

**CITY OF UNION CITY
NEW JERSEY
AUDIT OF FINANCIAL STATEMENTS
AND
FEDERAL AND STATE GRANT PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009
WITH
REPORTS OF INDEPENDENT AUDITOR'S
AND
LETTERS OF COMMENTS AND RECOMMENDATIONS**

CITY OF UNION CITY

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Union City, New Jersey

We have audited the accompanying balance sheets of the individual funds of the City of Union City, New Jersey (the "City") as of June 30, 2010 and 2009 and the related statements of operations and changes in fund balance for the years then ended; and the related statement of revenues, expenditures and fund balance for the year ended June 30, 2010 as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and the standards applicable to 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

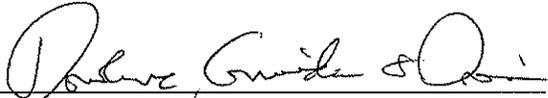
As described in Note 1, these financial statements were prepared in conformity with accounting principles prescribed by the Division, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the second preceding paragraph the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of June 30, 2010 and 2009, or the results of its operations for the years then ended.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the City as of June 30, 2010 and 2009, and the results of its operations of such funds and the changes in its fund balances for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The supplementary information and accompanying information are presented for purpose of additional analysis as required by the Division, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements. The supplementary information, accompanying information, and schedules of expenditures of federal awards and state financial assistance have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole, on the basis of accounting described in Note 1.


DONOHUE, GIRONDA & DORIA
Certified Public Accountants


FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
March 31, 2010

CURRENT FUND

**THE CITY OF UNION CITY
CURRENT FUND
JUNE 30, 2010 AND 2009**

COMPARATIVE BALANCE SHEETS

	Ref.	2010	2009
<u>ASSETS</u>			
Cash and Cash Equivalents	A-4	\$ 9,936,793	\$ 9,393,707
Change Fund	Unchanged	830	830
		<u>9,937,623</u>	<u>9,394,537</u>
Other Assets:			
Revenue Accounts Receivable	A-10	478,720	-
Grants Receivable	A-24	11,109,068	6,860,699
		<u>11,587,788</u>	<u>6,860,699</u>
Deferred Charges	A-23	3,275,958	713,458
		<u>3,275,958</u>	<u>713,458</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	80,913	2,550,105
Property Acquired for Taxes at Assessed Valuation	A-9	171,900	171,900
Tax Title Liens Receivable	A-13	40,520	-
Other Receivables	A-14	40,454	65,754
Interfunds Receivable:			
Due from Other Trust Fund	A-11	-	338,465
Due from Unemployment Trust	A-11	54,664	29,292
Due from Public Defender Trust Fund	A-11	7,687	7,471
Due from Dog License Trust	A-11	17,736	11,435
Due from CDA Trust	A-11	1,725,386	1,838,686
Due from Payroll Agency	A-11	-	7,853
	A	<u>2,139,260</u>	<u>5,020,961</u>
Total Assets		<u>\$ 26,940,629</u>	<u>\$ 21,989,655</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT A

**THE CITY OF UNION CITY
CURRENT FUND
JUNE 30, 2010 AND 2009**

COMPARATIVE BALANCE SHEETS

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves	A-3, A-15	\$ 7,872,816	\$ 4,523,601
Tax Overpayments	A-8	-	11,492
Prepaid Taxes	A-18	175,438	102,270
Accounts Payable	A-21	951,331	606,253
Reserve for Encumbrances	A-22	1,514,082	1,795,190
Reserve for Unappropriated Grants	A-25	130,687	170,752
Reserve for Appropriated Grants	A-26	5,153,086	602,240
Reserve for Neighborhood Housing	A-27	1,824	1,824
Other Reserves	A-17	1,800,501	840,510
Local School District Taxes Payable	A-19	3,083,727	4,625,591
County Taxes Payable	A-20	-	-
Intergovernmental Payables:			
Due to State of NJ - Sr. Citizens' & Veterans'	A-12	12,019	8,125
Other	A-16	731,326	44,555
Interfunds Payable:			
Due to Capital Fund	A-11	157,101	2,183,907
		<u>21,583,938</u>	<u>15,516,310</u>
Reserve for Receivables	Above	<u>2,139,260</u>	<u>5,020,961</u>
Total Liabilities		<u>23,723,198</u>	<u>20,537,271</u>
Fund Balance	A-1	<u>3,217,431</u>	<u>1,452,384</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 26,940,629</u>	<u>\$ 21,989,655</u>

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010 AND 2009**

**COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE**

	Ref.	2010	2009
Fund Balance Utilized	A-1	\$ 117,000	\$ -
Miscellaneous Revenue Anticipated	A-2	47,177,000	42,719,685
Receipts from Delinquent Taxes	A-2	2,402,563	2,822,957
Receipts from Current Taxes	A-2	86,788,171	84,816,833
Non-Budget Revenues	A-2	188,088	184,038
Unexpended Balances of 2010 Appropriations Cancelled	A-3	1,363	88,098
Other Credits to Income:			
Other Receivable Returned	A-14	39,319	
Unexpended Balance of Appropriation Reserves	A-15	930,615	603,242
Cancelled Reserve for Accrued Salaries	A-17	515,117	
Interfunds:			
Dog License Fund - Statutory Excess	A-11	5,220	1,135
Interfunds Returned	A-11	635,185	949,554
Grants Receivable Reprogrammed	A-24	27,448	
		<u>138,827,089</u>	<u>132,185,542</u>
Budget Appropriations	A-3	103,903,095	97,872,110
Local School District Taxes	A-2, A-19	15,418,637	15,418,637
County Taxes	A-2, A-20	15,757,609	14,670,553
Interfund Cancellation	A-11	7,853	
Interfund Advances Originating in Current Year	A-11	1,843,829	2,233,202
Other Receivable Advances	A-14	14,019	
Grants Receivable Cancelled			538,656
		<u>136,945,042</u>	<u>130,733,158</u>
Excess in Operations		1,882,047	1,452,384
Fund Balance, Beginning of Year	A	<u>1,452,384</u>	<u>-</u>
		3,334,431	1,452,384
Decreased by:			
Utilized as Anticipated Revenue	A-1	<u>117,000</u>	<u>-</u>
Fund Balance, End of Year	A	<u>\$ 3,217,431</u>	<u>\$ 1,452,384</u>

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATEMENT OF REVENUES

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated		\$ 117,000	\$ 117,000	\$ -
Total Fund Balance Anticipated	A-1	<u>117,000</u>	<u>117,000</u>	<u>-</u>
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	A-10	318,480	265,532	(52,948)
Other	A-10	74,000	84,537	10,537
Fees and Permits	A-10	190,000	152,944	(37,056)
Fines and Costs:				
Municipal Court	A-10	2,949,000	2,999,211	50,211
Interest and Costs on Taxes	A-10	464,344	968,557	504,213
Interest on Investments and Deposits	A-10	66,716	60,078	(6,638)
Wedding Fees	A-10	23,100	18,350	(4,750)
Public Telephone Commissions	A-10	1,900	907	(993)
Cable Franchise Fees	A-10	116,000	120,442	4,442
Payment in Lieu of Taxes				
Union Plaza Apartments	A-10	178,000	181,185	3,185
Union City Renaissance Urban Renewal	A-10	44,000	19,538	(24,462)
Urban Renewal Monastery	A-10	285	-	(285)
Palisade Urban Renewal Assoc.	A-10	26,000	27,322	1,322
Holy Rosary	A-10	15,000	28,366	13,366
Total Local Revenues		<u>4,466,825</u>	<u>4,926,969</u>	<u>460,144</u>
State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Aid	A-10	14,232,494	14,232,494	-
Energy Receipts Taxes	A-10	3,827,309	3,827,309	-
Additional State School Aid	A-10	1,665,631	1,665,631	-
Special Municipal Aid	A-10	11,300,000	11,300,000	-
Total State Aid Without Offsetting Appropriations		<u>31,025,434</u>	<u>31,025,434</u>	<u>-</u>
Dedicated Uniform Construction Code Fees Offset with Appropriations				
Uniform Construction Code Fees	A-10	<u>1,288,000</u>	<u>831,775</u>	<u>(456,225)</u>
Special Items of Revenue - Interlocal Service Agreements				
Union City Board of Education:				
Lease Recreational Center	A-10	300,000	300,000	-
Solid Waste Removal	A-10	360,000	360,000	-
Gasoline	A-10	40,000	50,327	10,327
47th Street Pool	A-10	100,000	103,000	3,000
Lease Central Maintenance Facility	A-10	30,000	49,232	19,232
Police Services	A-10	598,000	721,020	123,020
Total Special Items of Revenue - Interlocal Service Agreements		<u>1,428,000</u>	<u>1,583,579</u>	<u>155,579</u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATEMENT OF REVENUES

	Ref.	Budget	Realized	Excess or (Deficit)
Special Items of Revenue - Public and Private Revenues				
Summer Food Program		\$ 145,013	\$ 145,013	\$ -
Public Health Priority Funding		62,046	62,046	-
Urban Enterprise Zone:				
Litter Clean-Up Project		349,903	349,903	-
Administration		85,000	85,000	-
Hiring of Police		133,000	133,000	-
Purchase of Wastec Receptacles		39,000	39,000	-
Clean Communities		67,636	67,636	-
Pedestrian Safety Education and Enforcement Grant		18,000	18,000	-
Body Armor Fund		9,284	9,284	-
Drunk Driving Enforcement Fund		19,466	19,466	-
NJDOT Various Streets		391,701	391,701	-
NJDOT Traffic Signalization Improvement Grant		1,000,000	1,000,000	-
NJ Highway Safety - Click It or Ticket		4,000	4,000	-
Byrne Justice Assistance Program		59,939	59,939	-
Municipal Alliance on Alcoholism and Drug Abuse		68,772	68,772	-
Hudson County Open Space Trust		450,000	450,000	-
School Resource Officers		250,000	250,000	-
COPS Universal Hiring Recovery Program		2,209,264	2,209,264	-
American Recovery & Reinvestment Act ("ARRA")				
Energy Efficiency Block Grant		521,600	521,600	-
Justice Recovery Act		247,159	247,159	-
Total Special Items of Revenue - Public and Private Revenues	A-24	<u>6,130,783</u>	<u>6,130,783</u>	<u>-</u>
Special Items of Revenue - Other				
Uniform Fire Safety Act	A-10	13,508	13,365	(143)
Interfunds:				
Due from CDA Trust	A-10, A-11	1,259,552	1,259,552	-
Due from Other Trust Fund	A-10, A-13	376,821	376,821	-
Emergency Medical Services	A-10	<u>1,000,000</u>	<u>1,028,722</u>	<u>28,722</u>
Total Special Items of Revenue - Other		<u>2,649,881</u>	<u>2,678,460</u>	<u>28,579</u>
Total Miscellaneous Revenues	A-1	46,988,923	47,177,000	188,077
Receipts From Delinquent Taxes	A-1, A-7	<u>2,517,656</u>	<u>2,402,563</u>	<u>(115,093)</u>
Subtotal General Revenues and Fund Balance Anticipated		<u>49,623,579</u>	<u>49,696,563</u>	<u>72,984</u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATEMENT OF REVENUES

