division</u>	<u>Under \$500</u>	<u>\$500-\$999</u>	<u>\$1,000-\$1,499</u>	<u>\$1,500-\$1,999</u>	<u>\$2,000-\$2,499</u>	<u>\$2,500 or More</u>	<u>Total Units</u>	<u>Median Rent</u>
City	1,525	3,809	7,459	2,262	340	142	15,537	\$ 1,137
County	14,272	40,067	62,086	26,103	11,439	14,363	168,330	\$ 1,214
State	90,604	260,211	447,610	186,151	67,231	42,538	1,094,345	\$ 1,192

Source: New Jersey Department of Labor, Labor Market and Demographic Research. 2010 Federal Census Data

TRANSPORTATION FACILITIES

Interstate, intrastate and inter-city public transportation is provided by New Jersey Department of Transportation - Bus Operations and other bus companies.

The major highways serving the City from the north are State Route 440 (formerly Route 169), and the New Jersey Turnpike Extension by egress and access ramps 14A. To the south, the Bayonne Bridge over the Kill Van Kull to Staten Island provides connection to east/west Interstate Route 287 and to Long Island via the Verrazano Narrows Bridge.

In addition to the New Jersey Turnpike Extension providing connections to north/south Interstate 95 and U.S. Routes 1 and 9, State Route 440, a four-lane limited access highway parallel to Newark Bay, provides non-toll access across Newark Bay to U.S. Routes 1 and 9 and Interstate Route 95.

State Route 440 provides a connection to the industrial districts and the United States Military Ocean Terminal located to the east on Upper New York Bay. State Route 440 has been expanded and realigned as a four-lane divided highway, and extended to provide a connection with the Bayonne Bridge. The realignment and extension of Route 440 eliminates the movement of freight over local streets.

In April, 2000, the first phase of the Hudson-Bergen light rail system began transporting commuters. The light rail runs parallel on the west side of State Route 440, with four stations located at 8th Street, 22nd Street, 34th Street and 45th Street, running through Exchange Place in Jersey City and ending in Hoboken.

Movement of rail freight is by one rail line, which is the Conrail-owned Bayonne Industrial Track with branch lines serving three industrial districts. The Bayonne Industrial Track is a single line track running from the northeast corner of the City parallel to the Upper New York Bay to the City's southern point, along the Kill Van Kull. The rail line divides a portion of the residential section along the City's eastern and southern sides.

UTILITIES

General

Electricity and gas are provided by Public Service Electric and Gas Co. Telephone service is provided by Verizon. Solid waste pickup is provided to residences, offices and retail stores by a negotiated contract with outside vendors. Larger business concerns and corporations, such as Exxon, IMTT and Bayonne Medical Center, must make their own provisions for the carting away of solid waste.

Water/Sewer Services

The water/sewer services are provided by the Bayonne Municipal Utilities Authority (the "Authority"), an authority created by an ordinance of the City, duly adopted October 9, 1997 and approved by the Mayor on October 10, 1997. On December 20, 2012, the Authority entered into a concession agreement with Bayonne Water Joint Venture, LLC.

Under the terms of the concession agreement, the Authority grants to Bayonne Water Joint Venture, LLC the rights to use, operate, manage, construct, maintain and improve the sewer/water systems, to provide the system services in connection therewith and to receive the revenues from the systems. Additional terms of the concession agreement include the legal defeasance of all existing debt of the Authority.

The sewer and water system Deficiency Agreements entered into by and between the City and the Authority on November 17, 1997 remain in full force and effect and have not been amended, modified or waived by any party. Under the original Deficiency Agreements, the City has agreed to make up any deficiencies in the Authority's sewer budget for operating expenses and debt service on any bonds issued by the Authority.

In 1982, the City entered into a contract (the "Service Contract") with the North Jersey District Water Supply Commission (the "Commission") that obligates the City to pay for water and for treatment, filtration, transmission and distribution thereof, including installments of interest and principal on bonds relating to the Wanaque South Project. The City is obligated to pay an annual charge based on its proprietary allotment, which is currently 25.868%. Subsequent to the execution of the Service Contract, the Authority assumed all responsibility for the operation of the City's water system.

Further, as part of the above-referenced concession agreement, in 2012 the Bayonne Water Joint Venture, LLC assumed responsibility for all expenses and operations of the Authority, including payments to the Commission of its share of operating expenses and debt service on behalf of the City. Nonetheless, under the Service Contract, the City remains responsible to the Commission in case of any shortfall of operating expenses or debt service payments from Bayonne Water Joint Venture, LLC.

Effective January 1, 2017 the Bayonne Municipal Utilities Authority was dissolved and its function has been assumed by the City.

RETIREMENT SYSTEMS

All full-time permanent or qualified City employees who began employment after 1914 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by the State. The Division of Pensions within the Treasury Department of the State is the Administrator of the funds with the benefit and contribution levels set by the State. The City is enrolled in the Public Employees' Retirement System and the Police and Firemen's Retirement System.

The Consolidated Police and Firemen's Pension System is no longer open to enrollment. However, there are City pensioners who receive benefits from this pension system, and the City is required to make annual contributions to this pension system.

Public Employees' Retirement System

The Public Employees' Retirement System ("PERS") includes approximately 300 employees. PERS is evaluated every year. Employee rates for contributions are normally determined by the rate applicable at the age of enrollment.

Police and Firemen's Retirement System

Approximately 348 employees are covered under the Police and Firemen's Retirement System ("PFRS").

Retirement Benefit Payments

<u>System</u>	<u>2016 (unaudited)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
PERS	\$ 2,058,000	\$ 1,963,155	\$ 1,819,925	\$ 1,799,688	\$ 1,734,913
PFRS	10,526,000	10,134,691	9,311,319	9,511,193	9,281,416
CP&F (1)	20,000	10,011	34,892	58,729	76,348
OASI (2)	1,950,000	1,905,854	1,839,040	1,768,669	1,666,021
TOTAL	<u>\$ 14,554,000</u>	<u>\$ 14,013,711</u>	<u>\$ 13,005,176</u>	<u>\$ 13,138,279</u>	<u>\$ 12,758,698</u>

(1) Consolidated Police and Fire Pension Fund - Payments to pensioners.

(2) Old Age Security Income - Social Security.

Source: The City's 2012 through 2015 audited financial statements and 2016 unaudited financial records.

COLLECTIVE BARGAINING REPRESENTATION

Certain City employees are represented by bargaining agents, shown below together with termination dates of current contracts. There are several other bargaining units, but the enrollment is small in these other bargaining units.

<u>Employee Classification</u>	<u>Bargaining Representation</u>	<u>Termination Date</u>
Uniformed Police	Police Benevolent Association	12/31/2018
Police Superior Officers	Police Superior Officers Association	12/31/2018
Uniformed Firemen	Firemen's Mutual Benefit Association	12/31/2018
Fire Superior Officers	Fire Superior Officers Association	12/31/2018
Crossing Guards & PEO's	AFSCME Local 2261	12/31/2019
Supervisory Personnel	The Bayonne Municipal Supervisory Association Hudson Council No. 2	12/31/2019
Various Departments	American Federation of State, County and Municipal Employees	12/31/2019

INSURANCE

On August 17, 2011, the City authorized participation in and the execution of an Indemnity and Trust Agreement with the New Jersey Intergovernmental Insurance Fund (the "NJIF") for the provision of property and casualty insurance coverage. Prior to participation in the NJIF, the City self-insured against liability claims pursuant to N.J.S.A. 40A:10-16.

The NJIF is a public entity created in 1991 and offers coverage to municipalities, counties and school districts statewide. The NJIF is a New Jersey approved, self-insured, reinsured public entity insurance pool which offers all New Jersey public entities multiple lines of insurance.

The City has obtained the following coverage through the NJIF:

- Equipment Breakdown coverage.
- Crime coverage including employee dishonesty, forgery, alterations, theft, robbery and fraud.
- Environmental Impairment coverage.
- Workers' Compensation coverage.
- General, Automobile and Employee Benefits liability coverage.
- Public Entity Management Liability coverage, including Public Official's Liability and Employment Practices Liability coverage.
- Surety bonds for the City Treasurer, Chief Financial Officer and Tax Collector.

Source: City summary of insurance coverage.

PROPOSED CAPITAL IMPROVEMENT PROGRAM

The City's 2016 Fiscal Year (January 1-December 31) Six Year Capital Improvement Program annual funding requirements, as set forth by the City prior to introduction of its 2017 budget, is set forth below. The schedule is a planning tool, and will be filed with the State after approval as required by the Local Budget Law. The City is not bound by these projections.

Annual Anticipated Funding Amounts

	Estimated Completion	Estimated Cost	Anticipated Funding Schedule					
			2017	2018	2019	2020	2021	2022
Rehabilitation of Various Streets	2022	\$ 3,000,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
LeFante Way Repaving	2017	1,000,000	1,000,000	-	-	-	-	-
Various Capital Improvements	2017	1,760,000	1,760,000	-	-	-	-	-
Total		\$ 5,760,000	\$ 3,260,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000

Anticipated Funding Sources and Amounts

	Estimated Completion	Estimated Cost	Grants in Aid and Other Funds	To be Funded in Future Years	CIF	Debt Authorized
Rehabilitation of Various Streets	2021	\$ 3,000,000	\$ 500,000	\$ 2,500,000	\$ -	\$ -
LeFante Way Repaving	2017	1,000,000	500,000	-	-	500,000
Various Capital Improvements	2017	1,760,000	-	-	85,000	1,675,000
Total		\$ 5,760,000	\$ 1,000,000	\$ 2,500,000	\$ 85,000	\$ 2,175,000

Source: The City's 2017 Introduced Budget.

REPORTING PERIOD

The City has changed its fiscal year from a year ended June 30, to a year ended December 31. In order to revert to a calendar year accounting period, the State of New Jersey, Division of Local Government Services requires a six-month “transition year” of the period of time between the end of the City’s final fiscal year and the next succeeding first calendar year. The following schedules include information from the six-month transition year of July 1, 2011 to December 31, 2011. Beginning with calendar year 2012, the City’s financial information is reported on a 12-month calendar year.

CURRENT FUND SCHEDULE OF REVENUES LAST FIVE YEARS (000 OMITTED)

	Year Ended December 31, 2016 (unaudited)		Year Ended December 31, 2015		Year Ended December 31, 2014		Year Ended December 31, 2013		Year Ended December 31, 2012	
	Budgeted	Realized	Budgeted	Realized	Budgeted	Realized	Budgeted	Realized	Budgeted	Realized
Fund Balance	\$ 5,000	\$ 5,000	\$ 6,421	\$ 6,421	\$ 14,900	\$ 14,900	\$ 1,785	\$ 1,785	\$ 695	\$ 695
Consolidated Municipal										
Property Tax Relief Fund	1,923	1,923	1,923	1,923	2,074	2,074	2,317	2,317	2,317	2,317
Energy Receipts Tax	6,907	6,907	6,907	6,907	6,756	6,756	6,513	6,513	6,513	6,513
State School Building Aid	-	-	-	-	203	203	501	501	600	600
Public and Private Revenues										
Offset with Appropriations	1,411	1,411	2,186	2,186	19,715	19,715	5,444	5,444	3,275	3,275
Current Tax Levy, Municipal	82,759	84,880	80,629	82,394	78,386	79,952	78,406	80,002	76,635	76,038
Delinquent Taxes	15	413	210	40	160	69	72	279	72	39
Bayonne Local Redevelopment Authority	-	-	-	-	-	-	29,800	29,800	30,588	30,588
Other Budgeted Revenue										
Local Revenues	10,569	10,952	10,469	10,375	9,587	10,287	6,373	11,070	5,585	6,734
Shared Service Agreements	72	72	120	-	120	120	132	132	120	120
Other Special Items	26,848	41,831	23,545	22,198	19,649	19,505	1,804	1,867	2,822	3,148
Non-Budget Revenue and Other Credits	-	-	-	8,928	-	5,892	-	7,020	-	4,606
	<u>\$ 135,504</u>	<u>\$ 153,389</u>	<u>\$ 132,410</u>	<u>\$ 141,372</u>	<u>\$ 151,550</u>	<u>\$ 159,473</u>	<u>\$ 133,147</u>	<u>\$ 146,730</u>	<u>\$ 129,222</u>	<u>\$ 134,673</u>

Source: 2012-2015 Audited Financial Statements, 2016 unaudited City records

CURRENT FUND
SCHEDULE OF APPROPRIATIONS
LAST FIVE YEARS (000 OMITTED)

	Year Ended Dec. 31, 2016 <u>(unaudited)</u>	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012
Operating Expenses:					
Salaries and Wages	\$ 59,424	\$ 56,586	\$ 56,896	\$ 56,277	\$ 52,224
Other Expenses	35,561	35,861	54,944	36,361	36,953
Pensions	14,661	14,147	13,169	13,248	12,902
Deferred Charges	-	55	550	2,520	4,057
Reserve for Uncollected Taxes	<u>1,700</u>	<u>2,600</u>	<u>2,720</u>	<u>3,000</u>	<u>800</u>
	111,346	109,249	128,279	111,406	106,936
Capital Improvements	65	-	200	390	1,615
Municipal Debt Service	13,778	13,163	12,479	11,129	10,371
School Debt Service	<u>10,273</u>	<u>9,691</u>	<u>10,498</u>	<u>10,638</u>	<u>11,939</u>
	<u>\$ 135,462</u>	<u>\$ 132,103</u>	<u>\$ 151,456</u>	<u>\$ 133,563</u>	<u>\$ 130,861</u>

Source: 2012-2015 Audited Financial Statements, 2016 unaudited City records.

CURRENT FUND BALANCES
AND
AMOUNTS UTILIZED IN SUCCEEDING YEAR'S BUDGET

Year Ended	Fund Balance End of Year	Utilized in Succeeding Year's Budget Amount	Percentage
Dec. 31, 2016 ⁽¹⁾	\$ 26,950,735	\$ 17,875,000 ⁽³⁾	66.32%
Dec. 31, 2015	5,280,007	5,000,000	94.70%
Dec. 31, 2014	5,067,253	6,421,173	126.72%
Dec. 31, 2013	16,481,343	14,900,000	90.41%
Dec. 31, 2012	8,799,684	1,785,000	20.28%
Dec. 31, 2011 ⁽²⁾	6,795,568	695,000	10.23%
June 30, 2011	11,100,622	5,975,000	53.83%
June 30, 2010	10,745,467	-	0.00%
June 30, 2009	10,745,467	-	0.00%
June 30, 2008	8,248,649	-	0.00%

⁽¹⁾ Unaudited

⁽²⁾ Six month "Transition Year"

⁽³⁾ 2017 Introduced Budget Amount

Source: 2008-2015 Audited Financial Statements, 2016 unaudited Annual Financial Statement, 2017 Introduced Budget

DEMOGRAPHIC INFORMATION

Population

Political Division	2010	2000	1990	1980	1970	Percent Change	
						2010-2000	2010-1970
City	63,024	61,842	61,444	65,047	72,743	0.19%	-15.42%
County	634,266	608,975	553,099	556,972	609,266	0.42%	0.39%
State	8,791,894	8,414,350	7,730,188	7,365,011	7,171,112	0.45%	18.43%

Population Density

Political Division	Area in Sq. Miles	2010	2000	1990	1980	1970
City	5.63	11,194	10,992	11,400	12,068	13,496
County	46.69	13,585	13,043	11,915	11,999	13,094
State	7,419.00	1,185	1,134	1,042	993	967

Source: 2010 Federal Census Information.

MAJOR EMPLOYERS

Employer	Nature of Business	2015 Approximate Employment
Non-Governmental:		
Bayonne Medical Center	Medical Facility	1,867
Jerhel Plastics, Inc.	Plastic Packaging	500
Royal Wine Corporation	Kosher Wine Maker	220
Inserra, Inc.	Supermarket	220
Bookazine Co, Inc.	Books and Magazines	180
Muralo Company	Water Based Paint	180
Haddad Apparel Group, Ltd	Children's Apparel	155
Vertellus	Specialty Chemicals	150
Season Contracting Corp	Contractor	150
Ideal Window Manufacturing	New Construction Windows	127

Source: Hudson County Economic Development Corp.

MAJOR REAL PROPERTY TAXPAYERS

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>2016 Assessed Valuation</u>
Bayonne Industries-IMTT	Petrochemical	\$ 118,102,000
Bayonne Auto Terminal	Auto Marine Terminal	23,095,700
Gordon Terminal Service Co. of NJ	Petrochemical	13,383,500
Texaco Downstream Properties, Inc	Oil	13,085,800
Exxon Corporation	Petrochemical	12,440,000
NJIND Hook Road, LLC	Oil	9,000,000
MPT of Bayonne, LLC	Real estate	8,000,000
Buckeye Bayonne Terminal LLC	Real estate	7,800,000
South Cove Development, LLC	Real estate	7,294,100
ALD Realty	Real estate	7,148,050
Total Real Property Assessed Valuation		<u><u>\$ 219,349,150</u></u>
Percent of City's Total Taxable Real Property		10.16%

Source: The City Tax Assessor.

NET ASSESSED AND EQUALIZED PROPERTY VALUATIONS

Real Property Net Assessed Valuation by Classification

<u>Classification</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2016 Use Analysis</u>
Residential	1,390,596,690	1,406,158,490	1,415,431,849	1,435,898,149	1,470,340,949	44.14%
Apartment	103,964,900	105,545,300	104,642,700	102,078,700	102,495,900	3.30%
Commercial	300,027,600	305,031,300	311,672,600	319,548,795	320,892,395	9.52%
Industrial	286,213,100	304,327,300	299,530,600	301,011,000	302,193,500	9.08%
Vacant Land	<u>88,432,300</u>	<u>87,097,400</u>	<u>88,498,400</u>	<u>88,482,500</u>	<u>90,028,800</u>	<u>2.81%</u>
Sub-Total	2,169,234,590	2,208,159,790	2,219,776,149	2,247,019,144	2,285,951,544	68.85%
Exempt Property:						
Public (1)	422,024,300	423,758,100	309,924,400	309,031,500	310,695,300	13.40%
Other (2)	<u>559,315,525</u>	<u>540,695,125</u>	<u>637,311,625</u>	<u>827,914,025</u>	<u>607,287,125</u>	<u>17.75%</u>
Total Real Property	<u><u>\$ 3,150,574,415</u></u>	<u><u>\$3,172,613,015</u></u>	<u><u>\$3,167,012,174</u></u>	<u><u>\$3,383,964,669</u></u>	<u><u>\$ 3,203,933,969</u></u>	<u><u>100.00%</u></u>

(1) Includes school, municipal, County, State and federal property.

(2) Includes private and denominational schools, church and charitable properties, and other exempt properties, plus the U.S. Military Ocean Terminal.

Source: City's tax duplicates.

Net Assessed and Equalized Property Valuations

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Assessed Valuation:					
Real Property	2,169,234,590	2,208,159,790	2,219,776,149	\$2,247,019,144	\$ 2,319,208,474
Personal Tangible Property	2,665,905	2,409,518	1,744,987	2,405,981	2,405,200
Total Net Assessed Valuation	2,171,900,495	2,210,569,308	2,221,521,136	2,249,425,125	2,321,613,674
Percent Increase (Decrease) over Previous Year	-1.75%	-0.49%	-1.24%	-1.42%	-0.24%
Equalized Valuation	5,277,250,128	5,371,056,108	5,132,936,258	5,213,320,757	5,762,588,636
Percent Increase (Decrease) over Previous Year	-1.75%	4.64%	-1.54%	-3.29%	-10.05%

⁽¹⁾ Net assessed valuation after deductions permitted under State statutes.

⁽²⁾ As equalized by the County.

Source: County of Hudson Abstract of Ratables for years shown.

LEVY AND COLLECTION OF TAXES **As of Last Ten Fiscal Years**

The levy and collection of taxes are based upon the City's July 1 to June 30 fiscal year, for and through the years ended June 30, 2011, July 1 to December 31 for the six-month transition year and calendar years thereafter. The City is the political entity responsible for the levying and collection of taxes on all taxable real property within its borders, including the tax levies for the County and the City School District.

Property taxes are based on an assessor's valuation of real property and are levied for a calendar year. The taxes for City, City School District and County purposes are combined into one tax levy, which is apportioned on the tax bill by rate and amount for taxpayer information only. Turnover of tax monies by the City to the City School District is based on school needs and is generally made on a periodic basis throughout the year. The City remits 100% of the County taxes, payable quarterly on the 15th days of February, May, August and November.

The City mails tax bills twice a year. The bill for the first two quarters, due on the first days of February and May, is mailed in October of the preceding calendar year. The bill for the final two quarters, due on the first days of August and November, is mailed in June of the current calendar year. Delinquent balances are subject to an interest penalty of 8% on the first \$1,500 of the total delinquent amount, and 18% on all delinquent amounts in excess of \$1,500. Any account having a delinquent balance in excess of \$10,000 at the close of the fiscal year is subject to an additional penalty in the amount of 6% of the total amount of the delinquency. Any unpaid taxes as of June 30 or December 31, dependent on the year end noted above, are subject to tax sale. Any tax liens not purchased by investors revert to the City, and are subsequently subject to foreclosure proceedings to acquire title to the property if the delinquency is not paid promptly thereafter.

**Tax Rate Apportionment
(Per \$1,000 of Assessed Valuation)**

Year	Municipal	County	School	Tax Rate	Special Improvement District (1)
2016	34.73	12.68	31.94	79.35	5.00
2015	32.07	12.99	31.68	76.74	5.02
2014	30.65	12.42	31.37	74.44	4.96
2013	30.35	12.39	30.65	73.39	4.58
2012	28.53	12.46	30.15	71.14	4.23
2011	28.77	11.44	28.28	68.49	4.23
2010	26.37	11.00	25.51	62.88	4.20
2009	24.10	10.92	27.86	62.88	4.32
2008	23.04	10.19	27.29	60.52	4.28
2007	21.99	9.84	25.14	56.97	4.25

(1) Special Improvement District is not included in the Tax Rate as the District only covers certain commercial businesses on Broadway.

Source: The City's 2007-2015 Audited Financial Statements, 2016 Division of Local Government Services – Property Tax Tables.

Tax Levy Apportionment

Year	Municipal	County	School	Additional School (1)	Special Improvement District (2)	Tax Levy
2016	\$ 73,661,854	\$ 27,545,463	\$ 62,025,142	\$ 7,337,117	\$ 290,000	\$170,859,576
2015	70,891,756	28,732,549	60,283,361	9,737,000	290,000	169,934,666
2014	68,088,659	27,696,235	59,392,474	10,297,337	290,000	165,764,705
2013	68,263,421	27,878,958	58,810,195	10,142,836	290,000	165,385,410
2012	65,294,134	28,574,165	57,657,055	11,340,706	290,000	163,156,060
2011*	32,022,305	13,438,484	28,543,097	6,450,284	145,000	80,599,170
2011	60,525,380	26,527,183	57,086,193	8,135,513	290,000	152,564,269
2010	62,251,624	27,306,384	57,086,193	5,540,372	290,000	152,474,573
2009	60,515,374	25,033,522	57,086,193	7,619,787	290,000	150,544,876
2008	55,716,481	23,877,593	57,086,193	5,067,679	290,000	142,037,946

* 6 month Transition Year

(1) Addition to Local District School Tax.

(2) Consists of a levy on merchants in the 27th Street area of Broadway for the improvements to stores.

Source: The City's 2007-2014 Audited Financial Statements, 2015 unaudited financial records.

Tax Collection Experience

Year	Tax Levy (1)	Current Levy Collection		Delinquent Taxes Collected	Total Collection	
		Amount	Percentage		Amount	Percentage
2016	\$ 173,229,232	\$ 173,095,120	99.92%	\$ 413,718	\$ 173,508,838	100.16%
2015	169,948,441	169,099,645	99.50%	49,566	169,149,211	99.53%
2014	166,250,146	164,611,053	99.01%	68,683	164,679,736	99.06%
2013	165,793,169	163,980,742	98.91%	240,333	164,221,075	99.05%
2012	163,485,249	161,759,655	98.94%	65,525	161,825,180	98.98%
TY2011*	81,472,499	79,547,559	97.64%	51,653	79,599,212	97.70%
2011	152,564,269	152,262,479	99.80%	470,406	152,732,885	100.11%
2010	152,265,937	151,343,410	99.39%	321,666	151,665,076	99.61%
2009	150,544,876	149,667,768	99.42%	334,145	150,001,913	99.64%
2008	142,037,946	141,516,792	99.63%	20,491	141,537,283	99.65%

* 6 month Transition Year

⁽¹⁾ Includes Special Improvement District Source: 2008-2015 Audited Financial Statements, 2016 unaudited financial records.

Municipal Purpose Tax Collection

Year	Municipal Purpose Tax Levy (1)	Current Municipal Tax Collection (2)	Delinquent Municipal Tax Collection	Total Municipal Tax Collection	Reserve for Uncollected Taxes
2016	\$ 76,031,510	\$ 75,842,521	\$ 413,718	\$ 76,256,239	\$ 1,700,000
2015	71,043,785	70,056,735	49,566	70,106,301	2,600,000
2014	68,574,100	66,935,007	68,683	67,003,690	2,720,000
2013	68,671,180	66,858,753	240,333	67,099,086	3,000,000
2012	65,623,323	63,897,729	65,525	63,963,254	727,000
TY2011*	32,895,634	30,130,694	51,653	30,182,347	840,000
2011	60,525,380	59,353,590	470,406	59,823,996	870,000
2010	62,251,624	60,650,461	321,666	60,972,127	470,000
2009	60,515,374	59,188,266	334,145	59,522,411	450,000
2008	55,716,481	54,745,327	20,491	54,765,818	450,000

* 6 month Transition Year

⁽¹⁾ Excludes the tax levy for additional school purpose.

⁽²⁾ Net after deductions for County, School District, Additional School District and Special Improvement District tax levies. Source: The City's 2008-2015 Audited Financial Statements, 2016 unaudited financial records.

Delinquent Taxes and Tax Liens

<u>Year</u>	<u>Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percent of Tax Levy</u>
2016	\$ 431,950	\$ 501,090	\$ 933,040	0.55%
2015	748,057	654,855	1,402,912	0.83%
2014	841,686	617,705	1,459,391	0.88%
2013	241,657	581,664	823,321	0.50%
2012	562,173	546,136	1,108,309	0.68%
TY2011*	402,491	511,697	914,188	1.13%
2011	350,956	495,123	846,079	0.55%
2010	44,344	463,859	508,203	0.33%
2009	1,526,562	433,261	1,959,823	1.30%
2008	1,193,876	400,111	1,593,987	1.12%

Tax Title Liens

<u>Year</u>	<u>Balance Start of Year</u>	<u>Sales & Transfers</u>	<u>Tax Liens Collected</u>	<u>Other Credits</u>	<u>Balance End of Year</u>
2016	\$ 654,855	\$ 29,256	\$ -	\$ 183,021	\$ 501,090
2015	617,705	37,150	-	-	654,855
2014	581,664	36,041	-	-	617,705
2013	546,136	35,528	-	-	581,664
2012	511,697	34,439	-	-	546,136
TY2011*	495,124	16,573	-	-	511,697
2011	463,859	31,265	-	-	495,124
2010	433,261	30,598	-	-	463,859
2009	400,111	33,150	-	-	433,261
2008	371,417	28,694	-	-	400,111

Foreclosed Property

<u>Year</u>	<u>Balance, End of Year</u>	<u>Year</u>	<u>Balance, End of Year</u>
2016	\$ 6,482,400	TY2011*	\$ 8,599,000
2015	6,474,000	2011	8,563,300
2014	6,474,000	2010	8,563,300
2013	6,474,000	2009	8,634,700
2012	6,474,000	2008	8,634,700

* 6 month Transition Year

Source: The City's 2008 -2015 Audited Financial Statements, 2016 unaudited financial records

**COMPARISON OF
MUNICIPAL PURPOSE TAX LEVY
TO
ANNUAL DEBT SERVICE REQUIREMENT**

<u>Year</u>	<u>Municipal Purpose Tax Levy (1)</u>	<u>(2) Debt Service Requirements</u>	<u>Percent of Debt Service to Municipal Tax Levy</u>
2016	\$ 76,031,510	\$ 13,778,030	18.12%
2015	71,153,856	13,163,184	18.50%
2014	68,574,100	12,571,030	18.33%
2013	68,671,180	11,129,098	16.21%
2012	66,116,700	10,370,815	15.69%
TY2011*	32,895,634	8,001,471	24.32%
2011	60,525,380	10,298,585	17.02%
2010	62,042,988	14,988,232	24.16%
2009	60,515,375	13,262,076	21.92%
2008	55,716,481	9,222,105	16.55%

* 6 month Transition Year

(1) Excludes Additional School and Special Improvement District Tax Levies.

(2) Excludes School District debt service requirements; but includes principal and interest on borrowing from the Hudson County Improvement Authority for General Capital.

Source: The City's 2008-2015 Audited Financial Statements, 2016 unaudited financial records.

DEBT INFORMATION

General Information

The State has enacted certain laws and statutes regulating the authorization and issuance of debt by tax levying local governmental units of the State. The statutory gross debt must include all debt authorized plus all debt issued which remains outstanding. Debt, bonds or notes, which have been refunded and payment for which is made from escrowed U.S. Treasury securities or other permitted investments, are considered outstanding under State statutes until such outstanding debt has matured or has been called for redemption. However, any debt which is self-supporting or which is payable from other sources or debt issued for refunding purposes may be deducted from the statutory gross debt to arrive at the amount of statutory net debt. The statutory net debt figure is the amount to determine if a local governmental unit is within the limit of its statutory borrowing power.

The debt incurring capacity is limited by statute to 3.50% of its statutory equalized valuation. The levy of taxes to pay annual debt service requirements is not limited by any State statute or law. Generally, the amount bid for a bond issue may not exceed \$1,000 above the principal amount offered for sale and may not be less than the amount offered for bid.

Bond anticipation notes ("BANS") may be issued to temporarily finance a capital improvement or project. BANS may be issued in an amount not exceeding the amount specified in an ordinance, as may be supplemented, less a 5% down payment. BANS may be issued up to or for a one-year period, and may be rolled-over for not exceeding one-year periods. The final maturity of a BAN issue cannot exceed May 1 following the end of the tenth fiscal year from the BANS' original issue date. Beginning with the third year of issuance, BAN principal must be decreased by an estimated amount of the first maturity of a bond issue.

Tax anticipation notes ("TANS") are limited in amount that may be issued to 30% of the tax levy plus 30% of realized miscellaneous revenue of the next preceding fiscal year, and principal together with interest thereon must be paid in full from the current year's tax collection within three months after the close of the current fiscal year.

Capital notes ("CNS") may be issued in an amount not exceeding \$200,000 or 1/2 of 1.00% of the City's equalized valuation, whichever is greater, for a five-year period. Twenty percent of the principal amount of CNS issued must mature each year and, together with interest due, be paid annually.

Notes issued for temporary financing of an improvement or project may be sold through negotiation. For a more complete description of the above summaries, please refer to N.J.S.A. 40A:2-1 et seq.

Under laws creating authorities, a local governmental unit may enter into a contract or agreement to borrow funds from an authority or, under a deficiency type of agreement, guarantee debt service payments on debt issued by an authority. If a local governmental unit borrows funds from an authority, such borrowing is not included in a local governmental unit's statutory gross debt. If a local governmental unit guarantees all or any part of an authority's outstanding debt, the portion of debt service not payable from an authority's revenues, and which is paid by a local governmental unit, must be included in a local governmental unit's statutory net debt amount (a "deficiency agreement").

Appropriation Not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. 40A:4-57 says "No officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose". N.J.S.A. 40A:2-4 says "The power and obligation of a local unit to pay any or all of the bonds and notes issued by it pursuant to this chapter, or any act which in this chapter is a revision, shall be unlimited..."

The following schedules set forth information on the City's debt authorized but unissued, debt issued and outstanding, the remaining borrowing capacity and overlapping debt. After the date noted below, the debt information and statistics noted on the following pages may vary from the figures shown because of either a reduction or an increase in the amounts of debt for each of the political entities noted.

STATUTORY DEBT As of December 31, 2016

Remaining Borrowing Power

Statutory Equalized Valuation (1)	\$5,339,353,666
Statutory Debt Limit (2)	\$ 186,877,378
Statutory Net Debt	\$ 159,398,936
Statutory Borrowing Power	\$ 27,478,442
Net Debt to Equalized Value	2.99%

⁽¹⁾ Average of the immediately preceding three years (2016, 2015, 2014).

⁽²⁾ 3.5% of the Statutory Equalized Valuation as determined by the State.

Source: 2016 unaudited Annual Debt Statement

**TREND OF STATUTORY REMAINING BORROWING POWER
AND
TREND OF NET DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Statutory Remaining Borrowing Power

Year	Statutory Equalized Valuation	Statutory Debt Limit	Net Debt Outstanding	Authorized but not Issued Debt	Remaining Statutory Borrowing Power
2016	\$ 5,339,353,666	\$ 186,877,378	\$ 151,424,008	\$ 7,849,746	\$ 27,603,624
2015	5,230,842,993	183,079,505	156,879,014	3,399,230	22,801,261
2014	5,206,569,374	182,229,928	153,069,992	3,399,230	25,760,706
2013	5,360,107,444	187,603,761	169,753,334	5,649,230	12,201,197
2012	5,512,364,667	192,932,763	102,504,335	359,230	90,069,198
TY2011*	5,885,001,025	205,975,036	106,691,358	359,230	98,924,448
2011	6,215,253,093	217,533,858	110,931,354	7,758,153	98,844,351
2010	6,392,131,807	223,724,613	111,599,019	7,758,153	104,367,441
2009	6,158,802,322	215,558,081	116,349,511	7,758,153	91,450,417
2008	5,596,676,492	195,883,677	120,450,153	8,188,153	67,245,371

Net Debt Outstanding

Year	Bonds Outstanding	Loans Outstanding	Notes Outstanding	Deduction For		Net Debt Outstanding	(1) Parking Utility Debt
				Debt Service Reserve	Pension Refunding		
2016	\$ 113,095,827	\$ 186,292	\$ 54,144,000	\$ 1,342,111	\$ 14,660,000	\$ 151,424,008	\$ 2,660,000
2015	114,853,257	327,262	58,020,000	1,341,505	14,980,000	156,879,014	2,855,000
2014	114,550,134	466,718	59,625,140	6,322,000	15,250,000	153,069,992	3,020,000
2013	110,158,212	604,677	75,087,041	626,596	15,470,000	169,753,334	3,180,000
2012	98,608,430	741,163	19,401,338	626,596	15,620,000	102,504,335	3,335,000
TY2011*	100,263,299	876,195	21,898,460	626,596	15,720,000	106,691,358	-
2011	101,818,000	991,552	23,991,802	150,000	15,720,000	110,931,354	-
2010	102,593,000	1,139,019	23,812,000	150,000	15,795,000	111,599,019	-
2009	105,689,000	1,284,511	92,946,000	67,775,000	15,795,000	116,349,511	-
2008	31,144,000	1,451,153	103,800,000	150,000	15,795,000	120,450,153	-

Bonds outstanding includes debt issued by the Hudson County Improvement Authority (HCIA).

Loans outstanding include Green Acres Trust and Demolition Loans.

* 6 month Transition Year

(1) Parking Utility Debt calculated to be self-liquidating and is not included in Net Debt.

Source: The City's annual debt statements.

AUTHORIZED BUT NOT ISSUED DEBT

(As of December 31, 2016)

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Authorized Amount</u>
General Improvements:		
O-99-31	Demolition of Unsafe Buildings	\$ 309,213
O-03-24	Various Capital Improvements	533
O-13-23	Dissolution of BLRA	3,040,000
O-16-66	Various Capital Improvements	4,500,000
		<u>\$ 7,849,746</u>

TEMPORARY DEBT ISSUED AND OUTSTANDING

(As of December 31, 2016)

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Amount Outstanding</u>
General Improvements					
0-06-35	Citywide Communication System	2.000%	03/03/2006	06/27/2017	\$ 2,938,000
0-07-02	Various Capital Improvements	2.000%	03/06/2007	06/27/2017	847,000
0-13-13	Refund Tax Appeals	2.000%	04/24/2014	06/27/2017	1,350,000
0-13-23	LRA Project Notes	2.500%	07/25/2013	06/27/2017	41,845,000
0-15-16	Various Capital Improvements	2.000%	07/06/2015	06/27/2017	3,780,000
0-15-29	Refund Tax Appeals	2.000%	12/22/2015	06/27/2017	3,384,000
Temporary Debt Issued and Outstanding					<u>\$ 54,144,000</u>

Source: 2016 unaudited Annual Financial Statement

PERMANENT DIRECT AND CONTINGENT DEBT
ISSUED AND OUTSTANDING
(As of December 31, 2015)

Direct Debt

Purpose	Interest Rate (%)	Issue Date	Final Maturity Date	Amount Outstanding
General Capital:				
Pension Refunding Bonds	5.05-5.68	1/15/03	1/15/33	\$ 14,660,000
Capital Appreciation Bonds	3.55-5.17	7/1/03	7/1/23	3,368,365
HCIA Bonds *	5.00	10/24/08	8/1/25	6,945,000
Infrastructure Bonds	4.00-5.75	6/24/09	7/1/19	2,050,000
LRA Revenue Bonds	5.400-7.625	10/1/13	4/1/38	805,000
Special Assessment Bonds	2.250-5.000	11/19/14	11/15/34	5,680,000
General Obligation Refunding Bonds	2.00-5.00	6/10/15	8/1/38	14,340,000
Infrastructure Bonds	2.00-5.00	3/22/16	7/1/39	65,130,000
BMUA Obligations	4.11	12/20/12	12/20/52	117,462
Subtotal				<u>113,095,827</u>
School:				
School Refunding Bonds	5.00-5.50	1/15/03	1/15/23	3,555,000
School Bonds (Capital Appreciation Bonds)	4.08-4.97	2/20/03	2/15/22	1,934,835
School Bonds (Capital Appreciation Bonds)	3.75-4.96	7/1/03	7/1/23	6,833,099
ERIP Bonds	4.11-6.25	5/7/09	6/1/21	5,415,000
School Bonds	6.00	10/24/08	8/1/18	725,000
School Refunding Bonds	3.00-5.00	8/13/14	7/15/25	25,875,000
School Bonds	2.25-5.00	11/19/14	11/15/34	5,686,000
School Bonds	2.00-3.25	11/19/14	11/15/21	747,000
School Refunding Bonds	2.00-5.00	6/10/15	8/1/30	15,100,000
School Bonds	2.00-4.00	3/22/16	7/1/25	3,095,000
Subtotal				<u>68,965,934</u>
Parking Utility:				
Parking Revenue Bonds	5.00	6/15/07	6/15/17	190,000
Parking Utility Refunding Bonds	2.00-5.00	6/10/15	8/1/27	2,470,000
				<u>2,660,000</u>
Total Permanent Direct Bonds				<u><u>\$ 184,721,761</u></u>

Source: 2016 unaudited Annual Financial Statement.

The Hudson County Improvement Authority

The City has entered into several contracts with the Hudson County Improvement Authority (the "HCIA") under the HCIA's Pooled Government Loan Program - a variable interest rate program with interest calculated on a monthly basis. The outstanding balance as of December 31, 2016 is included in the preceding and following tables.

ANNUAL DEBT SERVICE REQUIREMENTS
TAX SUPPORTED BONDS
(As of December 31, 2016)

Includes Hudson County Improvement Authority (the "HCIA") bonds, with interest rates varying on a monthly basis. For the purpose of preparing this schedule, the interest on the HCIA Bonds was calculated using a 5.00% interest rate.

	<u>City (General Capital)</u>		<u>School</u>		<u>Total</u>	<u>Total</u>	<u>Total Combined</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
2017	\$ 3,230,214	\$ 5,962,669	\$ 6,379,817	\$ 3,852,977	\$ 9,610,031	\$ 9,815,646	\$ 19,425,677
2018	3,010,234	5,849,212	6,755,362	3,866,144	9,765,596	9,715,356	19,480,952
2019	3,085,180	5,753,200	6,795,597	3,724,446	9,880,777	9,477,646	19,358,423
2020	3,199,837	5,621,394	7,004,122	3,555,953	10,203,959	9,177,347	19,381,306
2021	3,385,001	5,506,960	7,062,981	3,390,632	10,447,982	8,897,592	19,345,574
2022	3,499,944	5,380,601	5,890,629	3,184,587	9,390,573	8,565,188	17,955,761
2023	3,602,955	5,189,895	5,696,426	2,680,140	9,299,381	7,870,035	17,169,416
2024	2,970,000	4,360,837	4,450,000	929,641	7,420,000	5,290,478	12,710,478
2025	5,500,000	4,196,255	4,625,000	748,441	10,125,000	4,944,696	15,069,696
2026	4,175,000	3,882,579	1,185,000	593,541	5,360,000	4,476,120	9,836,120
2027	4,390,000	3,670,855	2,690,000	540,691	7,080,000	4,211,546	11,291,546
2028	4,585,000	3,453,830	2,910,000	442,291	7,495,000	3,896,121	11,391,121
2029	4,810,000	3,225,214	3,115,000	335,754	7,925,000	3,560,968	11,485,968
2030	4,995,000	3,034,616	2,790,000	186,660	7,785,000	3,221,276	11,006,276
2031	5,205,000	2,832,299	385,000	54,098	5,590,000	2,886,397	8,476,397
2032	5,445,000	2,567,659	395,000	41,585	5,840,000	2,609,244	8,449,244
2033	7,305,000	2,288,704	410,000	28,748	7,715,000	2,317,452	10,032,452
2034	6,310,000	1,981,731	426,000	14,910	6,736,000	1,996,641	8,732,641
2035	6,320,000	1,679,556	-	-	6,320,000	1,679,556	7,999,556
2036	6,660,000	1,372,506	-	-	6,660,000	1,372,506	8,032,506
2037	7,035,000	1,047,600	-	-	7,035,000	1,047,600	8,082,600
2038	7,435,000	704,250	-	-	7,435,000	704,250	8,139,250
2039	6,825,000	341,250	-	-	6,825,000	341,250	7,166,250
2052	117,462	-	-	-	117,462	-	117,462
Total	<u>\$ 113,095,827</u>	<u>\$ 79,903,672</u>	<u>\$ 68,965,934</u>	<u>\$ 28,171,239</u>	<u>\$ 182,061,761</u>	<u>\$ 108,074,911</u>	<u>\$ 290,136,672</u>

Source: Bond Amortization Schedules

State Loans

On June 9, 1998, the City borrowed an additional \$450,000 from the State under the Green Acres Loan Program to fund improvements to Veterans Park. On February 7, 2006, the City borrowed an additional \$271,000 in two loans from the State under the Green Acres Loan program to fund improvements to the 16th Street Boat Ramp. Under the terms of these loans, the City makes semi-annual principal and interest payments for the Green Acres loans and annual payments for the Demolition Loan, until the final maturity dates as noted below. The outstanding balances as of December 31, 2016 are as follows:

<u>Purpose</u>	<u>Interest Rate (%)</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
Green Acres, State Loan:				
Veteran's Park, Phase II	2.00	6/9/98	3/9/18	\$ 41,148
16 th Street Boat Ramp	2.00	2/7/06	2/9/26	91,584
16 th Street Boat Ramp	2.00	2/7/06	2/10/26	53,560
Total				<u>\$ 186,292</u>

DIRECT AND OVERLAPPING DEBT ISSUED AND OUTSTANDING

As of December 31, 2016
(Except as noted below)

	<u>Direct Debt</u>		<u>Direct and Overlapping Debt</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Direct Debt:				
General	\$ 175,393,322	\$ 159,391,211	\$ 175,393,322	\$ 159,391,211
Utility	2,660,000	7,725	2,660,000	7,725
School	72,665,934	-0-	72,665,934	-0-
Overlapping Debt:				
Hudson County (1)	n/a	n/a	78,864,470	43,613,234
HCIA (2)	n/a	n/a	42,836,658	42,836,658
BMUA (3)	n/a	n/a	-0-	-0-
	<u>\$ 250,719,256</u>	<u>\$ 159,398,936</u>	<u>\$ 372,420,384</u>	<u>\$ 245,848,828</u>

(1) The County of Hudson's gross and net debt at December 31, 2015 was \$984,702,577 and \$544,555,286, respectively, per the unaudited Annual Debt Statement of the County. The City's share (8.01%) is based on the City's percentage of the total county taxes apportioned for 2016 per the 2016 Abstract of Ratables.

(2) This figure represents 8.01% of the HCIA's audited gross debt at December 31, 2015 of \$534,789,743.

(3) Per Bayonne Municipal Utilities Authority unaudited debt records as of December 31, 2016.

Source: As noted above.

DEBT RATIOS

	<u>Direct Debt</u>		<u>Direct and Overlapping Debt</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Per Capita (1)	\$ 3,978.16	\$ 2,529.18	\$ 5,909.18	\$ 3,900.88
Equalized Valuation (2)	4.70%	2.99%	6.98%	4.60%

⁽¹⁾ Based on 2010 Federal Census (63,024).

⁽²⁾ As equalized for year 2016 by the County (\$5,339,353,666).

CITY OF BAYONNE

STATE OF NEW JERSEY

NEW JERSEY COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015



**DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC**

**CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS**

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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Mark W. Bednarz, CPA, RMA
Jason R. Gironda, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council
City of Bayonne, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the City of Bayonne, New Jersey (the “City”), which comprise the combined balance sheets – regulatory basis, of each fund and account group as of December 31, 2015 (with comparative totals as of December 31, 2014), the related statement of revenues, expenditures and changes in fund balance – regulatory basis, of the Current Fund, General Capital Fund and Parking Utility Operating and Capital Funds, for the year ended December 31, 2015 (with comparative totals for the year ended December 31, 2014), and the related statement of revenues, expenditures and changes in fund balance – regulatory basis – budget and actual, of the Current Fund and Parking Utility Operating Fund for the year ended December 31, 2015 (with comparative totals for the year ended December 31, 2014), and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division and the standards applicable to the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note A, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2015 (with comparative totals as of December 31, 2014), or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position – regulatory basis, of each fund and account group of the City as of December 31, 2015 (with comparative totals as of December 31, 2014), and each fund's respective revenues, expenditures and changes in fund balance – regulatory basis, and revenues, expenditures and changes in fund balance – regulatory basis – budget and actual, for the years then ended, on the basis of the financial reporting provisions of the Division as described in Note A.

Emphasis of Matter Regarding One-Time Revenues

The City has relied on many one-time revenues and structural imbalance offsets to balance their budget. It is anticipated that sales of other properties will replace these sources in future years.

Other Matters

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. This information is not required by the financial reporting provisions of the Division as described in Note A, however, it is allowable under the Division's optional New Jersey Comprehensive Annual Financial Report (NJ-CAFR) reporting format. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary data section and general section are presented for purposes of additional analysis as required by the Division.



DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC

Certified Public Accountants



FREDERICK C. TOMKINS

Registered Municipal Accountant #327

Bayonne, New Jersey
January 30, 2017

CITY OF BAYONNE
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

This discussion and analysis of the financial performance of the City of Bayonne provides an overall review of the City's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City uses accounting practices as prescribed by the State of New Jersey, Division of Local Government Services which defines the financial statements of a governmental unit to be presented on a modified accrual basis of accounting. The following financial statements offer financial information about the activities and operations of the City.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2015 and 2014 are as follows:

- Fund balance in the Current Fund was \$5,280,007 and \$5,067,253, respectively, as of December 31, 2015 and 2014. The City's Current Fund operations resulted in a net increase to fund balance of \$212,754 for the year ended December 31, 2015 and a net decrease to fund balance of \$11,414,090 for the year ended December 31, 2014.
- Total realized revenues and credits to income to the City's Current Fund amounted to \$230,677,898 for the year ended December 31, 2015 and \$246,851,442 for the year ended December 31, 2014. Net of County, School and Special Improvement District taxes collected and non-revenue credits to income, realized revenues to the Current Fund amounted to \$134,569,339 for the year ended December 31, 2015 and \$155,850,257 for the year ended December 31, 2014.
- Budgeted Current Fund appropriations, net of cancellations, for the year ended December 31, 2015 and 2014 were \$132,101,057 and \$151,456,260, respectively. During the current year, appropriations that were not paid or charged and which remained from the adopted budget of the year ended December 31, 2014 lapsed to operations in the amount of \$2,247,007. Unexpended budget appropriations from the budget of the year ended December 31, 2015 will not lapse to operations until the year ended December 31, 2016, but are set aside in the current year as appropriation reserves in the amount of \$2,304,820.

CITY OF BAYONNE
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

FINANCIAL HIGHLIGHTS (continued)

- Included in the budgeted, or anticipated, revenues for the year ended December 31, 2015 and 2014 is the amount to be raised by taxation in support of the municipal budget in the amounts of \$80,628,755 and \$78,385,996, respectively. In addition to the support of the local municipal budget, the City collected and was obligated to remit the following taxes to the appropriate agencies, as per the Hudson County Board of Taxation Abstract of Ratables and Taxes Added or Omitted for the year ended December 31, 2015 and 2014: local school district taxes in the amount of \$60,283,361 and \$59,392,474, respectively, County of Hudson taxes in the amount of \$28,73,549 and \$27,696,235, respectively and Special Improvement District taxes in the amount of \$290,000 each year.
- On January 1, 2012, the City added the Parking Utility Fund to the books and records of the City. Prior to this date, the entity operated as a separate corporate body named the Bayonne Parking Authority. Parking Utility Operating Fund balance at December 31, 2015 and 2014 was \$586,268 and \$560,530, respectively, an increase of \$25,738 and \$114,309, respectively.
- During the year ended December 31, 2015, the City's Parking Utility Operating Fund realized total revenues of \$1,594,930, or \$1,594,930 net of non-revenue credits to income.
- Budgeted Parking Utility Operating Fund appropriations, net of cancellations, for the year ended December 31, 2015 was \$1,376,750. During the current year, appropriations that were not paid or charged and which remained from the adopted budget of the year ended December 31, 2013 lapsed to operations in the amount of \$106,548. As the Bayonne Parking Authority, records were maintained on accounting principles generally accepted in the United States of America therefore no appropriation reserves were maintained. Unexpended budget appropriations from the budget of the year ended December 31, 2015 will not lapse to operations until the year ended December 31, 2016, but are set aside in the current year as appropriation reserves in the amount of \$127,178.

CITY OF BAYONNE
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

BASIC FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and defines the financial statements of a governmental unit to be presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The City presents the financial statements listed in the table of contents which are required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, herein referred to as the "Division", and which differ from the financial statements required by GAAP. A description of funds and basis of accounting, including differences as compared to GAAP, can be found in Note A of the Notes to Financial Statements.

FINANCIAL POSITION AS A WHOLE

The following table is a summary of the assets, liabilities, reserves and fund balance for all funds of the City for the year ended December 31, 2015 and 2014:

	Current Fund (incl. State & Fed Grant Fund)		Trust Fund		General Capital Fund		Parking Utility Fund (Combined Operating and Capital)	
	2015	2014	2015	2014	2015	2014	2015	2014
<u>Assets</u>								
Cash and Cash Equivalents	\$ 22,098,339	\$ 18,325,057	\$ 8,477,803	\$ 8,366,521	\$ 3,959,239	\$ 17,987,233	\$ 1,797,859	\$ 1,876,548
Taxes and Liens Receivable	1,402,912	1,459,391	-	-	-	-	-	-
Property Acquired for Taxes at Assessed Valuation	6,474,000	6,474,000	-	-	-	-	-	-
Grants and Other								
Intergovernmental Receivables	8,924,326	24,734,048	3,818,944	3,701,753	2,344,217	1,219,217	-	-
Other Receivables	2,613,632	4,892,019	-	-	-	353,734	431,807	451,836
Unamortized Debt Issuance	-	-	-	-	-	-	-	-
Deferred Charges	202,391	257,036	-	-	255,746,439	268,642,610	-	-
Fixed Capital	-	-	-	-	-	-	5,354,861	5,354,861
Fixed Capital Authorized and Uncompleted	-	-	-	-	-	-	1,445,483	1,445,483
Total Assets	<u>\$ 41,715,600</u>	<u>\$ 56,141,551</u>	<u>\$ 12,296,747</u>	<u>\$ 12,068,274</u>	<u>\$ 262,049,895</u>	<u>\$ 288,202,794</u>	<u>\$ 9,030,010</u>	<u>\$ 9,128,728</u>
<u>Liabilities, Reserves and Fund Balance</u>								
Bonds, Notes and Loans Payable	\$ -	\$ -	\$ -	\$ -	\$ 248,696,693	\$ 261,542,750	\$ 2,855,000	\$ 3,020,000
Other Liabilities and Special Funds	27,643,276	39,677,732	12,296,747	12,068,274	3,395,474	17,625,693	1,389,500	1,353,757
Improvement Authorizations	-	-	-	-	9,784,133	8,860,756	253,891	414,090
Reserve for Certain Receivables	8,792,317	11,396,566	-	-	-	-	-	-
Reserve for Amortization	-	-	-	-	-	-	2,499,861	2,334,861
Reserve for Deferred Amortization	-	-	-	-	-	-	1,445,483	1,445,483
Fund Balance	<u>5,280,007</u>	<u>5,067,253</u>	<u>-</u>	<u>-</u>	<u>173,595</u>	<u>173,595</u>	<u>586,275</u>	<u>560,537</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 41,715,600</u>	<u>\$ 56,141,551</u>	<u>\$ 12,296,747</u>	<u>\$ 12,068,274</u>	<u>\$ 262,049,895</u>	<u>\$ 288,202,794</u>	<u>\$ 9,030,010</u>	<u>\$ 9,128,728</u>
Bonds and Notes Authorized But Not Issued					<u>\$ 7,049,746</u>	<u>\$ 7,099,860</u>		

CITY OF BAYONNE
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

FINANCIAL POSITION AS A WHOLE (continued)

In addition to the funds noted in the chart on the preceding page, the City maintains a separate accounting of fixed assets in accordance with accounting practices prescribed by the Division. As of December 31, 2015 and 2014, the City has fixed assets, recorded at historical cost, of \$202,345,502 and \$202,345,502, respectively. See Note O for more detail.

CURRENT FUND FINANCIAL ANALYSIS

Current Fund Expenditures and Charges by Function				
	Year Ended December 31,		Change Increase (Decrease)	
	2015	2014	Dollar	Percentage
General Government	\$ 30,283,410	\$ 31,506,681	\$ (1,223,271)	(3.9) %
Sanitation, Health and Welfare	6,502,239	6,719,000	(216,761)	(3.2)
Public Safety	43,866,270	44,238,550	(372,280)	(0.8)
Public Works, Parks and Recreation	9,143,240	8,992,500	150,740	1.7
Contingent, Deferred Charges & Statutory	14,201,145	13,718,650	482,495	3.5
Shared Service Agreements	120,000	120,000	-	0.0
Public and Private Programs	2,471,953	20,197,439	(17,725,486)	(87.8)
Other Special Items	60,202	65,860	(5,658)	(8.6)
Capital Improvements	-	200,000	(200,000)	(100.0)
Debt Service	22,852,598	22,977,580	(124,982)	(0.5)
Reserve for Uncollected Taxes	2,600,000	2,720,000	(120,000)	(4.4)
Total Budgeted Appropriations	132,101,057	151,456,260	(19,355,203)	(12.8)
Non-Budget Expenditures	2,637,005	4,530,563	(1,893,558)	(41.8)
Total Expenditures and Charges	<u>\$ 134,738,062</u>	<u>\$ 155,986,823</u>	<u>\$ (21,248,761)</u>	(13.6)

Significant changes from the prior year, as identified above, are as follows:

- Public and private programs decreased due to TIGER grant, Port Authority Grant and EDA grants received during 2014.
- Capital improvement fund decreased due to management decisions of the City.

CITY OF BAYONNE
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

CURRENT FUND FINANCIAL ANALYSIS (continued)

Current Fund Realized Revenues and Other Credits to Income by Source				
	Year Ended December 31,		Change Increase (Decrease)	
	2015	2014	Dollar	Percentage
Budgeted Operating Revenues:				
Fund Balance	\$ 6,421,172	\$ 14,900,000	\$ (8,478,828)	(56.9) %
Local Revenues	10,374,610	10,286,681	87,929	0.9
State Aid	8,829,801	9,032,464	(202,663)	(2.2)
Shared Service Agreements	-	120,000	(120,000)	(100.0)
Public and Private Programs	2,186,618	19,715,136	(17,528,518)	(88.9)
Other Special Items	22,197,506	19,505,006	2,692,500	13.8
Delinquent Taxes	40,182	68,683	(28,501)	(41.5)
Local Tax for Municipal Purposes	82,393,735	79,952,344	2,441,391	3.1
Subtotal	132,443,624	153,580,314	(21,136,690)	(13.8)
Non-Budget Revenues	2,125,715	2,269,943	(144,228)	(6.4)
Total Realized Revenues	134,569,339	155,850,257	(21,280,918)	
Other Credits to Income	4,555,642	2,387,930	2,167,712	90.8
Lapsed Appropriation Reserves	2,247,007	1,234,546	1,012,461	82.0
Total Realized Revenues and Other Credits to Income	<u>\$ 141,371,988</u>	<u>\$ 159,472,733</u>	<u>\$ (18,100,745)</u>	(11.4)

Significant changes from the prior year, as identified above, are as follows:

- Fund Balance decreased due to management decisions of the City.
- Public and private programs decreased due to TIGER grant, Port Authority Grant and EDA grants received during 2014.
- Delinquent taxes decreased due to less prior year taxes outstanding.
- Other credits to income decreased due to less interfunds returned during 2015.
- Lapsed appropriation reserves increased due to a higher balance reserved from the 2014 budget.

CITY OF BAYONNE
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

CURRENT FUND FINANCIAL ANALYSIS (continued)

A summary of the result of operations in the Current Fund, per the revenue and expenditure tables preceding, is as follows:

Results of Current Fund Operations	
Total Revenues	\$ 141,371,988
Less: Fund Balance Utilized as Budget Revenues	<u>6,421,172</u>
Total Revenues, Net of Fund Balance Utilized	134,950,816
Less: Total Expenditures and Charges	<u>134,738,062</u>
Results of Current Year Operations	212,754
Add: Emergencies to be Raised in Future Budgets	-
Fund Balance at December 31, 2014	<u>5,067,253</u>
Fund Balance at December 31, 2015	<u><u>\$ 5,280,007</u></u>

ANALYSIS OF BUDGET VS. ACTUAL

The following table represents revenues anticipated and budgeted appropriations for the year ended December 31, 2015, as well as the actual results for all items budgeted. Non-budgeted revenues and expenditures are not included on the following table.

Comparison of Budget vs. Actual			
	Budgeted	Actual	Variance
Budgeted Appropriations:			
Operations within "CAPS"	\$ 102,126,190	\$ 99,869,576	\$ 2,256,614
Operations excluded from "CAPS"			
Other Operations	1,820,000	1,773,778	46,222
Shared Service Agreements	120,000	120,000	-
Public and Private Programs	2,532,155	2,530,171	1,984
Debt Service	23,162,030	22,852,598	309,432
Deferred Charges	50,114	50,114	-
Reserve for Uncollected Taxes	<u>2,600,000</u>	<u>2,600,000</u>	<u>-</u>
	\$ 132,410,489	\$ 129,796,237	\$ 2,614,252
Appropriations Cancelled	<u>309,432</u>	<u>-</u>	<u>309,432</u>
	<u><u>\$ 132,101,057</u></u>	<u><u>\$ 129,796,237</u></u>	<u><u>\$ 2,304,820</u></u> (1)

The item noted as "(1)" in the above budget table represent amounts "reserved", or budgeted appropriations that will be available for expenditure in 2016.

CITY OF BAYONNE
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

ANALYSIS OF BUDGET VS. ACTUAL (continued)

Comparison of Budget vs. Actual			
	Budgeted	Actual	Variance
Anticipated Revenues:			
Fund Balance Utilized	\$ 6,421,172	\$ 6,421,172	\$ -
Miscellaneous Revenue Anticipated	45,150,562	43,588,535	(1,562,027)
Receipts from Delinquent Taxes	210,000	40,182	(169,818)
Local Tax for Municipal Purposes	80,628,755	82,393,735	1,764,980
Total Anticipated Revenues	<u>\$ 132,410,489</u>	<u>\$ 132,443,624</u>	<u>\$ 33,135</u>

Miscellaneous revenue collections exceeded amounts anticipated by \$33,135. Local revenues were under-budgeted by \$94,681 and other special items realized were under-budgeted by \$1,347,346. Collections of current taxes exceeded budgeted amounts by \$1,764,980

MUNICIPAL DEBT ADMINISTRATION

The following table summarizes the changes in capital debt for the year ending December 31, 2015:

	2015
Debt Issued and Outstanding	\$ 251,551,693
Authorized but not Issued	<u>7,049,746</u>
Total Debt Issued and Authorized but not Issued	<u>\$ 258,601,439</u>

The City's outstanding debt consists of Bond Anticipation Notes of \$58,020,000, General Capital Bonds of \$114,853,257, School Bonds of \$75,496,174, Parking Revenue Bonds of \$2,855,000, Green Trust Loans of \$226,791 and Demolition Loans of \$100,471. All such debt is described in further detail in Note D of the notes to financial statements.

The City did not have any Tax Anticipation Notes outstanding at December 31, 2015. This classification of debt does not affect the City's available Debt Margin.

**CITY OF BAYONNE
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

MUNICIPAL DEBT ADMINISTRATION (continued)

In addition, the City still has on its books debt authorized but not issued of \$7,049,746. The purpose of these authorizations are for various purposes, including fiscal year adjustment bonds, school improvements and refunding bonds, acquisition of land, refunding tax appeals, demolition of unsafe buildings, various capital improvements and the dissolution of the BLRA.

COMPONENT UNITS

Had this report been prepared in conformity with GAAP, the financial statements of the Bayonne Board of Education, Bayonne Housing Authority and Bayonne Municipal Utilities Authority would have been discretely presented with the financial statements of the City, the primary government or oversight entity. These financial statements are prepared in accordance with accounting practices as prescribed by the Division and, accordingly, do not include the financial statements of its component units.

CONTACTING THE CITY'S CHIEF FINANCIAL OFFICER

This financial report is designed to provide the citizens and taxpayers of the City of Bayonne with a general overview of the City's finances and to demonstrate the City's accountability for the appropriations it budgets and grants, state aid and taxes levied that it receives. If you have any questions about this report or need additional information, you may contact the Chief Financial Officer at 630 Avenue C, Bayonne, New Jersey, 07002 or at (201) 858-6047.

CITY OF BAYONNE
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

COMBINED BALANCE SHEETS - REGULATORY BASIS

	Current Fund	Federal and State Grants Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	Parking Utility Fund		Comparative Totals (Memorandum Only)	
						Operating	Capital	December 31, 2015	December 31, 2014
<u>Assets:</u>									
Cash and Cash Equivalents	\$ 22,098,339	\$ -	\$ 8,477,803	\$ 3,959,239	\$ -	\$ 1,190,250	\$ 607,609	\$ 36,333,240	\$ 46,555,359
Intergovernmental Receivables	2,888,631	-	-	-	-	-	-	2,888,631	3,558,976
Grants Receivable	-	6,035,695	3,803,213	2,344,217	-	-	-	12,183,125	26,096,042
Interfunds Receivable (Unreserved)	-	1,698,227	15,731	-	-	-	431,807	2,145,765	2,234,414
Receivables with Full Reserves:									
Delinquent Property Taxes	748,057	-	-	-	-	-	-	748,057	841,686
Tax Title Liens	654,855	-	-	-	-	-	-	654,855	617,705
Property Acquired for Taxes at Assessed Valuation	6,474,000	-	-	-	-	-	-	6,474,000	6,474,000
Revenue Accounts Receivable	789,415	-	-	-	-	-	-	789,415	2,147,315
Interfunds Receivable	125,990	-	-	-	-	-	-	125,990	698,155
Other Receivables	-	-	-	-	-	-	-	-	617,705
Deferred Charges	202,391	-	-	255,746,439	-	-	-	255,948,830	268,899,646
Fixed Capital	-	-	-	-	-	-	5,354,861	5,354,861	5,354,861
Fixed Capital Authorized and Uncompleted	-	-	-	-	-	-	1,445,483	1,445,483	1,445,483
Fixed Assets:									
Land	-	-	-	-	165,984,900	-	-	165,984,900	165,984,900
Building	-	-	-	-	10,233,265	-	-	10,233,265	10,233,265
Improvements	-	-	-	-	4,817,988	-	-	4,817,988	4,817,988
Machinery, Equipment and Other	-	-	-	-	21,309,349	-	-	21,309,349	21,309,349
Total Assets	\$ 33,981,678	\$ 7,733,922	\$ 12,296,747	\$ 262,049,895	\$ 202,345,502	\$ 1,190,250	\$ 7,839,760	\$ 527,437,754	\$ 567,886,849

(1) Includes Animal Control Fund, Insurance Trust Fund, Tax Lien Redemption Fund, Housing and Urban Development Grant Fund and Other Trust Funds.

See Accompanying Notes to Financial Statements

CITY OF BAYONNE
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

COMBINED BALANCE SHEETS - REGULATORY BASIS

	Current Fund	Federal and State Grants Fund	Trust Funds (1)	General Capital Fund	General Fixed Assets	Parking Utility Fund		Comparative Totals (Memorandum Only)	
						Operating	Capital	December 31, 2015	December 31, 2014
<u>Liabilities, Reserves and Fund Balance</u>									
Current Liabilities and Reserves:									
Notes Payable	\$ -	\$ -	\$ -	\$ 58,020,000	\$ -	\$ -	\$ -	\$ 58,020,000	\$ 90,435,000
Bonds Payable - Current Portion	-	-	-	9,000,133	-	-	195,000	9,195,133	8,090,903
Loans Payable - Current Portion	-	-	-	120,620	-	-	-	120,620	137,961
Prepaid Taxes, PILOTS and Overpayments	3,726,478	-	-	-	-	-	-	3,726,478	3,568,244
Contracts and Accounts Payable	688,623	-	75,519	1,461,135	-	-	-	2,225,277	633,879
Cash Overdraft	-	-	-	-	-	-	-	-	19,015
Intergovernmental Payables									
Bayonne Board of Education	-	-	-	-	-	-	450,000	450,000	450,000
State of New Jersey	22,222	-	35,898	-	-	-	-	58,120	67,147
Other Payables and Accruals	-	-	-	-	-	44,646	-	44,646	6,787
Taxes Payable:									
County of Hudson	23,387	-	-	-	-	-	-	23,387	13,153
Special Improvement Districts	494,558	-	-	-	-	-	-	494,558	253,388
Interfunds Payable	1,714,098	-	28,535	97,121	-	432,100	-	2,271,854	3,424,031
Appropriation Reserves	2,304,820	-	-	-	-	127,178	-	2,431,998	2,394,015
Improvement Authorizations	-	-	-	9,784,133	-	-	253,891	10,038,024	9,613,522
Reserve for:									
Encumbrances	1,582,091	229,428	-	-	-	58	-	1,811,577	1,729,174
Other Expenditures	9,353,077	-	8,297,827	1,837,218	-	-	335,518	19,823,640	34,403,066
Grant Expenditures	-	7,504,494	3,858,968	-	-	-	-	11,363,462	13,957,046
Retirement of Debt	-	-	-	-	-	-	-	-	626,596
Receivables and Other Assets	8,792,317	-	-	-	-	-	-	8,792,317	10,060,097
Noncurrent Liabilities:									
Loans Payable	-	-	-	206,642	-	-	-	206,642	466,716
Bonds Payable	-	-	-	181,349,298	-	-	2,660,000	184,009,298	185,080,520
Total Liabilities and Reserves	28,701,671	7,733,922	12,296,747	261,876,300	-	603,982	3,894,409	315,107,031	365,430,260
Reserve for Amortization	-	-	-	-	-	-	2,499,861	2,499,861	2,174,861
Reserve for Deferred Amortization	-	-	-	-	-	-	1,445,483	1,445,483	1,445,483
Investments in Fixed Assets	-	-	-	-	202,345,502	-	-	202,345,502	201,818,719
Fund Balance	5,280,007	-	-	173,595	-	586,268	7	6,039,877	17,100,523
Total Liabilities, Reserves and Fund Balance	\$ 33,981,678	\$ 7,733,922	\$ 12,296,747	\$ 262,049,895	\$ 202,345,502	\$ 1,190,250	\$ 7,839,760	\$ 527,437,754	\$ 587,969,846
Bonds and Notes Authorized But Not Issued				\$ 7,049,746					\$ 9,349,860

(1) Includes Animal Control Fund, Insurance Trust Fund, Tax Lien Redemption Fund, Housing and Urban Development Grant Fund and Other Trust Funds.

See Accompanying Notes to Financial Statements

CITY OF BAYONNE
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- REGULATORY BASIS

	Current Fund		General Capital Fund		Parking Utility Fund			
	Year Ended	Year Ended	Year Ended	Year Ended	Operating		Capital	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2014	
<u>Revenue and Other Income Realized</u>								
Fund Balance Utilized	\$ 6,421,172	\$ 14,900,000	\$ -	\$ -	\$ 120,000	\$ 70,000	\$ -	
Miscellaneous Revenues Anticipated	43,588,535	58,659,287	-	-	1,331,242	1,266,121	-	
Receipts from Delinquent Taxes	40,182	68,683	-	-	-	-	-	
Receipts from Current Taxes	171,699,645	167,331,053	-	-	-	-	-	
Non-Budget Revenues	2,125,715	2,269,943	-	-	-	-	-	
Other Credits to Income:								
Unexpended Balance of Appropriation Reserves	2,247,007	1,234,546	-	-	-	-	-	
Grant Appropriations Cancelled	4,183,887	-	-	-	-	-	-	
Premium on Issuance of Debt	-	-	-	643	-	-	-	
Prior Year Receivables Realized	-	2,233,732	-	-	-	-	-	
Prior Year Interfunds Returned	51,182	125,564	-	-	-	-	-	
Other Credits to Income	320,573	28,634	-	-	109,600	143,688	-	
	230,677,898	246,851,442	-	643	1,560,842	1,479,809	-	

<u>Expenditures</u>									
Budget and Emergency Appropriations.									
Operations									
Salaries and Wages	\$ 55,946,525	\$ 56,183,500	\$ -	\$ -	\$ 635,000	\$ 620,000	\$ -	\$ -	-
Other Expenses	32,028,634	31,947,996	-	-	641,750	579,500	-	-	-
Deferred Charges & Statutory Expenditures	14,151,031	13,168,650	-	-	100,000	96,000	-	-	-
Appropriations excluded from "CAP"									
Operations.									
Salaries and Wages	639,244	712,578	-	-	-	-	-	-	-
Other Expenses	3,832,911	22,995,956	-	-	-	-	-	-	-
Capital Improvements	-	200,000	-	-	-	-	-	-	-
Debt Service	22,854,067	22,977,580	-	-	-	-	-	-	-
Deferred Charges	50,114	550,000	-	-	-	-	-	-	-
Reserve for Uncollected Taxes	2,600,000	2,720,000	-	-	-	-	-	-	-
Special District Taxes	290,000	290,000	-	-	-	-	-	-	-

See Accompanying Notes to Financial Statements

CITY OF BAYONNE
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- REGULATORY BASIS

	Current Fund		General Capital Fund		Operating		Parking Utility Fund		Capital	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2014
<u>Expenditures (continued)</u>										
County Taxes	\$ 28,709,162	\$ 27,601,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amount Due County for Added and Omitted Taxes	23,387	94,880	-	-	-	-	-	-	-	-
Local District School Tax	60,283,361	59,392,474	-	-	-	-	-	-	-	-
Interfund Advances	109,731	698,155	-	-	-	-	-	-	-	-
Revenue Accounts Receivable Reserved	-	2,147,315	-	-	-	-	-	-	-	-
Refund of Prior Year Revenues	-	-	-	-	-	-	-	-	-	-
Refund of Prior Year Taxes	1,425,763	-	-	-	-	-	-	-	-	-
Appropriated Grants Receivable Cancelled	1,100,042	-	-	-	-	-	-	-	-	-
Other Charges to Income	-	1,685,093	-	-	-	-	-	-	-	-
	<u>224,043,972</u>	<u>243,365,532</u>	<u>-</u>	<u>-</u>	<u>1,376,750</u>	<u>1,295,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess in Revenue	\$ 6,633,926	\$ 3,485,910	\$ -	\$ 643	\$ 184,092	\$ 184,309	\$ -	\$ -	\$ -	\$ -
Deficit in Revenue	-	-	-	-	-	-	-	-	-	-
Adjustments to Income before Fund Balance.										
Expenditures Included Above Which are by Statute										
Deferred Charges to Budget of Succeeding Year										
Special Emerg. Appropriation - Superstorm Sandy	-	-	-	-	-	-	-	-	-	-
Emergency Appropriation - BLRA Dissolution	-	-	-	-	-	-	-	-	-	-
Statutory Excess to Fund Balance	6,633,926	3,485,910	-	643	184,092	184,309	-	-	-	-
Fund Balance, Beginning	5,067,253	16,481,343	173,595	172,952	560,530	446,221	7	7	7	7
	11,701,179	19,967,253	173,595	173,595	744,622	630,530	7	7	7	7
Decreased by:										
Utilized as Anticipated Revenue	6,421,172	14,900,000	-	-	120,000	70,000	-	-	-	-
Fund Balance, Ending	<u>\$ 5,280,007</u>	<u>\$ 5,067,253</u>	<u>\$ 173,595</u>	<u>\$ 173,595</u>	<u>\$ 624,622</u>	<u>\$ 560,530</u>	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 7</u>

See Accompanying Notes to Financial Statements

CITY OF BAYONNE
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED DECEMBER 31, 2015

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- REGULATORY BASIS - BUDGET VS. ACTUAL

	Current Fund			Parking Utility Operating Fund		
	Modified Budget	Actual	Variance	Modified Budget	Actual	Variance
<u>Revenue and Other Income Realized</u>						
Fund Balance Utilized	\$ 6,421,172	\$ 6,421,172	\$ -	\$ 120,000	\$ 120,000	\$ -
Miscellaneous Revenues Anticipated	45,150,562	43,588,535	(1,562,027)	1,256,750	1,331,242	74,492
Receipts from Delinquent Taxes	210,000	40,182	(169,818)	-	-	-
Receipts from Current Taxes - Net of Taxes for County, School District and Special Improvement District	80,628,755	82,393,735	1,764,980	-	-	-
Non-Budget Revenues		2,125,715	2,125,715	-	-	-
Other Credits to Income:						
Unexpended Balance of Appropriation Reserves	-	2,247,007	2,247,007	-	-	-
Grant Appropriations Cancelled	-	4,183,887	4,183,887	-	-	-
Prior Year Interfunds Returned	-	51,182	51,182	-	-	-
Other Credits to Income	-	320,573	320,573	-	109,600	109,600
	<u>\$ 132,410,489</u>	<u>141,371,988</u>	<u>8,961,499</u>	<u>\$ 1,376,750</u>	<u>1,560,842</u>	<u>184,092</u>
<u>Expenditures</u>						
Budget and Emergency Appropriations:						
Operations:						
Salaries and Wages	\$ 56,585,769	56,585,769	-	\$ 635,000	635,000	-
Other Expenses	35,861,545	35,861,545	-	325,000	325,000	-
Deferred Charges & Statutory Expenditures	14,201,145	14,201,145	-	100,000	100,000	-
Debt Service	23,162,030	22,854,067	(307,963)	316,750	316,750	-
Reserve for Uncollected Taxes	2,600,000	2,600,000	-	-	-	-
	<u>132,410,489</u>	<u>132,102,526</u>	<u>(307,963)</u>	<u>1,376,750</u>	<u>1,376,750</u>	<u>-</u>

See Accompanying Notes to Financial Statements

CITY OF BAYONNE
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED DECEMBER 31, 2015

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- REGULATORY BASIS - BUDGET VS. ACTUAL

	Current Fund			Parking Utility Operating Fund		
	Modified Budget	Actual	Variance	Modified Budget	Actual	Variance
<u>Expenditures (continued)</u>						
Interfund Advances	\$ -	\$ 109,731	\$ 109,731	\$ -	\$ -	\$ -
Refund of Prior Year Taxes	-	1,425,763	1,425,763	-	-	-
Appropriated Grants Receivable Cancelled	-	1,100,042	1,100,042	-	-	-
Other Charges to Income	-	-	-	-	-	-
	<u>\$ 132,410,489</u>	<u>134,738,062</u>	<u>2,327,573</u>	<u>\$ 1,376,750</u>	<u>1,376,750</u>	<u>-</u>
Excess in Revenue		\$ 6,633,926	\$ 6,633,926		\$ 184,092	\$ 184,092
Fund Balance, January 1		<u>5,067,253</u>	<u>5,067,253</u>		<u>560,530</u>	<u>560,530</u>
		11,701,179	11,701,179		744,622	744,622
Less: Utilized as Anticipated Revenue		<u>6,421,172</u>	<u>6,421,172</u>		<u>120,000</u>	<u>120,000</u>
Fund Balance, December 31		<u>\$ 5,280,007</u>	<u>\$ 5,280,007</u>		<u>\$ 624,622</u>	<u>\$ 624,622</u>

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Bayonne (the “City”) is a general-purpose government that is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. The City is organized as a Mayor – Council municipality under the provisions of N.J.S.A. 40:69A. The City is governed by an elected Mayor and Council, and by such other officers and employees as may be duly appointed. The Council consists of five members, two of which are elected at-large by voters of the City and serve a term of four years beginning on the first day of July next following their election. The Mayor is also elected directly by the voters of the City and also serves a term of four years beginning the first day of July following the election.

The financial statements of the City include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by N.J.S.A. 40A:5-5. The Governmental Accounting Standards Board (herein referred to as “GASB”) establishes criteria to be used to determine which component units should be included in the financial statements of the primary government (the City). The State of New Jersey, Department of Community Affairs, Division of Local Government Services (the “Division”) requires the financial statements of the City to be reported separately from its component units. If the provisions of GASB had been complied with, the financial statements of the following component units would have been discretely presented with the financial statements of the City:

Bayonne Board of Education	Bayonne Housing Authority
Bayonne Municipal Utilities Authority	Special Improvement District

Audit reports of the component units are available at the offices of each of the respective component units.

BASIS OF PRESENTATION

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

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION (continued)

The financial statements of the City have been prepared in conformity with accounting principles and practices prescribed by the Division, which differ from GAAP. The principles and practices prescribed by the Division are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through the following separate funds and account group, which differ from the fund structure required by GAAP.

DESCRIPTION OF FUNDS

Current Fund - is used to account for all resources and expenditures for governmental operations of a general nature. The Federal and State Grant Fund is presented with the Current Fund.

Trust Funds - are used to account for receipts, custodianship and disbursement of dedicated revenues in accordance with the purpose for which each reserve was created, subject to available cash in each individual trust fund reserve established pursuant to state statutes or as an agent for individuals and other governmental agencies.

General Capital Fund - is used to account for the receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund or other funds. Also included in this fund are bonds and notes payable offset by deferred charges to future taxation.