	Ref.	Budget	Realized	Excess or (Deficit)
Amount to Be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes		\$ 53,570,521	\$ 54,902,930	\$ 1,332,409
Addition to Local District School Tax		708,995	708,995	-
Total Amount to Be Raised by Taxes for Support of Municipal Budget	Below, A-7	<u>54,279,516</u>	<u>55,611,925</u>	<u>1,332,409</u>
Non-Budget Revenues	Below, A-1, A-4	-	188,088	188,088
Total General Revenues	A-3	<u>\$ 103,903,095</u>	<u>\$ 105,496,576</u> Below	<u>\$ 1,593,481</u>

ANALYSIS OF REALIZED REVENUE

Allocation of Current Taxes				
Revenue from Collections	A-7	\$ 86,065,314		
Add: Reserve for Uncollected Taxes	A-3	722,857		
	A-1	<u>86,788,171</u>		
Less:				
Allocated to School Taxes	A-1, A-18	15,418,637		
Allocated to County Taxes	A-1, A-29	<u>15,757,609</u>		
Amount for Support of Municipal Budget	Above		\$ 55,611,925	
Receipts from Delinquent Taxes				
Delinquent Tax Collections	A-1, A-7		2,402,563	
Miscellaneous Revenues Anticipated				
Public and Private Revenues	A-10	41,046,217		
	A-24	<u>6,130,783</u>		
	A-1		47,177,000	
Fund Balance	A-1		117,000	

ANALYSIS OF NON-BUDGET REVENUE

Refunds		12,964		
Shopping Carts		1,000		
Police Administrative Fees		3,144		
LEA Rebate		28,269		
Motor Vehicle Inspection Fines		1,778		
Various Miscellaneous Items		<u>140,933</u>		
	Above, A-1		<u>188,088</u>	
	Above		<u>\$ 105,496,576</u>	

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATEMENT OF EXPENDITURES

Expenditures	Ref.	SFY 2010	Total for SFY 2010 as Modified by all Transfers	Expended SFY 2010	
				Paid or Charged	Reserved
Operations within "CAPS"					
DEPARTMENT OF PUBLIC AFFAIRS					
Director's Office					
Salaries and Wages		\$ 87,000	\$ 87,000	84,363	\$ 2,637
Other Expenses		5,000	5,000	3,060	1,940
Municipal Court					
Salaries and Wages		1,241,000	1,241,000	1,226,875	14,125
Other Expenses		205,000	205,000	189,028	15,972
Public Defender					
Salaries and Wages		35,100	35,100	34,655	445
Other Expenses		100	100	-	100
Senior Citizens					
Salaries and Wages		185,000	160,000	151,659	8,341
Other Expenses		70,000	70,000	63,247	6,753
Hispanic/Cultural Affairs					
Other Expenses		150,000	150,000	149,999	1
North Hudson Council of Mayors					
Other Expenses		69,000	69,000	68,212	788
Municipal Land Use Law (NJS 40:55D-1)					
Regional Planning Board					
Salaries and Wages		18,100	18,100	17,500	600
Other Expenses		500	500	-	500
Continuous Planning Program		29,000	29,000	14,400	14,600
Veterans Affairs					
Other Expenses		500	500	325	175
Celebration of Public Events					
Other Expenses		30,000	33,000	32,550	450
Total Department Of Public Affairs		<u>2,125,300</u>	<u>2,103,300</u>	<u>2,035,873</u>	<u>67,427</u>
Detail:					
Salaries and Wages		1,566,200	1,541,200	1,515,052	26,148
Other Expenses		559,100	562,100	520,821	41,279
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office					
Salaries and Wages		158,000	158,000	152,561	5,439
Other Expenses		5,000	5,000	3,393	1,607
City Clerk's Office					
Salaries and Wages		470,000	470,000	450,676	19,324
Other Expenses		70,000	80,000	79,947	53
Treasurer's Office					
Salaries and Wages		515,000	515,000	497,480	17,520
Other Expenses		69,000	137,000	132,693	4,307
Assessment of Taxes					
Salaries and Wages		266,000	266,000	257,548	8,452
Other Expenses		70,000	75,000	71,385	3,615
Collection of Taxes					
Salaries and Wages		337,000	337,000	326,643	10,357
Other Expenses		55,000	68,000	65,027	2,973

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATEMENT OF EXPENDITURES

Expenditures	Ref.	SFY 2010	Total for SFY 2010 as Modified by all Transfers	Expended SFY 2010	
				Paid or Charged	Reserved
DEPARTMENT OF REVENUE AND FINANCE					
(Continued)					
Central Purchasing					
Salaries and Wages		\$ 114,000	\$ 84,000	\$ 71,219	\$ 12,781
Other Expenses		3,500	3,500	3,380	120
Rent Control Board					
Salaries and Wages		347,000	347,000	336,606	10,394
Other Expenses		35,000	35,000	32,874	2,126
Insurance					
General Liability		1,210,000	1,428,000	1,388,749	39,251
Workers Compensation		1,600,000	1,651,000	1,649,392	1,608
Employee Group Health		13,795,762	13,385,762	13,238,430	147,332
Tax Searches					
Salaries and Wages		5,100	5,100	5,000	100
Elections					
Salaries and Wages		10,000	10,000	4,855	5,145
Other Expenses		150,000	150,000	109,881	40,119
Membership NJ League of Municipalities					
Other Expenses		4,500	4,500	3,808	692
Annual Audit					
Other Expenses		67,700	67,700	-	67,700
Tax Sale Costs					
Other Expenses		25,000	25,000	2,891	22,109
Postage-All Departments					
Other Expenses		175,000	175,000	174,443	557
Data Processing					
Other Expenses		55,000	55,000	44,843	10,157
Day Care Center					
Other Expenses		260,000	260,000	260,000	-
Total Department Of Revenue And Finance		19,872,562	19,797,562	19,363,724	433,838
Detail:					
Salaries and Wages		2,222,100	2,192,100	2,102,588	89,512
Other Expenses		17,650,462	17,605,462	17,261,136	344,326
DEPARTMENT OF PUBLIC SAFETY					
Director's Office					
Salaries and Wages		230,000	230,000	228,061	1,939
Other Expenses		25,000	25,000	24,856	144
Weddings					
Salaries and Wages		22,295	22,295	19,950	2,345
Legal Department					
Salaries and Wages		44,500	44,500	43,102	1,398
Other Expenses		1,100,000	1,100,000	1,087,014	12,986
Police Department					
Salaries and Wages		18,270,000	18,270,000	18,229,305	40,695
Overtime		422,000	422,000	420,717	1,283
Other Expenses		448,000	548,000	545,303	2,697
Traffic Signs and Safety					
Other Expenses		50,000	50,000	42,577	7,423

See Accompanying Notes to the Financial Statements.

THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF EXPENDITURES

Expenditures	Ref.	SFY 2010	Total for SFY 2010 as Modified by all Transfers	Expended SFY 2010	
				Paid or Charged	Reserved
DEPARTMENT OF PUBLIC SAFETY (Continued)					
Emergency Management Services					
Salaries and Wages		\$ 29,000	\$ 29,000	\$ 28,000	\$ 1,000
Other Expenses		4,000	5,000	4,257	743
Emergency Medical Services					
Salaries and Wages		835,000	835,000	828,661	6,339
Other Expenses		75,000	75,000	60,509	14,491
Life Hazard Use Fee-Uniform Fire Safety					
Salaries and Wages		161,000	161,000	145,888	15,112
Other Expenses		15,000	15,000	4,662	10,338
Contribution to Union City Redevelopment Agency		25,000	25,000	24,995	5
Board of Health					
Salaries and Wages		475,000	375,000	363,456	11,544
Other Expenses		86,000	93,000	90,965	2,035
Divisions of Inspections					
Other Expenses		1,200	1,200	1,200	-
School Crossing Guards					
Salaries and Wages		635,000	778,000	774,761	3,239
Total Department Of Public Safety		<u>22,952,995</u>	<u>23,103,995</u>	<u>22,968,239</u>	<u>135,756</u>
Detail:					
Salaries and Wages		21,123,795	21,166,795	21,081,901	84,894
Other Expenses		<u>1,829,200</u>	<u>1,937,200</u>	<u>1,886,338</u>	<u>50,862</u>
DEPARTMENT OF PUBLIC WORKS					
Director's Office					
Salaries and Wages		192,500	192,500	188,990	3,510
Other Expenses		3,000	3,000	667	2,333
Street Cleaning					
Salaries and Wages		1,990,000	1,960,000	1,938,401	21,599
Other Expenses		150,000	175,000	169,777	5,223
Streets Repairs and Maintenance					
Salaries and Wages		18,000	-	-	-
Other Expenses		40,000	100,000	83,830	16,170
Snow Removal					
Salaries and Wages		55,000	109,000	103,059	5,941
Other Expenses		265,000	151,000	144,132	6,868
Board of Adjustment					
Salaries and Wages		20,000	20,000	17,500	2,500
Other Expenses		72,000	72,000	65,954	6,046
Solid Waste Disposal					
Salaries and Wages		964,000	1,041,000	1,030,777	10,223
Other Expenses		4,041,000	4,003,000	3,929,221	73,779
Recycling Program					
Other Expenses		80,000	80,000	60,261	19,739
Public Assistance					
Other Expenses		52,000	52,000	46,904	5,096

See Accompanying Notes to the Financial Statements.

THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF EXPENDITURES

Expenditures	Ref.	SFY 2010	Total for SFY 2010 as Modified by all Transfers	Expended SFY 2010	
				Paid or Charged	Reserved
DEPARTMENT OF PUBLIC WORKS					
(Continued)					
Engineering Services					
Other Expenses		\$ 175,000	\$ 255,000	\$ 253,274	\$ 1,726
Total Department Of Public Works		<u>8,117,500</u>	<u>8,213,500</u>	<u>8,032,747</u>	<u>180,753</u>
Detail:					
Salaries and Wages		3,239,500	3,322,500	3,278,727	43,773
Other Expenses		<u>4,878,000</u>	<u>4,891,000</u>	<u>4,754,020</u>	<u>136,980</u>
DEPARTMENT OF PARKS AND PUBLIC PROPERTY					
Director's Office					
Salaries and Wages		111,000	111,000	103,397	7,603
Other Expenses		4,000	4,000	2,106	1,894
Parks and Playgrounds					
Salaries and Wages		640,000	640,000	612,555	27,445
Other Expenses		135,000	135,000	134,162	838
Public Buildings and Grounds					
Salaries and Wages		730,000	755,000	749,554	5,446
Other Expenses		400,000	400,000	378,761	21,239
Recreation					
Salaries and Wages		709,000	651,000	594,363	56,637
Other Expenses		<u>555,000</u>	<u>433,000</u>	<u>235,599</u>	<u>197,401</u>
Total Department Of Parks And Public Property		<u>3,284,000</u>	<u>3,129,000</u>	<u>2,810,497</u>	<u>318,503</u>
Detail:					
Salaries and Wages		2,190,000	2,157,000	2,059,869	97,131
Other Expenses		<u>1,094,000</u>	<u>972,000</u>	<u>750,628</u>	<u>221,372</u>
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code Officials					
Salaries and Wages		374,000	374,000	351,028	22,972
Other Expenses		300,000	300,000	98,989	201,011
Sub-Code Officials					
Plumbing Inspector					
Salaries and Wages		67,000	67,000	65,000	2,000
Other Expenses		6,500	6,500	1,200	5,300
Electrical Inspector					
Salaries and Wages		28,000	28,000	26,600	1,400
Other Expenses		6,500	6,500	-	6,500
Elevator Inspector					
Other Expenses		68,000	68,000	14,918	53,082
Fire Inspector					
Salaries and Wages		21,000	21,000	20,702	298
Other Expenses		<u>6,500</u>	<u>6,500</u>	<u>495</u>	<u>6,005</u>
Total Uniform Construction Code		<u>877,500</u>	<u>877,500</u>	<u>578,932</u>	<u>298,568</u>
Detail:					
Salaries and Wages		490,000	490,000	463,330	26,670
Other Expenses		<u>387,500</u>	<u>387,500</u>	<u>115,602</u>	<u>271,898</u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATEMENT OF EXPENDITURES

Expenditures	Ref.	SFY 2010	Total for SFY 2010 as Modified by all Transfers	Expended SFY 2010	
				Paid or Charged	Reserved
UNCLASSIFIED					
Retirement Benefits		\$ 500,000	\$ 500,000	\$ 492,227	\$ 7,773
Gasoline		470,000	470,000	415,717	54,283
Telephone		220,000	220,000	178,311	41,689
Electricity		620,000	620,000	615,316	4,684
Water		53,000	53,000	31,671	21,329
Natural Gas		475,000	475,000	215,551	259,449
Street Lighting		1,111,000	1,111,000	817,499	293,501
Sewer		41,000	41,000	18,510	22,490
Fire Hydrants		290,000	290,000	276,359	13,641
Printing-All Departments		260,000	260,000	208,395	51,605
Photocopying		65,000	70,000	69,485	515
Fleet Maintenance & Repairs					
Other Expenses		352,000	352,000	351,490	510
Total Unclassified		<u>4,457,000</u>	<u>4,462,000</u>	<u>3,690,531</u>	<u>771,469</u>
Detail:					
Salaries and Wages		-	-	-	-
Other Expenses		<u>4,457,000</u>	<u>4,462,000</u>	<u>3,690,531</u>	<u>771,469</u>
TOTAL OPERATIONS WITHIN "CAPS"		<u>61,686,857</u>	<u>61,686,857</u>	<u>59,480,543</u>	<u>2,206,314</u>
Detail					
Salaries and Wages		30,831,595	30,869,595	30,501,467	368,128
Other Expenses		<u>30,855,262</u>	<u>30,817,262</u>	<u>28,979,076</u>	<u>1,838,186</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures - Contributions to:					
Social Security System (O.A.S.I.)		1,214,000	1,214,000	1,202,700	11,300
Consolidated Police and Firemen's Pension Fund		187,000	187,000	187,000	-
Police and Fire Retirement System		2,199,633	2,199,633	2,199,633	-
Public Employees Retirement System		484,448	484,448	484,448	-
Unemployment Insurance		45,000	45,000	45,000	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"		<u>4,130,081</u>	<u>4,130,081</u>	<u>4,118,781</u>	<u>11,300</u>
Cash Deficit of preceding year		<u>68,489</u>	<u>68,489</u>	<u>68,489</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"		<u>65,885,427</u>	<u>65,885,427</u>	<u>63,667,813</u>	<u>2,217,614</u>
OTHER OPERATIONS EXCLUDED FROM "CAPS"					
Employee Group Health		58,238	58,238	-	58,238
Maintenance of Free Public Library		1,269,794	1,269,794	1,269,794	-
Police and Firemen's Retirement System		649,248	649,248	649,248	-
Public Employees Retirement System		2,072,359	2,072,359	2,072,359	-
Contribution to North Hudson Fire & Rescue Joint Meeting		18,936,307	18,936,307	13,704,442	5,231,865
Total Other Operations Excluded from "CAPS"		<u>22,985,946</u>	<u>22,985,946</u>	<u>17,695,843</u>	<u>5,290,103</u>

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATEMENT OF EXPENDITURES

Expenditures	Ref.	SFY 2010	Total for SFY 2010 as Modified by all Transfers	Expended SFY 2010	
				Paid or Charged	Reserved
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Union City Board of Education					
Solid Waste Removal		\$ 360,000	\$ 360,000	\$ -	\$ 360,000
Gasoline		40,000	40,000	34,901	5,099
47th Street Pool		100,000	100,000	100,000	-
Total Interlocal Municipal Service Agreements		<u>500,000</u>	<u>500,000</u>	<u>134,901</u>	<u>365,099</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Summer Food Program		145,013	145,013	145,013	-
Public Health Priority Funding		62,046	62,046	62,046	-
Urban Enterprise Zone:					
Litter Clean-Up Project		349,903	349,903	349,903	-
Administration		85,000	85,000	85,000	-
Administration - City Match		36,000	36,000	36,000	-
Hiring of Police		133,000	133,000	133,000	-
Purchase of Wastec Receptacles		39,000	39,000	39,000	-
Clean Communities		67,636	67,636	67,636	-
Pedestrian Safety Education and Enforcement Grant					
Salaries and Wages		16,000	16,000	16,000	-
Other Expenses		2,000	2,000	2,000	-
Body Armor Fund		9,284	9,284	9,284	-
Drunk Driving Enforcement Fund		19,466	19,466	19,466	-
NJDOT Various Streets		391,701	391,701	391,701	-
NJDOT Traffice Signalization Improvement Grant		1,000,000	1,000,000	1,000,000	-
NJ Highway Safety - Click It or Ticket		4,000	4,000	4,000	-
Byrne Justice Assistance Program		59,939	59,939	59,939	-
Municipal Alliance on Alcoholism and Drug Abuse		68,772	68,772	68,772	-
Municipal Alliance on Alcoholism and Drug Abuse - City Match		17,193	17,193	17,193	-
Hudson County Open Space Trust		450,000	450,000	450,000	-
School Resource Officers					
Salaries and Wages		189,488	189,488	189,488	-
Other Expenses		60,512	60,512	60,512	-
COPS Universal Hiring Recovery Program					
Salaries and Wages		1,328,000	1,328,000	1,328,000	-
Other Expenses		881,264	881,264	881,264	-
American Recovery & Reinvestment Act ("ARRA")					
Energy Efficiency Block Grant		521,600	521,600	521,600	-
Justice Recovery Act		247,159	247,159	247,159	-
Total Public and Private Programs Offset by Revenue		<u>6,183,976</u>	<u>6,183,976</u>	<u>6,183,976</u>	<u>-</u>
Total Operations Excluded from "CAPS"		<u>29,669,922</u>	<u>29,669,922</u>	<u>24,014,720</u>	<u>5,655,202</u>
Detail					
Salaries and Wages		1,749,727	1,749,727	1,749,727	-
Other Expenses		27,920,195	27,920,195	22,264,993	5,655,202
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund		50,000	50,000	50,000	-
Total Capital Improvements Excluded from "CAPS"		<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATEMENT OF EXPENDITURES

Expenditures	Ref.	SFY 2010	Total for SFY 2010 as Modified by all Transfers	Expended SFY 2010	
				Paid or Charged	Reserved
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal		\$ 1,310,000	\$ 1,310,000	\$ 1,310,000	\$ -
Interest on Bonds		2,400,243	2,400,243	2,400,243	-
Interest on Notes		490,360	490,360	488,997	1,363
Green Trust Loan Program					
Loan Repayments for Principal and Interest		9,741	9,741	9,741	-
Demolition Bond - Principal and Interest		16,347	16,347	16,347	-
Green Loan Trust Program		89,530	89,530	89,530	-
Hudson County Improvement Authority -					
Fire Dept Assets - Principal		343,765	343,765	343,765	-
Fire Dept Assets - Interest		540,268	540,268	540,268	-
Total Municipal Debt Service Excluded from "CAPS"		<u>5,200,254</u>	<u>5,200,254</u>	<u>5,198,891</u>	<u>1,363</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>34,920,176</u>	<u>34,920,176</u>	<u>29,263,611</u>	<u>5,656,565</u>
LOCAL DISTRICT SCHOOL PURPOSES EXCLUDED FROM "CAPS"					
Type 1 District School Debt Service					
Payment of Bond Principal		1,780,000	1,780,000	1,780,000	-
Interest on Bonds		594,635	594,635	594,635	-
Total Local District School Purposes Excluded from "CAPS"		<u>2,374,635</u>	<u>2,374,635</u>	<u>2,374,635</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"		<u>37,294,811</u>	<u>37,294,811</u>	<u>31,638,246</u>	<u>5,656,565</u>
Subtotal General Appropriations		103,180,238	103,180,238	95,306,059	7,874,179
Reserve for Uncollected Taxes		<u>722,857</u>	<u>722,857</u>	<u>722,857</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS		<u>\$ 103,903,095</u>	<u>\$ 103,903,095</u>	<u>\$ 96,028,916</u>	<u>\$ 7,874,179</u>
	Ref.	A-2	A-1	Below	Below
Reserve for Uncollected Taxes	A-2			\$ 722,857	
Cash Disbursements	A-4			85,990,205	
Capital Improvement Fund	A-11			50,000	
Unemployment Insurance	A-11			45,000	
Maintenance of Free Public Library	A-17			569,845	
Grants Appropriated	A-26			6,130,783	
Grants Appropriated - City Match	A-26			53,193	
Transfer from Accounts Payable	A-21			951,331	
Transfer to Reserve for Encumbrances	A-22			1,447,213	
Deferred Charges	A-23			68,489	
	Above			<u>\$ 96,028,916</u>	
Unexpended Balances Cancelled	A-1				\$ 1,363
Unexpended Balances Reserved	A				<u>7,872,816</u>
	Above				<u>\$ 7,874,179</u>

See Accompanying Notes to the Financial Statements.

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TRUST FUNDS

EXHIBIT B

**THE CITY OF UNION CITY
TRUST FUNDS
JUNE 30, 2010 AND 2009**

COMPARATIVE BALANCE SHEETS

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Dog License Fund			
Cash and Cash Equivalents	B-1	\$ 27,105	\$ 21,726
Total Dog License Fund		<u>27,105</u>	<u>21,726</u>
Unemployment Trust Fund			
Cash and Cash Equivalents	B-6	32,286	32,286
Due from Other Trust Fund	B-8	22,378	-
Total Unemployment Trust Fund		<u>54,664</u>	<u>32,286</u>
Other Trust Fund			
Cash and Cash Equivalents	B-10	3,443,758	2,147,061
Total Other Trust Fund		<u>3,443,758</u>	<u>2,147,061</u>
Community Development Agency Fund			
Cash and Cash Equivalents	B-15	88,176	7,173
Due from HUD CDA Grant	B-16	2,525,858	1,849,927
Total Community Development Agency Fund		<u>2,614,034</u>	<u>1,857,100</u>
Public Defender Trust Fund			
Cash and Cash Equivalents	B-21	8,887	8,887
Total Public Defender Trust Fund		<u>8,887</u>	<u>8,887</u>
Payroll Agency Fund			
Cash and Cash Equivalents	Contra	-	7,853
Total Payroll Agency Trust Fund		<u>-</u>	<u>7,853</u>
Total Assets		<u>\$ 6,148,448</u>	<u>\$ 4,074,913</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT B

THE CITY OF UNION CITY
TRUST FUNDS
JUNE 30, 2010 AND 2009

COMPARATIVE BALANCE SHEETS

	Ref.	2010	2009
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Dog License Fund			
Due to State of New Jersey	B-2	\$ 3,265	\$ 2,696
Reserve for Dog License Expenditures	B-3	5,583	7,595
Due to Current Fund	B-4	17,736	11,435
Accounts Payable	B-5	521	-
Total Dog License Fund		<u>27,105</u>	<u>21,726</u>
Unemployment Trust Fund			
Reserve for Unemployment Trust	B-7	-	2,994
Due from Current Fund	B-8	54,664	29,292
Total Unemployment Trust Fund		<u>54,664</u>	<u>32,286</u>
Other Trust Fund			
Due to Current Fund	B-11	-	338,465
Due to Unemployment Trust Fund	B-12	22,378	-
Reserve for Other Trust Activities	B-13	3,153,454	1,808,596
Accounts Payable	B-14	267,926	-
Total Other Trust Fund		<u>3,443,758</u>	<u>2,147,061</u>
Community Development Agency Fund			
Reserve for Program Income	B-17	-	18,414
Accounts Payable	B-18	10,405	-
Reserve for Community Development Block Grant	B-19	878,243	-
Due to Current Fund	B-20	1,725,386	1,838,686
Total Community Development Agency Fund		<u>2,614,034</u>	<u>1,857,100</u>
Public Defender Trust Fund			
Reserve for Public Defender Trust Expenditures	B-22	-	1,416
Due to Current Fund	B-23	7,687	7,471
Accounts Payable	B-24	1,200	-
Total Public Defender Trust Fund		<u>8,887</u>	<u>8,887</u>
Payroll Agency Fund			
Due to Current Fund	Contra	-	7,853
Total Payroll Agency Trust Fund		<u>-</u>	<u>7,853</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,148,448</u>	<u>\$ 4,074,913</u>

See Accompanying Notes to the Financial Statements.

GENERAL CAPITAL FUND

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
JUNE 30, 2010 AND 2009**

COMPARATIVE BALANCE SHEETS

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash and Cash Equivalents	C-2, C-3	\$ 758	\$ 526
Due from State of New Jersey - Green Acres	C-17	429,834	429,834
Due from State of New Jersey - Green Trust	C-18	107,777	107,777
Due from Current Fund	C-15	157,101	2,183,907
Deferred Charges to Future Taxation:			
Funded	C-5	72,156,093	75,614,092
Unfunded	C-4	12,733,834	12,733,834
Total Assets and Deferred Charges		<u>\$ 85,585,397</u>	<u>\$ 91,069,970</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 55,819,999	\$ 57,129,999
School Serial Bonds	C-9	8,420,000	10,200,000
Capital Lease Payable - HCIA	C-10	7,845,475	8,189,240
Green Acres Loan	C-11	54,814	63,330
Demolition Loan	C-12	15,805	31,523
Improvement Authorizations:			
Funded	C-7	261,161	1,136,987
Unfunded	C-7	229,692	442,079
Bond Anticipation Notes	C-13	12,259,000	12,259,000
Encumbrances Payable	C-14	387,169	1,288,762
Capital Improvement Fund	C-6	220,013	270,013
Fund Balance	C-1	72,269	59,037
Total Liabilities, Reserves and Fund Balance		<u>\$ 85,585,397</u>	<u>\$ 91,069,970</u>
 Bonds and Notes Authorized But Not Issued	 C-16	 <u>\$ 474,834</u>	 <u>\$ 474,834</u>

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATEMENT OF FUND BALANCE

	<u>Ref.</u>		
Balance, June 30, 2009	C		\$ 59,037
Increased by:			
Premium on Note Sale	C-15	\$ 13,000	
Premium on Note Sale	C-2	<u>232</u>	
			<u>13,232</u>
Balance, June 30, 2010	C		<u>\$ 72,269</u>

See Accompanying Notes to the Financial Statements.

FIXED ASSETS

**THE CITY OF UNION CITY
FIXED ASSET GROUP OF ACCOUNTS
JUNE 30, 2010 AND 2009**

COMPARATIVE BALANCE SHEETS

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>FIXED ASSETS</u>			
Land		\$ 12,841,700	\$ 12,841,700
Improvements		17,341,386	17,331,536
Machinery, Equipment and Other		<u>10,257,703</u>	<u>9,984,730</u>
	D-1	<u>\$ 40,440,789</u>	<u>\$ 40,157,966</u>
<u>RESERVE</u>			
Reserve for Fixed Assets	D-2	<u>\$ 40,440,789</u>	<u>\$ 40,157,966</u>

See Accompanying Notes to the Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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, 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 oversight entity. The Division requires the financial statements of the City to be reported separately. 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 each of the respective component units. If the report were prepared in conformity with accounting principles generally accepted in the United States of America, these component units would be indicated in the City’s financial statements.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. DESCRIPTION OF FUNDS

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 types and two account groups 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 accounting policies of the City conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 financial transactions and accounts of the City are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the City accounts for its financial transactions through the following individual funds and account groups:

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipts and disbursements of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. Bonds, notes and loans payable are recorded in this fund, offset by deferred charges to future taxation.

General Fixed Assets - used to account for fixed assets required in general governmental operations.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

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 State Division of Local Government Services, in accordance with N.J.S.A. 40A:4 et seq. Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from GAAP applicable to local government units. The more significant differences are as follows:

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

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's current fund. GAAP requires such revenue to be recognized in the accounting period in which they become available and measurable, reduced by an allowance for doubtful accounts.

Reserve for Uncollected Taxes - the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Expenditures - unexpended or uncommitted appropriations, at June 30, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures in the current 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.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Encumbrances - contractual orders at June 30th are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures or liabilities under GAAP.

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

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

Property Acquired for Taxes - is recorded in the current fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

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.

Interfunds - advances from the current fund are reported as interfund receivable 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. Under GAAP, interfund receivables are not recorded through operations.

THE CITY OF UNION CITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Deferred Charges to Future Taxation - Funded and Unfunded - Upon the authorization of capital projects, the City establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the N.J.S.A. 40A:2-4, the City may levy taxes on all taxable property within the local unit, to repay the debt. Annually, the City raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Improvement authorizations in the General Capital Fund, financed by bonds or notes, are recorded as deferred charges to future taxation, and charged to Current Fund operations as the underlying debt matures. Under GAAP, no deferred charges to future taxation funded or unfunded are set up when a capital project is authorized.

General Fixed Assets - N.J.A.C. 5:30-5.6 codifies Technical Accounting Directive No. 86-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, requires the inclusion of a statement of general fixed assets of the City as part of its basic financial statements. It also requires the City to place a value on all fixed assets put into service, 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. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in a separate General Fixed Assets Fund rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements (Exhibit D). Fixed assets acquired through grants in aid or contributed capital has not been accounted for separately.

Inventories of Supplies - the cost 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.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Use of Estimates - the preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. 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, 2010 and 2009, none of the City's bank balances of \$14,953,377 and \$12,351,285, respectively, was exposed to custodial credit risk.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. DEPOSITS (Continued)

As of June 30, 2010 and 2009, the City's deposits and investments are summarized as follows:

	<u>2010</u>	<u>2009</u>
Insured - FDIC	\$ 869,884	\$ 1,105,829
Insured - GUDPA	12,762,313	9,927,982
NJARM	865,914	863,781
NJ Cash Management Fund	<u>455,266</u>	<u>453,693</u>
Total	<u>\$ 14,953,377</u>	<u>\$ 12,351,285</u>

B. 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).

THE CITY OF UNION CITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. INVESTMENTS (Continued)

- 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, 2010 and 2009, 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.