Parking Utility Fund – is used to account for operations and acquisition of capital facilities of the City owned Parking Utility. The Utility Operating Fund records revenues and expenditures applicable to the general operation of the program to provide parking management services in the City. The Utility Capital Fund is used to account for capital acquisitions and improvements used to support the City's parking management functions, and the related debt issued to finance such acquisitions and improvements.

General Fixed Assets - is not a separate fund type, but is an account group used to account for all fixed assets of the City.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DESCRIPTION OF FUNDS (continued)

The accounts of the City are maintained in accordance with the Division's principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The Division's principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The General Fixed Assets account group, on the other hand, is a financial reporting device designed to provide accountability for certain fixed assets and the investment in those fixed assets that are not recorded in the funds because they do not directly affect net expendable available financial resources.

BASIS OF ACCOUNTING

The City prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis 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 current financial resource focus and modified accrual basis of accounting is generally followed with significant exceptions which are explained as follows:

Revenues – Revenues are realized when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal revenue sharing funds and other Federal and State grants are realized as revenue when anticipated in the budget. Receivables for property taxes and other amounts that are due to the City are recorded with offsetting reserves on the balance sheet of the Current Fund. Such amounts are not recorded as revenue until collected. Accordingly, no provision has been made to estimate that portion of receivables that are uncollectible. Taxes and payments in lieu of taxes collected in advance are recorded as cash liabilities in the financial statements. GAAP requires revenues to be recognized in the accounting period when they become measurable and available and in certain instances reduced by an allowance for doubtful accounts.

Reserve for Uncollected Taxes—Reserve for Uncollected Taxes is the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year. It is required to provide assurance that cash collected for taxes in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Expenditures—Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Appropriation reserves covering unexpended appropriation balances are automatically created at the end of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriations for principal and interest payments on general capital indebtedness are provided on the cash basis. GAAP requires expenditures in the current (or general) fund, to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt, which should be recognized when due.

Encumbrances— Encumbrances are contractual orders outstanding at year end reported as expenditures through the establishment of an encumbrance payable. Outstanding encumbrances at year end are reported as a cash liability in the financial statements. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves—Appropriations are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Transfers are allowed between certain line items during the first three months of the fiscal year. Lapsed appropriation reserves are recorded as other credits to income. Appropriation Reserves do not exist under GAAP.

Interfunds - Advances from the current fund are reported as interfunds receivable with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfunds receivable in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies- The costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Property Acquired for Taxes—Property Acquired for Taxes is recorded in the current fund at the assessed valuation when such property was acquired and is subsequently updated for revaluations. The values of the properties are fully reserved. GAAP requires such property to be recorded as a fixed asset at market value on the date of acquisition.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Deferred Charges to Future Taxation - Funded and Unfunded - Upon the authorization of general capital projects, the City establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized costs of capital projects. The City may levy taxes on all taxable property within the City 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. GAAP does not require the establishment of deferred charges to future taxation.

Fixed Capital and Fixed Capital Authorized and Uncompleted - The full amount of an authorized Utility Capital project or acquisition is recorded as Fixed Capital Authorized and Uncompleted, until that time when the authorized funds are used to purchase the acquisition or the capital project is completed, when it then is reclassified as Fixed Capital.

Reserve for Amortization and Deferred Amortization - The funded amount of authorized Utility Capital authorizations are recorded upon ordinance adoption as a Reserve for Deferred Amortization. Principal payments on bonds or pay-downs on notes issued to finance these authorizations are amortized to the reserve for amortization if the project is completed or the deferred amortization if the project is not completed. Upon the completion of capital projects or acquisition of capital assets authorized, the reserve for deferred amortization is reclassified as reserve for amortization.

Compensated Absences and Post-Employment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources to be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

Improvement Authorizations—Improvement Authorizations in the general capital fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the current fund. GAAP does not recognize these amounts as liabilities.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

General Fixed Assets-Accounting for Governmental Fixed Assets as promulgated by the Division differs in certain respects from GAAP, and requires the inclusion of a statement of general fixed assets as part of the City's basic financial statements.

Fixed assets used in governmental operations (general fixed assets) are accounted for in an account group identified as "General Fixed Assets" and are not included within the records of any fund types. Purchases from these funds for fixed assets are recorded as expenditures within the fund. Public domain (infrastructure) general fixed assets consisting of certain improvements, other than improvements to buildings, such as improvements to roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, are not capitalized.

All fixed assets, except land, are valued at historical cost or estimated historical cost if actual historical cost is not available. Expenditures for construction in progress are recorded in the Capital Fund against authorizations under which the project was approved until such time as the construction is completed and put into operation.

The City is required to maintain a subsidiary ledger of detailed records of fixed assets and to provide property management standards to control fixed assets. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than five years and an acquisition cost of \$5,000 or more per unit.

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

No depreciation has been provided in the financial statements.

GAAP requires the recording of infrastructure assets and requires capital assets be depreciated over their estimated useful life unless they are either inexhaustible or are infrastructure assets reported using the modified approach.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities, 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. Actual results could differ from these estimates.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Cash and Investments - New Jersey governmental units are required to deposit public funds in a public depository. Public depositories are defined by statutes as any State or federally chartered bank, savings bank or an association located in New Jersey or a state or federally chartered bank, savings bank or an association located in another state with a branch office in this State, the deposits of which are insured by the Federal Deposit Insurance Corporation ("FDIC") and which receives or holds public funds on deposit, but does not include deposits held by the State of New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The City is also required to annually adopt a cash management plan and to deposit or invest its funds pursuant to the cash management plan. The cash management plan adopted by the City requires it to deposit funds as permitted in N.J.S.A 40:5-15.1, so long as the funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey and requires all public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

In 2009, legislation revised GUDPA to provide higher levels of security and oversight appropriate to contemporary banking conditions. Among the increased protections and oversight, the revised GUDPA ensures a common level of deposit risk by each bank choosing to accept local government deposits, requires banks to fully collateralize deposits over \$200 million, implements enforcement protocol which allows the Department of Banking and Insurance to institute risk-based collateral requirements promptly when a bank shows signs of stress, provides enhanced oversight by the Department of banking and insurance and permits GUDPA certificates to be provided through an online system.

Cash Equivalents include certificate of deposits with a maturity date of less than three (3) months.

Also see Note B - Cash and Cash Equivalents.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Budgets and Budgetary Accounting- An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the Division in accordance with the Local Budget Law. Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements. The budgetary requirements herein outlined are applicable to only the Current Fund, and not the Trust Fund, General Capital Fund or the General Fixed Assets account group. However, statutes require the City to adopt annually a six-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

The City must adhere to procedures for adoption of its annual budget as established by the Division. These procedures include statutory deadlines of: February 20 for introduction and approval and March 20 for adoption. These dates are subject to extension by the Division by approval of the Local Finance Board. Appropriations within the adopted budget cannot be modified until the final two months of the year at which time transfers between certain line items are allowed. Under certain circumstances emergency authorizations and insertions of items of revenue and appropriation are allowed by authorization of the governing body, subject to approval of the Division.

The City must prepare its budgets in compliance with applicable laws capping the amounts by which both the budgeted appropriations and tax levy can be increased. A description of both "CAPS" follows:

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the City is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the traditional federal government inflation calculation. The City can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap spending to 3.5%, upon passage of a COLA Rate Ordinance.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It establishes limits on the increase in the total City amount to be raised by taxation (tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation, net of any applicable cap base adjustments and emergency or special emergency appropriations.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Long-Term Obligations - General long-term debt is recognized as a liability of the General Capital Fund for the full amount.

Reserves (Other than Reserve for Receivables)- Reserves, other than reserves for receivables, are considered liabilities, and not as a reservation of fund balance.

Reserves for Receivables—Receivables of the City, with the exception of certain intergovernmental receivables, are offset on the balance sheet with a credit that is created to preserve the revenue recognition basis required by the Division's accounting policies. The reserve delays the recognition of these revenues until they are received in cash.

Advertising Costs -Advertising costs are charged against the appropriate budget line as they occur. The City does not engage in direct-response advertising.

Sale of Municipal Assets - The proceeds of the sale of municipal assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

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

BASIC FINANCIAL STATEMENTS

The GASB Codification also requires 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.

Total Columns on Combined Statements -Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIC FINANCIAL STATEMENTS (Continued)

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

Reclassifications -Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. These reclassifications had no effect on fund balance or changes in fund balance.

Reconciliation of Accounting Basis - As described throughout Note A, substantial differences exist between GAAP and the budgetary basis prescribed by the Division. Reconciliation between the two would not be meaningful or informative and therefore is not provided herein.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

The City has elected to utilize the Comprehensive Annual Financial Report ("CAFR") format for presentation of its audited financial statements. Where necessary, this format was modified to comply with reporting requirements prescribed by the Division. Some of the differences not already noted in the previous sections are described as follows:

All funds are reported as major. No distinction between major and non-major funds is required by the Division, therefore related information such as combining statements are not required. GAAP requires this distinction. No government-wide statements as required under GAAP are presented, instead, combined statements of fund types and account groups are presented which better represents the basis of account prescribed by the Division.

Certain information, including pension and other post-employment benefits, typically required by GAAP to be included in a "Required Supplementary Information" section is instead included in the Notes to Financial Statements.

The City's CAFR includes a section titled supplementary information. This section incorporates budgetary comparison schedules similar to those required by GAAP, but also includes other detailed schedules which comply with accounting practices prescribed by the Division.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE B. CASH, CASH EQUIVALENTS AND INVESTMENTS

DEPOSITS

Cash and cash equivalents on deposit as of the years ended December 31, 2015 and 2014 are partially insured by the FDIC up to \$250,000 for each depository. Deposits in excess of FDIC limits, as noted below, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the GUDPA (see Note A - Cash and Investments) or are on deposit with the MBIA Government Investment Pool, New Jersey Asset and Rebate Management Program (NJARM) and New Jersey Cash Management Fund.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized.
- b. Collateralized with securities held by the pledging financial institution.
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

As of December 31, 2015, 49.37% of the City's deposits were with one financial institution and 37.64% with another, for a total of 87.01% of the City's deposits with two financial institutions. The City's deposits of cash and cash equivalents at December 31, 2015 are summarized in the following table.

Insured - FDIC	\$ 1,183,802
Insured - GUDPA	35,809,549
	<u>\$ 36,993,351</u>

Under GUDPA, financial institutions are not required to pledge collateral for amounts covered by FDIC insurance. For the period of December 1, 2010 to December 31, 2015, noninterest-bearing transaction accounts are insured by the Dodd-Frank Deposit Insurance Provision of the FDIC. The amount noted as "GUDPA Insured" above includes deposits covered by the Dodd-Frank Provision as well as GUDPA.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the City's deposits as of December 31, 2015 are known to be held in foreign currency.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

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

INVESTMENTS

New Jersey statutes permit the City to purchase the following types of securities when authorized by the cash management plan (described in note A):

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- Government money market mutual funds.
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units.
- Local government investment pools.
- Deposits with the State of New Jersey Cash Management Fund.
- Agreements for the repurchase of fully collateralized securities if (a) the underlying securities are permitted investments pursuant to the first and third bullets of this section, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

Custodial Credit Risk - In the case of investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty or its trust department or agent, but not in the City's name.

Foreign Currency Risk - Investments are also exposed to the same foreign currency risk as deposits. It is the risk that changes in exchange rates will adversely affect investments. The City does not have any investments known to be denominated in foreign currency as of December 31, 2015 and 2014.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

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

INVESTMENTS (continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy regarding the management of credit risk.

Concentration of Credit Risk - The City places no formal limit on the amount it may invest in any one issuer. New Jersey Statutes limit municipal investments to those specified, and as summarily identified in the first paragraph of the “Investments” section of this Note.

Government Investment Pools consist of investments in the New Jersey Cash Management Fund, MBIA Municipal Investors Service Corporation and NJ Asset Rebate and Management Program (NJARM). Because of their liquidity, these investments are classified as cash and cash equivalents on the financial statements of the City.

New Jersey Cash Management Fund - All investments in the New Jersey Cash Management Fund are governed by the regulations of the State Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In addition to the Investment Council regulations, the Division of Investment sets further standards for specific investments and monitors the credit of all eligible securities issues on a regular basis. In all the years of the Division of Investment’s existence, it has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated in the New Jersey Cash Management Fund as additional protection for the other-than-State participants, which includes the City. The City does not own specific identifiable securities, but instead has a net realizable interest in the joint value of the fund. There is no credit rating available for the New Jersey Cash Management Fund. As of December 31, 2015 and 2014, the City had balances of \$-0, and \$5,796, respectively, in the New Jersey Cash Management Fund. These balances represent less than 1%, each year, of total deposits and investments at December 31, 2015 and 2014.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

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

INVESTMENTS (continued)

MBIA Municipal Investors Service Corporation– The State of New Jersey provides oversight for this government investment pool, whereas all securities purchased are required to be in compliance with New Jersey State Statutes and held in a third party custody account. MBIA uses the amortized cost method of reporting investments. The City does not own specific, identifiable securities, but instead has a net realizable interest in the joint value of the pool. There is no credit rating available for the MBIA government investment pool. As of December 31, 2015 and 2014, the City had balances of \$-0-, respectively, in the MBIA Government Investment Pool. These balances represent 0%, respectively, of total deposits and investments at December 31, 2015 and 2014.

New Jersey Asset and Rebate Management Program– The NJARM is a financial organization created exclusively for New Jersey local governments. The Program was designed to help achieve excellence in the governmental unit's investment program. Created as a joint investment trust under the Interlocal Services Act, NJARM provides participants with investment and arbitrage compliance services for both bond proceeds and general operating funds. There is no credit rating available for the NJARM. As of December 31, 2015 and 2014, the City had balances of \$-0-, respectively, in the NJARM Program. These balances represent 0%, each year, of total deposits and investments at December 31, 2015 and 2014.

Money Market Accounts – As of December 31, 2015 and 2014, the City's Parking Utility Fund invested \$607,609 and \$747,815, respectively, in FDIC-insured money market "buckets". Due to their liquidity, these funds are considered cash and cash equivalents on the City's financial statements.

NOTE C. PROPERTY TAXES

PROPERTY TAX CALENDAR

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1 and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with State statutes. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budget of the entities that follow:

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE C. PROPERTY TAXES (continued)

PROPERTY TAX CALENDAR (continued)

School Taxes -The City is responsible for levying, collecting and remitting school taxes for the local school district. Monies are forwarded to the school district monthly. Operations is charged for the full amount due to operate the local school district, and is based upon the annual County certification of apportionment of levies. As of December 31, 2015 and 2014, the City had no school taxes payable. The school tax levy collected by the City during the year ended December 31, 2015 and 2014, amounted to \$60,283,361 and \$59,392,474, respectively.

County Taxes - The City is responsible for levying, collecting and remitting county taxes for the County of Hudson. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. Monies are forwarded to the County on a quarterly basis. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year. As of December 31, 2015 and 2014, the City had County taxes payable of \$23,387 and \$94,880, respectively. The total County tax levied to City taxpayers during the year ended December 31, 2015 and 2014 amounted to \$28,732,549 and \$27,696,235, respectively.

Special Improvement District -The City is responsible for levying, collecting and remitting Special Improvement District (SID) taxes. The SID taxes are derived from assessments made upon the members within the SID and billed through the quarterly property tax bills as noted above. Monies are forwarded to the SID on a quarterly basis. As of December 31, 2015 and 2014, the City had Special Improvement District taxes payable of \$494,558 and \$364,928, respectively. The amount of Special Improvement District Tax levied and collected by the City amounted to \$290,000, each year, during the year ended December 31, 2015 and 2014.

PROPERTY TAXES RECEIVABLE

Reserve for Uncollected Taxes - Reserve for Uncollected Taxes is a non-spending item of appropriation required by statute to be included in the City's annual budget. This appropriation protects the City from taxes not paid currently by providing assurance that cash collected in the current year will provide sufficient cash flow to meet obligations as they become due. The minimum amount required to be appropriated in the budget is determined by the percentage of collections experienced in the immediate preceding year, unless the three-year average option is chosen. For the year ended December 31, 2015 and 2014, the budgeted reserve for uncollected taxes was \$2,600,000 and \$2,720,000, respectively.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE C. PROPERTY TAXES (continued)

PROPERTY TAXES RECEIVABLE (continued)

Delinquent Taxes and Tax Title Liens - As described in Note A, taxes receivable and tax title liens are realized as revenue when collected. Uncollected receivables are fully reserved, so no provision is made for the uncollectible portions of these taxes. As of December 31, 2015 and 2014, property taxes receivable were \$748,057 and \$841,686, respectively and tax title liens receivable were \$654,855 and \$617,705, respectively.

Property Acquired by Tax Title Lien Liquidation – In lieu of a traditional tax sale, the City once again conducted a bulk levy sale and sold the balance due of its tax levy for the fiscal year ended December 31, 2015 to a third party purchaser. The sale included all properties except those which were in bankruptcy or subject to an existing municipal lien. The City received the full value of the balance due plus a premium of \$401,000. The City continues to collect the taxes and any interest due and forwards those amounts weekly to the purchaser. There were no additional properties acquired by tax title lien liquidation during the year ended December 31, 2015 and 2014. The value of properties acquired by tax title lien liquidation as of December 31, 2015 and 2014 was \$6,474,000, each year.

Prepaid Taxes - Taxes collected in advance are recorded as cash liabilities in the financial statements. Prepaid taxes as of December 31, 2015 and 2014 were \$770,182 and \$681,936, respectively.

Tax Overpayments - Overpaid taxes collected during the year and due to taxpayers either as a refund or tax credit are recorded as cash liabilities in the financial statements. Tax overpayments as of December 31, 2015 and 2014 were \$2,956,296 and \$2,859,063, respectively.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT

SUMMARY OF MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds to finance general municipal and utility capital expenditures. Most bonds are retired in serial installments within the statutory period of usefulness. Other bonds may be term bonds with sinking fund requirements. 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 or retired by the issuance of bonds.

School Debt (Included as Obligations of the City) - The City of Bayonne Board of Education is a Type I School District, as such, bonds and notes issued and authorized by the Board of Education are general obligations of the City. As of January 2015, Bayonne Board of Education is now classified as a Type II School District. These obligations are accordingly reported on the balance sheet of the City's General Capital Fund and are accordingly included in the summary of municipal debt.

At December 31, 2015 and 2014, the City's statutory debt is summarized as follows:

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

SUMMARY OF MUNICIPAL DEBT

	Dec. 31, 2015	Dec. 31, 2014
<u>Issued:</u>		
General:		
Fiscal Year Adjustment Bonds	\$ -	\$ 665,000
General Serial Bonds	114,853,257	113,885,134
Green Acres Trust Loan	226,791	266,491
Demolition Loan	100,471	200,225
Bond Anticipation Notes	58,020,000	59,625,140
Self-Liquidating Purposes:		
Parking Revenue Bonds	2,855,000	3,020,000
School:		
School Serial Bonds	75,496,174	79,751,385
School Promissory Notes	-	7,149,375
Gross Statutory Debt Issued	251,551,693	264,562,750
Less Statutory Deductions to Debt Limit:		
Bonds and Notes for School Purposes	(75,496,174)	(86,900,760)
NJSA 40:2-52 Refunding Bonds - Pension Refunding	(14,980,000)	(15,250,000)
Self-Liquidating Purposes	(2,855,000)	(3,020,000)
Funds Held to Pay Bonds and Notes	(1,341,641)	(6,322,000)
Net Debt Issued	156,878,878	153,069,990
<u>Authorized but not Issued:</u>		
General:		
Fiscal Year Adjustment Bond Refunding	-	27,293
General Improvements	3,349,746	3,371,937
School Improvements	3,700,000	3,700,630
Gross Authorized but not Issued	7,049,746	7,099,860
Less Statutory Deductions:		
Applicable for School Purposes	(3,700,000)	(3,700,630)
Net Debt Authorized but Not Issued	3,349,746	3,399,230
Net Bonds and Notes Issued and Authorized but not Issued	\$ 160,228,624	\$ 156,469,220

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

SUMMARY OF MUNICIPAL DEBT (continued)

The City's long-term debt is summarized below:

	Balance Dec. 31, 2014	Issued	Retirements	Balance Dec. 31, 2015	Due by Dec. 31, 2016
<u>General Capital Fund:</u>					
Fiscal Year Adjustment Bonds	\$ 665,000	\$ -	\$ 665,000	\$ -	\$ -
General Serial Bonds	113,885,134	3,020,000	2,051,877	114,853,257	2,659,893
School Serial Bonds	79,751,385	1,639,000	5,894,211	75,496,174	6,340,240
Green Acres Trust Loan	266,491	-	39,700	226,791	40,499
Demolition Loan	200,225	-	99,754	100,471	100,471
<u>Parking Utility Capital Fund:</u>					
Parking Revenue Bonds	3,020,000	50,000	215,000	2,855,000	195,000
	<u>\$ 197,788,235</u>	<u>\$ 4,709,000</u>	<u>\$ 8,965,542</u>	<u>\$ 193,531,693</u>	<u>\$ 9,336,103</u>

Debt Refunding

During the year ended December 31, 2015, the City renewed or refunded School Promissory Notes and Bond Anticipation Notes, the proceeds of which were used to pay the principal of the maturing notes less statutory minimum payments appropriated through the Current Fund budget. School Promissory Notes and Bond Anticipation Notes are more fully discussed herein.

Qualified Bonds

Certain bonds of the City are issued pursuant to the Municipal Qualified Bond Act. Under this act, portions of State Aid revenues are withheld by the State of New Jersey and forwarded directly to paying agents for principal and interest payments of such bonds. The City is responsible to certify maturity schedules of the qualified bonds to the State. During the year ended December 31, 2015 and 2014, the State of New Jersey paid \$7,343,853 and \$7,177,532, respectively of qualified bond interest and principal maturities directly to paying agents on behalf of the City in lieu of State Aid.

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

BONDS PAYABLE

Fiscal Year Adjustment Refunding Bonds Payable

During the 2015 year, the City paid off the remaining debt with regards to the fiscal year adjustment refunding bond. The following table is a summary of the activity for such debt during the year ended December 31, 2015:

Summary of Fiscal Year Adjustment Refunding Bond Activity			
Description	Balance Dec. 31, 2014	Decrease	Balance Dec. 31, 2015
Fiscal Year Adjustment Refunding Bonds			
Issued 4/1/2003 for \$4,100,000			
Maturing annually from 2009 to 2015			
Bearing variable interest rates ranging from 4.0% to 5.0%	\$ 665,000	\$ 665,000	\$ -
	<u>\$ 665,000</u>	<u>\$ 665,000</u>	<u>\$ -</u>

General Serial Bonds Payable

The City has outstanding at December 31, 2015 various general serial bond debt issues. The following table is a summary of the activity for such debt during the year ended December 31, 2015 and the short-term liability for each issue:

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

BONDS PAYABLE (continued)

General Serial Bonds Payable (continued)

Description	Summary of General Serial Bonds Activity				Balance Dec. 31, 2015	Due by Dec. 31, 2016
	Balance Dec. 31, 2014	Increase	Decrease	Refunded		
Employee Retirement Incentive Refunding Bonds Issued 1/15/2003 for \$15,795,000 Maturing annually from 2011 to 2033 Bearing variable interest rates ranging from 5.05% to 5.68%	\$ 15,250,000	\$ -	\$ 270,000	\$ -	\$ 14,980,000	\$ 320,000
Capital Appreciation Bonds Issued 7/3/2003 for \$6,123,000 Maturing annually from 2011 to 2023 Bearing variable interest rates ranging from 3.55% to 5.17%	4,193,134	-	424,877	-	3,768,257	399,893
Hudson County Improvement Authority Issued 10/24/2008 for \$10,000,000 Maturing annually from 2011 to 2025 Bearing an interest rates of 7.5%	8,065,000	-	270,000	-	7,795,000	850,000
General Improvement Infrastructure Bond Issued 6/24/2009 for \$67,625,000 Maturing annually from 2010 to 2039 Bearing variable interest rates ranging from 4.0% to 5.75%	67,040,000	-	290,000	-	66,750,000	355,000
Redevelopment Agency Revenue Bonds Issued 8/15/2013 for \$13,225,000 Maturing annually from 2014 to 2038 Bearing variable interest rates ranging from 5.4% to 7.625%	13,015,000	-	220,000	(11,755,000)	1,040,000	235,000
Special Assessment Bonds Issued 11/19/2014 for \$6,322,000 Maturing annually from 2015 to 2034 Bearing variable interest rates ranging from 2.25% to 5.00%	6,322,000	-	322,000	-	6,000,000	320,000
General Obligation Refunding Bonds Issued 6/10/2015 for \$3,020,000 plus refunding of Redevelopment Agency Revenue Bonds in amount of \$11,755,000 Maturing annually from 2015 to 2038 Bearing variable interest rates ranging from 2.000% to 4.125%	-	3,020,000	255,000	11,755,000	14,520,000	180,000
	<u>\$ 113,885,134</u>	<u>\$ 3,020,000</u>	<u>\$ 2,051,877</u>	<u>\$ -</u>	<u>\$ 114,853,257</u>	<u>\$ 2,659,893</u>

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

BONDS PAYABLE (continued)

General Serial Bonds Payable (continued)

In a prior year, the City elected to participate in the Early Retirement Incentive (ERI) Program for employees covered by PERS, PFRS and TPAF. On February 6, 2003, the City issued Federally Taxable Pension Refunding Bonds, Series 2003, in the amount of \$15,795,000, the proceeds of which were used to pay the pension liabilities. These bonds are included in the above general serial bonds payable.

School Serial Bonds Payable

The City has outstanding at December 31, 2015 various school serial bond debt issues. The following table is a summary of the activity for such debt during the year ended December 31, 2015 and the short term liability for each issue:

Summary of School Serial Bonds Activity						
Description	Balance Dec. 31, 2014	Increase	Decrease	Refunded	Balance Dec. 31, 2015	Due by Dec. 31, 2016
School Refunding Bonds						
Issued 4/1/2003 for \$3,965,000						
Maturing annually from 2016 to 2023						
Bearing variable interest rates ranging from 5.0% to 5.5%	\$ 3,965,000	\$ -	\$ -	\$ -	\$ 3,965,000	\$ 410,000
Capital Appreciation Bonds						
Issued 2/15/2003 for \$4,753,739						
Maturing annually from 2010 to 2022						
Bearing variable interest rates ranging from 4.075% to 4.974%	2,659,283	-	355,260	-	2,304,023	369,188
Capital Appreciation Bonds						
Issued 7/3/2003 for \$12,381,097						
Maturing annually from 2012 to 2023						
Bearing variable interest rates ranging from 3.75% to 4.96%	8,933,102	-	1,048,951	-	7,884,151	1,051,052
School Bonds						
Issued 12/2/2004 for \$55,309,000						
Maturing annually from 2006 to 2024						
Bearing variable interest rates ranging from 4.125% to 4.5%	6,300,000	-	2,700,000	-	3,600,000	315,000
School Bonds (NJ School Bond Reserve Act)						
Issued 10/24/2008 for \$15,636,000						
Maturing annually from 2009 to 2030						
Bearing variable interest rates ranging from 6.0% to 6.25%	15,186,000	-	300,000	(13,836,000)	1,050,000	325,000

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

BONDS PAYABLE (continued)

School Serial Bonds Payable (continued)

Summary of School Serial Bonds Activity - continued						
Description	Balance Dec. 31, 2014	Increase	Decrease	Refunded	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Early Retirement Incentive Refunding Bonds						
Issued 5/7/2009 for \$10,920,000						
Maturing annually from 2010 to 2021						
Bearing variable interest rates ranging from 3.0% to 6.25%	\$ 7,180,000	\$ -	\$ 860,000	\$ -	\$ 6,320,000	\$ 905,000
School Bonds						
Issued 11/19/2014 for \$6,121,000						
Maturing annually from 2015 to 2034						
Bearing variable interest rates ranging from 2.25% to 5.00%	6,121,000	-	215,000	-	5,906,000	220,000
School Bonds						
Issued 11/19/2014 for \$1,027,000						
Maturing annually from 2015 to 2021						
Bearing variable interest rates ranging from 2.00% to 3.25%	1,027,000	-	140,000	-	887,000	140,000
School Refunding Bonds						
Issued 8/13/2014 for \$28,380,000						
Maturing annually from 2016 to 2025						
Bearing variable interest rates ranging from 3.0% to 5.0%	28,380,000	-	-	-	28,380,000	2,505,000
School Bonds (NJ School Bond Reserve Act)						
Issued 6/10/2015 for \$1,639,000 plus refunding of old School Bonds in amount of \$13,836,000						
Maturing annually from 2015 to 2030						
Bearing variable interest rates ranging from 2.0% to 5.0%	-	1,639,000	275,000	13,836,000	15,200,000	100,000
	<u>\$ 79,751,385</u>	<u>\$ 1,639,000</u>	<u>\$ 5,894,211</u>	<u>\$ -</u>	<u>\$ 75,496,174</u>	<u>\$ 6,340,240</u>

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D.MUNICIPAL DEBT (continued)

BONDS PAYABLE (continued)

Parking Utility Capital Fund - Revenue Bonds Payable

The City has outstanding at December 31, 2015 various Parking Utility Bonds. The following table is a summary of the activity for such debt during the year ended December 31, 2015 and the short term liability for each issue:

Summary of Parking Revenue Bond Activity						
Description	Balance Dec. 31, 2014	Increase	Decrease	Refunded	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Parking Revenue Bonds						
Issued 6/15/2007 for \$4,000,000						
Maturing annually from 2007 to 2027						
Bearing an interest rate of 5%	\$ 3,020,000	\$ -	\$ 170,000	\$(2,480,000)	\$ 370,000	\$ 180,000
Parking Utility Refunding Bonds						
Issued 6/10/2015 for \$50,000 plus						
refunding of parking revenue bonds						
in amount of \$2,480,000						
Maturing annually from 2015 to 2027						
Bearing variable interest rates ranging						
from 2.0% to 5.0%	-	50,000	45,000	2,480,000	2,485,000	15,000
	<u>\$ 3,020,000</u>	<u>\$ 50,000</u>	<u>\$ 215,000</u>	<u>\$ -</u>	<u>\$ 2,855,000</u>	<u>\$ 195,000</u>

The Parking Utility Fund had an excess in revenues for the year ended December 31, 2015 and therefore qualifies as self-liquidating. That calculation is provided below. An excess in revenues allows the entire amount of Parking Revenue Bonds outstanding, \$2,855,000, to be deducted from the gross debt of the City.

Self-Liquidating Utility Calculation	
Total Cash Receipts from Fees, Rents or Other Charges	\$ 1,326,734
Operating and Maintenance Cost	\$ 932,822
Debt Service:	
Interest	146,750
Principal	170,000
	<u>1,249,572</u>
Excess in Revenues	<u>\$ 77,162</u>

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D.MUNICIPAL DEBT (continued)

LOANS PAYABLE

Demolition Loans Payable

The City has outstanding at December 31, 2015 a loan agreement with the NJ Department of Community Affairs for the demolition of unsafe buildings. The following table is a summary of the activity for such debt during the year ended December 31, 2015 and the short term principal liability:

Summary of Demolition Loan Activity				
Description	Balance Dec. 31, 2014	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Demolition Loan				
Issued 10/23/2006 for \$973,021				
Maturing annually from 2007 to 2016				
Bearing an interest rate of 0.720%	\$ 200,225	\$ 99,754	\$ 100,471	\$ 100,471
	<u>\$ 200,225</u>	<u>\$ 99,754</u>	<u>\$ 100,471</u>	<u>\$ 100,471</u>

Green Trust Loans Payable

The City has outstanding at December 31, 2015 various Green Trust Loans. The following table is a summary of the activity for such debt during the year ended December 31, 2015 and the short term principal liability for each issue:

Summary of Green Trust Loans Activity				
Description	Balance Dec. 31, 2014	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
1983 Green Trust				
Issued 1998 for \$450,000				
Maturing annually from 1999 to 2018				
Bearing variable interest rates	\$ 94,135	\$ 26,230	\$ 67,905	\$ 26,757
1995 GFB				
Issued 2006 for \$171,000				
Maturing annually from 2007 to 2026				
Bearing variable interest rates	108,755	8,500	100,255	8,671
95GT				
Issued 2006 for \$100,000				
Maturing annually from 2007 to 2026				
Bearing variable interest rates	63,601	4,970	58,631	5,071
	<u>\$ 266,491</u>	<u>\$ 39,700</u>	<u>\$ 226,791</u>	<u>\$ 40,499</u>

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D.MUNICIPAL DEBT (continued)

DEBT SERVICE REQUIREMENTS TO MATURITY

The repayment schedule of annual debt service principal and interest for the next five years, and five year increments there-after, for bonds issued and outstanding is as follows:

Schedule of Debt Service Requirements to Maturity - Bonds Issued and Outstanding								
Year Ended	General Serial Bonds		School Serial Bonds		Parking Revenue Bonds		Total	Total
Dec. 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	2,659,893	6,257,167	\$ 6,340,240	\$ 3,973,697	\$ 195,000	\$ 119,300	\$ 9,195,133	\$ 10,350,164
2017	3,115,214	6,332,419	6,384,817	3,887,740	205,000	109,750	9,705,031	10,329,909
2018	2,890,234	6,222,412	6,765,362	3,893,719	205,000	104,700	9,860,596	10,220,831
2019	2,965,180	6,131,200	6,810,597	3,747,534	210,000	100,600	9,985,777	9,979,334
2020	3,074,837	6,004,194	7,024,122	3,574,403	220,000	92,200	10,318,959	9,670,797
2021-2025	18,222,900	26,650,048	27,865,036	10,990,331	1,245,000	314,500	47,332,936	37,954,879
2026-2030	22,100,000	19,399,069	12,690,000	2,098,938	575,000	37,600	35,365,000	21,535,607
2031-2035	31,265,000	12,786,862	1,616,000	139,340	-	-	32,881,000	12,926,202
2036-2039	28,560,000	3,881,831	-	-	-	-	28,560,000	3,881,831
	<u>\$ 114,853,258</u>	<u>\$ 93,665,202</u>	<u>\$ 75,496,174</u>	<u>\$ 32,305,702</u>	<u>\$ 2,855,000</u>	<u>\$ 878,650</u>	<u>\$ 193,204,432</u>	<u>\$ 126,849,554</u>

The repayment schedule of annual debt service principal and interest for the next five years, and five year increments there-after, for loans outstanding is as follows:

Schedule of Debt Service Requirements to Maturity - Loans Outstanding				
Year Ended	Green Trust Loans		Demolition Loan	
Dec. 31,	Principal	Interest	Principal	Interest
2016	40,500	4,334	100,471	723
2017	41,314	3,520	-	-
2018	28,153	2,690	-	-
2019	14,588	2,264	-	-
2020	14,881	1,971	-	-
2021-2025	79,013	5,245	-	-
2026	8,342	83	-	-
	<u>\$ 226,791</u>	<u>\$ 20,107</u>	<u>\$ 100,471</u>	<u>\$ 723</u>

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D.MUNICIPAL DEBT (continued)

NOTES PAYABLE

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 may be paid no later than the close of the tenth fiscal year next following the date of the original notes. The Division also prescribes that notes cannot be renewed past the third anniversary date of the original note unless an amount equal to at least the first legally required installment is paid prior to each anniversary date.

The purposes for which these notes were issued as well as more detailed information of the above-referenced information can be found in the table that follows:

DETAIL OF BOND ANTICIPATION NOTES										
		December 31, 2014				December 31, 2015				
Original Issue		Interest Rate	Maturity Date	Balance	Notes Issued	Paid by Debt	Paid Down	Balance	Maturity Date	Interest Rate
Date	Amount					Reserved from 2014 Bond Proceeds				
Refunding of Tax Appeals:										
6/30/2008	2,800,000	1.250%	7/25/2015	460,000	-	-	399,143	60,857	7/6/2016	2.000%
3/31/2011	2,290,000	1.500%	3/27/2015	3,166,000	-	-	908,000	2,258,000	7/6/2016	2.000%
12/22/2015	4,230,000			-	4,230,000	-	-	4,230,000	7/6/2016	1.250%
Acquisition and of Easement of Land:										
5/13/2005	7,000,000	1.300%	1/15/2015	6,322,094	-	6,321,000	1,094	-		
Citywide Communication Systems:										
3/9/2007	5,075,000	1.250%	7/15/2015	3,472,360	-	-	267,189	3,205,171	7/6/2016	2.000%
Various Capital Improvements:										
3/9/2007	1,690,000	1.250%	7/5/2015	1,024,640	-	-	88,668	935,972	7/6/2016	2.000%
7/6/2015	3,780,000			-	3,780,000	-	-	3,780,000	7/6/2016	2.000%
Bayonne Medical Center:										
11/26/2007	6,200,000	90.000%	7/5/2015	2,075,000	-	-	1,000,000	1,075,000	7/6/2016	1.150%
BLRA Dissolution:										
7/25/2013	43,735,000	90.000%	7/15/2015	43,105,046	-	-	630,046	42,475,000	7/6/2016	1.150%
				<u>\$59,625,140</u>	<u>\$8,010,000</u>	<u>\$ 6,321,000</u>	<u>\$ 3,294,140</u>	<u>\$58,020,000</u>		

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

NOTES PAYABLE (continued)

School Promissory Notes

The purposes for which these notes were issued as well as more detailed information of the above-referenced information can be found in the table that follows:

DETAIL OF SCHOOL PROMISSORY NOTES								
December 31, 2014						December 31, 2015		
Original Issue		Interest Rate	Maturity Date	Balance	Notes Paid	Balance	Maturity Date	Interest Rate
Date	Amount							
Various School Improvements:								
11/20/2009	\$ 6,632,065	1.30%	1/15/2015	\$ 6,121,906	\$ 6,121,906	\$ -		
11/20/2009	1,112,685	1.27%	1/15/2015	1,027,469	1,027,469	-		
				<u>\$ 7,149,375</u>	<u>\$ 7,149,375</u>	<u>\$ -</u>		
				Paid by Proceeds on Reserve from 2014 Bonds	\$ 7,149,000			
				Paid by Budget Appropriation	375			
					<u>\$ 7,149,375</u>			

Tax Anticipation Notes

Tax anticipation notes are issued for interim financing of Current Fund operations. The local budget law allows the City to issue notes in anticipation of the collection of taxes or other revenues of such year for the purposes provided for in the current operating budget. These notes cannot exceed 30% of the tax levy of the previous fiscal year plus 30% of the miscellaneous revenues realized in cash of the previous fiscal year. All notes must be paid within 120 days of the beginning of the next fiscal year. There were no tax anticipation notes issued or outstanding at December 31, 2015 and 2014, respectively.

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE D. MUNICIPAL DEBT (continued)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2015 and 2014, the City has authorized but not issued bonds and notes of \$7,049,746 and \$7,099,860, respectively, in the General Capital Fund. The following activity relates to bonds and notes authorized but not issued that occurred during the year ended December 31, 2015:

	Balance Dec. 31, 2014	Debt Authorized	Bonds/Notes Issued	Funded by Budget Appropriation	Balance Dec. 31, 2015
General Improvements	\$ 3,371,937	\$ 8,010,000	\$ 8,010,000	\$ 22,191	\$ 3,349,746
Fiscal Year Adjustment Bonds	27,293	-	-	27,293	-
School Improvements	3,700,630	-	-	630	3,700,000
	<u>\$ 7,099,860</u>	<u>\$ 8,010,000</u>	<u>\$ 8,010,000</u>	<u>\$ 50,114</u>	<u>\$ 7,049,746</u>

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement.

	Gross Debt	Deductions	Net Debt
School Purposes	\$ 79,196,174	\$ 79,196,174	\$ -
Self-Liquidating Purposes	2,855,000	2,855,000	-
General Bonds and Notes	<u>176,550,265</u>	<u>16,321,641</u>	<u>160,228,624</u>
	<u>\$ 258,601,439</u>	<u>\$ 98,372,815</u>	<u>\$ 160,228,624</u>

Net debt of \$160,228,624 divided by the equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$5,230,842,993 equals 3.063%.

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

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

Borrowing Power

3 1/2% of Equalized Valuation Basis	\$ 183,079,505
Less: Net Debt	<u>160,228,624</u>
Excess Borrowing Power	<u>\$ 22,850,881</u>

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE E. FUND BALANCES APPROPRIATED

Fund balance of the City consists of cash surplus and non-cash surplus. The City can anticipate fund balance to support its budget of the succeeding year, however, the use of non-cash surplus is subject to the prior written consent of the Division. Fund balances at December 31, 2015 and 2014 which were appropriated and included as anticipated revenue in the Current Fund and Parking Utility Operating Fund budgets of the succeeding year were as follows:

	Fund Balance Dec. 31, 2014	Utilized in 2015 Budget	Fund Balance Dec. 31, 2015	Utilized in 2016 Budget
Current Fund	\$ 5,067,253	\$ 6,421,173	\$ 5,280,007	\$ 5,000,000
Capital Fund	173,595	-	172,126	-
Parking Utility Fund:				
Operating	560,530	120,000	560,530	180,000
Capital	7	-	7	-

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION

Substantially all City employees participate in the Consolidated Police and Fireman's Pension Fund (CPFPPF), Public Employees Retirement System (PERS), Police and Fireman's Retirement System of New Jersey (PFRS) or the Defined Contribution Retirement Program (DCRP), all of which are multiple employer plans sponsored and administered by the State of New Jersey, with the exception of the CPFPPF, which is a single employer plan. The CPFPPF, PERS and PFRS are cost sharing contributory defined benefit public employee retirement systems. The DCRP is a defined contribution plan.

In addition, certain employees participate in the City's Deferred Compensation Plan.

STATE-MANAGED PENSION PLANS - CPFPPF

The Consolidated Police and Fireman's Pension Fund (CPFPPF) is a single employer contributory defined benefit plan which was established on January 1, 1952, under the provisions of N.J.S.A. 43:16 to provide retirement, death and disability benefits to county and municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members. The City currently only makes contributions for its retirees who are enrolled in this pension fund.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS - PERS

The PERS was established in January, 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and post-retirement medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2007, 2008, 2010 and 2011. These changes resulted in various “tiers” which distinguish period of eligibility for enrollment. The delineation of these tiers is noted below:

- Tier 1: Employees enrolled before July 1, 2007.
- Tier 2: Employees eligible for enrollment after June 30, 2007 but before November 2, 2008.
- Tier 3: Employees eligible for enrollment after November 1, 2008 but before May 22, 2010.
- Tier 4: Employees eligible for enrollment after May 21, 2010 but before June 28, 2011.
- Tier 5: Employees eligible for enrollment after June 27, 2011.

Tier 1 and 2 employees must earn a base salary of \$1,500 or more to enroll in the plan. Pensionable salaries are limited to the IRS maximum salary compensation limits for Tier 1 employees and social security maximum wage for Tier 2 employees. Tier 2 employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 3 employees must earn a base salary that is annually adjusted. For the fiscal year ended December 31, 2015 and 2014 this base salary amount was \$8,200 and \$8,100, respectively. Employees earning between \$5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over \$5,000 are eligible to enroll in DRCP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 64. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Each of the 5 Tiers have eligibility requirements and benefit calculations which vary for deferred retirements, early retirements, veteran retirements, ordinary disability retirements and accidental disability retirements. There is no minimum service requirement to receive these pension benefits. State-paid insurance coverage may be obtained after 25 years of service for employees in Tiers 1 through 4 and 30 years of service for Tier 5 employees.

Contributions and Liability

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the City and its employees for the previous three years are as follows:

Year Ended December 31,	City Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2015	\$ 2,052,276	0.0%	\$ 16,157,773	7.06% (1)	\$ 1,129,315
2014	1,886,925	11.8%	15,940,214	6.92% (1)	1,091,816
2013	1,814,869	11.7%	15,568,769	6.78% (1)	1,044,720

(1) These rates took effect on July 1

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Contributions and Liability (continued)

The net pension liability was measured as of June 30, 2015 and 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015 and 2014, the City's net pension liability for PERS, including the City's proportionate share, was as follows:

Year Ended June 30,	Proportionate Share		Net Pension Liability
	Rate	Change	
2015	0.22955%	-0.00072%	\$ 51,530,384
2014	0.23027%	0.00001%	43,114,167

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability as of June 30, 2015 and 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

At:	2015		2014	
	Rate	Amount	Rate	Amount
1% Decrease	3.90%	\$ 64,045,962	4.39%	\$ 54,239,090
Current Discount Rate	4.90%	51,530,384	5.39%	43,114,167
1% Increase	5.90%	41,037,414	6.39%	33,772,063

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 and June 30, 2014 measurement dates were determined by actuarial valuations as of July 1, 2014 and 2013, respectively, which were rolled forward to June 30, 2015 and 2014, respectively. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

	For Measurement Date of:	
	June 30, 2015	June 30, 2014
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	based on age	based on age
Thereafter	3.15-5.40%	3.15-5.40%
	based on age	based on age
Investment Rate of Return	7.90%	7.90%

Mortality - For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements will be.

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions (continued)

For the June 30, 2014 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS target asset allocations as of June 30, 2015 and 2014 are summarized in the following table:

Asset Class	Target Allocation June 30,		Long-Term Expected Real Rate of Return June 30,	
	2015	2014	2015	2014
Cash	5.00%	6.00%	1.04%	0.80%
U.S. Treasuries	1.75%	*	1.64%	*
Investment Grade Credit	10.00%	*	1.79%	*
Mortgages	2.10%	2.50%	1.62%	2.17%
High Yield Bonds	2.00%	5.50%	4.03%	4.82%
Inflation-Indexed Bonds	1.50%	9.00%	3.25%	3.51%
Broad U.S. Equities	27.25%	25.90%	8.52%	8.22%
Developed Foreign Equities	12.00%	12.70%	6.88%	8.12%
Emerging Market Equities	6.40%	6.50%	10.00%	9.91%
Private Equity	9.25%	8.25%	12.41%	13.02%
Hedge Funds / Absolute Return	12.00%	12.25%	4.72%	4.92%
Real Estate (Property)	2.00%	3.20%	6.83%	5.80%
Commodities	1.00%	2.50%	5.32%	5.35%
Global Debt ex U.S.	3.50%	*	-0.40%	*
REIT	4.25%	*	5.12%	*
Core Bonds	*	1.00%	*	2.49%
Intermediate-Term Bonds	*	11.20%	*	2.26%

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the years ended June 30, 2015 and 2014:

	June 30, 2015			June 30, 2014		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ 5,533,952	\$ -	\$ 5,533,952	\$ 1,320,280	\$ -	\$ 1,320,280
Difference Between Expected and Actual Experience	1,229,334	-	1,229,334	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(828,509)	(828,509)	-	(2,502,165)	(2,502,165)
Subtotal	6,763,286	(828,509)	\$ 5,934,777	1,320,280	(2,502,165)	\$ (1,181,885)
Changes in Proportion	1,123,106	-		344,460	-	
	<u>\$ 7,886,392</u>	<u>\$ (828,509)</u>		<u>\$ 1,664,740</u>	<u>\$ (2,502,165)</u>	

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Deferred Outflows and Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	1,083,784
2017	1,083,784
2018	1,083,784
2019	1,709,326
2020	974,098
Thereafter	-
	<u>\$ 5,934,777</u>

STATE-MANAGED PENSION PLANS – PFRS

Plan Description and Eligibility

The PFRS was established in July, 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2010 and 2011. These changes resulted in various “tiers” which distinguish period of eligibility for enrollment. The delineation of these tiers is noted as follows:

- Tier 1: Employees enrolled before May 22, 2010.
- Tier 2: Employees enrolled after May 21, 2010 but before June 29, 2011.
- Tier 3: Employees enrolled after June 28, 2011.

There is no minimum salary requirement to enroll, regardless of tier. Pensionable salaries are limited to the social security maximum wage for Tier 2 and 3 employees and federal pensionable maximum for Tier 1 employees. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

STATE-MANAGED PENSION PLANS – PFRS (continued)

Plan Benefits

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions and Liability

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the City and its employees for the previous three years are as follows:

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001.

Year Ended December 31,	City Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2015	\$ 10,134,654	26.2%	\$ 38,673,848	10.00%	\$ 3,867,384
2014	9,311,319	24.5%	37,959,957	10.00%	3,795,896
2013	9,511,193	25.5%	37,931,865	10.00%	3,793,185

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

STATE-MANAGED PENSION PLANS – PFRS (continued)

Contributions and Liability (continued)

The amounts contributed on behalf of the City under this legislation are considered to be a special funding situation. As such, the State is treated as a non-employer contributing entity. Since the City does not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability to report in the financial statements of the City related to this legislation. However, the notes to the financial statements of the City must disclose the portion of the State's total proportionate share of the collective net pension liability that is associated with the City.

At June 30, 2015 and 2014, the City's net pension liability for PFRS, including the special funding situation described above and changes in the City's proportionate share, was as follows:

Year Ended June 30,	Unit	City (employer)		Net Pension Liability	State of N.J. (nonemployer)	Total
		Proportionate Share			On-Behalf	
		Rate	Change		of City	
2015	Police & Fire	1.85197%	0.64724%	\$ 197,412,428	\$ 17,312,408	\$ 214,724,836
2014	Police & Fire	1.20473%	0.04656%	\$ 151,543,607	\$ 16,318,699	\$ 167,862,306

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the as of June 30, 2015 and 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

At:	2015		2014	
	Rate	Amount	Rate	Amount
1% Decrease	4.79%	\$ 970,478,129	5.32%	\$ 721,043,318
Current Discount Rate	5.79%	736,149,029	6.32%	535,046,021
1% Increase	6.79%	545,074,585	7.32%	381,323,823

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 and June 30, 2014 measurement dates were determined by actuarial valuations as of July 1, 2014 and 2013, respectively, which were rolled forward to June 30, 2015 and 2014, respectively. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following actuarial assumptions:

	For Measurement Date of:	
	June 30, 2015	June 30, 2014
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	based on age	based on age
Thereafter	3.60-10.48%	4.95-9.62%
	based on age	based on age
Investment Rate of Return	7.90%	7.90%

Mortality - For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year 2014 based on Projection Scale BB. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

For the June 30, 2014 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate - The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS target asset allocations as of June 30, 2015 and 2014 are summarized in the following table:

Asset Class	Target Allocation June 30,		Long-Term Expected Real Rate of Return June 30,	
	2015	2014	2015	2014
Cash	5.00%	6.00%	1.04%	0.80%
U.S. Treasuries	1.75%	*	1.64%	*
Investment Grade Credit	10.00%	*	1.79%	*
Mortgages	2.10%	2.50%	1.62%	2.17%
High Yield Bonds	2.00%	5.50%	4.03%	4.82%
Inflation-Indexed Bonds	1.50%	9.00%	3.25%	3.51%
Broad U.S. Equities	27.25%	25.90%	8.52%	8.22%
Developed Foreign Equities	12.00%	12.70%	6.88%	8.12%
Emerging Market Equities	6.40%	6.50%	10.00%	9.91%
Private Equity	9.25%	8.25%	12.41%	13.02%
Hedge Funds / Absolute Return	12.00%	12.25%	4.72%	4.92%
Real Estate (Property)	2.00%	3.20%	6.83%	5.80%
Commodities	1.00%	2.50%	5.32%	5.35%
Global Debt ex U.S.	3.50%	*	-0.40%	*
REIT	4.25%	*	5.12%	*
Core Bonds	*	1.00%	*	2.49%
Intermediate-Term Bonds	*	11.20%	*	2.26%

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the years ended June 30, 2015 and 2014:

	June 30, 2015			June 30, 2014		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ 36,447,238	\$ -	\$ 36,447,238	\$ 5,689,462	\$ -	\$ 5,689,462
Difference Between Expected and Actual Experience	-	(1,702,745)	(1,702,745)	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(3,435,790)	(3,435,790)	-	(15,464,516)	(15,464,516)
Subtotal	36,447,238	(5,138,535)	\$ 31,308,703	5,689,462	(15,464,516)	\$ (9,775,054)
Changes in Proportion	4,183,382	(2,142,414)		5,186,593	-	
	<u>\$ 40,630,620</u>	<u>\$ (7,280,949)</u>		<u>\$ 10,876,055</u>	<u>\$ (15,464,516)</u>	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ 5,931,841
2017	5,931,841
2018	5,931,841
2019	9,797,970
2020	3,715,209
Thereafter	-
	<u>\$ 31,308,703</u>

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS - GENERAL

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to state statutes, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated.

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

PERS and PFRS Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

STATE-MANAGED PENSION PLANS – DEFERRAL

Legislation, known as Chapter 19 of the Public Laws of 2009 (P.L. 2009, c. 19), was enacted and effective on March 17, 2009 allowing for an adjustment in the contributions that local employers, such as the City, must make to the PERS and PFRS during the year ended June 30, 2009. Under this legislation, local governments were given the option to defer exactly 50% of their required pension contribution as certified by the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits or pay the full amount of the required contribution for the year ended June 30, 2009.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – DEFERRAL (continued)

The City elected the 50% deferral in the amount of \$4,568,624. Under the terms of the pension deferral the City is obligated to commence repayment of the entire deferral in 15 amortized annual installments, commencing with the year ended December 31, 2012. These payments will be added to the regular pension bills. The short term liability of the deferral, payable on April 1, 2015, is \$687,204, consisting of \$599,737 on the PFRS deferral and \$87,467 on the PERS deferral.

DEFINED CONTRIBUTION RETIREMENT PROGRAM

The Defined Contribution Retirement Program (DCRP) was established under the provisions of P.L. 2007, Chapters 92 and 103 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. It provides eligible members with a tax-sheltered, defined contribution retirement benefit along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include (a) state or local officials elected or appointed or elected to new office on or after July 1, 2007, (b) employees enrolled in PERS on or after July 1, 2007 or PFRS after May 21, 2010 who earn salary in excess of established maximum compensation limits and (c) employees otherwise eligible for PERS on or after November 2, 2008 or PFRS after May 21, 2010 that earn below the minimum PERS or PFRS salary but more than \$5,000 annually. Participation in DCRP can be irrevocably waived if an official earns less than \$5,000.

Vesting occurs upon commencement of the third year of membership. Should the vesting period not be reached, contributions will be refunded to the appropriate contributing parties. Employer matching contributions and earnings are only available after the age of 55. Distributions render the member retired and ineligible for future participation in any State-administered plans. Otherwise, distributions are available at any time as lump sum, fixed term or life annuity.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM (continued)

Members are covered by employer-paid life insurance in the amount of 1 ½ times the annual base salary on which DCRP contributions were based. Members are also eligible for employer-paid long-term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during the 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid until the age of 70 so long as the member remains disabled and has not begun receiving retirement annuity payments.

The following table represents the City and employee contributions during the previous three years:

Year Ended	Employee Contributions		City Contribution	
	Amount	Rate	Amount	Rate
Dec. 31, 2015	\$ 56,234	5.5%	\$ 30,673	3.0%
Dec. 31, 2014	24,432	5.5%	14,513	3.0%
Dec. 31, 2013	9,684	5.5%	5,282	3.0%

DEFERRED COMPENSATION PLAN (unaudited)

The City has established a deferred compensation program (the “plan”) for its employees under Section 457 of the Internal Revenue Code. The plan is comprised of several separate plans, all of which are Public Employees' Deferred Compensation Plans, covering employees and elected officials who perform services for the City. One plan is underwritten by The Hartford Financial Services Group, Inc. (now called Mass Mutual), the others by Variable Annuity Life Insurance Company (“VALIC”), AXA Equitable, ING (now called VOYA) and the Metropolitan Life Insurance Company.

The Plans are a tax-deferred supplemental retirement program that allows City employees to contribute a portion of their salaries, before federal taxes, to a retirement account. Contributions, or deferrals, are made through payroll deductions. Individuals are 100% vested. Distributions are not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the City's general creditors.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE G. POST-EMPLOYMENT BENEFITS

POST-EMPLOYMENT BENEFITS PLAN

Plan Description—The City contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1964, the City authorized participation in the SHBP's post-retirement benefit program. The City currently provides lifetime medical benefits to City employees who retire from the City under the following conditions: (a) after twenty five years of service with the City, or (b) upon a disability retirement. Coverage is also provided for eligible family members of the employee and paid by the City for the life of the retiree.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.

Funding Policy—Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City on a monthly basis.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

POST-EMPLOYMENT BENEFITS PLAN (continued)

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, established new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required. Under Chapter 78, certain future retirees eligible for employee-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit. This legislation expired on 12/31/15 and has not been renewed.

Chapter 2, P.L. 2010, effective May 21, 2010, requires a minimum contribution of 1.5% of base salary toward the cost of health benefits coverage by all active public employees. Employees who become a member on or after the law's effective date would be required to pay in retirement 1.5% of their pension benefit toward the cost of health care coverage under the SHBP.

NOTE H. COMPENSATED ABSENCES

Employees may accumulate unlimited sick time. Upon retirement, union employees with a minimum of 100 accrued sick days may receive a cash payment of one-third of accumulated sick time up to a maximum of \$12,500. Employees may carry vacation over for only one year. Upon termination or retirement, employees may receive a cash payment for the full value of their accumulated vacation time.

As of December 31, 2015 and 2014, the total accumulated absence liability was \$5,993,838 and \$7,019,629, respectively. No funds are reserved for accumulated absences, however, the City budgets compensated absence appropriations annually in the applicable department line items.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE I. RISK MANAGEMENT

Insurance Coverage

The City is exposed to various property and casualty risks including: property damage caused to any of the City's property, motor vehicles, equipment or apparatus; liability resulting from the use or operation of such motor vehicles, equipment or apparatus; liability from the City's negligence, including that of its officers, employees and servants; and workers' compensation obligations.

The City established a self-insurance program in accordance with New Jersey Statute Chapter 40:10-6. The Chapter enables the governing body of any local unit to create a fund to provide insurance coverage for its exposure to a wide variety of property casualty risks, including property damage caused to any of the unit's property, motor vehicles, equipment or apparatus; liability resulting from the use or operation of such motor vehicles, equipment or apparatus; liability for the unit's negligence, including that of its officers, employees and servants and workers' compensation obligations.

On August 17, 2011, the City authorized participation in and the execution of an Indemnity and Trust Agreement with the New Jersey Intergovernmental Insurance Fund (the "NJIIF") for the provision of property and casualty insurance coverage. The NJIIF is a public entity created in 1991 and offers coverage to municipalities, counties, and school districts statewide. The NJIIF is a New Jersey approved, self-insured, reinsured public entity insurance pool which offers all New Jersey public entities multiple lines of insurance.

The City has obtained the following coverage through the NJIIF:

- Equipment Breakdown coverage in the amount of \$100,000,000.
- Crime coverage including employee dishonesty, forgery, alterations, theft, robbery and fraud in the amount of \$1,000,000.
- Environmental Impairment coverage in the amount of \$20,000,000.
- Workers' Compensation coverage in the amount of \$2,000,000.
- General, Automobile and Employee Benefits liability coverage in the amount of \$15,000,000.
- Public Entity Management Liability coverage, including Public Official's Liability and Employment Practices Liability coverage, in the amount of \$10,000,000.
- Surety bonds for the City Treasurer, Chief Financial Officer, Tax Collector and Municipal Court Judges.

Disaster Recovery

The City does not have a formal disaster recovery plan in place, however, all financial data is backed up to hard disks daily.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE J. STATE AID RECEIVABLE – QUALIFIED BONDS

The Division required municipalities reverting to a calendar year to anticipate a full year of State Aid during the six month transition year. The City receives State Aid in two forms: cash payments and qualified bond payments in lieu of direct aid in cash. Qualified bonds are State Aid payments withheld by the State and forwarded directly to paying agents for principal and interest payments on the bonds. During the transition year ended December 31, 2011, the City certified qualified bond maturity schedules for the twelve month period of July 1, 2011 to June, 30, 2012, six months beyond the end of the transition year. As a result, the City recognized State Aid revenues in the amount of \$3,357,695 for debt service payments of the succeeding year, resulting in prepaid debt service at year end.

The following schedule summarizes the State Aid received, qualified bond payments applied and the prepaid amounts as of December 31, 2015 and 2014.

STATE AID RECEIVABLE - QUALIFIED BONDS			
	Year Ended Dec. 31, 2015		Year Ended Dec. 31, 2014
Beginning Balance	\$	3,558,976	\$ 3,517,019
Add: State Aid (1)		8,829,801	9,032,464
		12,388,777	12,549,483
Less: Received in Cash	\$	2,156,293	\$ 1,812,975
Qualified Bond Payments		7,343,853	7,177,532
		9,500,146	8,990,507
Ending Balance	\$	<u>2,888,631</u>	<u>\$ 3,558,976</u>

NOTE K. CLEARING ACCOUNT

The City maintains a claims account, or a cash clearing bank account, from which bills are paid for various funds.

NOTE L. FIXED ASSETS

The City had the following investment balance and activity in general fixed assets for and as of the year ended December 31, 2015:

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE L. FIXED ASSETS (continued)

	Balance, Dec. 31, 2014	Balance, Dec. 31, 2015
Land	\$ 165,984,900	\$ 165,984,900
Buildings	10,233,265	10,233,265
Improvements	4,817,988	4,817,988
Machinery, Equipment and Other	21,309,349	21,309,349
	<u>\$ 202,345,502</u>	<u>\$ 202,345,502</u>

In accordance with accounting practices prescribed by the Division, and as further detailed in Note A, no depreciation has been provided for and fixed assets acquired through grants in aid or contributed capital have not been accounted for separately. The City did not update their internal fixed asset ledger for the year ending December 31, 2015.

NOTE M. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

There were certain capital ordinances that were not funded and prior year bills that were not appropriated for. As of December 31, 2015, the following deferred charges are shown on the balance sheets of the Current Fund:

	Balance, Dec. 31, 2014	Less: 2015 Budget Appropriation	Add: Results of Current Year	Succeeding Budgets
Loans Payable-Prior Year	\$ 202,391	\$ -	\$ -	\$ 202,391
Funding Various Capital Ordinances	50,114	50,114	-	-
Prior Year Bills	4,531	4,531	-	-
	<u>\$ 257,036</u>	<u>\$ 54,645</u>	<u>\$ -</u>	<u>\$ 202,391</u>

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE N. INTERFUND TRANSACTIONS

The City has various transactions by and between its individual funds. Certain accounts of the Trust and Capital Funds earn interest which is required to be recorded as revenue in the Current Fund budget. Other transactions include budget appropriations in the Current Fund which are required to be turned over to the Federal and State Grant, Trust and Capital Funds. All these transfers are routine and are consistent with the activities of the funds making the transfers.

Current Fund and Parking Utility Operating interfunds receivable are fully reserved and recognized as credits to operations in the year the interfunds are received in cash. Interfunds receivable in the Trust Funds, General Capital Fund and Parking Utility Operating Fund are not reserved.

The City expects all balances to be repaid by year-end with the exception of the interfund between the Current Fund and Federal and State Grants Fund. The Federal and State Grants Fund does not have its own bank account, therefore, the activity of the Fund is run through the Current Fund.

As of and during the year ended December 31, 2015, the Current Fund had the following interfund activity and receivable/payable balances at year end:

	General Capital	HUD Grant Fund	Grants Fund	Other Trust	Utility Operating	Tax Lien Redemption Trust	Payroll Agency Fund	Insurance	Dog Trust
Balance: December 31, 2014	\$ 630,071	\$ 20,267	\$(1,428,844)	\$ 30,915	\$ (36)	\$ -	\$ -	\$ -	\$16,902
Increased by:									
Grants Appropriation	-	-	2,126,416	-	-	-	-	-	-
Statutory Excess	-	-	-	-	-	-	-	-	11,629
Appropriation Cancelled	-	-	4,183,887	-	-	-	-	-	-
Interest Earned	5,783	-	-	-	-	-	-	-	-
Revenue Realized	-	-	-	120,000	-	-	-	-	-
Cash Disbursements	16,124,858	132,921	12,814,130	29,403,094	577,840	5,270,368	410,735	2	-
	<u>16,760,712</u>	<u>153,188</u>	<u>17,695,589</u>	<u>29,554,009</u>	<u>577,804</u>	<u>5,270,368</u>	<u>410,735</u>	<u>2</u>	<u>28,531</u>
Decreased by:									
Interfund Revenue	630,714	-	-	-	-	-	-	-	-
Grant Revenue	-	-	2,126,416	-	-	-	-	-	-
Budget Appropriation - Matching	-	-	345,537	-	-	-	-	-	-
Receivable Cancelled	-	-	1,100,042	-	-	-	-	-	-
Reserve for Other	-	-	511	-	-	-	-	-	-
Budget Charge for Additional Note Payment	1,469	-	-	-	-	-	-	-	-
Cash Receipts	16,031,411	157,230	15,821,310	29,565,838	577,474	5,270,366	410,728	-	-
	<u>16,663,594</u>	<u>157,230</u>	<u>19,393,816</u>	<u>29,565,838</u>	<u>577,474</u>	<u>5,270,366</u>	<u>410,728</u>	<u>-</u>	<u>-</u>
Balance: December 31, 2015	<u>\$ 97,118</u>	<u>\$ (4,042)</u>	<u>\$(1,698,227)</u>	<u>\$ (11,829)</u>	<u>\$ 330</u>	<u>\$ 2</u>	<u>\$ 7</u>	<u>\$ 2</u>	<u>\$28,531</u>

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE N. INTERFUND TRANSACTIONS (continued)

In addition to the Current Fund interfund activity noted on the previous page, the City also had the following interfund activity and balances as of and for the year ended December 31, 2015:

	<u>General Capital</u>
Due to HUD Grants Fund at Dec. 31, 2014	\$ 353,734
Reimburse CDBG	353,737
Due to Capital Fund Fund at Dec. 31, 2015	<u>\$ (3)</u>
	<u>Utility Capital</u>
Due to Utility Capital Fund at Dec. 31, 2014	\$ 451,800
Paid to Utility Operating Fund	140,206
Improvement Authorization	(160,199)
Due to Utility Capital Fund at Dec. 31, 2015	<u>\$ 431,807</u>

NOTE O. RELATED PARTY TRANSACTIONS

SHARED SERVICE AGREEMENTS

The Water/Sewer System

The City created the Bayonne Municipal Utilities Authority (the "BMUA") by virtue of an ordinance adopted on October 9, 1997. Prior to the creation of the BMUA, the City operated the Water System together with the Sewer System throughout the City as a combined utility within the City's Budget. As described in Note A, the BMUA is considered a component unit of the City.

On November 17, 1997, the BMUA and the City executed an Interlocal Agreement as amended and supplemented by Amendment No.1 dated August 1, 2000, and Amendment No. 2 dated April 11, 2001 (hereinafter referred to collectively as the "Interlocal Agreement"), which agreement provided for among other things, the leasing of the Water/Sewer System to the BMUA for a term of up to 50 years. In accordance with the terms of the Interlocal Agreement, the BMUA acquired the Water/Sewer System from the City pursuant to a long-term lease for lease payments equal to \$23,500,000 (the "Lease Payments") plus sufficient funds to retire all of the City's outstanding Water/Sewer System debt of \$15,343,219 and reimburse the City for certain other costs incurred by the City with respect to the Water/Sewer System. In addition, the water and sewer accounts receivable previously due to the City were assigned to the BMUA.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE O. RELATED PARTY TRANSACTIONS (continued)

SHARED SERVICE AGREEMENTS (continued)

The Water/Sewer System (continued)

On April 11, 2001, the City sold the water system assets and the sewer system assets to the BMUA for consideration of \$1.00 each system. Also on April 11, 2001, the City leased the aqueduct to the BMUA for \$28,000,000. The aqueduct consists of a force main that begins at the intersection of Kearny Avenue and Belleville Turnpike in Kearny, New Jersey, including the pump house, garage and vault at Porte Avenue, and interconnects with other systems at Kearny Avenue and Schuyler Avenue in Kearny, and North Arlington, New Jersey and extends past the City's border at Avenue B and West 56th Street to the point where it connects with the Bayonne pump station. In accordance with the terms of the Interlocal agreement, the lease term is for 50 years with an option for the BMUA to purchase a fee simple interest in the aqueduct from the City for \$1.00 at any time on or after the 20th anniversary of the agreement, April 11, 2021.

The City also has a "Deficiency Agreement" with the BMUA, which is further described in Note S.

On August 6, 2012 the Bayonne Municipal Utilities Authority (the "BMUA"), approved the execution of a concession agreement between the BMUA and Bayonne Water Joint Venture, LLC, a joint venture between United Water and Kohlberg, Kravis, Roberts and Company (the "concessionaire"). Under the terms of the agreement, the concessionaire will undertake all of the obligations for the operations, maintenance and management of the BMUA's water and sewer systems in accordance with applicable law, provide for annual capital improvements, adhere to a schedule of rate increases and provide compensation to the BMUA in amount sufficient to defease all of the outstanding debt of the BMUA and pay for certain stranded costs. In exchange, the concessionaire shall retain all revenues from the systems. During 2014, the City received an \$8,850,000 concession fee from the BMUA/KKR public/private partnership transaction. During 2015, the City budgeted and received \$11,237,000 as final payment of the concession agreement. The 2016 budget will include funds from BLRA land sales – mostly from Harbor Station North sale of properties – to replace the revenues.

In December 2012, the City of Bayonne and the Bayonne MUA entered into a Concession Agreement with Bayonne Joint Venture, LLC ("BJV"), a for-profit entity, whereby BJV acquired a 40 year concession to use, operate, manage, construct, maintain and improve its water system. As such, BJV is responsible for all expenses of operations of the Bayonne water system, including payments to the Commission of its share of the operating expenses and debt service on behalf of Bayonne. Nonetheless, under its water supply agreement, the City of Bayonne remains responsible to the Commission in case of any shortfall of operating or debt service payments from BJV.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE O. RELATED PARTY TRANSACTIONS (continued)

SHARED SERVICE AGREEMENTS (continued)

Local Redevelopment Authority

In September 1998, the City created a Local Redevelopment Authority (the "BLRA") to oversee the development of the Military Ocean Terminal. The Authority consists of seven members from various segments of the Bayonne community, including two City Council members. The Military Ocean Terminal was an Army base that was closed in September, 1999. The City assumed the role of caretaker for the facility under a cooperative agreement with the Department of Defense as of October 1, 1999.

On October 1, 2001, the BLRA assumed ownership of the "clean" portions of the facility. On December 18, 2002, the remaining portion of the facility was turned over to the City. The BLRA has been awarded a grant to "clean" this portion. The BLRA is in the process of marketing the facility for future development. The site is now currently known as the Peninsula at Bayonne Harbor. In 2009, the first residential development at the Peninsula at Bayonne Harbor, Alexan City View, opened its leasing office and welcomed its first residents.

On May 25, 2005, the City passed a \$20,000,000 Bond Ordinance providing for various infrastructure improvements at the Peninsula. The BLRA, in turn, entered into a loan arrangement with the developer of the Military Ocean Terminal to borrow \$21,500,000 to pay the City for use by the City to fund an ongoing structural budget deficit. The loan will be repaid by the BLRA upon the sale to the developer of individual parcels of land in the redevelopment area. This financing structure allows the City, through the BLRA, to effectively use the anticipated proceeds from the sale of the property for budget relief while funding the infrastructure improvements over the useful life of such improvements. These improvements are all to be made at the Peninsula at Bayonne Harbor and are being overseen by the Bayonne Local Redevelopment Authority. The Authority has reimbursed the City the \$20,000,000 for the issuance of Bond Anticipation Notes.

The City also had a "Subsidy Agreement" with the BLRA, which is further described in Note S.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE O. RELATED PARTY TRANSACTIONS (continued)

SHARED SERVICE AGREEMENTS (continued)

Local Redevelopment Authority (continued)

On August 14, 2013, the City adopted an ordinance for the dissolution of the Bayonne Local Redevelopment Authority, appropriating \$75,000,000 and authorizing not to exceed \$75,000,000 principal amount of bonds or notes in connection therewith. Following the direction of the Local Finance Board and after careful examination and analysis, the City has determined that it is in the best interest of the residents of the City to dissolve the Authority.

N.J.S.A. 40A:12A-24 grants a municipality the power to dissolve its redevelopment agency by ordinance, and transfer all of the redevelopment agency's assets, liabilities and responsibilities to itself in accordance with section 20 of the Local Authorities Fiscal Control Law, provided that the ordinance makes adequate provision for the payment of all creditors or obligees of the authority and further makes adequate provision for the assumption of services provided by the authority which are necessary for the health, safety and welfare of the recipients of such services.

The City, as part of the dissolution of the Authority and in connection with the provision for the payment of all creditors or obligees of the Authority, had determined to (i) initially assume the BLRA Recourse Debt and (ii) permanently replace the Authority as "Issuer" of such Non-recourse debt, subject to the rights, responsibilities, obligations and limitation of "Issuer" under each bond resolution, project note resolution, loan agreement, bond, note or mortgage authorizing such Non-recourse debt.

Parking Authority

The Bayonne Parking Authority (the "BPA") was created by an ordinance of the City on December 17, 1958 pursuant to the provisions of the Parking Authority Laws, N.J.S.A. 40:11A et seq. As described in Note A, the BPA is considered a component unit of the City.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE O. RELATED PARTY TRANSACTIONS (continued)

SHARED SERVICE AGREEMENTS (continued)

Parking Authority (continued)

Under the terms of the shared service agreement, as amended on June 30, 2011, the City shall furnish various levels of parking enforcement officers who will, at the direction of the Chief of Police, perform patrols of all public and City premises and enforce all parking laws, ordinances and regulations of the City and the State of New Jersey.

The BPA was responsible to reimburse the City, on a quarterly basis or as otherwise agreed, for all payroll, social security, withholding, unemployment, medical benefits and pension if applicable, liability insurance, workers' compensation insurance, disability insurance and any and all other expenses related to employee compensation and benefits for those City personnel assigned to enforcement of parking regulations. The BPA must also share with the City \$5 for each adjudicated summons in violations of the residential permit parking ordinances, overtime meter ordinances and street sweeper ordinances.

Effective January 1, 2012, the BPA was officially dissolved and the Bayonne Parking Utility was created.

Other Shared Service Agreements

The City has an agreement with the Bayonne Housing Authority (the "BHA") in which the City is to receive reimbursement for garbage contracts, dumpster fees and forestry expenses. During the year ended December 31, 2015 and 2014, the City received \$120,000, respectively, for such reimbursements. As of December 31, 2015 and 2014, the City has receivables from the BHA of \$395,400 and \$590,400, respectively, for prior year accrued budget revenues. This receivable is part of the revenue accounts receivable identified on the balance sheet and has been fully reserved. As described in Note A, the BHA is considered a component unit of the City.

BAYONNE BOARD OF EDUCATION

As described in Note D, the Bayonne Board of Education is a Type I School District, therefore, bonds and notes authorized by the Board of Education are general obligations of the City and are reported on the balance sheet of the City's General Capital Fund and are accordingly included in the summary of municipal debt. The City budgets the principal and interest payments of the Board of Education's obligations as they become due. These obligations are funded by the City through an amount to be raised by taxation called "addition to local district school tax", less any regular school debt service aid

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE O. RELATED PARTY TRANSACTIONS (continued)

BAYONNE BOARD OF EDUCATION (continued)

received from the State of New Jersey. As of January 2015, Bayonne Board of Education is now classified as a Type II School District. For the year ended December 31, 2015 and 2014, the City's budget included the following debt service requirements of the Board of Education and corresponding anticipated revenues:

	Year Ended	
	Dec. 31, 2015	Dec. 31, 2014
Debt Service Requirements of the Board of Education:		
Payment of Bond Principal	\$ 5,900,000	\$ 6,001,000
Payment of School Promissory Note Principal	-	200,000
Interest on Bonds	3,790,000	4,161,000
Interest on Notes	47,000	138,000
	<u>9,737,000</u>	<u>10,500,000</u>
Less: Applicable Revenues Anticipated		
Regular School Debt Service Aid	<u>-</u>	<u>202,663</u>
Balance for Support of Board of Education:		
Addition to Local District School Tax	<u>\$ 9,737,000</u>	<u>\$ 10,297,337</u>

The City's Parking Utility Fund has a payable due to the Board of Education of \$450,000 for the acquisition of a parking lot.

NOTE P. REVENUE ACCOUNTS RECEIVABLE

Revenue accounts receivable are fully reserved receivables due from entities for revenues anticipated in support of the City's budget. The following table illustrates activity of the beginning and ending revenue accounts receivable balances for the year ended December 31, 2015:

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE P. REVENUE ACCOUNTS RECEIVABLE (continued)

	Balance Dec. 31, 2014	Current Year Accruals	Collections	Cancelled	Balance Dec. 31, 2015
Fines and Costs - Municipal Court	\$ 150,582	\$ 1,944,746	\$ 1,944,746	\$ -	\$ 150,582
Payments in Lieu of Taxes					
Bayonne Housing Authority	350,000	604,051	604,051	-	350,000
BHA Post Road Gardens	57,192	-	-	-	57,192
Senior Horizons of Bayonne	49,641	59,411	59,411	-	49,641
Bayonne Community Action	7,000	7,819	7,819	-	7,000
Reimbursement from:					
Bayonne Housing Authority (1):					
Garbage Contract	115,000	-	-	115,000	-
Dumpsters	5,400	-	-	5,400	-
Other	100,000	-	-	100,000	-
Forestry Expenses	175,000	-	-	-	175,000
Bayonne Board of Education (1)	1,137,500	-	-	1,137,500	-
	<u>\$ 2,147,315</u>	<u>\$ 2,616,027</u>	<u>\$ 2,616,027</u>	<u>\$ 1,357,900</u>	<u>\$ 789,415</u>

(1) The receivables are further discussed in Note O.

NOTE Q. ECONOMIC DEPENDENCY

Major Taxpayers

The City does not have significant economic dependence on any one taxpayer. However, the ten largest taxpayers of the City as listed in the following table comprise 10% of the City's total tax assessment.

Top 10 Taxpayers	
Name	Assessment
Bayonne Industries Inc / IMTT	\$ 118,102,000
Bayonne Auto Terminal, LLC	23,095,700
Gordon Terminal Service Company of NJ, Inc	13,383,500
Texaco Downstream Properties, Inc.	13,085,800
Exxon Corporation	12,440,000
NJIND Hook Road, LLC	9,000,000
MPT of Bayonne, LLC	8,000,000
Buckeye Bayonne Terminal, LLC	7,800,000
South Cove Development, LLC	7,294,100
ALD Realty	7,148,050
	<u>\$ 219,349,150</u>

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE Q. ECONOMIC DEPENDENCY (continued)

Peninsula at Bayonne Harbor

Since the BLRA was dissolved, the City will be receiving annual payments from the Port Authority of \$5,000,000 in 2015 and annual payments of \$5,000,000 from 2016 through 2033.

The City plans to make use of new funding from Spectra Energy, Bayonne Energy Center, new Port Authority PILOTs, fund balance, revenues from the long term lease of the water/sewer system and the continued sale of property and development at the Peninsula at Bayonne Harbor to provide replacement revenues.

Taking into consideration legislation capping the City's ability to increase its tax levy, the impact on the City's operations would be significant should the City be unable to obtain adequate replacement revenues.

In the 2015 budget, the City included the balance of \$11,237,000 in BMUA concession agreement revenues, a \$2,800,000 Capital Growth Transaction, which is a one-time revenue, and budgeted \$6,000,000 in surplus which the City believes will be regenerated through its 2015 operations. It is anticipated that sales of other properties will be used to replace this revenue source in calendar year 2016.