New Jersey Cash Management Fund and NJARM Program

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, 2010 and 2009, the City had a balance of \$455,266 and \$453,693, respectively, in the New Jersey Cash Management Fund.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. INVESTMENTS (Continued)

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, 2010 and 2009, the City has a balance of \$865,914 and \$863,781, respectively, in the NJARM Program.

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, 2010, the City collected \$2,402,563 from delinquent taxes which represented 94.21% of the delinquent balances at June 30, 2009. For the fiscal year ended June 30, 2009, the City collected \$2,822,957 from delinquent taxes which represented 98.73% of the delinquent balances at June 30, 2008 plus the added tax levy for 2008.

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.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

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, 2010 and 2009, the City's Prepaid taxes were \$175,438 and \$102,270, respectively.

5. SCHOOL DISTRICT

At June 30, 2010 and 2009, the amount of authorized and unissued school indebtedness was \$ - 0 - each year.

6. LONG-TERM DEBT

A. 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.

THE CITY OF UNION CITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

6. LONG-TERM DEBT (Continued)

A. SUMMARY OF MUNICIPAL DEBT (Continued)

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	Balance June 30, 2009	Bonds and Notes			Balance June 30, 2010
		Authorized	Issued/ (Unissued)	Paid	
General Bonds and Notes	\$ 69,388,999	\$ -	\$ 12,259,000	\$ 13,569,000	\$ 68,078,999
Bonds Issued by Another Public Body and Guaranteed by Municipalities	3,000,000	-	-	-	3,000,000
Demolition Loan	31,523	-	-	15,718	15,805
Green Acres Loans	63,330	-	-	8,516	54,814
HCIA Capital Leases	8,189,240	-	-	343,765	7,845,475
Authorized but Not Issued	474,834	-	-	-	474,834
Total General Debt	81,147,926	-	12,259,000	13,936,999	79,469,927
School Serial Bonds	10,200,000	-	-	1,780,000	8,420,000
Total	\$ 91,347,926	\$ -	\$ 12,259,000	\$ 15,716,999	\$ 87,889,927

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, 2010 is as follows:

Fiscal Year Ending	General		Type I School		HCIA Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 2,749,492	\$ 2,299,615	\$ 1,900,000	\$ 477,335	\$ 348,782	\$ 518,564
2012	2,888,862	2,154,500	2,030,000	352,066	380,473	495,554
2013	5,487,147	2,892,605	2,170,000	217,920	407,162	470,445
2014	2,511,330	2,889,805	2,320,000	74,240	438,853	443,290
2015	2,470,658	2,959,032	-	-	453,888	414,570
2016-2020	16,968,129	10,977,337	-	-	2,793,184	1,557,143
2021-2025	14,155,000	4,085,438	-	-	3,023,133	455,568
2026-2030	4,190,000	2,269,063	-	-	-	-
2031-2033	4,470,000	583,437	-	-	-	-

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

6. LONG-TERM DEBT (Continued)

B. SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The 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 1.68%. The Equalized Valuation Basis of the City at June 30, 2010 is \$3,720,107,448.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 8,420,000	\$ 8,420,000	\$ -
General Debt	79,469,927	16,905,000	62,564,927

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

3-1/2% of Equalized Valuation Basis	\$ 130,203,761
Net Debt	<u>62,564,927</u>
Remaining Borrowing Power	<u>\$ 67,638,834</u>

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

6. LONG-TERM DEBT (Continued)

F. GENERAL SERIAL BONDS PAYABLE

The city issues bonds to fund various capital projects. Bonds Payable consist of the following:

<u>Fiscal Year Ending</u>	<u>Total Payments</u>	<u>1997 Refunding Issue Principal</u>	<u>ERI Pension Bonds Principal</u>	<u>2007 Refunding Issue Principal</u>
2011	\$ 2,725,000	\$ 2,625,000	\$ 100,000	\$ -
2012	2,880,000	2,760,000	120,000	-
2013	5,478,106	2,900,000	525,000	2,053,106
2014	2,502,108	-	585,000	1,917,108
2015	2,461,251	-	665,000	1,796,251
2016	2,355,109	-	725,000	1,630,109
2017	2,898,425	-	825,000	2,073,425
2018	3,745,000	-	15,000	3,730,000
2019	3,875,000	-	30,000	3,845,000
2020	4,085,000	-	100,000	3,985,000
2021	4,290,000	-	165,000	4,125,000
2022	4,450,000	-	225,000	4,225,000
2023	4,565,000	-	315,000	4,250,000
2024	375,000	-	375,000	-
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>\$ 55,819,999</u>	<u>\$ 8,285,000</u>	<u>\$ 13,905,000</u>	<u>\$ 33,629,999</u>

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.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

6. LONG-TERM DEBT (Continued)

E. LOANS AND CAPITAL LEASES PAYABLE

The city issues bonds and notes to fund various capital projects. Bonds Payable consist of the following:

Fiscal Year Ending	Hudson County Improvement Authority Lease Payments						
	Green Acres Loan	Demolition Loan	1992 School Issue	Total	1999 A&B Fire Dept. Assets	N. Hudson Reg. Fire & Rescue Series 2006A	N. Hudson Reg. Fire & Rescue Series 2006B
	Principal	Principal	Principal	Payments	Principal	Principal	Principal
2011	\$ 8,687	\$ 15,805	\$ 1,900,000	\$ 348,782	\$ 220,000	\$ 68,572	\$ 60,210
2012	8,862	-	2,030,000	380,473	245,000	71,918	63,555
2013	9,040	-	2,170,000	407,162	265,000	75,262	66,900
2014	9,222	-	2,320,000	438,853	290,000	78,608	70,245
2015	9,407	-	-	453,888	295,000	83,625	75,263
2016	9,596	-	-	480,577	315,000	86,970	78,607
2017	-	-	-	518,940	345,000	91,987	81,953
2018	-	-	-	562,303	380,000	95,333	86,970
2019	-	-	-	590,664	400,000	98,677	91,987
2020	-	-	-	640,700	440,000	103,695	97,005
2021	-	-	-	684,063	475,000	107,040	102,023
2022	-	-	-	729,098	510,000	112,058	107,040
2023	-	-	-	779,132	550,000	117,075	112,057
2024	-	-	-	830,840	590,000	122,092	118,748
	<u>\$ 54,814</u>	<u>\$ 15,805</u>	<u>\$ 8,420,000</u>	<u>\$ 7,845,475</u>	<u>\$5,320,000</u>	<u>\$ 1,312,912</u>	<u>\$ 1,212,563</u>

F. 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.

THE CITY OF UNION CITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

7. FUND BALANCE APPROPRIATED

Fund balances at June 30, 2009 and 2008 which were appropriated and included as anticipated revenue in their own respective funds for the years ending June 30, 2010 and 2009 were \$117,000 and \$0, respectively. The fund balance included as anticipated revenue for the fiscal year 2009 budget could not be determined at the time of the audit.

8. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION

A. STATE-MANAGED PENSION PLANS

Substantially all full-time City employees participate in the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System of NJ (PFRS). The PERS and PFRS systems are cost-sharing multiple-employer contributory defined benefit retirement systems sponsored and administered by the State of New Jersey, Department of Treasury, Division of Pensions and Benefits.

The PERS was established in January 1955 under provisions of N.J.S.A. 43:15A and provides coverage to substantially all full time employees of the City provided the employee is not a member of another State administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service

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 firemen and state firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

According to state law, 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, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the PERS and PFRS. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

8. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

A. STATE-MANAGED PENSION PLANS (Continued)

Significant Legislation

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

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

THE CITY OF UNION CITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

8. PENSION (Continued)

A. STATE-MANAGED PENSION PLANS (Continued)

The contribution policy is set by laws of the State of New Jersey. For the years ended June 30, 2010 and 2009 contributions made by employees for PERS and PFRS were 5.5% and 8.5% of their base wages, respectively. Employers are required to contribute at an actuarially determined rate. On March 17, 2009 P.L. 2009, c.19 was enacted, allowing employers to defer 50% of the normal and accrued liability component of the PERS and PFRS obligations for the year ended June 30, 2009. The deferred amount will be repaid over a period of 15 years, commencing in the year ending June 30, 2012. The amount will fluctuate based on pension system investment earnings on the deferred amount. The City and employees' contributions and deferrals for the past three years were as follows:

<u>Year Ended June 30,</u>	<u>City Contribution</u>	<u>City Deferral</u>	<u>City Contribution as a Percentage of Covered Payroll</u>	<u>Employee Contributions</u>
2010	\$ 5,699,586	\$ -	19.53%	\$ 2,121,558
2009	4,889,023	2,361,083	16.59%	2,113,655
2008	4,554,089	-	14.93%	2,107,948

B. 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.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

8. PENSION (Continued)

B. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

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.

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.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

8. PENSION (Continued)

B. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

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.

DCRP members are eligible 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, 2010 the City had no employees who were DCRP Members.

THE CITY OF UNION CITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

9. 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, which 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, 2010 and 2009.

As of June 30, 2010 and 2009, the total accumulated compensated absence liability was \$9,002,924 and \$9,026,589, respectively.

10. 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.

11. CONTINGENT LIABILITIES

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 fiscal year 2010 were subject to the Single Audit Act Amendments of 1996 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 of June 30, 2010, the City does not believe that any material liabilities will result from such audits.

THE CITY OF UNION CITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

11. CONTINGENT LIABILITIES (Continued)

Pending Litigation

AC Construction (“AC”) has filed a claim of \$1,900,000 in damages stemming in large part from its claim of delay damages pursuant to the contract between it and the City. Specifically, under paragraph 8.4.5 of the supplemental conditions of the contract, it permits AC to seek liquidated damages of \$1,200 per work day and \$1,000 per calendar day for any delays. AC stopped work at the work site in or about October 22, 2008. The work stoppage was precipitated by a dispute regarding the costs to remediate and/or dispose of contaminated soil from the project. Although the parties attempted to resolve the matter, they reached an impasse and AC filed for arbitration against the City. The City and AC have been litigating over whether AAA Arbitration is the agreed upon forum to resolve this dispute.

The dispute between AC and the City will center upon whether it was reasonable for AC to stop work or whether alternative action could have been taken to continue with the project. AC will claim that it had no choice but to stop work and is entitled to the per diem liquidated damages. At the same time, the City will seek to claim delay damages of \$1,000 per calendar day and \$1,200 per work day pursuant to paragraph 8.4.1 of the supplemental conditions of the paragraph against AC Construction for the unreasonable delay by AC. In this regard, should the City be found liable to AC for its claimed damages, which includes lost income from other projects that AC claims it has lost due to the current litigation as well as litigation costs, the City may seek indemnification from the engineering firm, CMX as well as the architect. If the original estimate for the contaminated soil removal/disposal was estimated too low, the City may seek indemnification from CMX who prepared the estimate. However, CMX, it is believed, is in bankruptcy. Therefore, recuperating any monies from that entity is unlikely. Further, the City may seek indemnification from the project architect/construction manager, Orestes Valella on the theory that as the project manager, he had the responsibility to keep the project moving despite the dispute with AC Construction, by ordering AC to take certain actions to continue working on the project while preserving the dispute regarding the cost of soil removal/disposal. The extent that the architect has funds to indemnify the City, however, is unknown and not likely.

As stated, the likelihood that AC will prevail against the City is unknown at this point because the issues between the parties have centered on whether arbitration is the proper forum to resolve the dispute and not the substance of the dispute itself. The City believes that the determination of whether AC was justified in stopping work is better left to a jury of citizens in court rather than a panel of construction industry professionals who may be more apt to side with those within their industry and not weigh the deprivation to the local community for AC's work stoppage, which effectively has withheld a public park from the local community.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

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. 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.

13. SELF-INSURANCE PROGRAM

The City established a self-insurance program in accordance with the New Jersey Statute Chapter 40:10. 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:

- Health insurance benefits (vision, dental, prescription and major medical) (established in 1998).
- Workers' compensation obligations (established in 1984).

The latest available information states that at June 30, 2010 and 2009, the City's exposure for claims incurred under its obligation to provide workers' compensation insurance amounted to approximately \$1,214,574 and \$1,100,000, respectively.

14. POST RETIREMENT BENEFITS

The City of Union 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 62 or older.
- Upon a disability retirement, if eligible.

As of June 30, 2009, the City had 128 employees who were eligible. At the date of the audit the number of employees who were eligible as of June 30, 2010 was not available.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

14. POST RETIREMENT BENEFITS (Continued)

The City of Union 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, 2009 were \$2,247,589. At the date of the audit the expenditures during the year ended June 30, 2010 were not available.

In accordance with GAAP and accrual accounting principles, the costs associates 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 tri-ennial 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 30 years, commencing with the current 2008 liability.

As of December 31, 2008 the Actuarial Accrued Liability is \$88,052,000 for retirees and \$68,519,000 for active employees for a total accrued liability of \$156,571,000. Under the GASB accounting standard the Annual Required Contribution (“ARC”) is \$13,914,000 for the year ending December 31, 2008 assuming a 30 year amortization of the Unfunded Actuarial Accrued Liability. The Net OPEB Obligation is \$9,462,000, based on estimated 2008 cash payments of \$4,452,000 and the ARC state above.

15. 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, 2007 through December 31, 2010. 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 others 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 of Union City is represented by their Risk Management Consultant, Beckerman & Company of Colonia, New Jersey.

THE CITY OF UNION CITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

16. NORTH HUDSON SEWERAGE AUTHORITY

During 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 (NHTSA). The acquisition was executed through the issuance and sale of \$104,945,000 Sewer Revenue Bonds, Series 1996, issued by the NHTSA on October 15, 1997.

In connection with the creation of the NHTSA, a service agreement between the City (together with the Hudson County municipalities of Hoboken, West New York and Weehawken) and the NHTSA was executed. The related obligation of the City with respect to the current service agreement pertains to service charges and annual charges, as described below:

Service Charges

The NHTSA 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 NHTSA 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 expenses of operation and maintenance of the NHTSA's system and the principal and interest on any and all bonds as they become due, to maintain the amounts required to 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 adopted by the HUCWSA on April 24, 1989, as amended, and the New Jersey Sewerage Authorities Law, provided, however, that the NHTSA 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 City shall be obligated to pay to the NHTSA 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 CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

16. NORTH HUDSON SEWERAGE AUTHORITY (Continued)

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: (i) Hoboken 27%, (ii) Union City 32%, (iii) Weehawken 10% and (iv) West New York 31%.

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, 2010 and 2009. The NHSA estimates that no amounts will be due from the City for fiscal year ending June 30, 2011.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

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.

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

17. NORTH HUDSON REGIONAL FIRE AND RESCUE (Continued)

As of June 30, 2010 and 2009, the City contributed \$13,704,442 and \$13,113,206, 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". 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."

THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

17. NORTH HUDSON REGIONAL FIRE AND RESCUE (Continued)

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.

SUPPLEMENTARY INFORMATION – CURRENT FUND

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance, June 30, 2009	A		\$ 9,393,707
Increased by Receipts:			
Miscellaneous Revenues Not Anticipated	A-2	\$ 188,088	
Petty Cash	A-5	1,500	
Tax Collector	A-6	90,035,516	
Revenue Accounts Receivable	A-10	39,095,927	
Interfund	A-11	18,681,524	
State of New Jersey - Veterans and Senior Citizens Deductions	A-12	98,921	
Other Receivables	A-14	39,319	
Other Liabilities	A-16	1,736,549	
Other Reserves	A-17	46,203	
Grants Receivable	A-24	1,818,760	
Reserve for Grants - Unappropriated	A-25	<u>51,037</u>	
			<u>151,793,344</u>
			161,187,051
Decreased by Disbursements:			
Appropriations	A-3	85,990,205	
Petty Cash	A-5	1,500	
Tax Overpayments	A-8	129,420	
Interfund	A-11	22,014,607	
Other Receivables	A-14	14,019	
Appropriation Reserves	A-15	2,698,627	
Other Liabilities	A-16	1,049,778	
Other Reserves	A-17	35,299	
Local School District Taxes Payable	A-19	16,960,501	
County Taxes Payable	A-20	15,757,609	
Accounts Payable	A-21	606,253	
Reserve for Encumbrances	A-22	1,795,190	
Deferred Charges	A-23	2,630,989	
Grants Appropriated	A-26	<u>1,566,261</u>	
			<u>151,250,258</u>
Balance, June 30, 2010	A		<u>\$ 9,936,793</u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF PETTY CASH

	<u>Ref.</u>	
Balance, June 30, 2009		\$ -
Increased by:		
Cash Receipts	A-4	<u>1,500</u>
		1,500
Decreased by:		
Cash Disbursements	A-4	<u>1,500</u>
		-
Balance, June 30, 2010		<u><u>\$ -</u></u>

SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>	
Balance, June 30, 2009		\$ -
Increased by:		
Operating Fund:		
Taxes Receivable	A-7	\$ 88,270,580
Tax Overpayments	A-8	117,928
Revenue Accounts Receivable	A-10	1,471,570
Prepaid Taxes	A-18	<u>175,438</u>
		<u>90,035,516</u>
		90,035,516
Decreased by:		
Payments to Treasurer	A-4	<u>90,035,516</u>
		-
Balance, June 30, 2010		<u><u>\$ -</u></u>

THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF TAXES RECEIVABLE

Year	Balance June 30, 2009	Added Taxes	2010 Tax Levy	Collections		Senior Citizens and Veterans Deductions	Transferred to Tax Title Liens	Adjustments/ Cancellations	Balance June 30, 2010
				2008-2009	2009-2010				
2005-2006	\$ -	\$ -	\$ -	\$ -	\$ 320	\$ -	\$ -	\$ (320)	\$ -
2006-2007	9,431	-	-	-	3,644	-	-	-	5,787
2007-2008	26,953	-	-	-	(8,653)	-	-	23,490	12,116
2008-2009	2,513,721	-	-	-	2,407,252	-	4,952	95,528	5,989
	2,550,105	-	-	-	2,402,563	-	4,952	118,698	23,892
2009-2010	-	779,336	86,159,257	102,270	85,868,017	95,027	35,568	780,690	57,021
	\$ 2,550,105	\$ 779,336	\$ 86,159,257	\$ 102,270	\$ 88,270,580	\$ 95,027	\$ 40,520	\$ 899,388	\$ 80,913
Ref.	A	Below	Below	A-18	A-6	A-12	A-13	Reserve	A
Levy 2009-2010 Added Taxes		Above	\$ 86,159,257					Delinquent	Current
		Above	779,336						
Total Municipal Levy Tax Levy		Below	\$ 86,938,593					\$ -	\$ 102,270
Local District School Tax County Taxes		A-19	\$ 15,418,637					2,402,563	85,868,017
Due to County for Added Taxes		A-20	15,616,190						
		A-20	141,419	\$ 31,176,246					95,027
Amount to be Raised by Taxes Adjustment to Added Assessments		A-2	54,279,516					\$ 2,402,563	\$ 86,065,314
			1,482,831	55,762,347			Ref.	A-2	A-2
		Above	\$ 86,938,593						

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance, June 30, 2009	A	\$ 11,492
Increased by:		
Cash Collections	A-6	<u>117,928</u>
		129,420
Decreased by:		
Refunds	A-4	<u>129,420</u>
Balance, June 30, 2010	A	<u><u>\$ -</u></u>