State Aid

The City is also a recipient of State Aid. During the year ended December 31, 2015 and 2014, State Aid accounted for 5.7% and 6.6%, respectively, of the support the City's budget. Significant changes in State Aid policy, in conjunction with legislation capping increases to the tax levy, could further impact the City's operations.

CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE R. LEASE/LOAN COMMITMENTS

In 2004, the City entered into a financing lease with the Hudson County Improvement Authority in the amount of \$10,000,000 to fund improvements to the City's public works garage. On June 24, 2015 the City refunded the remaining \$8,300,000 and entered into a new financing lease with the Hudson County Improvement Authority in the amount of \$8,850,000. The minimum future lease payments are as follows:

Year Ended December 31,	Principal	Interest
2016	\$ 350,000	\$ 345,837
2017	325,000	376,150
2018	330,000	366,400
2019	340,000	356,500
2020	355,000	346,300
2021-2025	1,980,000	1,507,781
2026-2030	2,450,000	1,032,862
2031-2035	2,450,000	337,819
	<u>\$ 8,580,000</u>	<u>\$ 4,669,649</u>

On May 15, 2012, the City entered into a loan agreement with the Bayonne City Federal Credit Union for a fire truck. The loan was in the amount of \$177,027.51 bearing an interest rate of 5.25% for 10 years. The minimum future loan payments are as follows:

Year Ended December 31,	Principal	Interest
2016	\$ 16,666	\$ 6,125
2017	17,581	5,211
2018	18,526	4,265
2019	19,522	3,269
2020	20,565	22,226
2021-2022	31,051	1,236
	<u>\$ 123,911</u>	<u>\$ 42,332</u>

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE R. LEASE/LOAN COMMITMENTS (continued)

On August 9, 2012, the City entered into a loan agreement with the Bayonne City Federal Credit Union for a rescue vessel. The loan was in the amount of \$77,186.80 bearing an interest rate of 5.25% for 10 years. The minimum future loan payments are as follows:

Year Ended December 31,	Principal	Interest
2016	\$ 7,177	\$ 2,768
2017	7,571	2,373
2018	7,979	1,966
2019	8,408	1,537
2020	8,856	1,088
2021-2022	15,837	737
	\$ 55,828	\$ 10,469

NOTE S. CONTINGENT LIABILITIES

Deficiency Agreement

The City's Interlocal Agreement with the BMUA described in Note O authorizes a Deficiency Agreement, which was executed on November 17, 1997. The BMUA is a component unit of the City as described in Note A.

The BMUA and the City have entered into the Deficiency Agreement in order to, among other things, provide security to the holders of the obligations of the BMUA, which were issued for or with respect to the Water/Sewer System. Pursuant to its terms, the Deficiency Agreement will remain in full force and effect as long as any obligations of the Authority, which are entitled to the benefits thereof, remain outstanding. The BMUA shall impose and collect annual charges from the City in an amount which is sufficient to provide for, after taking into account all other moneys of the BMUA, deficiencies in funds of the BMUA which are needed to pay for the BMUA's expenses of (i) operation and maintenance of the Water/ Sewer System, and the principal of and interest on all Bonds as the same shall be due, (ii) maintenance of reserve or sinking funds as may be required by the terms of any contract of the BMUA or any Bond Resolution or as may be necessary or desirable by the BMUA, and (iii) compliance with the terms of any Bond Resolution and with the Act.

From its inception through December 31, 2015, the agreement has never been called upon by the BMUA.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE S. CONTINGENT LIABILITIES (continued)

Subsidy Agreement

The City's Interlocal Agreement with the BLRA described in Note O authorized a Subsidy Agreement, which was executed in June of 2003 and ended when the BLRA was dissolved in August of 2013.

Pursuant to the terms of the Subsidy Agreement the City agreed to pay to the BLRA, prior to each fiscal year an amount, if any, which shall be equal to the excess, as specified in an Accountant's certificate, of:

(A) The sum of all the amounts necessary in the succeeding fiscal year: (1) to pay or provide for the expenses of operation and maintenance of the Redevelopment Projects; (2) to pay or provide for the principal or redemption premium of any Bonds; (3) to pay or provide for any interest becoming due on any Bonds; (4) to maintain such reserves or sinking funds to provide for expenses of operation and maintenance of the Redevelopment Projects or principal or redemption premium of and interest on any Bonds; and (5) to provide other amounts as may be required by the terms of any contract of the Agency or Bond Resolution or as deemed necessary or desirable by the Authority;

(B) The sum of the following amounts to the extent available for operating expenses of the BLRA or Debt Service on any Bonds: (1) all revenues of the BLRA; (2) the proceeds of any Bonds; (3) the proceeds of insurance; (4) interest received on investments funds held for the benefit or security of the BLRA or the holders of any Bonds; (5) contributions and grants for the account of the BLRA; and (6) reserves on hand.

In addition to the amounts required to be paid by the City to the BLRA as described above, the City was required to pay the BLRA, upon 15 days notice, any amount needed to pay the principal and redemption premium and/or interest on any Bonds to the extent such funds were not otherwise available from the BLRA with respect thereto.

If any payment due to the BLRA from the City remained unpaid for 30 days following its due date, the City would have been charged with and would have had to pay to the BLRA interest on the amount unpaid from its due date until paid, at a rate per annum equal to 1% in excess of the highest rate of interest per annum which the BLRA is then paying with respect to any of its Bonds unless waived by the BLRA.

From its inception through the date the BLRA was dissolved, the agreement was never called upon by the BLRA.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE S. CONTINGENT LIABILITIES (continued)

Redeveloper Agreement

On February 20, 2013, the City adopted an ordinance approving a financial instrument and authorizing the execution thereof and other applicable documents related to the issuance by the City of Bayonne of \$17,500,000 Redevelopment Area Bonds (non-recourse to the full faith and credit of the City of Bayonne) and determining various other matters in connection therewith. This ordinance was adopted to assist Prince Holdings of Bayonne Urban Renewal Enterprise, LLC (the "Redeveloper") in financing the development, design, finance and construction of approximately 250,000 square feet of industrial warehouse space and associated loading docks and parking, infrastructure improvements and related site work (the "Project"). To assist the Redeveloper in financing the Project costs as set forth in the redevelopment agreement, the City, as redevelopment entity, will issue bonds pursuant to the Redevelopment Area Bond Financing Law, N.J.S.A. 40A:12-64, et seq. Pursuant to the Bond Financing Law, the City intends to pledge, to the extent required, the annual service charges paid to the City by the Redeveloper for debt service on the Bonds provided, however, that five percent (5%) of the annual service charges shall not be subject to such pledge in accordance with N.J.S.A. 40A:20-12 (the "County Share"). The City and the Redeveloper have agreed that any portion of the annual service charges paid by the Redeveloper to the City in excess of the amount needed to pay the County Share and Debt Service on the bonds shall be returned to the City and retained and used by the City for any lawful purpose.

Tax Appeals

The City is a defendant in various tax appeals that they are defending vigorously. The tax appeals it is currently defending are not unusual for a municipality of its size. In the past, the City has funded these appeals through various means, including utilizing the reserve for tax appeals account, which is funded through budget appropriations, issuing refunding notes to pay for the appeals, direct appropriations and charges to operations. The Local Finance Board has allowed the City to issue tax refunding obligations to finance the tax refunds. They are renewable annually for five to seven years after their date of issuance, with the amortization schedule approved by the Local Finance Board.

During the year ended December 31, 2015, the City renewed previously issued tax refunding notes. Also during the year ended December 31, 2015, the City funded additional appeals by appropriating and expending \$200,000 in the current budget and charging \$2,772,747 to improvement authorizations in the general capital fund.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE S. CONTINGENT LIABILITIES (continued)

Arbitrage Rebate

The City is subject Section 148 of Internal Revenue Code, which was enacted to minimize the arbitrage benefits from investing gross proceeds of tax-exempt bonds in higher yielding investments and to remove the arbitrage incentives to issue more bonds, to issue bonds earlier, or to leave bonds outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes for which the bonds were issued.

Affordable Housing

The State has passed legislation which would seize uncommitted affordable housing funds from municipalities. After rounds of appeals and court orders, the Appellate Division has ruled that the State can seize such funds, assuming proper notice and the ability for municipalities to contest the State's findings are provided. The extent of the City's Affordable Housing funds subject to seizure by the State, if any, is uncertain. As of December 31, 2014 and 2013, the City had balances of \$1,196,646 and \$1,150,079, respectively, in its Affordable Housing Trust.

Grant Programs

The City participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. The state and federal grants received and expended in the year ended December 31, 2015 were subject to the Uniform Guidance and NJ OMB Circular 15-08 and 2014 were subject to U.S. OMB Circular A-133 and State of New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the City's annual audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives.

As the result of an audit of the City's Community Development Block Grant (CDBG), the U.S. Department of Housing and Urban Development (HUD) notified the City during the transition year ended December 31, 2011 that certain costs of the program would be disallowed. The City was required to re-program an amount equal to the disallowed costs, \$515,601, from the City's own resources and operations.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE S. CONTINGENT LIABILITIES (continued)

Grant Programs (continued)

In addition, documentation supporting the costs of CDBG program's 2012 expenditures were not available for audit review as said documents were seized by federal law enforcement agencies for confidential investigation. As such, our audits questioned \$2,411,226 of combined CDBG and emergency shelter grant expenditures. As of the date of this audit, the City's liability, if any, cannot be determined.

Litigation

The City is a defendant in various lawsuits, none of which is unusual for a municipality of its size and should be adequately covered by the City's insurance program, defense program or by the City directly and which may be settled in a manner satisfactory to the financial stability of the City. It is anticipated that any judgments in excess of insured coverage would be paid by the City through future taxation or future debt borrowing.

The following cases have been noted by both outside and City Counsel as having potentially material exposure to the City.

Rios v. City of Bayonne, et al- Plaintiff claims excessive use of force by members of the Bayonne Police Department. The City believes it has a viable defense. Defense counsel filed a motion to dismiss which was granted in part and denied in part. Paper discovery was concluded under the direct supervision of the Court. Deposition discovery was commenced and has not yet been concluded. The demand on the case is \$1.6 million. No monetary counter-offer has been made but this matter has been stayed while the parties explore a possible settlement. The range of potential loss could be between \$30,000 and \$100,000, however, as a result of extensive investigation and thereafter the taking of the Plaintiff's deposition, the Plaintiff was unable to prove/establish any present or future loss. This case was settled in December 2015. The City contributed \$150,000 toward the settlement, which will be billed to the City by the NJIIF in the normal course of 2016.

Suarez v. City of Bayonne – this matter involves claims of excessive force and failure to provide medical treatment against the City of Bayonne and two individual officers employed by the City. The matter was scheduled for an in person settlement conference before a judge on January 6, 2016, however, nothing was resolved from the hearing. No monetary estimate of settlement has been provided at this time.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE S. CONTINGENT LIABILITIES (continued)

Litigation (continued)

In addition, the City, its officers and employees are defendants in a number of lawsuits including, but not limited to, lawsuits alleging employment discrimination and alleged violations of civil rights.

NOTE T. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 30, 2017 the date which the financial statements were available to be issued. Material events are disclosed as follows:

Issuance of Notes

On January 20, 2016, the City adopted a refunding bond ordinance providing for the refunding of certain outstanding general improvement bonds of the City dated June 24, 2009 and school bonds of the City dated December 22, 2004 to provide debt service savings and authorized the issuance of not to exceed \$80,000,000 aggregate principal amount of general obligation refunding bonds of the City.

On March 22, 2016 the City sold \$66,000,000 qualified general improvement refunding bonds at various interest rates ranging from 2% to 5%. These bonds were issued to advance refund and redeem a portion of certain outstanding general improvement bonds of the City dated June 24, 2009.

On March 22, 2016, the City also sold \$3,425,000 school refunding bonds at various interest rates ranging from 2% to 4%. These bonds were issued to advance refund and redeem a portion of school bonds of the City dated December 15, 2004.

On March 16, 2016, the City adopted a capital improvement ordinance to provide for funding for the improvement of Clark park in the amount of \$390,000. Funding to be provided through the Community Development Block Grant in the amount of \$190,000 and Developers Contribution Fund in the amount of \$200,000.

On April 20, 2016, the City adopted a resolution authorizing the issuance of not to exceed \$12,000,000 tax anticipation notes. \$10,000,000 of notes were issued on July 6, 2016 maturing September 6, 2016. The notes shall bear interest at the rate of 1.98% per annum.

On April 20, 2016, the City adopted a capital improvement ordinance to provide funding for the improvement of 16th street park in the amount of \$600,000. Funding be provided by FEMA grant #4572 in the amount of \$540,000 and capital fund balance in the amount of \$60,000.

**CITY OF BAYONNE
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE T. SUBSEQUENT EVENTS (continued)

On June 17, 2016 the City sold the following notes (through the HCIA pooled note financing program):

- \$27,042,000 of County-Guaranteed Pooled Notes at 2.00%
- \$48,845,000 of County-Guaranteed Pooled Notes (Federally Taxable) at 2.50%

On December 14, 2016, a bond ordinance was adopted providing for the acquisition of and the payment of a portion of the purchase price of real property and various 2016 capital improvements appropriating \$4,730,000 therefore and authorizing the issuance of \$4,500,000 bonds or notes of the City to finance part of the costs thereof.

GENERAL INFORMATION REGARDING
THE CITY OF UNION CITY
COUNTY OF HUDSON, NEW JERSEY

General Information

The City of Union City (the “City” or “Union City”), located in Hudson County, New Jersey, has a total land area of 1.4 square miles and a population of 66,455 persons. It is the second most densely populated community in the nation.

Located only twelve minutes from Time Square in New York City via the Lincoln Tunnel, and fifteen minutes from New Jersey’s Meadowlands Sport Complex, the City is at the hub of one of the major arteries of the nation.

The City was incorporated in 1925 as result of a merger of the Town of West Hoboken and Union Hill. The current format of the City’s government is a Board of Commissioners (the “Board”), under the Walsh Act, N.J.S.A. 40:71-1 et seq. The five Commissioners are elected at large, for terms of four years. The Commissioners serve in administrative capacities, as the Directors of the five major Departments in the City (Department of Public Affairs, Revenue and Finance, Public Safety, Public Works and Parks and Public Property).

The Board of Commissioners exercises executive, administrative, and legislative powers of the City through each Department by adoption of ordinances and resolutions. Additionally, the Board adopts the City’s budget.

Township officials include the following individuals:

Brian P. Stack	Mayor and Commissioner of Public Safety
Maryury A. Martinetti	Commissioner of Revenue and Finance
Lucio P. Fernandez	Commissioner of Public Affairs
Tilo E. Rivas	Commissioner of Public Works
Celin Valdivia	Commissioner of Recreation, Parks and Public Property

The City

The City’s existing commercial areas are more vibrant and active than ever before. New shopping malls and office complexes – many built through successful partnership with the City’s Community Development Agency – are beginning to change the face of this urban community.

Additional efforts to improve the City's appearance and upgrade the overall quality of life in the City's neighborhoods include obtaining grants to revitalize the City's two main shopping districts, the Bergenline Avenue district and the Summit Avenue district. The projects include the installation of new sidewalks with decorative paving stones, new curbing including curb cuts to accommodate the handicapped, repaving of the streets, the planting of trees along the curb line, and the installation of new trash recycling containers.

The current number of police officers, including rank and file, is 147. Union City has a very successful Community Policing Unit, which has been working in the Downtown section of the City for the past two years. The headquarters of the Community Police Unit is the downtown Precinct located at 7th Street and Bergenline Avenue. A Mid-Town Precinct opened in 1994 at 2700 Bergenline Avenue.

The City Fire Department was abolished in 1999 and the North Hudson Regional Fire Department (the "NHRFD") was created instead. The NHRFD is a joint fire department consisting of 5 Hudson County Municipalities – Union City, North Bergen, West New York, Guttenberg, and Weehawken. There are a combined 320 members working out of 18 firehouses throughout the 5 municipalities. The NHRFD headquarters is located at 6102 Tonnelle Avenue in North Bergen.

The Board has committed itself to a continuing effort to reorganize its Departments and provide updated, state-of-the-art equipment and facilities in order to provide more efficient and cost-effective service to the City's taxpayers and residents.

In June of 1995, the City officially opened the addition to City Hall. The addition, built in keeping with the historic characteristics of the original turn-of-the century City Hall building, was planned and built to allow the City to comply with the requirements of the Americans With Disabilities Act for all public buildings and also to allow for the modernization and the consolidation of city services.

GOVERNMENT SERVICES

Department of Public Affairs

The Department of Public Affairs encompasses the following City services and agencies: the Municipal Court, the Office of Senior Citizen Affairs and Veterans Affairs (which includes business licensing and the City Registrar).

Department of Revenue and Finance

The Department of Revenue and Finance is charged with the maintenance of the City's fiscal records. Within the Department are the functions of the Treasurer, the Tax Assessor, City Clerk, Purchasing and Rent Control.

Department of Public Safety

The Department of Public Safety consists of the police force of approximately 150 members. In addition, the Department supervises the Union City Emergency Medical Service, the Youth Administration, the Office of Emergency Management, the Office of the Construction Code Official, the Legal Department and Board of Health, and the Public Information Office.

Department of Public Works

The Department of Public Works (“DPW”) has the responsibility of maintaining, improving, and cleaning streets and roads in the City. In addition, the DPW is charged with sewer maintenance and snow removal. Trash and recyclable removal is contracted to private haulers, however, the DPW picks up and removes items which are not picked up by the private haulers for various reasons.

Department of Parks and Public Property

The Department of Parks and Public Property is responsible for the maintenance of all public buildings and grounds and recreation programs in the City.

OTHER SERVICES

Recreation

Union City has a full and varied schedule of recreation for City residents.

The Union City Swimming Pool and Recreation Center, located adjacent to the Edison School at 507 West Street, opened in June of 1993 and the second pool on 47th Street opened in August 2004. With programs for everyone from toddlers to senior citizens, the pool has become one of Union City’s most popular recreation outlets. The Multipurpose Room of the Recreation Center is used on a daily basis by both the schools and by various community groups.

The City improved, renovated or constructed 12 parks in the 1 square mile city. The parks, both active and passive, provide a host of activities from soccer to splash pads. A Midnight Basketball League exists and has become very popular with those residents age 19 and over.

All of Union City’s parks and playgrounds are being renovated as funds allow and a wide spectrum of recreation programs are available to City youngsters throughout the year.

Water, Electric and Gas

Water is obtained from the United Water Company. Electricity and gas are supplied by the Public Service Electric and Gas Company. Both companies are investor-owned utilities. The supply of water, gas and electricity is deemed to be adequate for all present and projected future requirements.

Sewerage

The City has entered into a Service Agreement (the “Agreement”) with the North Hudson Sewerage Authority (the “Authority”) for the treatment of wastewater in the City. The Authority was established pursuant to the Sewerage Authorities Laws of New Jersey, Chapter 138, P.L. 1946, N.J.S.A. 40:14A-1 et seq. (the “Act”) and approved by the New Jersey Local Finance Board. As part of the Agreement, the Authority must establish rates estimated to be sufficient to pay for the operation and maintenance of the system and for the principal and interest on its bonds as they become due, to maintain the amount required to be held on deposit in the sinking fund and the bond reserve fund held and maintained pursuant to that certain bond resolution of the Authority authorizing the issuance and sale of its bonds (the “Resolution”) and to comply fully with the provision of the Resolution and the Act.

The City, under the Agreement, and as a result of a resolution of the Authority to enter into a rebuilding program, has pledged its full faith and credit to the payments of the Service and Annual Charges (as defined in the Resolution), as determined in accordance with the Agreement. Additionally, the City is responsible for its proportionate share based upon the Agreement for any deficiencies arising from the result of operations of the Authority. The payments from the member municipalities, if any, shall be assessed and payable in the same percentage as set forth in the Agreement, or as the most recent determination by the Authority of the allocation of annual flow among the Members.

On or before January 1 of each fiscal year, the Authority will make an estimate of the amount of Annual Charges which will become payable by the municipalities for such fiscal year. Pursuant to the Agreement and based upon the projected flow, the City’s share in the Authority is currently approximately 32%. There were no amounts due to the Authority for the periods ended June 30, 2012 and 2011.

THE UNION CITY HOUSING AUTHORITY

The Housing Authority is a separate autonomous body whose major goal is to provide affordable housing for low income or moderate families. To this end, the Housing Authority provides rental assistance in three types of housing for the residents of the City.

The Housing Authority has 455 units of low cost housing in the housing project which is owned and operated by the Housing Authority.

The Housing Authority also has 112 units of housing dedicated to military veterans who served the United States during war time. The Housing Authority also provides 510 units, in private homes and apartments, under the U.S. Housing Laws of 1937, commonly known as the Section 8 housing law.

THE UNION CITY PARKING AUTHORITY

The Union City Parking Authority is a separate autonomous body, which operates eight parking lots in the City.

SCHOOL DISTRICT GENERAL INFORMATION

Background of the School System

The City of Union City School District, following a general referendum of the City's voters in April 1991, became an appointed Board of Education (a Type I School District under New Jersey Law). Currently, the school district serves approximately 13,593 students through thirteen facilities, consisting of one high school, two middle schools and ten grammar schools.

The School System

In recent years, the City's Board of Education has undertaken a major overhaul of the physical condition of its nine existing school buildings. A tenth facility purchased from the Archdiocese of Newark was renovated and opened as an elementary school in September 1993. The Board of Education has also upgraded the curriculum.

The City of Union City and the Board of Education are pleased that the State of New Jersey, the New Jersey School Construction Corporation, and the New Jersey Economic Development Authority are engaged in several new school construction projects that will have a positive impact on education and the neighborhood community and will serve as a catalyst for urban development in our community. The New Jersey School Development Agency has provided the Union City Board of Education with the Jose Marti Middle School in 2004, and the Eugenio Maria de Hostos Early Childhood Center in 2007, and the new Union City High School in 2009. The Colin Powell Elementary School opened in September 2012. With the use of local capital reserve funding, Hudson School renovation was completed and re-opened in September 2015. Additionally with the guidance from the New Jersey Schools Development Authority and the local budget capital reserve funds, school construction is being planned for the renovation of Gilmore School. A continuous effort is underway to seek a balance between the education needs of the district and fiscal responsibility. The Long Range Facilities Plan (the "LRFP") that has been submitted to the New Jersey Department of Education has received approval. Since the LRFP is a living document it will be modified to best reflect the district needs.

Today, over 65% of the City's high school graduates are advancing to institutions of higher education. A continuing and conscious effort has been made to join innovative teachers with programs such as the Gifted and Talented School, and intensive bilingual program, and a pre-school educational program.

DEMOGRAPHIC INFORMATION

Resident Population

	1970	1980	1990	2000	2010
Union City	57,305	55,593	58,012	67,088	66,455
County of Hudson	609,266	556,972	553,099	608,975	634,266
State of New Jersey	7,168,164	7,364,823	7,747,750	8,414,350	8,791,894

Source: U.S. Census Bureau, 2010 Census

Employment Information

	Labor Force	Employment	Unemployment	Unemployment Rate
Union City	34,900	32,900	2,000	5.6%
County of Hudson	361,800	344,900	16,900	4.7%
State of New Jersey	4,524,300	4,299,900	224,300	5.0%

Source: NJ Dept. of Labor and Workforce Development, 2016

Largest Taxpayers

Taxpayer	Assessed Valuation	% of Total District Net Assessed Value
Hudson Troy Towers	\$ 25,184,500	1.70%
Doric Apt Corp.	23,281,000	1.56%
Orlando Limited	6,744,400	0.45%
Verizon	6,653,163	0.45%
Union Kennedy Assoc.	5,065,000	0.34%
2210-12 Kerrigan Ave LLC	4,364,700	0.29%
Castle Hill Holding, LLC	4,167,000	0.28%
3501 Bergenline Ave Realty	3,546,800	0.24%
133,301,608 Madison St./Walgreens	3,132,800	0.21%
JDU & 4800 UC LLC / Paramount	3,075,000	0.21%

Source: Union City Municipal Tax Assessor, 2017

Largest Private Employers

Address	Employer Name	Business Type	Number of Employees
3133 Central Avenue	Interim Healthcare Inc.	Business Services	250
535 41 st Street	Head Start North Hudson Community	Social Services	105
615 23 rd Street	Castle Hill Health Care Center	Healthcare Services	100
3200 Hudson Avenue	Manhattanview Healthcare Center	Healthcare Services	100

Source: Hudson County Economic Development Corporation, January 2017

Trend of Net Assessed Valuations
By Classifications of Real Estate

Classification	2017	2016	2015	2014	2013
Residential	\$ 767,251,699	\$ 759,975,899	\$ 758,691,700	\$ 761,714,500	\$ 763,527,400
Commercial	398,364,700	399,793,900	400,067,500	402,563,100	405,748,700
Industrial	28,629,000	28,871,900	30,183,500	30,684,500	31,566,200
Apartments	267,428,200	260,413,500	260,248,500	260,162,300	257,649,500
Vacant/Undeveloped	22,837,600	22,439,400	21,730,300	22,562,500	22,230,900
Total	1,484,511,199	1,471,494,599	1,470,921,500	1,477,686,900	1,480,722,700
Personal Property	6,653,163	6,641,616	6,869,333	6,319,974	6,530,214
Other	-	-	-	-	-
Total Assessed Valuation	\$ 1,491,164,362	\$ 1,478,136,215	\$ 1,477,790,833	\$ 1,484,006,874	\$ 1,487,252,914

Source: Office of the Tax Assessor, Union City

TAX LEVY AND TAX COLLECTION

General Tax Rate
(Per \$100 of Assessed Valuation)

Fiscal Year	2017	2016	2015	2014	2013
Tax Rate:					
County	\$ 1.170	\$ 1.212	\$ 1.071	\$ 1.082	\$ 1.122
School	1.034	1.043	1.044	1.039	1.101
Municipal	4.675	4.535	4.437	4.503	4.320
Open Space	0.025	0.024	0.011	0.000	0.002
Total General Tax Rate	\$ 6.904	\$ 6.814	\$ 6.562	\$ 6.624	\$ 6.545

Source: Hudson County Board of Taxation

Tax Levy and Tax Collection

Year	Tax Levy	Cash Collection	Percentage
2017*	\$ 102,767,449	\$ 102,718,453	99.64%
2016	102,268,869	102,184,881	99.92%
2015	97,132,708	97,003,832	99.86%
2014	98,180,964	98,178,007	99.99%
2013	97,092,453	95,670,978	98.53%
2012	94,990,147	94,893,500	98.91%
2011	90,217,685	88,452,521	98.04%

Source: Audited Financial Statements of the City

*Unaudited Financial Statements of the City

Delinquent Taxes and Tax Title Liens Experience

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	% of Tax Levy
2017*	\$ 47,690	\$ 48,996	\$ 96,686	0.09%
2016	38,554	58,995	97,549	0.10%
2015	104,293	301,915	406,208	0.42%
2014	81,018	187,172	268,190	0.27%
2013	56,989	110,490	167,479	0.17%
2012	64,515	118,036	182,551	0.19%
2011	633,478	53,582	687,060	0.76%

Source: Audited Financial Statements of the City

*Unaudited Financial Statements of the City

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Property taxes are based on the assessor's valuation of real property. The taxes for the City, local school district, and county purposes are combined into one levy which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. For those municipalities that adopt the State fiscal year, including the City, two annual tax bills

are required to be delivered (i) one bill on or before June 14 of the tax year for the quarterly installments due August 1 and November 1, and (ii) one bill on or before December 10, of the tax year for the quarterly installments due February 1 and May 1. Turnover of tax monies by the City to the Board of Education is generally made on a periodic basis throughout the year in the amount of 100% of the school levy. The City remits 100% of the County taxes levied quarterly, on the 15th day of February, May, August and November.

Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500. Unpaid taxes are subject to tax sale as of May 11 of the current fiscal year, in accordance with statutes of the State of New Jersey. Municipality tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

DEBT INFORMATION

General Information

The State has enacted certain laws and statutes regulating the authorization and issuance of debt by tax levying local governmental units of the State. The statutory gross debt must include all debt authorized plus all debt issued which remains outstanding. Debt, bonds or notes, which has been refunded and payment for which is made from escrowed U.S. Treasury securities or other permitted investments, is considered outstanding under State statutes until such outstanding debt has matured or has been called for redemption.

However, any debt which is self-supporting or which is payable from other sources or debt issued for refunding purposes may be deducted from the statutory gross debt to arrive at the amount of statutory net debt. The statutory net debt figure is the amount to determine if a local governmental unit is within the limit of its statutory borrowing power.

A municipality's debt incurring power is limited by State statute to 3.5% of the equalized valuation, determined annually by the State, of all taxable real property within a local governmental unit. A local governmental unit's general purpose bonds must be issued in serial form, with the first principal payment to occur within one year of an issue's date and the final maturity not to exceed the useful life of a capital improvement.

Notes may be sold on a period of one year, and may be renewed annually but the final maturity may not exceed the first day of the fifth month immediately following the end of the tenth fiscal year following the original date of issuance.

Appropriation Not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. 40A:4-57 states "No officer, board, body or commission shall, during any fiscal year expend money (except for pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money

for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purposes.” N.J.S.A. 40A:2-4 states “The power and obligation of a local governmental unit to pay any and all bonds and notes issued by it pursuant to this Chapter is a revision, shall be unlimited...”

Schedule of Annual Debt Service
For Bonded Debt Issued and Outstanding
As of June 30, 2017

Fiscal Year Ending	<u>General Bonds</u>		<u>HCIA Lease</u>		Total	<u>Total</u>	
	Principal	Interest	Principal	Interest		Principal	Interest
2018	2,628,425	3,618,064	995,138	493,075	7,734,702	3,623,563	4,111,139
2019	4,385,000	1,891,920	1,050,329	433,283	7,760,532	5,435,329	2,325,203
2020	4,590,000	1,684,795	1,125,593	369,879	7,770,267	5,715,593	2,054,674
2021	4,810,000	1,466,482	1,184,131	301,071	7,761,684	5,994,131	1,767,553
2022	5,030,000	1,257,294	1,264,411	227,937	7,779,642	6,294,411	1,485,231
2023	5,245,000	1,056,278	1,348,035	149,600	7,798,913	6,593,035	1,205,878
2024	5,350,000	843,919	1,451,731	65,788	7,711,438	6,801,731	909,707
2025	1,220,000	714,451			1,934,451	1,220,000	714,451
2026	1,345,000	665,825			2,010,825	1,345,000	665,825
2027	1,485,000	610,325			2,095,325	1,485,000	610,325
2028	1,640,000	547,076			2,187,076	1,640,000	547,076
2029	1,815,000	474,300			2,289,300	1,815,000	474,300
2030	1,990,000	389,363			2,379,363	1,990,000	389,363
2031	2,190,000	292,725			2,482,725	2,190,000	292,725
2032	1,475,000	198,125			1,673,125	1,475,000	198,125
2033	1,695,000	105,937			1,800,937	1,695,000	105,937
Total	46,893,425	15,816,879	8,419,368	2,040,633	73,170,305	55,312,793	17,857,512

Source: Unaudited Financial Statements of the City

Debt Statement
As of June 30, 2017*

Gross Debt

Municipal Debt

Issued and Outstanding	
General Capital Bonds	\$ 46,893,424
Bonds Issued by Another Public Body and Guaranteed by Municipalities	1,197,700
Loan Payable - Green Acres	1,174,629
Bond Anticipation Notes	47,818,117
Authorized but Not Issued	4,895,100
	<hr/>
	101,978,970

Type I Local School District Debt (Obligation of Municipality)

Issued and Outstanding	
Serial Bonds	-

<u>Total Gross Debt</u>	<hr/> 101,978,970
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Less:

Applicable Deductions	10,360,000
Type I School District Bonds	-
	<hr/>
Total Deductions	10,360,000

<u>Total Statutory Net Debt</u>	<hr/> \$ 91,618,970 <hr/>
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Statutory Net Debt

Average Equalized Valuation of Real Property for 2015-2017	\$ 3,369,532,486
Net Debt Percentage (Statutory Limit – 3.5%)	2.719%

Source: Annual Debt Statement 2017
*Unaudited

Current Fund
June 30, 2017 and 2016
Comparative Balance Sheets

	<u>2017*</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 9,681,240	\$ 7,807,398
Change Fund	830	830
	<u>9,682,070</u>	<u>7,808,228</u>
Other Assets:		
Revenue Accounts Receivable	-	-
Grants Receivable	4,637,590	7,047,290
	<u>4,637,590</u>	<u>7,047,290</u>
Deferred Charges:	2,022,102	4,544,114
	<u>2,022,102</u>	<u>4,544,114</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Taxes Receivable	48,996	58,995
Property Acquired for Taxes at Assessed Valuation	171,900	171,900
Revenue Accounts Receivable	1,066,444	1,236,649
Tax Title Liens Receivable	47,690	38,554
Other Receivables	337,075	454,624
Interfunds Receivable:		
Due from Other Trust Fund	2,506	16,925
Due from Capital Fund	-	255,388
Due from Dog License Trust	3,421	7,902
Due from Public Defender Trust Fund	-	-
Due from CDA Trust	-	514
	<u>1,678,002</u>	<u>2,241,451</u>
Total Assets	<u><u>\$ 18,019,794</u></u>	<u><u>\$ 21,641,083</u></u>

Source: Audited Financial Statements of the City

*Unaudited Financial Statements of the City

	<u>2017*</u>	<u>2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Appropriation Reserves	\$ 341,006	\$ 683,860
Tax Overpayments	31,283	18,944
Prepaid Taxes	147,433	233,260
Accounts Payable	97,255	276,167
Reserve for Encumbrances	4,505,027	1,901,538
Due to Sewer Authority – Liens	1,574,491	-
Reserve for Unappropriated Grants	-	19,530
Reserve for Appropriated Grants	1,005,818	2,173,325
Reserve for Neighborhood Housing	-	1,824
Other Reserves	16,600	205,314
Local School District Taxes Payable	-	1,541,864
Intergovernmental Payables:		
Due to State of NJ – Sr. Citizens’ & Veterans’	42,644	39,373
Other	45,755	1,786,279
Interfunds Payable:		
Due to Capital Fund	-	-
Due to CDA Trust	-	-
Due to Public Defender Trust Fund	-	-
Note Payable	640,000	1,280,000
	<u>8,447,312</u>	<u>10,161,278</u>
Reserve for Receivables	1,660,271	2,241,451
Total Liabilities	<u>10,107,583</u>	<u>12,402,729</u>
Fund Balance	7,912,211	9,238,354
Total Liabilities, Reserves and Fund Balance	<u>\$ 18,019,794</u>	<u>\$ 21,641,083</u>

Source: Audited Financial Statements of the City

*Unaudited Financial Statements of the City

Current Fund
June 30, 2017 and 2016
Comparative Statements of Operations and Change in Fund Balance

	<u>2017*</u>	<u>2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 2,847,216	\$ 1,633,800
Miscellaneous Revenue Anticipated	45,961,386	47,228,308
Receipts from Delinquent Taxes	65,590	357,453
Receipts from Current Taxes	102,397,649	103,413,900
Non-Budget Revenues	717,892	970,286
Unexpended Balances of Appropriations Cancelled	101,401	-
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	213,491	339,023
Accounts Payable Cancelled	171,351	16,320
Grants Appropriated Cancelled	-	78,443
Correct Prior Year Grant Award	-	920,269
Reimbursement of Prior Years' Library Expenditures	-	-
Interfunds Returned	362,322	14,062
Cancellation of Other Reserves	-	36,711
Dog License Fund – Statutory Excess	3,092	4,782
	<u>152,841,390</u>	<u>155,013,357</u>
 <u>EXPENDITURES</u>		
Budget Appropriations	116,935,194	114,480,591
Local School District Taxes	15,418,637	15,418,637
County Taxes	18,966,486	17,693,344
Special Emergencies – 1 Year	42,169	702,952
Special Emergencies – 5 Years	355,679	877,541
Overexpenditures	-	1,058,967
Tax Judgments on Prior Years Taxes	-	205,368
Interfund Advances Originating in Current Year	-	280,729
Receivables Originating in Current Year	-	1,674,342
Grants Receivable Cancelled	-	851,940
	<u>151,718,165</u>	<u>153,244,411</u>

(Deficit) Excess in Operations	1,123,225	1,768,946
Adjustments:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year		
Special Emergency – 1 Year	42,169	702,952
Special Emergency – 5 Year	355,679	877,541
Overexpenditures	-	1,058,967
Deficit:		
Expenditures without Appropriations	-	-
Overexpenditures of Appropriation Reserves	-	-
Overexpenditures	-	-
Interfund Overexpenditures	-	-
	<u>397,848</u>	<u>2,639,460</u>
Statutory Excess to Fund Balance	<u>1,521,073</u>	<u>4,408,406</u>
Fund Balance, Beginning of Year	<u>9,238,354</u>	<u>6,463,748</u>
Decreased by Utilized as Anticipated Revenue	<u>2,847,216</u>	<u>1,633,800</u>
Fund Balance, End of Year	<u><u>\$ 7,912,211</u></u>	<u><u>\$ 9,238,354</u></u>

Source: Audited Financial Statements of the City

*Unaudited Financial Statements of the City

**CITY OF UNION CITY
NEW JERSEY**

REPORT OF AUDIT

**FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015**



**DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC**

**CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS**

CITY OF UNION CITY

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DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Board of Commissioners
City of Union City, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the City of Union City, New Jersey (the “City”), which comprise the comparative balance sheet – regulatory basis, of each fund and account group as of June 30, 2016 and 2015, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis and statement of appropriations – regulatory basis, of the Current Fund, and the related statement of change in fund balance – regulatory basis, of the General Capital Fund, for the years then ended, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of June 30, 2016 and 2015, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and account group of the City as of June 30, 2016 and 2015, the Current Fund's respective operations and changes in fund balance – regulatory basis, revenues – regulatory basis and appropriations – regulatory basis, and the General Capital Fund's changes in fund balance – regulatory basis, for the years then ended, on the basis of the financial reporting provisions of the Division as described in Note 1.

Emphasis of Matter Regarding Dependence on Transitional Aid

As described in Note 10, the City is the recipient of Transitional Aid, the amount of which is material to funding the operations of the City. This aid is anticipated in the City's fiscal year ending June 30, 2017 budget. Minimum conditions on receipt of this aid are set forth in a Memorandum of Understanding with the Division. Our opinion on the basic financial statements is not affected by the receipt of Transitional Aid by the City.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Donohue, Gironde, Doria & Tomkins, LLC

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Linda P. Kish

LINDA P. KISH
Registered Municipal Accountant #487

Bayonne, New Jersey
April 11, 2017

EXHIBIT A

**CITY OF UNION CITY
CURRENT FUND
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	A-4	\$ 7,807,398	\$ 18,617,392
Change Fund	Unchanged	830	830
		<u>7,808,228</u>	<u>18,618,222</u>
Other Assets:			
Revenue Accounts Receivable	A-10	-	549,735
Grants Receivable	A-25	7,047,290	9,293,062
		<u>7,047,290</u>	<u>9,842,797</u>
Deferred Charges	A-23	4,544,114	3,268,720
		<u>4,544,114</u>	<u>3,268,720</u>
Receivables and Other Assets with Full Reserves:			
Taxes Receivable	A-7	58,995	301,915
Property Acquired for Taxes at Assessed Valuations	A-9	171,900	171,900
Revenue Accounts Receivable	A-10	1,236,649	-
Tax Title Liens Receivable	A-13	38,554	104,293
Other Receivables	A-14	454,624	16,931
Interfunds Receivable:			
Due from General Capital Fund	A-11	255,388	-
Due from Other Trust Fund	A-11	16,925	612,137
Due from Public Defender Trust Fund	A-11	-	6,200
Due from Dog License Trust	A-11	7,902	7,862
Due from CDA Trust	A-11	514	-
	A	<u>2,241,451</u>	<u>1,221,238</u>
Total Assets		<u>\$ 21,641,083</u>	<u>\$ 32,950,977</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT A

**CITY OF UNION CITY
CURRENT FUND
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves	A-3, A-15	\$ 683,860	\$ 2,580,315
Tax Overpayments	A-8	18,944	27,212
Prepaid Taxes	A-18	233,260	170,629
Accounts Payable	A-21	276,167	103,408
Reserve for Encumbrances	A-22	1,901,538	1,739,995
Reserve for Unappropriated Grants	A-26	19,530	89,883
Reserve for Appropriated Grants	A-27	2,173,325	2,107,015
Reserve for Neighborhood Housing	A-28	1,824	1,824
Other Reserves	A-17	205,314	235,541
Local School District Taxes Payable	A-19	1,541,864	9,251,182
Intergovernmental Payables:			
Due to State of NJ - Sr. Citizens' & Veterans'	A-12	39,373	34,894
Other	A-16	1,786,279	1,776,774
Note Payable	A-24	1,280,000	1,920,000
Interfunds Payable:			
Due to Capital Fund	A-11	-	4,932,860
Due to CDA Trust Fund	A-11	-	294,459
		<u>10,161,278</u>	<u>25,265,991</u>
Reserve for Receivables	Above	<u>2,241,451</u>	<u>1,221,238</u>
Total Liabilities		12,402,729	26,487,229
Fund Balance	A-1	<u>9,238,354</u>	<u>6,463,748</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 21,641,083</u></u>	<u><u>\$ 32,950,977</u></u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016 AND 2015**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS**

	Ref.	2016	2015
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1	\$ 1,633,800	\$ -
Miscellaneous Revenue Anticipated	A-2	47,228,308	42,230,313
Receipts from Delinquent Taxes	A-2	357,453	110,090
Receipts from Current Taxes	A-2	103,413,900	98,343,777
Non-Budget Revenues	A-2	970,286	258,822
Other Credits to Income:			
Dog License Fund - Statutory Excess	A-11	4,782	4,802
Accounts Payable Cancelled	A-11	16,320	5,800
Correct Prior Year Grant Award	A-11	920,269	-
Unexpended Balance of Appropriation Reserves	A-15	339,023	374,538
Cancellation of Other Reserves	A-17	36,711	43,640
Grants Appropriated Cancelled	A-27	78,443	716,892
Interfunds Returned	A-11	14,062	3,389,557
Total Income		<u>155,013,357</u>	<u>145,478,231</u>
<u>EXPENDITURES</u>			
Budget Appropriations	A-3	114,480,591	109,760,981
Local School District Taxes	A-2, A-19	15,418,637	15,418,637
County Taxes	A-2, A-20	17,693,344	15,771,847
Special Emergencies - 1 Year	A-23	702,952	232,845
Special Emergencies - 5 Year	A-23	877,541	-
Overexpenditures	A-23	1,058,967	-
Adjustments/Cancellation of Taxes	A-7	-	29,713
Tax Judgements on Prior Year Taxes	A-8	205,368	47,385
Interfund Advances Originating in Current Year	A-11	280,729	626,199
Other Receivable Cancelled	A-10	-	167,606
Receivable Originating in Current Year	A-10	1,236,649	-
Receivable Originating in Current Year	A-14	437,693	-
Grants Receivable Cancelled	A-25	851,940	747,508
Total Expenditures		<u>153,244,411</u>	<u>142,802,721</u>
Excess in Revenue		<u>1,768,946</u>	<u>2,675,510</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Special Emergency - 1 Year	A-23	702,952	232,845
Special Emergency - 5 Year	A-23	877,541	470,372
Overexpenditures	A-23	1,058,967	-
		<u>2,639,460</u>	<u>703,217</u>
Statutory Excess to Fund Balance		4,408,406	3,378,727
Fund Balance, Beginning of Year	A	<u>6,463,748</u>	<u>3,085,021</u>
Decreased by Utilized as Anticipated Revenue	A-1	<u>1,633,800</u>	<u>-</u>
Fund Balance, End of Year	A	<u>\$ 9,238,354</u>	<u>\$ 6,463,748</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT A-2

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Budget	Realized	Excess or (Deficit)
Surplus Anticipated		\$ 1,633,800	\$ 1,633,800	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage		195,065	229,225	34,160
Other		116,780	105,302	(11,478)
Fees and Permits		205,872	256,739	50,867
Fines and Costs:				
Municipal Court		2,578,134	2,666,809	88,675
Interest and Costs on Taxes		478,836	432,550	(46,286)
Interest on Investments and Deposits		20,390	34,956	14,566
Wedding Fees		36,545	47,388	10,843
Cable Franchise Fees		128,404	320,340	191,936
Payment in Lieu of Taxes				
Union Plaza Apartments		275,568	209,173	(66,395)
Union City Renaissance Urban Renewal		10,365	10,898	533
Palisade Urban Renewal Assoc.		34,283	86,266	51,983
Holy Rosary		30,925	32,946	2,021
Horizon Heights		12,385	12,385	-
Serv Properties		4,062	3,055	(1,007)
Suede Promotions		20,000	11,016	(8,984)
Total Local Revenues		4,147,614	4,459,048	311,434
State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Aid		3,918,907	5,618,907	1,700,000
Energy Receipts Taxes		9,831,255	9,831,255	-
Transitional Aid		17,800,000	17,800,000	-
Total State Aid Without Offsetting Appropriations		31,550,162	33,250,162	1,700,000
Dedicated Uniform Construction Code Fees Offset with Appropriations				
Uniform Construction Code Fees		1,040,343	1,793,010	752,667
Special Items of Revenue - Interlocal Service Agreements				
Union City Board of Education:				
Lease Recreational Center		312,500	325,000	12,500
Solid Waste Removal		360,000	360,000	-
47th Street Pool		136,000	136,000	-
Off Duty Police Officers		100,000	100,000	-
Police Services		655,000	655,000	-
Snow Removal		100,000	-	(100,000)
School Crossing Guards		1,200,000	1,200,000	-
Total Special Items of Revenue - Interlocal Service Agreements		2,863,500	2,776,000	(87,500)
Special Items of Revenue - Public and Private Revenues				
Summer Food Program		207,868	207,868	-
Municipal Alliance on Alcoholism and Drug Abuse		57,412	57,412	-
Prevention Coalition Drug Free Communities		125,500	125,500	-
Alcohol Education		1,120	1,120	-
Byrne Justice Assistance Program		24,579	24,579	-
Clean Communities		102,724	102,724	-
Body Armor Replacement Fund		14,645	14,645	-

See Accompanying Notes to the Financial Statements.

EXHIBIT A-2

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Budget	Realized	Excess or (Deficit)
Special Items of Revenue - Public and Private Revenues (Continued)				
Green Acres Trust Fund Grant - Reservoir Purchase		\$ 1,100,000	\$ 1,100,000	\$ -
New Jersey Department of Transportation -				
Summit Avenue Section 4		200,000	200,000	-
Summit Avenue Section 5 (Municipal Aid)		340,000	340,000	-
Summit Avenue Section 5 (Urban Aid)		99,815	99,815	-
Reserve for Grants Unappropriated:				
Clean Communities		89,883	89,883	-
Total Special Items of Revenue - Public and Private Revenues		<u>2,363,546</u>	<u>2,363,546</u>	<u>-</u>
Special Items of Revenue - Other				
North Hudson Community Action Health Center Lease		106,560	106,560	-
Emergency Medical Services		877,660	926,505	48,845
Other Trust Fund		612,137	612,137	-
Reserve for Debt Service		182,200	182,200	-
Five Year Abatement Program		746,000	759,140	13,140
Total Special Items of Revenue - Other		<u>2,524,557</u>	<u>2,586,542</u>	<u>61,985</u>
Total Miscellaneous Revenues		44,489,722	47,228,308	2,738,586
Receipts From Delinquent Taxes		<u>286,086</u>	<u>357,453</u>	<u>71,367</u>
Subtotal General Revenues and Fund Balance Anticipated		<u>46,409,608</u>	<u>49,219,561</u>	<u>2,809,953</u>
Amount to Be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes		67,012,330	69,243,266	2,230,936
Minimum Library Tax		<u>1,058,653</u>	<u>1,058,653</u>	<u>-</u>
Total Amount to Be Raised by Taxes for Support of Municipal Budget	A-7	<u>68,070,983</u>	<u>70,301,919</u>	<u>2,230,936</u>
Non-Budget Revenues		<u>-</u>	<u>970,286</u>	<u>970,286</u>
Total General Revenues		<u>\$ 114,480,591</u>	<u>\$ 120,491,766</u>	<u>\$ 6,011,175</u>
		A-3	Below	
ANALYSIS OF REALIZED REVENUE				
Allocation of Current Taxes				
Revenue from Collections	A-7	\$ 102,061,473		
Add: Reserve for Uncollected Taxes	A-3	<u>1,352,427</u>		
	A-1	103,413,900		
Less:				
Allocated to School Taxes	A-1, A-19	15,418,637		
Allocated to County Taxes	A-1, A-20	<u>17,693,344</u>		
Amount for Support of Municipal Budget	Above		\$ 70,301,919	
Receipts from Delinquent Taxes				
Delinquent Tax Collections	A-1, A-7		357,453	
Miscellaneous Revenues Anticipated	A-10	44,070,425		
Interfund Receivable	A-11	612,137		
Interfund Receivable	A-11	182,200		
Grant Revenue	A-25	<u>2,363,546</u>		
	A-1		47,228,308	
Surplus Anticipated			1,633,800	

See Accompanying Notes to the Financial Statements.

EXHIBIT A-2

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Budget	Realized	Excess or (Deficit)
ANALYSIS OF NON-BUDGET REVENUE				
Miscellaneous Refunds		\$ 52,554		
31st Street Parking Lot		4,940		
State Aid - Local Enforcement Agency Rebates		53,263		
Motor Vehicle Inspection Fines		272		
Copy of Reports		14,141		
Fire Reports		44,094		
Senior Citizens' and Veterans' Deduction Administration Fee		1,210		
Sale of Assets		7,127		
Miscellaneous		50,035		
Restitution		300		
Void Old Outstanding Checks		485,214		
Prior Year Bank Reconciliation Adjustments		31,722		
Recycling Trust Deposits		64,264		
EMS Receipts		28,319		
Bus Shelter Rent		2,500		
	A-4	839,955		
	A-10	130,331		
Due from BOE Washington Streetscape	Above, A-1		970,286	
			<u>\$ 120,491,766</u>	
			Above	

See Accompanying Notes to the Financial Statements.

EXHIBIT A-3

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
				Paid or Charged	Cancelled	Reserved
Operations within "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS						
Director's Office						
Salaries and Wages		\$ 97,005	\$ 117,440	\$ 117,440	\$ -	\$ -
Other Expenses		4,000	7,962	7,961	-	1
Municipal Court						
Salaries and Wages		1,106,510	1,144,938	1,144,937	-	1
Other Expenses		230,000	225,961	225,961	-	-
Public Defender						
Other Expenses		75,000	67,544	67,544	-	-
Senior Citizens						
Salaries and Wages		107,746	94,667	94,666	-	1
Other Expenses		25,000	21,808	21,808	-	-
Hispanic/Cultural Affairs						
Other Expenses		100,000	99,638	99,637	-	1
North Hudson Council of Mayors						
Other Expenses		90,000	76,739	76,739	-	-
Municipal Land Use Law (NJS 40:55D-1)						
Regional Planning Board						
Salaries and Wages		13,000	12,501	12,500	-	1
Other Expenses		24,000	22,266	22,266	-	-
Continuous Planning Program		59,000	53,173	53,173	-	-
Veterans Affairs						
Salaries and Wages		1,000	-	-	-	-
Other Expenses		500	-	-	-	-
Celebration of Public Events						
Other Expenses		90,000	90,036	90,036	-	-
Total Department of Public Affairs		2,022,761	2,034,673	2,034,668	-	5
Detail:						
Salaries and Wages		1,325,261	1,437,090	1,437,087	-	3
Other Expenses		697,500	597,583	597,581	-	2
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages		53,000	51,537	51,537	-	-
Other Expenses		5,000	4,172	4,172	-	-
City Clerk's Office						
Salaries and Wages		220,015	224,308	224,307	-	1
Other Expenses		96,500	84,509	84,508	-	1
Treasurer's Office						
Salaries and Wages		774,661	732,481	732,480	-	1
Other Expenses		469,450	466,040	465,645	-	395
Assessment of Taxes						
Salaries and Wages		285,600	306,983	306,982	-	1
Other Expenses		49,000	48,883	48,882	-	1
Collection of Taxes						
Salaries and Wages		317,700	312,776	312,776	-	-
Other Expenses		25,000	34,590	34,589	-	1
Central Purchasing						
Salaries and Wages		267,154	253,421	253,421	-	-
Other Expenses		8,500	6,889	6,889	-	-
Rent Control Board						
Salaries and Wages		282,000	299,376	299,376	-	-
Other Expenses		8,500	10,800	10,799	-	1
Insurance						
General Liability		1,812,000	1,791,724	1,791,661	-	63
Workers Compensation		2,115,734	1,605,278	1,601,442	-	3,836
Employee Group Health		17,140,368	17,089,217	16,834,898	-	254,319

See Accompanying Notes to the Financial Statements.

EXHIBIT A-3

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
			Paid or Charged	Cancelled	Reserved	
DEPARTMENT OF REVENUE AND FINANCE						
(Continued)						
Tax Searches						
Salaries and Wages		\$ 5,001	\$ 5,001	\$ 5,000	\$ -	\$ 1
Other Expenses		500	-	-	-	-
Elections						
Salaries and Wages		25,000	1,907	1,907	-	-
Other Expenses		80,000	70,771	70,770	-	1
Membership NJ League of Municipalities						
Other Expenses		4,000	4,000	3,953	-	47
Annual Audit						
Other Expenses		95,000	95,000	-	-	95,000
Tax Sale Costs						
Other Expenses		10,000	1,521	1,521	-	-
Postage-All Departments						
Other Expenses		205,000	266,557	266,525	-	32
Data Processing						
Other Expenses		100,000	96,100	93,219	-	2,881
Day Care Center						
Other Expenses		260,000	260,000	260,000	-	-
CDA Operations						
Salaries and Wages		130,000	-	-	-	-
Total Department of Revenue and Finance		24,844,683	24,123,841	23,767,259	-	356,582
Detail:						
Salaries and Wages		2,360,131	2,187,790	2,187,786	-	4
Other Expenses		22,484,552	21,936,051	21,579,473	-	356,578
DEPARTMENT OF PUBLIC SAFETY						
Director's Office						
Salaries and Wages		316,166	294,728	294,728	-	-
Other Expenses		110,000	123,374	123,373	-	1
Weddings						
Salaries and Wages		40,000	48,075	48,075	-	-
Legal Department						
Salaries and Wages		10,001	10,001	10,000	-	1
Other Expenses		1,229,000	966,328	961,318	-	5,010
Police Department						
Salaries and Wages		18,200,000	19,184,107	19,184,107	-	-
Overtime		900,000	1,055,998	1,055,997	-	1
Other Expenses		500,000	548,079	548,051	-	28
Traffic Signs and Signal Maintenance						
Other Expenses		80,000	1,756	1,755	-	1
Emergency Management Services						
Salaries and Wages		30,000	28,847	28,846	-	1
Other Expenses		3,000	2,748	2,747	-	1
Emergency Medical Services						
Salaries and Wages		1,162,000	1,192,470	1,192,470	-	-
Other Expenses		75,000	112,080	112,080	-	-
Life Hazard Use Fee-Uniform Fire Safety						
Salaries and Wages		160,000	156,362	156,361	-	1
Other Expenses		9,000	8,843	8,842	-	1
Contribution to Union City Redevelopment Agency		126,000	125,899	125,898	-	1
Board of Health						
Salaries and Wages		325,000	372,939	372,938	-	1
Other Expenses		101,000	126,165	126,164	-	1
Divisions of Inspections						
Other Expenses		2,500	-	-	-	-
Welfare						
Relocation Assistance		60,000	33,297	33,297	-	-

See Accompanying Notes to the Financial Statements.

EXHIBIT A-3

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
			Paid or Charged	Cancelled	Reserved	
DEPARTMENT OF PUBLIC SAFETY						
(Continued)						
School Crossing Guards						
Salaries and Wages		\$ 1,200,000	\$ 1,200,000	\$ 1,154,797	\$ -	\$ 45,203
Other Expenses		2,500	389	389	-	-
Total Department of Public Safety		24,641,167	25,592,485	25,542,233	-	50,252
Detail:						
Salaries and Wages		22,343,167	23,543,527	23,498,319	-	45,208
Other Expenses		2,298,000	2,048,958	2,043,914	-	5,044
DEPARTMENT OF PUBLIC WORKS						
Director's Office						
Salaries and Wages		110,000	107,106	107,105	-	1
Other Expenses		14,000	1,198	1,197	-	1
Street Cleaning						
Salaries and Wages		2,800,000	2,613,580	2,613,579	-	1
Other Expenses		321,000	337,863	337,863	-	-
Streets Repairs and Maintenance						
Other Expenses		67,000	66,717	66,717	-	-
Snow Removal						
Salaries and Wages		130,000	41,875	41,875	-	-
Other Expenses		200,000	55,603	(17,397)	-	73,000
Interlocal Agreement		100,000	100,000	-	-	100,000
Board of Adjustment						
Salaries and Wages		14,000	12,600	12,500	-	100
Other Expenses		55,000	43,751	43,751	-	-
Solid Waste Disposal						
Salaries and Wages		1,347,000	1,361,251	1,361,251	-	-
Other Expenses		4,900,000	4,996,770	4,996,769	-	1
Recycling Program						
Other Expenses		80,000	115,727	115,727	-	-
Public Assistance						
Other Expenses		75,900	101,776	101,775	-	1
Engineering Services						
Other Expenses		313,000	260,861	253,051	-	7,810
Total Department of Public Works		10,526,900	10,216,678	10,035,763	-	180,915
Detail:						
Salaries and Wages		4,401,000	4,136,412	4,136,310	-	102
Other Expenses		6,125,900	5,980,266	5,899,453	-	80,813
DEPARTMENT OF PARKS AND PUBLIC PROPERTY						
Director's Office						
Salaries and Wages		110,500	106,997	106,996	-	1
Other Expenses		5,000	1,566	1,565	-	1
Parks and Playgrounds						
Salaries and Wages		179,200	176,880	176,880	-	-
Other Expenses		250,000	314,011	314,010	-	1
Public Buildings and Grounds						
Salaries and Wages		985,000	758,026	758,026	-	-
Other Expenses		575,000	592,806	585,509	-	7,297
Recreation						
Salaries and Wages		560,000	754,682	754,681	-	1
Other Expenses		250,000	248,079	246,409	-	1,670

See Accompanying Notes to the Financial Statements.

EXHIBIT A-3

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
			Paid or Charged	Cancelled	Reserved	
DEPARTMENT OF PARKS AND PUBLIC PROPERTY						
(Continued)						
Interlocal Municipal Service Agreements						
47th Street Pool		\$ 136,000	\$ 136,000	\$ 136,000	\$ -	\$ -
Recreation Center Lease		312,500	312,500	312,500	-	-
Total Department of Parks and Public Property		<u>3,363,200</u>	<u>3,401,547</u>	<u>3,392,576</u>	<u>-</u>	<u>8,971</u>
Detail:						
Salaries and Wages		1,834,700	1,796,585	1,796,583	-	2
Other Expenses		<u>1,528,500</u>	<u>1,604,962</u>	<u>1,595,993</u>	<u>-</u>	<u>8,969</u>
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code Officials:						
Salaries and Wages		675,000	720,345	720,344	-	1
Other Expenses		218,343	233,505	233,504	-	1
Sub-Code Officials:						
Plumbing Inspector						
Salaries and Wages		15,000	-	-	-	-
Electrical Inspector						
Salaries and Wages		37,000	36,250	36,250	-	-
Elevator Inspector						
Other Expenses		62,000	13,135	13,135	-	-
Fire Inspector						
Salaries and Wages		<u>33,000</u>	<u>30,005</u>	<u>30,000</u>	<u>-</u>	<u>5</u>
Total Uniform Construction Code		<u>1,040,343</u>	<u>1,033,240</u>	<u>1,033,233</u>	<u>-</u>	<u>7</u>
Detail:						
Salaries and Wages		760,000	786,600	786,594	-	6
Other Expenses		<u>280,343</u>	<u>246,640</u>	<u>246,639</u>	<u>-</u>	<u>1</u>
UNCLASSIFIED						
Retirement Benefits		150,000	-	-	-	-
Gasoline		400,000	322,031	322,031	-	-
Telephone		100,000	32,101	32,101	-	-
Electricity		800,000	891,990	891,990	-	-
Water		85,000	97,301	97,300	-	1
Natural Gas		223,000	142,736	142,734	-	2
Street Lighting		1,200,000	1,488,013	1,488,012	-	1
Salary Adjustment		1,200,000	1,194,475	1,194,474	-	1
Sewer		67,500	50,467	50,467	-	-
Fire Hydrants		303,000	288,546	264,300	-	24,246
Printing-All Departments		375,000	366,193	366,193	-	-
Photocopying		40,000	40,355	40,355	-	-
Fleet Maintenance & Repairs		<u>730,000</u>	<u>868,760</u>	<u>867,513</u>	<u>-</u>	<u>1,247</u>
Total Unclassified		<u>5,673,500</u>	<u>5,782,968</u>	<u>5,757,470</u>	<u>-</u>	<u>25,498</u>
Detail:						
Salaries and Wages		1,200,000	1,194,475	1,194,474	-	1
Other Expenses		<u>4,473,500</u>	<u>4,588,493</u>	<u>4,562,996</u>	<u>-</u>	<u>25,497</u>
TOTAL OPERATIONS WITHIN "CAPS"		<u>72,112,554</u>	<u>72,185,432</u>	<u>71,563,202</u>	<u>-</u>	<u>622,230</u>
Detail						
Salaries and Wages		34,224,259	35,082,479	35,037,153	-	45,326
Other Expenses		<u>37,888,295</u>	<u>37,002,953</u>	<u>36,526,049</u>	<u>-</u>	<u>476,904</u>

EXHIBIT A-3

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
			Paid or Charged	Cancelled	Reserved	
DEFERRED CHARGES AND STATUTORY						
EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Overexpenditures		\$ 17,477	\$ 17,477	\$ 17,477	\$ -	\$ -
Grant receivable write-off		252,000	252,000	252,000	-	-
Expenditures without Appropriations		127,669	127,669	127,669	-	-
Statutory Expenditures - Contributions to:						
Social Security System (O.A.S.I.)		1,635,000	1,643,593	1,643,181	-	412
Police and Fire Retirement System		4,347,433	4,347,433	4,347,433	-	-
Public Employees Retirement System		1,418,125	1,386,802	1,386,554	-	248
Consolidated Police and Firemen's Pension Fund		84,579	70,844	70,844	-	-
Unemployment Insurance		381,000	332,010	332,010	-	-
PERS Delayed Enrollment		60,000	82,452	82,452	-	-
Defined Contribution Retirement Plan		150,000	140,125	140,125	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"		8,473,283	8,400,405	8,399,745	-	660
Total General Appropriations for Municipal Purposes Within "CAPS"						
		80,585,837	80,585,837	79,962,947	-	622,890
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library		1,058,653	1,058,653	1,034,948	-	23,705
Contribution to North Hudson Fire & Rescue Joint Meeting		18,000,000	18,000,000	17,962,735	-	37,265
Total Other Operations Excluded from "CAPS"		19,058,653	19,058,653	18,997,683	-	60,970
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Union City Board of Education						
Solid Waste Removal		360,000	360,000	360,000	-	-
Off Duty Police Officers		100,000	100,000	100,000	-	-
Police Services		655,000	655,000	655,000	-	-
Total Interlocal Municipal Service Agreements		1,115,000	1,115,000	1,115,000	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Summer Food Program		207,868	207,868	207,868	-	-
Green Acres Project - Weehawken Reservoir		1,100,000	1,100,000	1,100,000	-	-
Reserve for Grants Unappropriated:						
Clean Communities		89,883	89,883	89,883	-	-
Alcohol Education		1,120	1,120	1,120	-	-
Prevention Coalition Drug Free Communities		125,000	125,000	125,000	-	-
Prevention Coalition Drug Free Communities - Match		125,000	125,000	125,000	-	-
Body Armor Replacement Fund		14,645	14,645	14,645	-	-
Municipal Alliance		57,412	57,412	57,412	-	-
Municipal Alliance - Match		14,353	14,353	14,353	-	-
New Jersey Department of Transportation -						
Summit Avenue Section 5 (Municipal Aid)		340,000	340,000	340,000	-	-
Summit Avenue Section 5 (Urban Aid)		99,815	99,815	99,815	-	-
Summit Avenue Section 4 (Urban Aid)		200,000	200,000	200,000	-	-
Clean Communities		102,724	102,724	102,724	-	-
Drug Free Community Coalition		500	500	500	-	-
Byrne Justice Assistance Program		24,579	24,579	24,579	-	-
Total Public and Private Programs Offset by Revenue		2,502,899	2,502,899	2,502,899	-	-
Total Operations Excluded from "CAPS"		22,676,552	22,676,552	22,615,582	-	60,970
Detail						
Salaries and Wages		-	-	-	-	-
Other Expenses		22,676,552	22,676,552	22,615,582	-	60,970

See Accompanying Notes to the Financial Statements.

EXHIBIT A-3

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
				Paid or Charged	Cancelled	Reserved
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"						
Capital Improvement Fund		\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -
Total Capital Improvements Excluded from "CAPS"		100,000	100,000	100,000	-	-
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"						
Payment of Bond Principal		2,521,251	2,521,251	2,521,251	-	-
Payment of Bond Anticipation Notes & Capital Notes		973,000	973,000	973,000	-	-
Interest on Bonds		2,922,956	2,922,956	2,922,956	-	-
Interest on Notes		529,070	529,070	529,070	-	-
Parking Authority Debt		269,985	269,985	269,985	-	-
Hudson County Improvement Authority:						
Fire Dept Assets - Principal		791,093	791,093	791,093	-	-
Fire Dept Assets - Interest		601,370	601,370	601,370	-	-
Green Trust Loan Program:						
Swimming Pool Improvements		49,747	49,747	49,747	-	-
17th Street Park Improvements		4,354	4,354	4,354	-	-
44th Street Playground		9,802	9,802	9,802	-	-
Ellsworth and 23rd Street		78,674	78,674	78,674	-	-
38th Street Park		10,856	10,856	10,856	-	-
Leggerio Park		36,697	36,697	36,697	-	-
Total Municipal Debt Service Excluded from "CAPS"		8,798,855	8,798,855	8,798,855	-	-
DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"						
Special Emergency Authorizations - 5 years (N.J.S. 40A:4-55)		734,075	734,075	734,075	-	-
Declared State of Emergency (N.J.S.A. 40A:4-45.45(b))		232,845	232,845	232,845	-	-
Total Deferred Charges-Municipal-Excluded from "CAPS"		966,920	966,920	966,920	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		32,542,327	32,542,327	32,481,357	-	60,970
Total General Appropriations Excluded from "CAPS"		32,542,327	32,542,327	32,481,357	-	60,970
Subtotal General Appropriations		113,128,164	113,128,164	112,444,304	-	683,860
Reserve for Uncollected Taxes		1,352,427	1,352,427	1,352,427	-	-
TOTAL GENERAL APPROPRIATIONS		<u>\$ 114,480,591</u>	<u>\$ 114,480,591</u>	<u>\$ 113,796,731</u>	<u>\$ -</u>	<u>\$ 683,860</u>
	Ref.	A-2	A-1	Below		A
Reserve for Uncollected Taxes	A-2			\$ 1,352,427		
Cash Disbursements	A-4			107,996,797		
Capital Improvement Fund	A-11			100,000		
Other Receivables	A-14			(437,693)		
Grants Appropriated	A-27			2,363,546		
Grants Appropriated - City Match	A-27			139,353		
Transfer to Reserve for Encumbrances	A-22			918,235		
Deferred Charges	A-23			1,364,066		
				<u>\$ 113,796,731</u>		
				Above		

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
TRUST FUNDS
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Dog License Fund			
Cash and Cash Equivalents	B-1	\$ 16,698	\$ 18,786
Total Dog License Fund		<u>16,698</u>	<u>18,786</u>
Other Trust Fund			
Cash and Cash Equivalents	B-6	9,463,981	8,607,450
Due from Property Owners	B-7	44,690	69,797
Due from General Capital Fund	B-8	218,090	218,090
Due from Dog License Fund	B-9	30	-
Total Other Trust Fund		<u>9,726,791</u>	<u>8,895,337</u>
Community Development Agency Fund			
Cash and Cash Equivalents	B-13	2,030	1,014
Due from HUD Community Development Block Grant	B-14	631,203	81,623
Due from Current Fund	B-17	-	294,459
Total Community Development Agency Fund		<u>633,233</u>	<u>377,096</u>
Public Defender Trust Fund			
Cash and Cash Equivalents	B-18	3,678	27,343
Total Public Defender Trust Fund		<u>3,678</u>	<u>27,343</u>
Total Assets		<u>\$ 10,380,400</u>	<u>\$ 9,318,562</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT B

**CITY OF UNION CITY
TRUST FUNDS
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Dog License Fund			
Due to the State of New Jersey	B-2	\$ 328	\$ 3,554
Reserve for Dog License Fund Expenditures	B-3	8,438	7,370
Due to Current Fund	B-4	7,902	7,862
Due to Other Trust Fund	B-5	30	-
Total Dog License Fund		<u>16,698</u>	<u>18,786</u>
Other Trust Fund			
Reserve for Other Trust Fund Activity	B-10	8,010,111	7,077,508
Due to Current Fund	B-11	16,925	612,137
Reserve for Encumbrances Payable	B-12	1,699,755	1,205,692
Total Other Trust Fund		<u>9,726,791</u>	<u>8,895,337</u>
Community Development Agency Fund			
Due to Current Fund	B-17	514	-
Reserve for Community Development Block Grant	B-16	632,719	377,096
Total Community Development Agency Fund		<u>633,233</u>	<u>377,096</u>
Public Defender Trust Fund			
Reserve for Public Defender Trust Expenditures	B-19	3,678	21,143
Due to Current Fund	B-20	-	6,200
Total Public Defender Trust Fund		<u>3,678</u>	<u>27,343</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,380,400</u>	<u>\$ 9,318,562</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
GENERAL CAPITAL FUND
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
ASSETS AND DEFERRED CHARGES			
Cash and Cash Equivalents	C-2, C-3	\$ 84	\$ 84
Due from Current Fund	C-13	-	4,932,860
Due from State of New Jersey - Green Acres Trust Grant	C-15	780,000	780,000
Due from County of Hudson	C-16	-	25,000
Deferred Charges to Future Taxation:			
Funded	C-5	49,721,937	53,195,345
Unfunded	C-4	71,507,824	62,480,824
Total Assets and Deferred Charges		<u>\$ 122,009,845</u>	<u>\$ 121,414,113</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Capital Improvement Fund	C-6	\$ 111,763	\$ 111,763
Improvement Authorizations:			
Funded	C-7	247,626	598,016
Unfunded	C-7	19,387,698	18,139,137
General Serial Bonds	C-8	39,048,533	41,569,784
Capital Lease Payable - HCIA	C-9	9,344,263	10,135,356
Green Acres Loan	C-10	1,329,141	1,490,205
Bond Anticipation Notes	C-11	43,014,000	36,987,000
Encumbrances Payable	C-12	7,849,996	12,009,423
Due to Current Fund	C-13	255,388	-
Due to Other Trust Fund	C-17	218,090	218,090
Reserve for Debt Service	C-18	588,910	-
Fund Balance	C-1	614,437	155,339
Total Liabilities, Reserves and Fund Balance		<u>\$ 122,009,845</u>	<u>\$ 121,414,113</u>
Bonds and Notes Authorized But Not Issued	C-14	<u>\$ 28,493,824</u>	<u>\$ 25,493,824</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, June 30, 2015	C	\$ 155,339
Increased by:		
Premium on Note Sale	C-13	<u>459,098</u>
Balance, June 30, 2016	C	<u><u>\$ 614,437</u></u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
GENERAL FIXED ASSETS
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Land		\$ 11,229,400	\$ 11,228,900
Buildings and Improvements		53,490,824	52,142,817
Machinery, Equipment and Other		<u>12,471,775</u>	<u>8,154,867</u>
Total Assets	D-1	<u>\$ 77,191,999</u>	<u>\$ 71,526,584</u>
<u>LIABILITIES AND RESERVES</u>			
Investment in General Fixed Assets		<u>\$ 77,191,999</u>	<u>\$ 71,526,584</u>
Total Liabilities and Reserves	D-2	<u>\$ 77,191,999</u>	<u>\$ 71,526,584</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Union City (the “City”) is organized as a Commission under the provisions of N.J.S.A. 40:70-1. Five members comprise the City Board of Commissioners and serve in both administrative and legislative capacities. The Commissioners are elected at-large by voters of the City and serve four year concurrent terms beginning the third Tuesday of May following their election. The Mayor is elected by Board of Commissioners for a four year term. The Mayor presides over the Board of Commissioners, but has no veto power. Each commissioner acts as the director of one of the five major departments of the City. There is no single chief executive.

The financial statements of the City include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the City do not include the operations of the Municipal Library, the not-for-profit Union City Day Care Center, the Union City Housing Authority, the Union City Board of Education, the Union City Redevelopment Agency, and the Union City Parking Authority.

Governmental Accounting Standards Board (“GASB”) Statement 14 establishes criteria to be used to determine which component units should be included in the financial statements of the primary government (the City). The State of New Jersey, Department of Community Affairs, Division of Local Government Services (the “Division”) requires the financial statements of the City to be reported separately from its component units. If the provisions of GASB No. 14 had been complied with, the following financial statements of the component units would have been discretely presented with the financial statements of the City, the primary government:

Union City Board of Education

Union City Parking Authority

Union City Public Library

Union City Redevelopment Agency

Union City Housing Authority

Audit reports of the component units are available at the offices of each of the respective component units.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund categories to be used by general purpose 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 have been prepared in conformity with accounting principles and practices prescribed by the Division, which differ from GAAP. The principles and practices prescribed by the Division are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through the following separate funds and account group, which differ from the fund structure required by GAAP.

DESCRIPTION OF FUNDS

The accounts of the City are maintained in accordance with the Division's principles of fund accounting. The Division's principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The General Fixed Assets account group, on the other hand, is a financial reporting device designed to provide accountability for certain fixed assets and the investment in those fixed assets that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Current Fund – is used to account for all resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund – is used to account for receipts, custodianship and disbursements of dedicated revenues in accordance with the purpose for which each reserve was created.

General Capital Fund – is used to account for receipts and disbursements of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund or other funds. Bonds, notes and loans payable are recorded in this fund, offset by deferred charges to future taxation.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DESCRIPTION OF FUNDS (Continued)

General Fixed Assets – is not a separate fund type, but is used to account for fixed assets required in general governmental operations.

BASIS OF ACCOUNTING

The City prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than GAAP. The current financial resources focus and modified accrual basis of accounting is generally followed with significant exceptions which are explained as follows:

Revenues – Revenues are realized when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal revenue sharing funds and other Federal and State grants are realized as revenue when anticipated in the budget. Receivables for property taxes and other amounts that are due to the City are recorded with offsetting reserves on the balance sheet of the Current Fund. Such amounts are not recorded as revenue until collected. Accordingly, no provision has been made to estimate that portion of receivables that are uncollectible. Taxes and payments in lieu of taxes collected in advance are recorded as cash liabilities in the financial statements. GAAP requires revenues to be recognized in the accounting period when they become measurable and available and in certain instances reduced by an allowance for doubtful accounts.

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is required to provide assurance that cash collected for taxes in the current year will provide sufficient cash flow to meet expected obligations. The minimum amount of Reserve for Uncollected Taxes is determined on the percentage of collections experienced in the immediate preceding year, unless allowable alternative methods are utilized. A Reserve for Uncollected Taxes is not established under GAAP.

Expenditures – Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Appropriation reserves covering unexpended appropriation balances are automatically created at the end of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriations for principal and interest payments on general capital indebtedness are provided on the cash basis. GAAP requires expenditures in the current (or general) fund, to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt, which should be recognized when due.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Encumbrances – Encumbrances are contractual orders outstanding at year end reported as expenditures through the establishment of an encumbrance payable. Outstanding encumbrances at year end are reported as a cash liability in the financial statements. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – Appropriations are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Transfers are allowed between certain line items during the first three months of the fiscal year. Lapsed appropriation reserves are recorded as other credits to income. Appropriation Reserves do not exist under GAAP.

Interfunds - Advances from the current fund are reported as interfunds receivable with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfunds receivable in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Property Acquired for Taxes – Property Acquired for Taxes is recorded in the current fund at the assessed valuation when the property was acquired and is subsequently updated for revaluations. The value of the property is fully reserved. GAAP requires such property to be recorded as a fixed asset at market value on the date of acquisition.

Deferred Charges to Future Taxation (Funded and Unfunded) - Upon the authorization of general capital projects, the City establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized costs of capital projects. The City may levy taxes on all taxable property within the City 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. GAAP does not require the establishment of deferred charges to future taxation.

Improvement Authorizations – Improvement Authorizations in the general capital fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the current fund. GAAP does not recognize these amounts as liabilities.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Compensated Absences and Post-Employment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources to be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

General Fixed Assets - Accounting for Governmental Fixed Assets as promulgated by the Division differs in certain respects from GAAP, and requires the inclusion of a statement of general fixed assets as part of the City's basic financial statements.

Fixed assets used in governmental operations (general fixed assets) are accounted for in an account group identified as "General Fixed Assets" and are not included within the records of any fund types. Purchases from these funds for fixed assets are recorded as expenditures within the fund. Public domain (infrastructure) general fixed assets consisting of certain improvements, other than improvements to buildings, such as improvements to roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, are not capitalized. All fixed assets, except land, are valued at historical cost or estimated historical cost if actual historical cost is not available. Expenditures for construction in progress are recorded in the Capital Fund against authorizations under which the project was approved until such time as the construction is completed and put into operation.

The City is required to maintain a subsidiary ledger of detailed records of fixed assets and to provide property management standards to control fixed assets. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than five years and an acquisition cost of \$5,000 or more per unit. The City has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

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

No depreciation has been provided in the financial statements.

GAAP requires the recording of infrastructure assets and requires capital assets be depreciated over their estimated useful life unless they are either inexhaustible or are infrastructure assets reported using the modified approach.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Long-Term Obligations - General long-term debt is recognized as a liability of the General Capital Fund for the full principal amount.

Reserves (Other than Reserve for Receivables) - Reserves, other than reserve for receivables, are considered liabilities, and not a reservation of fund balance.

Reserves for Receivables – Receivables of the City, with the exception of certain intergovernmental receivables, are offset on the balance sheet with a credit that is created to preserve the revenue recognition basis required by the Division’s accounting policies. The reserve delays the recognition of these revenues until they are received in cash.

Advertising Costs - Advertising costs are charged against the appropriate budget line as they occur. The City does not engage in direct-response advertising.

Sale of Municipal Assets - The proceeds of the sale of municipal assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

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

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities, 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. Actual results could differ from these estimates.

Cash and Investments - New Jersey governmental units are required to deposit public funds in a public depository. Public depositories are defined by statutes as any state or federally chartered bank, savings bank or an association located in New Jersey or a state or federally chartered bank, savings bank or an association located in another state with a branch office in New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation (“FDIC”) and which receives or holds public funds on deposit, but does not include deposits held by the State of New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Cash and Investments (Continued)

The City is also required to annually adopt a cash management plan and to deposit or invest its funds pursuant to the cash management plan. The cash management plan adopted by the City requires it to deposit funds as permitted in N.J.S.A 40:5-15.1, so long as the funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey and requires all public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

Cash Equivalents include certificate of deposits with a maturity date of less than three (3) months.

Also see Note 2 - Cash and Cash Equivalents and Investments.

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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the Division in accordance with the Local Budget Law. Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements. The budgetary requirements herein outlined are applicable to only the Current Fund, and not the Trust Fund, Capital Fund or the General Fixed Assets account group. However, statutes require the City to adopt annually a six-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

The City must adhere to procedures for adoption of its annual budget as established by the Division. These procedures include statutory deadlines of: August 20 for introduction and approval and September 20 for adoption. These dates are subject to extension by the Division by approval of the Local Finance Board. Appropriations within the adopted budget cannot be modified until the final two months of the year at which time transfers between certain line items are allowed. Transfers from appropriations excluded from "CAPS" are prohibited unless they are between debt service appropriations. Under certain circumstances emergency authorizations and insertions of items of revenue and appropriation are allowed by authorization of the governing body, subject to approval of the Division.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Budgets and Budgetary Accounting (Continued)

The City must prepare its budgets in compliance with applicable laws capping the amounts by which both the budgeted appropriations and tax levy can be increased. A description of both “CAPS” follows:

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the City is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the “cost of living adjustment” (COLA), whichever is less. The COLA is calculated based on the traditional Federal government inflation calculation. The City can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap spending to 3.5%, upon passage of a COLA Rate Ordinance.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A 40A:4-45.44 through 45.47. It establishes limits on the increase in the total City amount to be raised by taxation (tax levy). The core of the levy cap formula is a 2% increase to the previous year’s amount to be raised by taxation, net of any applicable cap base adjustments and emergency or special emergency appropriations.

Financial Statements - The GASB Codification also requires the financial statements of a governmental unit presented in the general purpose financial statements to be in accordance with GAAP. The City presents financial statements which are required by the Division and which differ from the financial statements required by GAAP. These financial statements are listed in the table of contents.

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. Comparative data is not presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications – Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year’s format. These reclassifications had no effect on fund balance and changes in fund balance.

Reconciliation of Accounting Basis – As described throughout Note 1, substantial differences exist between GAAP and the budgetary basis prescribed by the Division. Reconciliation between the two would not be meaningful or informative and therefore is not provided herein.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

DEPOSITS

All bank deposits and investments as of the balance sheet date are classified as to credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- (a) Uncollateralized.
- (b) Collateralized with securities held by the pledging financial institution.
- (c) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

All bank deposits as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act ("GUDPA") or are on deposit with the New Jersey Cash Management Fund or the New Jersey Asset & Rebate Management Program ("NJARM").

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2016 and 2015, none of the City's bank balances of \$18,192,316 and \$29,560,425, respectively, was exposed to custodial credit risk.

As of June 30, 2016 and 2015, the City's deposits and investments are summarized as follows:

	<u>2016</u>	<u>2015</u>
Insured - FDIC	\$ 621,161	\$ 621,161
Insured - GUDPA	16,243,775	27,614,475
NJARM	869,046	867,569
NJ Cash Management Fund	<u>458,334</u>	<u>457,220</u>
Total	<u>\$ 18,192,316</u>	<u>\$ 29,560,425</u>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS

New Jersey statutes permit the City to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- Government money market mutual funds.
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor
- Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units.
- Local government investment pools.
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281 (C.52:18A-90.4).
- Agreements for the repurchase of fully collateralized securities if (a) the underlying securities are permitted investments pursuant to the first and third bullets on the preceding page, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2016 and 2015, the City's investments are recorded in the financial statements and have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the financial statements.

Interest 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.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. The City only deposits funds in money market funds, the NJ Cash Management Fund, or the NJARM Program.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either:

- a. The counterparty or
- b. The counterparty's trust department or agent but not in the City's name

Foreign currency risk is the risk that changes in exchange rates will adversely affect investments. The City does not have investments denominated in foreign currency.

At June 30, 2016 the City's investments were not exposed to custodial credit risk or foreign currency risk.

GASB Statement No. 40 requires that the City disclose the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The City is exempt from this requirement because all its investments at June 30, 2016 are invested in money market funds, the NJ Cash Management Fund, or the NJARM Program.

New Jersey Cash Management Fund

All investments in the New Jersey Cash Management Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the Other-than-State participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. The City does not own specific identifiable securities, but instead has a net realizable interest in the joint value of the fund. As of June 30, 2016 and 2015, the City had a balance of \$458,334 and \$457,220, respectively, in the New Jersey Cash Management Fund.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

NJARM Program

The NJARM Program is a financial services organization created and run exclusively for New Jersey municipalities, authorities, schools and other local and regional governmental type entities. The Program was designed to help achieve excellence in the governmental unit's investment program. Created as a joint trust investment under the Interlocal Services Act, NJARM provides participants with investment and arbitrage rebate compliance services for both bond proceeds and general operating funds. The program is a means for local governments in the State to invest collectively the proceeds of taxable and tax-exempt borrowings and other funds on hand. As of June 30, 2016 and 2015, the City has a balance of \$869,046 and \$867,569, respectively, in the NJARM Program.

NOTE 3. TAXES RECEIVABLE, TAX TITLE LIENS

In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable and tax title liens 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.

During fiscal year ended June 30, 2016 the City collected \$282,228 from delinquent taxes which represented 93.48% of the delinquent balances at June 30, 2015. For the fiscal year ended June 30, 2015, the City collected \$89,519 from delinquent taxes which represented 47.83% of the delinquent balances at June 30, 2014.

NOTE 4. PROPERTY TAX CALENDAR

Property tax revenues are collected in quarterly installments due August 1, November 1, February 1, and May 1. Property taxes unpaid on October 1 of the fiscal year following their final due date are subject to tax sale in accordance with the statutes. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budget of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenue to be recognized when they are available and measurable, reduced by an allowance for doubtful accounts.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 4. PROPERTY TAX CALENDAR (Continued)

School Taxes

The City is responsible for levying, collecting and remitting school taxes for the Union City Board of Education. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30.

County Taxes

The City is responsible for levying, collecting and remitting county taxes for the County of Hudson. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, Operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Prepaid Taxes

Taxes collected in advance are recorded as cash liabilities in the financial statements. As of June 30, 2016 and 2015, the City's prepaid taxes were \$233,260 and \$170,629, respectively.

NOTE 5. LONG-TERM DEBT

SUMMARY OF MUNICIPAL DEBT

The Local Bond Law, N.J.S.A. 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All 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, shall mature and be paid off within ten years of original date financed by the issuance of bonds.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 5. LONG-TERM DEBT (Continued)

SUMMARY OF MUNICIPAL DEBT (Continued)

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	Balance June 30, 2015	Bonds and Notes			Balance June 30, 2016
		Authorized	Issued/ (Unissued)	Paid	
General Bonds and Notes	\$ 78,556,784	\$ -	\$ 43,014,000	\$ 39,508,251	\$ 82,062,533
Bonds Issued by Another					
Public Body and Guaranteed					
by Municipalities	1,604,110	-	-	198,410	1,405,700
Green Acres Loans	1,490,205	-	-	161,064	1,329,141
HCIA Capital Leases	10,135,356	-	-	791,093	9,344,263
Authorized but Not Issued	25,493,824	10,000,000	(7,000,000)	-	28,493,824
Total	<u>\$ 117,280,279</u>	<u>\$ 10,000,000</u>	<u>\$ 36,014,000</u>	<u>\$ 40,658,818</u>	<u>\$ 122,635,461</u>

The repayment schedule of annual debt service principal and interest for the next five years, and five-year increments there-after, for bonded debt issued and outstanding as of June 30, 2016 is as follows:

Fiscal Year Ending	General Bonds		HCIA Lease		Green Acres Trust Fund Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 2,455,108	\$ 2,940,130	\$ 924,893	\$ 548,558	\$ 154,513	\$ 25,813	\$ 7,049,015
2018	2,088,425	3,299,569	995,138	493,075	78,550	23,101	6,977,858
2019	3,760,000	1,645,907	1,050,329	433,283	69,218	21,577	6,980,314
2020	3,945,000	1,454,657	1,125,593	369,879	70,610	20,186	6,985,925
2021	4,150,000	1,252,657	1,184,131	301,071	72,030	18,767	6,978,656
2022-2026	14,565,000	3,730,953	4,064,177	443,325	382,459	71,526	23,257,440
2027-2031	4,915,000	2,007,188	-	-	395,421	31,511	7,349,121
2032-2034	3,170,000	304,062	-	-	106,338	3,753	3,584,153

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

This summarized statement of debt condition which is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.91%. The Equalized Valuation Basis of the City at June 30, 2016 is \$3,166,509,827.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 113,291,198	\$ 21,185,000	\$ 92,106,198

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 5. LONG-TERM DEBT (Continued)

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

3-1/2% of Equalized Valuation Basis	\$ 110,827,844
Net Debt	<u>92,106,198</u>
Remaining Borrowing Power	<u><u>\$ 18,721,646</u></u>

GENERAL SERIAL BONDS PAYABLE

The City issues bonds to fund various capital projects. Bonds Payable consists of the following:

Fiscal Year Ending	Total Payments	ERI Pension Bonds Principal	2007 Refunding Issue Principal
2017	\$ 2,455,109	\$ 825,000	\$ 1,630,109
2018	2,088,424	15,000	2,073,424
2019	3,760,000	30,000	3,730,000
2020	3,945,000	100,000	3,845,000
2021	4,150,000	165,000	3,985,000
2022	4,350,000	225,000	4,125,000
2023	4,540,000	315,000	4,225,000
2024	4,625,000	375,000	4,250,000
2025	475,000	475,000	-
2026	575,000	575,000	-
2027	690,000	690,000	-
2028	825,000	825,000	-
2029	975,000	975,000	-
2030	1,125,000	1,125,000	-
2031	1,300,000	1,300,000	-
2032	1,475,000	1,475,000	-
2033	1,695,000	1,695,000	-
	<u><u>\$ 39,048,533</u></u>	<u><u>\$ 11,185,000</u></u>	<u><u>\$ 27,863,533</u></u>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 5. LONG-TERM DEBT (Continued)

GENERAL SERIAL BONDS PAYABLE (Continued)

The 2007 Refunding Issue Bonds refunded \$8,690,000 of the City's outstanding obligations securing bonds issued by the Hudson County Improvement Authority; \$15,506,000 of the 2006 General Improvement Bonds; \$3,510,000 of the 1997 Refunding Issue; and \$1,430,000 of the ERI Pension Bonds.

LOANS AND CAPITAL LEASES PAYABLE

The city receives loans and capital leases in order to fund various capital projects. Loans and Capital Leases Payable consisted of the following:

Fiscal Year Ending	Green Acres Loans Principal	Hudson County Improvement Authority			
		Total Payments	Lease Payments		
			Cost of Facilities	2011 A&B	N. Hudson Reg.
			NHRFR Series 2004 Principal	Fire Dept. Assets Principal	Fire & Rescue Series 2006A&B Principal
2017	\$ 154,513	\$ 924,893	\$ 367,950	\$ 173,940	\$ 383,003
2018	78,550	995,138	401,400	182,303	411,435
2019	69,218	1,050,330	418,125	190,665	441,540
2020	70,610	1,125,593	451,575	200,700	473,318
2021	72,030	1,184,131	468,300	209,063	506,768
2022	73,479	1,264,410	501,750	219,097	543,563
2023	74,955	1,348,036	535,200	229,133	583,703
2024	76,462	1,451,732	585,375	240,841	625,516
2025	77,997	-	-	-	-
2026	79,566	-	-	-	-
2027	81,165	-	-	-	-
2028	82,797	-	-	-	-
2029	84,461	-	-	-	-
2030	86,158	-	-	-	-
2031	60,840	-	-	-	-
2032	34,743	-	-	-	-
2033	35,441	-	-	-	-
2034	36,155	-	-	-	-
	<u>\$ 1,329,140</u>	<u>\$ 9,344,263</u>	<u>\$ 3,729,675</u>	<u>\$ 1,645,742</u>	<u>\$ 3,968,846</u>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 5. LONG-TERM DEBT (Continued)

NOTES PAYABLE

The term of bond anticipation notes cannot exceed one year, but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid or permanently financed no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note and through to the tenth anniversary date, 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.

SCHOOL DISTRICT

At June 30, 2016 and 2015, the amount of authorized and unissued school indebtedness was \$10,000,000 and \$0, respectively.

NOTE 6. FUND BALANCE APPROPRIATED

Fund balances at June 30, 2015 and 2014, which were appropriated and included as anticipated revenue for the years ending June 30, 2016 and 2015 budgets, were \$1,633,800 and \$0, respectively. Fund balance at June 30, 2016 of \$2,487,216 is included as anticipated revenue in the June 30, 2017 budget.

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION

Substantially all City employees participate in the Public Employees Retirement System (PERS), Police and Fireman's Retirement System of New Jersey (PFRS) or the Defined Contribution Retirement Program (DCRP), all of which are multiple employer plans sponsored and administered by the State of New Jersey. The PERS and PFRS are cost sharing contributory defined benefit public employee retirement systems. The DCRP is a defined contribution plan.

STATE-MANAGED PENSION PLANS - PERS

The PERS was established in January, 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and post-retirement medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2007, 2008, 2010 and 2011. These changes resulted in various "tiers" which distinguish period of eligibility for enrollment.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS - PERS (Continued)

The delineation of these tiers is noted below:

- Tier 1: Employees enrolled before July 1, 2007.
- Tier 2: Employees eligible for enrollment after June 30, 2007 but before November 2, 2008.
- Tier 3: Employees eligible for enrollment after November 1, 2008 but before May 22, 2010.
- Tier 4: Employees eligible for enrollment after May 21, 2010 but before June 28, 2011.
- Tier 5: Employees eligible for enrollment after June 27, 2011.

Tier 1 and 2 employees must earn a base salary of \$1,500 or more to enroll in the plan. Pensionable salaries are limited to the IRS maximum salary compensation limits for Tier 1 employees and social security maximum wage for Tier 2 employees. Tier 2 employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 3 employees must earn a base salary that is annually adjusted. For the fiscal year ended December 31, 2015 and 2014 this base salary amount was \$8,200 and \$8,100, respectively. Employees earning between \$5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over \$5,000 are eligible to enroll in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 64. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Each of the 5 Tiers have eligibility requirements and benefit calculations which vary for deferred retirements, early retirements, veteran retirements, ordinary disability retirements and accidental disability retirements. There is no minimum service requirement to receive these pension benefits. State-paid insurance coverage may be obtained after 25 years of service for employees in Tiers 1 through 4 and 30 years of service for Tier 5 employees.

Contributions and Liability

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the City and its employees for the previous three years are as follows:

Year Ended June 30,	City Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2016	\$ 1,418,125	13.82%	\$ 10,259,026	7.06%	\$ 724,218
2015	1,304,210	13.01%	10,027,291	6.92%	693,888
2014	1,249,089	13.20%	9,462,341	6.78%	646,434

The net pension liability was measured as of June 30, 2015 and 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Contributions and Liability (continued)

At June 30, 2015 and 2014, the City's net pension liability for PERS, including the City's proportionate share, was as follows:

Year Ended June 30,	Proportionate Share		Net Pension Liability
	Rate	Change	
2015	0.14120%	-0.00245%	\$ 31,695,649
2014	0.14365%	0.00473%	26,895,416

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability as of June 30, 2015 and 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

At:	2015		2014	
	Rate	Amount	Rate	Amount
1% Decrease	3.90%	\$ 39,393,814	4.39%	\$ 33,835,349
Current Discount Rate	4.90%	31,695,649	5.39%	26,895,416
1% Increase	5.90%	25,241,563	6.39%	21,067,638

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS –PERS (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 and June 30, 2014 measurement dates were determined by actuarial valuations as of July 1, 2014 and 2013, respectively, which were rolled forward to June 30, 2015 and 2014, respectively. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

	For Measurement Date of:	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	based on age	based on age
Thereafter	3.15-5.40%	3.15-5.40%
	based on age	based on age
Investment Rate of Return	7.90%	7.90%

Mortality - For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements will be.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Actuarial Assumptions (continued)

For the June 30, 2014 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS target asset allocations as of June 30, 2015 and 2014 are summarized in the following table:

Asset Class	Target Allocation June 30,		Long-Term Expected Real Rate of Return June 30,	
	2015	2014	2015	2014
Cash	5.00%	6.00%	1.04%	0.80%
U.S. Treasuries	1.75%	*	1.64%	*
Investment Grade Credit	10.00%	*	1.79%	*
Mortgages	2.10%	2.50%	1.62%	2.17%
High Yield Bonds	2.00%	5.50%	4.03%	4.82%
Inflation-Indexed Bonds	1.50%	9.00%	3.25%	3.51%
Broad U.S. Equities	27.25%	25.90%	8.52%	8.22%
Developed Foreign Equities	12.00%	12.70%	6.88%	8.12%
Emerging Market Equities	6.40%	6.50%	10.00%	9.91%
Private Equity	9.25%	8.25%	12.41%	13.02%
Hedge Funds / Absolute Return	12.00%	12.25%	4.72%	4.92%
Real Estate (Property)	2.00%	3.20%	6.83%	5.80%
Commodities	1.00%	2.50%	5.32%	5.35%
Global Debt ex U.S.	3.50%	*	-0.40%	*
REIT	4.25%	*	5.12%	*
Core Bonds	*	1.00%	*	2.49%
Intermediate-Term Bonds	*	11.20%	*	2.26%

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the years ended June 30, 2015 and 2014:

	June 30, 2015			June 30, 2014		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ 3,403,860	\$ -	\$ 3,403,860	\$ 845,736	\$ -	\$ 845,736
Difference Between Expected and Actual Experience	756,147	-	756,147	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(509,605)	(509,605)	-	(1,602,821)	(1,602,821)
Subtotal	4,160,007	(509,605)	\$ 3,650,402	845,736	(1,602,821)	\$ (757,085)
Changes in Proportion	623,762	(389,997)		764,250	-	
	<u>\$ 4,783,769</u>	<u>\$ (899,602)</u>		<u>\$ 1,609,986</u>	<u>\$ (1,602,821)</u>	

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Deferred Outflows and Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
June 30, 2016	\$ 663,002
June 30, 2017	663,002
June 30, 2018	663,002
June 30, 2019	1,063,709
June 30, 2020	597,687
Thereafter	-
	<u>\$ 3,650,402</u>

STATE-MANAGED PENSION PLANS – PFRS

Plan Description and Eligibility

The PFRS was established in July, 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2010 and 2011. These changes resulted in various “tiers” which distinguish period of eligibility for enrollment. The delineation of these tiers is noted as follows:

- Tier 1: Employees enrolled before May 22, 2010.
- Tier 2: Employees enrolled after May 21, 2010 but before June 29, 2011.
- Tier 3: Employees enrolled after June 28, 2011.

There is no minimum salary requirement to enroll, regardless of tier. Pensionable salaries are limited to the social security maximum wage for Tier 2 and 3 employees and federal pensionable maximum for Tier 1 employees. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Plan Benefits

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions and Liability

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the City and its employees for the previous three years are as follows:

Year Ended June 30,	City Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2016	\$ 4,347,433	25.73%	\$ 16,894,358	10.00%	\$ 1,689,436
2015	4,161,543	25.70%	16,194,082	10.00%	1,619,408
2014	4,460,504	28.20%	15,819,700	10.40%	1,644,713

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Contributions and Liability (continued)

The amounts contributed on behalf of the City under this legislation are considered to be a special funding situation. As such, the State is treated as a non-employer contributing entity. Since the City does not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability to report in the financial statements of the City related to this legislation. However, the notes to the financial statements of the City must disclose the portion of the State's total proportionate share of the collective net pension liability that is associated with the City.

At June 30, 2015 and 2014, the City's net pension liability for PFRS, including the special funding situation described above and changes in the City's proportionate share, was as follows:

Year Ended June 30,	Unit	City (employer)			State of N.J. (nonemployer)	Total
		Proportionate Share		Net Pension	On-Behalf	
		Rate	Change	Liability	of City	
2015	Police & Fire	0.49473%	-0.00489%	\$ 82,405,429	\$ 7,226,680	\$ 89,632,109
2014	Police & Fire	0.49962%	-0.06825%	\$ 62,847,322	\$ 6,767,000	\$ 69,614,322

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the as of June 30, 2015 and 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

At:	2015		2014	
	Rate	Amount	Rate	Amount
1% Decrease	4.79%	\$ 108,636,517	5.32%	\$ 84,694,848
Current Discount Rate	5.79%	82,405,429	6.32%	62,847,322
1% Increase	6.79%	61,016,320	7.32%	44,790,878

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 and June 30, 2014 measurement dates were determined by actuarial valuations as of July 1, 2014 and 2013, respectively, which were rolled forward to June 30, 2015 and 2014, respectively. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following actuarial assumptions:

	For Measurement Date of:	
	June 30, 2015	June 30, 2014
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	based on age	based on age
Thereafter	3.60-10.48%	4.95-9.62%
	based on age	based on age
Investment Rate of Return	7.90%	7.90%

Mortality - For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year 2014 based on Projection Scale BB. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

For the June 30, 2014 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Actuarial Assumptions (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate - The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Actuarial Assumptions (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS target asset allocations as of June 30, 2015 and 2014 are summarized in the following table:

Asset Class	Target Allocation June 30,		Long-Term Expected Real Rate of Return June 30,	
	2015	2014	2015	2014
Cash	5.00%	6.00%	1.04%	0.80%
U.S. Treasuries	1.75%	*	1.64%	*
Investment Grade Credit	10.00%	*	1.79%	*
Mortgages	2.10%	2.50%	1.62%	2.17%
High Yield Bonds	2.00%	5.50%	4.03%	4.82%
Inflation-Indexed Bonds	1.50%	9.00%	3.25%	3.51%
Broad U.S. Equities	27.25%	25.90%	8.52%	8.22%
Developed Foreign Equities	12.00%	12.70%	6.88%	8.12%
Emerging Market Equities	6.40%	6.50%	10.00%	9.91%
Private Equity	9.25%	8.25%	12.41%	13.02%
Hedge Funds / Absolute Return	12.00%	12.25%	4.72%	4.92%
Real Estate (Property)	2.00%	3.20%	6.83%	5.80%
Commodities	1.00%	2.50%	5.32%	5.35%
Global Debt ex U.S.	3.50%	*	-0.40%	*
REIT	4.25%	*	5.12%	*
Core Bonds	*	1.00%	*	2.49%
Intermediate-Term Bonds	*	11.20%	*	2.26%

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the years ended June 30, 2015 and 2014:

	June 30, 2015			June 30, 2014		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ 15,214,089	\$ -	\$ 15,214,089	\$ 2,359,502	\$ -	\$ 2,359,502
Difference Between Expected and Actual Experience	-	(710,773)	(710,773)	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,434,194)	(1,434,194)	-	(6,413,358)	(6,413,358)
Subtotal	15,214,089	(2,144,967)	<u>\$ 13,069,122</u>	2,359,502	(6,413,358)	<u>\$ (4,053,856)</u>
Changes in Proportion	-	(6,667,666)		-	(7,602,405)	
	<u>\$ 15,214,089</u>	<u>\$ (8,812,633)</u>		<u>\$ 2,359,502</u>	<u>\$ (14,015,763)</u>	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ 2,478,501
2017	2,478,501
2018	2,478,501
2019	4,081,840
2020	1,551,780
Thereafter	-
	<u>\$ 13,069,122</u>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – GENERAL

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to state statutes, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated.

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

PERS and PFRS Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

STATE-MANAGED PENSION PLANS – DEFERRAL

Legislation, known as Chapter 19 of the Public Laws of 2009 (P.L. 2009, c. 19), was enacted and effective on March 17, 2009 allowing for an adjustment in the contributions that local employers, such as the City, must make to the PERS and PFRS during the year ended June 30, 2009. Under this legislation, local governments were given the option to defer exactly 50% of their required pension contribution as certified by the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits or pay the full amount of the required contribution for the year ended June 30, 2009.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – DEFERRAL (Continued)

The City elected the 50% deferral. Under the terms of the pension deferral the City is obligated to commence repayment of the entire deferral in 15 amortized annual installments, commencing with the year ended June 30, 2012. These payments are added to the regular pension bills. The short term liability of the deferral, payable on April 1, 2017, is \$360,272, consisting of \$294,884 on the PFRS deferral and \$65,388 on the PERS deferral.

DEFINED CONTRIBUTION RETIREMENT PROGRAM

The Defined Contribution Retirement Program (the “DCRP”), was established July 1, 2007, under the provisions of Chapters 92 and 103, P.L. 2007. Individuals eligible for membership in the DCRP include local officials who are elected or appointed on or after July 1, 2007; and employees enrolled in the PERS on or after July 1, 2007 who earn in excess established “maximum compensation” limits.

A local elected official is any individual who holds elected public office. Officials elected on or after July 1, 2007 will only be enrolled in DCRP. Elected officials already enrolled in PERS prior to July 1, 2007 based on elected office will remain a PERS member while serving that same elected office. Any break in service or election to a different elected office will automatically enroll the elected official in DCRP. If a retired member of another State-administered retirement system is elected to office, that elected official can choose to either continue receiving retirement benefits from the former employment or suspend such benefits and participate in DCRP.

A local appointed official is any individual appointed by the governor, including those requiring advice and consent of the Senate, or an individual appointed in a similar manner by the governing body of a local public entity. On or after July 1, 2007, a newly appointed official who does not have an existing PERS account will only be enrolled in the DCRP. Appointed officials already enrolled in PERS prior to July 1, 2007 will remain a PERS member while serving that same appointed office.

An appointed official is permitted to join or remain in PERS if that appointed official holds a professional license or certificate to perform and is serving in any of the following capacities: Certified Health Officer, Tax Collector, Chief Financial Officer, Construction Code Official, Qualified Purchasing Agent, Tax Assessor, Municipal Planner, Registered Municipal Clerk, Licensed Uniform Subcode Inspector Principal/Certified Public Works Manager.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Additional minimum DCRP eligibility criteria for a newly elected or appointed official are the same as for a PERS position. However, in the case of DCRP, eligible officials can irrevocable waiver their participation when earning less than \$5,000 annually. Eligible PERS members are enrolled in the DCRP when annual salary exceeds the maximum compensation limit. This may occur upon enrollment into the PERS when an annual base salary is reported on the enrollment application that will exceed the maximum compensation; or when a PERS member's annual salary is increased to where it will exceed the maximum compensation and it is reported by the employer to the Division of Pensions and benefits.

Enrolled members contribute 5.5% of the base salary to a tax-deferred investment account established with Prudential Financial, which administers the DCRP for the Division of Pensions and Benefits. Members enrolled due to income levels in excess of maximum compensation limits only contribute based on that amount in excess. Member contributions are matched by a 3% employer contribution. Newly eligible and enrolled members that have existing DCRP accounts or are active or vested members of another State-administered retirement system are immediately vested in DCRP. Conversely, those officials not qualifying for immediate vesting in DCRP will become fully vested upon commencement of their third year of membership. In such case there is no eligible third year of membership, all employee and employer contributions will be refunded to the appropriate contributing parties.

DCRP members may elect to receive all or a portion of the account in a lump-sum distribution, or as a fixed term or life annuity. There is no minimum retirement age under the DCRP. Any distributions of mandatory contributions will automatically render the member retired. Lump-sum cash distributions to members under the age of 55 are limited to the member's contributions and earnings. Employer matching contributions and earnings are only available after the age of 55. A member may begin collecting an annuity or take a cash distribution at any time after termination of employment, but will no longer be eligible to participate in any State-administered retirement system upon a return to public employment in New Jersey.

DCRP members are covered by employer-paid life insurance, payable to their designated beneficiaries, in the amount of 1½ times the annual base salary on which DCRP contributions were based. This benefit continues for up to two years if on an approved leave of absence without pay for personal illness. Life insurance may also be available to members upon retirement at an amount reduced to 3/16 of the annual base salary on which DCRP contributions were based who qualify by being 60 or older with 10 years of participation in DCRP or any age with 25 years of participation. In the case of members enrolled due to income levels in excess of maximum compensation limits, years of participation in either scenario would also include participation in PERS.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

DCRP members are eligible for employer-paid long-term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during the 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid so long the member remains disabled or until the age of 70. Benefits terminate should the member begin receiving retirement annuity payments.

As of June 30, 2016 and 2015, the City has 256 and 238 employees who were DCRP members, respectively.

NOTE 8. COMPENSATED ABSENCES

Under the existing union contracts and policy of the City, certain employees are allowed to accumulate unused vacation and sick pay over the life of their working careers. In addition, certain employees are also entitled to accrue 7.5 terminal leave days for every year of service. These compensated absences and terminal leave may be taken as time off or paid at a later date and at an agreed upon rate. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The City appropriates, annually, the amounts required to be paid in any fiscal year in that year's budget and no liability is accrued at June 30, 2016 and 2015.

As of June 30, 2016 and 2015 the total accumulated compensated absence liability was \$6,593,871 and \$4,057,415, respectively. In addition, as of June 30, 2016 and 2015 the terminal leave liability was \$7,257,920 and \$2,652,068, respectively.

NOTE 9. TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey and the Hudson County Board of Taxation requesting a reduction of assessments for various years. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from current tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 10. TRANSITIONAL AID CONDITIONS

The City receives a substantial amount of financial support from the State of New Jersey in the form of Transitional Aid to Localities (Transitional Aid). P.L. 2013, c.77 and P.L. 2011, c.144 condition Transitional Aid on conditions, requirements, orders and oversight that the Director of the Division of Local Government Services (the "Director") deems necessary including, but not limited to, requiring approval by the Director of personnel action, professional services and related contracts, payment in lieu of tax agreements, acceptance of grants from State, federal or other organizations, and the creation of new or expanded public services. The minimum conditions on the receipt of the Transitional Aid are set forth by a Memorandum of Understanding with the Director.

The Transitional Aid the City receives from the State is material to the total revenue the City needs for operations.

NOTE 11. CONTINGENT LIABILITIES

The City is a defendant in a number of lawsuits, none of which are unusual for a municipality of its size and scope of operation. The City is also engaged in activities, such as police protection and public works construction, which could result in future litigation with possible significant monetary exposure to the City. Because many lawsuits are still in the discovery stage, the City's Attorneys are unable to determine the probability of a successful defense to them at this time. In the opinion of the City's Attorneys the potential claims against the City not covered by insurance policies would not materially affect the financial condition of the City.

The City participates in several federal, state and local financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. The federal and state grants received and expended in fiscal year June 30, 2016 were subject to the Uniform Guidance and State of New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the City's annual audit. In addition, the federal, state and local grant programs are also subject to compliance and financial audits by the grantor agencies or their representatives. As of June 30, 2016, the City does not believe that any material liabilities will result from such audits.

NOTE 12. RISK MANAGEMENT

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

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 12. RISK MANAGEMENT (Continued)

PROPERTY AND LIABILITY INSURANCE

The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

SELF-INSURANCE PROGRAM

In 1984 the City established a self-insured workers' compensation obligation program in accordance with the New Jersey Statute Chapter 40:10. The City dissolved this self-insured workers' compensation obligation program in 2009 for a fully insured plan through the New Jersey Intergovernmental Insurance Fund. The City, however, still has exposure for claims from the prior self-insured worker's compensation obligation program. The latest available information states that at December 31, 2016 and 2015, the City's exposure for claims incurred under its obligation to provide workers' compensation insurance amounted to approximately \$260,506 and \$177,425, respectively (information is not available as of June 30, 2016 and 2015).

NEW JERSEY INTERGOVERNMENTAL INSURANCE FUND

The City entered into a three year agreement to participate in the New Jersey Intergovernmental Insurance Fund ("NJIIF") from January 1, 2016 through December 31, 2018. The NJIIF was established in 1997 as a self-insured property and casualty insurance program for New Jersey Municipalities. Initially, it began with 14 members and currently has approximately 40.

The Commissioners of NJIIF arrange through their insurance professionals the pooled purchase of insurance utilizing high deductibles and self-insured retentions. The participants share in each other's losses through the funding of claims under these deductibles.

The program is administered by Governmental Risk Management Associates of Old Bridge, New Jersey. The Underwriting Manager is Arthur J. Gallagher Associates of Wayne, New Jersey. The City is represented by their Risk Management Consultant, Beckerman & Company of Colonia, New Jersey.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances remained on the balance sheets of the fund financial statements at June 30, 2016. The interfund balances are the result of revenues earned in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in a cash overdraft position. The City expects to liquidate all interfund balances within one year.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 14. DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plan, which is administered by Valic, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 15. POST RETIREMENT BENEFITS

The City provides lifetime medical benefits to City employees who were hired prior to October 28, 2013 and who retire under the following conditions:

- After twenty-five years of membership in a state or locally administered retirement system.
- After fifteen years or more of service and are age 62 or older.
- Upon a disability retirement, if eligible.

For anyone hired after October 28, 2013, the City provides lifetime medical benefits to City employees who retire under the following conditions:

- After twenty-five years of membership in a state or locally administered retirement system.
- After fifteen years or more of service and are age 65 or older.
- Upon a disability retirement, if eligible.

Retiree Contributions

Current retirees, dependents and survivors are not required to contribute toward the cost of the postretirement medical and prescription drug coverage. All costs are paid 100% by the City. Any employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits cost as set forth in P.L. 2011 c. 78 (Chapter 78). The retiree contributions are based on a percentage of the postretirement healthcare, phased-in over a four-year period, which vary based on healthcare coverage tier and amount of PERS or PFRS pension amounts.

As of June 30, 2016 and 2015, the City had 357 and 363 employees, respectively, who were eligible.

The City is self-insured and accounts for post-retirement health costs on a pay-as-you-go basis. Expenditures during the year ended June 30, 2016 and 2015 were \$6,738,770 and \$7,026,933, respectively.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 15. POST RETIREMENT BENEFITS (Continued)

In accordance with GAAP and accrual accounting principles, the costs associated with post-employment healthcare benefits ("OPEB"), generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 the cost of OPEB is recognized in the year when the employee services are received, the accumulated liability (as calculated on a triennial basis) is reported from prior years and provides information useful in assessing potential demands on cash flows. Recognition of the liability accumulated from prior years is phased in over 25 years, commencing with the current 2012 liability.

As of June 30, 2016, the Actuarial Accrued Liability is \$210,928,671 for retirees and \$92,743,890 for active employees for a total accrued liability of \$303,672,561. Under the GASB accounting standard, the Annual Required Contribution ("ARC") is \$23,187,849 for the year ending June 30, 2016 assuming a 25 year amortization of the Unfunded Actuarial Accrued Liability. The Net OPEB Obligation is \$113,337,093 as of June 30, 2016.

NOTE 16. NORTH HUDSON SEWERAGE AUTHORITY

During October, 1996, the West New York Municipal Utilities Authority was acquired by the Hoboken-Union City-Weehawken Sewerage Authority (HUCWSA), and together, these entities were consolidated to create the North Hudson Sewerage Authority (NHSA). The acquisition was executed through the sale of \$104,945,000 Sewer Revenue Bonds, Series 1996, issued by the NHSA on October 15, 1997. In connection with the creation of the NHSA, a service agreement between the City (together with the municipalities of Hoboken, West New York and Weehawken) and the NHSA was executed. The related obligation of the City with respect to the current service agreement pertains to service charges and annual charges, as described below:

Service Charges

The NHSA will charge to users of its system service charges, pursuant to the service agreement, with respect to all sewage treated or disposed of by the NHSA, in accordance with the New Jersey Sewerage Authorities Law, Ch. 138, L. 1946, and in a manner consistent with the submission relied upon by the United States Environmental Protection Agency (EPA) and the New Jersey Department of Environmental Protection (NJDEP) in issuing a federal grant or in such other manner that the EPA and the NJDEP approve. Such service charges shall be established at rates estimated to be sufficient to provide for all amounts necessary to provide for the expenses of operation and maintenance of the NHSA's system and the principal and interest on any and all bonds as they become due, to maintain the amounts required to be held on deposit in the sinking fund and the bond reserve fund and to comply in all respects with the terms and provisions of the general bond resolution, provided, however, that the NHSA may charge service charges which are less than sufficient to comply with the requirements referred to above if each of the municipalities gives its written consent to such lesser service charges.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 16. NORTH HUDSON SEWERAGE AUTHORITY (Continued)

Annual Charges

Annual charges are based upon application of a formula which is explained in the next two paragraphs. If, but only if, the application of the formula yields a positive dollar amount for any fiscal year during which the service agreement is in effect, the City shall be obligated to pay to the NHSA its allocable share of such positive dollar amount as an annual charge. Such annual charges shall be the excess, if any of the amount determined by the items in the first paragraph, less the amount determined by the items in the second paragraph to determine the excess, if any.

The sum of all of the amounts reasonably expected by the NHSA to be expended in the fiscal year of the NHSA (1) to pay or provide for the expenses of construction, acquisition, operation and maintenance of its system, as well as administrative and other expenses of the NHSA related to its system prior to placing the system in operation, and the principal of and interest on all bonds as the same become due; (2) to maintain such reserves or sinking funds as may be required by the terms of the contract of the NHSA or any bond resolution, or as may be deemed necessary by the NHSA; and (3) to comply in all respects with the terms of the general bond resolution adopted by the HUCWSA on April 24, 1989, as amended, and the New Jersey Sewerage Authorities Law.

The sum of the following amounts to the extent available to be used to pay or provide for the amounts described in the preceding paragraph: (1) service charges collected by the NHSA; (2) the proceeds of bonds received by or for account of the NHSA with respect to its system; (3) the proceeds of insurance awards received by or for account of the NHSA with respect to its system; (4) contributions received by or for account of the NHSA with respect to its system and not under any circumstances repayable by the NHSA until after the payment in full of all other obligations of the NHSA including its bonds, original or refunding or both, or (5) any other funds on hand or available therefor.

Annual charges, if any, are assessed to and payable by the City in the same percentage as the most recent determination by the NHSA of the allocation of the annual flow among the municipalities. The most recent determination by the NHSA of the allocation of the annual flow is as follows: Hoboken 31%, Union City 34%, Weehawken 8% and West New York 27%.

On or before January 1 of each fiscal year, the NHSA will make an estimate of the amount of the annual charges, if any, which will become payable by the City for such fiscal year. On or before February 15 of each fiscal year, the City will pay to the NHSA the amount of any annual charges not paid relating to any prior fiscal year. The City will pay to the NHSA that part of the estimated amount of the annual charges for the current fiscal year in four equal installments on March 1, June 1, September 1, and November 1 of such fiscal year. No amounts were due from the City for the fiscal years ended June 30, 2016 and 2015. The NHSA estimates that no amounts will be due from the City for fiscal year ending June 30, 2017.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 17. NORTH HUDSON REGIONAL FIRE AND RESCUE

Background of the Agreement

On October 1, 1998, the Hudson County municipalities of North Bergen, Union City, Weehawken and West New York had formed the Agreement in order to form a joint meeting pursuant to the Consolidated Municipal Services Act, N.J.S.A. 40:48B-1 et seq. (the “Act”). The entity created by the formation of this joint meeting is known as the North Hudson Regional Fire and Rescue (the “NHRFR”), which is a public body, corporate and politic, constituting a political subdivision of the State of New Jersey, having all powers and authorities permitted by the Act. The purpose of the NHRFR is to provide for the joint operation of fire protection, rescue and emergency services, and other related governmental services.

On December 30, 1998, another Hudson County municipality, the Town of Guttenberg, duly adopted a resolution approving it to officially enter into the Agreement, and Guttenberg was admitted to participate in the NHRFR.

The term of the Agreement expires September 30, 2023, but may be subject to earlier termination pursuant to the Act. The operations of the NHRFR commenced on January 1, 1999. The NHRFR is governed by a five member management committee, consisting of one representative from each municipality, and this committee may appoint one or two executive director(s), and other such officers, employees and counsel as it deems necessary. A municipality’s admission to or withdrawal from the NHRFR requires four votes from the management committee.

Required Contributions by the City

The City adopted an ordinance on September 30, 1998, authorizing the sale, lease transfer, conveyance or other disposition of and improvement of real and personal property to the NHRFR, pursuant to New Jersey Statutes.

As of June 30, 2016 and 2015, the City contributed \$17,962,735 and \$16,923,657, respectively, to the NHRFR. This annual contribution is based on each of the four original participating municipalities’ applicable share of the combined fiscal year 1998 fire budgets of those four municipalities. The combined fiscal year 1998 fire budgets of those four municipalities totaled \$29,121,874. Since Guttenberg entered after this allocation was decided on, it contributes an alternatively determined amount. This share is subject to an increase based on the percentage of increase of the total fire and rescue related appropriations over the base year (SFY 1998) of the four original participating municipalities. Guttenberg’s allocation is subject to this rate increase, but is not subject to the matter described below regarding a redetermination of the allocation formula. The Agreement also contains provisions for a growth value adjustment to be made in calendar year 2001, in which the budget balance allocation formula described above is redetermined. This redetermined allocation is based upon a factor entitled “Growth Percentage”.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 17. NORTH HUDSON REGIONAL FIRE AND RESCUE (Continued)

Required Contributions by the City (Continued)

This factor is determined by expressing “Growth Value” as a percentage of the total of all equalized values of the four original participating municipalities. Growth value is determined by taking the aggregate assessed value of all new construction in the City from July 1, 1997 through June 30, 2000, and deducting from that the aggregate assessed value of all demolition. If the resulting amount is negative, the growth value is expressed as zero.

With respect to the redetermined allocation formula, the Agreement expressly states:

“Starting with the NHRFR fiscal year budget for January 1, 2001 through December 31, 2001, allocations of the Budget Balance among the Original Parties shall be subject to two (2) separate calculations, as follows:

FIRST, the Budget Balance shall be multiplied by the Total Growth Percentage, and the product so determined shall be allocated among the Original Parties in ratio to their respective Individual Growth Percentages; and

SECOND, there shall be subtracted from the Budget Balance determined in FIRST above, and the remainder of the Budget Balance amount shall be allocated among the Original Parties based on their respective Base Year Percentages.”

Guarantee of Debt

On January 25, 2005 the Hudson County Improvement Authority issued \$8,565,000 in Lease Revenue Bonds Series 2005, consisting of \$4,510,000 Tax-Exempt Lease Revenue Bonds, Series 2005A and \$4,055,000 Taxable Lease Revenue Bonds, Series 2005B. These Series 2005 Bonds were issued to finance certain costs associated with the facilities leased to and utilized by the NHRFR. The Series 2005 Bonds are payable and secured by revenues of the Authority, which are derived from the lease of the Facilities to NHRFR. The lease payments, which are allocated among the municipalities participating in the NHRFR are sufficient to pay the debt service on the Series 2005 Bonds. As additional security, each of the municipalities participating in the NHRFR unconditionally guaranteed their percentage share of debt service on each series of the Series 2005 Bonds. In the event that a municipalities’ percentage share of revenues is not sufficient to pay its percentage share of debt service, the municipality is obligated to levy *ad valorem* taxes upon all taxable property within its jurisdiction without limitation as to rate or amount in order to make such payments.

CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 18. CLEARING ACCOUNT

The City maintains a claims account, or a cash clearing account, from which bills are paid for all funds.

NOTE 19. FIXED ASSETS

In accordance with accounting practices prescribed by the Division, and as further discussed in Note 1, no depreciation has been provided for, and fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

The City had the following investment balance and activity in general fixed assets as of and for the years ended June 30, 2016 and 2015:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 11,228,900	\$ 500	\$ -	\$ 11,229,400
Buildings and Improvements	52,142,817	1,348,007	-	53,490,824
Machinery, Equipment and Other	8,154,867	4,316,908	-	12,471,775
	<u>\$ 71,526,584</u>	<u>\$5,665,415</u>	<u>\$ -</u>	<u>\$ 77,191,999</u>

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Land	\$ 11,228,900		\$ -	\$ 11,228,900
Buildings and Improvements	49,374,852	2,767,965	-	52,142,817
Machinery, Equipment and Other	7,804,467	350,400	-	8,154,867
	<u>\$ 68,408,219</u>	<u>\$3,118,365</u>	<u>\$ -</u>	<u>\$ 71,526,584</u>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 20. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. As of June 30, 2016, the following deferred charges are shown on the balance sheets of the Current Fund:

	Balance June 30, 2015	Increased by: Adjustments to Income before Fund Balance	Decreased by: Budget Appropriations	Balance June 30, 2016
Overexpenditures:				
Current Fund	\$ -	\$ 1,058,967	\$ -	\$ 1,058,967
Overexpended Trust Fund Reserve:				
Other Expenses	127,669	-	127,669	-
Overexpended Grant Fund:				
Municipal Alliance Grant	17,477	-	17,477	-
State of Emergency Relating to Snow Storms	232,845	702,952	232,845	702,952
Cancelled Grants Receivable	500,357	-	252,000	248,357
Retirement Benefits (5 Years Future Taxation)	2,390,372	877,541	734,075	2,533,838
	<u>\$ 3,268,720</u>	<u>\$ 2,639,460</u>	<u>\$ 1,364,066</u>	<u>\$ 4,544,114</u>

NOTE 21. RELATED PARTY TRANSACTIONS

One of the City's CDBG sub recipients is a theater that was founded by one of the City's commissioners. The amount is not material to the financial statements.

Union City Board of Education

The Union City Board of Education (the "Board") is a Type I School District, therefore, bonds and notes authorized by the Board are general obligations of the City and are reported on the balance sheet of the City's General Capital Fund and are accordingly included in the summary of municipal debt. The City budgets the principal and interest payments of the Board's obligations as they become due. These obligations are funded by the City through an amount to be raised by taxation called "addition to local district school tax", less any regular school debt service aid received from the State of New Jersey. For the years ended June 30, 2016 and 2015, no amounts were required to be budgeted.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 21. RELATED PARTY TRANSACTIONS (Continued)

Union City Board of Education (Continued)

During the year ended June 30, 2016, \$10,000,000 of bonds were authorized but not issued for an addition and renovations at the Gilmore School.

The City has agreements with the Board in which the City is to receive reimbursement for the lease of the recreation center, snow removal, solid waste pick up, special resource officer, crossing guards, off duty police officers and pool expenses. During the year ended June 30, 2016 and 2015, the City received \$2,271,590 and \$4,403,953, respectively, for such reimbursements. As of June 30, 2016 and 2015, the City has receivables from the Board of \$951,331 and \$316,590, respectively, for prior year accrued budget revenues. This receivable is part of the revenue accounts receivable identified on the balance sheet and has been fully reserved. As described in Note 1, the Board of Ed is considered a component unit of the City.

NOTE 22. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 11, 2017, the date which the financial statements were available to be issued. The following material subsequent events have been noted:

On October 27, 2016, the City issued \$10,300,000 of General Obligation Bonds, Series 2016 at interest rates ranging from 2.5% to 3.0%, maturing July 15, 2017 through July 15, 2030.

On November 1, 2016, the City sold a note through the HCIA pooled note financing program, Series 2016 C, in the amount of \$18,000,000 at an interest rate of 2.00%. The note is due November 1, 2017.

On March 7, 2017, the City introduced a \$3,100,000 bond ordinance authorizing various improvements in and around Veterans Park.

On March 27, 2017, the City sold \$8,380,350 Bond Anticipation Notes of 2017, Series A at a rate of 1.99%, and \$7,109,767 Taxable Bond Anticipation Notes of 2017, Series A at a rate of 2.42%. The notes are due March 26, 2018.

On April 6, 2017, the City sold a note through the HCIA pooled note financing program, Series 2017 A-1, in the amount of \$7,968,000 at an interest rate of 2.25%. The note is due April 5, 2018.

GENERAL INFORMATION REGARDING
THE TOWNSHIP OF WEEHAWKEN
COUNTY OF HUDSON, NEW JERSEY

General Background

The Township of Weehawken (the "Township"), incorporated in 1859, is primarily a residential community covering an area of 1.70 square miles in the northeastern part of Hudson County along the Hudson River. It is bounded by the cities of Hoboken, Union City and West New York.

Situated at the entrance to the Lincoln Tunnel, the Township is ideally located in the New York Metropolitan area. Direct highway connections are provided to the New Jersey Turnpike and U.S. Routes 1 and 9, major north to south routes, and Interstate Route 80 and State Route 3, major east to west routes. Commuter rail transportation is provided by the New Jersey Department of Transportation, Railroad Operations ("NJDOT") with its principal terminal in Hoboken, the Port Authority of New York and New Jersey Trans-Hudson ("PATH") facilities located at N.J. DOT's terminal in Hoboken, and various interstate and intrastate bus lines.

Township citizens find employment in New York City and in the diversified businesses in northern New Jersey. The largest employer in the Township is UBS Paine Webber Incorporated, with an estimated 5,000 employees.

Municipal Government

The Township functions under a Council-Manager form of government in which the manager is the Chief Executive and the Council is the legislative body. The Council members are elected for four-year terms and the Council chooses the mayor and deputy mayor, who also serve for four years.

Township officials include the following individuals:

Richard F. Turner	Mayor
Rosemary J. Lavagnino	Member of Council
Carmela Silvestri-Ehret	Member of Council
Robert J. Sosa	Member of Council
Robert Zucconi	Member of Council
Giovanni D. Ahmad	Township Manager
Rola Dahboul	Township Clerk
Richard Barsa	Finance Director/Treasurer
Lisa Toscano	Chief Financial Officer
Nicholas Goldsack	Tax Collector/ Tax Search Officer

SERVICES

Ambulance

The Weehawken Volunteer First Aid Squad (WVFAS) has been providing the residents of the Township free emergency medical services since 1969. The WVFAS headquarters is located on Highwood Avenue and is always ready to respond to the resident's needs with three state of the art ambulances and a EMS Mini 4-wheel drive ambulance (Specialty Transport Vehicle). The ambulances are staffed by state certified personnel and equipped with oxygen, cardiac defibrillators, and other lifesaving equipment. CPR and First Aid training are also available to the public from WVFAS.

Police

The men and women of the Township's Police Department have been protecting their citizens since 1870. Jeff Welz is the current Township Director of Public Safety, and has seen crime statistics decrease each year by up to 15% since 2005. The department consists of 54 police officers (including detectives), consisting of 1 Deputy Director, 10 sergeants, 5 captains, 3 lieutenants, 32 officers and 3 currently in the Police Academy. The department and staff are broken up into nine sub departments each with different roles and responsibilities, to better serve the community. These areas include a patrol division, detectives, an anti-crime unit, a traffic division, a quality of life squad, a juvenile bureau, a crime prevention office, a records department, and an office of emergency management. The 133 Jane Street building is now part of the Police Department and serves as an annex for the Office of Emergency Management for Operations and Police/EMS Training and a backup Dispatch and Operation Center.

Fire

The North Hudson Regional Fire and Rescue department (the "NHRFR") serves the Township from two stations within the borders of the Township. The stations are located at 46th Street and Park Avenue, and 19th Street and Willow Avenue. Additionally, there are three firehouses in neighboring towns that are 5 blocks from Weehawken. Regionalization of the fire service has greatly helped the Township and its residents by creating local property tax credits and doubling the number of firefighters who respond to each call. In addition, the NHRFR was the recipient of the 2002 Innovation in Governance Award from the New Jersey Department of Community Affairs.

School System

The Township's school system consists of three main schools: Weehawken High School, Roosevelt School (middle school), and Webster School (elementary school). The schools provide progressive and comprehensive education to the children of the Township by staffing highly sensitive and well qualified (48% have advanced degrees) professionals. Student-teacher ratio is one of the many reasons the high school is ranked among the top schools in New Jersey. Also, Weehawken High School is one of six high schools in New Jersey to have A.P. Capstone, which is a segway to Ivy League Schools. The high school is also a member of the prestigious Garden State Coalition of Schools.

Parks and Recreation

The Township's Recreation Department provides a variety of free and low cost activities and programs for residents ages four and up. Many of these activities and programs take place at the Township's parks and ball fields that are maintained by the Township Department of Parks. The Recreation Department prides itself on the successful upkeep and high quality of all parks, playgrounds, and ball fields.

Housing and Building Authorities

The Township's Housing Authority provides 193 units of affordable senior citizens' housing and manages 350 units of Section 8 subsidized housing for residents. There are also two Senior Nutrition Centers and a Family Self Sufficient Program run by the Housing Authority. Overseeing the building and revitalization of the town is the Building Department which is made up of the Construction Code Office, the Health Department, the Housing Inspection Office, as well as the fire, plumbing, and electrical inspectors. Currently the Building Department is dedicated to revitalizing the Park Avenue and historic Water Tower areas with the Park Avenue Partnership.

Library

The Township's Library is home to a wide array of features and activities for the residents of the Township. Features of the library include: inter-library loans, full text online databases, multimedia materials, internet, online catalog access, Spanish language materials, notary services, and copy and fax machines. The library also features the very helpful program Shut-in Service, which makes materials available to disabled patrons that are unable to leave their residences. For children, the library offers monthly book sales and story time classes.

Public Transportation

The Township is connected to New York and the rest of New Jersey via a variety of bus and train lines. These buses and trains are in conjunction with NJ Transit and Academy Bus Lines and serve the residents with reliable, fairly priced, and easy modes of transportation through congested areas. The Township's Waterfront Shuttle Bus is also available to provide free transportation between upper Weehawken and the waterfront. The Township's transportation is governed by the Hudson Transportation Management Association which is part of the Hudson County Improvement Authority.

DEMOGRAPHIC INFORMATION

Resident Population¹

	1970	1980	1990	2000	2010
Weehawken	13,383	13,168	12,385	13,501	12,554
County of Hudson	609,266	556,972	553,099	608,975	634,266
State of New Jersey	7,168,164	7,364,823	7,747,750	8,414,350	8,791,894

Employment Information²

	Labor Force	Employment	Unemployment	Unemployment Rate
Weehawken	8,595	8,298	297	3.50%
County of Hudson	361,787	344,904	16,883	4.70%
State of New Jersey	4,557,900	4,330,900	227,079	5.00%

¹ Source: U.S. Census Bureau, 2010 Census

² Source: U.S. Bureau of Labor Statistics, 2016

Largest Taxpayers³

Taxpayer	Assessed Valuation	% of Total Assessed Value
Hartz Mountain Industries	\$ 215,220,700	17.23%
Roseland Properties (Mack-Cali)	78,690,000	6.30
Global Weehawken Acquisitions Group, LLC	42,500,000	3.40
Lennar Corp.	38,336,300	3.07
LS-NJ Port Imperial, LLC	12,200,000	0.98
Tower Plaza Assoc.	8,000,000	0.64
Simone Condominium	6,090,000	0.49
1500 Harbor Boulevard, LLC	5,833,000	0.47
Hamilton House, LLC	4,000,000	0.32
Fulton House	3,520,000	0.28

Largest Private Employers⁴

Address	Employer Name	Business Type	Number of Employees
800 Harbor Blvd	UBS Financial Services	Financial Services	5,000
1500 Harbor Blvd. # 10	Hanover Direct Inc.	Misc. Retail	1,975
1200 Harbor Blvd.	The Swatch Group US Inc.	Wholesale Trades	700
4800 Ave. Port Imperial Blvd	Arcorp Properties	Trucking/Water Transportation	500
500 Boulevard East	Transportation New Jersey Dept.	Transportation	300
1200 Harbor Blvd.	Ceres Marine Terminals Inc.	Water Transportation	200
1899 Park Ave.	Dykes Lumber Co. Inc.	Misc. Retail	175
500 Boulevard East	The Port Authority of N.Y. & N.J.	Transportation	110
1200 Harbor Blvd.	Houlihan's	Restaurant	100
Pier D T	Chart House Restaurant	Restaurant	100
1200 Harbor Blvd.	Specialists LTD		100

³ Source: Office of the Assessor, 2017

⁴ Source: Hudson County Economic Development Corporation, January 2017

Trend of Net Assessed Valuations
By Classifications of Real Estate⁵

Classification	2017	2016	2015	2014	2013
Residential	\$741,473,695	\$786,845,370	\$726,943,720	\$740,927,410	\$663,624,435
Commercial	242,948,280	199,157,080	194,201,580	215,046,480	221,095,600
Industrial	50,454,600	51,113,300	58,386,900	9,136,900	58,273,800
Apartments	92,622,450	93,140,850	88,753,650	86,489,950	86,381,150
Vacant/Undeveloped	120,497,492	103,612,492	126,176,892	128,324,492	140,143,996
 Total	 1,247,996,517	 1,233,869,092	 1,194,462,742	 1,179,925,232	 1,169,518,981
 Personal Property	 1,273,043	 1,332,263	 1,266,369	 1,158,961	 1,331,069
 Other	 -	 -	 -	 -	 -
Total Assessed					
Valuation	\$1,249,269,560	\$1,235,201,355	\$1,195,729,111	\$1,181,084,193	\$1,170,850,050

General Tax Rate⁶
(Per \$100 of Assessed Valuation)

Fiscal Year	2017	2016	2015	2014	2013
Tax Rate:					
County	\$1.121	\$1.072	\$1.213	\$1.170	\$1.165
County Open Space	0.024	0.022	0.012	0.012	0.005
School	1.635	1.596	1.596	1.588	1.573
Municipal	2.258	2.298	2.245	2.046	1.838
Garbage	0.184	0.183	0.185	0.184	0.182
Library	0.076	0.072	-	0.071	0.065
Total General Tax Rate	\$5.298	\$5.251	\$5.251	\$5.071	\$4.828

⁵ Source: Office of the Assessor

⁶ Source: Hudson County Board of Taxation

TOWNSHIP INDEBTEDNESS AND DEBT LIMITS

Statutory Debt As of June 30, 2017⁷

Municipal Debt Issued (Bonds and Notes)	\$70,647,000
Authorized But Not Issued (Bonds and Notes)	316,164
Total Bonds and Notes	<u>70,963,164</u>
State Loans	1,629,334
Local School Debt	25,071,095
Bonds Issued by Another Public Body Guaranteed by the Municipality	31,102,000
Infrastructure Trust	6,733,742
HCIA Pooled Government Loans	2,350,000
Total	<u>66,886,171</u>
Gross Debt	<u>137,849,335</u>
Less: Statutory Deductions	<u>71,777,069</u>
Net Debt	<u>\$66,072,266</u>
Equalized Valuation of Basis (N.J.S.A. 40A:2-2)	\$2,704,520,095
Gross Debt as a % of Equalized Valuations	5.097%
Net Debt as a % of Equalized Valuations	2.443%
Gross Debt per Capita – 2010 population (12,554)	10,981
Net Debt per Capita – 2010 population (12,554)	5,263
Borrowing Power	
3 ½ % of Equalized Valuation Basis	94,658,203
Net Debt	<u>66,072,266</u>
Remaining Borrowing Power	<u>\$28,585,937</u>

⁷ Source: Annual Debt Statement of the Township 06/30/17

Summary of Outstanding Debt
Schedule of Principal and Interest

Period Ending	General Obligation Bonds	Municipal Qualified Bonds	HCIA Leases	Green Acres Loans	Total Debt Service
06/30/18	2,960,264.00	779,437.52	466,978.50	211,543.35	4,418,223.37
06/30/19	2,953,878.75	771,637.52	467,229.00	211,543.36	4,404,288.63
06/30/20	2,927,467.25	655,137.52	466,952.50	149,421.79	4,198,979.06
06/30/21	2,905,950.25	650,612.52	471,149.00	102,784.37	4,130,496.14
06/30/22	2,889,735.25	651,371.90	469,555.00	102,784.36	4,113,446.51
06/30/23	2,869,237.75	651,356.27	467,434.00	87,238.57	4,075,266.59
06/30/24	2,845,278.25	650,546.90	469,786.00	82,105.22	4,047,716.37
06/30/25	2,824,576.25	492,112.52	470,200.00	81,946.56	3,868,835.33
06/30/26	2,520,230.25	491,237.52	469,756.00	81,946.55	3,563,170.32
06/30/27	1,803,277.75	494,987.52	468,454.00	81,946.56	2,848,665.83
06/30/28	1,803,214.25	494,712.52	471,294.00	81,946.56	2,851,167.33
06/30/29	1,804,932.75	495,587.52	467,990.00	81,946.56	2,850,456.83
06/30/30	1,813,214.63	496,221.90	468,828.00	81,946.57	2,860,211.09
06/30/31	1,809,108.75	496,556.27	468,522.00	81,946.56	2,856,133.58
06/30/32	1,433,571.00	383,598.12	467,072.00	81,946.56	2,366,187.68
06/30/33	1,430,434.50		469,478.00	74,619.83	1,974,532.33
06/30/34	1,088,290.00		470,454.00	74,619.83	1,633,363.83
06/30/35	1,091,701.50			74,619.83	1,166,321.33
06/30/36	1,091,198.00			74,619.83	1,165,817.83
06/30/37	1,086,779.50				1,086,779.50
06/30/38	1,088,446.00				1,088,446.00
06/30/39	1,090,414.50				1,090,414.50
06/30/40	1,087,293.50				1,087,293.50
06/30/41	1,089,083.00				1,089,083.00
	\$46,307,577.62	\$8,655,114.03	\$7,971,132.00	\$ 1,901,472.83	64,835,296.48

Notes: Does not include HCIA Waterfront debt, which is paid by Developer
Does not include NJEIT or HCIA fees

Municipal Qualified Bond Coverage⁸

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
Qualified Revenues:					
Energy Receipt Tax:	\$1,623,621	\$1,623,621	\$1,581,105	\$1,567,424	\$1,514,116
Supplemental Energy Receipts Tax	29,247	29,247	29,247	29,247	29,247
Consolidated Municipal Property Tax Relief Aid	-	-	33,357	7,038	438,004
Total Qualified Revenues:	1,652,868	1,652,868	1,643,709	1,643,709	1,981,367
Debt Service:					
General Obligation Bonds:	783,033	806,763	788,863	527,358	438,004
Total Debt Service:	\$869,835	\$806,763	\$788,863	\$527,358	\$438,004
Coverage Ratio:	2.11	2.05	2.08	3.12	4.52

⁸ Source: Audited Financial Statements of the Township, 2017 Unaudited

TAX LEVY AND TAX COLLECTION

Tax Levy and Tax Collection⁹

Year	Tax Levy	Cash Collection	Percentage
2016	\$65,530,780	\$63,739,500	97.26%
2015	62,994,705	62,788,432	99.67%
2014	61,876,150	61,159,586	98.84%
2013	57,612,041	57,323,487	99.50%
2012	52,119,924	51,873,546	99.53%

Delinquent Taxes and Tax Title Liens Experience⁹

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	% of Tax Levy
2016	\$188,413	\$34,403	\$222,816	0.35%
2015	177,845	125,050	302,895	0.48%
2014	175,373	740,317	915,690	1.48%
2013	171,514	203,931	375,445	0.65%
2012	153,743	86,145	239,888	0.46%

⁹ Source: Audited Financial Statements of the Township

TOWNSHIP OF WEEHAWKEN
HUDSON COUNTY, NEW JERSEY
REPORT OF AUDIT
FISCAL YEAR ENDED JUNE 30, 2016

**TOWNSHIP OF WEEHAWKEN
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TOWNSHIP OF WEEHAWKEN

HUDSON COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Council
Township of Weehawken
Weehawken, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Weehawken, as of June 30, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended June 30, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Township of Weehawken on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Township of Weehawken prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Weehawken as of June 30, 2016 and 2015, or changes in financial position, for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of Weehawken as of June 30, 2016 and 2015, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended June 30, 2016 and 2015 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

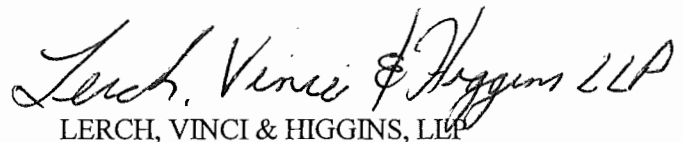
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Weehawken as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance as required by NJ OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Weehawken.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

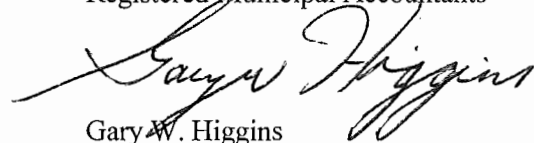
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 5, 2017 on our consideration of the Township of Weehawken's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Weehawken's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
April 5, 2017

TOWNSHIP OF WEEHAWKEN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF JUNE 30, 2016 AND 2015

ASSETS	Reference	2016	2015
Cash - Treasurer	A-4	\$ 17,623,893	\$ 7,788,392
Cash - Tax Collector	A-5	48,227	277,743
Cash - Payroll Account	A-6	47,924	46,362
Cash - Change Funds	A-7	250	250
Cash - Held with Third Party	A-4	<u>77,550</u>	<u>173,715</u>
		<u>17,797,844</u>	<u>8,286,462</u>
Due From State of New Jersey:			
Senior Citizens and Veterans Deductions	A-9	31,748	23,953
Federal and State Grants and Aid Receivable	A-10	<u>960,335</u>	<u>1,119,389</u>
		<u>992,083</u>	<u>1,143,342</u>
Due From FEMA	A-8	<u>45,090</u>	<u>-</u>
		<u>45,090</u>	<u>-</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-12	34,403	125,050
Tax Title Liens	A-13	188,413	177,845
Due From Animal Control Trust Fund	B-2	1,570	546
Due From Other Trust Fund	B-7		2,390
Due From Library Board	A-15		97,799
Due From Parking Authority	A-16	129,827	25,195
Due From Special District	A-17	784,823	543,871
Due From Developer - Legal Fees	A-11	<u>-</u>	<u>5,000</u>
		<u>1,139,036</u>	<u>977,696</u>
Deferred Charges			
Uncollected Receivables	A-19	2,300,000	2,600,000
Special Emergency Authorization - Hurricane Sandy	A-20		232,000
Special Emergency Authorization - Preparation of Tax Map	A-21	200,000	
Emergency Authorizations	A-19	<u>996,745</u>	<u>865,806</u>
		<u>3,496,745</u>	<u>3,697,806</u>
Total Assets		<u>\$ 23,470,798</u>	<u>\$ 14,105,306</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWNSHIP OF WEEHAWKEN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF JUNE 30, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Encumbrances Payable	A-22	\$ 181,525	\$ 334,816
Appropriation Reserves	A-3, A-23	94,642	91,764
Prepaid Taxes	A-26	87,111	206,965
Tax Overpayments	A-27	116,675	259,441
Appropriated Reserve for Grants	A-28	55,018	711,171
Unappropriated Reserve for Grants	A-29	56,355	45,406
Tax Anticipation Note	A-30	7,000,000	9,000,000
Due to General Capital Fund	C-4	11,623,561	
Due to County of Hudson - Late Penalties Payable	A-35	159,510	209,510
Reserve for Urban Area Security Initiative Grant	A-31	532	532
Accrued Interest and Premium on Notes	A-32	516,465	92,657
Reserve for Police Construction - PBA	A-34	47,005	16,435
Outside Tax Title Lien Redemptions Payable	A-14		9,207
Reserve for Preparation of Tax Map	A-33	13,368	
Reserve for Bond Payments - Green Acres Funds	A-36	235,882	442,941
Emergency Notes	A-30	425,000	
Special Emergency Notes	A-30	<u>200,000</u>	<u>232,000</u>
		20,812,649	11,652,845
Reserve for Receivables and Other Assets	A	1,139,036	977,696
Fund Balance	A-1	<u>1,519,113</u>	<u>1,474,765</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 23,470,798</u>	<u>\$ 14,105,306</u>

TOWNSHIP OF WEEHAWKEN
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
REVENUES AND OTHER INCOME REALIZED			
Miscellaneous Revenue Anticipated	A-2	\$ 14,960,249	\$ 15,713,237
Receipts from Delinquent Taxes	A-2	119,572	697,971
Receipts from Current Taxes	A-2, A-12	63,739,500	61,811,306
Non-Budget Revenue	A-2	1,088,070	27,839
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-23	12,193	6,247
Tax Overpayments Cancelled	A-27	157,440	31,169
Statutory Excess - Dog License Fund	B-2	1,024	546
Appropriated Grant Reserves Cancelled	A-28	3,368	
Interfunds and Receivable Reserves Liquidated	A	<u>7,390</u>	<u>-</u>
Total Revenues and Other Income Realized		<u>80,088,806</u>	<u>78,288,315</u>
EXPENDITURES			
Budget and Emergency Appropriations	A-3	44,047,101	43,498,544
County Taxes	A-24	14,847,522	13,900,831
County Open Space Preservation	A-24	137,636	172,703
County Added and Omitted Taxes	A-24	234,891	227,796
Local District School Tax	A-25	19,315,495	18,850,611
Special District Tax	A-17	2,228,017	2,185,140
County of Hudson Late Penalties Payable	A-4	30,274	209,510
Prior Year Refunds	A-4	203	24,541
Other Trust Fund Escrow Deficits	A-4	29,823	
Interfunds and Receivable Reserves Advanced	A	370,241	70,622
Cancellation of Due From Weehawken Housing Authority	A	<u>-</u>	<u>200</u>
Total Expenditures		<u>81,241,203</u>	<u>79,140,498</u>
Excess (Deficit) of Revenues Over (Under) Expenditures		(1,152,397)	(852,183)
Adjustment to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:	A-19, A-21	<u>1,196,745</u>	<u>865,806</u>
Statutory Excess to Fund Balance		44,348	13,623
Fund Balance July 1	A	<u>1,474,765</u>	<u>1,461,142</u>
Fund Balance June 30	A	<u>\$ 1,519,113</u>	<u>\$ 1,474,765</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWNSHIP OF WEEHAWKEN
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-18	\$ 20,800	\$ 26,940	\$ 6,140
Fees and Permits	A-2	288,500	311,982	23,482
Fines and Costs				
Municipal Court	A-18	1,027,136	1,001,945	(25,191)
Interest and Costs on Taxes	A-18	243,000	123,878	(119,122)
Interest on Investments and Deposits	A-18	1,100	2,903	1,803
Watershed Moratorium Offset Aid	A-18	705	705	
Energy Receipts Tax	A-18	1,623,621	1,623,621	
Supplemental Energy Receipts Tax	A-18	29,247	29,247	
Uniform Construction Code Fees (N.J.S.A.40A:4-36)				
Uniform Construction Code Fees	A-18	1,140,000	1,569,208	429,208
Shared Service Union City Reservoir Debt Payment	A-18	262,519	261,207	(1,312)
CDBG - 2015 Streetscape	A-10	178,164	178,164	
Body Armor Replacement Grant	A-10	4,962	4,962	
Safe and Secure Communities Grant	A-10	60,000	60,000	
Reserve for Local Housing Inspections SNJ	A-29	28,710	28,710	
Reserve for Alcohol Education and Rehabilitation	A-29	1,002	1,002	
Reserve for Recycling Tonnage	A-29	12,556	12,556	
Reserve for Clean Communities Program	A-29	3,138	3,138	
Uniform Fire Safety Act	A-18	14,800	21,702	6,902
Added Assessment	A-2	1,006,866	1,006,866	
Sale/Lease of Municipal Property	A-18	185,500	262,282	76,782
Payments in Lieu of Taxes	A-18	1,515,200	1,555,625	40,425

TOWNSHIP OF WEEHAWKEN
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Developer's Reimbursement	A-18	\$ 4,424,523	\$ 5,370,954	\$ 946,431
Hotel Tax	A-18	534,175	492,659	(41,516)
New Hotel Reimbursement	A-18	500,000	-	(500,000)
Special District Reimbursement	A-18	520,000	485,242	(34,758)
Parking UBS Reimbursement	A-18	213,000	126,212	(86,788)
Reserve for NJEIT Bonds - General Capital Fund	A-18	71,591	71,591	
Reserve for Payment on BANS - General Capital Fund	A-18	27,232	27,232	
Green Acres Reservoir Acq Funds to Offset Bond Pymt	A-36	207,059	207,059	
Accrued Interest and Premium on BANS	A-32	<u>92,657</u>	<u>92,657</u>	<u>-</u>
Total Miscellaneous Revenues	A-1	<u>14,237,763</u>	<u>14,960,249</u>	<u>722,486</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-2	<u>240,196</u>	<u>119,572</u>	<u>(120,624)</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET:				
Local Tax for Municipal Purposes	A-2	27,880,804	25,298,515	(2,582,289)
Minimum Library Tax	A-2	<u>886,415</u>	<u>886,415</u>	<u>-</u>
TOTAL AMOUNT TO BE RAISED BY TAXES BY FOR SUPPORT OF MUNICIPAL BUDGET		<u>28,767,219</u>	<u>26,184,930</u>	<u>(2,582,289)</u>
Total General Revenues	A-3	<u>\$ 43,245,178</u>	41,264,751	<u>\$ (1,980,427)</u>
Non-Budget Revenue	A-1,A-2,A-4		<u>1,088,070</u>	
			<u>\$ 42,352,821</u>	

TOWNSHIP OF WEEHAWKEN
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ANALYSIS OF REALIZED REVENUES	<u>Reference</u>	
Allocation of Current Tax Collection		
Revenue from Collections	A-1, A-12	\$ 63,739,500
Less: Allocated to School, County and Special District Taxes	A-17, A-24, A-25	36,763,561
Anticipated Revenue - Added Assessments	A-2	<u>1,006,866</u>
Balance for Support of Municipal Budget Appropriations		25,969,073
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>215,857</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 26,184,930</u>
 Fees and Permits - Other		
Clerk		\$ 8,289
Records Bureau		13,524
Tax Assessor		160
Vital Statistics		6,369
DPW		4,635
Rent Control Board		5,699
Tax Search		3,636
Fire Safety		16,742
Other		<u>252,928</u>
	A-2,A-18	<u>\$ 311,982</u>
 Receipts from Delinquent Taxes		
Taxes Receivable	A-2,A-12	<u>\$ 119,572</u>

TOWNSHIP OF WEEHAWKEN
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Reference

ANALYSIS OF NON-BUDGET REVENUES

State of New Jersey DMV Inspections	\$	17,202
Senior Citizen/Veterans Deduction Administrative Fee		670
Scrap Metal Rebates		1,076
Reimbursements/Refunds		66,148
Reimbursement for BAN Payment - Pier B Restoration Ordinance #17-09		563,047
FEMA Reimbursement - Hurricane Sandy		56,336
Affordable Housing Reimbursement for BAN Payment Ordinance #13-11		343,857
Miscellaneous		<u>39,734</u>

A-1, A-2 \$ 1,088,070

Due from General Capital Fund
Cash Receipts

C-4 \$ 563,047
A-4 525,023

\$ 1,088,070

TOWNSHIP OF WEEHAWKEN
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

OPERATIONS - WITHIN "CAPS"	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT					
Office of the Mayor and Council					
Salaries and Wages	\$ 41,250	\$ 41,249	\$ 41,249		
Other Expenses	12,000	11,989	11,989		
Administrative and Executive					
Salaries and Wages	278,500	270,231	270,231		
Other Expenses	23,200	24,842	22,747	\$ 2,095	
Office of Purchasing					
Salaries and Wages	62,550	63,050	63,050		
Other Expenses	11,500	11,500	11,500		
Township Clerk					
Salaries and Wages	173,150	177,056	177,056		
Other Expenses	34,000	44,037	42,387	1,650	
Codifications of Ordinances	1,000				
Elections - Other Expenses	35,000	30,000	30,000		
Department of Law					
Office of the Township Attorney					
Salaries and Wages	295,000	266,686	266,686		
Other Expenses	2,000				
Office of the Tenants Advocate					
Salaries and Wages	12,000	12,000	12,000		
Prosecutor					
Salaries and Wages	50,300	50,273	50,273		
Other Expenses	1,000				
Director of Finance					
Salaries and Wages	178,500	178,457	178,457		
Other Expenses	67,000	65,750	65,750		
Audit Expense	65,000	65,000	65,000		
Division of Accounts and Controls					
Salaries and Wages	293,500	257,017	257,017		
Other Expenses	7,500	10,718	8,685	2,033	
Division of Revenue Collection					
Salaries and Wages	177,200	179,278	179,278		
Other Expenses	22,500	22,926	22,408	518	

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

OPERATIONS - WITHIN "CAPS" GENERAL GOVERNMENT	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Division of the Tax Assessor					
Salaries and Wages	\$ 35,000	\$ 35,000	\$ 35,000		
Other Expenses	10,000	8,819	8,819		
Other Expenses - Preparation of Tax Map		200,000	200,000		
Department of Public Safety					
Office of the Director					
Salaries and Wages	60,700	60,209	60,209		
Division of Police					
Salaries and Wages	6,217,500	6,539,448	6,538,773	\$ 675	
Other Expenses	185,000	134,540	126,724	7,816	
Division of Fire					
Salaries and Wages	122,250	119,422	119,422		
Other Expenses	3,000	2,955	2,955		
Division of Traffic, Signals and Signs					
Salaries and Wages	42,500	37,037	37,037		
Other Expenses	20,000	16,535	16,386	149	
Fire Inspector					
Salaries and Wages	67,100	55,615	55,615		
Division of Ambulance Service					
Salaries and Wages	221,000	204,491	204,491		
Other Expenses	2,000	1,814	1,814		
Department of Public Works					
Salaries and Wages	146,650	146,046	146,046		
Division of Streets and Roads					
Salaries and Wages	659,000	675,744	675,744		
Other Expenses	180,000	157,582	155,611	1,971	
Division of Building and Grounds					
Salaries and Wages	54,000	55,724	55,724		
Other Expenses	140,000	147,383	143,979	3,404	
Vehicle Maintenance					
Salaries and Wages	73,500	76,052	76,052		
Other Expenses	50,000	60,247	60,247		
Department of Senior Citizens, Health, Welfare					
Salaries and Wages	230,200	232,941	232,941		
Other Expenses	32,000	35,423	35,423		

TOWNSHIP OF WEEHAWKEN

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

OPERATIONS - WITHIN "CAPS" GENERAL GOVERNMENT	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Division of Health					
Salaries and Wages	\$ 71,000	\$ 70,824	\$ 70,824		
Other Expenses	7,500	6,245	6,245		
Division of Traffic Control					
Salaries and Wages	161,100	172,935	172,935		
Division of Recreation					
Salaries and Wages	345,750	376,641	376,641		
Other Expenses	125,000	125,794	125,454	\$ 340	
Office of Vital Statistics					
Salaries and Wages	3,001	3,000	3,000		
Other Expenses	1,000	98	98		
West New York Health Services	15,000	15,000	15,000		
Department of Engineering & Planning					
Other Expenses	5,000	3,349	3,039	310	
Uniform Fire Safety Act					
Fire - Salaries and Wages	5,000				
Environmental Commission NJSA 40:56-1					
Other Expenses	450				
Planning Board					
Other Expenses	35,000	12,090	9,890	2,200	
Rent Leveling Board					
Salaries and Wages	15,600	15,518	15,518		
Other Expenses	1,000	115	115		
Labor Arbitration	210,000	230,616	230,616		
Legal Appeals and Legal Expenses	195,000	269,496	243,174	26,322	
North Hudson Council of Mayors	55,421	46,011	46,011		
North Hudson Communications Authority	211,907	211,906	211,906		
Grantsperson	78,000	79,209	77,209	2,000	
Service Contracts	30,000	20,675	20,294	381	
North Hudson Community Action Program	10,000	10,000	10,000		

TOWNSHIP OF WEEHAWKEN
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
DEPARTMENT OF PUBLIC SAFETY (Continued)					
Board of Adjustment					
Other Expenses	\$ 1,500	\$ 250	\$ 250		
Department of Parks & Playgrounds					
Salaries and Wages	813,000	1,062,797	1,062,797		
Other Expenses	140,000	147,660	137,460	\$ 10,200	
Insurance Department					
Salaries and Wages	93,600	89,779	89,779		
Other Insurance Premiums	670,055	714,179	714,179		
Unemployment Compensation	28,000				
Group Insurance for Employees	4,326,000	4,326,000	4,326,000		
Cultural Affairs					
Salaries and Wages	5,000	5,000	5,000		
Housing and Redevelopment					
Salaries and Wages	74,108	50,264	50,264		
Municipal Court					
Salaries and Wages	550,100	562,538	562,538		
Other Expenses	32,500	31,723	31,723		
Public Defender					
Salaries and Wages	35,100	35,771	35,771		
UNIFORM CONSTRUCTION CODE					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries and Wages	806,800	864,124	864,124		
Other Expenses	150,000	106,118	105,718	400	
Payroll Charges					
Other Expenses	42,000	16,117	16,117		
REAP Refunds					
Other Expenses	2,000	1,050	1,050		

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
OPERATIONS - WITHIN "CAPS"		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
GENERAL GOVERNMENT (Continued)					
UNCLASSIFIED					
Utilities					
Gasoline	\$ 141,000	\$ 94,124	\$ 82,768	\$ 11,356	
Electricity	167,000	160,652	155,652	5,000	
Telephone	192,800	202,934	201,112	1,822	
Heating Oil	15,000	3,084	3,084		
Street Lighting	218,500	208,754	194,754	14,000	
Fire Hydrant Service	100,000	97,550	97,550	-	
Water	50,000	43,948	43,948	-	-
Total Operations Within "CAPS"	20,630,842	21,279,024	21,184,382	94,642	-
Total Operations Within "CAPS"	20,630,842	21,279,024	21,184,382	94,642	-
Detail:					
Salaries and Wages	12,470,509	13,042,217	13,041,542	675	-
Other Expenses	8,160,333	8,236,807	8,142,840	93,967	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
DEFERRED CHARGES:					
Emergency Authorizations	291,241	291,241	291,241		
Deferred Charges - Prior Year Uncollected Receivables					
Union City Board of Education	975,000	975,000	975,000		
Port Authority of NY & NJ	325,000	325,000	325,000		
STATUTORY CHARGES					
Contribution to:					
Social Security System (O.A.S.I.)	570,000	618,563	618,563		
Consolidated Police and Firemen's Pension Fund	13,000	13,000	1,065		\$ 11,935
Police and Firemen's Retirement System of N.J.	1,309,040	1,309,040	1,309,040		
Public Employees' Retirement System	780,537	780,537	686,258	-	94,279
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	4,263,818	4,312,381	4,206,167	-	106,214
Judgments	10,348	10,348	10,348	-	-
Total General Appropriations for Municipal Purposes Within "CAPS"	24,905,008	25,601,753	25,400,897	94,642	106,214

TOWNSHIP OF WEEHAWKEN
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	\$ 886,415	\$ 886,415	\$ 886,415		
Contribution to North Hudson Regional Fire & Rescue	7,765,074	7,765,074	7,765,074		
Public and Private Programs Offset by Revenues					
Safe and Secure					
Police - Salaries and Wages	60,000	60,000	60,000		
Body Armor Replacement Grant	4,962	4,962	4,962		
CDBG - 2015 Streetscape	178,164	178,164	178,164		
Reserve for Clean Communities Program	3,138	3,138	3,138		
Reserve for Local Housing Inspection SNJ	28,710	28,710	28,710		
Reserve for Recycling Tonnage Grant	12,556	12,556	12,556		
Reserve for Alcohol Education Rehabilitation Fund	1,002	1,002	1,002	-	-
Total Operations - Excluded from "CAPS"	8,940,021	8,940,021	8,940,021	-	-
Detail:					
Salaries and Wages	60,000	60,000	60,000		
Other Expenses	8,880,021	8,880,021	8,880,021	-	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Down Payments on Improvements		500,000	500,000		
Capital Improvement Fund	75,000	75,000	75,000	-	-
Total Capital Improvement Excluded from "CAPS"	75,000	575,000	575,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	615,000	615,000	615,000		
Payment of Bond Anticipation Notes and Capital Notes	2,031,000	2,031,000	2,031,000		
Interest on Bonds	1,391,223	1,391,223	1,391,223		
Interest on Notes	847,556	847,556	847,556		
Green Trust Loan Program					
Loan Repayments for Principal and Interest - Green Trust	136,924	136,924	135,639		\$ 1,285
Loan Repayments for Principal and Interest - HCIA	432,500	432,500	366,244		66,256
HCIA Repayment	905,633	905,633	900,423		5,210
NHRFR Lease Payments	766,082	766,082	766,082		
Qualified Bonds					
NJEIT Loan	522,414	522,414	522,414		
Qualified Bonds	284,350	284,350	284,350		
Parking Authority Debt	370,045	370,045	370,045	-	-
Total Municipal Debt Service Excluded from "CAPS"	8,302,727	8,302,727	8,229,976	-	72,751

TOWNSHIP OF WEEHAWKEN
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
Deferred Charges - Municipal - Excluded from "CAPS"					
Deferred Charges					
Emergency Authorizations	\$ 574,565	\$ 574,565	\$ 574,565		
Special Emergency Authorizations	<u>232,000</u>	<u>232,000</u>	<u>232,000</u>	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>806,565</u>	<u>806,565</u>	<u>806,565</u>	-	-
Total Operations - Excluded from "CAPS"	<u>18,124,313</u>	<u>18,624,313</u>	<u>18,551,562</u>	-	\$ 72,751
Total General Appropriations	43,029,321	44,226,066	43,952,459	\$ 94,642	178,965
Reserve for Uncollected Taxes	<u>215,857</u>	<u>215,857</u>	<u>215,857</u>	-	-
Total General Appropriations	<u>\$ 43,245,178</u>	<u>\$ 44,441,923</u>	<u>\$ 44,168,316</u>	<u>\$ 94,642</u>	<u>\$ 178,965</u>
<u>Reference</u>	A-2			A	A-1

TOWNSHIP OF WEEHAWKEN
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Reference</u>	<u>Budget After Modification</u>	
Budget as Adopted	A-2, A-3	\$43,245,178	
Special Emergency	A-21	200,000	
Emergency Authorizations	A-19	<u>996,745</u>	
		<u>\$44,441,923</u>	
			<u>Paid or Charged</u>
Cash Disbursed - Net of Refunds	A-4		\$ 40,077,832
Deferred Charges			
Prior Year Uncollectible Receivable	A-19		1,300,000
Emergency Authorizations	A-19		865,806
Special Emergency Authorizations	A-20		232,000
Reserve for Preparation of Tax Map	A-33		200,000
Reserve for Uncollected Taxes	A-3		215,857
Encumbrances Payable	A-22		181,525
Appropriated Grant Reserves	A-28		288,532
Qualified Bonds Paid from State Aid	A-18		<u>806,764</u>
			<u>\$ 44,168,316</u>

TOWNSHIP OF WEEHAWKEN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF JUNE 30, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash	B-1	\$ 3,941	\$ 3,091
OTHER TRUST FUND			
Cash - Other Trust	B-1	1,451,901	1,752,977
Cash - Affordable Housing assistance Program	B-1	518	118,541
Cash - Affordability Assistance Trust Account	B-1	57,801	102,069
Municipal Alliance Receivable	B-5	1,711	1,012
Municipal Liens Receivable	B-6	20,385	20,385
		<u>1,532,316</u>	<u>1,994,984</u>
Total Assets		<u>\$ 1,536,257</u>	<u>\$ 1,998,075</u>
LIABILITIES ,RESERVES AND FUND BALANCE			
ANIMAL CONTROL TRUST FUND			
Due to Current Fund	B-2	\$ 1,570	\$ 546
Due to State of New Jersey	B-3		17
Reserve for Dog Fund Expenditures	B-4	2,371	2,528
		<u>3,941</u>	<u>3,091</u>
OTHER TRUST FUND			
Due to Current Fund-Other Trust Fund	B-7		2,390
Escrow Deposits	B-8	395,961	399,722
Special Reserves	B-9	2,156	1,582
Reserve for Affordable Housing Assistance Program	B-10	518	118,541
Reserve for Affordability Assistance Trust	B-11	57,801	102,069
Reserve for Performance Bonds	B-12	79,780	79,780
Tax Title Lien Premium	B-13	996,100	1,290,900
		<u>1,532,316</u>	<u>1,994,984</u>
Total Liabilities and Reserves		<u>\$ 1,536,257</u>	<u>\$ 1,998,075</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWNSHIP OF WEEHAWKEN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF JUNE 30, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Cash - General Capital	C-2,C-3	\$ 3,650,509	\$ 4,219,689
Due from Current Fund	C-4	11,623,561	
Due from Department of Transportation	C-5	462,417	609,772
Deferred Charges to Future Taxation:			
Funded	C-6	38,737,443	32,916,019
Unfunded	C-7	43,770,211	38,589,664
Due from Community Development Block Grant	C-8	3,537	3,537
Due from Hudson County Open Space	C-9	<u>199,792</u>	<u>649,165</u>
 Total Assets		 <u>\$ 98,447,470</u>	 <u>\$ 76,987,846</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 27,144,000	\$ 21,690,000
Hudson County Improvement Authority Loans	C-11	2,660,000	2,955,000
New Jersey Environmental Infrastructure Trust Loan	C-12	7,152,861	7,566,980
State Loans Payable	C-14	1,780,582	704,039
Bond Anticipation Notes Payable	C-13	45,491,000	38,274,000
Contracts Payable	C-19	1,583,303	1,638,342
Improvement Authorizations:			
Funded	C-15	511,884	11,884
Unfunded	C-15	11,874,037	3,402,473
Department of Transportation Grant Reserve	C-16	184,271	251,417
Community Development Block Grant Reserve	C-17	23,701	3,537
Hudson County Open Space Trust Grant Reserve	C-18	41,211	390,731
NJEIT Trust Bond Reserve	C-20		71,591
Reserve for Payment of BANS	C-21		27,232
Fund Balance	C-1	<u>620</u>	<u>620</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 98,447,470</u>	 <u>\$ 76,987,846</u>

There were bonds and notes authorized but not issued on June 30, 2016 and 2015 of \$316,164 and \$315,664 respectively.
(Exhibit C-24)

TOWNSHIP OF WEEHAWKEN
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

		<u>2016</u>	<u>2015</u>
Fund Balance, July 1	C	<u>\$ 620</u>	<u>\$ 620</u>
Fund Balance, June 30	C	<u>\$ 620</u>	<u>\$ 620</u>

TOWNSHIP OF WEEHAWKEN
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
General Fixed Assets:		
Land and Buildings	\$ 33,868,180	\$ 33,868,180
Automotive Equipment	2,178,366	2,182,368
Furniture and Fixtures	39,400	39,400
Machinery and Equipment	<u>653,968</u>	<u>641,308</u>
Total General Fixed Assets	<u>\$ 36,739,914</u>	<u>\$ 36,731,256</u>
Investment in General Fixed Assets	<u>\$ 36,739,914</u>	<u>\$ 36,731,256</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Weehawken (the "Township") was incorporated in 1859 and operates under Council – Manager Plan C form of government, non-partisan elections are held in May, five (5) council members elect a mayor, run for concurrent terms, and are elected by wards and at large for terms initially and succeeding for four (4) years. The Manager is the Chief Executive and the Council is the legislative body. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

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 Township do not include the municipal library, parking authority, volunteer ambulance squad, or housing authority, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Township of Weehawken have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 Township accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements 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 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.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Township 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 Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – Resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds – Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

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

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township. The Township's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township'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.