EXHIBIT A-9

**SCHEDULE OF FORECLOSED PROPERTY
AT ASSESSED VALUATIONS**

	<u>Ref.</u>	
Balance, June 30, 2009	A	<u><u>\$ 171,900</u></u>
Balance, June 30, 2010	A	<u><u>\$ 171,900</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance June 30, 2009	Accrued in 2009-2010	Collections		Balance June 30, 2010
				Collector	Treasurer	
Licenses:						
Alcoholic Beverage	A-2	\$ -	\$ 265,532	265,532	\$ -	\$ -
Other	A-2	-	84,537	84,537	-	-
Fees and Permits	A-2	-	152,944	152,944	-	-
Fines and Costs:						
Municipal Court	A-2	-	2,999,211	-	2,999,211	-
Interest and Costs on Taxes	A-2	-	968,557	968,557	-	-
Interest on Investments and Deposits	A-2	-	60,078	-	60,078	-
Wedding Fees	A-2	-	18,350	-	18,350	-
Public Telephone Commissions	A-2	-	907	-	907	-
Cable Franchise Fees	A-2	-	120,442	-	120,442	-
Payment in Lieu of Taxes						
Union Plaza Apartments	A-2	-	181,185	-	181,185	-
Union City Renaissance Urban Renewal	A-2	-	19,538	-	19,538	-
Monastery Urban Renewal Assoc.	A-2	-	-	-	-	-
Urban Renewal Monastery	A-2	-	-	-	-	-
Palisade Urban Renewal Assoc.	A-2	-	27,322	-	27,322	-
Holy Rosary	A-2	-	28,366	-	28,366	-
Consolidated Municipal Property Tax Relief Aid	A-2	-	14,232,494	-	14,232,494	-
Energy Receipts Taxes	A-2	-	3,827,309	-	3,827,309	-
Additional State School Aid	A-2	-	1,665,631	-	1,665,631	-
Special Municipal Aid	A-2	-	11,300,000	-	11,300,000	-
Uniform Construction Code Fees	A-2	-	831,775	-	831,775	-
Union City Board of Education:						
Lease Recreational Center	A-2	-	300,000	-	181,280	118,720
Solid Waste Removal	A-2	-	360,000	-	-	360,000
Gasoline	A-2	-	50,327	-	50,327	-
47th Street Pool	A-2	-	103,000	-	103,000	-
Lease Central Maintenance Facility	A-2	-	49,232	-	49,232	-
Police Services	A-2	-	721,020	-	721,020	-
Uniform Fire Safety Act	A-2	-	13,365	-	13,365	-
Interfunds:						
Due from CDA Trust	A-2, A-11	-	1,259,552	-	1,259,552	-
Due from Other Trust Fund	A-2, A-11	-	376,821	-	376,821	-
Emergency Medical Services	A-2	-	1,028,722	-	1,028,722	-
		<u>\$ -</u>	<u>\$ 41,046,217</u>	<u>\$ 1,471,570</u>	<u>\$ 39,095,927</u>	<u>\$ 478,720</u>
	<u>Ref.</u>		A-2	A-6	A-4	

THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
SCHEDULE OF INTERFUNDS RECEIVABLE/(PAYABLE)

Ref.	Total	General Capital Fund	Other Trust Fund	Unemployment Trust Fund	Public Defender Trust Fund	Dog Licenses Trust Fund	CDA Trust Fund	Payroll Agency
Balance, June 30, 2009								
Receivable	\$ 2,233,202	\$ -	\$ 338,465	\$ 29,292	\$ 7,471	\$ 11,435	\$ 1,838,686	\$ 7,853
Payable	(2,183,907)	(2,183,907)	-	-	-	-	-	-
	<u>49,295</u>	<u>(2,183,907)</u>	<u>338,465</u>	<u>29,292</u>	<u>7,471</u>	<u>11,435</u>	<u>1,838,686</u>	<u>7,853</u>
Increased by:								
Statutory Excess	5,220	-	-	-	-	5,220	-	-
Cash Disbursements	22,014,607	14,348,806	4,831,801	80,285	19,316	1,096	2,733,303	-
	<u>22,019,827</u>	<u>14,348,806</u>	<u>4,831,801</u>	<u>80,285</u>	<u>19,316</u>	<u>6,316</u>	<u>2,733,303</u>	<u>-</u>
Decreased by:								
Cancellation	7,853	-	-	-	-	-	-	7,853
Anticipated Revenue	1,636,373	-	376,821	-	-	-	1,259,552	-
Charges to 2010 Appropriations	95,000	50,000	-	45,000	-	-	-	-
Cash Receipts	18,681,524	12,272,000	4,793,445	9,913	19,100	15	1,587,051	-
	<u>20,420,750</u>	<u>12,322,000</u>	<u>5,170,266</u>	<u>54,913</u>	<u>19,100</u>	<u>15</u>	<u>2,846,603</u>	<u>7,853</u>
Balance, June 30, 2010								
Receivable	1,805,473	-	-	54,664	7,687	17,736	1,725,386	-
Payable	(157,101)	(157,101)	-	-	-	-	-	-
	<u>\$ 1,648,372</u>	<u>\$ (157,101)</u>	<u>\$ -</u>	<u>\$ 54,664</u>	<u>\$ 7,687</u>	<u>\$ 17,736</u>	<u>\$ 1,725,386</u>	<u>\$ -</u>
Interfund Returned	\$ 635,185	\$ -	\$ -	\$ 29,292	\$ 7,471	\$ 11,435	\$ 579,134	\$ 7,853
Interfund Advanced	\$ 1,843,829	\$ -	\$ 38,356	\$ 54,664	\$ 7,687	\$ 17,736	\$ 1,725,386	\$ -

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**SCHEDULE OF DUE TO THE STATE OF NEW JERSEY
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

	<u>Ref.</u>		
Balance, June 30, 2009	A		\$ 8,125
Increased by:			
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector (Net)	Below	\$ 6,394	
Cash Receipts	A-4	<u>98,921</u>	
			<u>105,315</u>
			113,440
Decreased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billings (Net)	Below	98,921	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector (Net)	Below	<u>2,500</u>	
			<u>101,421</u>
Balance, June 30, 2010	A		<u><u>\$ 12,019</u></u>

Analysis of State's Share of Senior Citizens' and Veterans' Deductions

Senior Citizens' and Veterans' Deductions (Net):			
Per Tax Billings	Above	\$ 98,921	
Allowed by Tax Collector	Above	2,500	
Disallowed by Tax Collector	Above	<u>(6,394)</u>	
	A-7		<u><u>\$ 95,027</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance, June 30, 2009	A	\$ -
Increased by:		
Transfer from Taxes Receivable	A-7	<u>40,520</u>
Balance, June 30, 2010	A	<u>\$ 40,520</u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF OTHER RECEIVABLES

	<u>Balance June 30, 2009</u>	<u>Cash Disbursements</u>	<u>Cash Receipts</u>	<u>Balance June 30, 2010</u>
Due from:				
North Fork - Bank Charges	\$ 3,176	\$ -	\$ -	\$ 3,176
Redevelopment Agency	<u>62,578</u>	<u>14,019</u>	<u>39,319</u>	<u>37,278</u>
Total Other Receivables	<u>\$ 65,754</u>	<u>\$ 14,019</u>	<u>\$ 39,319</u>	<u>\$ 40,454</u>
	<u>Ref.</u>			
	A	A-4	A-4	A
Other Receivables Returned	A-1		\$ 39,319	
Other Receivables Advances	A-1	\$ 14,019		

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations within "CAPS"					
DEPARTMENT OF PUBLIC AFFAIRS					
Director's Office					
Salaries and Wages		\$ 11,641	\$ 11,641	\$ 11,641	\$ -
Other Expenses		588	588	588	-
Municipal Court					
Salaries and Wages		13,090	13,090	13,090	-
Other Expenses		9,435	9,435	7,103	2,332
Public Defender					
Salaries and Wages		145	145	145	-
Other Expenses		100	100	-	100
Senior Citizens					
Salaries and Wages		3,019	3,019	3,019	-
Other Expenses		19	19	-	19
Hispanic/Cultural Affairs					
Other Expenses		738	17,738	17,495	243
North Hudson Council of Mayors					
Other Expenses		34,894	34,894	34,106	788
Municipal Land Use Law (NJS 40:55D-1)					
Regional Planning Board					
Salaries and Wages		3,231	3,231	3,231	-
Other Expenses		-	-	-	-
Continuous Planning Program		200	200	-	200
Veterans Affairs					
Other Expenses		500	500	-	500
Celebration of Public Events					
Other Expenses		-	-	-	-
Total Department Of Public Affairs		<u>77,600</u>	<u>94,600</u>	<u>90,418</u>	<u>4,182</u>
Detail:					
Salaries and Wages		31,126	31,126	31,126	-
Other Expenses		<u>46,474</u>	<u>63,474</u>	<u>59,292</u>	<u>4,182</u>
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office					
Salaries and Wages		1,415	1,415	1,415	-
Other Expenses		264	264	-	264
City Clerk's Office					
Salaries and Wages		3,697	3,697	3,697	-
Other Expenses		31,677	27,677	1,585	26,092
Treasurer's Office					
Salaries and Wages		25,523	25,523	25,523	-
Other Expenses		1,638	1,638	(2,095)	3,733
Assessment of Taxes					
Salaries and Wages		587	587	587	-
Other Expenses		2,799	2,799	(9,909)	12,708
Collection of Taxes					
Salaries and Wages		26,266	26,266	26,266	-
Other Expenses		991	991	979	12
Central Purchasing					
Salaries and Wages		9,348	9,348	9,348	-
Other Expenses		168	168	-	168
Rent Control Board					
Salaries and Wages		1,394	1,394	1,394	-
Other Expenses		6,702	6,702	5,453	1,249

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
DEPARTMENT OF REVENUE AND FINANCE					
(Continued)					
Insurance					
General Liability		\$ 4,199	\$ 4,199	\$ -	\$ 4,199
Workers Compensation		472,693	385,693	301,057	84,636
Employee Group Health		9,333	9,333	2,574	6,759
Tax Searches					
Salaries and Wages		100	100	100	-
Elections					
Salaries and Wages		9,218	3,218	3,218	-
Other Expenses		25,607	33,607	30,327	3,280
Membership NJ League of Municipalities					
Other Expenses		192	192	-	192
Annual Audit					
Other Expenses		67,700	67,700	65,600	2,100
Tax Sale Costs					
Other Expenses		5,000	5,000	450	4,550
Postage-All Departments					
Other Expenses		3,414	13,414	-	13,414
Data Processing					
Other Expenses		17,122	11,122	7,960	3,162
Day Care Center					
Other Expenses		-	-	-	-
Total Department Of Revenue And Finance		<u>727,047</u>	<u>642,047</u>	<u>475,529</u>	<u>166,518</u>
Detail:					
Salaries and Wages		77,548	71,548	71,548	-
Other Expenses		649,499	570,499	403,981	166,518
DEPARTMENT OF PUBLIC SAFETY					
Director's Office					
Salaries and Wages		237	237	237	-
Other Expenses		11	9,011	8,536	475
Weddings					
Salaries and Wages		20	20	20	-
Legal Department					
Salaries and Wages		1,398	1,398	1,398	-
Other Expenses		98,659	133,659	132,087	1,572
Police Department					
Salaries and Wages		211,634	142,234	(10,000)	152,234
Overtime		2,320	2,320	-	2,320
Other Expenses		12,352	12,352	(8,277)	20,629
Traffic Signs and Safety					
Other Expenses		27,066	18,466	(324)	18,790
Emergency Management Services					
Salaries and Wages		846	846	846	-
Other Expenses		1,615	1,615	-	1,615
Emergency Medical Services					
Salaries and Wages		13,793	13,793	13,793	-
Other Expenses		11,220	1,220	524	696
Life Hazard Use Fee-Uniform Fire Safety					
Salaries and Wages		24,394	24,394	24,394	-
Other Expenses		5,212	5,212	(58)	5,270
Contribution to Union City Redevelopment Agency		39,459	39,459	39,459	-