Reclassifications - Certain reclassifications may have been made to the June 30, 2015 balances to conform to the June 30, 2016 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Township of Weehawken follows a modified accrual basis of accounting. 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 or permitted for municipalities by the Division ("regulatory basis of accounting") 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:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

Property Tax Revenues/Receivables - 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 semi-annually in June of the preceding fiscal year and October of the current fiscal year of that fiscal year's levy. Taxes are payable in four quarterly installments on August 1, November 1, February 1, and May 1. The amount due for the August 1 and November 1 installments are determined based upon the estimated taxes levied for municipal purposes in the current municipal fiscal year, plus the full tax levied for the current tax year (calendar year) for county and school taxes, less the amount charged as the February 1 and May 1 installments for county and school purposes of the previous fiscal year. The amounts due for the February 1 and May 1 installments are determined as the full tax levied for municipal purposes for the current fiscal year, less the amounts charged for municipal purposes as the August 1 and November 1 installments of the current fiscal year, plus one half of the total tax levied for county and school purposes in the preceding tax year (calendar year). 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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. 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 Township. 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 standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. 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 tax 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 (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Miscellaneous Revenues/Receivables - 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 Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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 for interfunds and, therefore, does not recognize income in the year liquidated.

Deferred Charges - Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves - Appropriation reserves are recorded as liabilities and 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.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at June 30, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at June 30, are reported as expenditures through the establishment of appropriation reserves unless cancelled 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, as well as expenditures related to compensated absences and claims and judgments, which are recognized when due.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. 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 are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of Weehawken has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$200 and an estimated useful life in excess of two years.

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 are not capitalized.

Fixed assets other than land and buildings purchased are stated at cost or estimated historical cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Land and buildings are stated at current assessed value.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Township 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 accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. 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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

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

Trust Funds
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than August 10, of the fiscal year. The budget is required to be adopted no 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. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. 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 2016 and 2015 the Township Council increased the original budget by \$1,196,745 and \$1,300,964. The 2016 increase was attributable to a special emergency of \$200,000 and emergency authorizations of \$996,745. The 2015 increase was attributable to emergency authorizations of \$865,806 and additional aid of \$435,158 allotted to the Township. In addition, the governing body approved several budget transfers during 2016 and 2015.

NOTE 3 DEPOSITS AND INVESTMENTS

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016 and 2015, the book value of the Township's deposits were \$22,962,514 and \$14,482,829 and bank and brokerage firm balances of the Township's deposits amounted to \$19,322,255 and \$12,141,058, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2016</u>	<u>2015</u>
Insured	\$ 19,244,705	\$ 11,967,343
Uninsured and Uncollateralized	<u>77,550</u>	<u>173,715</u>
	<u>\$ 19,322,255</u>	<u>\$ 12,141,058</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of June 30, 2016 and 2015, the Township's bank balances of \$77,550 and \$173,715, respectively, were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2016</u>	<u>2015</u>
Uninsured and Uncollateralized	<u>\$ 77,550</u>	<u>\$ 173,715</u>

B. Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

Interest Rate Risk – The Township 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.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer.

As of June 30, 2016 and 2015 the Township had no outstanding investments.

Interest earned in the General Capital Fund, Animal Control Trust Fund and the Other Trust Fund are assigned to the Current Fund in accordance with the regulatory basis of accounting.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 4 TAXES RECEIVABLE

Receivables at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
<u>Current</u>		
Property Taxes	\$ 34,403	\$ 125,050
Tax Title Liens	<u>188,413</u>	<u>177,845</u>
	<u>\$ 222,816</u>	<u>\$ 302,895</u>

In 2016 and 2015, the Township collected \$119,572 and \$697,971 from delinquent taxes, which represented 40% and 76%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of June 30, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2016</u>	<u>2015</u>
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 1,570	\$ 2,936
Trust Fund:		
Animal Control Trust	1,570	\$ 546
Other Trust		2,390
General Capital Fund	<u>11,623,561</u>	<u>-</u>
Total	<u>\$ 11,625,131</u>	<u>\$ 2,936</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

The Township expects all interfund balances to be liquidated within one year.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At June 30, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance June 30,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance</u>
2016			
Current Fund			
Special Emergency Authorizations (40A:4-53)	\$ 200,000	\$ 40,000	\$ 160,000
Uncollected Receivables	2,300,000	1,150,000	1,150,000
Emergency Authorizations	<u>996,745</u>	<u>996,745</u>	<u>-</u>
	<u>\$ 3,496,745</u>	<u>\$ 2,186,745</u>	<u>\$ 1,310,000</u>

	<u>Balance June 30,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance</u>
2015			
Current Fund			
Special Emergency Authorizations (40A:4-53)	\$ 232,000	\$ 232,000	
Uncollected Receivables	2,600,000	1,300,000	\$ 1,300,000
Emergency Authorizations	<u>865,806</u>	<u>865,806</u>	<u>-</u>
	<u>\$ 3,697,806</u>	<u>\$ 2,397,806</u>	<u>\$ 1,300,000</u>

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of June 30 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at June 30, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	2016		2015	
	<u>Fund Balance June 30,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance June 30,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus				
Non-Cash Surplus	\$ 1,519,113	-	\$ 1,474,765	-
	<u>\$ 1,519,113</u>	<u>\$ -</u>	<u>\$ 1,474,765</u>	<u>\$ -</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 8 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended June 30, 2016 and 2015.

	Balance July 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2016</u>
<u>2016</u>				
Land and Buildings	\$ 33,868,180			\$ 33,868,180
Automotive Equipment	2,182,368	\$ 116,248	\$ 120,250	2,178,366
Furniture and Fixtures	39,400			39,400
Machinery and Equipment	<u>641,308</u>	<u>12,859</u>	<u>199</u>	<u>653,968</u>
	<u>\$ 36,731,256</u>	<u>\$ 129,107</u>	<u>\$ 120,449</u>	<u>\$ 36,739,914</u>

	Balance July 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2015</u>
<u>2015</u>				
Land and Buildings	\$ 33,868,180			\$ 33,868,180
Automotive Equipment	2,140,159	\$ 158,909	\$ 116,700	2,182,368
Furniture and Fixtures	39,400			39,400
Machinery and Equipment	<u>599,923</u>	<u>44,201</u>	<u>2,816</u>	<u>641,308</u>
	<u>\$ 36,647,662</u>	<u>\$ 203,110</u>	<u>\$ 119,516</u>	<u>\$ 36,731,256</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT

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

The Township's debt is summarized as follows:

	<u>2016</u>	<u>2015</u>
Issued		
General		
Bonds, Notes and Loans	\$ 84,228,443	\$ 71,190,019
Less Funds Temporarily Held to Pay Bonds and Notes	<u>2,036,953</u>	<u>98,823</u>
Net Debt Issued	82,191,490	71,091,196
Authorized But Not Issued		
General		
Bonds	<u>316,164</u>	<u>315,664</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 82,507,654</u>	<u>\$ 71,406,860</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statements and indicates a statutory net debt of 2.98% and 2.41% at June 30, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	\$ 84,544,607	\$ 17,704,453	\$ 66,840,154
School Debt	9,867,615	9,867,615	
Debt Guarantees	<u>42,840,000</u>	<u>31,645,285</u>	<u>11,194,715</u>
Total	<u>\$ 137,252,222</u>	<u>\$ 59,217,353</u>	<u>\$ 78,034,869</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
General Debt	\$ 71,505,683	\$ 10,524,963	\$ 60,980,720
School Debt	10,591,893	10,591,893	
Debt Guarantees	<u>44,625,000</u>	<u>43,227,834</u>	<u>1,397,166</u>
Total	<u>\$ 126,722,576</u>	<u>\$ 64,344,690</u>	<u>\$ 62,377,886</u>

Statutory Borrowing Power

The Township's remaining borrowing power under N.J.S. 40A:2-6, as amended, at June 30, was as follows:

	<u>2016</u>	<u>2015</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 91,591,763	\$ 90,769,572
Less: Net Debt	<u>78,034,869</u>	<u>62,377,886</u>
Remaining Borrowing Power	<u>\$ 13,556,894</u>	<u>\$ 28,391,686</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Township's long-term debt consisted of the following at June 30:

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at June 30 are as follows:

<u>General Obligation Bonds</u>	<u>2016</u>	<u>2015</u>
\$4,750,000, 2003 Pension Refunding Bonds, due in annual installments of \$130,000 to \$320,000 through February 15, 2033, interest at 5.0% to 5.84%	\$ 3,590,000	\$ 3,715,000
\$3,298,000, 2010A General Obligation Bonds, due in annual installments of \$205,000 to \$260,000 through August 1, 2025, interest at 5.75% to 6.0%	2,498,000	2,703,000
\$1,742,000, 2010B General Obligation Bonds (taxable), due in annual installments of \$97,000 to \$140,000 through August 1, 2025, interest at 8.5%	1,322,000	1,427,000
\$12,500,000, 2011 Hudson County Improvement Authority Port Imperial Parking Redevelopment Bond, due in annual installments of \$190,000 to \$1,010,000 through February 1, 2041, interest at 5.29% to 7.83%	11,975,000	12,155,000
\$1,390,000, 2013A Qualified General Obligation Bonds, due in annual installments of \$130,000 to \$155,000 through July, 1, 2023, interest at 3.00% to 3.625%	1,130,000	1,260,000
\$530,000, 2013B Qualified General Obligation Bonds, due in annual installments of \$105,000 to \$115,000 through July, 1, 2018, interest at 4.00%	330,000	430,000
\$4,272,000, 2015A General Obligation Bonds, due in annual installments of \$190,000 to \$377,000 through October, 15, 2030, interest at 3.00% to 4.00%	4,272,000	
\$2,027,000, 2015B Taxable General Obligation Bonds, due in annual installments of \$135,000 to \$257,000 through June, 30, 2026, interest at 4.00%	2,027,000	-
	<u>\$ 27,144,000</u>	<u>\$ 21,690,000</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The Township has entered into a loan agreements with the State of New Jersey Green Trust Bond Act of 1983, the New Jersey Environmental Infrastructure Trust and the Hudson County Improvement Authority Loan Program for the financing relating to various improvements. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at June 30 are as follows:

<u>Green Acres Loan Program</u>	<u>2016</u>	<u>2015</u>
\$250,000, 2003 Loan, due in Semi-annual installments of \$6,898 to \$7,696 through January 5, 2022 interest at 2%.	\$ 87,484	\$ 101,076
\$4,095, 2009 Loan, due in Semi-annual installments of \$137 to \$157 through July 23, 2023 interest at 2%.	2,200	2,469
\$249,009, 2009 Loan, due in Semi-annual installments of \$7,293 to \$7,665 through February 28, 2019, interest at 2%.	44,869	59,240
\$80,000, 2004 Loan, due in Semi-annual installments of \$2,164 to \$2,463 through March 5, 2023, interest at 2%.	32,344	36,608
\$1,500,000, 2000 Loan, due in Semi-annual installments of \$43,500 to \$46,176 through September 22, 2019 interest at 2%.	313,786	399,497
\$117,825, 2012 Loan, due in Semi-annual installments of \$2,664 to \$3,627 maturing through through February 4, 2032, interest at 2%.	99,899	105,149
\$1,200,000, 2016 Loan, due in Semi-annual installments of \$25,310 to \$36,941 maturing through through March 30, 2036, interest at 2%.	<u>1,200,000</u>	<u>-</u>
	<u>\$ 1,780,582</u>	<u>\$ 704,039</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

<u>New Jersey Environmental Infrastructure Trust</u>	<u>2016</u>	<u>2015</u>
\$8,734,336, 2012 Loan from NJEIT Trust for \$2,065,000, Due in annual installments of \$80,000 to \$155,000 through August 1, 2031, bearing semiannual interest of 2% to 5%. 2012 Loan from NJEIT fund for \$6,669,336, due in semi-annual installments of \$113,040 to \$226,079 through August 1, 2031 bearing no interest.	\$ 7,152,861	\$ 7,566,980
<u>Hudson County Improvement Authority Loan Program</u>		
\$737,000, HCIA Pooled Governmental Loan Program, due in annual installments of \$45,000 through August 1, 2025 at semi-annual variable interest rates.	\$ 450,000	\$ 495,000
\$3,000,000 HCIA Pooled Governmental Loan Program, due in annual installments of \$140,000 to \$205,000 through February 1, 2025, at semi-annual variable interest rates.	1,545,000	1,680,000
\$1,000,000 HCIA Pooled Governmental Loan Program, due in annual installments of \$75,000 to \$80,000 through July 1, 2017, at semi-annual variable interest rates.	155,000	225,000
\$900,000 HCIA Pooled Governmental Loan Program, due in annual installments of \$50,000 to \$65,000 through September 1, 2024, at semi-annual variable interest rates.	510,000	555,000
	2,660,000	2,955,000
Total General Intergovernmental Loans Payable	\$ 11,593,443	\$ 11,226,019

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Township's principal and interest for long-term debt issued and outstanding as of June 30, 2016 is as follows:

Fiscal Year	General Obligation Bonds		Intergovernmental Loan Programs		Total
	Principal	Interest	Principal	Interest	
2017	\$ 1,190,000	\$ 1,732,314	\$ 880,367	\$ 214,682	\$ 4,017,363
2018	1,275,000	1,557,840	923,970	200,631	3,957,441
2019	1,410,000	1,494,103	857,585	181,566	3,943,254
2020	1,335,000	1,425,668	814,074	163,481	3,738,223
2021	1,380,000	1,354,650	784,482	140,214	3,659,346
2022-2026	7,457,000	5,594,146	3,841,784	459,748	17,352,678
2027-2031	5,102,000	3,931,748	2,749,511	169,260	11,952,519
2032-2036	3,630,000	2,505,194	741,670	22,353	6,899,217
2037-2041	4,365,000	1,077,017			5,442,017
2042-2044	-	-	-	-	-
Total	<u>\$ 27,144,000</u>	<u>\$ 20,672,680</u>	<u>\$ 11,593,443</u>	<u>\$ 1,551,935</u>	<u>\$ 60,962,058</u>

Debt Guarantees

Debt Guarantees under Lease Hudson County Improvement Authority Lease Revenue Bonds

Debt Guarantees

The Hudson County Improvement Authority (HCIA) issued various bonds for the Township of Weehawken. Loan agreements were issued to the Township as the guarantor. The Township in its capacity as the redevelopment entity under N.J.S.A. 40:56-19 anticipated that special assessments paid by the owners of the property benefitted by the project will be paid to the Township and will be contributed by the Township in amounts sufficient to pay the loan made by the Authority.

The Township of Weehawken has entered into the following debt guarantees under leases through the Hudson County Improvement Authority as follows as of June 30, 2016:

Guaranteed Debt

\$6,860,000 HCIA Lease Revenue Bonds (taxable) – Pershing Road
Project due in annual installments of \$180,000 to \$445,000 through
March 1, 2034, at semi-annual variable interest rates

\$5,210,000

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Guaranteed Debt (Continued)

\$10,000,000 HCIA Lease Revenue Bonds (taxable) – Baldwin Avenue Project, due July 1, 2016, semi-annual interest at 4.125%. \$ 10,000,000

\$7,025,000 HCIA Lease Revenue Bonds – Waterfront Improvements (Reimbursement by Developers), due in annual installments of \$360,000 to \$495,000 through March 1, 2025, at semi-annual variable rates 3,805,000

\$19,015,000

Debt Guarantees under Lease Hudson County Improvement Authority Lease Revenue Bonds

The Township's guaranteed long-term debt consisted of the following at June 30, 2016.

<u>Fiscal</u> <u>Year</u>	<u>HCIA Lease Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 10,540,000	\$ 677,245	\$ 11,217,245
2018	560,000	430,324	990,324
2019	580,000	405,379	985,379
2020	610,000	375,053	985,053
2021	640,000	348,049	988,049
2022-2026	3,140,000	1,268,606	4,408,606
2027-2031	1,685,000	660,088	2,345,088
2032-2035	<u>1,260,000</u>	<u>147,004</u>	<u>1,407,004</u>
Total	<u>\$ 19,015,000</u>	<u>\$ 4,311,748</u>	<u>\$ 23,326,748</u>

The Township has agreed under a loan agreement with the Weehawken Parking Authority to guarantee the Authority's Parking Revenue Bonds issued on October 24, 2008, in the amount of \$2,565,000 for the principal purpose of providing additional security. The Bonds are issued for 17 years, at a variable interest rate set forth in the resolution of the Hudson County Improvement Authority duly adopted on July 15, 1986. The bonds mature in accordance with the amortization schedule through fiscal year 2026 as follows:

<u>Fiscal</u> <u>Year</u>	<u>Weehawken Parking Authority</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 60,000	\$ 91,200	\$ 151,200
2018	60,000	88,800	148,800
2019	65,000	86,300	151,300
2020	70,000	83,600	153,600
2021	70,000	80,800	150,800
2022-2026	<u>1,985,000</u>	<u>325,300</u>	<u>2,310,300</u>
Total	<u>\$ 2,310,000</u>	<u>\$ 756,000</u>	<u>\$ 3,066,000</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended June 30, 2016 and 2015 were as follows:

	Balance, July 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
General Capital Fund					
Bonds Payable	\$ 21,690,000	\$ 6,299,000	\$ 845,000	\$ 27,144,000	\$ 1,190,000
Intergovernmental Loans Payable:					
Green Acres	704,039	1,200,000	123,457	1,780,582	151,248
NJ Environmental Infrastructure	7,566,980		414,119	7,152,861	419,119
HCIA Pooled Loan	<u>2,955,000</u>	<u>-</u>	<u>295,000</u>	<u>2,660,000</u>	<u>310,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 32,916,019</u>	<u>\$ 7,499,000</u>	<u>\$ 1,677,576</u>	<u>\$ 38,737,443</u>	<u>\$ 2,070,367</u>
	Balance, July 1, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
General Capital Fund					
Bonds Payable	\$ 22,525,000		\$ 835,000	\$ 21,690,000	\$ 845,000
Intergovernmental Loans Payable:					
Green Acres	825,063		121,024	704,039	123,457
NJ Environmental Infrastructure	7,981,099		414,119	7,566,980	414,119
HCIA Pooled Loan	<u>3,240,000</u>	<u>-</u>	<u>285,000</u>	<u>2,955,000</u>	<u>295,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 34,571,162</u>	<u>\$ -</u>	<u>\$ 1,655,143</u>	<u>\$ 32,916,019</u>	<u>\$ 1,677,576</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Township's short-term debt activity for the years ended June 30, 2016 and 2015 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, July 1 <u>2015</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, June 30 <u>2016</u>
<u>2016</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	1.75%	10/30/2015	\$ 2,027,000		\$ 2,027,000	
Various Capital Improvements	1.25%	7/15/2015	13,007,000		13,007,000	
Various Capital Improvements	1.00%	11/25/2015	7,298,000		7,298,000	
Various Capital Improvements	1.00%	4/29/2016	15,942,000		15,942,000	
Reserve for Self-Insurance Health	1.25%	6/20/2017		\$ 1,425,000		\$ 1,425,000
Various Capital Improvements	2.00%	6/27/2017		7,744,000		7,744,000
Various Capital Improvements	1.75%	11/11/2016		9,811,000		9,811,000
Various Capital Improvements	2.00%	4/19/2017	-	26,511,000	-	26,511,000
Total General Capital Fund			<u>\$ 38,274,000</u>	<u>\$ 45,491,000</u>	<u>\$ 38,274,000</u>	<u>\$ 45,491,000</u>

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, July 1 <u>2014</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, June 30 <u>2015</u>
<u>2015</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	1.00%	5/13/2015	\$ 16,337,000		\$ 16,337,000	
Various Capital Improvements	2.00%	7/25/2014	13,595,000		13,595,000	
Various Capital Improvements	1.00%	12/10/2014	7,710,000		7,710,000	
Various Capital Improvements	1.75%	10/30/2015		\$ 2,027,000		\$ 2,027,000
Various Capital Improvements	1.25%	7/15/2015		13,007,000		13,007,000
Various Capital Improvements	1.00%	11/25/2015		7,298,000		7,298,000
Various Capital Improvements	1.00%	4/29/2016	-	15,942,000	-	15,942,000
Total General Capital Fund			<u>\$ 37,642,000</u>	<u>\$ 38,274,000</u>	<u>\$ 37,642,000</u>	<u>\$ 38,274,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Township's statutory debt limit calculation is reported in the Current Fund for the years 2016 and 2015 as follows:

Emergency Notes

Any local unit may borrow money and issue its negotiable notes to meet an emergency appropriation. All emergency notes, and any renewals thereof, shall mature not later than the last day of the fiscal year following the fiscal year in which the notes were issued and the emergency appropriation authorized.

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, July 1, <u>2015</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	Balance, June 30, <u>2016</u>
<u>2016</u>						
Down Payment on Improvements	1.25%	6/20/2017	-	\$ 425,000	-	\$ 425,000
Total Emergency Notes			<u>\$ -</u>	<u>\$ 425,000</u>	<u>\$ -</u>	<u>\$ 425,000</u>

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, July 1, <u>2014</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	Balance, June 30, <u>2015</u>
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2015

N/A

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the Township may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/3 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the third year following the date of the special emergency resolution.

<u>Purpose</u>	<u>Rate</u> (%)	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>July 1,</u> <u>2015</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>June 30,</u> <u>2016</u>
<u>2016</u>						
Hurricane Sandy Recovery	1.00%	4/29/2016	\$ 232,000		\$ 232,000	
Preparation of Tax Map	1.50%	11/16/2016	-	\$ 200,000	-	\$ 200,000
Total Special Emergency Notes			<u>\$ 232,000</u>	<u>\$ 200,000</u>	<u>\$ 232,000</u>	<u>\$ 200,000</u>

<u>Purpose</u>	<u>Rate</u> (%)	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>July 1,</u> <u>2014</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>June 30,</u> <u>2015</u>
<u>2015</u>						
Hurricane Sandy Recovery	1.00%	4/29/2016		\$ 232,000		\$ 232,000
Hurricane Sandy Recovery	1.00%	5/13/2015	\$ 466,000	-	\$ 466,000	-
Total Special Emergency Notes			<u>\$ 466,000</u>	<u>\$ 232,000</u>	<u>\$ 466,000</u>	<u>\$ 232,000</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Tax Anticipation Notes

In any fiscal year in anticipation of the collection of taxes for such year, whether levied or to be levied in such year, or in anticipation of other revenues for such year, the Township may borrow money in the form of tax anticipation notes. The amount of tax anticipation notes of any fiscal year outstanding at any one time shall not exceed an amount certified as the gross borrowing power. Tax anticipation notes may be renewed from time to time, but all such notes and any renewals shall mature within 120 days after the beginning of the succeeding fiscal year.

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>July 1,</u> <u>2015</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>June 30,</u> <u>2016</u>
<u>2016</u>						
Tax Anticipation Notes	2.500	6/27/2017		\$ 7,000,000		\$ 7,000,000
Tax Anticipation Notes	0.900	7/15/2015	\$ 9,000,000	-	\$ 9,000,000	-
Total Tax Anticipation Notes			\$ 9,000,000	\$ 7,000,000	\$ 9,000,000	\$ 7,000,000

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>July 1,</u> <u>2014</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>June 30,</u> <u>2015</u>
<u>2015</u>						
Tax Anticipation Notes	0.900	7/15/2015		\$ 9,000,000		\$ 9,000,000
Tax Anticipation Notes	1.125	7/25/2014	\$ 9,000,000	-	\$ 9,000,000	-
Total Tax Anticipation Notes			\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of June 30, the Township had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2016</u>		
Recreational Pier (Pier B)	\$ 96,746	2017
2015 Road Program Phase I	767,281	2017
2015 Road Program Phase II	412,364	2017
<u>2015</u>		
Recreational Pier (Pier B)	\$673,672	2016
Hackensack Reservoir #2 Improvements	139,555	2016
Louisa Park Alterations	221,216	2016

NOTE 11 OPERATING LEASES

The Township leases office space for the primary use of the building department and auxiliary department under noncancelable operating leases. Term will commence on March 1, 2016 through June 30, 2017. Lease payments for the year ended June 30, 2016 was \$9,404. The future minimum lease payments for these leases are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 28,212
Total	\$ 28,212

NOTE 12 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$3,847,077 and \$3,985,224 at June 30, 2016 and 2015, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

B. Capital Lease Agreement

The Township entered into agreements for the leasing of various office equipment and vehicles under capital leases. The capital lease agreements are for terms of 3 to 5 years. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at June 30, 2016.

- (A) On November 8, 2011, the Township entered into a new sixty (60) month Lease-Purchase Agreement with Pitney Bowes for a digital mailing meter. The monthly payments are \$159.
- (B) On November 4, 2013, the Township had entered into a new, thirty-six (36) month Lease-Purchase Agreement with Ricoh Business Solutions for three copiers. The monthly payments are \$905.
- (C) On December 17, 2013 the Township entered into a new, sixteen (16) consecutive quarter Lease-Purchase Agreement with Ford Motor Credit Company for a 2014 Ford Police Interceptor Utility vehicle. The quarterly lease payments are \$6,781. The last payment of \$6,781 will be due on September 17, 2017, with a \$1 buyout. The original cost of this vehicle was \$97,342 and the cost of the lease is \$108,490.

<u>Years Ended</u> <u>June 30,</u>	<u>Amount</u>
2017	\$ 31,380
2018	<u>6,781</u>
Total	38,161
Less: Amounts Representing Interest	<u>1,468</u>
Present Value of Net Minimum Lease Payments	<u>\$ 36,693</u>

C. Deferred Pension Obligation

During the year ended June 30, 2009 the Township elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$759,885 and will be paid back with interest over 15 years beginning in the 2012 year. The Township is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at June 30, 2016 and 2015 is \$659,516 and \$724,162, respectively.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

D. County of Hudson Real Estate Taxes

The Township has entered into a Memorandum of Understanding (MOU) with the County of Hudson dated February 27, 2015 relating to interest owed of \$209,510 on the payment of certain prior year real estate taxes due to the County of Hudson. As of June 30, 2016, the following payments remain outstanding pursuant to the MOU:

50,000 on July 15, 2016
50,000 on July 15, 2017
59,510 on July 15, 2018

Changes in Other Long-Term Liabilities

The Township's changes in other long-term liabilities for the years ended June 30, 2016 and 2015 were as follows:

	Balance, July 1 <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30 <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
Compensated Absences	\$ 3,985,224		\$ 138,147	\$ 3,847,077	
Net Pension Liability - PERS	15,810,677	\$ 5,288,584	778,270	20,320,991	\$ 849,143
Net Pension Liability - PFRS	19,394,383	6,835,083	1,220,459	25,009,007	1,214,376
Deferred Pension Obligation	724,162	50,263	114,909	659,516	116,062
Capital Leases	73,519		36,826	36,693	30,018
Interest on Real Estate Taxes	209,510	-	50,000	159,510	50,000
Total	<u>\$ 40,197,475</u>	<u>\$ 12,173,930</u>	<u>\$ 2,338,611</u>	<u>\$ 50,032,794</u>	<u>\$ 2,259,599</u>
	Balance, July 1 <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30 <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
Compensated Absences	\$ 3,856,724	\$ 128,500		\$ 3,985,224	
Net Pension Liability - PERS	15,662,336	844,505	\$ 696,164	15,810,677	\$ 778,270
Net Pension Liability - PFRS	19,662,362	916,228	1,184,207	19,394,383	1,220,459
Deferred Pension Obligation	785,627	53,020	114,485	724,162	114,909
Capital Leases	123,570	-	50,051	73,519	36,826
Interest on Real Estate Taxes	-	209,510	-	209,510	50,000
Total	<u>\$ 40,090,619</u>	<u>\$ 2,151,763</u>	<u>\$ 2,044,907</u>	<u>\$ 40,197,475</u>	<u>\$ 2,200,464</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school Township, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS, is 52.0 percent with an unfunded actuarial accrued liability of \$40.6 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 47.93 percent and \$22.5 billion, respectively, and the aggregate funded ratio and unfunded accrued liability for local PFRS is 56.31 percent and \$18.1 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (3.80%) and (b) changes to projected salary increases of 2.15-5.40 percent based on age for PERS and 10.48 percent based on age for PFRS.

**TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS and 10.0% for PFRS of the employee's annual compensation for fiscal year 2016.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended June 30, 2016 and 2015 for CPFPP, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

During the years ended June 30, 2016, 2015 and 2014, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

Fiscal Year Ended <u>June 30</u>	<u>PFRS</u>	<u>PERS</u>
2016	\$ 1,309,040	\$ 840,537
2015	1,272,526	758,269
2014	1,217,388	669,642

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2016 and 2015, the Township reported a liability of \$20,320,991 and \$15,810,677, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2015, the Township's proportionate share was .09052 percent, which was an increase of .00608 percent from its proportionate share measured as of June 30, 2014 of .08444 percent.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2016 and 2015, the pension system has determined the Township's pension expense to be \$1,612,466 and \$924,166, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Township's financial statements of \$778,270 and \$696,164, respectively. At June 30, 2016 and 2015, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 484,787			
Changes of Assumptions	2,182,312		\$ 497,173	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 326,722		\$ 942,230
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	1,294,407	-	402,974	-
Total	\$ 3,961,506	\$ 326,722	\$ 900,147	\$ 942,230

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2017	\$ 708,548
2018	708,548
2019	708,548
2020	944,105
2021	565,035
	<u>\$ 3,634,784</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Township's total pension liability reported for the year ended June 30, 2016 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability reported for the year ended June 30, 2015 was based on the June 30, 2014 measurement date as determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

PERS

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
Thereafter	Based on Age	Based on Age
	3.15-5.40%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 as reported for the years ended June 30, 2016 and 2015 respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate - Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.00%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2015	4.90%
2015	June 30, 2014	5.39%

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following

Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2033

Municipal Bond Rate * From July 1, 2033
and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of the measurement dates June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PERS net pension liability as of June 30, 2016 and 2015 calculated using the discount rate of 4.90% and 5.39%, respectively, as well as what the Township's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 % and 4.39%, respectively) or 1-percentage-point higher (5.90 % and 6.39%, respectively) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
<u>2016</u>			
Township's Proportionate Share of the PERS Net Pension Liability	<u>\$ 25,256,505</u>	<u>\$ 20,320,991</u>	<u>\$ 16,183,091</u>
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
<u>2015</u>			
Township's Proportionate Share of the PERS Net Pension Liability	<u>\$ 19,890,306</u>	<u>\$ 15,810,677</u>	<u>\$ 12,384,820</u>

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at June 30, 2016 and 2015. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At June 30, 2016 and 2015, the Township reported a liability of \$25,009,007 and \$19,394,383, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2015, the Township's proportionate share was 0.15015 percent, which was a decrease of 0.00402 percent from its proportionate share measured as of June 30, 2014 of 0.15417.

For the year ended June 30, 2016 and 2015, the pension system has determined the Township pension expense to be \$2,241,298 and \$1,468,653 for PFRS based on the actuarial valuation which is more than the actual contribution made by the Township of \$1,220,459 and \$1,184,207 for PFRS. At June 30, 2016 and 2015, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township's financial statements are from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 4,617,284		\$ 728,131	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 435,260		\$ 1,979,132
Net Difference Between Expected and Actual Experience		215,711		
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	563,959	442,519	699,202	-
Total	<u>\$ 5,181,243</u>	<u>\$ 1,093,490</u>	<u>\$ 1,427,333</u>	<u>\$ 1,979,132</u>

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Fiscal Year</u>		
<u>Ending</u>		<u>Total</u>
<u>June 30,</u>		
2017	\$	762,274
2018		762,274
2019		762,274
2020		762,274
2021		871,089
Thereafter		<u>167,568</u>
	\$	<u>4,087,753</u>

Actuarial Assumptions

The Township's total pension liability reported for the year ended June 30, 2016 was based on the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability reported for the year ended June 30, 2015 was based on the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

PFRS

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014, as reported for the years ended June 30, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Plan</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2015	5.79%
2015	June 30, 2014	6.32%

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2045

Municipal Bond Rate * From July 1, 2045
and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of the measurement dates of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PFRS net pension liability as of June 30, 2016 and 2015 calculated using the discount rate of 5.79% and 6.32%, respectively, as well as what the Township's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79% and 5.32%, respectively) or 1-percentage-point higher (6.79% and 7.32%, respectively) than the current rate:

	1% Decrease <u>(4.79%)</u>	Current Discount Rate <u>(5.79%)</u>	1% Increase <u>(6.79%)</u>
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 32,969,811</u>	<u>\$ 25,009,007</u>	<u>\$ 18,517,683</u>
	1% Decrease <u>(5.32%)</u>	Current Discount Rate <u>(6.32%)</u>	1% Increase <u>(7.32%)</u>
<u>2015</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 26,136,425</u>	<u>\$ 19,394,383</u>	<u>\$ 13,822,251</u>

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at June 30, 2016 and 2015. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

**TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At June 30, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$2,193,206 and \$2,088,449, respectively. For the years ended June 30, 2016 and 2015, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$273,571 and \$264,616, respectively, which is more than the actual contributions the State made on behalf of the Township of \$114,168 and \$86,718, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Township. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

**TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

State Health Benefits Program Funds (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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 of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$67.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.9 billion for state active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2015 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$181.9 million for 10,725 eligible retired members for Fiscal Year 2016. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$48.3 million in Fiscal Year 2016 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Township's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended June 30, 2016, 2015 and 2014 were \$1,279,245, \$1,218,423 and \$1,186,727, respectively, which equaled the required contributions for each year.

NOTE 15 RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

**TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 16 CONTINGENT LIABILITIES

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township's Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at June 30, 2016 and 2015. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget, fund balance or refunding bond ordinances.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of June 30, 2016 and 2015, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

NOTE 17 FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016 and 2015, the Township has not calculated its estimated arbitrage earnings due to the IRS, if any.

NOTE 18 RELATED PARTY TRANSACTIONS

North Hudson Regional Fire and Rescue

The North Hudson Regional Fire and Rescue was created pursuant to the second Amended and Restated Consolidated Municipal Services Agreement (Agreement) for the Formation of a Joint Meeting Pursuant to N.J.S.A. 40:8B-1 et seq.

In the Hudson County municipalities of North Bergen, Union County, Weehawken, West New York and Guttenberg had formed the Agreement in order to form a joint meeting pursuant to the Consolidated Municipal Services Act, N.J.S.A. 40:8B-1 et seq. (the "Act"). The entity created by the formation of this joint meeting is known as the North Hudson Regional Fire and Rescue (NHRFR), which is a public body, corporate and politic, constituting a political subdivision of the State of New Jersey, having all powers and authorities permitted by the Act. The purpose of the NHRFR is to provide for the joint operation of fire protection, rescue and emergency services, and other related governmental services.

**TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 18 RELATED PARTY TRANSACTIONS (Continued)

The NHRFR is governed by five member management committee, consisting of one representative from each municipality, and this committee may appoint one or two executive director(s), and other such officers, employees and counsel as it deems necessary. A municipality's admission to or withdrawal from the NHRFR requires four votes from the management committee.

This annual contribution is based on an allocation formula set for the participating municipalities on the annual budgeted costs of North Hudson Regional Fire and Rescue. The Township's contribution was \$7,765,074 and \$7,595,088 for the fiscal years ended June 30, 2016 and 2015, respectively including health insurance and debt service costs.

Port Imperial South 4/5 Garage, LLC

On March 31, 2011 the Township of Weehawken entered into an operating agreement with Port Imperial South 4/5 Garage, LLC ("Developer") in which the Developer is constructing a mixed use project consisting initially of an 850 space parking garage and approximately 17,795 square feet of retail space. The project is structured as a condominium. The Township contributed capital of \$12,500,000, used for the construction of the Garage Development. The funds were made available from the proceeds of Township bonds in the amount of \$12,500,000. The Developer has agreed to convey to the Township upon completion of construction of a condominium unit (consisting of certain parking spaces) in such garage/retail facility and to grant to the Township certain rights as to garage revenues in accordance with the operating agreement. The operating agreement should be reviewed for further details. The Townships percentage of the costs authorized was 22% not to exceed the \$12,500,000 (less closing costs) bonds issued. As of June 30, 2016 the Township's percentage of costs incurred for the project totaled the maximum amount per the agreement, \$12,500,000.

NOTE 19 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Township has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Township has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of June 30, 2016. For the fiscal years ended June 30, 2016 and 2015, the Township has received \$56,336 and \$535,498, respectively, in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

NOTE 20 ACCELERATED TAX SALE

Chapter 99 of the Public Laws and 1997 of the State of New Jersey, effective May 12, 1997, authorized any municipality to have an accelerated tax sale. An accelerated tax sale permits a municipality to have a tax sale when a property is in arrears after the 11th day of the 11th month of each fiscal year. In fiscal years 2016 and 2015, the Township had an accelerated tax which resulted in the majority of delinquent taxes being sold to outside lien holders. As a result of the accelerated tax sales, the true collection rate which includes the proceeds of the accelerated tax sale was 97.26% and 99.67% for 2016 and 2015, respectively. The underlying tax collection rate was 99.10% and 99.08% for 2016 and 2015, respectively.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 21 TAX ABATEMENTS

For the fiscal years ended June 30, 2016 and 2015, the Township provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law"), the Five-Year Exemption and Abatement Law (the "FYEA") and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the year ended June 30, 2016 the Township abated property taxes totaling \$1,555,890 under the LTTE program. The Township received \$1,305,619 in PILOT payments under this program for the year ended June 30, 2016.
- The Five-Year Exemption and Abatement Law (NJSA 40:21 et.seq.) generally concerns rehabilitation of particular buildings and structures, with an abatement period that lasts no more than five years. These "short-term" property tax abatements can be structured as reduced property tax bills that exclude all or part of improvement value or as payments in lieu of taxes (PILOTs). Procedurally, a municipality must first adopt an ordinance invoking its five-year abatement authority and setting forth application procedures. This ordinance, referred to as the general ordinance, defines the eligibility criteria, which may include types of structures, types of permissible improvements, as well as qualifying geographic zones or similar designations. An applicant must satisfy all of the criteria stipulated in the statute and general ordinance to be entitled to approval. Applications for individual short-term abatements are presented to the local governing body and must include a general description of the project, plans demonstrating the structure of the project, a statement of reasons for seeking the abatement, claimed benefits to be realized by the applicant if the application is approved, and a statement of taxes currently being assessed and taxes to be paid during the period of the abatement. The application is approved by an ordinance authorizing execution of a tax agreement. If during any tax year prior to the termination of the tax agreement, the property owner ceases to operate or disposes of the property, or fails to meet the conditions for qualifying, then the property tax which would have otherwise been payable for each year shall become due and payable from the property owner as if no exemption and abatement had been granted. For the year ended June 30, 2016 the Township abated property taxes totaling \$918,567 under the FYEA program. The Township received \$387,314 in PILOT payments under this program for the year ended June 30, 2016.

TOWNSHIP OF WEEHAWKEN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 21 TAX ABATEMENTS (Continued)

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the year ended June 30, 2016 the Township abated property taxes totaling \$378,192 under the NJHMFA program. The Township received \$62,500 in PILOT payments under this program for the year ended June 30, 2016.

NOTE 22 SUBSEQUENT EVENTS

Tax Anticipation Notes

On November 7, 2016 the Township authorized the Chief Financial Officer to issue \$8,500,000 of tax anticipation notes to temporarily finance the Township's operating expenditures. The Township has awarded the sale of said notes to Amboy Bank at an interest rate of 1.50%. This note dated November 7, 2016 will mature on June 1, 2017.

Bond Anticipation Notes

On November 1, 2016 the Township issued bond anticipation notes in the amount of \$9,212,000 to temporarily finance expenditures related to various capital projects. The Township has awarded the sale of said notes to Hudson County Improvement Authority at an interest rate of 2.00%. These notes dated November 1, 2016 will mature on November 1, 2017.

Debt Authorized

On December 28, 2016 the Township adopted a bond ordinance authorizing the issuance of \$1,084,000 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

Special Emergency Notes

On November 7, 2016 the Township issued special emergency notes in the amount of \$160,000 to temporarily finance expenditures related to preparation of tax map. The Township has awarded the sale of said notes to Amboy Bank at an interest rate of 1.50%. These notes dated November 7, 2016 will mature on November 15, 2017.

On December 12, 2016 the Township issued special emergency notes in the amount of \$500,000 to temporarily finance expenditures related to the revaluation of real property. The Township has awarded the sale of said notes to Amboy Bank at an interest rate of 1.25%. These notes dated December 12, 2016 will mature on November 15, 2017.

CURRENT FUND

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF CURRENT CASH - TREASURER**

Balance, July 1, 2015 \$ 7,962,107

Increased by Receipts:

Tax Collector	\$ 63,965,800	
Non-Budget Revenue	525,023	
Senior Citizen's and Veteran's Deductions	33,500	
Federal & State Grants Receivable	401,951	
Due from Library Board	727,410	
Due from Parking Authority	109,749	
Due from Developer - Legal Fees	5,000	
Revenue Accounts Receivable	13,562,349	
Unappropriated Grant Reserves	56,355	
Notes Payable	7,625,000	
Accrued Interest and Premium on Notes	516,465	
Reserve for Police Construction - PBA	519,090	
Reserve for Outside Tax Title Lien Redemptions Payable	1,067,711	
Receipts for General Capital Fund	13,624,853	
Receipts from General Capital Fund	1,813,026	
Receipts from Other Trust Fund	7,136	
	104,560,418	

112,522,525

Decreased by Disbursements:

2016 Budget Appropriations	40,077,832	
2015 Appropriation Reserves	83,481	
Encumbrances Payable	330,906	
Payments to Library	364,418	
Payments made on Behalf of the Library	362,992	
Payments to Parking Authority	737,222	
Payments made on Behalf of the Parking Authority	502,354	
Special District Taxes	2,468,969	
Tax Overpayments	23,687	
County Taxes Payable	15,220,049	
School Taxes Payable	19,315,495	
Notes Payable	9,232,000	
Appropriated Grant Reserves	222,966	
Reserve for Police Construction - PBA	488,520	
Reserve for Outside Tax Title Lien Redemptions Payable	1,076,918	
Due from FEMA	45,090	
Due to Hudson County - Late Penalties Payable - Prior Years	50,000	
County of Hudson Late Penalties - Current Year	30,274	
Escrow Trust Deficit Reserves	29,823	
Payments to General Capital Fund	3,806,900	
Payments made on Behalf of the General Capital Fund	347,688	
Payments made on Behalf of the Other Trust Fund	3,295	
Refund of Prior Year Revenue	203	
	94,821,082	

Balance, June 30, 2016 \$ 17,701,443

Analysis

Cash - Treasurer	\$ 17,623,893	
Cash - Held with Third Party	77,550	
	\$ 17,701,443	

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF TAX COLLECTOR - CASH**

Balance, July 1, 2015		\$ 277,743
Increased by Receipts:		
Taxes	\$63,610,812	
Tax Overpayments	38,361	
Prepaid Taxes	<u>87,111</u>	
		<u>63,736,284</u>
		64,014,027
Decreased by Disbursements:		
Treasurer		<u>63,965,800</u>
Balance June 30, 2016		<u><u>\$ 48,227</u></u>

STATEMENT OF CASH - PAYROLL ACCOUNT

Balance, July 1, 2015		\$ 46,362
Increased by Receipts:		
Payroll Receipts		<u>19,389,725</u>
		19,436,087
Decreased by:		
Payroll Disbursed		<u>19,388,163</u>
Balance June 30, 2016		<u><u>\$ 47,924</u></u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF CHANGE FUND**

	Balance, <u>July 1, 2015</u>	Balance, <u>June 30, 2016</u>
Collector	\$ 100	\$ 100
Police Department	100	100
Violations Clerk	<u>50</u>	<u>50</u>
	<u>\$ 250</u>	<u>\$ 250</u>

STATEMENT OF DUE FROM FEMA

Increased by:	
Cash Disbursements	\$ <u>45,090</u>
Balance, June 30, 2016	\$ <u><u>45,090</u></u>

**STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, July 1, 2015	\$ 23,953
Increased by:	
Senior Citizen and Veteran's Deductions Allowed Per Tax Duplicate	\$ 35,000
Senior Citizen and Veteran's Deductions Allowed by Tax Collector	<u>6,295</u>
	<u>41,295</u>
	65,248
Decreased by:	
Cash Received from State	<u>33,500</u>
Balance, June 30, 2016	\$ <u><u>31,748</u></u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF GRANTS RECEIVABLE**

Balance, July 1, 2015		\$	1,119,389
Increased by:			
Receivable:			
Safe & Secure Communities Grant	\$	60,000	
Body Armor Replacement Fund		4,962	
CDBG Streetscape 2015		178,164	
			<u>243,126</u>
			1,362,515
Decreased by:			
Receipts:			
Body Armor Replacement Fund		4,962	
Bullet Proof Vest		1,775	
Safe & Secure Communities Grant		30,000	
DOT Various Streets 2014		159,990	
DOT Various Streets 2015		205,224	
			<u>401,951</u>
Cancelled by Resolution:			
UASI 2011		153	
UASI 2012		76	
			<u>402,180</u>
Balance June 30, 2016		\$	<u>960,335</u>
<u>Analysis of Balance:</u>			
Department of Transportation - Park & Ride	\$	295,000	
Safe and Secure Grant		156,063	
Body Armor Replacement Fund		4,344	
DOT Various Streets 2012		43,500	
DOT Various Streets 2014		53,330	
DOT Various Streets 2015		68,408	
2014 CDBG 49th Street Beautification		161,526	
CDBG Streetscape 2015		178,164	
			<u>960,335</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF DUE FROM DEVELOPER - LEGAL FEES**

Balance, July 1, 2015	\$ 5,000
Decreased by:	
Cash Receipts	<u>5,000</u>
Balance June 30, 2016	<u><u>\$ -</u></u>

TOWNSHIP OF WEEHAWKEN
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance, July 1, 2015</u>	<u>Tax Levy</u>	<u>Collected In 2015</u>	<u>2016</u>	<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Cancelled</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance, June 30, 2016</u>
2014	\$ 8,155		\$ 6,806		\$ 1,349			
2015	116,895	-	112,766		2,781	-		\$ 1,348
	125,050	-	-	119,572	-	4,130	-	1,348
2016	-	\$ 65,530,780	\$ 206,965	63,491,240	\$ 41,295	1,747,657	\$ 10,568	33,055
	\$ 125,050	\$ 65,530,780	\$ 206,965	\$ 63,610,812	\$ 41,295	\$ 1,751,787	\$ 10,568	\$ 34,403

Analysis of 2016 Property Tax Levy

TAX YIELD	
General Purpose Tax	\$ 62,454,081
Added Taxes	<u>3,076,699</u>
	<u>\$ 65,530,780</u>

TAX LEVY	
Local District School Tax	
Local District School Tax Levy	\$ 19,315,495
County Taxes	
County Tax Levy	\$ 14,847,522
Due County for Open Space Preservation	137,636
Added County Taxes	<u>234,891</u>
	15,220,049

Special District Tax	2,228,017
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Municipal Taxes	
Local Tax for Municipal Purposes	27,880,804
Minimum Library Tax	<u>886,415</u>
	<u>28,767,219</u>
	<u>\$ 65,530,780</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF TAX TITLE LIENS**

Balance, July 1, 2015	\$ 177,845
Increased by:	
Transfer from 2016 Taxes Receivable	<u>10,568</u>
Balance, June 30, 2016	<u>\$ 188,413</u>

**STATEMENT OF OUTSIDE TAX TITLE LIENS
REDEMPTION PAYABLE**

Balance, July 1, 2015	\$ 9,207
Increased by:	
Cash Receipts	<u>1,067,711</u>
	1,076,918
Decreased by:	
Cash Disbursements	<u>1,076,918</u>
Balance, June 30, 2016	<u>\$ -</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF DUE FROM LIBRARY BOARD**

Balance, July 1, 2015		\$ 97,799
Increased by:		
Payments made on behalf of the Library	\$ 362,992	
Payments to Library	<u>364,418</u>	
		<u>727,410</u>
		825,209
Decreased by:		
Cash Receipts	727,410	
Cancelled by Resolution	<u>97,799</u>	
		<u>825,209</u>
Balance, June 30, 2016		<u><u>\$ -</u></u>

STATEMENT OF DUE FROM PARKING AUTHORITY

Balance, July 1, 2015		\$ 25,195
Increased by:		
Payments to Parking Authority	\$ 737,222	
Payments made on behalf of the Parking Authority	<u>502,354</u>	
		<u>1,239,576</u>
		1,264,771
Decreased by:		
Cash Receipts	109,749	
Transferred to Deferred Charges - Uncollected Receivable	1,000,000	
Cancelled by Resolution	<u>25,195</u>	
		<u>1,134,944</u>
Balance, June 30, 2016		<u><u>\$ 129,827</u></u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF SPECIAL DISTRICT TAXES RECEIVABLE**

Balance, July 1, 2015	\$ 543,871
Increased by:	
Cash Disbursements	<u>2,468,969</u>
	3,012,840
Decreased by:	
2015-2016 Levy	<u>2,228,017</u>
Balance, June 30, 2016	<u>\$ 784,823</u>

STATEMENT OF REVENUES ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>July 1, 2015</u>	<u>Accrued</u> <u>Revenues</u>	<u>Collected</u>	<u>Balance</u> <u>June 30, 2016</u>
Licenses				
Alcoholic Beverages		\$ 26,940	\$ 26,940	
Fees and Permits		311,982	311,982	
Fines and Costs				
Municipal Court		1,001,945	1,001,945	
Interest and Costs on Taxes		123,878	123,878	
Interest on Investments and Deposits		2,903	2,903	
Watershed Moratorium Offset Aid		705	705	
Energy Receipts Tax		1,623,621	1,623,621	
Supplemental Energy Receipts Tax		29,247	29,247	
Uniform Construction Code Fees (N.J.S.A.40A:4-36)				
Uniform Construction Code Fees		1,569,208	1,569,208	
Shared Service Union City Reservoir Debt Payment		261,207	261,207	
Uniform Fire Safety Act		21,702	21,702	
Sale/Lease of Municipal Property		262,282	262,282	
Payments in Lieu of Taxes		1,555,625	1,555,625	
Developer's Reimbursement		5,370,954	5,370,954	
Hotel Tax		492,659	492,659	
Special District Reimbursement		485,242	485,242	
Parking UBS Reimbursement		126,212	126,212	
Reserve for NJEIT Bonds		71,591	71,591	
Added Assessment		1,006,866	1,006,866	
Reserve for Payment on BANS	<u>-</u>	<u>27,232</u>	<u>27,232</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 14,372,001</u>	<u>\$ 14,372,001</u>	<u>\$ -</u>

Cash Receipts	\$ 13,562,349
Interest Earned-Other Trust Fund	1,451
Interest Earned-General Capital Fund	1,437
Qualified Bonds - Energy Receipts	<u>806,764</u>
	<u>\$ 14,372,001</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF DEFERRED CHARGES**

	Balance, July 1, <u>2015</u>	Amount Resulting From SFY 2016 <u>Budget</u>	Amount in SFY 2016 <u>Budget</u>	Balance, June 30, <u>2016</u>
Uncollected Receivables	\$ 2,600,000	\$ 1,000,000	\$ 1,300,000	\$ 2,300,000
Emergency Authorizations	<u>865,806</u>	<u>996,745</u>	<u>865,806</u>	<u>996,745</u>
	<u>\$ 3,465,806</u>	<u>\$ 1,996,745</u>	<u>\$ 2,165,806</u>	<u>\$ 3,296,745</u>

**STATEMENT OF DEFERRED CHARGES
N.J.S.A. 40A:4-55 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Purpose</u>	Net Authorized <u>Amount</u>	1/3 of Net Amount <u>Authorized</u>	Balance, July 1, <u>2015</u>	Amount in SFY 2016 <u>Budget</u>	Balance, June 30, <u>2016</u>
Hurricane Sandy Recovery	\$ 700,000	\$ 233,333	<u>\$ 232,000</u>	<u>\$ 232,000</u>	<u>\$ -</u>
			<u>\$ 232,000</u>	<u>\$ 232,000</u>	<u>\$ -</u>

**STATEMENT OF DEFERRED CHARGES
N.J.S.A. 40A:4-53 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Purpose</u>	Net Authorized <u>Amount</u>	1/5 of Net Amount <u>Authorized</u>	Balance, July 1, <u>2015</u>	<u>Increases</u>	Balance, June 30, <u>2016</u>
Preparation of Tax Map	\$ 200,000	\$ 40,000	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
			<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, July 1, 2015		\$ 334,816
Increased by:		
Encumbrances - Current Fund		<u>181,525</u>
		516,341
Decreased by:		
Cash Disbursements	\$ 330,906	
Cancelled to 2015 Appropriation Reserves	<u>3,910</u>	
		<u>334,816</u>
Balance, June 30, 2016		<u><u>\$ 181,525</u></u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance, July 1, <u>2015</u>	<u>Transfers</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Township Clerk Other Expenses	\$ 1,563			\$ 1,563	\$ 1,563	
Director of Finance Audit Expense	1,605	\$ 397		2,002	2,002	
Division of Accounts and Controls Other Expenses	1,800			1,800	1,800	
Division of Tax Assessor Other Expenses		340		340	340	
Division of Police Salaries and Wages	2,033			2,033	2,033	
Other Expenses	16,246	1,885	\$ 3,910	22,041	15,848	\$ 6,193
Division of Streets and Roads Other Expenses	11,352	(340)		11,012	11,012	
Division of Senior Citizens, Health, Welfare Other Expenses	995			995	995	
Division of Buildings and Grounds Other Expenses	2,682	24		2,706	2,706	
Vehicle Maintenance Other Expenses	362			362	362	
Division of Traffic, Signals and Signs Salaries and Wages	489			489	489	
Division of Ambulance Service Other Expenses	850	(600)		250	250	
Division of Health Other Expenses	1,820			1,820	1,820	
Division of Recreation Salaries and Wages	40			40	40	
Other Expenses	6,000			6,000		6,000
Planning Board Other Expenses	1,320			1,320	1,320	
Office of Vital Statistics Other Expenses	74			74	74	
Department of Parks & Playgrounds Other Expenses	10,098	4,689		14,787	14,787	

TOWNSHIP OF WEEHAWKEN
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, July 1, <u>2015</u>	<u>Transfers</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modification</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Legal Appeals and Legal Expenses						
Other Expenses	\$ 9,000			\$ 9,000	\$ 9,000	
Utilities						
Gasoline	14,744			14,744	14,744	
Telephone	300	\$ (4)		296	296	
Electricity	<u>8,391</u>	<u>(6,391)</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total General Appropriations	<u>\$ 91,764</u>	<u>\$ -</u>	<u>\$ 3,910</u>	<u>\$ 95,674</u>	<u>\$ 83,481</u>	<u>\$ 12,193</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:		
2015-2016 Levy	\$14,847,522	
County Open Space Preservation	137,636	
Added and Omitted Taxes	<u>234,891</u>	
		\$15,220,049
Decreased by:		
Cash Disbursements		<u>15,220,049</u>
Balance, June 30, 2016		<u>\$ -</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
2015-2016 Levy	\$19,315,495	
Decreased by:		
Cash Disbursements		<u>19,315,495</u>
Balance, June 30, 2016		<u>\$ -</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF PREPAID TAXES**

Balance, July 1, 2015	\$ 206,965
Increased by:	
Cash Receipts	<u>87,111</u>
	294,076
Decreased by:	
Applied to Fiscal Year 2015 Taxes	<u>206,965</u>
Balance, June 30, 2016	<u><u>\$ 87,111</u></u>

STATEMENT OF TAX OVERPAYMENTS

Balance, July 1, 2015	\$ 259,441
Increased by:	
Overpayments Received	<u>38,361</u>
	297,802
Decreased by:	
Overpayments Refunded	\$ 23,687
Overpayments Cancelled	<u>157,440</u>
	<u>181,127</u>
Balance, June 30, 2016	<u><u>\$ 116,675</u></u>

TOWNSHIP OF WEEHAWKEN
STATEMENT OF APPROPRIATED RESERVES FOR
FEDERAL AND STATE GRANTS

	Balance, <u>July 1, 2015</u>	2016 <u>Budget</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Body Armor Replacement Fund	\$ 30,501	\$ 4,962	\$ 6,068	\$ 29,395
Bullet Proof Vest Fund	11,378		2,074	9,304
Safe and Secure		60,000	60,000	
Local Housing Inspections of NJ		28,710	28,710	
Recycling Tonnage Grant		12,556	12,556	
Clean Communities Program	314	3,138	3,138	314
2009 Justice Assistance Grant	938		938	
Alcohol Education, Rehabilitation and Enforcement Fund	16,903	1,002	1,900	16,005
Port Security Grant	2,430		2,430	
DOT Various Streets 2014	213,320		213,320	
DOT Various Streets 2015	273,632		273,632	
2015 CDBG Streetscape		178,164	178,164	
2014 CDBG 49th Street Beautification	161,526		161,526	
2011 Urban Areas Security Initiative	153		153	
2012 Urban Areas Security Initiative	76	-	76	-
	<u>\$ 711,171</u>	<u>\$ 288,532</u>	<u>\$ 944,685</u>	<u>\$ 55,018</u>

Cash Disbursements	\$ 222,966
Cancelled to Operations	3,368
Cancelled to Grants Receivable	229
Transfer to General Capital Fund	<u>718,122</u>
	<u>\$ 944,685</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF UNAPPROPRIATED RESERVES
FOR FEDERAL AND STATE GRANTS**

	Balance, <u>July 1, 2015</u>	<u>Received</u>	Anticipated Revenue <u>Current Fund</u>	Balance, <u>June 30, 2016</u>
Recycling Tonnage	\$ 12,556	\$ 12,246	\$ 12,556	\$ 12,246
Housing Inspections SNJ	28,710	16,859	28,710	16,859
Clean Communities	3,138	27,035	3,138	27,035
Bullet Proof Vest Fund		215		215
Alcohol Education, Rehabilitation and Enforcement Fund	<u>1,002</u>	<u>-</u>	<u>1,002</u>	<u>-</u>
	<u>\$ 45,406</u>	<u>\$ 56,355</u>	<u>\$ 45,406</u>	<u>\$ 56,355</u>

STATEMENT OF NOTES PAYABLE

	<u>Emergency</u>	Special <u>Emergency</u>	Tax <u>Anticipation</u>	<u>Total</u>
Balance, July 1, 2015		\$ 232,000	\$ 9,000,000	\$ 9,232,000
Increased by:				
Notes Issued	<u>\$ 425,000</u>	<u>200,000</u>	<u>7,000,000</u>	<u>7,625,000</u>
	425,000	432,000	16,000,000	16,857,000
Decreased by:				
Notes Redeemed	<u>-</u>	<u>232,000</u>	<u>9,000,000</u>	<u>9,232,000</u>
Balance, June 30, 2016	<u>\$ 425,000</u>	<u>\$ 200,000</u>	<u>\$ 7,000,000</u>	<u>\$ 7,625,000</u>

TOWNSHIP OF WEEHAWKEN
STATEMENT OF RESERVE FOR URBAN AREA SECURITY INITIATIVE GRANT

Balance, July 1, 2015	\$ 532
Balance, June 30, 2016	<u>\$ 532</u>

STATEMENT OF ACCRUED INTEREST AND PREMIUM ON NOTES

Balance, July 1, 2015	\$ 92,657
Increased by:	
Cash Receipts	<u>516,465</u>
	609,122
Decreased by:	
Revenue Realized	<u>92,657</u>
Balance, June 30, 2016	<u>\$ 516,465</u>

STATEMENT OF RESERVE FOR PREPARATION OF TAX MAP

Increased by:	
Budget Appropriation	\$ 200,000
Decreased by:	
Expenditures Paid by General Capital Fund	<u>186,632</u>
Balance, June 30, 2016	<u>\$ 13,368</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF RESERVE FOR POLICE CONSTRUCTION-PBA**

Balance, July 1, 2015	\$ 16,435
Increased by:	
Cash Receipts	<u>519,090</u>
	535,525
Decreased by:	
Cash Disbursements	<u>488,520</u>
Balance, June 30, 2016	<u><u>\$ 47,005</u></u>

STATEMENT OF DUE TO HUDSON COUNTY - LATE PENALTIES PAYABLE

Balance, July 1, 2015	\$ 209,510
Decreased by:	
Cash Disbursements	<u>50,000</u>
Balance, June 30, 2016	<u><u>\$ 159,510</u></u>

STATEMENT OF RESERVE FOR BOND PAYMENTS - GREEN ACRES FUNDS

Balance, July 1, 2015	\$ 442,941
Decreased by:	
Revenue Realized	<u>207,059</u>
Balance, June 30, 2016	<u><u>\$ 235,882</u></u>

TRUST FUND

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF CASH**

	Animal Control Fund	Other Trust Fund	Affordable Housing Assistance Program	Affordability Assistance Trust Account
Balance, July 1, 2015	\$ 3,091	\$ 1,752,977	\$ 118,541	\$ 102,069
Increased by:				
Special Reserves	\$ 43,697			
Escrow Deposits	292,995			
Municipal Alliance	9,468			
Municipal Liens	33,730			
Municipal Dog License Fees	867			
State Dog License Fees	212			
Interest Income		1,451	\$ 85	\$ 42
Affordable Housing Assistance Program			288,000	
Affordability Assistance Trust Reserves				1,104
Tax Title Lien Premium	-	737,100	-	-
Total Receipts	1,079	1,118,441	288,085	1,146
Total Receipts and Beginning Balance	4,170	2,871,418	406,626	103,215
Decreased by:				
State of New Jersey	229			
Municipal Alliance		8,135		
Municipal Liens		33,730		
Due to Current Fund		7,136		
Escrow Expenses		296,756		
Special Reserves		41,860		
Affordability Housing Trust - Expenditures				45,414
Affordable Housing Assistance Program			406,108	
Tax Title Lien Premium	-	1,031,900	-	-
Total Disbursements	229	1,419,517	406,108	45,414
Balance, June 30, 2016	\$ 3,941	\$ 1,451,901	\$ 518	\$ 57,801

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Balance, July 1, 2015	\$ 546
Increased by:	
Statutory Excess	<u>1,024</u>
Balance, June 30, 2016	<u>\$ 1,570</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND**

Balance, July 1, 2015	\$ 17
Increased by:	
Fees Collected	<u>212</u>
	229
Decreased by:	
Disbursements	<u>229</u>
Balance, June 30, 2016	<u>\$ -</u>

**STATEMENT OF RESERVE FOR DOG FUND EXPENDITURES
ANIMAL CONTROL TRUST FUND**

Balance, July 1, 2015	\$ 2,528
Increased by:	
Dog License Fees	<u>867</u>
	3,395
Decreased by:	
Statutory Excess	<u>1,024</u>
Balance, June 30, 2016	<u>\$ 2,371</u>

TOWNSHIP OF WEEHAWKEN
STATEMENT OF MUNICIPAL ALLIANCE DRUG AWARENESS RECEIVABLE
OTHER TRUST FUND

Balance, July 1, 2015		\$	1,012
Increased by:			
Cash Disbursements	\$	8,135	
Expenditures Paid by Current Fund		<u>2,032</u>	
			<u>10,167</u>
			11,179
Decreased by:			
Cash Receipts			<u>9,468</u>
Balance, June 30, 2016		\$	<u>1,711</u>

EXHIBIT B-6

STATEMENT OF MUNICIPAL LIENS RECEIVABLE
OTHER TRUST FUND

Balance, July 1, 2015		\$	20,385
Increased by:			
Cash Disbursements			<u>33,730</u>
			54,115
Decreased by:			
Cash Receipts			<u>33,730</u>
Balance, June 30, 2016		\$	<u>20,385</u>

EXHIBIT B-7

STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND

Balance, July 1, 2015		\$	2,390
Increased by:			
Expenditures Paid by Current Fund	\$	3,295	
Interest Earned		<u>1,451</u>	
			<u>4,746</u>
			7,136
Decreased by:			
Cash Disbursements			<u>7,136</u>
Balance, June 30, 2016		\$	<u>-</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, July 1, 2015		\$	399,722
Increased by:			
Current Fund Receipts to Fund Deficit Escrow Balances	\$	29,823	
Cash Receipts		<u>263,172</u>	
			<u>292,995</u>
			692,717
Decreased by:			
Cash Disbursements			<u>296,756</u>
Balance, June 30, 2016		\$	<u>395,961</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF SPECIAL RESERVES**

	Balance July 1, 2016	Receipts	Disbursements	Balance June 30, 2016
Recreation Account	\$ 1,582	\$ 37,082	\$ 36,508	\$ 2,156
Summer Food Program	-	6,615	6,615	-
	<u>\$ 1,582</u>	<u>\$ 43,697</u>	<u>\$ 43,123</u>	<u>\$ 2,156</u>
		Cash Disbursements	\$ 41,860	
		Expenditures Paid by Current Fund	<u>1,263</u>	
			<u>\$ 43,123</u>	

TOWNSHIP OF WEEHAWKEN
STATEMENT OF RESERVE FOR AFFORDABLE HOUSING ASSISTANCE PROGRAM

Balance, July 1, 2015		\$ 118,541
Increased by:		
Interest Income	\$ 85	
Cash Receipts	<u>288,000</u>	
		<u>288,085</u>
		406,626
Decreased by:		
Cash Disbursements		<u>406,108</u>
Balance, June 30, 2016		<u>\$ 518</u>

EXHIBIT B-11

STATEMENT OF RESERVE FOR AFFORDABILITY ASSISTANCE TRUST

Balance, July 1, 2015		\$ 102,069
Increased by:		
Cash Receipts	\$ 1,104	
Interest Income	<u>42</u>	
		<u>1,146</u>
		103,215
Decreased by:		
Cash Disbursements		<u>45,414</u>
Balance, June 30, 2016		<u>\$ 57,801</u>

EXHIBIT B-12

STATEMENT OF RESERVE FOR PERFORMANCE BONDS
OTHER TRUST FUND

Balance, July 1, 2015		<u>\$ 79,780</u>
Balance, June 30, 2016		<u>\$ 79,780</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF RESERVE FOR TAX TITLE LIEN PREMIUM
OTHER TRUST FUND**

Balance, July 1, 2015	\$ 1,290,900
Increased by:	
Cash Receipts	<u>737,100</u>
	2,028,000
Decreased by:	
Cash Disbursements	<u>1,031,900</u>
Balance, June 30, 2016	<u><u>\$ 996,100</u></u>

GENERAL CAPITAL FUND

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF CASH**

Balance, July 1, 2015		\$ 4,219,689
Increased by:		
Interest Income	\$ 1,437	
Receipts from Current Fund	3,806,900	
2015 CDBG Streetscape Grant Receipts	20,164	
DOT Grants Receivable	80,209	
Bond Anticipation Note Proceeds	4,622,000	
Budget Appropriation:		
Downpayments on Improvements	500,000	
Capital Improvement Fund	<u>75,000</u>	
		<u>9,105,710</u>
		13,325,399
Decreased by:		
Payments to Current Fund	1,813,026	
NJEIT Bond Reserves	71,591	
Reserve for Payment of BANS	27,232	
Improvement Authorizations	6,014,707	
Contracts Payable	1,561,702	
Payments Made On Behalf of Current Fund	<u>186,632</u>	
		<u>9,674,890</u>
Balance, June 30, 2016		<u><u>\$ 3,650,509</u></u>

TOWNSHIP OF WEEHAWKEN
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

		Balance, June 30, <u>2016</u>
Due from Current Fund		\$(11,623,561)
Due from Department of Transportation		(462,417)
Due from Community Development Block Grant		(3,537)
Due from Hudson County Open Space		(199,792)
Department of Transportation Grant Reserve		184,271
Community Development Block Grant Reserve		23,701
Hudson County Open Space Trust Grant Reserve		41,211
Contracts Payable		1,583,303
Excess Note Proceeds - Ordinance 17-09		2,036,953
Fund Balance		620
Improvement Authorizations:		
	<u>Ordinance</u>	
	<u>Number</u>	<u>Improvement Description</u>
25-03	Purchase of Parking Lot	11,884
10-07	Purchase of Property	399
03-09	Tax Refunding	43
16-09	Various Capital Improvements	12,849
17-09	Restoration of Pier B	77,483
06-11	Various Capital Improvements	300,391
18-11	Acquisition of Weehawken-Union City Reservoir	(93,351)
19-11/5-14	Various Improvements	53,537
26-11	Tax Refunding Bonds	881
04-12	Tax Refunding Bonds	7,280
11-14	Various Capital Improvement	7,005
12-15	Tax Refunding Bonds	35,183
01-16	Tax Refunding Bonds	74,239
02-16	Improvements to Baldwin Ave and Appurtenant Roads	10,000,000
06-16	Reserve for Self-Insurance Health Benefits Program	1,143,082
10-16	Capital Improvements to Various Municipal Properties	438,852
		<u>\$ 3,650,509</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF DUE FROM CURRENT FUND**

Balance, July 1, 2015		\$ -
Increased by:		
Cash Disbursements	\$ 1,813,026	
Hudson County Open Space Grant Receipts	99,853	
Bond Anticipation Note Proceeds	10,925,000	
Green Trust Loan Proceeds	1,200,000	
Green Acres Grant Proceeds	1,400,000	
CDBG Reserve - Phase I	254,810	
DOT Reserve - Various Streets 2015	463,312	
Payments Made on Behalf of Current Fund	<u>186,632</u>	
		<u>16,342,633</u>
Decreased by:		16,342,633
Cash Receipts	3,806,900	
General Capital Expenditures Paid by Current Fund	347,688	
Reserve for Payment of BANS	563,047	
Interest Income	<u>1,437</u>	
		<u>4,719,072</u>
Balance, June 30, 2016		<u>\$ 11,623,561</u>

TOWNSHIP OF WEEHAWKEN
STATEMENT OF DEPARTMENT OF TRANSPORTATION GRANTS RECEIVABLE

Balance, July 1, 2015		\$ 609,772
Decreased by:		
Cash Receipts	\$ 80,209	
Cancelled to Department of Transportation Reserve	<u>67,146</u>	
		<u>147,355</u>
Balance, June 30, 2016		<u>\$ 462,417</u>
<u>Analysis of Balance:</u>		
Various Streets 2010 Project	\$ 262,417	
Various Streets 2013 Project	<u>200,000</u>	
		<u>\$ 462,417</u>

EXHIBIT C-6

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, July 1, 2015		\$ 32,916,019
Increased by:		
Qualified General Obligation Bonds Issued	\$ 6,299,000	
Green Trust Loan	<u>1,200,000</u>	
		<u>7,499,000</u>
		40,415,019
Decreased by:		
NJFIT Loans Paid	414,119	
HCIA Loans Paid	295,000	
General Serial Bonds Paid	845,000	
Green Trust Loans Paid	<u>123,457</u>	
		<u>1,677,576</u>
Balance, June 30, 2016		<u>\$ 38,737,443</u>

TOWNSHIP OF WEEHAWKEN
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance, July 1, 2015	Authorized 2016	Paid By Budget Appropriation	Permanent Financed	Grants Received	Balance, June 30, 2016	Analysis of Balance June 30, 2016	
								Finance by Bond Anticipation Notes	Unexpended Improvement Authorizations
7-02/18-04	Improvement of Water Tower	\$ 455,000		\$ 22,000	\$ 433,000				
7-04	Reserve for Self-Ins. Health Benefit Program	2,027,000			2,027,000				
10-04	Purchase of Woodrow Wilson School	2,851,000		92,000	2,759,000				
11-05	Various Capital Improvements	1,151,000		71,000	1,080,000				
7-06	Reserve for Self-Insurance Health Benefits Prog.	2,190,000		99,000			\$ 2,091,000	\$ 2,091,000	
3-07	Improvements to the Municipal Building & Parks	663,000		56,000			607,000	607,000	
9-07	Improvements to Various Municipal Buildings & Parks	3,243,000		270,000			2,973,000	2,973,000	
10-07	Purchase of Property	1,872,000		52,000			1,820,000	1,820,000	
3-08	Purchase of Woodrow Wilson School	2,334,000		134,000			2,200,000	2,200,000	
2-09	Improvements to Municipal Property, Parks, & Purchase of Various Equipment	575,000		23,000			552,000	552,000	
16-09	Various Capital Improvements	1,631,000		89,000			1,542,000	1,542,000	
17-09	Restoration of Pier B	2,688,000		104,000		836,953	547,047	547,047	
18-09	Acquisition of Property - Blvd. East	479,000		7,000			472,000	472,000	
10-10	Purchase of Property & Reconstruction of Baldwin Ave.	2,806,000		78,000			2,728,000	2,728,000	
06-11	Various Capital Improvements	2,254,000		63,000			2,191,000	2,191,000	
13-11	Donation to Housing Authority of Weehawken	2,500,000		87,000			2,413,000	2,413,000	
18-11	Acquisition of Weehawken-Union City Reservoir	463,664		2,000			461,664	461,664	
19-11/5-14	Various Improvements	1,927,000		72,000			1,855,000	1,855,000	
04-12	Tax Refunding Bonds	438,000		294,000			144,000	144,000	
15-12/10-16	Hurricane Sandy Improvements	1,289,000		81,000			1,208,000	1,208,000	
16-12	Tax Refunding Bonds	2,063,000		295,000			1,768,000	1,768,000	
01-13	Hurricane Sandy Improvements	120,000		40,000			80,000	80,000	
11-14	Various Capital Improvement	2,570,000	\$ 2,800,000				2,570,000	2,570,000	
12-15	Tax Refunding Bonds		1,822,500				2,800,000	2,800,000	
01-16	Tax Refunding Bonds		9,500,000				1,822,500	1,822,500	500
02-16	Improvements to Baldwin Ave and Appurtenant Roads		1,425,000				9,500,000	9,500,000	
06-16	Reserve for Self-Ins. Health Benefits Program		1,425,000				1,425,000	1,425,000	
		\$ 38,589,664	\$ 15,547,500	\$ 2,031,000	\$ 7,499,000	\$ 836,953	\$ 43,770,211	\$ 43,454,047	\$ 93,351
			Serial Bonds Issued		\$ 6,299,000				
			Loans Issued		1,200,000				
					\$ 7,499,000				
					Bond Anticipation Notes Outstanding				
					Less Excess Note Proceeds-Ord. 17-09				
					\$ 45,491,000				
					2,036,953				
					\$ 43,454,047				
					Improvement Authorizations - Unfunded				
					Less: Unexpended Proceeds				
					Ord 16-09				12,849
					Ord 10-07				399
					Ord 03-09				43
					Ord 17-09				77,483
					Ord 06-11/4-16				300,391
					Ord 19-11/15-14				55,537
					Ord 26-11				881
					Ord 04-12				7,280
					Ord 11-14				7,005
					Ord 12-15				35,183
					Ord 01-16				74,239
					Ord 02-16				9,500,000
					Ord 06-16				1,143,082
					Ord 10-16				438,852
									\$ 222,813

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF DUE FROM COMMUNITY DEVELOPMENT BLOCK GRANT**

Balance, July 1, 2015	\$ 3,537
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Balance, June 30, 2016	\$ 3,537
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Analysis of Balance

Senior Nutrition Center Parking Lot	\$ 3,537
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**STATEMENT OF DUE FROM HUDSON COUNTY OPEN SPACE TRUST
RECREATION AND HISTORIC PRESERVATION TRUST FUND GRANT RECEIVABLE**

Balance, July 1, 2015	\$ 649,165
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Decreased by:

Receipts Deposited in Current Fund	\$ 99,853	
Cancel to Hudson County Open Space Grant Reserve	349,520	
	449,373	

Balance, June 30, 2016	\$ 199,792
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Analysis of Balance

Hudson County Open Space Reservoir Rehab	\$ 199,792
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TOWNSHIP OF WEEHAWKEN
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Amount of Original of Issue	Maturities of Bonds Outstanding June 30, 2016		Interest Rate	Balance, July 1, 2015	Issued	Decreased	Balance, June 30, 2016
		Date	Amount					
Pension Bonds (Series 2003 Taxables)	\$ 4,750,000	2/15/2017	\$ 130,000	5.00%	\$ 3,715,000		\$ 125,000	\$ 3,590,000
		2/15/2018	135,000	5.84%				
		2/15/2019	145,000	5.84%				
		2/15/2020	155,000	5.84%				
		2/15/2021	160,000	5.84%				
		2/15/2022	170,000	5.84%				
		2/15/2023	180,000	5.84%				
		2/15/2024	190,000	5.84%				
		2/15/2025	205,000	5.84%				
		2/15/2026	215,000	5.84%				
		2/15/2027	230,000	5.84%				
		2/15/2028	240,000	5.84%				
		2/15/2029	255,000	5.84%				
		2/15/2030	270,000	5.84%				
		2/15/2031	285,000	5.84%				
		2/15/2032	305,000	5.84%				
		2/15/2033	320,000	5.84%				

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Amount of Original of Issue	Maturities of Bonds		Interest Rate	Balance, July 1, 2015	Issued	Decreased	Balance, June 30, 2016
		Outstanding Date	June 30, 2016 Amount					
General Obligation Bonds (Series 2010A)	\$ 3,298,000	8/1/2016	\$ 205,000	5.75%	\$ 2,703,000		\$ 205,000	\$ 2,498,000
		8/1/2017		5.75%				
		8/1/2018	213,000	5.75%				
		8/1/2019	260,000	5.75%				
		8/1/2020	260,000	5.75%				
		8/1/2021	260,000	6.00%				
		8/1/2022	260,000	6.00%				
		8/1/2023	260,000	6.00%				
		8/1/2024	260,000	6.00%				
		8/1/2025	260,000	6.00%				
General Obligation Bonds (Series 2010B Taxable)	1,742,000	8/1/2016	105,000	8.50%	1,427,000		105,000	1,322,000
		8/1/2017	97,000	8.50%				
		8/1/2018	140,000	8.50%				
		8/1/2019	140,000	8.50%				
		8/1/2020	140,000	8.50%				
		8/1/2021	140,000	8.50%				
		8/1/2022	140,000	8.50%				
		8/1/2023	140,000	8.50%				
		8/1/2024	140,000	8.50%				
		8/1/2025	140,000	8.50%				

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Amount of Original of Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2016</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Decreased</u>	<u>Balance, June 30, 2016</u>
		<u>Date</u>	<u>Amount</u>					
Port Imperial Parking Redevelopment (Series 2011 Taxable)	\$ 12,500,000	2/1/2017	\$ 190,000	5.29%	\$ 12,155,000		\$ 180,000	\$ 11,975,000
		2/1/2018	200,000	5.64%				
		2/1/2019	215,000	6.09%				
		2/1/2020	225,000	6.34%				
		2/1/2021	240,000	6.54%				
		2/1/2022	255,000	6.89%				
		2/1/2023	275,000	6.89%				
		2/1/2024	290,000	6.89%				
		2/1/2025	310,000	6.89%				
		2/1/2026	335,000	6.89%				
		2/1/2027	355,000	7.53%				
		2/1/2028	385,000	7.53%				
		2/1/2029	410,000	7.53%				
		2/1/2030	445,000	7.53%				
		2/1/2031	475,000	7.53%				
		2/1/2032	515,000	7.83%				
		2/1/2033	555,000	7.83%				
		2/1/2034	595,000	7.83%				
		2/1/2035	645,000	7.83%				
		2/1/2036	695,000	7.83%				
		2/1/2037	745,000	7.83%				
		2/1/2038	805,000	7.83%				
		2/1/2039	870,000	7.83%				
		2/1/2040	935,000	7.83%				
		2/1/2041	1,010,000	7.83%				
Qualified General Obligation Bonds (Series 2013A Taxable)	1,390,000	7/1/2016	130,000	3.00%	1,260,000		130,000	1,130,000
		7/1/2017	135,000	3.00%				
		7/1/2018	135,000	3.00%				
		7/1/2019	140,000	4.00%				
		7/1/2020	140,000	3.00%				
		7/1/2021	145,000	3.125%				
		7/1/2022	150,000	3.50%				
		7/1/2023	155,000	3.625%				

TOWNSHIP OF WEEHAWKEN
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Amount of Original of Issue	Maturities of Bonds Outstanding June 30, 2016		Interest Rate	Balance, July 1, 2015	Issued	Decreased	Balance, June 30, 2016
		Date	Amount					
Qualified General Obligation Bonds (Series 2013B Taxable)	\$ 530,000	7/1/2016	\$ 105,000	4.00%	\$ 430,000		\$ 100,000	\$ 330,000
		7/1/2017	110,000	4.00%				
		7/1/2018	115,000	4.00%				
General Obligation Bonds - Series 2015A	4,272,000	10/15/2016	190,000	3.00%				
		10/15/2017	220,000	3.00%				
		10/15/2018	225,000	2.00%				
		10/15/2019	230,000	3.00%				
		10/15/2020	245,000	4.00%				
		10/15/2021	255,000	4.00%				
		10/15/2022	270,000	4.00%				
		10/15/2023	280,000	4.00%				
		10/15/2024	295,000	3.00%				
		10/15/2025	310,000	3.00%				
		10/15/2026	325,000	3.00%				
		10/15/2027	335,000	3.00%				
		10/15/2028	350,000	3.00%				
		10/15/2029	365,000	3.125%				
		10/15/2030	377,000	3.25%	\$ 4,272,000			4,272,000
General Obligation Bonds (Series 2015B Taxable)	2,027,000	6/30/2017	135,000	4.00%				
		6/30/2018	165,000	4.00%				
		6/30/2019	175,000	4.00%				
		6/30/2020	185,000	4.00%				
		6/30/2021	195,000	4.00%				
		6/30/2022	210,000	4.00%				
		6/30/2023	220,000	4.00%				
		6/30/2024	235,000	4.00%				
		6/30/2025	250,000	4.00%				
		6/30/2026	257,000	4.00%				
					-	2,027,000	-	2,027,000
					\$ 21,690,000	\$ 6,299,000	\$ 845,000	\$ 27,144,000

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF HUDSON COUNTY IMPROVEMENT AUTHORITY LOANS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original of Issue</u>	<u>Maturities of Loan</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Decreased</u>	<u>Balance, June 30, 2016</u>
			<u>Outstanding Date</u>	<u>June 30, 2016 Amount</u>				
Pooled Government Loan Program (1986) Loan 1	08/01/99	\$ 535,000	8/1/2016	\$ 75,000	variable	\$ 225,000	\$ 70,000	\$ 155,000
			8/1/2017	80,000	variable			
Pooled Government Loan Program (1986) Loan 2	02/01/01	2,255,000	2/1/2017	140,000	variable	1,680,000	135,000	1,545,000
			2/1/2018	145,000	variable			
			2/1/2019	155,000	variable			
			2/1/2020	160,000	variable			
			2/1/2021	170,000	variable			
			2/1/2022	180,000	variable			
			2/1/2023	190,000	variable			
Pooled Government Loan Program (1986) Loan 3	9/01/04	765,000	2/1/2024	200,000	variable			
			2/1/2025	205,000	variable			
			9/1/2016	50,000	variable	555,000	45,000	510,000
			9/1/2017	50,000	variable			
			9/1/2018	50,000	variable			
			9/1/2019	55,000	variable			
			9/1/2020	55,000	variable			
Pooled Government Loan Program (2009) Loan 4	10/13/09	737,000	9/1/2021	60,000	variable			
			9/1/2022	60,000	variable			
			9/1/2023	65,000	variable			
			9/1/2024	65,000	variable			
			8/1/16-25	45,000	variable	495,000	45,000	450,000
						\$ 2,955,000	\$ 295,000	\$ 2,660,000

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE
TRUST LOAN PAYABLE**

Balance, July 1, 2015	\$ 7,566,980
Decreased by:	
Loan Payments	<u>414,119</u>
Balance, June 30, 2016	<u>\$ 7,152,861</u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Original Amount Issued	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, July 1, 2015	Notes Issued	Notes Redeemed	Balance, June 30, 2016
7-04	Health Plan Reserve	\$ 2,850,000	06/30/04	4/29/15	10/30/15	1.750%	\$ 2,027,000	\$ 2,091,000	\$ 2,027,000	\$ 2,091,000
10-04	Purchase of Woodrow Wilson School	3,550,000	09/13/04	7/15/14	7/15/15	1.250%	2,851,000	607,000	2,851,000	607,000
18-04	Improvement of Water Tower	619,000	12/16/04	7/15/14	7/15/15	1.250%	455,000	2,973,000	455,000	2,973,000
11-05	General Improvements	1,618,000	11/22/05	7/15/14	7/15/15	1.250%	1,151,000	1,872,000	1,151,000	1,872,000
7-06	Reserve for Self-Ins. Health Benefits Program	2,850,000	07/13/06	4/29/15	4/29/16	1.000%	2,190,000	1,820,000	2,190,000	1,820,000
7-06	Reserve for Self-Ins. Health Benefits Program	800,000	05/17/07	7/15/14	7/15/15	1.250%	663,000	2,000,000	663,000	2,000,000
3-07	Improvements to the Municipal Building & Parks	3,904,000	09/04/07	6/27/16	6/27/17	2.000%	3,243,000	2,200,000	3,243,000	2,200,000
9-07	Improvements to Various Municipal Buildings & Parks	2,000,000	10/11/07	7/15/14	7/15/15	1.250%	1,872,000	552,000	1,872,000	552,000
10-07	Purchase of Property	2,600,000	06/04/08	6/27/16	6/27/17	2.000%	2,334,000	1,542,000	2,334,000	1,542,000
3-08	Purchase of Woodrow Wilson School	666,000	05/21/09	4/29/15	4/29/16	1.000%	575,000	2,584,000	575,000	2,584,000
2-09	Improvements to Municipal Property, Parks & Purchase of Equipment	1,900,000	01/20/10	4/19/16	11/25/15	1.000%	1,631,000	472,000	1,631,000	472,000
16-09	Various Capital Improvements	3,000,000	01/20/10	11/24/14	11/25/15	1.750%	2,688,000	2,728,000	2,688,000	2,728,000
17-09	Restoration of Pier B	500,000	01/20/10	11/12/15	11/11/16	1.750%	479,000	2,191,000	479,000	2,191,000
18-09	Acquisition of Property - Blvd East	3,040,000	07/01/10	4/29/15	4/29/16	1.000%	2,806,000	2,413,000	2,806,000	2,413,000
10-10	Purchase of Property & Reconstruction of Baldwin Ave.	2,380,000	07/01/11	4/19/16	4/19/17	2.000%	2,254,000	2,500,000	2,254,000	2,500,000
06-11	Purchase of Property & Reconstruction of Baldwin Ave.	2,500,000	06/05/12	4/19/16	11/25/15	1.000%	2,500,000	2,413,000	2,500,000	2,413,000
13-11	Various Capital Improvement			4/19/16	4/19/17	2.000%				
13-11	Donation to Housing Authority of Weehawken			4/19/16	4/19/17	2.000%				
13-11	Donation to Housing Authority of Weehawken			11/24/14	11/25/15	1.000%				
13-11	Donation to Housing Authority of Weehawken			11/12/15	11/11/16	1.750%				

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Original Amount Issued	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, July 1, 2015	Notes Issued	Notes Redeemed	Balance, June 30, 2016
18-11	Acquisition of Weehawken - Union City Reservoir	\$ 150,000	06/05/12	4/29/15	4/29/16	1.000%	\$ 148,000	\$ 146,000	\$ 148,000	\$ 146,000
18-11	Acquisition of Weehawken - Union City Reservoir			4/19/16	4/19/17	2.250%				
19-11/15-14	Various Capital Improvement	2,000,000	06/05/12	4/29/15	4/29/16	1.000%	1,927,000	1,855,000	1,927,000	1,855,000
19-11	Various Capital Improvement			4/19/16	4/19/17	2.250%				
04-12	Tax Refunding	732,000	08/07/12	7/15/14	7/15/15	1.250%	438,000		438,000	144,000
04-12	Tax Refunding			6/27/16	6/27/17	2.000%				
15-12	Hurricane Sandy Improvements	1,289,000	05/23/12	4/29/15	4/29/16	1.000%	1,289,000	1,208,000	1,289,000	1,208,000
15-12	Hurricane Sandy Improvements			4/19/16	4/19/17	2.250%				
16-12	Tax Refunding	2,653,000	05/23/12	4/29/15	4/29/16	1.000%	2,063,000	1,768,000	2,063,000	1,768,000
16-12	Tax Refunding			4/19/16	4/19/17	2.250%				
01-13	Hurricane Sandy Improvements	200,000	05/23/12	4/29/15	4/29/16	1.000%	120,000	80,000	120,000	80,000
01-13	Hurricane Sandy Improvements			4/19/16	4/19/17	2.250%				
11-14	Various Capital Improvement	2,570,000	4/29/15	4/29/15	4/29/16	1.000%	2,570,000		2,570,000	
11-14	Various Capital Improvement			4/19/16	4/19/17	2.250%		2,570,000		2,570,000
12-15	Tax Refunding Bonds	2,800,000	11/12/15	11/12/15	11/11/16	1.750%		2,800,000		2,800,000
01-16	Tax Refunding Bonds	1,822,000	4/19/16	4/19/16	4/19/17	2.250%		1,822,000		1,822,000
02-16	Improvements to Baldwin Ave and Appurtenant Roads	9,500,000	4/19/16	4/19/16	4/19/17	2.000%		9,500,000		9,500,000
06-16	Reserve for Self-Insurance Health Benefits Program	1,425,000	6/20/16	6/20/16	6/20/17	1.250%	-	1,425,000	-	1,425,000
							<u>\$ 38,274,000</u>	<u>\$ 45,491,000</u>	<u>\$ 38,274,000</u>	<u>\$ 45,491,000</u>
							Renewals	\$ 29,944,000	\$ 29,944,000	
							New Issues	15,547,000		
							Serial Bonds Issued		6,299,000	
							Paid by Budget	-	2,031,000	
								<u>\$ 45,491,000</u>	<u>\$ 38,274,000</u>	

TOWNSHIP OF WEEHAWKEN
STATEMENT OF LOANS PAYABLE - STATE OF NEW JERSEY GREEN TRUST

	Original Loan	Balance, July 1, 2015	Loan Proceeds	Loan Payments	Balance, June 30, 2016
Soldier Field Project	\$ 249,900	\$ 59,240		\$ 14,371	\$ 44,869
Green Acres - Stadium Improvements	1,000,000	266,331		57,140	209,191
Purchase of Parking Lot	500,000	133,166		28,571	104,595
Park Ave. Acquisition	80,000	36,608		4,264	32,344
Stadium Renovation #4	250,000	101,076		13,592	87,484
Waterfront Park Acquisition	4,095	2,469		269	2,200
Boulevard East Acquisition	117,825	105,149		5,250	99,899
Pier B Restoration	1,200,000	-	\$ 1,200,000	-	1,200,000
		\$ 704,039	\$ 1,200,000	\$ 123,457	\$ 1,780,582

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TOWNSHIP OF WEEHAWKEN
STATEMENT OF DEPARTMENT OF TRANSPORTATION GRANT RESERVE

Balance, July 1, 2015		\$ 251,417
Increased by:		
DOT Various Streets 2015		<u>463,312</u>
		714,729
Decreased by:		
Cancelled to Grants Receivable	\$ 67,146	
Contracts Payable	<u>463,312</u>	
		<u>530,458</u>
Balance, June 30, 2016		<u><u>\$ 184,271</u></u>

Analysis of Balance

DOT Reserve	\$ 11,266
Willow/Park Avenue Project	3,351
Various Streets 2009 Project	11,232
Various Streets 2010 Project	<u>158,422</u>
	<u><u>\$ 184,271</u></u>

TOWNSHIP OF WEEHAWKEN
STATEMENT OF COMMUNITY DEVELOPMENT BLOCK GRANT RESERVE

Balance, July 1, 2015	\$ 3,537
Increased by:	
Grant Receipts - 2015 CDBG Streetscape	\$ 20,164
CDBG Phase I	<u>254,810</u>
	<u>274,974</u>
	278,511
Decreased by:	
Contracts Payable	<u>254,810</u>
Balance, June 30, 2016	<u><u>\$ 23,701</u></u>

Analysis of Balance

Senior Nutrition Center Parking Lot	\$ 3,537
2015 Streetscape	<u>20,164</u>
	<u><u>\$ 23,701</u></u>

STATEMENT OF HUDSON COUNTY OPEN SPACE RESERVE
RECREATION AND HISTORIC PRESERVATION TRUST FUND GRANT RESERVE

Balance, July 1, 2015	\$ 390,731
Decreased by:	
Cancelled to Grants Receivable	<u>349,520</u>
Balance, June 30, 2016	<u><u>\$ 41,211</u></u>

Analysis of Balance

Maple Street Acquisition	\$ 36,764
Watertower and Park Project	<u>4,447</u>
	<u><u>\$ 41,211</u></u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF CONTRACTS PAYABLE**

Balance, July 1, 2015		\$ 1,638,342
Increased by:		
Improvement Authorizations	\$ 865,181	
Community Development Block Grant Reserve	254,810	
Department of Transportation Reserve	<u>463,312</u>	
		<u>1,583,303</u>
		3,221,645
Decreased by:		
Cancelled to Improvement Authorizations	76,640	
Cash Disbursements	<u>1,561,702</u>	
		<u>1,638,342</u>
Balance, June 30, 2016		<u><u>\$ 1,583,303</u></u>

**STATEMENT OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE
TRUST BONDS RESERVE**

Balance, July 1, 2015		\$ 71,591
Decreased by:		
Cash Disbursement - Anticipated as Revenue in Current Fund		<u>71,591</u>
Balance, June 30, 2016		<u><u>\$ -</u></u>

**TOWNSHIP OF WEEHAWKEN
STATEMENT OF RESERVE FOR PAYMENT OF BANS**

Balance, July 1, 2015		\$ 27,232
Increased by:		
Green Acres Grant - Ordinance #17-09		<u>563,047</u>
		590,279
Decreased by:		
Cash Disbursement - Anticipated as Revenue in Current Fund	\$ 27,232	
Due to Current Fund - Anticipated Revenue	<u>563,047</u>	
		<u>590,279</u>
Balance, June 30, 2016		<u><u>\$ -</u></u>

STATEMENT OF DOWN PAYMENTS ON IMPROVEMENTS

Increased by:		
Cash Receipts - Current Fund Budget Appropriation	\$ 500,000	
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>500,000</u>
Balance, June 30, 2016		<u><u>\$ -</u></u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Increased by:		
Cash Receipts - Current Fund Budget Appropriation	\$ 75,000	
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>75,000</u>
Balance, June 30, 2016		<u><u>\$ -</u></u>

TOWNSHIP OF WEEHAWKEN
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, July 1, <u>2015</u>	2016 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Balance, June 30, <u>2016</u>
18-11	Acquisition of Weehawken-Union City Reservoir	\$ 315,664			\$ 315,664
12-15	Tax Refunding Bonds		\$ 2,800,000	\$ 2,800,000	
01-16	Tax Refunding Bonds		1,822,500	1,822,000	500
02-16	Improvements to Baldwin Ave and Appurtenant Roads		9,500,000	9,500,000	
06-16	Reserve for Self-Ins. Health Benefits Program	<u>-</u>	<u>1,425,000</u>	<u>1,425,000</u>	<u>-</u>
		<u>\$ 315,664</u>	<u>\$ 15,547,500</u>	<u>\$ 15,547,000</u>	<u>\$ 316,164</u>

**GOVERNMENT AUDITING STANDARDS AND
SINGLE AUDIT**



LERCH, VINCI & HIGGINS, LLP

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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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Weehawken
Weehawken, New Jersey

We have audited, in accordance with the 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 and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Weehawken as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated April 5, 2017. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Internal Control over Financial Reporting

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

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

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

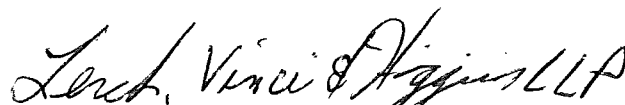
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Weehawken's financial statements are free from 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

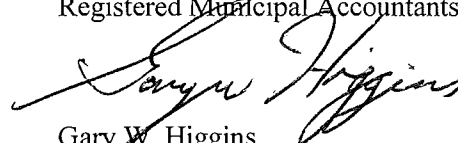
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Township of Weehawken in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

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



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
April 5, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Weehawken
Weehawken, New Jersey

Report on Compliance for Each Major State Program

We have audited the Township of Weehawken's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Township of Weehawken's major state programs for the year ended June 30, 2016. The Township of Weehawken's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Weehawken's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township of Weehawken's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Township of Weehawken's compliance.

Opinion on Each Major State Program

In our opinion, the Township of Weehawken complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Township of Weehawken is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Weehawken's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, 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 Township of Weehawken's internal control over compliance.

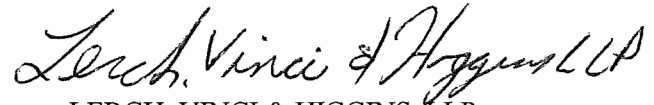
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

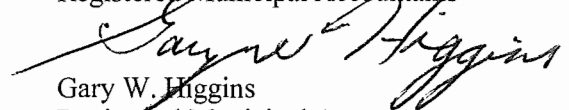
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements - regulatory basis of the Township of Weehawken as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued our report thereon dated April 5, 2017, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained an unmodified opinion on those financial statements prepared in accordance with the regulatory basis of accounting. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
April 5, 2017

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

TOWNSHIP OF WEEHAWKEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal CFDA Number	Grant or State Proj. Number	Grant Period From To	Grant Receipts	Grant Award Amount	Balance, July 1, 2015	Revenue Realized	Budgetary Expenditures	Cancelled	Balance, June 30, 2016	Cumulative Expenditures
U.S. Department of Housing & Urban Development										
Passed-Through Hudson County Dept. of										
FINANCE & ADMINISTRATION										
14.218	N/A	9/1/2014 6/30/2015		\$ 161,526	\$ 161,526		\$ 161,526			\$ 161,526
		9/1/2015 6/30/2016		178,164	-	\$ 178,164	178,164	-	-	178,164
Community Development Block Grant - 49th Street Beautification										
Community Development Block Grant - 2015 Streetscape										
Total U.S. Department of Housing & Urban Development					161,526	178,164	339,690	-	-	339,690
U.S. Dept. of Justice										
Direct Aid										
<i>Passed Through NJ Dept of Law and Public Safety</i>										
16.592	N/A	7/1/2009 6/30/2010		938	938	-	-	\$ (938)	-	-
Justice Assistance Grant 2009										
Total U.S. Dept. of Justice					938	-	-	(938)	-	-
U.S. Dept. of Agriculture										
Direct Aid										
<i>Passed Through NJ Dept of Agriculture - Division of Food & Nutrition</i>										
10.559	N/A	7/1/2015 6/30/2016	\$ 6,615	6,615	-	6,615	6,615	-	-	6,615
Summer Food Program - Other Trust Fund										
Total U.S. Dept. of Agriculture					-	6,615	6,615	-	-	6,615
U.S. Department of Homeland Security (FEMA)										
Direct Aid										
<i>Passed Through NJ Dept of Law and Public Safety</i>										
97.056	N/A	7/1/2011 6/30/2012		3,443	2,430			(2,430)		1,013
97.067	008-066-1005-100	7/1/2010 6/30/2011		108,200	153			(153)		108,047
97.067	008-066-1005-100	7/1/2011 6/30/2012		115,000	76			(76)		114,924
97.036	B80-066-1200-100	7/1/2015 6/30/2016	93,712		-	93,712	93,712	-	-	93,712
97.036	A92-066-1200-100	7/1/2015 6/30/2016	56,336		-	56,336	56,336	-	-	56,336
Public Assistance - Hurricane Sandy										
Total U.S. Dept. of Homeland Security					2,659	150,048	150,048	(2,659)	-	374,032
Total Federal Financial Awards					\$ 165,123	\$ 334,827	\$ 496,353	\$ (3,597)	\$ -	\$ 720,337

Note: This schedule was not subject to an audit in accordance with Uniform Guidance

TOWNSHIP OF WEEHAWKEN
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Period</u> <u>From</u> <u>To</u>	<u>Grant</u> <u>Receipts</u>	<u>Award</u> <u>Amount</u>	<u>Balance,</u> <u>July 1, 2015</u>	<u>Revenue</u> <u>Realized</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Balance,</u> <u>June 30, 2016</u>	<u>Cumulative</u> <u>Expenditures</u>
NJ Dept. of Community Affairs									
Direct Aid									
Bullet Proof Vest Fund	N/A	7/1/2012 6/30/2013		\$ 4,225	\$ 3,571		\$ 2,074	\$ 1,497	\$ 2,728
Bullet Proof Vest Fund	N/A	7/1/2013 6/30/2014		3,762	3,762			3,762	
Bullet Proof Vest Fund	N/A	7/1/2014 6/30/2015	\$ 1,775	4,045	4,045			4,045	
Police Body Armor Replacement	718-066-1021-001	Prior Year		25,615	15,477		6,068	9,409	16,206
Police Body Armor Replacement	718-066-1021-001	7/1/2012 6/30/2013		4,440	4,440			4,440	
Police Body Armor Replacement	718-066-1020-001	7/1/2013 6/30/2014		5,866	5,866			5,866	
Police Body Armor Replacement	718-066-1020-001	7/1/2014 6/30/2015		4,718	4,718			4,718	
Police Body Armor Replacement	718-066-1020-001	7/1/2015 6/30/2016	4,962	4,962	-	\$ 4,962	-	4,962	-
Total NJ Dept. of Community Affairs					41,879	4,962	8,142	38,699	18,934
N.J. Administrative Office of the Courts									
Direct Aid									
Alcohol Education and Rehabilitation	760-098-9735-001	Prior Year		12,843	12,843		1,900	10,943	1,900
Alcohol Education and Rehabilitation	760-098-9735-001	7/1/2012 6/30/2013		633	633			633	
Alcohol Education and Rehabilitation	760-098-9735-001	7/1/2013 6/30/2014		3,427	3,427			3,427	
Alcohol Education and Rehabilitation	760-098-9735-001	7/1/2014 6/30/2015		1,002	-	1,002	-	1,002	-
Total NJ Administrative Office of the Courts					16,903	1,002	1,900	16,005	1,900
NJ Dept. of Law & Public Safety									
Direct Aid									
Safe and Secure Communities	232-066-1020-100	7/1/2015 6/30/2016	30,000	60,000	-	60,000	60,000	-	60,000
Total NJ Dept. of Law & Public Safety					-	60,000	60,000	-	60,000
U.S. Dept. of Transportation									
Direct Aid									
<i>Passed through NJ Department of Transportation</i>									
2014 Various Streets	480-078-6320-300	7/1/2014 6/30/2015	159,990	213,320	213,320		213,320	-	213,320
2015 Various Streets	480-078-6320-300	7/1/2014 6/30/2015	205,224	273,632	273,632	-	273,632	-	273,632
Total U.S. Dept. of Transportation					486,952	-	486,952	-	486,952
NJ Dept. of Environmental Protection									
Direct Aid									
Green Trust Program - Ordinance 17-09 Pier B Restoration - Grant	545-042-4800-004	7/1/2015 6/30/2016	1,400,000	1,400,000		1,400,000	1,400,000		1,400,000
Green Trust Program - Ordinance 17-09 Pier B Restoration - Loan	545-042-4800-002	7/1/2015 6/30/2016	1,200,000	1,200,000		1,200,000	1,200,000		1,200,000
Clean Communities Program	765-042-4900-004	7/01/2012 6/30/2013		314	314			314	
Clean Communities Program	765-042-4900-004	7/01/2014 6/30/2015		3,138		3,138	3,138		3,138
Recycling Tonnage	100-042-4910-224	7/01/2014 6/30/2015		12,556		12,556	12,556		12,556
Clean Communities Program	765-042-4900-004	7/1/2015 6/30/2016	27,035	27,035	-	-	-	-	-
Recycling Tonnage	100-042-4910-224	7/1/2015 6/30/2016	12,246	12,246	-	-	-	-	-
Total NJ Dept. of Environmental Protection					314	2,615,694	2,615,694	314	2,615,694
Total State Financial Awards					\$ 546,048	\$ 2,681,658	\$ 3,172,688	\$ 55,018	\$ 3,183,480

TOWNSHIP OF WEEHAWKEN
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Township's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 328,212	\$ 81,658	\$ 409,870
General Capital Fund		2,600,000	2,600,000
Other Trust Fund	<u>6,615</u>	<u>-</u>	<u>6,615</u>
Total Financial Awards	<u>\$ 334,827</u>	<u>\$ 2,681,658</u>	<u>\$ 3,016,485</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Township's fiscal year and grant program year.

**TOWNSHIP OF WEEHAWKEN
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 STATE LOANS OUTSTANDING

The Township's state loans outstanding at June 30, 2016, which are not required to be reported on the schedule of expenditures of state financial assistance, is as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Acres Program	Various	\$ 1,780,582
NJEIT Loans	Various	<u>7,152,861</u>
		<u>\$ 8,933,443</u>

NOTE 6 DE MINIMIS INDIRECT COST RATE

The Township has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 7 RECLASSIFICATIONS

Certain grant programs have been reclassified at June 30, 2015 from federal (schedule A) to state programs (schedule B) as follows:

<u>Federal Grant Program</u>	<u>Account Number</u>	
DOT - 2014 Various Streets	480-078-6320-300	\$213,320
DOT - 2015 Various Streets	480-078-6320-300	<u>273,632</u>
		<u>\$486,952</u>

TOWNSHIP OF WEEHAWKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified, Regulatory Basis</u>		
Internal control over financial reporting:			
1) Material weakness(es) identified?	_____ yes	<u>X</u> no	
2) Were significant deficiencies identified that were not considered to be material weaknesses?	_____ yes	<u>X</u> no	_____ N/A
Noncompliance material to financial statements noted?	_____ yes	<u>X</u> no	

Federal Awards Section

Not Applicable.

TOWNSHIP OF WEEHAWKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor's Results

State Awards Section

Dollar threshold used to determine Type A programs: \$ 750,000

Auditee qualified as low-risk auditee? yes ☒ no

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

Internal Control over compliance:

1) Significant Deficiencies identified? yes ☒ no

2) Were significant deficiencies identified that were
not considered to be material weaknesses? yes ☒ no

Any audit findings disclosed that are required to be reported
in accordance with Uniform Guidance? yes ☒ no

Identification of major programs:

State Number(s)

Name of State Program

545-042-4800-004/002

Green Trust Program

**TOWNSHIP OF WEEHAWKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**TOWNSHIP OF WEEHAWKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

There are none.

**TOWNSHIP OF WEEHAWKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identified the status of prior-year findings related to the financial statements – regulatory basis 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's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-001:

Our audit revealed that two General Capital Fund contracts and certain Current Fund health benefits bills were not recorded on the Township's financial statements at June 30, 2015. Additionally, certain municipal departments ordered goods or services prior to the issuance of a purchase order.

Current Status

Corrective action has been taken.

TOWNSHIP OF WEEHAWKEN

PART III

SUPPORTING DATA AND

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED JUNE 30, 2016

TOWNSHIP OF WEEHAWKEN
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND

	<u>Fiscal Year 2016</u>		<u>Fiscal Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Miscellaneous - From Other Than Local				
Property Tax Levies	\$ 16,048,319	20.04%	\$ 15,713,237	20.07%
Collection of Delinquent Taxes and Tax Title Liens	119,572	0.15%	697,971	0.89%
Collection of Current Tax Levy	63,739,500	79.59%	61,811,306	78.95%
Other Credits	<u>174,025</u>	<u>0.22%</u>	<u>65,801</u>	<u>0.08%</u>
Total Income	<u>80,081,416</u>	<u>100.00%</u>	<u>78,288,315</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	44,047,101	54.22%	43,498,544	54.96%
County Taxes	15,220,049	18.74%	14,301,330	18.07%
Local School Taxes	19,315,495	23.78%	18,850,611	23.82%
Special District Taxes	2,228,017	2.74%	2,185,140	2.76%
Other Expenditures	<u>423,151</u>	<u>0.52%</u>	<u>304,873</u>	<u>0.39%</u>
Total Expenditures	81,233,813	<u>100.00%</u> %	79,140,498	<u>100.00%</u>
Less: Expenditures to be Raised by Future Revenue	<u>1,196,745</u>		<u>865,806</u>	
Total Adjusted Expenditures	<u>80,037,068</u>		<u>78,274,692</u>	
Statutory Excess to Fund Balance	44,348		13,623	
Deficit in Operations to be Raised in Budget of Succeeding Year				
Fund Balance, July 1	<u>1,474,765</u>		<u>1,461,142</u>	
Fund Balance, June 30	<u>\$ 1,519,113</u>		<u>\$ 1,474,765</u>	

TOWNSHIP OF WEEHAWKEN
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$5.243</u>	<u>\$5.251</u>	<u>\$5.071</u>
<u>Apportionment of Tax Rate</u>			
Municipal	2.370	2.245	2.117
County	1.072	1.213	1.170
District School Tax	1.596	1.596	1.588
Garbage	.183	0.185	0.184
County Open Space	.022	0.012	0.012
<u>Assessed Valuation</u>			
2016	<u>\$1,235,201,355</u>		
2015		<u>\$1,195,729,111</u>	
2014			<u>\$1,181,084,193</u>

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>Fiscal Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 65,530,780	\$ 63,739,500	97.26%
2015	62,994,705	62,788,432	99.67%
2014	61,876,150	61,159,586	98.84%

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 five years.

<u>June 30 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2016	\$ 188,413	\$ 34,403	\$ 222,816	0.35%
2015	177,845	125,050	302,895	0.48%
2014	175,373	740,317	915,690	1.48%

TOWNSHIP OF WEEHAWKEN
OFFICIALS IN OFFICE AND SURETY BONDS
AS OF JUNE 30, 2016

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Richard F. Turner	Mayor	
Robert J. Sosa	Member of Council/Deputy Mayor	
Robert E. Zucconi	Councilman at Large	
Carmela Silvestri-Ehret	Member of Council	
Rosemary Lavagnino	Member of Council	
Giovanni Daniel Ahmad	Township Manager	
Rola Dahboul	Township Clerk	
Richard Barsa	Finance Director/Treasurer	(1)
Lisa Toscano	Chief Financial Officer	(1)
George Kallert	Registrar of Vital Statistics	
William Yirce	Tax Assessor	
Nick Goldsack	Tax Collector/Tax Search Officer	(1)
Richard Venino	Township Attorney	
Charles P. Daglian	Municipal Judge	(1)
Karen Hablitz	Court Administrator	(1)
Rosa Torres	Violations Clerk	(1)
Frank Tattoli	Construction Official	
Robert Barsa	Acting Director of Public Works	
Lauren Olivieri	Township Prosecutor	
Marianne Wuillamey	Tenants Advocate	

(1) Employee Theft coverage of \$1,000,000, with a \$5,000 deductible, as part of policy with the Statewide Insurance Fund.

TOWNSHIP OF WEEHAWKEN
GENERAL COMMENTS

Our comments with respect to our examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

Prior Year

Finance

Our audit revealed certain municipal departments ordered goods or services prior to the issuance of a purchase order. It is recommended that an encumbrance system be utilized to ensure that materials and/or services be ordered only after a purchase order has been executed.

Current Year

Finance

Our audit of the Animal Control Trust Fund revealed that receipts collected for the entire fiscal year were not turned over to the Treasurer and deposited until June 2016. Additionally, monthly dog license reports from April 2015 through June 2016 were not submitted to the State of New Jersey until June 2016. It is recommended that Animal Control receipts be turned over to the Treasurer within 48 hours of collection and monthly reports to the State of New Jersey be filed on a timely basis.

Our audit indicated a receivable balance due from the Special District and the Parking Authority which are offset by reserves exist in the Current Fund at June 30, 2016. It is recommended that the receivables due from the Special District and Parking Authority in the Current Fund be reviewed for collectability or otherwise cleared of record.

Departments

Our audit indicated that monies collected by certain Municipal Departments were not always turned over to the Treasurer within 48 hours of receipt. It is recommended that Municipal Department collections be turned over to the Treasurer within 48 hours of receipt.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement."

If the Town's purchasing agent is qualified pursuant to subsection b. of Section 9 of P.L. 1971, c. 198 (C.40A:11-9), the Town may establish the bid threshold up to a maximum of \$40,000. The Town's Purchasing Director is qualified and the Town by resolution, has increased the bid threshold to \$40,000.

The Purchasing Agent and the Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Town Counsel's opinion should be sought before a commitment is made.

**TOWNSHIP OF WEEHAWKEN
GENERAL COMMENTS**

Contracts and Agreements Required to be Advertised for NJS 40A:11 (Continued)

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

- | | |
|------------------------------------|--|
| -Acquisition of Vehicles | -Public Waste Container and Carting Services |
| -2015 Road Program-Phases I & II | -Supply and Planting of Trees |
| -Gasoline | -Landscape Maintenance Services |
| -Acquisition of Senior Citizen Bus | -Recycling Collection and Marketing Services |

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any 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.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate 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, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes.

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes.

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 prior to the end of the calendar year.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Township Council of the Township of Weehawken, County of Hudson, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond June 30, and an additional penalty of 6% shall be charged against the delinquency.
2. Effective July 1, 2015, there will be a ten day grace period of quarterly tax payments made by cash, check, or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

It appears from an examination of the Collector's records, that interest was collected in accordance with the foregoing resolutions.

TOWNSHIP OF WEEHAWKEN
GENERAL COMMENTS

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 27, 2016.

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

<u>Fiscal Year</u>	<u>Number of Liens</u>
2016	8
2015	4
2014	5

**TOWNSHIP OF WEEHAWKEN
RECOMMENDATIONS**

It is recommended that:

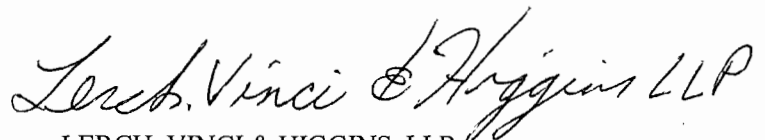
- * 1. The encumbrance system be utilized to ensure that materials and/or services be ordered only after a purchase order has been executed.
- 2. Animal Control receipts be turned over to the Treasurer within 48 hours of collection and monthly reports to the State of New Jersey be filed on a timely basis.
- 3. Municipal department collections be turned over to the Treasurer within 48 hours of receipt.
- 4. The receivables due from the Special District and Parking Authority in the Current Fund be reviewed for collectability or otherwise cleared of record.

* * * * *

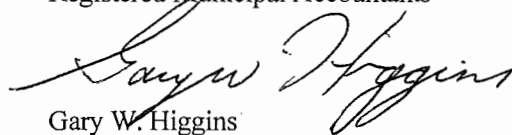
A review was performed on all prior years' recommendations. Corrective action was taken on all prior years' recommendations, except those denoted with an asterisk (*) above.

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

Should any questions arise as to our comments, please do not hesitate to call us.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Certified Public Accountant
RMA Number CR00405

TOWNSHIP OF WEEHAWKEN
UNAUDITED FINANCIAL STATEMENTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2017

TOWNSHIP OF WEEHAWKEN
HUDSON COUNTY, NEW JERSEY

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Part I

Independent Accountant's Compilation Report

Current Fund

Exhibit

Balance Sheet- Regulatory Basis

A

Statement of Operations and Change in Fund Balance – Regulatory Basis

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Statement of Revenues – Regulatory Basis

A – 2

Statement of Expenditures – Regulatory Basis

A – 3

Trust Fund

Balance Sheet – Regulatory Basis

B

Capital Fund

Balance Sheet- Regulatory Basis

C

Statement of Changes in Fund Balance – Regulatory Basis

C – 1

General Fixed Assets

Statement of General Fixed Assets – Regulatory Basis

D

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Honorable Mayor and Council Members
of Township of Weehawken, New Jersey

We have compiled the accompanying balance sheet—regulatory basis of various funds of the Township of Weehawken (“the Township”), State of New Jersey, as of June 30, 2017, and the related statements of operations and changes in fund balance—regulatory basis for the year then ended, and the related statements of revenue and expenditures—regulatory basis for the year ended June 30, 2017. We have not audited or reviewed the accompanying financial statements as of and for the year ended June 30, 2017 and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles prescribed by the *Division of Local Government Services, Department of Community Affairs, State of New Jersey*, that demonstrate compliance with the modified accrual basis of accounting, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

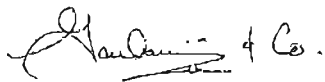
Management is responsible for the preparation and fair presentation of the balance sheets—regulatory basis of various funds, statements of operations and changes in fund balance—regulatory basis, and statements of revenue and expenditures—regulatory basis for the year ended June 30, 2017, in accordance with accounting principles prescribed by the *Division of Local Government Services, Department of Community Affairs, State of New Jersey*, and the budget laws of New Jersey and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with the Statements on Standards for Accounting and Review Services Committee of the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting the financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all disclosures required in financial statements prepared in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's assets, liabilities, fund balances, revenues, expenditures and changes in fund balances of the various funds. Accordingly, the financial statements are not designed for those who are not informed about such matters.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C.
Certified Public Accountants

September 18, 2017
Carlstadt, New Jersey

TOWNSHIP OF WEEHAWKEN
CURRENT FUND

BALANCE SHEET - REGULATORY BASIS
"UNAUDITED"

A

At June 30
2017:

ASSETS

Current Assets:

Cash - Treasurer	\$ 8,707,951.44
Cash - Tax Collector	27,643.79
Cash - Alcohol Education & Rehabilitation Fund	18,383.98
Cash - Payroll Account	156,524.37
Cash - Change Funds	250.00
	<hr/> 8,910,753.58

Due From State of New Jersey:

Senior Citizens and Veterans Deductions	21,852.30
Homestead Benefit Receivable	124,624.46
Federal and State Grants and Aid Receivable	975,539.21
	<hr/> 1,122,015.97

Receivable and Other Assets with Full Reserves:

Delinquent Property Taxes	\$ 26,049.90
Tax Title Liens	198,503.87
Due from Animal Control Trust Fund	1,483.80
Due from Parking Authority	5,239.97
Due from Taxpayers-Senior deductions disallowed 2013/2014	1,175.34
	<hr/> 232,452.88

Deferred Charges:

Uncollected Receivable*	1,150,000.00
Special Emergency Authorization-Tax Map (5 Year)	160,000.00
Special Emergency Authorization-Tax Map Phase II & Revaluation (5 Year)	500,000.00
Emergency Authorizations	568,000.00
	<hr/> 2,378,000.00

TOTAL ASSETS	<u><u>\$ 12,643,222.43</u></u>
---------------------	---------------------------------------

*Note. Subsequently \$1,150,000 of the deferred charges-uncollected receivable has been written down through the SFY 2018 budget appropriation

See Accompanying Independent Accountant's Compilation Report

TOWNSHIP OF WEEHAWKEN
CURRENT FUND

**BALANCE SHEET - REGULATORY BASIS
(CONTINUED)
"UNAUDITED"**

A

	<u>At June 30</u> <u>2017:</u>
LIABILITIES, RESERVES AND FUND BALANCES	
Current Fund:	
Encumbrances Payable	\$ 375,136.38
Appropriation Reserves	25,426.89
Prepaid Taxes	238,033.29
Tax Overpayments	140,757.09
Appropriated Reserve for Grants	423,582.00
Unappropriated Reserve for Grants	60,206.28
Tax Anticipation Note	5,000,000.00
Special Emergency Notes	660,000.00
Emergency Notes	568,000.00
County Late Penalties Payable	109,510.24
Reserve for Bond Payments- Green Acres Funds	1,128,823.00
Reserve for Urban Area Security Initiative Grant	532.50
Accrued Interest and Premium on Notes	208,927.14
Reserve for Police Construction - PBA	72,731.23
Reserve for Tax Map Phase II & Revaluation-Special Emergency	231,213.64
Reserve for Special District Taxes-Garbage Collection	77,306.03
Outside Tax Title Lien Redemptions Payable	26,956.27
Prepaid 2017/2018 Revenue-Developer's Reimbursement	<u>1,200,000.00</u>
	10,547,141.98
Reserve for Receivables and Other Assets	232,452.88
Fund Balance	<u>1,863,627.57</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 12,643,222.43</u></u>

See Accompanying Independent Accountant's Compilation Report

TOWNSHIP OF WEEHAWKEN
CURRENT FUND

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS
"UNAUDITED"

A-1

	<u>For the Year Ended June 30</u> <u>2017</u>
Revenue and Other Income Realized:	
Miscellaneous Revenue Anticipated	\$ 15,871,747.65
Receipts from Delinquent Taxes	33,638.62
Receipts from Current Taxes	64,264,303.21
Non-Budget Revenues	96,888.68
Other Credits to Income:	
Interfunds Returned	102,592.39
Unexpended Balances of Appropriation Reserves	2,143.42
Canceled Balances - Appropriations	105,295.14
Tax Overpayments Canceled	2,312.22
Statutory Excess - Dog License Fund	1,483.80
Total Revenues and Other Income Realized	<u>80,480,405.13</u>
Expenditures:	
Budget and Emergency Appropriations	45,105,394.29
County Taxes	12,610,158.69
County Open Space Preservation	338,650.18
County Added and Omitted Taxes	28,591.18
Local District School Taxes	20,099,471.00
Special District Taxes	2,272,577.00
County- Interest for Late Payment of Taxes	1,920.55
Prior Year Tax Overpayment Refund	2,246.36
Canceled FEMA Reimbursement Receivable	45,090.06
Tax Appeals Prior Years	199,790.60
Total Expenditures	<u>80,703,889.91</u>
Excess (Deficit) in Revenues Over (Under) Expenditures	(223,484.78)
Adjustments to Income Before Fund Balance:	
Expenditures Included Above Which are by Statute	
Deferred Charges to Budget of Succeeding Year	<u>568,000.00</u>
Statutory Excess to Fund Balance	344,515.22
Fund Balance, beginning	<u>1,519,112.35</u>
Fund Balance, ending	<u><u>\$ 1,863,627.57</u></u>

See Accompanying Independent Accountant's Compilation Report

TOWNSHIP OF WEEHAWKEN
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2017

STATEMENT OF REVENUES - REGULATORY BASIS
"UNAUDITED"

A-2

	Anticipated Budget	Realized	Excess or (Deficit)
	\$ -	\$ -	\$ -
Fund Balance Anticipated			
Miscellaneous Revenues			
Licenses:			
Alcoholic Beverages	26,900.00	19,232.64	(7,667.36)
Fees and Permits - Other	311,500.00	333,912.59	22,412.59
Fines and Costs			
Municipal Court	1,001,900.00	1,045,955.00	44,055.00
Interest and Costs on Taxes	123,800.00	76,661.53	(47,138.47)
Interest on Investments and Deposits	2,803.00	3,324.62	524.62
Watershed Moratorium Offset Aid	705.00	705.00	-
Energy Receipts Tax	1,623,621.00	1,623,620.59	(0.01)
Supplemental Energy Receipts Tax	29,247.00	29,247.00	-
Uniform Construction Code Fees	1,553,000.00	1,465,070.00	(87,930.00)
Shared Service Union City Reservoir Debt Payment	250,841.27	250,841.27	-
With prior written Consent of Director of			
Local Government Services - Public and			
Private Revenue Offset with Appropriations			
Bullet Proof Vest Grant	3,184.20	3,184.20	-
Safe and Secure Communities Grant	60,000.00	60,000.00	-
Body Armor Replacement Grant	4,509.93	4,509.93	-
DOT Various Streets 2016-Hauxhurst & Sterling	218,632.00	218,632.00	-
CDBG 2016 2-4 Potter Place Common Area Rehab	35,000.00	35,000.00	-
CDBG 2016 4528 Park Ave. Common Area Rehab	35,000.00	35,000.00	-
CDBG 2016 Senior Citizen Nutrition Center Roof	45,000.00	45,000.00	-
CDBG 2016 Commercial Facade Program	30,000.00	30,000.00	-
Reserve for			
Local Housing Inspections SNJ	16,859.00	16,859.00	-
Clean Communities Program	27,035.27	27,035.27	-
Recycling Tonnage Grant	12,245.64	12,245.64	-
Bullet Proof Vest Grant	214.97	214.97	-
Other Special Items:			
Uniform Fire Safety Act	21,702.00	22,921.29	1,219.29
Added Assessment	103,000.00	137,023.23	34,023.23
Sale/Lease of Municipal Property	1,175,500.00	166,632.08	(1,008,867.92)
Payments in Lieu of Taxes	1,518,541.42	1,525,906.51	7,365.09
Developer's Reimbursement	4,970,000.00	6,749,800.30	1,779,800.30
Hotel Tax	492,650.00	477,925.86	(14,724.14)
FEMA / Insurance Storm Reimbursement	93,499.00	143,323.84	49,824.84
Special District Reimbursement	485,200.00	485,200.00	-
Parking USBS Reimbursement	126,212.20	103,239.11	(22,973.09)
Accrued Interest Premium on BANA	516,464.78	516,464.78	-
Green Acres Reservoir Funds-Offset to Bond Payment	207,059.00	207,059.00	-
Total Miscellaneous Revenues	15,121,823.68	15,871,747.65	749,923.97
Receipts from Delinquent Taxes	34,400.00	33,638.62	(761.38)
Subtotal General Revenues	15,156,223.68	15,905,386.27	749,162.59
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	28,918,492.61	28,452,177.16	(466,315.45)
Minimum Library Tax	867,293.00	867,293.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	29,785,785.61	29,319,470.16	(466,315.45)
Total General Revenues	\$ 14,942,009.29	45,224,856.43	\$ 282,847.14
Non-Budget Revenue		96,888.68	
		\$ 45,321,745.11	

See Accompanying Independent Accountant's Compilation Report

TOWNSHIP OF WEEHAWKEN
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2017

STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)
"UNAUDITED"

A-2

Analysis of Realized Revenues

Allocation of Current Tax Collection	
Revenue from Collections	\$ 64,401,326.44
Less:	
Allocated to School, County and Special District Taxes	(35,349,448.05)
Anticipated Revenues - Added Assessments	(137,023.23)
Balance for Support of Municipal Budget Appropriations	28,914,855.16
Add: Appropriation "Reserve for Uncollected Taxes"	<u>404,615.00</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 29,319,470.16</u></u>

Analysis of Miscellaneous Revenues:

Fees and Permits - Other:	
Township Clerk	\$ 8,271.30
Records Bureau	14,371.00
Tax Assessor	450.00
Vital Statistics	6,524.00
DPW	3,965.00
Rent Control Board	4,594.00
Tax Search	10,600.00
Fire Safety	29,086.00
Other	<u>256,051.29</u>
	<u><u>\$ 333,912.59</u></u>
Receipts from Delinquent Taxes	
Taxes Receivable	<u><u>\$ 33,638.62</u></u>

Analysis of Non-Budget Revenues:

State of New Jersey DMV Inspections	\$ 39,348.50
Senior Citizen/Veterans Deduction Administrative Fee	610.00
Reimbursements/Refunds	1,982.91
Scrap Metal Rebates	1,325.27
Bad Check Fees	450.00
Restitution Payments	350.00
Reimbursements for Legal Services	23,160.00
Liquor License Fines	12,500.00
Reimbursement of PY expense	<u>17,162.00</u>
	<u><u>\$ 96,888.68</u></u>

See Accompanying Independent Accountant's Compilation Report

TOWNSHIP OF WEEHAWKEN
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2017
STATEMENT OF EXPENDITURES - REGULATORY BASIS
"UNAUDITED"

General Appropriations	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled	A-3
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT						
Office of the Mayor and Council						
Salaries and Wages	\$ 41,250.00	\$ 41,249.00	\$ 41,249.00	\$ -	\$ -	
Other Expenses	12,000.00	9,627.40	9,627.40	-	-	
Administrative and Executive						
Salaries and Wages	305,600.00	313,155.35	313,155.35	-	-	
Other Expenses	30,000.00	27,867.95	27,559.94	308.01		
Office of Purchasing						
Salaries and Wages	62,450.00	62,446.54	62,446.54	-	-	
Other Expenses	11,500.00	11,728.81	11,728.81	-	-	
Office of the Township Clerk						
Salaries and Wages	182,100.00	134,857.80	134,857.80	-	-	
Other Expenses	42,500.00	34,475.40	34,475.40	-	-	
Codification of Ordinances	1,000.00			-	-	
Elections - Other Expenses	35,000.00	20,000.00	20,000.00	-	-	
Office of the Township Attorney						
Salaries and Wages	309,550.00	322,515.08	322,515.08	-	-	
Other Expenses	2,000.00	300.00	300.00	-	-	
Office of the Tenants Advocate						
Salaries and Wages	12,000.00	12,000.04	12,000.04	-	-	
Office of the Prosecutor						
Salaries and Wages	47,800.00	45,935.50	45,935.50	-	-	
Other Expenses	1,000.00	4,475.00	4,350.00	125.00		
Director of Finance						
Salaries and Wages	183,650.00	173,324.84	173,324.84	-	-	
Other Expenses	67,000.00	67,000.00	64,500.00	2,500.00		
Audit Expense	65,000.00	68,985.25	68,985.25	-	-	
Division of Accounts and Controls						
Salaries and Wages	271,200.00	244,550.37	244,550.37	-	-	
Other Expenses	10,800.00	12,514.38	12,514.38	-	-	
Division of Revenue Collection						
Salaries and Wages	176,000.00	173,357.25	173,357.25	-	-	
Other Expenses	22,500.00	24,658.33	24,658.33	-	-	
Division of the Tax Assessor						
Salaries and Wages	35,000.00	34,999.90	34,999.90	-	-	
Other Expenses	9,000.00	3,338.98	3,338.98	-	-	

(Continued Next Page)

See Accompanying Independent Accountant's Compilation Report.

TOWNSHIP OF WEEHAWKEN
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2017
STATEMENT OF EXPENDITURES - REGULATORY BASIS
"UNAUDITED"

General Appropriations	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance
					Carried
OPERATIONS - WITHIN "CAPS" (CONTD)					
GENERAL GOVERNMENT					
Office of the Director - Department of Public Safety	\$ 59,000.00	\$ 58,970.60	\$ 58,970.60	\$ -	\$ -
Salaries and Wages					
Division of Police					
Salaries and Wages	6,393,500.00	6,815,146.88	6,814,467.63	679.25	
Other Expenses	225,000.00	232,296.82	230,715.63	1,581.19	
Division of Fire					
Salaries and Wages	119,500.00	112,551.47	112,551.47	-	
Other Expenses	3,000.00	1,950.43	1,783.43	165.00	
Division of Traffic, Signals and Signs					
Salaries and Wages	39,100.00	30,085.03	30,085.03	-	
Other Expenses	17,000.00	15,442.89	15,142.87	300.02	
Fire Inspector					
Salaries and Wages	65,500.00	57,769.12	57,769.12	-	
Division of Ambulance Service					
Salaries and Wages	205,000.00	203,758.75	203,758.75	-	
Other Expenses	2,000.00	1,225.00	1,225.00	-	
Office of the Director - Department of Public Works					
Salaries and Wages	142,000.00	174,872.26	174,626.05	247.21	
Division of Streets and Roads					
Salaries and Wages	681,000.00	776,711.19	776,711.19	-	
Other Expenses	170,000.00	184,956.00	184,956.00	-	
Division of Building and Grounds					
Salaries and Wages	75,300.00	45,444.08	45,444.08	-	
Other Expenses	164,000.00	174,474.73	174,474.73	-	
Vehicle Maintenance					
Salaries and Wages	66,200.00	70,907.71	70,907.71	-	
Other Expenses	60,500.00	47,536.42	47,536.42	-	
Division of Senior Citizens					
Salaries and Wages	228,100.00	235,735.98	235,735.98	-	
Other Expenses	35,500.00	38,110.38	37,589.60	\$20.78	
Division of Health					
Salaries and Wages	69,692.37	69,371.38	69,371.38	-	
Other Expenses	17,583.28	7,133.45	7,133.45	180.00	

(Continued Next Page)

See Accompanying Independent Accountant's Compliance Report.

TOWNSHIP OF WEEHAWKEN
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2017
STATEMENT OF EXPENDITURES - REGULATORY BASIS
"UNAUDITED"

A-3

	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Carried
<u>General Appropriations</u>					
OPERATIONS - WITHIN "CAPS" (CONT'D)					
GENERAL GOVERNMENT					
Division of Traffic Control	\$ 370,100.00	\$ 177,309.33	\$ 177,309.33	\$ -	\$ -
Salaries and Wages					
Division of Recreation	386,500.00	447,436.87	447,036.87	380.00	
Salaries and Wages	175,000.00	189,971.87	188,250.47	1,721.40	
Other Expenses					
Office of Vital Statistics					
Salaries and Wages	3,000.00	3,000.00	3,000.00	-	
Other Expenses	1,000.00	147.00	147.00	-	
West New York Health Services	15,000.00	15,000.00	15,000.00	-	
Department of Engineering and Planning					
Other Expenses	5,000.00	18,247.00	18,247.00	-	
Uniform Fire Safety Act					
Salaries and Wages	5,000.00			-	
Environmental Commission NJSA 40:56-1					
Other Expenses	450.00	450.00	450.00	-	
Planning Board					
Other Expenses	35,000.00	18,412.15	18,412.15	-	
Rent Levelling Board					
Salaries and Wages	15,050.00	15,049.84	15,049.84	-	
Other Expenses	1,000.00				
Labor Arbitration	200,000.00	148,563.75	148,563.75	-	
Legal Appeals and Legal Expenses	195,000.00	214,120.15	214,120.15	-	
North Hudson Council of Mayors	62,742.20	57,559.10	57,559.10	-	
North Hudson Communications Authority	220,906.58	230,681.44	230,681.44	-	
Grantsperson	79,500.00	82,590.73	82,590.73	-	
Service Contracts	23,000.00	28,635.38	28,635.38	-	
North Hudson Community Action Program	10,000.00	10,000.00	10,000.00	-	
Board of Adjustment					
Other Expenses	1,500.00	185.00	185.00	-	
Department of Parks and Playgrounds					
Salaries and Wages	1,064,510.00	1,091,732.90	1,091,732.90	-	
Other Expenses	150,000.00	170,232.41	170,232.41	-	

(Continued Next Page)

See Accompanying Independent Accountant's Compilation Report.

TOWNSHIP OF WEBHAWKEN
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2017
STATEMENT OF EXPENDITURES - REGULATORY BASIS
"UNAUDITED"

A-3

OPERATIONS - WITHIN "CAPS" (CONTD)						
GENERAL GOVERNMENT						
General Appropriations	Budget	Budget After Modification	Paid or Obligated	Reserved	Unexpended Balance Canceled	
Insurance Department	\$	\$	\$	\$	\$	
Salaries and Wages		84,931.76	84,931.76	-	-	
Other Insurance Premiums	720,350.00	771,159.14	757,781.14	13,378.00		
Unemployment Compensation	15,000.00	5,998.43	5,540.21	458.22		
Net Group Insurance for Employees	4,182,883.84	4,182,883.84	4,182,778.80	105.04		
Cultural Affairs						
Salaries and Wages	5,000.00	-	-	-	-	
Housing and Redevelopment						
Salaries and Wages	66,500.00	2,566.96	2,566.96	-	-	
Municipal Court						
Salaries and Wages	536,000.00	550,166.88	550,166.88	-	-	
Other Expenses	32,500.00	39,027.21	38,627.21	400.00		
Public Defender						
Salaries and Wages	35,150.00	35,770.54	35,770.54	-	-	
UNIFORM CONSTRUCTION CODE						
CODE ENFORCEMENT AND ADMINISTRATION						
Uniform Construction Code Enforcement Functions						
Construction Code Official						
Salaries and Wages	884,000.00	920,831.65	920,831.65	-	-	
Other Expenses	110,000.00	92,780.14	92,780.14	-	-	
Payroll Charges						
Other Expenses	25,000.00	19,738.85	19,738.85	-	-	
REAP Funds						
Other Expenses	5,000.00	-	-	-	-	
UNCLASSIFIED						
Utilities						
Gasoline	119,000.00	94,684.13	94,684.13	-	-	
Electricity	160,000.00	187,589.80	187,589.80	-	-	
Telephone	221,000.00	223,388.68	223,388.68	-	-	
Heating Oil	15,000.00	6,190.76	6,090.76	100.00		
Street Lighting	210,000.00	205,074.69	205,074.69	-	-	
Fire Hydrant Service	100,000.00	98,530.24	98,530.24	-	-	
Water	46,000.00	52,212.08	52,212.08	-	-	
Total Operations within "CAPS"	21,171,819.27	21,690,845.84	21,667,696.72	23,149.12	-	
Contingent				-	-	
Total operations Including Contingent Within "CAPS"	21,171,819.27	21,690,845.84	21,667,696.72	23,149.12	-	
Detail						
Salaries and Wages	13,031,103.37	13,538,514.25	13,537,207.79	1,306.46	-	
Other Expenses	8,140,715.90	8,152,331.59	8,130,488.93	21,842.66	-	

(Continued Next Page)

TOWNSHIP OF WEEHAWKEN
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2017
STATEMENT OF EXPENDITURES - REGULATORY BASIS
"UNAUDITED"

A-3

	Budget	Budget After Modifications	Paid or Charged	Reserved	Unexpended Balance Canceled
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
General Appropriations					
Deferred Charges	\$	\$	\$	\$	\$
Emergency Authorizations	87,924.53	87,924.53	87,924.53	-	-
Deferred Charges Prior Year-Union City School	987,500.00	987,500.00	987,500.00	-	-
Deferred Charges Prior Year-Port Authority	162,500.00	162,500.00	162,500.00	-	-
Statutory Expenditures					
Contribution to					
Public Employees' Retirement System	835,951.00	835,951.00	810,332.55	-	25,618.45
Social Security System (O.A.S.I.)	620,000.00	638,834.45	636,576.68	2,277.77	-
Consolidated Police and Fireman's Pension Fund	13,000.00	13,000.00	954.68	-	12,045.32
Police and Fireman's Retirement System of N.J.	1,303,819.00	1,303,819.00	1,303,819.00	-	-
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	4,010,694.53	4,029,548.98	3,989,607.44	2,277.77	37,663.77
Judgments	10,348.00	10,348.00	10,347.96	-	0.04
Total General Appropriations for Municipal Purposes within "CAPS"	25,192,861.80	25,730,742.82	25,667,652.12	25,624.80	37,663.81
OPERATIONS - EXCLUDED FROM "CAPS"					
Contribution to North Hudson Regional Fire & Rescue	7,910,092.20	7,940,211.18	7,940,211.18	-	-
Maintenance of Free Public Library (P.L. 1985 Ch. 82-541)	867,293.00	867,293.00	867,293.00	-	-
Hudson County PILOT payment	140,324.94	140,324.94	140,324.94	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:					
Safe and Secure Communities Program - P.L. 1994, Chapter 220					
Police - Salaries and Wages	60,000.00	60,000.00	60,000.00	-	-
DOT Various Streets 2016 - Hauckhurst & Sterling	218,632.00	218,632.00	218,632.00	-	-
Bullet Proof Vest Grant	3,184.20	3,184.20	3,184.20	-	-
Body Armor Replacement Grant	4,509.93	4,509.93	4,509.93	-	-

(Continued Next Page)

See Accompanying Independent Accountant's Compilation Report.

TOWNSHIP OF WEEHAWKEN
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2017

STATEMENT OF EXPENDITURES - REGULATORY BASIS
"UNAUDITED"

A-3

	Budget	Budget After Modifications	Paid or Charged	Reserved	Unexpended Balance Carried
<u>General Appropriations</u>					
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (CONTD):					
CDBG 2016 2-4 Porter Place Common Area Rehab	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ -	\$ -
CDBG 2016 4528 Park Ave Common Area Rehab	35,000.00	35,000.00	35,000.00	-	-
CDBG 2016 Senior Citizen Nutrition Center Roof	45,000.00		45,000.00	-	45,000.00
CDBG 2016 Commercial Facade Program	30,000.00	30,000.00	30,000.00	-	-
Reserve for					
Local Housing Inspections SNU	16,859.00	16,859.00	16,859.00	-	-
Clean Communities Program	27,035.27	27,035.27	27,035.27	-	-
Recycling Tonnage Grant	12,245.64	12,245.64	12,245.64	-	-
Bullet Proof Vest Grant	214.97	214.97	214.97	-	-
Total Operations - Excluded from "CAPS"	9,405,391.15	9,435,510.13	9,435,510.13	-	-
Detail					
Salaries and Wages	60,000.00	60,000.00	60,000.00	-	-
Other Expenses	9,345,391.15	9,375,510.13	9,375,510.13	-	-
Capital Improvements Excluded from "CAPS"					
Capital Improvement Fund	75,000.00	75,000.00	75,000.00	-	-
Total Capital Improvements Excluded from "CAPS"	75,000.00	75,000.00	75,000.00	-	-
Municipal Debt Service					
Payment of Bond Principal	955,000.00	955,000.00	955,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes	1,885,000.00	1,885,000.00	1,882,000.00	-	3,000.00
Interest on Bonds	1,674,863.74	1,674,863.74	1,674,863.24	-	0.50
Interest on Notes - BAN / TAN / SEN / EN	1,161,489.12	1,161,489.12	1,161,489.12	-	-
Loan Repayments for Principal and Interest - Green Trust	180,366.72	180,366.72	179,082.28	-	1,284.44
Loan Repayments for Principal and Interest - HCIA	447,500.00	447,500.00	384,153.61	-	63,346.39
HCIA Repayment	682,744.50	682,744.50	682,744.50	-	-
NHRRF Lease Payments	800,956.00	800,956.00	800,956.00	-	-
Qualified Bonds					
NJEIT Loan	501,682.53	501,682.53	501,682.53	-	-
Qualified Bonds	281,350.00	281,350.00	281,350.00	-	-
Parking Authority Debt	344,368.00	344,368.00	344,368.00	-	-
Total Municipal Debt Service - Excluded from "CAPS"	8,915,320.61	8,915,320.61	8,847,689.28	-	67,631.33

(Continued Next Page)

See Accompanying Independent Accountant's Compilation Report

TOWNSHIP OF WEEHAWKEN
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2017
STATEMENT OF EXPENDITURES - REGULATORY BASIS
"UNAUDITED"

A-3

	APPROPRIATIONS			EXPENDED			Unexpended Balance Carried
	Budget	Budget After Modification		Paid or Charged	Reserved		
OPERATIONS - EXCLUDED FROM "CAPS"							
Deferred Charges							
Emergency Authorization	\$ 908,820.73	\$ 908,820.73	\$	908,820.73	\$	-	\$ -
Special Emergency Authorization - 5 Years	40,000.00	40,000.00		40,000.00		-	
Total Deferred Charges - Municipal- Excluded From "CAPS"	948,820.73	948,820.73		948,820.73		-	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS"	19,344,532.49	19,374,651.47		19,307,020.14		-	67,631.33
SUBTOTAL GENERAL APPROPRIATIONS	44,537,394.29	45,105,394.29		44,974,672.26		25,426.89	105,295.14
Reserve for Uncollected Taxes	404,615.00	404,615.00		404,615.00		-	-
TOTAL GENERAL APPROPRIATIONS	\$ 44,942,009.29	\$ 45,510,009.29	\$	45,379,287.26	\$	25,426.89	\$ 105,295.14
General Appropriations		\$ 44,942,009.29	\$				
Emergency Authorization		568,000.00					
		\$ 45,510,009.29	\$				
Cash Disbursed				\$44,098,583.38			
Deferred Charges							
Emergency Authorizations				996,745.26			
Special Emergency Authorization - 5 Years				40,000.00			
Deferred Charges Prior Year-Uncollected Receivable				1,150,000.00			
Reserve for Uncollected Taxes				404,615.00			
Encumbrances Payable				232,381.38			
Appropriated Grant Reserves				371,541.10			
Qualified Bonds Paid from State Aid				783,032.53			
Budget Offsets				(2,697,611.39)			
				\$45,379,287.26			

See Accompanying Independent Accountant's Compilation Report.

TOWNSHIP OF WEEHAWKEN
TRUST FUND

BALANCE SHEET- REGULATORY BASIS
"UNAUDITED"

B

At June 30
2017

ASSETS

Animal Control Trust Fund:

Cash	\$ 3,280.80
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Other Trust Funds:

Cash - Other Fund	1,481,254.25
Cash - Affordable Housing Assistance Program	520.32
Cash - Affordability Assistance Trust Account	17,859.42
Cash- Recreation	550.77
Municipal Alliance Receivable	2,288.47
Municipal Liens Receivable	20,385.02
	<u>1,522,858.25</u>

TOTAL ASSETS

<u>\$ 1,526,139.05</u>

LIABILITIES, RESERVE AND FUND BALANCE

Animal Control Trust Fund:

Due to Current Fund	\$ 1,483.80
Due to State of New Jersey	63.00
Reserve for Dog Fund Expenditures	1,734.00
	<u>3,280.80</u>

Other Trust Funds:

Escrow Deposits	452,346.68
Special Reserves	550.77
Reserve for Affordable Housing Assistance Program	520.32
Reserve for Affordability Assistance Trust	17,859.42
Reserve for Performance Bonds	146,281.06
Tax Title Lien Premium	905,300.00
	<u>1,522,858.25</u>

TOTAL LIABILITIES, RESERVE AND FUND BALANCE

<u>\$ 1,526,139.05</u>

See Accompanying Independent Accountant's Compilation Report

TOWNSHIP OF WEEHAWKEN
CAPITAL FUND

C

**BALANCE SHEET - REGULATORY BASIS
"UNAUDITED"**

	<u>At June 30</u> <u>2017</u>
ASSETS	
Cash - General Capital	\$ 3,310,738.27
Due from Department of Transportation	303,994.51
Deferred Charges to Future Taxation:	
Funded	36,667,075.95
Unfunded	42,972,210.62
Due From Community Development Block Grant	3,537.00
Receivable from Hartz Mountain	<u>80,920.32</u>
TOTAL ASSETS	<u><u>\$ 83,338,476.67</u></u>

LIABILITIES, RESERVE AND FUND BALANCE

General Serial Bonds	25,954,000.00
Hudson County Improvement Authority Loans	2,350,000.00
New Jersey Environmental Infrastructure Trust Loan	6,733,742.15
State Loans Payable	1,629,333.80
Bond Anticipation Notes Payable	44,693,000.00
Contracts Payable	599,639.48
Improvement Authorizations	
Funded	11,884.07
Unfunded	1,276,660.14
Capital Improvement Fund	19,000.00
Department of Transportation Grant Reserve	25,848.87
Community Development Block Grant Reserve	3,537.00
Hudson County Open Space Trust Grant Reserve	41,210.88
Fund Balance	<u>620.28</u>
TOTAL LIABILITIES, RESERVE AND FUND BALANCE	<u><u>\$ 83,338,476.67</u></u>

There were bonds and notes authorized but not issued on June 30, 2017 in the amount of \$316,164.

STATEMENT OF FUND BALANCE

C-1

Balance June 30, 2016	<u>\$ 620.28</u>
Balance June 30, 2017	<u><u>\$ 620.28</u></u>

See Accompanying Independent Accountant's Compilation Report

TOWNSHIP OF WEEHAWKEN
GENERAL FIXED ASSETS ACCOUNT GROUP

**BALANCE SHEET - REGULATORY BASIS
"UNAUDITED"**

D

	<u>At June 30,</u> <u>2017</u>
GENERAL FIXED ASSETS	
Land and Buildings	33,868,180.00
Automotive Equipment	2,493,077.00
Furniture and Fixtures	39,400.00
Machinery and Equipment	<u>999,718.00</u>
TOTAL GENERAL FIXED ASSETS	<u><u>\$ 37,400,375.00</u></u>
 LIABILITIES AND RESERVES	
Investment in General Fixed Assets	<u>37,400,375.00</u>
TOTAL LIABILITIES AND RESERVES	<u><u>\$ 37,400,375.00</u></u>

See Accompanying Independent Accountant's Compilation Report

GENERAL INFORMATION CONCERNING
THE TOWN OF WEST NEW YORK
COUNTY OF HUDSON, NEW JERSEY

General Information

West New York, New Jersey (the “Town”), was incorporated as a municipality in 1898 by act of the New Jersey Legislature. The Town comprises approximately one square mile in Hudson County. The Town is located on the west bank of the Hudson River directly across from New York City. It is approximately a twelve minute bus trip to Mid-Manhattan. It is readily accessible to the Lincoln and Holland Tunnels and the George Washington Bridge. Because of its accessibility to New York City, it contains several luxury high rise apartments. It is the shopping hub of central and northern Hudson County.

Municipal Government

Governmental operation is by a Board of Commissioners consisting of five members elected to a four year concurrent term by the voters of the Town. All the executive, administrative, judicial, and legislative powers of the Town are vested in the Board of Commissioners, of which powers are distributed into five departments as follows: Department of Public Affairs, Department of Revenue and Finance, Department of Public Safety, Department of Public Works, and Department of Parks and Public Property.

The Board of Commissioners by majority vote designates one commissioner to be director of each respective department and determines the powers and duties to be performed by each department and prescribes the powers and duties of all Town officers and employees. The Mayor of the Town is chosen by the Board of Commissioners from among their number to preside at all meetings of the Board. The Mayor has no power to veto any measure of the Board. The Town presently employs approximately 420 persons.

The Township officials include the following individuals:

Felix E. Roque, M.D.	Mayor
Cosmo A. Cirillo	Commissioner
Susan Colacurcio	Commissioner
Margarita Guzman	Commissioner
Gabriel Rodriguez	Commissioner
Jamie Cryan	Town Administrator
Carmela Riccio	Town Clerk
Judith Tutela	Chief Financial Officer

The School System

The West New York Board of Education (the “District”) consists of nine members elected by the voters of the District. The District voted to change to a Type II district in 2012. Accordingly, prior to 2012, obligations of the Town were issued to finance improvements to the Town’s school system and repayment of such obligations is secured by a levy of ad valorem

taxes upon all real property taxable within the Town without limitation as to rate or amount. All authorizations of debt in a Type II school district require an approving referendum of the voters in the school district. At December 31, 2016 the Town had outstanding debt on behalf of the District from the period in which the District was a Type I. The Town currently has \$2,170,000 of long term indebtedness associated with school system capital improvements.

Land Use

The Town's total area of 1.10 square miles is divided into five sections. The total land area consists of 1,251 nontaxable public properties and 6,875 taxable properties. Of the taxable properties 4,454 are residential, 418 consist of apartments, 729 are commercial, 102 are industrial, and 1,172 are vacant land (the bulk of the vacant land properties are condominiums where the improvements are exempt from taxation). Roseland Property Corporation and K. Hovnanian Companies have developed, and are continuing additional development of a large number of residential units in the Hudson River waterfront area of the Town.

Commerce

The principal commercial and shopping areas stretch along Bergenline Avenue, the primary thoroughfare running generally in a north-south direction. In addition to other benefits to encourage employment and shopping within the district, shoppers can take advantage of a reduced 3 ½ % sales tax. The district contains over 300 retail stores and restaurants and is the longest commercial avenue in the state running completely through West New York and into surrounding cities. The route is also used for many local parades such as the annual Memorial Day parade and various ethnic parades.

Public Transportation

The Town is connected to New York and New Jersey via a variety of train and bus routes. The NJ Transit has bus services available to Manhattan, the George Washington Bridge Bus Terminal and many communities in New Jersey. Easy access to main train terminals including those located at Newark and Hoboken is also available.

NY Waterway operates shuttle bus services from several waterfront communities to and from the Port Imperial Terminal servicing ferry routes to Midtown/W. 39th St., Pier 11/Wall St. and the World Financial Center. Ferry service usually runs every ten minutes during rush hour and every twenty minutes off peak, with each trip lasting approximately eight minutes.

The Hudson-Bergen Light Rail connects the surrounding cities with quick, affordable, and safe travel within walking distance of many neighborhoods and businesses.

DEMOGRAPHIC INFORMATION

Resident Population¹

	1970	1980	1990	2000	2010
West New York	40,627	39,194	38,125	45,768	49,708
County of Hudson	609,266	556,972	553,099	608,975	634,266
State of New Jersey	7,168,164	7,364,823	7,747,750	8,414,350	8,791,894

¹ U.S. Census Bureau, 2010 Census, and 2014 American Community Survey

Employment Information²

	Labor Force	Employment	Unemployment	Unemployment Rate
West New York	28,501	27,150	1,351	4.7%
County of Hudson	361,800	344,900	16,900	4.7%
State of New Jersey	4,524,300	4,299,900	224,300	5.0%

Median Household Income¹

	Total	Median Household
	Households	Income
West New York	19,034	\$45,412
County of Hudson	246,135	58,973
State of New Jersey	3,188,498	72,062

New Privately Owned Residential Housing Units Authorized to be Built³

Year	Total Units	Single- Family Units	Single- Family Value	Two- Family Units	Two- Family Value	3-or-4- Family Units	3-or-4- Family Value	5-or- More Family Units	5-or-More Family Value
2016	257	-	\$ -	2	\$ 212,500	6	\$ 507,168	249	\$ 25,186,770
2015	385	-	\$ -	0	\$ -	6	\$ 507,167	379	\$ 32,571,385
2014	58	-	\$ -	2	\$ 212,500	-	\$ -	56	\$ 3,460,225
2013	104	-	-	-	-	9	771,500	95	5,681,000
2012	135	-	-	8	220,050	6	326,771	121	8,279,153

² NJ Dept. of Labor and Workforce Development, 2016

³ U.S. Census Bureau, Manufacturing and Construction Division, 2015

Largest Taxpayers⁴

Taxpayer	2016 Assessed Valuation
The Landings Holding Co, LLC	\$ 36,940,000
Riverwalk A. Association	35,124,000
Riviera	33,167,600
Riverbend Bldg Co, LLC	23,443,300
Versailles Apt Corp	22,100,000
North Hudson Sewerage Authority	21,800,000
Parkview Towers	18,822,600
Excel Properties Urban Renewal	16,783,000
Overlook Terrace Urban Renewal	16,786,000
Riverbend Bldg Co, LLC	12,765,000
	<u>\$ 237,728,500</u>

Largest Private Employers⁵

Address	Employer Name	Business Type	Number of Employees
5301 Broadway	North Hudson Community Action Corp	Social Services	525
635 59 th Street	Jaclyn Inc.	Apparel	100

⁴ Town of West New York, Office of the Tax Collector, 2016

⁵ Hudson County Economic Development Corporation, January 2016

TOWN INDEBTEDNESS AND DEBT LIMITS

Schedule of Annual Debt Service For General Bonded Debt Issued and Outstanding For the Year Ended December 31, 2016⁶

<u>Year</u>	<u>General</u>		<u>School</u>		<u>Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 3,385,000	\$ 766,239	\$ 210,000	\$ 68,023	\$ 133,409	\$ 15,857	\$ 4,578,528
2018	2,720,000	649,578	220,000	60,000	127,007	13,266	3,789,851
2019	2,790,000	551,290	220,000	52,300	129,558	10,713	3,753,861
2020	1,630,000	473,253	230,000	43,300	100,243	8,268	2,485,064
2021	1,680,000	421,178	240,000	35,100	46,013	6,533	2,428,824
2021-2025	8,645,000	1,276,150	1,050,000	64,650	223,325	18,413	11,277,538
2026-2030	3,137,000	141,375			48,111	4,748	3,331,234
2031-2033	-	-	-	-	20,625	518	21,143
Total	<u>\$ 23,987,000</u>	<u>\$ 4,279,063</u>	<u>\$ 2,170,000</u>	<u>\$ 323,373</u>	<u>\$ 828,291</u>	<u>\$ 78,316</u>	<u>\$ 31,666,043</u>

Municipal Qualified Bond Coverage⁷

	<u>December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Qualified Revenues:					
Energy Receipt Tax:	\$ 4,616,914	\$ 4,616,914	\$ 4,035,652	\$ 4,452,454	\$ 4,296,985
Consolidated Municipal Property Tax Relief Act:	<u>2,193,465</u>	<u>2,193,465</u>	<u>2,774,727</u>	<u>2,357,925</u>	<u>2,513,394</u>
Total Qualified Revenues:	<u>\$ 6,810,379</u>	<u>\$ 6,810,379</u>	<u>\$ 6,810,379</u>	<u>\$ 6,810,379</u>	<u>\$ 6,810,379</u>
Debt Service:					
General Improvement Bonds:	<u>\$ 1,935,680</u>	<u>\$ 1,909,495</u>	<u>\$ 2,549,780</u>	<u>\$ 1,943,930</u>	<u>\$ 1,828,900</u>
Total Debt Service:	<u>\$ 1,935,680</u>	<u>\$ 1,909,495</u>	<u>\$ 2,549,780</u>	<u>\$ 1,943,930</u>	<u>\$ 1,828,900</u>
Coverage Ratio:	3.52	3.57	2.67	3.50	3.72

⁶ Town of West New York, Annual Financial Statements

⁷ Town of West New York, Annual Financial Statements

Municipal Debt Statement
For the Year Ending December 31, 2016⁸

Gross Debt

Municipal Debt

Issued and Outstanding	
General Capital Bonds	\$ 23,987,000
Notes	7,508,000
Loans Payable - Green Trust	<u>828,291</u>
Total Issued and Outstanding	32,323,291
Authorized But Not Issued	<u>2,828,131</u>
Total Municipal Debt	<u>35,151,422</u>

Type I Local School District Debt (Obligation of Municipality)

Issued and Outstanding	
Bonds	2,170,000
Authorized But Not Issued	<u>333,000</u>
Total Type I Local School District Debt	<u>2,503,000</u>

Miscellaneous Debt Required to be Included in Gross Debt

Debt Guarantees	<u>14,076,808</u>
Total Gross Debt	<u>51,731,230</u>

Less:

Applicable Deductions	15,786,938
Type I School District Debt	<u>2,503,000</u>
Total Deductions	<u>18,289,938</u>

<u>Total Statutory Net Debt</u>	<u>\$ 33,441,292</u>
---------------------------------	----------------------

Statutory Net Debt

Average Equalized Valuation of Real Property for 2014-2016	\$ 2,523,033,787
Net Debt Percentage (Statutory Limit - 3.5%)	1.32%

⁸ Town of West New York, Annual Debt Statement

⁹ Includes Hudson County Improvement Authority and West New York Parking Authority Guarantees

Direct and Overlapping Debt
For the Year Ending December 31, 2016¹⁰

	<u>Gross Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hudson County General Obligation Debt	\$984,702,577	4.30%	\$42,342,211
North Hudson Regional Fire and Rescue	26,790,000	25.52%	\$6,836,808
North Hudson Sewerage Authority	414,676,249	28.50%	\$118,182,731
West New York Parking Authority	7,240,000	100.00%	\$7,240,000
West New York School District	<u>-</u>	100.00%	<u>-</u>
Subtotal Overlapping Debt	<u>1,433,408,826</u>		<u>174,601,750</u>
Town of West New York Direct Debt			
Municipal Issued and Outstanding	35,151,422	100.00%	35,151,422
School Issued and Outstanding	<u>2,503,000</u>	100.00%	<u>2,503,000</u>
	<u>37,654,422</u>		<u>37,654,422</u>
			<u>\$ 212,256,172</u>

TAX LEVY AND TAX COLLECTION

General Tax Rate¹¹
(Per \$100 of Assessed Valuation)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate:					
County	\$ 1.351	\$ 1.449	\$ 1.296	\$ 1.347	\$ 1.327
County Open Space	0.028	0.014	0.013	0.006	0.027
School	1.742	1.670	1.628	1.583	1.576
Municipal	<u>4.179</u>	<u>4.029</u>	<u>3.729</u>	<u>3.702</u>	<u>3.530</u>
Total General Tax Rate	<u>\$ 7.300</u>	<u>\$ 7.162</u>	<u>\$ 6.666</u>	<u>\$ 6.638</u>	<u>\$ 6.460</u>

¹⁰ Town of West New York, Annual Financial Statements

¹¹ State of New Jersey: Dept. of Community Affairs

Trend of Net Assessed Valuations by Classifications of Real Estate¹²

Classification	2016	2015	2014	2013	2012
Residential	\$447,003,785	\$ 446,946,485	\$ 446,312,150	\$ 447,106,249	\$ 449,139,450
Commercial	196,058,431	200,195,200	202,793,200	205,264,900	213,285,061
Industrial	24,137,000	25,275,800	25,856,600	27,075,000	27,616,900
Apartments	199,743,400	196,793,200	193,166,300	192,706,696	186,567,035
Vacant/Undeveloped	<u>34,678,800</u>	<u>34,344,200</u>	<u>35,154,300</u>	<u>41,515,300</u>	<u>42,259,800</u>
Total	<u>901,621,416</u>	<u>903,554,885</u>	<u>903,282,550</u>	<u>913,668,145</u>	<u>918,868,246</u>
Personal Property	1,003,318	1,018,305	951,243	763,604	579,692
Other	_____ -	_____ -	_____ -	_____ -	_____ -
Total Assessed Valuation	<u>\$902,624,734</u>	<u>\$ 904,573,190</u>	<u>\$ 904,233,793</u>	<u>\$ 914,431,749</u>	<u>\$ 919,447,938</u>

Table of Equalized Valuations¹²

Year	Assessed Value of Real Property	Assessed Value of Real and Personal Property	Total Tax Rate Per \$100,00 or Assessed Valuation	Equalized Valuation	Percentage of Assessed Valuation of Real Property to Equalized Valuation
2016	\$ 901,621,416	\$ 902,624,734	N/A	\$ 2,499,329,095	36.62%
2015	903,554,885	904,573,190	7.162	2,468,399,203	37.12%
2014	903,282,550	904,233,793	6.692	2,434,363,285	40.23%
2013	913,668,145	914,431,749	6.650	2,164,315,925	40.31%
2012	918,868,246	919,447,938	6.460	2,280,084,147	38.18%

¹² State of New Jersey: Dept. of Community Affairs

Tax Levy and Tax Collection¹³

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage</u>
December 31, 2016	\$ 66,153,311	\$ 65,384,486	98.83%
December 31, 2015	65,103,071	64,338,616	99.82%
December 31, 2014	60,810,505	60,337,765	99.22%
December 31, 2013	60,938,113	60,602,950	99.44%
December 31, 2012	59,712,549	58,809,661	98.49%

Delinquent Taxes and Tax Title Liens¹⁴

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
December 31, 2016	\$ 358,743	\$ 14,322	\$ 373,065	0.56%
December 31, 2015	334,069	44,367	378,436	0.58%
December 31, 2014	335,456	45,927	381,383	0.63%
December 31, 2013	297,075	26,473	323,548	0.53%
December 31, 2012	368,641	29,016	397,657	0.67%

¹³ Town of West New York, Audited Financial Statements

**CURRENT FUND - BALANCE SHEET
AS OF DECEMBER 31, 2016 AND 2015¹⁴**

ASSETS	<u>2016</u>	<u>2015</u>
Regular Fund		
Cash	\$ 19,335,723	\$ 15,838,412
Cash - Change Funds	500	500
Prepaid Debt Service	<u>665,303</u>	<u>1,780,378</u>
	<u>20,001,526</u>	<u>17,619,290</u>
Receivables and Other Assets With Full Reserves		
Delinquent Property Taxes Receivable	14,322	44,367
Tax Title Liens	358,743	334,069
Revenue Accounts Receivable	179,649	188,830
Due from Federal and State Grant Fund	127,457	
Due from General Capital Fund	40,787	
Due from Other Trust Fund	<u>-</u>	<u>44,971</u>
	<u>720,958</u>	<u>612,237</u>
Deferred Charges		
Special Emergency Authorizations	<u>-</u>	<u>92,000</u>
	<u>-</u>	<u>92,000</u>
Total Regular Fund	<u>20,722,484</u>	<u>18,323,527</u>
Federal and State Grant Fund		
Cash - Treasurer	1,385,925	2,220,257
Federal and State Grant Receivables	428,442	493,272
Due from Current Fund	<u>-</u>	<u>55,239</u>
Total Federal and State Grant Fund	<u>1,814,367</u>	<u>2,768,768</u>
Total Assets	<u>\$ 22,536,851</u>	<u>\$ 21,092,295</u>

¹⁴ Town of West New York, Audited Financial Statements

**CURRENT FUND - BALANCE SHEET
AS OF DECEMBER 31, 2016 AND 2015¹⁵
(Continued)**

	<u>2016</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Regular Fund		
Appropriation Reserves	\$ 5,244,314	\$ 4,698,226
Due to North Hudson Sewerage Authority	1,075,124	1,067,550
Encumbrances Payable	2,599,759	1,573,119
Accounts Payable	8,751	695,130
Prepaid Taxes and PILOTS	445,447	519,501
Tax and PILOT Overpayments	551,152	598,166
County Taxes Payable	49,583	65,646
Due to West New York Parking Authority	39,949	
Due to Federal and State Grant Fund		55,239
Due to Animal Control Fund	1,802	1,802
Due to Other Trust Fund	46,201	
Due to Community Development Block Grant Fund		117,629
Due to General Capital Fund		57,828
Reserve for Payment of Special Emergency Note		92,000
Reserve for Tax Appeals	124,797	242,395
Reserve for Master Tax Plan	142,967	142,967
Reserve for Retro Pay	1,220,830	
Due to State of New Jersey for Senior Citizens' and Veterans' Deductions	53,740	53,755
Special Emergency Notes Payable	<u>-</u>	<u>92,000</u>
	11,604,416	10,072,953
Reserve for Receivables and Other Assets	720,958	612,237
Fund Balance	<u>8,397,110</u>	<u>7,638,337</u>
Total Regular Fund	<u>20,722,484</u>	<u>18,323,527</u>
Federal and State Grant Fund		
Reserve for Federal and State Grants - Appropriated	1,682,319	1,991,300
Reserve for Federal and State Grants - Unappropriated	924	1,349
Encumbrances Payable	3,328	
Due to Grantor	339	297
Due to Current Fund	127,457	
Due to Community Development Block Grant Fund		94,883
Due to Other Trust Fund		12,734
Due to General Capital Fund	<u>-</u>	<u>668,205</u>
Total Federal and State Grant Fund	<u>1,814,367</u>	<u>2,768,768</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 22,536,851</u>	<u>\$ 21,092,295</u>

¹⁵ Town of West New York, Audited Financial Statements

**CURRENT FUND -
STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
AS OF DECEMBER 31, 2016 AND 2015¹⁶**

	<u>2016</u>	<u>2015</u>
REVENUES AND OTHER INCOME		
Fund Balance Utilized	\$ 4,900,000	\$ 5,573,266
Miscellaneous Revenue Anticipated	38,347,012	34,882,798
Receipts from Delinquent Taxes	94,791	79,710
Receipts from Current Taxes	65,384,476	64,338,616
Non-Budget Revenue	643,943	413,734
Other Credits to Income		
Unexpended Balances of Appropriation Reserves	3,137,212	2,835,088
Appropriation Reserves Cancelled by Resolution		1,000,000
Appropriated Grant Reserves Cancelled	155,435	
Accounts Payable Cancelled	114,879	
Interfunds Liquidated		172,162
Statutory Excess - Animal Control Fund		3,839
Cancellation of Appropriated Grant Reserves		5,893
Cancellation of Other Trust Reserves	<u>23,298</u>	<u>-</u>
 Total Revenues and Other Income	 <u>112,801,046</u>	 <u>109,305,106</u>
EXPENDITURES		
Budget Appropriations		
Operations Within "CAPS"		
Salaries and Wages	25,021,525	23,303,583
Other Expenses	26,407,120	25,434,872
Operations Excluded from "CAPS"		
Salaries and Wages	43,444	93,653
Other Expenses	15,008,023	15,323,265
Capital Improvements	153,000	116,000
Municipal Debt Service	6,903,286	6,251,156
Local School District Purposes	265,750	238,375
Statutory Expenditures and Deferred Charges	<u>5,265,546</u>	<u>4,952,924</u>
 Total Budget Expenditures	 <u>79,067,694</u>	 <u>75,713,828</u>

¹⁶ Town of West New York, Audited Financial Statements

**CURRENT FUND -
STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
AS OF DECEMBER 31, 2016 AND 2015¹⁷
(Continued)**

	2016	2015
EXPENDITURES (Continued)		
County Taxes	\$ 12,240,294	\$ 13,172,621
Open Space Preservation	249,933	123,462
Local District School Tax	15,461,079	14,860,598
Prior Year Senior Citizen/Veterans Deductions Disallowed		2,000
Interfunds Advanced	<u>123,273</u>	<u>-</u>
Total Expenditures	<u>107,142,273</u>	<u>103,872,509</u>
Excess in Revenue	5,658,773	5,432,597
Fund Balance, January 1	<u>7,638,337</u>	<u>7,779,006</u>
	13,297,110	13,211,603
Utilization as Anticipated Revenue	<u>4,900,000</u>	<u>5,573,266</u>
Fund Balance, December 31	<u><u>\$ 8,397,110</u></u>	<u><u>\$ 7,638,337</u></u>

¹⁷ Town of West New York, Audited Financial Statements



LERCH, VINCI & HIGGINS, LLP

**CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS**

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Town Council
Town of West New York
West New York, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Town of West New York, as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Town of West New York on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Town of West New York as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Town of West New York as of December 31, 2016 and 2015, and the results of operations and changes in fund balance – regulatory basis of such funds, the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the years then ended in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

By/s/

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
July 19, 2017

TOWN OF WEST NEW YORK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
Regular Fund		
Cash	\$ 19,335,723	\$ 15,838,412
Cash - Change Funds	500	500
Prepaid Debt Service	<u>665,303</u>	<u>1,780,378</u>
	<u>20,001,526</u>	<u>17,619,290</u>
Receivables and Other Assets With Full Reserves		
Delinquent Property Taxes Receivable	14,322	44,367
Tax Title Liens	358,743	334,069
Revenue Accounts Receivable	179,649	188,830
Due from Federal and State Grant Fund	127,457	
Due from General Capital Fund	40,787	
Due from Other Trust Fund	<u>-</u>	<u>44,971</u>
	<u>720,958</u>	<u>612,237</u>
Deferred Charges		
Special Emergency Authorizations	<u>-</u>	<u>92,000</u>
	<u>-</u>	<u>92,000</u>
Total Regular Fund	<u>20,722,484</u>	<u>18,323,527</u>
Federal and State Grant Fund		
Cash - Treasurer	1,385,925	2,220,257
Federal and State Grant Receivables	428,442	493,272
Due from Current Fund	<u>-</u>	<u>55,239</u>
Total Federal and State Grant Fund	<u>1,814,367</u>	<u>2,768,768</u>
Total Assets	<u>\$ 22,536,851</u>	<u>\$ 21,092,295</u>

TOWN OF WEST NEW YORK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Regular Fund		
Appropriation Reserves	\$ 5,244,314	\$ 4,698,226
Due to North Hudson Sewerage Authority	1,075,124	1,067,550
Encumbrances Payable	2,599,759	1,573,119
Accounts Payable	8,751	695,130
Prepaid Taxes and PILOTS	445,447	519,501
Tax and PILOT Overpayments	551,152	598,166
County Taxes Payable	49,583	65,646
Due to West New York Parking Authority	39,949	
Due to Federal and State Grant Fund		55,239
Due to Animal Control Fund	1,802	1,802
Due to Other Trust Fund	46,201	
Due to Community Development Block Grant Fund		117,629
Due to General Capital Fund		57,828
Reserve for Payment of Special Emergency Note		92,000
Reserve for Tax Appeals	124,797	242,395
Reserve for Master Tax Plan	142,967	142,967
Reserve for Retro Pay	1,220,830	
Due to State of New Jersey for Senior Citizens' and Veterans' Deductions	53,740	53,755
Special Emergency Notes Payable	<u>-</u>	<u>92,000</u>
	11,604,416	10,072,953
Reserve for Receivables and Other Assets	720,958	612,237
Fund Balance	<u>8,397,110</u>	<u>7,638,337</u>
Total Regular Fund	<u>20,722,484</u>	<u>18,323,527</u>
Federal and State Grant Fund		
Reserve for Federal and State Grants - Appropriated	1,682,319	1,991,300
Reserve for Federal and State Grants - Unappropriated	924	1,349
Encumbrances Payable	3,328	
Due to Grantor	339	297
Due to Current Fund	127,457	
Due to Community Development Block Grant Fund		94,883
Due to Other Trust Fund		12,734
Due to General Capital Fund	<u>-</u>	<u>668,205</u>
Total Federal and State Grant Fund	<u>1,814,367</u>	<u>2,768,768</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 22,536,851</u>	<u>\$ 21,092,295</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN OF WEST NEW YORK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUES AND OTHER INCOME		
Fund Balance Utilized	\$ 4,900,000	\$ 5,573,266
Miscellaneous Revenue Anticipated	38,347,012	34,882,798
Receipts from Delinquent Taxes	94,791	79,710
Receipts from Current Taxes	65,384,476	64,338,616
Non-Budget Revenue	643,943	413,734
Other Credits to Income		
Unexpended Balances of Appropriation Reserves	3,137,212	2,835,088
Appropriation Reserves Cancelled by Resolution		1,000,000
Appropriated Grant Reserves Cancelled	155,435	
Accounts Payable Cancelled	114,879	
Interfunds Liquidated		172,162
Statutory Excess - Animal Control Fund		3,839
Cancellation of Appropriated Grant Reserves		5,893
Cancellation of Other Trust Reserves	<u>23,298</u>	<u>-</u>
 Total Revenues and Other Income	 <u>112,801,046</u>	 <u>109,305,106</u>
 EXPENDITURES		
Budget Appropriations		
Operations Within "CAPS"		
Salaries and Wages	25,021,525	23,303,583
Other Expenses	26,407,120	25,434,872
Operations Excluded from "CAPS"		
Salaries and Wages	43,444	93,653
Other Expenses	15,008,023	15,323,265
Capital Improvements	153,000	116,000
Municipal Debt Service	6,903,286	6,251,156
Local School District Purposes	265,750	238,375
Statutory Expenditures and Deferred Charges	<u>5,265,546</u>	<u>4,952,924</u>
 Total Budget Expenditures	 <u>79,067,694</u>	 <u>75,713,828</u>

TOWN OF WEST NEW YORK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
EXPENDITURES (Continued)		
County Taxes	\$ 12,240,294	\$ 13,172,621
Open Space Preservation	249,933	123,462
Local District School Tax	15,461,079	14,860,598
Prior Year Senior Citizen/Veterans Deductions Disallowed		2,000
Interfunds Advanced	<u>123,273</u>	<u>-</u>
 Total Expenditures	 <u>107,142,273</u>	 <u>103,872,509</u>
 Excess in Revenue	 5,658,773	 5,432,597
 Fund Balance, January 1	 <u>7,638,337</u>	 <u>7,779,006</u>
	13,297,110	13,211,603
Utilization as Anticipated Revenue	<u>4,900,000</u>	<u>5,573,266</u>
Fund Balance, December 31	<u>\$ 8,397,110</u>	<u>\$ 7,638,337</u>

TOWN OF WEST NEW YORK
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>		<u>2015</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
SURPLUS ANTICIPATED				
Surplus Anticipated	\$ 4,900,000	\$ 4,900,000	\$ 5,573,266	\$ 5,573,266
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	107,000	107,280	104,400	107,040
Other	134,440	151,548	151,143	134,446
Fees and Permits	55,980	72,820	65,664	55,980
Fines and Costs				
Municipal Court	2,218,665	2,218,499	2,331,318	2,218,669
Interest and Costs on Taxes	366,545	326,558	322,891	366,546
Interest on Investments and Deposits	6,315	6,638	5,415	6,316
Payment in Lieu of Taxes				
Overlook Terrace, Parkview, Housing Authority and Waterfront	21,064,393	20,675,465	20,320,565	20,845,107
Cable T.V. Franchise Tax	450,318	450,318	449,451	449,451
Pool Membership Fees	145,980	148,358	130,094	145,981
EMT Service Fees	566,150	649,594	750,455	566,150
Consolidated Municipal Property Tax Relief Aid	2,193,465	2,193,465	2,193,465	2,193,465
Energy Receipts Tax	4,616,914	4,616,914	4,616,914	4,616,914
Uniform Construction Code Fees (N.J.S.A.40A:4-36)				
Uniform Construction Code Fees	976,356	1,352,870	832,712	976,356
Interlocal Agreements				
Reimbursement for Health Services				
Guttenberg	24,000	20,000	14,210	20,921
Weehawken			15,000	15,000
Secaucus			20,000	20,000
Bayone			35,000	
Union City			35,000	35,000
Harrison			35,000	35,000
West New York Board of Education				
Reimbursement for Recreation Services	887,100	887,100	887,100	887,143
Reimbursement for Police Security	515,568	563,968	515,568	493,984
Reimbursement for Fuel	100,000	100,000	100,000	100,000

TOWN OF WEST NEW YORK
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>		<u>2015</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
Municipal Alliance on Alcoholism and Drug Abuse	\$ 42,943	\$ 42,943	\$ 42,493	\$ 42,493
Summer Food Program	104,509	104,509	95,303	95,303
Justice Assistance Grant	18,125	18,125		
Recycling Tonnage Grant			16,470	16,470
Drive Sober or Get Pulled Over -Labor Day Crackdown	5,000	5,000	5,000	5,000
Drive Sober or Get Pulled Over -Holiday Crackdown	5,000	5,000		
Drive Sober or Get Pulled Over -Year End Crackdown			5,000	5,000
Drive Sober or Get Pulled Over			7,400	7,400
Pedestrian Safety, Education & Enforcement Grant	16,000	16,000	16,000	16,000
Click It or Ticket			4,000	4,000
Body Armor Fund			9,340	9,340
Clean Communities Program	80,356	80,356	70,325	70,325
Reserve for Underage Drinking			296	296
Reserve for Body Armor Grant			3,717	3,717
BVP Grant	7,997	7,997		
Assistance to Firefighters Grant Program	9,760	9,760		
Reserve for Recycling Tonnage	1,349	1,349	63,030	63,030
Reserve for Payment of Special Emergency Note	92,000	92,000		
Reserve for Tax Appeals	200,000	200,000		
Sale of Hudson Hall	1,400,000	2,185,091		
Additional Construction Code Fees	403,644	403,644		
Additional EMT Service Fees	100,000	100,000		
Fund Balance - General Capital Fund	169,000	169,000		
Towing Admin Fees	22,720	26,860	34,230	22,720
Reserve for Payment of Debt	212,748	212,748	109,127	109,127
UEZ Reserve - Other Trust Fund	125,235	125,235	123,108	123,108
	<u>37,445,575</u>	<u>38,347,012</u>	<u>34,536,204</u>	<u>34,882,798</u>
Total Miscellaneous Revenues				
RECEIPTS FROM DELINQUENT TAXES	<u>83,445</u>	<u>94,791</u>	<u>66,666</u>	<u>79,710</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET:				
Local Tax for Municipal Purposes	36,899,305	37,467,121	35,632,248	36,251,231
Addition to Local District School Tax	265,750	265,750	241,750	241,750
Minimum Library Tax	822,799	822,799	811,454	811,454
	<u>37,987,854</u>	<u>38,555,670</u>	<u>36,685,452</u>	<u>37,304,435</u>
TOTAL AMOUNT TO BE RAISED BY TAXES BY FOR SUPPORT OF MUNICIPAL BUDGET				
Total General Revenues	<u>\$ 80,416,874</u>	<u>\$ 81,897,473</u>	<u>\$ 76,861,588</u>	<u>\$ 77,840,209</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	Budget After		Paid or		Balance
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Department of Public Affairs					
Director's Office					
Salaries and Wages	\$ 75,800	\$ 105,800	\$ 96,516	\$ 9,284	
Other Expenses	96,000	96,000	63,601	32,399	
Town Clerk					
Salaries and Wages	317,000	307,000	279,233	27,767	
Other Expenses					
Legal Advertising and Publications	15,000	15,000	2,698	12,302	
Miscellaneous Other Expenses	32,000	32,000	29,542	2,458	
Codifications of Ordinances	6,000	6,000	5,824	176	
Poormaster's Fund					
Other Expenses	1,500	5,000		5,000	
Elections					
Salaries and Wages	25,000	25,000		25,000	
Other Expenses	164,000	164,000	24,477	139,523	
Community Development					
Salaries and Wages	236,800	229,800	226,109	3,691	
Other Expenses	100	100		100	
Board of Health					
Salaries and Wages	400,000	375,000	339,416	35,584	
Other Expenses	113,860	138,860	138,092	768	
Blood Borne Pathogens	5,000	5,000		5,000	
N Hudson Comm. Action Local Share	25,000	25,000	25,000		
Prosecutor					
Salaries and Wages	50,000				
Other Expenses	120,195	120,195	62,900	57,295	
Public Relations					
Salaries and Wages	61,200	62,950	62,950		
Other Expenses	140,000	90,000	49,308	40,692	
Rent Control Board					
Salaries and Wages	132,250	132,250	125,905	6,345	
Other Expenses	42,350	47,350	17,137	30,213	
Town Funding Program					
Other Expenses	133,000	133,000	103,452	29,548	

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
		Budget After	Paid or		Balance
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Housing Inspection					
Salaries and Wages	\$ 141,150	\$ 151,150	\$ 146,404	\$ 4,746	
Other Expenses	800	800	210	590	
Tenants Relations					
Other Expenses	143,920	143,920	87,472	56,448	
School Crossing Guards					
Salaries and Wages	635,750	610,750	601,908	8,842	
Law Department					
Salaries and Wages	50,000	50,000	15,300	34,700	
Other Expenses	750,000	900,000	787,719	112,281	
Supervised Play Activity					
Salaries and Wages	810,000	840,000	762,839	77,161	
Other Expenses	295,000	295,000	243,969	51,031	
Senior Citizens Coordinator of Events					
Salaries and Wages	182,200	172,200	161,046	11,154	
Other Expenses	245,000	220,000	107,799	112,201	
Administrative Offices					
Salaries and Wages	230,000	230,000	205,495	24,505	
Other Expenses	68,000	68,000	52,427	15,573	
Insurance/Personnel Department					
Salaries and Wages	49,700	49,700	34,478	15,222	
Other Expenses	5,510	5,510	1,225	4,285	
Zoning Board					
Other Expenses	27,000	27,000	9,145	17,855	
Planning Board					
Salaries and Wages	51,500	51,500	49,456	2,044	
Other Expenses	33,000	33,000	8,213	24,787	
North Hudson Regional Council of Mayors					
Town Share	49,156	54,156	37,699	16,457	

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
		Budget After	Paid or		Balance
OPERATIONS - WITHIN "CAPS"	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
GENERAL GOVERNMENT					
North Hudson Regional Council of Mayors Aid Task Force					
Town Share	\$ 11,193	\$ 13,193	\$ 10,250	\$ 2,943	
Urban Enterprise Zone					
Other Expenses	8,000	8,000		8,000	
Department of Revenue and Finance					
Director's Office					
Salaries and Wages	78,700	103,700	85,402	18,298	
Other Expenses	33,000	43,000	36,328	6,672	
Treasurer's Office					
Salaries and Wages	630,300	580,300	550,951	29,349	
Other Expenses					
Annual Audit	120,000	120,000	48,119	71,881	
Miscellaneous Other Expenses	359,654	409,654	364,942	44,712	
Payroll Service Fee	42,000	42,000		42,000	
Assessment of Taxes					
Salaries and Wages	342,000	364,000	355,023	8,977	
Other Expenses	64,000	64,000	12,847	51,153	
Collection of Taxes					
Salaries and Wages	324,600	339,600	332,382	7,218	
Other Expenses	39,000	44,000	39,923	4,077	
Insurance					
General Liability Insurance	1,300,000	1,300,000	1,214,638	85,362	
Workers Compensation Insurance	970,000	925,000	555,210	369,790	
Employee Group Health	11,770,000	11,295,000	11,144,206	150,794	
Unemployment Insurance	165,000	165,000	114,493	50,507	
Health Waiver	25,000				
Purchasing Agent					
Salaries and Wages	210,000	210,000	156,229	53,771	
Other Expenses	12,000	12,000	9,487	2,513	
DEPARTMENT OF PUBLIC SAFETY					
Director's Office					
Salaries and Wages	456,200	446,200	419,432	26,768	
Other Expenses	135,000	115,000	56,245	58,755	
Police					
Salaries and Wages	13,536,200	14,036,200	13,547,325	488,875	
Other Expenses	575,000	575,000	391,251	183,749	
Public Safety Mechanics					
Salaries and Wages	237,000	237,000	198,426	38,574	
Juvenile Aid					
Other Expenses	4,000	4,000		4,000	

The Accompanying Notes are an Integral Part of These Financial Statements

**TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balance <u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
DEPARTMENT OF PUBLIC SAFETY (Continued)					
Uniform Fire Safety					
Salaries and Wages	\$ 174,600	\$ 164,600	\$ 146,924	\$ 17,676	
Ambulance Squad					
Salaries and Wages	790,000	795,000	763,006	31,994	
Other Expenses	155,000	180,000	157,636	22,364	
Office of Emergency Management					
Other Expenses	9,000	9,000	5,503	3,497	
Department of Public Works					
Director's Office					
Salaries and Wages	140,000	147,500	144,683	2,817	
Other Expenses	35,000	75,000	42,536	32,464	
Streets and Sewers					
Salaries and Wages	1,908,900	1,818,900	1,651,636	167,264	
Other Expenses	292,677	302,677	299,688	2,989	
Snow Removal	177,695	177,695	107,955	69,740	
Street Lighting					
Other Expenses	675,000	675,000	301,720	373,280	
Fire Hydrant Rental					
Other Expenses	225,500	225,500	189,086	36,414	
Recycling					
Other Expenses	453,750	453,750	235,936	217,814	
Garbage and Trash					
Salaries and Wages	100,325	100,325	69,691	30,634	
Other Expenses					
Contractual	3,551,760	3,551,760	3,413,397	138,363	
Miscellaneous Other Expenses	215,000	240,000	214,769	25,231	
Engineering Services and Costs					
Other Expenses	625,000	499,500	292,721	206,779	

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
DEPARTMENT OF PUBLIC SAFETY (Continued)					
Department of Parks and Public Property					
Director's Office					
Salaries and Wages	\$ 201,300	\$ 201,300	\$ 159,128	\$ 42,172	
Other Expenses	9,000	9,000	8,784	216	
Divisions of Parks					
Salaries and Wages	465,050	465,050	424,278	40,772	
Other Expenses	85,000	145,000	117,867	27,133	
Celebration of Public Events Anniversary or Holiday					
Other Expenses	46,500	46,500	44,400	2,100	
Public Buildings and Ground Maintenance					
Salaries and Wages	212,400	272,400	208,103	64,297	
Other Expenses	240,000	285,000	267,283	17,717	
Light and Power					
Other Expenses	500,000	530,000	417,914	112,086	
Centralized Postage					
Other Expenses	60,000	60,000	58,446	1,554	
Fuel					
Other Expenses	400,000	300,000	159,875	140,125	
Telephone					
Other Expenses	220,000	230,000	185,877	44,123	
Water					
Other Expenses	145,000	145,000	86,783	58,217	
Sewerage					
Other Expenses	155,000	125,000	64,610	60,390	
Signal Bureau					
Other Expenses	20,000	20,000	16,432	3,568	

**TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
UNIFORM CONSTRUCTION CODE					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries and Wages	\$ 531,600	\$ 531,600	\$ 506,371	\$ 25,229	
Other Expenses	50,000	50,000	44,180	5,820	
UNCLASSIFIED					
Municipal Court					
Salaries and Wages	916,000	814,750	727,661	87,089	
Other Expenses	80,000	95,000	93,688	1,312	
Reserve for Tax Appeals	125,000	125,000	125,000		
Public Defender					
Other Expenses	<u>87,000</u>	<u>87,000</u>	<u>53,487</u>	<u>33,513</u>	<u>-</u>
Total Operations Within "CAPS"	<u>51,485,645</u>	<u>51,423,645</u>	<u>46,415,127</u>	<u>5,008,518</u>	<u>-</u>
Contingent	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total Operations Including Contingent Within "CAPS"	<u>51,490,645</u>	<u>51,428,645</u>	<u>46,415,127</u>	<u>5,013,518</u>	<u>-</u>
Detail:					
Salaries and Wages	24,703,525	25,021,525	23,553,706	1,467,819	-
Other Expenses (Including Contingent)	<u>26,787,120</u>	<u>26,407,120</u>	<u>22,861,421</u>	<u>3,545,699</u>	<u>-</u>
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"					
DEFERRED CHARGES:					
Prior Year Bills					
Witt O'Brien LLC 2012	38,083	38,083			\$ 38,083
STATUTORY CHARGES					
Contribution to:					
Public Employees Retirement System	851,423	919,577	916,349	3,228	
PERS Adjustments	8,154				
Police and Fireman's Pension Fund	2,860,360	2,872,360	2,871,735	625	
Social Security System (O.A.S.I.)	<u>1,010,000</u>	<u>1,050,000</u>	<u>1,024,571</u>	<u>25,429</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures -	<u>4,768,020</u>	<u>4,880,020</u>	<u>4,812,655</u>	<u>29,282</u>	<u>38,083</u>
Municipal Within "CAPS"					
Total General Appropriations for Municipal Purposes					
Within "CAPS"	<u>56,258,665</u>	<u>56,308,665</u>	<u>51,227,782</u>	<u>5,042,800</u>	<u>38,083</u>

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	\$ 866,604	\$ 866,604	\$ 723,613	\$ 142,991	
Interlocal Municipal Service Agreements					
Reimbursements for Health Services					
Board of Health - Guttenberg					
Salaries and Wages	24,000	24,000	24,000		
Board of Health - Chapter 226 Nursing Services					
Salaries and Wages	19,444	19,444	19,444		
Contribution to North Hudson Regional Fire	13,888,668	13,838,668	13,780,145	58,523	
Public and Private Programs Offset by Revenues					
Summer Food Program	104,509	104,509	104,509		
Clean Communities Program	80,356	80,356	80,356		
Municipal Alliance	42,943	42,943	42,943		
Municipal Alliance-Local Match	10,736	10,736	10,736		
Justice Assistance Grant		18,125	18,125		
Drive Sober Get Pulled Over - Labor Day	5,000	5,000	5,000		
Drive Sober Or Get Pulled Over - Holiday Crackdown		5,000	5,000		
BVP Grant	7,997	7,997	7,997		
Assistance to Firefighters Grant Program	9,760	9,760	9,760		
Assistance to Firefighters Grant Program-Local Match	976	976	976		
Pedestrian Safety Grant	16,000	16,000	16,000		
Recycling Tonnage - Reserve	1,349	1,349	1,349	-	-
Total Operations - Excluded from "CAPS"	15,078,342	15,051,467	14,849,953	201,514	-
Detail:					
Salaries and Wages	43,444	43,444	43,444	-	-
Other Expenses	15,034,898	15,008,023	14,806,509	201,514	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	153,000	153,000	153,000	-	-
Total Capital Improvement Excluded from "CAPS"	153,000	153,000	153,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	3,818,000	3,818,000	3,818,000		
Payment of Note Principal	742,000	742,000	742,000		
Interest on Bonds	810,585	810,585	810,582		\$ 3
Interest on Notes	207,700	207,700	207,113		587
Green Trust Loan Program					
Loan Repayments for Principal and Interest	158,263	158,263	158,262		1
North Hudson Regional Fire Debt Service	1,063,625	1,063,625	1,059,037		4,588
HCIA Loan Payment	125,235	125,235	108,292	-	16,943
Total Municipal Debt Service Excluded from "CAPS"	6,925,408	6,925,408	6,903,286	-	22,122

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
Deferred Charges - Municipal - Excluded from "CAPS"					
Deferred Charges					
Special Emergency Authorizations	\$ 92,000	\$ 92,000	\$ 92,000		
Deferred Charges to Future Taxation -					
Unfunded Ord. 03/13	<u>27,558</u>	<u>27,558</u>	<u>27,558</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>119,558</u>	<u>119,558</u>	<u>119,558</u>	<u>-</u>	<u>-</u>
Judgements	<u>470,526</u>	<u>470,526</u>	<u>304,051</u>	<u>-</u>	<u>\$ 166,475</u>
Total Operations - Excluded from "CAPS"	<u>22,746,834</u>	<u>22,719,959</u>	<u>22,329,848</u>	<u>\$ 201,514</u>	<u>188,597</u>
For Local School District Purposes - Excluded from "CAPS"					
Type I School District Debt Service					
Payment of Bond Principal	170,000	170,000	170,000		
Interest on School Bonds	<u>95,750</u>	<u>95,750</u>	<u>95,750</u>	<u>-</u>	<u>-</u>
Total Type I School District Debt Service	<u>265,750</u>	<u>265,750</u>	<u>265,750</u>	<u>-</u>	<u>-</u>
Total General Appropriations	79,271,249	79,294,374	73,823,380	5,244,314	226,680
Reserve for Uncollected Taxes	<u>1,122,500</u>	<u>1,122,500</u>	<u>1,122,500</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 80,393,749</u>	<u>\$ 80,416,874</u>	<u>\$ 74,945,880</u>	<u>\$ 5,244,314</u>	<u>\$ 226,680</u>
Budget as Adopted		\$ 80,393,749			
Added Per N.J.S.A. 40A:4-87		<u>23,125</u>			
		<u>\$ 80,416,874</u>			

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATIONS - WITHIN "CAPS"	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT					<u>Cancelled</u>
Department of Public Affairs					
Director's Office					
Salaries and Wages	\$ 180,000	\$ 166,000	\$ 159,028	\$ 6,972	
Other Expenses	49,000	70,290	67,189	3,101	
Town Clerk					
Salaries and Wages	338,800	345,040	329,563	15,477	
Other Expenses					
Legal Advertising and Publications	15,000	500		500	
Miscellaneous Other Expenses	20,000	32,550	29,835	2,715	
Codifications of Ordinances	6,000	500		500	
Elections					
Salaries and Wages	25,000				
Other Expenses	164,000	138,000	126,127	11,873	
Community Development					
Salaries and Wages	184,900	183,900	176,432	7,468	
Other Expenses	100	5		5	
Board of Health					
Salaries and Wages	594,235	594,235	417,440	176,795	
Other Expenses	50,860	50,860	539	50,321	
Blood Borne Pathogens	5,000	5,000	5,000		
N Hudson Comm. Action Local Share	25,000	25,000	25,000		
Prosecutor					
Salaries and Wages	50,000	500		500	
Other Expenses	8,195	65,570	60,105	5,465	
Public Relations					
Other Expenses	200,000	120,000	106,249	13,751	
Rent Control Board					
Salaries and Wages	127,500	120,910	115,432	5,478	
Other Expenses	7,100	40,855	19,114	21,741	
Town Funding Program					
Other Expenses	133,000	117,000	87,830	29,170	

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Housing Inspection					
Salaries and Wages	\$ 132,300	\$ 138,950	\$ 133,343	\$ 5,607	
Other Expenses	800	830	760	70	
Tenants Relations					
Other Expenses	143,920	93,920	71,591	22,329	
Law Department					
Salaries and Wages	50,000	15,000	14,296	704	
Other Expenses	750,000	750,000	675,492	74,508	
Supervised Play Activity					
Salaries and Wages	783,700	1,012,425	963,403	49,022	
Other Expenses	245,000	296,540	271,827	24,713	
Senior Citizens Coordinator of Events					
Salaries and Wages	141,300	147,800	141,557	6,243	
Other Expenses	50,000	36,000	31,449	4,551	
Administrative Offices					
Salaries and Wages	293,500	289,500	269,704	19,796	
Other Expenses	8,000	5,000	3,111	1,889	
Insurance/Personnel Department					
Salaries and Wages	35,000	35,195	33,783	1,412	
Other Expenses	5,510	2,610	1,757	853	
Zoning Board					
Other Expenses	8,000	27,065	24,807	2,258	
Planning Board					
Salaries and Wages	48,200	50,730	48,689	2,041	
Other Expenses	21,000	21,000	9,643	11,357	
North Hudson Regional Council of Mayors					
Town Share	44,128	44,128	30,582	13,546	

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATIONS - WITHIN "CAPS"	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT					<u>Cancelled</u>
North Hudson Regional Council of Mayors Aid Task Force					
Town Share	\$ 11,193	\$ 14,268	\$ 9,652	\$ 4,616	
Urban Enterprise Zone					
Other Expenses	8,000	2,000		2,000	
Department of Revenue and Finance					
Director's Office					
Salaries and Wages	44,000	29,000	28,338	662	
Other Expenses	33,000	36,795	33,727	3,068	
Treasurer's Office					
Salaries and Wages	594,125	575,625	551,420	24,205	
Other Expenses					
Annual Audit	120,000	120,000	77,388	42,612	
Miscellaneous Other Expenses	354,630	354,630	266,819	87,811	
Payroll Service Fee	42,000	16,000		16,000	
Assessment of Taxes					
Salaries and Wages	303,675	317,690	304,928	12,762	
Other Expenses	24,000	22,815	19,098	3,717	
Collection of Taxes					
Salaries and Wages	283,500	298,585	287,422	11,163	
Other Expenses	29,000	39,960	36,625	3,335	
Insurance					
General Liability Insurance	1,410,000	1,410,000	1,267,413	142,587	
Workers Compensation Insurance	970,000	970,000	819,458	150,542	
Employee Group Health	11,864,212	11,674,212	10,457,473	1,216,739	
Unemployment Insurance	165,000	99,900		99,900	
Health Waiver	25,000	10,000		10,000	
Purchasing Agent					
Salaries and Wages	180,000	167,790	161,269	6,521	
Other Expenses	12,000	12,895	11,819	1,076	
DEPARTMENT OF PUBLIC SAFETY					
Director's Office					
Salaries and Wages	398,800	405,250	389,126	16,124	
Other Expenses	135,000	52,000	38,417	13,583	
Police					
Salaries and Wages	13,018,693	13,259,003	13,202,563	56,440	
Other Expenses	525,000	490,000	430,722	59,278	
Public Safety Mechanics					
Salaries and Wages	237,000	249,750	240,697	9,053	
Juvenile Aid					
Other Expenses	4,000	500	-	500	

The Accompanying Notes are an Integral Part of These Financial Statements

**TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balance <u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
DEPARTMENT OF PUBLIC SAFETY (Continued)					
Uniform Fire Safety					
Salaries and Wages	\$ 169,000	\$ 149,280	\$ 136,768	\$ 12,512	
Ambulance Squad					
Salaries and Wages	790,000	754,000	725,071	28,929	
Other Expenses	155,000	158,220	145,470	12,750	
Office of Emergency Management					
Other Expenses	9,000	41,075	37,648	3,427	
Department of Public Works					
Director's Office					
Salaries and Wages	190,000	157,000	146,155	10,845	
Other Expenses	17,500	37,600	34,293	3,307	
Streets and Sewers					
Salaries and Wages	1,770,000	1,700,000	1,622,950	77,050	
Other Expenses	280,000	444,450	408,776	35,674	
Snow Removal	40,000	148,840	136,433	12,407	
Street Lighting					
Other Expenses	675,000	634,100	530,619	103,481	
Fire Hydrant Rental					
Other Expenses	225,500	225,500	206,676	18,824	
Recycling					
Other Expenses	412,500	332,500	66,147	266,353	
Garbage and Trash					
Salaries and Wages	74,000	64,000	60,407	3,593	
Other Expenses					
Contractual	3,501,600	3,097,174	2,832,078	265,096	
Miscellaneous Other Expenses	215,000	316,120	253,109	63,011	
Engineering Services and Costs					
Other Expenses	825,000	638,600	455,134	183,466	

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After	Paid or	<u>Reserved</u>	Balance
OPERATIONS - WITHIN "CAPS"		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
GENERAL GOVERNMENT (Continued)					
DEPARTMENT OF PUBLIC SAFETY (Continued)					
Department of Parks and Public Property					
Director's Office					
Salaries and Wages	\$ 105,200	\$ 63,200	\$ 58,336	\$ 4,864	
Other Expenses	9,000	26,565	23,802	2,763	
Divisions of Parks					
Salaries and Wages	495,000	416,000	399,498	16,502	
Other Expenses	85,000	170,850	156,453	14,397	
Celebration of Public Events Anniversary or Holiday					
Other Expenses	46,500	32,500	29,900	2,600	
Public Buildings and Ground Maintenance					
Salaries and Wages	210,000	212,985	209,667	3,318	
Other Expenses	140,000	217,450	199,320	18,130	
Light and Power					
Other Expenses	500,000	525,000	438,825	86,175	
Centralized Postage					
Other Expenses	60,000	67,500	61,750	5,750	
Fuel					
Other Expenses	400,000	333,000	208,322	124,678	
Telephone					
Other Expenses	220,000	198,000	135,573	62,427	
Water					
Other Expenses	145,000	85,000	46,470	38,530	
Sewerage					
Other Expenses	155,000	75,000	28,076	46,924	
Signal Bureau					
Other Expenses	20,000	20,000	15,091	4,909	

**TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
UNIFORM CONSTRUCTION CODE					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries and Wages	\$ 405,000	\$ 533,115	\$ 509,879	\$ 23,236	
Other Expenses	50,000	79,155	72,433	6,722	
UNCLASSIFIED					
Municipal Court					
Salaries and Wages	795,200	851,125	716,192	134,933	
Other Expenses	80,000	80,225	73,538	6,687	
Reserve for Tax Appeals	125,000	125,000	125,000		
Public Defender					
Other Expenses	<u>27,605</u>	<u>51,250</u>	<u>46,975</u>	<u>4,275</u>	<u>-</u>
Total Operations Within "CAPS"	<u>49,158,481</u>	<u>48,733,455</u>	<u>44,437,884</u>	<u>4,295,571</u>	<u>\$ -</u>
Contingent	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total Operations Including Contingent Within "CAPS"	<u>49,163,481</u>	<u>48,738,455</u>	<u>44,437,884</u>	<u>4,300,571</u>	<u>-</u>
Detail:					
Salaries and Wages	23,047,628	23,303,583	22,553,356	750,227	-
Other Expenses (Including Contingent)	<u>26,115,853</u>	<u>25,434,872</u>	<u>21,884,529</u>	<u>3,550,343</u>	<u>-</u>
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"					
DEFERRED CHARGES:					
Prior Year Bills	12,277	416,703	416,703	-	
STATUTORY CHARGES					
Contribution to:					
Public Employees Retirement System	775,587	775,587	771,253	4,334	
PERS Adjustments	13,498	13,498	13,498		
Police and Fireman's Pension Fund	2,650,541	2,650,541	2,650,541		
Social Security System (O.A.S.I.)	<u>975,000</u>	<u>995,595</u>	<u>991,895</u>	<u>3,700</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures -	<u>4,426,903</u>	<u>4,851,924</u>	<u>4,843,890</u>	<u>8,034</u>	<u>-</u>
Municipal Within "CAPS"					
Total General Appropriations for Municipal Purposes					
Within "CAPS"	<u>53,590,384</u>	<u>53,590,379</u>	<u>49,281,774</u>	<u>4,308,605</u>	<u>-</u>

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	\$ 811,454	\$ 811,454	\$ 544,449	\$ 267,005	
Employee Group Insurance	385,788	385,788	385,788		
Interlocal Municipal Service Agreements					
Reimbursements for Health Services					
Board of Health - Weehawken					
Salaries and Wages	15,000	15,000	15,000		
Board of Health - Guttenberg					
Salaries and Wages	14,210	14,210	14,210		
Board of Health - Secaucus					
Salaries and Wages	20,000	20,000	20,000		
Board of Health- Union City					
Salaries and Wages	8,333	8,333	8,333		
Other Expenses	26,667	26,667	26,667		
Board of Health- Bayonne					
Salaries and Wages	8,333	8,333	8,333		
Other Expenses	26,667	26,667	26,667		
Board of Health- Harrison					
Salaries and Wages	8,333	8,333	8,333		
Other Expenses	26,667	26,667	26,667		
Board of Health - Chapter 226 Nursing Services					
Salaries and Wages	19,444	19,444	19,444		
Contribution to North Hudson Regional Fire	13,696,912	13,696,912	13,574,296	122,616	
Public and Private Programs Offset by Revenues					
Summer Food Program	95,303	95,303	95,303		
Clean Communities Program		70,325	70,325		
Municipal Alliance	42,493	42,493	42,493		
Municipal Alliance-Local Match	10,736	10,736	10,736		
Click It or Ticket	4,400	4,400	4,400		
Drive Sober Get Pulled Over - Labor Day		5,000	5,000		

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
Public and Private Programs Offset by Revenues					
(Continued)					
Drive Sober Or Get Pulled Over - Year End Crackdown		\$ 5,000	\$ 5,000		
Body Armor Fund		9,340	9,340		
Pedestrian Safety Grant		16,000	16,000		
Click It or Ticket	\$ 4,000	4,000	4,000		
Drive Sober Or Get Pulled Over - 2015		3,000	3,000		
Body Armor Grant - Reserve	3,717	3,717	3,717		
Recycling Tonnage - Reserve	79,500	79,500	79,500		
Enforcing Underage Drinking-Reserve	296	296	296	-	-
Total Operations - Excluded from "CAPS"	\$15,308,253	15,416,918	15,027,297	\$ 389,621	-
Detail:					
Salaries and Wages	93,653	93,653	93,653	-	-
Other Expenses	15,214,600	15,323,265	14,933,644	389,621	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	116,000	116,000	116,000	-	-
Total Capital Improvement Excluded from "CAPS"	116,000	116,000	116,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	3,820,000	3,820,000	3,820,000		
Payment of Note Principal	70,000	70,000	70,000		
Interest on Bonds	987,045	987,045	987,045		
Interest on Notes	53,670	53,670	53,500		\$ 170
Green Trust Loan Program					
Loan Repayments for Principal and Interest	158,262	158,267	158,262		5
Casino Reinvestment Development Authority					
North Hudson Regional Fire Debt Service	1,060,951	1,060,951	1,060,876		75
HCIA Loan Payment	123,108	123,108	101,473	-	21,635
Total Municipal Debt Service Excluded from "CAPS"	6,273,036	6,273,041	6,251,156	-	21,885

TOWN OF WEST NEW YORK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
Deferred Charges - Municipal - Excluded from "CAPS"					
Deferred Charges					
Special Emergency Authorizations	\$ 101,000	\$ 101,000	\$ 101,000	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>101,000</u>	<u>101,000</u>	<u>101,000</u>	<u>-</u>	<u>-</u>
Judgements					
Total Operations - Excluded from "CAPS"	<u>21,798,289</u>	<u>21,906,959</u>	<u>21,495,453</u>	<u>\$ 389,621</u>	<u>\$ 21,885</u>
For Local School District Purposes - Excluded from "CAPS"					
Type I School District Debt Service					
Payment of Bond Principal	135,000	135,000	135,000		
Interest on School Bonds	<u>106,750</u>	<u>106,750</u>	<u>103,375</u>	-	3,375
Total Type I School District Debt Service	<u>241,750</u>	<u>241,750</u>	<u>238,375</u>	<u>-</u>	<u>3,375</u>
Total General Appropriations	75,630,423	75,739,088	71,015,602	4,698,226	25,260
Reserve for Uncollected Taxes	<u>1,122,500</u>	<u>1,122,500</u>	<u>1,122,500</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$76,752,923</u>	<u>\$76,861,588</u>	<u>\$72,138,102</u>	<u>\$ 4,698,226</u>	<u>\$ 25,260</u>
Budget as Adopted		\$76,752,923			
Added Per N.J.S.A. 40A:4-87		<u>108,665</u>			
		<u>\$76,861,588</u>			

TOWN OF WEST NEW YORK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
ANIMAL CONTROL FUND		
Cash	\$ 201	\$ 180
Due from Other Trust Fund	9,681	4,363
Due from State of New Jersey	45	54
Due from Current Fund	<u>1,802</u>	<u>1,802</u>
	<u>11,729</u>	<u>6,399</u>
OTHER TRUST FUND		
Cash	8,702,402	9,896,377
Due from Current Fund	46,201	
Due from General Capital Fund		151,779
Due from Federal and State Grant Fund		12,734
Other Accounts Receivable	<u>-</u>	<u>91,091</u>
	<u>8,748,603</u>	<u>10,151,981</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND		
Cash		5,660
Due from Current Fund		117,629
Due from Federal and State Grant Fund		94,883
Due from County of Hudson Community Development Block Grant	<u>840,010</u>	<u>500,010</u>
	<u>840,010</u>	<u>718,182</u>
Total Assets	<u>\$ 9,600,342</u>	<u>\$ 10,876,562</u>

**TOWN OF WEST NEW YORK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
LIABILITIES AND RESERVES		
ANIMAL CONTROL FUND		
Reserve for Animal Control Expenditures	\$ 2,568	\$ 6,399
Reserve for Encumbrances Payable	<u>9,161</u>	<u>-</u>
	<u>11,729</u>	<u>6,399</u>
OTHER TRUST FUND		
Various Trust Reserves	8,313,944	3,944,165
Due to Current Fund		44,971
Due to Animal Control Fund	9,681	4,363
Due to Third Party Lienholders	413,154	6,073,677
Due to State of New Jersey - Unemployment	<u>11,824</u>	<u>84,805</u>
	<u>8,748,603</u>	<u>10,151,981</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND		
Reserve for Community Development Block Grant	840,010	500,010
Due to General Capital Fund	<u>-</u>	<u>218,172</u>
	<u>840,010</u>	<u>718,182</u>
Total Liabilities and Reserves	<u><u>\$ 9,600,342</u></u>	<u><u>\$ 10,876,562</u></u>

TOWN OF WEST NEW YORK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 4,959,147	\$ 4,794,317
Deferred Charges to Future Taxation - Funded	26,985,291	26,295,890
Deferred Charges to Future Taxation - Unfunded	10,627,290	14,924,502
Grants Receivable	2,983,234	2,428,196
Due from Community Development Block Grant Fund		218,172
Due from Current Fund		57,828
Due from Federal and State Grant Fund	-	668,205
	<hr/>	<hr/>
Total Assets	<u>\$ 45,554,962</u>	<u>\$ 49,387,110</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
General Serial Bonds	23,987,000	22,923,000
School Serial Bonds	2,170,000	2,405,000
State of New Jersey - Green Acres Loans Payable	828,291	967,890
Bond Anticipation Notes Payable	7,508,000	11,776,000
Contracts Payable	2,057,250	866,312
Due to Current Fund	40,787	
Due to Other Trust Fund		151,779
Capital Improvement Fund	246,520	168,520
Reserve for Payment of Debt	858,289	821,655
Improvement Authorizations		
Funded	2,055,275	1,418,774
Unfunded	5,078,026	7,592,525
Fund Balance	<u>725,524</u>	<u>295,655</u>
	<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance	<u>\$ 45,554,962</u>	<u>\$ 49,387,110</u>

There were bonds and notes authorized but not issued on December 31, 2016 and 2015 of \$3,161,131 and \$3,148,502. respectively.

TOWN OF WEST NEW YORK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Balance, January 1	\$ 295,655	\$ 192,034
Increased by:		
Premium on Bond Anticipation Notes	46,333	103,621
Improvement Authorizations Cancelled	<u>552,536</u>	<u>-</u>
	<u>598,869</u>	<u>103,621</u>
Decreased by:		
Anticipated as Current Fund Revenue	<u>169,000</u>	<u>-</u>
	<u>169,000</u>	<u>-</u>
Balance, December 31	<u><u>\$ 725,524</u></u>	<u><u>\$ 295,655</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

NOTES TO FINANCIAL STATEMENTS

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of West New York (the "Town") was incorporated in 1898 and operates under an elected Commission form of government. The Commission members are elected at-large in nonpartisan elections to serve four-year terms of office on a concurrent basis. Each Commissioner is assigned to head one of five departments. The Commission selects one of its members to serve as Mayor. The Mayor is the Chief Executive Officer of the Town and as such presides over all public meetings and makes appointments to various boards. The Commission exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Town Administrator is appointed by the Commission and is responsible for the implementation of the policies of the Commission, for the administration of all Town affairs and for the day to day operations of the Town. The Town Administrator is the Chief Administrative Officer for the Town. The Town's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Town is financially accountable. The Town is financially accountable for an organization if the Town appoints a voting majority of the organization's governing board and (1) the Town is able to significantly influence the programs or services performed or provided by the organization; or (2) the Town is legally entitled to or can otherwise access the organization's resources; the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Town is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Town in that the Town approves the budget, the issuance of debt or the levying of taxes. The Town is not includable in any other reporting entity as a component unit.

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 Town do not include the municipal library, housing authority and parking authority which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Town of West New York have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 Town accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements 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 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.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Town 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 Town functions or activities. The Town also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Town has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

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

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Town as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Town as collateral.

Community Development Block Grant Fund - This fund is used to account for grant proceeds, program income and related expenditures for Federal Block grant entitlements.

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

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Town. The Town's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town'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.

Reclassifications - Certain reclassifications may have been made to the December 31, 2015 balances to conform to the December 31, 2016 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Town presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Town of West New York follows a modified accrual basis of accounting. 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 or permitted for municipalities by the Division ("regulatory basis of accounting") 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:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

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. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Property Tax Revenues/Receivables - 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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. 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 December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Town. 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 standard tax sale. The Town also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Town may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. 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 tax 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 (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Miscellaneous Revenues/Receivables - 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 Town's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Town's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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 for interfunds and, therefore, does not recognize income in the year liquidated.

Prepaid Items - The Town has been allotted and has realized certain state aid that is pledged to the payment of certain debt service in the subsequent calendar year which were issued pursuant to the Municipal Qualified Bond Act. These debt service payments reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

Deferred Charges - Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves - Appropriation reserves are recorded as liabilities and 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.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with 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 cancelled 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, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. 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 are recorded as a long-term obligation in the government-wide financial statements.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The Town has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the Town has not received notices or report of losses (i.e. IBNR). Additionally, the Town has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). 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 potential claims are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Town of West New York has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Town as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years.

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 sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after June 30, 2008 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

General Fixed Assets purchased prior to June 30, 2008 are stated as follows:

Land and Buildings	Assessed Value
Building Improvements	Estimated Historical Cost
Machinery and Equipment	Estimated Historical Cost
Vehicles	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

**TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Use of Estimates - The preparation of financial statements requires management of the Town 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 accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. 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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Town and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Trust Funds
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. 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 2016 and 2015 the Commissioners increased the original budget by \$23,125 and \$108,665, respectively. The increases were funded by additional aid allotted to the Town. In addition, the governing body approved several budget transfers during 2016 and 2015.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Town considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Cash Deposits

The Town's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Town is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2016 and 2015, the book value of the Town's deposits were \$34,383,898 and \$32,755,703 and bank and brokerage firm balances of the Town's deposits amounted to \$34,938,791 and \$32,160,924, respectively. The Town's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2016</u>	<u>2015</u>
Insured	\$ 33,979,102	\$ 31,160,606
Uninsured and Uncollateralized	<u>959,689</u>	<u>1,000,318</u>
	<u>\$ 34,938,791</u>	<u>\$ 32,160,924</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a formal policy for custodial credit risk. As of December 31, 2016 and 2015, the Town's bank balances of \$959,689 and \$1,000,318 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2016</u>	<u>2015</u>
Uninsured and Uncollateralized	<u>\$ 959,689</u>	<u>\$ 1,000,318</u>

B. Investments

The Town is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Town or bonds or other obligations of the school districts which are a part of the Town or school districts located within the Town, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

Interest Rate Risk – The Town 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.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Town does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Town places no limit in the amount the Town may invest in any one issuer.

As of December 31, 2016 and 2015 the Town had no outstanding investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2016 and 2015 consisted of the following:

<u>2016</u>	
Property Taxes	\$ 14,322
Tax Title Liens	<u>358,743</u>
	<u><u>\$ 373,065</u></u>
 <u>2015</u>	
Property Taxes	\$ 44,367
Tax Title Liens	<u>334,069</u>
	<u><u>\$ 378,436</u></u>

In 2016 and 2015, the Town collected \$94,791 and \$79,710 from delinquent taxes, which represented 25% and 21%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund:				
Regular	\$ 168,244	\$ 48,003	\$ 44,971	\$ 232,498
Federal and State Grant		127,457	55,239	775,822
Trust Fund:				
Animal Control	11,483		6,165	
Other Trust	46,201	9,681	164,513	49,334
Community Development Block Grant Fund			212,512	218,172
General Capital Fund	<u>-</u>	<u>40,787</u>	<u>944,205</u>	<u>151,779</u>
Total	<u><u>\$ 225,928</u></u>	<u><u>\$ 225,928</u></u>	<u><u>\$ 1,427,605</u></u>	<u><u>\$ 1,427,605</u></u>

The above balances are the result of expenditures being paid and/or revenues received by one fund on behalf of another.

The Town expects all interfund balances to be liquidated within one year.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance December 31,	Subsequent Year Budget Appropriation	Balance
<u>2016</u>			
None			
<u>2015</u>			
Current Fund			
Special Emergency Authorizations (40A:4-53)	\$ 92,000	\$ 92,000	\$ -

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balance in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	2016		2015	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 7,731,807	\$ 5,400,000	\$ 5,857,959	\$ 4,900,000
Non-Cash Surplus	665,303	-	1,780,378	-
	<u>\$ 8,397,110</u>	<u>\$ 5,400,000</u>	<u>\$ 7,638,337</u>	<u>\$ 4,900,000</u>

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 8 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2016 and 2015.

	Balance January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Land	\$ 4,575,676		\$ 21,000	\$ 4,554,676
Buildings	2,408,050			2,408,050
Building Improvements	11,687,401			11,687,401
Machinery and Equipment	1,366,419	\$ 72,465		1,438,884
Vehicles	4,878,339	143,090	317,900	4,703,529
	<u>\$ 24,915,885</u>	<u>\$ 215,555</u>	<u>\$ 338,900</u>	<u>\$ 24,792,540</u>
	Balance January 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<u>2015</u>				
Land	\$ 2,095,513	\$ 2,480,163		\$ 4,575,676
Buildings	2,408,050			2,408,050
Building Improvements	11,687,401			11,687,401
Machinery and Equipment	1,366,419			1,366,419
Vehicles	4,573,004	305,335	-	4,878,339
	<u>\$ 22,130,387</u>	<u>\$ 2,785,498</u>	<u>\$ -</u>	<u>\$ 24,915,885</u>

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT

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

The Town's debt is summarized as follows:

	<u>2016</u>	<u>2015</u>
Issued		
General		
Bonds, Notes and Loans	\$ 32,323,291	\$ 35,666,890
Less Funds Temporarily Held to Pay Bonds and Notes	<u>900,130</u>	<u>821,655</u>
Net Debt Issued	31,423,161	34,845,235
Authorized But Not Issued		
General		
Bonds and Notes	<u>2,828,131</u>	<u>2,815,502</u>
	<u>34,251,292</u>	<u>37,660,737</u>
Type I Local School District Debt		
Issued and Outstanding		
General Serial Bonds	2,170,000	2,405,000
Authorized But Not Issued	<u>333,000</u>	<u>333,000</u>
	<u>2,503,000</u>	<u>2,738,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u><u>\$ 36,754,292</u></u>	<u><u>\$ 40,398,737</u></u>

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Town's Annual Debt Statement and indicates a statutory net debt of 1.32% and 1.53% at December 31, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
Local School District Debt - Type I	\$ 2,503,000	\$ 2,503,000	
Debt Guarantees	14,076,808	14,076,808	
General Debt	<u>35,151,422</u>	<u>1,710,130</u>	<u>\$ 33,441,292</u>
Total	<u>\$ 51,731,230</u>	<u>\$ 18,289,938</u>	<u>\$ 33,441,292</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
Local School District Debt - Type I	\$ 2,738,000	\$ 2,738,000	
Debt Guarantees	14,924,496	14,924,496	
General Debt	<u>38,482,392</u>	<u>2,351,655</u>	<u>\$ 36,130,737</u>
Total	<u>\$ 56,144,888</u>	<u>\$ 20,014,151</u>	<u>\$ 36,130,737</u>

Statutory Borrowing Power

The Town's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2016</u>	<u>2015</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 88,306,183	\$ 82,417,361
Less: Net Debt	<u>33,441,292</u>	<u>36,130,737</u>
Remaining Borrowing Power	<u>\$ 54,864,891</u>	<u>\$ 46,286,624</u>

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Town's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Town levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

<u>General Obligation Bonds</u>	<u>2016</u>	<u>2015</u>
\$5,350,000, 2003 Pension Refunding Bonds, due in annual installments of \$810,000 through March 15, 2017, interest at 4.92%	\$ 810,000	\$ 1,530,000
\$8,100,000, 2006A Refunding Bonds, due in annual installments of \$1,200,000 to \$1,350,000 through April 15, 2019, interest at 4.00%	3,870,000	5,045,000
\$6,100,000, 2007 General Improvement Bonds, due in annual installments of \$495,000 through April 15, 2017, interest at 5.50%	495,000	5,595,000
\$6,888,000, 2008 General Improvement Bonds, due in annual installments of \$1,088,000 through June 15, 2016, interest at 5.00%		1,088,000
\$3,910,000, 2013 Series A Qualified General Obligation Bonds, due in annual installments of \$180,000 to \$330,000 through May 15, 2029, interest at 2.00% to 3.00%	3,400,000	3,575,000
\$6,725,000, 2013 Series B Qualified General Obligation Bonds (Taxable), due in annual installments of \$330,000 to \$630,000 through May 15, 2028, interest at 3.50% to 4.40%	5,765,000	6,090,000
\$5,047,000, 2016 Series A General Obligation Bonds due in annual installments of \$370,000 to \$487,000 through November 1, 2028, interest at 3.00%	5,047,000	
\$4,600,000, 2016A General Improvement Refunding Bonds due in annual installments of \$505,000 to \$650,000 through April 15, 2025, interest at 3.00% to 4.00%	4,600,000	-
	<u>\$ 23,987,000</u>	<u>\$ 22,923,000</u>

**TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

School Debt

The West New York Board of Education is a Type II School District having been reclassified from a Type I during the general election held on November 5, 2013. Bonds and notes previously authorized by the Board of School Estimate prior to November 5, 2013 to finance capital expenditures are general obligations of the Town and are reported on the balance sheet of the Town's General Capital Fund.

<u>School Bonds</u>	<u>2015</u>	<u>2015</u>
\$2,650,000, 2007 School Bonds, due in an annual installment of \$210,000 through April 1, 2017, interest at 5.00%	\$ 210,000	\$ 2,405,000
\$1,960,000, 2016B Series School Refunding Bonds, due in annual installments of \$220,000 to \$280,000 through April 15, 2025, interest rates at 3.00% to 4.00%	<u>1,960,000</u>	<u>-</u>
	<u>\$ 2,170,000</u>	<u>\$ 2,405,000</u>

General Intergovernmental Loans Payable

The Town has entered into loan agreements with the State under the New Jersey Green Trust Bond Act of 1983 for the financing relating to the various improvements. The Town levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

<u>Green Trust Loans</u>	<u>2016</u>	<u>2015</u>
\$289,313, 1997 Loan, due in Semi-Annual installments of \$8,906 through January 8, 2017, interest at 2%	\$ 8,906	\$ 26,455
\$500,000, 2000 Loan, due in Semi-Annual installments of \$14,960 to \$15,724 through December 20, 2019, interest at 2%	92,037	121,515
\$475,000, 2001 Loan, due in Semi-Annual installments of \$13,638 to \$14,622 through September 6, 2020, interest at 2%	113,003	139,876
\$425,000, 2001 Loan, due in Semi-Annual installments of \$12,203 to \$13,083 through September 16, 2020, interest at 2%	101,107	125,151

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable (Continued)

Green Trust Loans (Continued)

	<u>2016</u>	<u>2015</u>
\$675,000, 2006 Loan, due in Semi-Annual installments of \$18,077 to \$20,779 through February 9, 2026, interest at 2%	\$ 361,519	\$ 395,748
\$170,010, 2013 Loan, due in Semi-Annual installments of \$3,769 to \$5,233 through July 21, 2033, interest at 2%	<u>151,719</u>	<u>159,145</u>
	<u>\$ 828,291</u>	<u>\$ 967,890</u>

The Town's principal and interest for long-term debt issued and outstanding as of December 31, 2016 is as follows:

Calendar Year	General		School		Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 3,385,000	\$ 766,239	\$ 210,000	\$ 68,023	\$ 133,409	\$ 15,857	\$ 4,578,528
2018	2,720,000	649,578	220,000	60,000	127,007	13,266	3,789,851
2019	2,790,000	551,290	220,000	52,300	129,558	10,713	3,753,861
2020	1,630,000	473,253	230,000	43,300	100,243	8,268	2,485,064
2021	1,680,000	421,178	240,000	35,100	46,013	6,533	2,428,824
2022-2026	8,645,000	1,276,150	1,050,000	64,650	223,325	18,413	11,277,538
2027-2031	3,137,000	141,375			48,111	4,748	3,331,234
2032-2033	-	-	-	-	20,625	518	21,143
Total	<u>\$ 23,987,000</u>	<u>\$ 4,279,063</u>	<u>\$ 2,170,000</u>	<u>\$ 323,373</u>	<u>\$ 828,291</u>	<u>\$ 78,316</u>	<u>\$ 31,666,043</u>

Advance Refundings of Debt

On October 18, 2016, the Town issued \$6,560,000 in General Obligation Refunding Bonds consisting of \$4,600,000 General Improvement Refunding Bonds and \$1,960,000 School Refunding Bonds having interest rates of 3.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various General Improvement Bonds and School Bonds of the Town. The total bond principal defeased was \$6,790,000 and the total interest payments defeased to the call date was \$135,800. The net proceeds of \$6,914,271 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability was removed from the General Capital Fund. This advance refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) was \$541,077. The advanced refunding was undertaken to reduce total debt service payments over the next nine years by \$585,017.

**TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Debt Guarantees

Hudson County Improvement Authority – Lease Revenue Bonds North Hudson Regional Fire and Rescue (NHRFR)

In August, 2003, the Town guaranteed an amount not to exceed \$3,828,000 for its proportionate share of \$15,000,000 debt authorized by the HCIA in connection with the HCIA's financing of the costs of the public facilities as defined in that ordinance. On January 11, 2004 the HCIA issued Variable Rate Lease Revenue Bonds (federally taxable) in connection with this authorization. The Town's share in the debt service on these bonds is approximately 25.52%, which is proportionate to the Town's share in the contribution to create the NHRFR. These bonds are not considered as bonds payable of the Town, but rather a lease agreement between the Town (acting on behalf of the NHRFR) and the HCIA. Pursuant to the terms of the lease agreement, the town is required to make rental payments sufficient to pay for its proportionate share of the debt service on the HCIA Series 2003 Lease Revenue Bonds.

The 2004 Bonds had an interest rate of 3.01% (the "Initial Interest Rate") until January 1, 2007 (the "Initial Interest Rate Period"). At January 2007 a variable rate of 5.33% was issued for a one year period. Subsequent to year end the bond rate was fixed at rates ranging between 5.80% and 6.640%.

In January 2006, the Town guaranteed an amount not exceed \$2,194,720 for its proportionate share of \$8,600,000 debt authorized as Series A (tax-exempt) and Series B (taxable), and allocated each in accordance with each NHRFR participating municipality's proportionate share as defined above Pursuant to the terms of the lease agreement, the Town is required to make rental payments sufficient to pay for its proportionate share of the debt service on the HCIA Series 2006A and 2006B Lease Revenue Bonds, plus an administrative fee payable to the HCIA (one tenth of one percent of the outstanding principal on the Town's share of the bonds).

The HCIA, at the consent of the NHRFR, as lessee, issued the \$4,760,000 Lease Revenue Refunding Bonds, (North Hudson Regional Fire and Rescue Project Guaranteed Tax-Exempt Series) Series 2011A and the \$10,990,000 Lease Revenue Bonds, (North Hudson Regional Fire and Rescue Project Guaranteed Taxable Series) Series 2011B to call all of the outstanding \$7,010,000 Lease Revenue Bonds Series 1999A Original Parties Tax Exempt Series) and \$15,070,000 Lease Revenue Bonds, Series 1999B (Original Parties Guaranteed Taxable Series). On October 18, 2011, the Town guaranteed an amount not to exceed \$1,214,752 and \$2,804,648, respectively for its proportionate share of the total \$15,750,000 2011A and 2011B Lease Revenue Bonds. Pursuant to the terms of the lease agreement, the Town is required to make rental payments sufficient to pay for its proportionate share of the debt service on the Series 2011A and Series 2011B Lease Revenue Bonds.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Debt Guarantees (Continued)

Hudson County Improvement Authority – Lease Revenue Bonds North Hudson Regional Fire and Rescue (NHRFR) (Continued)

The Town's proportionate share of the North Hudson Region Fire and Rescue Bonds are as follows:

	<u>2016</u>	<u>2015</u>
HCIA 2004 (Taxable) Lease Revenue Bonds, originally issued on January 1, 2004 for \$3,828,000, maturing annually from January 2009 through 2024, bearing an initial rate of 3.01%. Following expiration of the Initial Interest Rate Period, and rates variable of 5.80% to 6.64%.	\$ 2,845,480	\$ 3,049,640
HCIA 2006A (Tax-Exempt) Lease Revenue Bonds, originally issued on January 1, 2006 for \$1,143,296, maturing annually from January 1, 2008 through 2024, bearing interest rates of 4.0% to 5.0%.	646,932	713,284
HCIA 2006B (Taxable) Lease Revenue Bonds, originally issued on January 1, 2006 for \$1,051,424, maturing annually from January 1, 2008 to 2015. At January 1, 2015 the issue requires term bond optional redemptions or sinking funds to 2020 and 2024. The bonds bear interest of 4.99% to 5.4%.	608,652	668,624
HCIA 2011A (Tax-Exempt) Lease Revenue Bonds, originally issued on September 1, 2011 for \$1,214,752, maturing annually from September 1, 2012 to 2023. The bonds bears interest of 5.4% to 5.7%.	802,604	894,476
HCIA 2011B (Taxable) Lease Revenue Bonds, originally issued on September 1, 2011 for \$2,804,648, maturing annually from September 1, 2012 to 2023. The bonds bear interest of 5.4% to 5.7%.	1,933,140	2,133,472
	<u>\$ 6,836,808</u>	<u>\$ 7,459,496</u>

**TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Debt Guarantees (Continued)

West New York Parking Authority

On October 4, 2006, the Town adopted a guaranty ordinance #17/06, in which the Town is guaranteeing an amount not to exceed \$9,000,000 in Guaranteed Revenue Bonds for the construction of parking decks. On October 19, 2006, the Parking Authority of the Town of West New York issued \$9,000,000 in Parking Revenue Bonds, Series 2006. As the Guarantor, the Town's responsibility is limited to the extent of the amounts outstanding in the event of default.

The Town's guarantee under the loan agreement is as follows:

	<u>2016</u>	<u>2015</u>
Parking Revenue Bonds, Series 2006 issued on October 19, 2006 for \$9,000,000, maturing annually beginning July 1, 2008 through 2024. The Bonds maturing on July 1, 2030 and 2036 are subject to mandatory sinking fund redemptions on July 1 from 2025 through 2036. Interest is paid semi-annually at interest rates ranging from 3.5% to 5%.	<u>\$ 7,240,000</u>	<u>\$ 7,465,000</u>

Hudson County Improvement Authority – Lease Financing Agreement

On June 15, 1997, the Town and the West New York Parking Authority (the "Authority") entered into a lease financing agreement with the Hudson County Improvement Authority (HCIA). The Agreement is for the HCIA to provide \$6,400,000 of funding to be shared equally between the Town and the Authority; however, the Town has ultimate responsibility for all amounts due pursuant to the lease. The proceeds of the lease were received equally by the Town and Authority and both entities are responsible for their share of rental payments in connection with the lease.

The Town, as a participant in the Agreement, has received funding of \$4,200,000 from the HCIA for the renovations/rehabilitation of Bergenline Avenue from 48th Street through 68th Street, both east and west sides. In consideration for the funding received, the Town will lease the land to the HCIA and then in turn lease the entire completed improvements from the HCIA for a term to expire July 1, 2025.

**TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Debt Guarantees (Continued)

Hudson County Improvement Authority – Lease Financing Agreement (Continued)

Upon the satisfaction of certain criteria, which must include the approval of the Town of West New York, the Authority can elect to purchase the facility from the HCIA. Under the terms of the agreement, it is estimated that the exercise date of the purchase option would be July 1, 2025, the expiration date of the original lease term. The Authority will receive significant credit for the value of net minimum lease payments made to such date to be applied toward the option purchase price. As such, this agreement has been recorded as a capital lease obligation.

The Town is the lessee of the improvements thereto, referred to as the Renovation of Bergenline Avenue, under a capital lease that expires July 1, 2025. The assets and liabilities under capital lease are recorded at the present value of the minimum lease payments.

The capital lease obligation for the years ended December 31, 2016 and 2015 were \$185,000 and \$175,000, respectively.

Minimum future lease payments under the capital lease as of December 31, 2016 for each of the next five years and in the aggregate are:

<u>Years Ended</u> <u>December 31,</u>	<u>Amount</u>
2017	\$ 287,500
2018	287,750
2019	287,500
2020	286,750
2021	285,500
2022-2024	<u>853,750</u>
Total	2,288,750
Less: Amounts representing Interest	<u>438,750</u>
Present value of Net Minimum Lease Payments	<u>\$ 1,850,000</u>

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Debt Guarantees (Continued)

Hudson County Improvement Authority – Lease Financing Agreement (Continued)

The initial interest rate on the capital lease was 5% and was based on the HCIA's borrowing rate at the inception of the lease. The future minimum lease payments set forth above assumes a 5% interest rate. However, as of the date of the Agreement, the interest rate payable on the outstanding principal is reset weekly by the Remarketing Agent for the HCIA Pooled Loan Program. The average estimated interest rate for the years ended December 31, 2016 and 2015 was 2.3824% and 2.0419%, respectively.

Changes in Long-Term Municipal Debt

The Town's long-term capital debt activity for the years ended December 31, 2016 and 2015 were as follows:

	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
General Capital Fund					
Serial Bonds Payable	\$ 22,923,000	\$ 9,647,000	\$ 8,583,000	\$ 23,987,000	\$ 3,385,000
School Bonds Payable	2,405,000	1,960,000	2,195,000	2,170,000	210,000
Intergovernmental Loans Payable	<u>967,890</u>	<u>-</u>	<u>139,599</u>	<u>828,291</u>	<u>133,409</u>
General Capital Fund Long-Term Liabilities	<u>\$ 26,295,890</u>	<u>\$ 11,607,000</u>	<u>\$ 10,917,599</u>	<u>\$ 26,985,291</u>	<u>\$ 3,728,409</u>
	Balance, January 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
General Capital Fund					
Serial Bonds Payable	\$ 26,743,000		\$ 3,820,000	\$ 22,923,000	\$ 3,818,000
School Bonds Payable	2,540,000		135,000	2,405,000	170,000
Intergovernmental Loans Payable	<u>1,104,737</u>	<u>-</u>	<u>136,847</u>	<u>967,890</u>	<u>139,599</u>
General Capital Fund Long-Term Liabilities	<u>\$ 30,387,737</u>	<u>\$ -</u>	<u>\$ 4,091,847</u>	<u>\$ 26,295,890</u>	<u>\$ 4,127,599</u>

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Town's short-term debt activity for the years ended December 31, 2016 and 2015 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, January 1, <u>2016</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2016</u>
<u>2016</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	2.00	11/1/2017		\$ 5,255,000		\$ 5,255,000
Road Improvement Projects	2.00	11/1/2017		1,115,000		1,115,000
Acquisition of Vehicles	2.00	11/1/2017		190,000		190,000
Refunding Tax Appeals	2.00	11/1/2017		948,000		948,000
Various Capital Improvements	1.75	11/11/2016	\$ 7,953,000		\$ 7,953,000	
Road Improvement Projects	1.75	11/11/2016	1,943,000		1,943,000	
Acquisition of Vehicles	1.75	11/11/2016	190,000		190,000	
Refunding Tax Appeals	1.75	11/11/2016	1,690,000	-	1,690,000	-
			<u>\$ 11,776,000</u>	<u>\$ 7,508,000</u>	<u>\$ 11,776,000</u>	<u>\$ 7,508,000</u>
<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, January 1, <u>2015</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2015</u>
<u>2015</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	1.75	11/11/2016		\$ 7,953,000		\$ 7,953,000
Road Improvement Projects	1.75	11/11/2016		1,943,000		1,943,000
Acquisition of Vehicles	1.75	11/11/2016		190,000		190,000
Refunding Tax Appeals	1.75	11/11/2016		1,690,000		1,690,000
Various Capital Improvements	1.00	11/25/2015	\$ 4,193,000		\$ 4,193,000	
Road Improvement Projects	1.00	11/25/2015	1,019,000	-	1,019,000	-
			<u>\$ 5,212,000</u>	<u>\$ 11,776,000</u>	<u>\$ 5,212,000</u>	<u>\$ 11,776,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance special emergency appropriations. This debt which is not included in the Town's statutory debt limit calculation is reported in the Current Fund for the years 2016 and 2015 as follows:

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the Town may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, January 1, <u>2016</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2016</u>
<u>2016</u>						
Superstorm Sandy	1.75	11/11/2016	\$ 92,000	\$ -	\$ 92,000	\$ -
Total Special Emergency Notes			<u>\$ 92,000</u>	<u>\$ -</u>	<u>\$ 92,000</u>	<u>\$ -</u>

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, January 1, <u>2015</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2015</u>
<u>2015</u>						
Superstorm Sandy	1.75	11/11/2016		\$ 92,000		\$ 92,000
Superstorm Sandy	1.00	11/25/2015	\$ 138,000	-	\$ 138,000	-
Total Special Emergency Notes			<u>\$ 138,000</u>	<u>\$ 92,000</u>	<u>\$ 138,000</u>	<u>\$ 92,000</u>

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Town had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction/ Other Commitment</u>	<u>Estimated Date of Acquisition/ Completion</u>
<u>2016</u>		
Improvements to 66th Street	\$ 174,219	2017
Road Program	241,037	2017
Acquisition of Surveillance Cameras	86,225	2017
Construction of Dog Park	181,328	2017
Renovations to 50th Street Park	269,072	2017
Improvements and Repairs to Dispatch Center	351,662	2017
Traffic Signal Upgrades	610,010	2017
<u>2015</u>		
Improvements to 66th Street	\$ 174,219	2016
Improvements to Veterans Park	262,951	2016
Improvements to Washington Park	63,260	2016
Road Program	398,510	2016
Acquisition of Vehicles	212,157	2016

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Town, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$7,357,983 and \$8,326,112 at December 31, 2016 and 2015, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

B. Deferred Pension Obligation

During the year ended December 31, 2009 the Town elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$1,589,585 and will be paid back with interest over 15 years beginning in the 2012 year. The Town is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at December 31, 2016 and 2015 is \$799,907 and \$956,474, respectively.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Town's changes in other long-term liabilities for the years ended December 31, 2016 and 2015 were as follows:

	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
Compensated Absences	\$ 8,326,112		\$ 968,129	\$ 7,357,983	\$ 250,000
Net Pension Liability - PERS	21,040,256	\$ 10,958,191	931,863	31,066,584	
Net Pension Liability - PFRS	55,139,142	9,836,414	2,659,779	62,315,777	
Deferred Pension Obligation	<u>956,474</u>	<u>58,566</u>	<u>215,133</u>	<u>799,907</u>	<u>217,286</u>
Total Other Long-Term Liabilities	<u>\$ 85,461,984</u>	<u>\$ 20,853,171</u>	<u>\$ 4,774,904</u>	<u>\$ 101,540,251</u>	<u>\$ 467,286</u>

	Balance, January 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
Compensated Absences	\$ 7,682,147	\$ 643,965		\$ 8,326,112	\$ 250,000
Net Pension Liability - PERS	16,585,081	5,260,992	\$ 805,817	21,040,256	
Net Pension Liability - PFRS	40,641,097	17,188,878	2,690,833	55,139,142	
Deferred Pension Obligation	<u>1,100,795</u>	<u>70,029</u>	<u>214,350</u>	<u>956,474</u>	<u>215,133</u>
Total Other Long-Term Liabilities	<u>\$ 66,009,120</u>	<u>\$ 23,163,864</u>	<u>\$ 3,711,000</u>	<u>\$ 85,461,984</u>	<u>\$ 465,133</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Town employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Town employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PERS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

**TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of \$50.3 billion. The CPFPPF system is 19.15 percent funded with an unfunded actuarial accrued liability of \$8.0 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and \$20.7 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2015 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.65% for investment rate of return for all the retirement systems except CPFPPF (2.85%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.06% for PERS and 5.50% for DCRP of employee's annual compensation for fiscal year 2016.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2016 and 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2016, 2015 and 2014, the Town, was required to contribute for normal cost pension contributions, accrued liability pension contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2016	\$ 2,860,360	\$ 851,423
2015	2,481,516	730,262
2014	2,400,660	775,262

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2016 and 2015, the Town reported a liability of \$31,066,584 and \$21,040,256, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Town's proportionate share of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Town's proportionate share was 0.10489 percent, which was an increase of 0.01116 percent from its proportionate share measured as of June 30, 2015 of 0.09373 percent.

TOWN OF WEST NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2016 and 2015, the pension system has determined the Town's pension expense to be \$3,350,749 and \$1,248,559, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Town's financial statements of \$851,423 and \$730,262, respectively. At December 31, 2016 and 2015, the Town's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Town's financial statements are from the following sources:

	2016		2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 577,744		\$ 501,947	
Changes of Assumptions	6,435,337		2,259,555	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,184,597			\$ 338,287
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	<u>2,463,804</u>	<u>\$ 1,080,280</u>	<u>817,461</u>	<u>1,394,315</u>
Total	<u>\$ 10,661,482</u>	<u>\$ 1,080,280</u>	<u>\$ 3,578,963</u>	<u>\$ 1,732,602</u>

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2017	\$ 2,105,434
2018	2,105,434
2019	2,352,530
2020	2,186,894
2021	830,910
Thereafter	<u>-</u>
	<u>\$ 9,581,202</u>

TOWN OF WEST NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Town's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.15-4.40%
Through 2026	1.65-4.15%	Based on Age
	Based on Age	
Thereafter	2.65-5.15%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial study for the period July 1, 2008 to June 30, 2011.

TOWN OF WEST NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	3.98%
2015	June 30, 2015	4.90%

TOWN OF WEST NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following

Rates were Applied:

Long-Term Expected Rate of Return

Through June 30, 2034

Municipal Bond Rate *

From July 1, 2034
and Thereafter

* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Town's proportionate share of the PERS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 3.98% and 4.90%, respectively, as well as what the Town's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98% and 3.90%, respectively) or 1-percentage-point higher (4.98% and 5.90%, respectively) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
<u>2016</u>			
Town's Proportionate Share of the PERS Net Pension Liability	<u>\$ 38,068,473</u>	<u>\$ 31,066,584</u>	<u>\$ 25,285,918</u>
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
<u>2015</u>			
Town's Proportionate Share of the PERS Net Pension Liability	<u>\$ 26,150,464</u>	<u>\$ 21,040,256</u>	<u>\$ 16,755,895</u>

The sensitivity analysis was based on the proportionate share of the Town's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Town's net pension liability was not provided by the pension system.

TOWN OF WEST NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2016 and 2015, the Town reported a liability of \$62,315,777 and \$55,139,142, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Town's proportionate share of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Town's proportionate share was 0.32622 percent, which was a decrease of 0.00482 percent from its proportionate share measured as of June 30, 2015 of 0.33104 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Town pension expense to be \$7,097,765 and \$5,331,926, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Town's financial statements of \$2,860,360 and \$2,481,516, respectively. At December 31, 2016 and 2015, the Town's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Town's financial statements are from the following sources:

	2016		2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 408,489		\$ 475,593
Changes of Assumptions	\$ 8,631,247		\$ 10,180,055	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,366,341			959,648
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	<u>1,816,709</u>	<u>554,407</u>	<u>2,367,937</u>	<u>-</u>
Total	<u>\$ 14,814,297</u>	<u>\$ 962,896</u>	<u>\$ 12,547,992</u>	<u>\$ 1,435,241</u>

TOWN OF WEST NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2017	\$ 3,452,847
2018	3,452,847
2019	4,489,669
2020	2,439,626
2021	16,412
Thereafter	-
	<u>\$ 13,851,401</u>

Actuarial Assumptions

The Town's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PFRS

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.60-9.48%
Through 2026	2.10-8.98%	Based on Age
	Based on Age	
Thereafter	3.10-9.98%	3.60-10.48%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2015 and July 1, 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

TOWN OF WEST NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	5.55%
2015	June 30, 2015	5.79%

TOWN OF WEST NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2050
Municipal Bond Rate *	From July 1, 2050 and Thereafter

* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Town's proportionate share of the PFRS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 5.55% and 5.79%, respectively, as well as what the Town's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55% and 4.79%, respectively) or 1-percentage-point higher (6.55% and 6.79%, respectively) than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
<u>2016</u>			
Town's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 80,351,625</u>	<u>\$ 62,315,777</u>	<u>\$ 47,608,628</u>
	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
<u>2015</u>			
Town's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 72,690,894</u>	<u>\$ 55,139,142</u>	<u>\$ 40,827,256</u>

The sensitivity analysis was based on the proportionate share of the Town's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Town's net pension liability was not provided by the pension system.

**TOWN OF WEST NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Town is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Town by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Town's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Town for the PFRS special funding situation is \$5,232,980 and \$4,835,518, respectively. For the years ended December 31, 2016 and 2015, the pension system has determined the State's proportionate share of the pension expense attributable to the Town for the PFRS special funding situation is \$668,375 and \$603,161, respectively, which is more than the actual contributions the State made on behalf of the Town of \$200,512 and \$251,714, respectively. The State's proportionate share attributable to the Town was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Town's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Description

The Town provides a post employment healthcare plan for its eligible retirees, spouses and dependents. The plan is a single-employer defined benefit healthcare plan administered by the Town. In accordance with Town ordinances, contracts and/or policies, the Town provides medical and prescription benefits to retirees and their covered eligible dependents. The Town pays the full cost for eligible retirees, spouses and dependents. All active employees who retire directly from the Town and meet the eligibility criteria may participate.

Funding Policy

The required contribution is funded on a pay-as-you-go basis. For the years 2016 and 2015, the Town contributed \$4,486,000 and \$4,192,144, respectively to the plan reflecting implicit rate subsidies.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year 2016 and 2015, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to the plan.

	<u>2016</u>	<u>2015</u>
Annual Required Contribution	\$ 10,658,379	\$ 10,658,379
Interest on Net OPEB Obligation	1,873,421	1,608,811
Adjustment to Annual Required Contribution	<u>(2,194,831)</u>	<u>(2,194,831)</u>
Annual OPEB Cost (Expense)	10,336,969	10,072,359
Contributions Made	<u>(4,486,000)</u>	<u>(4,192,144)</u>
Increase in Net OPEB Obligation	5,850,969	5,880,215
Net OPEB Obligation - Beginning of Year	<u>41,631,575</u>	<u>35,751,360</u>
Net OPEB Obligation - End of Year	<u><u>\$ 47,482,544</u></u>	<u><u>\$ 41,631,575</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2016, 2015 and 2014 were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligations</u>
2016	\$ 10,336,969	43%	\$ 47,482,544
2015	10,072,359	42%	41,631,575
2014	11,612,503	39%	35,751,360

Funded Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$121,785,247, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$121,785,247.

**TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.5% of pre-Medicare medical benefits and 5% post-Medicare medical benefits. The unfunded actuarial liability is amortized as a level dollar amount using an open period of 30 years.

NOTE 14 RISK MANAGEMENT

Employee Group Health

The Town of West New York has established a group health and prescription insurance benefit plan for its active employees and eligible dependents. Claims dollars are funded by the Town and employee health contributions and are paid by the plan (Horizon BCBS – Medical and Express Scripts – Prescription). The Town has a Medicare Advantage plan with Horizon BCBS to cover all retired members; the Town assumes all cost to fund the Medicare Advantage plan. Total cost paid by the Town for Medical, Medicare Advantage Plan, Rx and Stop-Loss totals \$12,034,513 for plan year ending December 31, 2016. The plan has a re-insurance agreement with Optum in place to fund claims in excess of \$175,000 per person and a policy year maximum specific benefit of \$1,825,000. The re-insurance policy also contains an aggregate loss provision in the amount of \$13,918,080 for the policy year ending December 31, 2016. The Town experienced three members and two members that exceeded the specific attachment point of \$175,000 in the calendar years 2016 and 2015, respectively. The Town will be reimbursed \$219,714 and \$38,075 in the plan year 2016 and 2015, respectively. The Town has not created a liability for loss reserves for claims incurred which were unpaid at December 31, 2016. In addition, the Town has not created a liability for reserves for any potential unreported losses which have taken place but in which the Town has not received notices or report of losses. The effect on the financial statements from these omissions could not be determined, but is presumed to be material. A contingent liability exists with respect to reinsurance, which would become an actual liability in the even the reinsuring company might be unable to meet their obligations to the Town under existing reinsurance agreements.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 14 RISK MANAGEMENT (Continued)

Other Insurance Coverage

The Town of West New York is a member of the Public Entity Joint Insurance Fund (PEJIF). The joint insurance fund is an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is a risk sharing public entity pool. The PEJIF coverage amounts are on file with the Town.

The relationship between the Town and insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Town is contractually obligated to make all annual and supplementary contributions to the insurance fund, to report claims on a timely basis, to cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which the municipality was a member.

The fund provides its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the fund can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlement in excess of insurance coverage in any of the prior three years.

The Town has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Town is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Town is billed quarterly for amounts due to the State. The following is a summary of Town contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Town's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Town</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 102,608	\$ 126,802	\$ 215,617	\$ 164,526
2015		34,484	106,910	150,733
2014	156,595	15,940	135,341	223,159

**TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 15 CONTINGENT LIABILITIES

The Town is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Town's Attorney, the potential claims against the Town not covered by insurance policies would not materially affect the financial condition of the Town.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016 and 2015. Amounts claimed have not yet been determined. The Town is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Town does not recognize a liability, if any, until these cases have been adjudicated. The Town expects such amounts, if any, could be material. As of December 31, 2016 and 2015, the Town reserved \$124,797 and \$242,395, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of December 31, 2016 and 2015, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Town believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Town is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2016 and 2015, the Town has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 RELATED PARTY TRANSACTIONS

North Hudson Sewerage Authority

In October, 1996, the West New York Municipal Utilities Authority (WNYMUA) was acquired by the Hoboken – Union City – Weehawken Sewerage Authority (HUCWSA), and together, these entities were consolidated to create the North Hudson Sewerage Authority (NHSA). The acquisition was executed through the issuance and sale of \$104,945,000 Sewer Revenue Bonds, Series 1996, issued by the NHSA on October 15, 1996. Upon delivery of the bonds on October 31, 1996, the NHSA acquired all of the existing wastewater collection and treatment facilities of the Town and the WNYMUA. On February 16, 2000, the WNYMUA was officially dissolved pursuant to N.J.S. 40A:5A-20, through Town ordinance 25/99. By virtue of this ordinance, the Town assumed all remaining assets and liabilities of the now defunct WNYMUA.

In connection with the creation of the NHSA, a service agreement between the Town (together with the Hudson County municipalities of Hoboken, Union City and Weehawken) and the NHSA was executed. This agreement supersedes a previous agreement between the Town and the WNYMUA. The related obligation of the Town with respect to the current service agreement pertains to service charges and annual charges, as described below.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 17 RELATED PARTY TRANSACTIONS (Continued)

Service Charges

The NHSA will charge (to users of its system) service charges, pursuant to the service agreement, with respect to all sewerage treated or disposed of by the NHSA and for all use and services of its system, in accordance with the New Jersey Sewerage Authorities Law, ch. 138, L. 1946, and in a manner consistent with the submission relied upon by the United States Environmental Protection Agency (EPA) and the New Jersey Department of Environmental Protection (NJDEP) in issuing a federal grant or in such other manner that the EPA and the NJDEP approve. Such service charges shall be established at rates estimated to be sufficient to provide for all amounts necessary to pay or provide for the expense of operation and maintenance of the NHSA's system and the principal and interest on any and all bonds as they become due, to maintain the amounts required to be held on deposit in the sinking fund and the bond reserve fund and to comply in all respects with the terms of provisions of the general bond resolution adopted by the NUCWSA on April 24, 1989, as amended and the New Jersey Sewerage Authorities Law, provided, however, that the NHSA may charge service charges which are less than sufficient to comply with the requirements referred to above if each of the municipalities gives its written consent to such lesser service charges.

Annual Charges

Annual charges are based upon application of a formula which is explained in the next two paragraphs. If, but only if, the application of the formula yields a positive dollar amount for any fiscal year during which the service agreement is in effect, the Town shall be obligated to pay to the NHSA its allocable share of such positive dollar amount as an annual charge. Such annual charges shall be the excess, if any of the amount determined by the items in the first paragraph following less the amount determined by the items in the second paragraph following to determine the excess, if any.

The sum of all of the amounts reasonably expected by the NHSA to be expended in the fiscal year of the NHSA (1) to pay or provide for the expenses of construction, acquisition, operation and maintenance of its system, as well as administrative and other expenses of the NHSA related to its system prior to placing the system in operation, and the principal of and interest on all bonds as the same become due; (2) to maintain such reserves or sinking funds as may be required by the terms of the contract of the NHSA or any bond resolution, or as may be deemed necessary by the NHSA; and (3) to comply in all respects with the terms of the general bond resolution adopted by the HUCWSA on April 24, 1989, as amended, and the New Jersey Sewerage Authorities Law.

The sum of the following amounts to the extent available to be used to pay or provide for the amounts described in the preceding paragraph: (1) service charges collected by the NHSA; (2) the proceeds of bonds received by or for account of the NHSA with respect to its system; (3) the proceeds of insurance awards received by or for account of the NHSA with respect to its system; (4) contributions received by or for account of the NHSA with respect to its system and not under any circumstances repayable by the NHSA until after the payment in full of all other obligations of the NHSA including its bonds, original or refunding or both, or (5) any other funds on hand or available therefore.

Annual charges, if any, are assessed to and payable by the Town in the same percentage as the most recent determination by the NHSA of the allocation of the annual flow among the municipalities. The most recent determination by the NHSA of the allocation of the annual flow is as follows: (i) Hoboken 31%, (ii) Union City 35%, (iii) Weehawken 8% and (iv) West New York 26%.

On or before January 1 of each fiscal year, the NHSA will make an estimate of the amount of the annual charges, if any, which will become payable by the Town for such fiscal year. On or before February 15 of each fiscal year, the Town will pay to the NHSA the amount of any annual charges not paid relating to any prior fiscal year. The Town will pay to the NHSA that part of the estimated amount of the annual charges for the current fiscal year in four equal installments on March 1, June 1, September 1, and November 1 of such fiscal year.

There was no annual charge due to the NHSA for the years ended December 31, 2016 and 2015.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 18 JOINT GOVERNED ORGANIZATION

North Hudson Regional Fire and Rescue

The North Hudson Regional Fire and Rescue was created pursuant to the second Amended and Restated Consolidated Municipal Services Agreement (Agreement) for the Formation of a Joint Meeting Pursuant to N.J.S.A. 40:8B-1 et seq.

Background of the Agreement

On October 1, 1998, the Hudson County municipalities of North Bergen, Union City, Weehawken and West New York had formed the Agreement in order to form a joint meeting pursuant to the Consolidated Municipal Services Act, N.J.S.A. 40:8B-1 et seq. (the "Act"). The entity created by the formation of this joint meeting is known as the North Hudson Regional Fire and Rescue (NHRFR), which is a public body, corporate and politic, constituting a political subdivision of the State of New Jersey, having all powers and authorities permitted by the Act. The purpose of the NHRFR is to provide for the joint operation of fire protection, rescue and emergency services, and other related governmental services.

The Town adopted an ordinance on September 30, 1998, authorizing the sale, lease transfer, conveyance or other disposition of an improvement of real and personal property to the NHRFR, pursuant to New Jersey Statutes.

On December 30, 1998, the Town of Guttenberg, duly adopted a resolution approving it to officially enter into the Agreement, and Guttenberg was admitted to participate in the NHRFR.

The terms of the Agreement expires September 30, 2023, but may be subject to earlier termination pursuant to the Act. The operations of the NHRFR commenced on January 1, 1999. The NHRFR is governed by a five member management committee, consisting of one representative from each municipality, and this committee may appoint one or two executive director(s), and other such officers, employees and counsel as it deems necessary. A municipality's admission to or withdrawal from the NHRFR requires four votes from the management committee.

The annual contribution is based on each an allocation formula set for the original four participating municipalities and subsequent agreement with the Town of Guttenberg on the annual budgeted costs of North Hudson Regional Fire and Rescue. The Towns contribution was \$14,839,182 and \$14,635,172 for the years 2016 and 2015, respectively, including health insurance and debt service costs.

NOTE 19 ACCELERATED TAX SALE

Chapter 99 of the Public Laws and 1997 of the State of New Jersey, effective May 12, 1997, authorized any municipality to have an accelerated tax sale. An accelerated tax sale permits a municipality to have a tax sale when a property is in arrears after the 11th day of the 11th month of each fiscal year. In 2016 and 2015, the Town conducted an accelerated tax sale which resulted in the majority of delinquent taxes being sold to outside lien holders. As a result of the accelerated tax sales, the true collection rate which includes the proceeds of the accelerated tax sale was 98.83% and 98.82% for 2016 and 2015, respectively. The underlying tax collection rate was 96.55% and 97.10% for 2016 and 2015, respectively.

TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 20 TAX ABATEMENTS

For the years ended December 31, 2016 and 2015, the Town provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law") and the Five-Year Exemption and Abatement Law (the "FYEA").

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2016 and 2015 the Town abated property taxes totaling \$33,932,802 and \$33,287,086, respectively under the LTTE program. The Town received \$20,675,465 and \$20,845,107 in PILOT payments under this program for the years ended December 31, 2016 and 2015, respectively.
- The Five-Year Exemption and Abatement Law (NJSA 40:21et.seq.) generally concerns rehabilitation of particular buildings and structures, with an abatement period that lasts no more than five years. These "short-term" property tax abatements can be structured as reduced property tax bills that exclude all or part of improvement value or as payments in lieu of taxes (PILOTs). Procedurally, a municipality must first adopt an ordinance invoking its five-year abatement authority and setting forth application procedures. This ordinance, referred to as the general ordinance, defines the eligibility criteria, which may include types of structures, types of permissible improvements, as well as qualifying geographic zones or similar designations. An applicant must satisfy all of the criteria stipulated in the statute and general ordinance to be entitled to approval. Applications for individual short-term abatements are presented to the local governing body and must include a general description of the project, plans demonstrating the structure of the project, a statement of reasons for seeking the abatement, claimed benefits to be realized by the applicant if the application is approved, and a statement of taxes currently being assessed and taxes to be paid during the period of the abatement. The application is approved by an ordinance authorizing execution of a tax agreement. If during any tax year prior to the termination of the tax agreement, the property owner ceases to operate or disposes of the property, or fails to meet the conditions for qualifying, then the property tax which would have otherwise been payable for each year shall become due and payable from the property owner as if no exemption and abatement had been granted. For the years ended December 31, 2016 and 2015 the Town abated property taxes totaling \$370,682 and \$352,285 respectively under the FYEA program. The Town received \$284,286 and \$267,523 in PILOT payments under this program for the years ended December 31, 2016 and 2015, respectively.

**TOWN OF WEST NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 21 SUBSEQUENT EVENTS

Debt Authorized

On March 23, 2017 the Town adopted a bond ordinance authorizing the issuance of \$950,000 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Town has not issued nor awarded the sale of said bonds or notes.

On June 15, 2017 the Town adopted a bond ordinance authorizing the issuance of \$1,235,000 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Town has not issued nor awarded the sale of said bonds or notes.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)**

COMPREHENSIVE ANNUAL AUDIT REPORT

DECEMBER 31, 2016 AND 2015

**WITH SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITOR'S REPORT**

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
DECEMBER 31, 2016 AND 2015**

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**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A component Unit of the Township of Weehawken)
DECEMBER 31, 2016 AND 2015**

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INTRODUCTORY SECTION



Weehawken Parking Authority

4528 Park Avenue

Weehawken, New Jersey 07086

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Eleazar Nuñez
Chairperson
Neil D. Marotta
General Counsel

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Commissioners
Robert Supino
Sam Mezzina
James Marchetti
William McLellan

April 19, 2017

The Honorable Chairman and Commissioners
Weehawken Parking Authority

State law requires that all local authorities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Weehawken Parking Authority (the "Authority") for the years ended December 31, 2016 and 2015.

This report consists of management's representations concerning the finances of the Authority. We believe it is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Authority as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the Authority's financial affairs have been included. Responsibility for completeness and clarity of the report, including disclosures, rests with the management of the Authority and ultimately with the Board of Commissioners. By utilizing the CAFR format, it is the Authority's intent to facilitate an understanding by the non-financially oriented system user as well as provide all necessary information for the most sophisticated financial observer.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

Organization of Report

The CAFR is presented in several sections: Introductory, Financial, Supplementary and Statistical. The Introductory Section includes this transmittal letter and a list of principal officials. The Financial Section includes the independent auditor's report, management's discussion and analysis, and the financial statements, including the notes to the financial statements. The Supplementary Section includes supplementary schedules and information required by the Division of Local Government Services. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis.

Government Structure and Services

The Authority's governing body consists of four members appointed by the Mayor and Council of the Township of Weehawken, with the advice and consent of the Board of Commissioners.

The Authority was created for the purpose of constructing, financing, improving and operating a parking system to serve the Township of Weehawken.

Internal Accounting Controls

Management of the Authority is responsible for establishing and maintaining an adequate internal control structure. In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of position against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits expected to be derived. All internal control evaluations occur within the above framework. We believe the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

Basis of Accounting

The Authority's accounting records are maintained on an accrual basis and in accordance with GAAP, as promulgated by the Governmental Accounting Standards Board (GASB). The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Annual Budget

The annual budget serves as the foundation for the Authority's financial planning and control. Management prepares a proposed budget, which is presented to the Authority's Board of Commissioners for review and approval. Prior to adoption by the Board of Commissioners, these budgets are reviewed and approved by the State of New Jersey, Division of Local Government Services.

Debt Administration

At December 31, 2016, the Authority's outstanding debt includes \$2,250,000 of parking revenue bonds and \$14,200,000 of parking project note. Proceeds from permanent and temporary financing are to be used to acquire certain parking facilities from the Township of Weehawken, to obtain parking meters, meter poles, parking regulation devices and parking related equipment and to finance all related costs and expenses related to debt issuance.

Cash Management

The Authority strives to keep abreast of current developments and procedures in cash management to insure efficient and profitable use of available cash resources. The investment policy of the Authority is guided in large part by New Jersey Statutes. Cash is deposited in institutions located in New Jersey which are protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. Funds not needed immediately are invested as certificates of deposit or other allowable investments.

Risk Management

The Authority carries various forms through the Township of Weehawken, including, but not limited to, general liability, automotive, hazard and theft. The policy is issued from Statewide Insurance Fund.

Pension Benefits

All Authority employees participate in the New Jersey Public Employees Retirement System (PERS) through the Township of Weehawken. The PERS is a cost-sharing, multiple-employer defined benefit pension plan and is administered by the State of New Jersey Division of Pensions. Participants are required to contribute a statutory amount to the PERS. The Authority contributes to the PERS at an actuarially determined rate.


Annual Independent Audit

The Authority's financial statements have been audited by Garbarini & Co., P.C., a firm of licensed certified public accountants and registered municipal accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the year ended December 31, 2016 are free of material misstatement. The independent audit involved 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; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements for the years ended December 31, 2016 and 2015, are fairly presented in conformity with GAAP. The independent auditors' report is included in the financial section of this report.

Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff and the Commissioners of the Authority. We would like to express our appreciation to all those who assisted and contributed to the preparation of this report.

Respectfully submitted,



Robert Sosa
Executive Director

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)**

ROSTER OF OFFICIALS

DECEMBER 31, 2016

Authority Members

Eleazer Nuñez	Chairman
Robert Supino	Vice-Chairman
Sam Mezzina	Secretary / Treasurer
James Marchetti	Commissioner
William McLellan	Commissioner

Other Officials

Robert Sosa	Executive Director
Neil D. Marotta, Esq.	Attorney
Capital One Bank	Depository
Oritani Bank	Depository
Wells Fargo Bank	Depository
TD Bank	Trustee, Registrar, and Paying Agent

The Executive Director and all members of the Authority are covered by a Faithful Performance Blanket Bond in the amount of \$1,000,000.00 covered through the Township of Weehawken.

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Commissioners
Weehawken Parking Authority

Report on the Financial Statements

We have audited the accompanying comparative statement of net position of the Weehawken Parking Authority (the "Authority"), a Component Unit of the Township of Weehawken (the "Township"), County of Hudson, State of New Jersey, as of December 31, 2016 and 2015, and the related comparative statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, the comparative financial statements referred to above present fairly, in all material respects, the comparative statement of net position as of December 31, 2016 and 2015, the comparative statements of activities, cash flows, and the related notes to the financial statements for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 10 through 13 and 29 through 30 to be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's financial statements that collectively comprise the Authority's financial statements. The introductory section and other supplementary schedules section are presented for purposes of additional analysis and are not a required part of the financial statements.

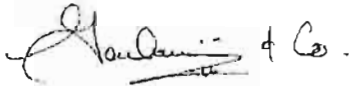
The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and financial section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C.
Certified Public Accountants

April 19, 2017
Carlstadt, New Jersey

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Commissioners
of the Weehawken Parking Authority
Weehawken, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements of the Weehawken Parking Authority (the "Authority"), a Component Unit of the Township of Weehawken (the "Township"), County of Hudson, State of New Jersey, which comprise the comparative statement of net position as of December 31, 2016 and 2015, and the related statements of activities, cash flows, and the related notes to the financial statements, and have issued our report thereon dated April 19, 2017.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

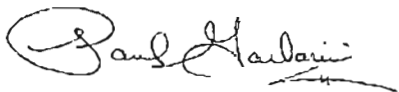
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

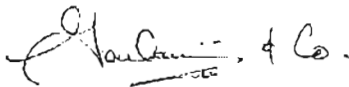
However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division.

Purpose of this Report

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



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C.
Certified Public Accountants

April 19, 2017
Carlstadt, New Jersey

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

This section of the Weehawken Parking Authority's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the year ended December 31, 2016. It is to be read in conjunction with the Authority's financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority.

FINANCIAL HIGHLIGHTS

The following data highlights the Authority's finances for the years ended December 31, 2016 as compared to December 31, 2015.

• Total net position (decreased):	\$	(365,200.30)
• Cash and investments (decreased):	\$	(122,220.02)
• Net property & Equipment (decreased):	\$	(447,192.33)
• Operating revenues (decreased):	\$	(5,101.03)
• Operating expenses increased:	\$	15,692.67
• Operating loss (increased):	\$	(48,950.51)
• Total non-operating revenue (decreased):	\$	(1,070,637.38)

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

FINANCIAL ANALYSIS OF THE AUTHORITY

The following table summarizes the changes in assets, liabilities and net position for the year ended December 31, 2016 with comparative data of 2015 and 2014:

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Unrestricted Assets	\$ 6,149.38	\$ 22,963.55	\$ 15,366.54
Invested Assets	5,996.21	111,402.06	395,817.28
Net Property, Plant & Equipment	14,261,404.02	14,708,596.35	14,956,366.11
Other Assets	<u>14,810.00</u>	<u>8,280.00</u>	<u>8,590.00</u>
Total Assets	<u>\$ 14,288,359.61</u>	<u>\$ 14,851,241.96</u>	<u>\$ 15,376,139.93</u>
Current Liabilities	\$ 14,974,228.43	\$ 15,088,231.98	\$ 16,262,556.90
Long-Term Liabilities	<u>2,222,823.50</u>	<u>2,306,502.00</u>	<u>2,383,305.83</u>
Total Liabilities	<u>\$ 17,197,051.93</u>	<u>\$ 17,394,733.98</u>	<u>\$ 18,645,862.73</u>
Net Position:			
Invested in Capital Assets, Net of Related Debt	\$ (2,182,599.77)	\$ (2,040,001.59)	\$ (1,912,816.61)
Unrestricted	<u>(726,092.55)</u>	<u>(503,490.43)</u>	<u>(1,356,906.19)</u>
Total Net Position	<u>\$ (2,908,692.32)</u>	<u>\$ (2,543,492.02)</u>	<u>\$ (3,269,722.80)</u>

The Authority's unrestricted assets decreased in 2016 due to more personnel and increased cost of employee benefits. Restricted assets decreased because of payment of principal and interest on debt. Net property & equipment decreased due to depreciation.

THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

Operating Activities - The Township imposes fines on parking violations according to the Township ordinances. Then the Township transfers the fees collected on parking tickets to the Authority. The Authority also collects fees on certain parking permits. The Authority is in the process of acquisition of parking meters, parking poles and parking regulation devices. The following table summarizes the changes in revenues, expenses and net position for the year ended December 31, 2016 with comparative data of 2015 and 2014:

	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Operating revenue			
Parking fees	\$ 64,120.00	\$ 69,008.00	\$ 62,221.00
Other income	21.00	234.03	86.01
Total operating revenue	<u>64,141.00</u>	<u>69,242.03</u>	<u>62,307.01</u>
Operating expenses			
Administration	416,091.11	315,718.52	460,971.89
Cost of providing services	690,827.22	789,357.77	598,218.77
Depreciation expense	447,192.33	433,341.70	423,341.80
Compensated Absences	(23,678.50)	(16,803.83)	30,589.89
Total operating expenses	<u>1,530,432.16</u>	<u>1,521,614.16</u>	<u>1,513,122.35</u>
Operating (loss)	(1,466,291.16)	(1,452,372.13)	(1,450,815.34)
Non-operating revenue			
Interest income	146.62	119.13	70.95
Gain on disposal of asset	-	4,323.63	-
Local subsidies and donations	344,368.00	370,045.00	446,414.00
BAN premium	17,054.98	47,304.20	29,507.70
Cancellation of payable to Township	25,194.73	971,175.00	-
Rental of property	1,000,000.00	1,000,000.00	1,000,000.00
Total non-operating revenue	<u>1,386,764.33</u>	<u>2,392,966.96</u>	<u>1,475,992.65</u>
Non-operating expenses			
Interest expense	285,673.47	214,364.05	205,034.48
Total non-operating expenses	<u>285,673.47</u>	<u>214,364.05</u>	<u>205,034.48</u>
Change in net position			
Unrestricted	<u>\$ (365,200.30)</u>	<u>\$ 726,230.78</u>	<u>\$ (179,857.17)</u>

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Authority, in fulfilling its mission to provide parking facilities for the Township, has invested its resources in land and other necessary equipment.

The following table summarizes the changes in capital assets for the years ended December 31, 2016 and 2015:

	2016	2015	Increase
Land	\$ 4,565,000.00	\$ 4,565,000.00	\$ -
Building	12,260,000.00	12,260,000.00	-
Equipment	200,728.30	200,728.30	-
Vehicles	45,457.33	45,457.33	-
Leasehold Improvements	12,520.41	12,520.41	-
Parking Signs	7,020.00	7,020.00	-
	<u>17,090,726.04</u>	<u>17,090,726.04</u>	<u>-</u>
Less:			
Accumulated Depreciation	<u>(2,829,322.02)</u>	<u>(2,382,129.69)</u>	<u>447,192.33</u>
Net Property, Plant & Equipment	<u>\$ 14,261,404.02</u>	<u>\$ 14,708,596.35</u>	<u>\$ 447,192.33</u>

Capital Debt - At December 31, 2016 and 2015, the Authority had \$2,250,000 and \$2,310,000 of bond principal outstanding, respectively. On November 1, 2016 the Authority issued \$14,200,000 parking project note through the Hudson County Improvement Authority. The note bears interest rate of 1.75% per annum and matures on November 1, 2017.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Weehawken citizens and taxpayers, and our customers, clients, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. If you have questions about this report or need additional financial information, you may contact the Authority's Executive Director at 4528 Park Avenue, Weehawken, NJ 07086 or at (201) 863-1523.

FINANCIAL SECTION

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2016 AND 2015**

EXHIBIT A

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	\$ 6,149.38	\$ 22,963.55
Investments - temporarily restricted	5,996.21	111,402.06
Prepaid expenses	6,000.00	-
Accounts receivable - no allowance for doubtful accounts considered necessary	8,810.00	8,280.00
	<u>26,955.59</u>	<u>142,645.61</u>
PROPERTY AND EQUIPMENT (net of accumulated depreciation of \$2,829,322.02 at 12/31/2016 and \$2,382,129.69 at 12/31/2015)	<u>14,261,404.02</u>	<u>14,708,596.35</u>
TOTAL ASSETS	<u><u>\$ 14,288,359.61</u></u>	<u><u>\$ 14,851,241.96</u></u>
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable - Township of Weehawken	\$ 656,672.27	\$ 430,190.20
Accounts payable - Other	17,387.67	18,037.67
Notes payable	14,200,000.00	14,550,000.00
Accrued interest on notes payable	40,168.49	30,004.11
Bonds payable	60,000.00	60,000.00
Total Current Liabilities	<u>14,974,228.43</u>	<u>15,088,231.98</u>
LONG-TERM LIABILITIES		
Bonds payable	2,190,000.00	2,250,000.00
Compensated absences	32,823.50	56,502.00
Total Long-Term Liabilities	<u>2,222,823.50</u>	<u>2,306,502.00</u>
TOTAL LIABILITIES	<u>17,197,051.93</u>	<u>17,394,733.98</u>
NET POSITION		
Invested in capital assets, net of related debt	(2,182,599.77)	(2,040,001.59)
Unrestricted	(726,092.55)	(503,490.43)
Total Net Position	<u>(2,908,692.32)</u>	<u>(2,543,492.02)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 14,288,359.61</u></u>	<u><u>\$ 14,851,241.96</u></u>

See independent auditor's report and notes to financial statements.

THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DECEMBER 31, 2016 AND 2015

EXHIBIT B

	<u>2016</u>	<u>2015</u>
Operating revenues		
Parking fees & permits	\$ 64,120.00	\$ 69,008.00
Other income	21.00	234.03
Total operating revenues	<u>64,141.00</u>	<u>69,242.03</u>
 Operating expenses		
Administration	416,091.11	396,411.46
Costs of providing services	690,827.22	708,664.83
Depreciation expense	447,192.33	433,341.70
Total operating expenses	<u>1,554,110.66</u>	<u>1,538,417.99</u>
 Operating (loss)	<u>(1,489,969.66)</u>	<u>(1,469,175.96)</u>
 Non - operating revenue / (expense)		
Interest income	146.62	119.13
Gain on disposal of asset	-	4,323.63
Local subsidies & donations	344,368.00	370,045.00
Rental of Wilson School property	1,000,000.00	1,000,000.00
Cancellation of payable to Township	25,194.73	971,175.00
BAN premium	17,054.98	47,304.20
Compensated Absences	23,678.50	16,803.83
Interest expense	(285,673.47)	(214,364.05)
Total non-operating revenue / (expense)	<u>1,124,769.36</u>	<u>2,195,406.74</u>
 Change in net position	 (365,200.30)	 726,230.78
 Net position, beginning of year	 <u>(2,543,492.02)</u>	 <u>(3,269,722.80)</u>
 Net position, end of year	 <u><u>\$ (2,908,692.32)</u></u>	 <u><u>\$ (2,543,492.02)</u></u>
 Invested in Capital Assets, Net of Related Debt	 (2,182,599.77)	 (2,040,001.59)
Unrestricted	<u>(726,092.55)</u>	<u>(503,490.43)</u>
	<u><u>\$ (2,908,692.32)</u></u>	<u><u>\$ (2,543,492.02)</u></u>

See independent auditor's report and notes to financial statements.

THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
COMPARATIVE STATEMENT OF CASH FLOWS
DECEMBER 31, 2016 AND 2015

EXHIBIT C

Cash flows from operating activities:	2016	2015
Cash received from parking fees & permits	\$ 63,590.00	\$ 69,318.00
Misc. income	21.00	234.03
Cash payments for goods and services	(108,112.30)	(76,922.90)
Net cash provided / (used) by operating activities	(44,501.30)	(7,370.87)
Cash flows from investing activities:		
Gain on disposal of asset	-	12,784.30
Bond paydown loan from Township	40,000.00	-
Purchase of equipment	-	(177,294.94)
Net cash flows provided / (used) by investing activities	40,000.00	(164,510.64)
Cash flows from financing activities:		
Payment on bonds	(60,000.00)	(55,000.00)
Interest paid on bonds/notes	(57,865.34)	(50,055.83)
Interest income	146.62	119.13
Net cash flows provided / (used) by financing activities	(117,718.72)	(104,936.70)
Net (decrease) in cash and cash equivalents	(122,220.02)	(276,818.21)
Cash and cash equivalents at beginning of year	134,365.61	411,183.82
Cash and cash equivalents at end of year	12,145.59	134,365.61
Less: invested in capital assets, net of related debt	(5,996.21)	(111,402.06)
Cash and cash equivalents at end of year - Unrestricted	\$ 6,149.38	\$ 22,963.55
Reconciliation of operating (loss) to net cash provided (used) by operating activities:		
Operating (loss)	\$ (1,489,969.66)	\$ (1,469,175.96)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation	447,192.33	433,341.70
(Increase)/decrease in accounts receivable, net	(530.00)	310.00
(Increase)/decrease in prepaid expenses	(6,000.00)	-
Increase/(decrease) in accounts payable, not including non-operating or debt service	1,004,806.03	1,028,153.39
Total adjustments	1,445,468.36	1,461,805.09
Net cash provided by (used for) operating activities	\$ (44,501.30)	\$ (7,370.87)

See independent auditor's report and notes to financial statements.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. AUTHORIZING LEGISLATION AND BOND RESOLUTION

The Weehawken Parking Authority (the "Authority"), a Component Unit of the Township of Weehawken (the "Township"), County of Hudson, State of New Jersey, is a public body corporate and politic of the State of New Jersey organized and existing under the Parking Authority Law, constituting Chapter 198 of the Pamphlet Laws of 1948 of the State of New Jersey, as amended and supplemented.

In accordance with the provisions of N.J.S.A. 40A:11A-1 *et seq.*, the Authority was created pursuant to an ordinance of the Council of the Township duly adopted March 13, 1969 and re-constituted pursuant to an ordinance of the Council of the Township, duly adopted December 27, 2007.

The Authority was established to operate, maintain, finance, manage, reconstruct and/or improve the Township parking system.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus and Basis of Financial Statements

The Authority's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). All proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

B. Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing and maintaining parking services as well as enforcing parking regulations within the Township. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. The Township authorized a budget appropriation "Local Subsidies and Donations" for the years 2016 and 2015, which is a revenue recognized by the Authority.

C. Budgets and Budgetary Accounting

The Division of Local Government Services (the "DLGS") requires that an annual budget be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Authority and approved by the DLGS per N.J.S.A. 40A:4 *et. seq.*

D. Allowance for Doubtful Accounts

Management has reviewed all accounts receivable at December 31, 2016 and 2015, and determined that no allowance was necessary.

E. Cash, Cash Equivalents and Investments

For the purposes of the Comparative Statements of Cash Flows, cash and cash equivalents include all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 3.

See independent auditor's report.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

Purchases of materials and supplies are expensed when purchased. The Authority does not maintain an inventory of these purchases.

G. Debt Issuance Costs

Bond issuance costs are expensed as incurred as per GASB 65. Bond discounts are reported as deferred inflow/outflow of resources.

H. Capital Assets

Capital assets are reported at cost, including all ancillary charges necessary to place the assets in their intended location and condition for use. If land is purchased, the capitalized amount includes the purchase price plus costs such as legal fees, filling and excavation costs incurred to put the land in condition for its intended use. The capitalized amounts for building include both acquisition and capital improvement costs and net construction period interest. An asset is deemed substantially complete when the structure or project is ready for the purpose for which it was constructed (see Note 4).

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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. Actual results could differ from those estimates.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority'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, 2016 and 2015, none of the Authority's bank balances of \$13,703.50 and \$134,414.16, respectively, was exposed to custodial credit risk or foreign currency risk.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments

Interest Rate Risk. The Authority 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 allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: 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 Authority places no limit on the amount the Authority may invest in any one issuer.

The components of cash and investments at December 31, 2016 and 2015 are:

	2016	2015
Unrestricted cash	\$ 7,707.29	\$ 22,963.55
Unrestricted - invested in capital assets	5,996.21	111,402.06
Total cash and investments	<u>\$ 13,703.50</u>	<u>\$ 134,365.61</u>

4. CAPITAL ASSETS

In 2008, the Authority purchased a property located at 105-113 Hackensack Plank Road from the Township in the amount of \$1,000,000. This property will be utilized as a parking lot under the Authority's control.

In December 2008, the Authority deposited \$500,000 in an escrow account established by the Township in order to enter into a 99-year capital lease of a portion of a property located at 400 Park Avenue with the Township of Weehawken.

On April 30, 2010, the Authority purchased the land and building located at 80 Hauxhurst Avenue from the Township of Weehawken in the amount of \$15,325,000. This property will be utilized as a parking facility.

See independent auditor's report.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

4. CAPITAL ASSETS (Continued)

Property, plant and equipment is stated at cost which includes the cost of construction, acquisition of such projects, engineering, administrative and financial expenses, interest on bonds during construction, and organization expenses, less income earned on unexpended construction funds. The reporting limit for capitalization of capital assets is \$5,000. Depreciation is provided over the following estimated useful lives:

Buildings	30 years
Equipment & Computers	7 years
Leasehold Improvements	10 years
Parking Signs	5 years

Summary of Changes in Property and Equipment

	2016	2015
Land	\$ 4,565,000.00	\$ 4,565,000.00
Building	12,260,000.00	12,260,000.00
Equipment	200,728.30	200,728.30
Vehicles	45,457.33	45,457.33
Leasehold Improvements	12,520.41	12,520.41
Parking Signs	7,020.00	7,020.00
	<u>17,090,726.04</u>	<u>17,090,726.04</u>
Less: Accumulated Depreciation	<u>(2,829,322.02)</u>	<u>(2,382,129.69)</u>
Net Property and Equipment	<u>\$ 14,261,404.02</u>	<u>\$ 14,708,596.35</u>

5. RETIREMENT PLANS

The Authority contributes to the New Jersey Public Employees Retirement System, ("PERS"), a cost-sharing multiple-employer defined benefit plan, administered by the Division of Pensions in the Department of the Treasury, State of New Jersey, through the Township. All reporting in compliance with GASB 68 and PERS can be found in the Township's financial statements. The PERS was established in January 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and medical benefits to certain qualifying plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 10 years of service. Employees who retire at or after age 55 are entitled to a retirement 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 credible service. According to state law, all obligations of the PERS will be assumed by the State of New Jersey should the PERS be terminated. The State of New Jersey issues publicly available financial reports, which include the financial statements and required supplementary information of the PERS. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

See independent auditor's report.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

5. RETIREMENT PLANS (Continued)

The contribution policy is set by laws of the State of New Jersey. Employee contribution rates for the years ended December 31, 2016, 2015, and 2014 were 7.20%, 7.06% and 6.92% of the eligible employees' base wage, respectively. Employers are required to contribute at an actuarially determined rate. Annual pension costs for the years ended December 31, 2016, 2015 and 2014 were \$42,610.70, \$40,573.91 and \$34,887.82, respectively.

6. LIABILITIES

Permanent Financing, Bonds

On October 24, 2008, the Authority issued \$2,565,000 Parking Revenue Bonds to the Hudson County Improvement Authority through the Pooled Loan Program. The Bonds are issued for 17 years and bear interest at a variable interest rate set forth in the resolution of the Hudson County Improvement Authority duly adopted on July 15, 1986. The interest rate is reset by the remarketing agent on a weekly basis. Interest rates for participants during the history of the program have ranged from 2.93% to 6.38%. Interest on the Bonds is payable on the last business day of each month. The interest payment and related fees for the years ended December 31, 2016 and 2015 were \$73,725.86 and \$65,010.75, respectively.

The Authority and the Township of Weehawken entered into a parking guaranty agreement, providing for the payment by the Township to the Authority of amounts necessary to pay principal and interest on the bonds when they become due.

The proceeds of the bonds are deposited into an investment account, consisted of Construction of Fund, Capitalized Interest and Cost of Issuance. The use of the funds has to be in compliance with the specified purposes.

The bonds mature in accordance with amortization schedules to the year 2025. Principal maturities on bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2017	\$ 60,000	2022	\$ 80,000
2018	65,000	2023	85,000
2019	70,000	2024	90,000
2020	70,000	2025	1,655,000
2021	75,000		
Current portion of permanent debt			\$ 60,000
Long-term portion of permanent debt			2,190,000
			<u>\$ 2,250,000</u>

See independent auditor's report.

THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

6. LIABILITIES (Continued)

Parking Project Note Payable

On November 1, 2016, the Authority issued a Parking Project Note (the "Note") through Hudson County Improvement Authority in the amount of \$14,200,000. The Note is guaranteed by the Township of Weehawken. It was used for the acquisition of the land and building located at 80 Hauxhurst Avenue from the Township of Weehawken. The note was issued on November 1, 2016 with maturity date of November 1, 2017. It bears interest rate of 1.75% per annum.

The Authority's liabilities as of December 31, consisted of the following:

	Interest Rate	2016	2015
Parking Project Note Payable	1.75% / 1.50%	\$ 14,200,000.00	\$ 14,550,000.00
Parking Revenue Bonds Payable, including current portion (Township Guaranteed, Series 2008)	variable	2,250,000.00	2,310,000.00
Compensated Absences	n/a	32,823.50	56,502.00
Total		<u>\$ 16,482,823.50</u>	<u>\$ 16,916,502.00</u>

7. NET POSITION

Net position represents the difference between the Authority's assets and liabilities. Net position is categorized into three components:

Unrestricted-Invested in capital asset, net of related debt - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, notes or other borrowings.

Unrestricted - Net position that does not meet the definition of invested in capital assets, net of related debt or restricted.

	2016	2015
Invested in Capital Asset, net of related debt		
Net Property and Equipment	\$ 14,261,404.02	\$ 14,708,596.35
Parking Revenue Bonds Payable	(2,250,000.00)	(2,310,000.00)
Parking Project Note Payable	(14,200,000.00)	(14,550,000.00)
Unspent Debt Proceeds	5,996.21	111,402.06
	<u>(2,182,599.77)</u>	<u>(2,040,001.59)</u>
Unrestricted	<u>(726,092.55)</u>	<u>(503,490.43)</u>
TOTAL NET POSITION	<u>\$ (2,908,692.32)</u>	<u>\$ (2,543,492.02)</u>

See independent auditor's report.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

8. LEASES

The Authority rented its office located at 4528 Park Avenue in Weehawken, NJ from the Weehawken Senior Housing Rehabilitation Corporation. The lease payment is \$650.00 per month, for a term of one year and renewable on a yearly basis. The total rent for the year ended December 31, 2016 and 2015 was \$7,800 each year.

In June of 2013, the Authority entered into a lease agreement amendment as a landlord by assignment with the Union City Board of Education for the leasing of a property located at 80 Hauxhurst Avenue, also known as Woodrow Wilson School. This lease amendment extended the lease until June 30, 2017. The lease payment is made from the Union City Board of Education to the Township.

9. INSURANCE

The Authority carries various forms of insurance through the Township. The insurance policies include but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

10. COMPENSATED ABSENCES

The Authority has permitted employees to accrue unused vacation and sick pay which may be taken as time off or paid at a later date at an agreed upon rate. At December 31, 2016 and 2015, the accrued unused vacation and sick time off amounted to \$32,823.50 and \$56,502.00, respectively.

11. CONTINGENCIES

Litigation

The Authority is involved in certain legal proceedings from time to time, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

Other Claims and Judgments

Authority's management has expressed that no claims or judgments exist at April 19, 2017.

12. RISK MANAGEMENT

The Authority is exposed to various property and casualty risks including property damage caused to any of the Authority's property, motor vehicles, equipment or apparatus; liability resulting from the use or operation of such motor vehicles, equipment or apparatus; liability from the Authority's negligence, including that of its officers, employees and servants and workers' compensation obligations. The Authority holds commercial insurance policies which insure against the risk of loss for all of the above mentioned claims.

See independent auditor's report.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

13. CHANGE IN REVENUE RECOGNITION

In 2016, 2015 and 2014 the Authority recognized revenue which was financed through the Township's budget appropriation "Local Subsidies and Donations" in the amount of \$344,368, \$370,045 and \$446,414, respectively.

CY 2016: The Township, guarantor of the Authority's debt service, raised \$344,368 in their fiscal year municipal budget under "Local Subsidies and Donations". The Township also canceled \$25,194.73 of receivables from the Authority.

CY 2015: The Township, guarantor of the Authority's debt service, raised \$370,045 in their fiscal year municipal budget under "Local Subsidies and Donations". The Township also canceled \$971,175 of receivables from the Authority.

CY 2014: The Township, guarantor of the Authority's debt service, raised \$446,414 in their fiscal year municipal budget under "Local Subsidies and Donations".

14. SUBSEQUENT EVENTS

Management has reviewed subsequent events through April 19, 2017, which is the date the financial statements are available to be issued.

SUPPLEMENTARY INFORMATION

THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND INVESTMENTS -
UNRESTRICTED FUNDS INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT
DECEMBER 31, 2016

	2008 Construction Fund	2010 Debt Service Fund	Schedule 1 Total
Balance as of December 31, 2015	\$ 79,476.10	\$ 31,925.96	\$ 111,402.06
Cash receipts:			
Interest income	51.43	2.34	53.77
Bond paydown loan from Township	40,000.00		40,000.00
Transfers	31,928.30		31,928.30
	<u>151,455.83</u>	<u>31,928.30</u>	<u>183,384.13</u>
Cash disbursements:			
Interest and fees	57,865.34		57,865.34
Bond counsel fee	15,860.52		15,860.52
Debt service	60,000.00		60,000.00
Equipment and operating purchases	8,783.76		
Other professional services	2,950.00		2,950.00
Transfers		31,928.30	31,928.30
Total cash disbursements	<u>145,459.62</u>	<u>31,928.30</u>	<u>168,604.16</u>
Balance as of December 31, 2016	<u>\$ 5,996.21</u>	<u>\$ -</u>	<u>\$ 14,779.97</u>
Balance Comprised of:			
Investments	<u>\$ 5,996.21</u>	<u>\$ -</u>	<u>\$ 5,996.21</u>
	<u>\$ 5,996.21</u>	<u>\$ -</u>	<u>\$ 5,996.21</u>

See independent auditor's report and notes to financial statements.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
DECEMBER 31, 2016**

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS -
UNRESTRICTED ACCOUNTS**

		Schedule 2
Balance as of December 31, 2015	\$	22,963.55
Cash receipts:		
Parking fees & permits	\$ 63,590.00	
Interest	92.85	
Other income	21.00	
		<u>63,703.85</u>
		86,667.40
Cash disbursements:		
Prepaid expense	6,000.00	
Appropriations	74,518.02	
		<u>80,518.02</u>
Balance as of December 31, 2016	\$	<u>6,149.38</u>
Balance Comprised of:		
Cash	\$	<u>6,149.38</u>

**SCHEDULE OF ACCOUNTS RECEIVABLE -
PARKING FEES**

		Schedule 3
Balance as of December 31, 2015	\$	8,280.00
Increased by:		
Parking fees		<u>57,510.00</u>
		65,790.00
Decreased by:		
Cash Receipts		<u>56,980.00</u>
Balance as of December 31, 2016	\$	<u>8,810.00</u>

See independent auditor's report and notes to financial statements.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
DECEMBER 31, 2016**

SCHEDULE OF ACCOUNTS PAYABLE - TOWNSHIP OF WEEHAWKEN

Schedule 4

Balance as of December 31, 2015 \$ 430,190.20

Increased by:

Salaries and wages	\$ 615,201.03	
Social security expenses	47,062.88	
Unemployment expenses	7,690.01	
Pension	42,610.70	
Health insurance	229,142.21	
Note paydown	350,000.00	
Note interest	217,643.75	
Bond paydown loan	40,000.00	
Other expenses	<u>63,749.20</u>	
		1,613,099.78
		<u>2,043,289.98</u>

Decreased by:

Wilson School Fees	1,000,000.00	
BAN premium	17,054.98	
Cancelation of payables	25,194.73	
Local subsidies & donations	<u>344,368.00</u>	
		<u>1,386,617.71</u>

Balance as of December 31, 2016 \$ 656,672.27

SCHEDULE OF ACCOUNTS PAYABLE - WEEHAWKEN HOUSING AUTHORITY

Schedule 4A

Balance as of December 31, 2015 \$ 1,300.00

Increased by:

Rent expense	<u>7,800.00</u>
	9,100.00

Decreased by:

Cash disbursements	<u>8,450.00</u>
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Balance as of December 31, 2016 \$ 650.00

See independent auditor's report and notes to financial statements.

THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
SCHEDULE OF SERIAL BONDS PAYABLE
DECEMBER 31, 2016 AND 2015

Schedule 5									
Purpose	Date of Issue	Amount of Original Issue	Maturities		Interest Rate	Balance December 31, 2015	New Issuance	Paid 2016	Balance December 31, 2016
			Date	Amount					
Parking Revenue Bonds (Township Guaranteed, Series 2008)	10/24/2008	\$ 2,565,000.00	2017	\$ 60,000	Variable	\$ 2,310,000.00	\$ -	\$ 60,000.00	\$ 2,250,000.00
			2018	65,000					
			2019	70,000					
			2020	70,000					
			2021	75,000					
			2022	80,000					
			2023	85,000					
			2024	90,000					
			2025	1,655,000					

SCHEDULE OF PARKING PROJECT NOTE PAYABLE

		Schedule 5A									
Purpose	Date of Issue of Original Note	Amount of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2015	New Issuance	Paid 2016	Balance December 31, 2016		
Parking Project Note	01/20/10	\$ 15,750,000.00	11/01/16	11/01/17	1 75%	\$ 14,550,000.00	\$ 14,200,000.00	\$ 14,550,000.00	\$ 14,200,000.00		
						\$ 14,550,000.00	\$ 14,200,000.00	\$ 14,550,000.00	\$ 14,200,000.00		

See independent auditor's report and notes to financial statements.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
SCHEDULE OF REVENUES COMPARED TO BUDGET
DECEMBER 31, 2016**

	Schedule 6		
	Adopted Budget 2016	Actual Revenues	Variance Favorable / (Unfavorable)
REVENUES			
OPERATING			
Parking fees	\$ 348,100	\$ 64,120.00	\$ (283,980.00)
Other revenues	-	21.00	21.00
TOTAL OPERATING REVENUES	<u>348,100</u>	<u>64,141.00</u>	<u>(283,959.00)</u>
NON-OPERATING			
Municipal contributions	344,368	344,368.00	-
Interest on investments	-	146.62	146.62
BAN premium	-	17,054.98	17,054.98
Other non-operating revenues	1,000,000	1,048,873.23	48,873.23
TOTAL NON-OPERATING REVENUES	<u>1,344,368</u>	<u>1,410,442.83</u>	<u>66,074.83</u>
TOTAL REVENUES	<u>\$ 1,692,468</u>	<u>\$ 1,474,583.83</u>	<u>\$ (217,884.17)</u>

See independent auditor's report and notes to financial statements.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
SCHEDULE OF EXPENSES COMPARED TO BUDGET
DECEMBER 31, 2016**

Schedule 7

	Adopted Budget 2016	Actual Expenditures	Variance Favorable / (Unfavorable)
EXPENSES			
ADMINISTRATION			
Salaries and wages	\$ 433,816	\$ 175,602.31	\$ 258,213.69
Fringe benefits	226,546	98,406.91	128,139.09
Other expenses	107,318	142,081.89	(34,763.89)
TOTAL ADMINISTRATION	<u>767,680</u>	<u>416,091.11</u>	<u>351,588.89</u>
COST OF PROVIDING SERVICES			
Salaries and wages	199,982	439,598.72	(239,616.72)
Fringe benefits	92,406	228,098.89	(135,692.89)
Other expenses	42,900	23,129.61	19,770.39
TOTAL COST OF PROVIDING SERVICES	<u>335,288</u>	<u>690,827.22</u>	<u>(355,539.22)</u>
PRINCIPAL PAYMENTS ON DEBT SERVICE	<u>410,000</u>	<u>410,000.00</u>	<u>-</u>
NON-OPERATING APPROPRIATIONS			
Interest on debt	<u>179,500</u>	<u>285,673.47</u>	<u>(106,173.47)</u>
TOTAL APPROPRIATIONS	<u>\$ 1,692,468</u>	<u>1,802,591.80</u>	<u>\$ (110,123.80)</u>
OTHER EXPENSES:			
Depreciation expense		<u>447,192.33</u>	
TOTAL EXPENSES		<u>\$ 2,249,784.13</u>	
Reconciliation to GAAP:			
Principal payments on debt service		<u>(410,000.00)</u>	
TOTAL EXPENSES		<u>\$ 1,839,784.13</u>	

See independent auditor's report and notes to financial statements.

THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
DECEMBER 31, 2016

SCHEDULES OF ADMINISTRATION EXPENSES (BUDGETARY BASIS)

	Schedule 8
Salaries and wages	\$ 175,602.31
Other expenses:	
Employer's social security	13,433.58
Unemployment expense	2,195.03
Pension	12,375.74
Health Insurance	70,402.56
Other expense	<u>142,081.89</u>
	<u><u>\$ 416,091.11</u></u>

SCHEDULES OF COST OF PROVIDING SERVICES (BUDGETARY BASIS)

	Schedule 9
Salaries and Wages:	\$ 439,598.72
Other expenses:	
Employer's social security	33,629.30
Unemployment expense	5,494.98
Pension	30,234.96
Health Insurance	158,739.65
Other expense	<u>23,129.61</u>
	<u><u>\$ 690,827.22</u></u>

See independent auditor's report and notes to financial statements.

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2016**

NONE

**THE WEEHAWKEN PARKING AUTHORITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the Township of Weehawken)
STATUS OF PRIOR YEAR COMMENTS
DECEMBER 31, 2016**

STATUS OF PRIOR YEAR COMMENTS:

NONE

Appreciation

We desire to express our appreciation of the assistance and courtesies rendered by the Authority Officials and employees during the course of our audit.

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

APPENDIX D

Proposed Form of Approving Legal Opinion

October 19, 2017

Hudson County Improvement Authority
Jersey City, New Jersey

Dear Authority Members:

We have examined a record of proceedings relating to the issuance of \$55,097,000 aggregate principal amount of County-Guaranteed Pooled Notes, Series 2017 C (Local Unit Loan Program), consisting of \$41,247,000 Tax-Exempt County-Guaranteed Pooled Notes, Series 2017 C-1 (Local Unit Loan Program) (the “Series 2017 C-1 Notes”) and \$13,850,000 Federally Taxable County-Guaranteed Pooled Notes, Series 2017 C-2 (Local Unit Loan Program) (the “Series 2017 C-2 Notes” and together with the Series 2017 C-1 Notes, the “Notes”) by the Hudson County Improvement Authority (the “Authority”), a public body corporate and politic duly created and validly existing under the provisions of the Constitution and the statutes of the State of New Jersey, including the county improvement authorities law, N.J.S.A. 40:37A-44 et seq., (the “Act”).

The Notes are issued pursuant to the Act, and a resolution of the Authority entitled “Note Resolution - County-Guaranteed Pooled Notes (Local Unit Loan Program),” adopted on August 12, 2009, as amended (the “Note Resolution”), as amended and supplemented by a Certificate of the Executive Director/CFO of the Authority dated October 4, 2017 (the “Certificate”, and together with the Note Resolution, the “Resolution”).

Certain terms used herein as defined terms shall, unless otherwise specifically defined herein or unless the context clearly requires otherwise, have the meanings which are assigned to such terms in the Resolution.

The Series 2017 C-1 Notes are dated the date of their delivery and mature on October 18, 2018, in the aggregate principal amount of \$41,247,000 and bear interest payable as set forth in the Certificate. The Series 2017 C-2 Notes are dated the date of their delivery and mature on October 18, 2018, in the aggregate principal amount of \$13,850,000 and bear interest payable as set forth in the Certificate.

Pursuant to a Contract of Purchase between the Authority and Oppenheimer & Co., the Notes are being issued to provide funds to make loans to (a) certain municipalities (the “Municipal Borrowers”) and (b) the Parking Authority of the Township of Weehawken (the “Parking Authority” and together with the Municipal Borrowers, the “Borrowers”), each located within the County of Hudson, State of New Jersey (the “County”), to: (i) refinance certain of the outstanding tax appeal refunding notes, bond anticipation notes or project notes issued to

temporarily finance tax appeal judgments or capital projects of the Borrowers or special emergency notes of the Borrowers, as applicable; (ii) temporarily finance capital projects of certain Municipal Borrowers; and (iii) pay certain of the costs of issuance of the Notes and the Borrower Notes.

Pursuant to the terms and conditions of the Borrower Notes, the Borrowers will be required to make debt service payments to the Authority, which collectively shall be at least sufficient to pay the principal of and interest on the Notes when scheduled. The Borrower Notes of each Borrower are limited to the obligation of such Borrower and not any other Borrower. The Notes are secured by the pledge of the Pledged Property which includes the Borrower Notes, the Revenues and the funds which are established and created under the Resolution (except the Rebate Fund, if any), including Investment Securities held in any fund and which are held by the Trustee under the terms of the Resolution, and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price, if any, of, and interest on the Notes in accordance with the terms and provisions of the Resolution. The Notes are further secured under and pursuant to a guaranty ordinance finally adopted by the Board of Chosen Freeholders of the County on August 13, 2009 and a County Guaranty Agreement dated as of October 19, 2017 (collectively, the "Guaranty") pursuant to which the County has guaranteed the principal and interest on the Notes.

As the basis for the opinions which we set forth below, we have examined and relied upon such matters of law, including the Act, such documents including the Resolution and the other documents listed in the record of proceedings relating to the issuance of the Notes, and such other statutes, resolutions, ordinances, certificates, certain other opinions of counsel and records of the Authority and the Borrowers as we have considered necessary to enable us to express the opinions hereinafter set forth. As to matters of fact, we have relied on the representations of the Authority and the Borrowers, where we have deemed appropriate, representations or certifications of public officials. In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents tendered to us as originals and the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Authority has been duly created and is validly existing as a public body corporate and politic under the provisions of the Constitution and the statutes of the State of New Jersey, including the Act.

2. The Authority had and has the right and power under the Act to adopt the Resolution and to authorize the issuance of the Notes, and the Executive Director/CFO of the Authority had and has the power and authority under the Act, in accordance with the terms of the Resolution, to execute the Certificate. The Note Resolution has been duly and lawfully adopted by the Authority, and the Certificate has been duly and lawfully executed by the Executive Director/CFO on behalf of the Authority. Each is in full force and effect, is valid and binding upon the Authority, the Trustee and the Holders of the Notes, is enforceable in accordance with its terms, and creates the valid pledge which it purports to create, except insofar as the

enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors rights (“Creditors’ Rights Limitations”), and no other authorization for the Resolution is required.

3. The Notes have been duly authorized and issued by the Authority in accordance with the Act and the provisions of the Resolution. The Notes are valid and binding direct and special obligations of the Authority and are payable from and secured by the pledge of the Pledged Property, which includes the Borrower Notes, the Revenues and the funds which are established and created under the Resolution (except the Rebate Fund, if any), including Investment Securities held in any fund and which are held by the Trustee under the terms of the Resolution, and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price, if any, of, and interest on the Notes in accordance with the terms and provisions of the Resolution. The Notes are enforceable in accordance with their terms, the terms of the Act and the terms of the Resolution, except insofar as the enforcement thereof may be limited by Creditors’ Rights Limitations. The Notes are not a debt or liability of the State of New Jersey, the County (except to the extent of the Guaranty), the Borrowers (except to the extent of the Borrower Notes) or any other county or municipality, and do not and shall not create or constitute an indebtedness, liability or obligation of the State, County, the Borrowers or any other county or municipality (except for the County and the Borrowers to the extent described above) either legal, moral or otherwise.

4. On the date hereof, the Authority has covenanted in its Arbitrage and Tax Certificate (the “Tax Certificate”) to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Series 2017 C-1 Notes in order to preserve the tax-exempt status of the Series 2017 C-1 Notes pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Series 2017 C-1 Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 C-1 Notes. In the event that the Authority continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Authority in the Tax Certificate, it is our opinion that, pursuant to Section 103(a) of the Code, interest on the Series 2017 C-1 Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is also our opinion that interest on the Series 2017 C-1 Notes held by a corporate taxpayer is included in “adjusted current earnings” in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Series 2017 C-1 Notes.

5. We are also of the opinion that interest and any gain on the sale of any Notes are not includable as gross income under the New Jersey Gross Income Tax Act.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention after the date of this opinion, or any changes in law or interpretations thereof that may occur after the date of this opinion, or for any reason whatsoever.

Very truly yours,