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
DEPARTMENT OF PUBLIC SAFETY					
(Continued)					
Board of Health					
Salaries and Wages		\$ 83,146	\$ 146	\$ 146	\$ -
Other Expenses		2,859	19,859	17,247	2,612
School Crossing Guards					
Salaries and Wages		23,839	23,839	23,839	-
Total Department Of Public Safety		<u>560,080</u>	<u>450,080</u>	<u>243,867</u>	<u>206,213</u>
Detail:					
Salaries and Wages		361,627	209,227	54,673	154,554
Other Expenses		<u>198,453</u>	<u>240,853</u>	<u>189,194</u>	<u>51,659</u>
DEPARTMENT OF PUBLIC WORKS					
Director's Office					
Salaries and Wages		3,768	3,768	3,768	-
Other Expenses		2,192	2,192	894	1,298
Street Cleaning					
Salaries and Wages		2,039	2,039	2,039	-
Other Expenses		1,653	1,653	76	1,577
Streets Repairs and Maintenance					
Salaries and Wages		4,533	4,533	4,533	-
Other Expenses		356	356	(3,720)	4,076
Snow Removal					
Salaries and Wages		288	288	288	-
Other Expenses		1,339	1,339	-	1,339
Board of Adjustment					
Salaries and Wages		88	88	88	-
Other Expenses		8,496	8,496	4,476	4,020
Solid Waste Disposal					
Salaries and Wages		130	130	130	-
Other Expenses		389,341	354,341	170,800	183,541
Recycling Program					
Other Expenses		11,775	8,375	7,902	473
Public Assistance					
Other Expenses		988	10,388	10,382	6
Engineering Services					
Other Expenses		<u>39,006</u>	<u>39,006</u>	<u>34,461</u>	<u>4,545</u>
Total Department Of Public Works		<u>465,992</u>	<u>436,992</u>	<u>236,117</u>	<u>200,875</u>
Detail:					
Salaries and Wages		10,846	10,846	10,846	-
Other Expenses		<u>455,146</u>	<u>426,146</u>	<u>225,271</u>	<u>200,875</u>
DEPARTMENT OF PARKS AND PUBLIC PROPERTY					
Director's Office					
Salaries and Wages		2,372	2,372	2,372	-
Other Expenses		1,997	1,997	(83)	2,080
Parks and Playgrounds					
Salaries and Wages		56,683	56,683	56,683	-
Other Expenses		27,700	27,700	26,660	1,040
Public Buildings and Grounds					
Salaries and Wages		9,739	9,739	9,739	-
Other Expenses		61,629	61,629	44,733	16,896

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
DEPARTMENT OF PARKS AND PUBLIC PROPERTY (Continued)					
Recreation					
Salaries and Wages		\$ 106	\$ 106	\$ 106	\$ -
Other Expenses		22,729	12,729	(525)	13,254
Total Department Of Parks And Public Property		<u>182,955</u>	<u>172,955</u>	<u>139,685</u>	<u>33,270</u>
Detail:					
Salaries and Wages		68,900	68,900	68,900	-
Other Expenses		114,055	104,055	70,785	33,270
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code Officials					
Salaries and Wages		9,916	9,916	9,916	-
Other Expenses		32,435	32,435	17,053	15,382
Sub-Code Officials					
Plumbing Inspector					
Salaries and Wages		23,075	23,075	23,075	-
Other Expenses		104	104	-	104
Electrical Inspector					
Salaries and Wages		4,248	4,248	4,248	-
Other Expenses		4,053	4,053	-	4,053
Elevator Inspector					
Other Expenses		9,670	9,670	3,921	5,749
Fire Inspector					
Salaries and Wages		162	162	162	-
Other Expenses		4,847	4,847	-	4,847
Total Uniform Construction Code		<u>88,510</u>	<u>88,510</u>	<u>58,375</u>	<u>30,135</u>
Detail:					
Salaries and Wages		37,401	37,401	37,401	-
Other Expenses		51,109	51,109	20,974	30,135
UNCLASSIFIED					
Retirement Benefits		18,132	18,132	-	18,132
Gasoline		39,623	(88,139)	(98,763)	10,624
Telephone		10,447	27,268	26,374	894
Electricity		5,322	38,795	24,574	14,221
Water		20,329	23,748	11,597	12,151
Natural Gas		44,787	(10,635)	(11,262)	627
Street Lighting		187,814	277,158	249,797	27,361
Sewer		4,905	16,327	11,412	4,915
Fire Hydrants		13,850	75,850	23,028	52,822
Printing-All Departments		258	48,563	48,485	78
Photocopying		18,072	1,072	796	276
Fleet Maintenance & Repairs					
Other Expenses		516	516	(779)	1,295
Total Unclassified		<u>364,055</u>	<u>428,655</u>	<u>285,259</u>	<u>143,396</u>
Detail:					
Salaries and Wages		-	-	-	-
Other Expenses		364,055	428,655	285,259	143,396
TOTAL OPERATIONS WITHIN "CAPS"		<u>2,466,239</u>	<u>2,313,839</u>	<u>1,529,250</u>	<u>784,589</u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures - Contributions to:					
Social Security System (O.A.S.I.)		\$ 34,680	\$ 34,680	\$ (174)	\$ 34,854
Consolidated Police and Firemen's Pension Fund		16,025	16,025	-	16,025
Public Employees Retirement System		1,021	1,021	-	1,021
Total Statutory Expenditures - Municipal Within "CAPS"		<u>51,726</u>	<u>51,726</u>	<u>(174)</u>	<u>51,900</u>
Total General Appropriations for Municipal Purposes Within "CAPS"		<u>2,517,965</u>	<u>2,365,565</u>	<u>1,529,076</u>	<u>836,489</u>
OTHER OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library		610,491	610,491	610,491	-
Contribution to North Hudson Fire & Rescue Joint Meeting		1,301,138	1,453,538	1,453,419	119
Total Other Operations Excluded from "CAPS"		<u>1,911,629</u>	<u>2,064,029</u>	<u>2,063,910</u>	<u>119</u>
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Union City Board of Education					
Lease Recreation Center		54,007	54,007	-	54,007
Gasoline		40,000	40,000	-	40,000
Total Interlocal Municipal Service Agreements		<u>94,007</u>	<u>94,007</u>	<u>-</u>	<u>94,007</u>
Total General Appropriations Excluded from "CAPS"		<u>2,005,636</u>	<u>2,158,036</u>	<u>2,063,910</u>	<u>94,126</u>
TOTAL GENERAL APPROPRIATIONS		<u>\$ 4,523,601</u>	<u>\$ 4,523,601</u>	<u>\$ 3,592,986</u>	<u>\$ 930,615</u>
	Ref.	A		Below	A-1
Cash Disbursements	A-4			\$ 2,698,627	
Other Reserves	A-17			<u>894,359</u>	
	Above			<u>\$ 3,592,986</u>	

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF OTHER INTERGOVERNMENTAL LIABILITIES

	<u>Balance June 30, 2009</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2010</u>
Due to:				
North Hudson Sewerage Authority	\$ 35,004	\$ 1,384,428	\$ 692,087	727,345
NJ Construction Code Fees	9,551	31,564	37,564	3,551
Parking Authority	<u>-</u>	<u>320,557</u>	<u>320,127</u>	<u>430</u>
	<u>\$ 44,555</u>	<u>\$ 1,736,549</u>	<u>\$ 1,049,778</u>	<u>731,326</u>
<u>Ref.</u>	A	A-4	A-4	A

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF OTHER RESERVES

	<u>Balance June 30, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2010</u>	
Accrued Salaries	\$ 203,569	\$ 314,625	\$ 518,194	\$ -	
Liquor License Retirement and Escrow	32,280	14,900	-	47,180	
Library Bills	546,642	1,180,882	28,054	1,699,470	
Outside Lien Holder	6,190	-	4,168	2,022	
Demolition	17,140	-	-	17,140	
COAH Security Deposit	34,689	-	-	34,689	
	<u>\$ 840,510</u>	<u>\$ 1,510,407</u>	<u>\$ 550,416</u>	<u>\$ 1,800,501</u>	
	<u>Ref.</u>	<u>A</u>	<u>Below</u>	<u>Below</u>	<u>A</u>
Cancelled	A-1		\$ -	\$ 515,117	
Charges to 2010 Appropriations	A-3		569,845	-	
Cash Receipts	A-4		46,203	-	
Cash Disbursements	A-4		-	35,299	
Charged to Appropriation Reserves	A-15		894,359	-	
	Above		<u>\$ 1,510,407</u>	<u>\$ 550,416</u>	

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, June 30, 2009	A	\$ 102,270
Increased by:		
Cash Collections	A-6	<u>175,438</u>
		277,708
Decreased by:		
Applied to 2010 Taxes	A-7	<u>102,270</u>
Balance, June 30, 2010	A	<u><u>\$ 175,438</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2009	A	\$ 4,625,591
Increased by:		
Levy School Year	A-1, A-2, A-7	<u>15,418,637</u>
		20,044,228
Decreased by:		
Cash Disbursements	A-4	<u>16,960,501</u>
Balance, June 30, 2010	A	<u><u>\$ 3,083,727</u></u>

EXHIBIT A-20

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>		
Balance, June 30, 2009	A		\$ -
Increased by:			
County Taxes	A-7	\$ 15,616,190	
Added Taxes	A-7	<u>141,419</u>	
	A-1, A-2		15,757,609
Decreased by:			
Cash Disbursements	A-4		<u>15,757,609</u>
Balance, June 30, 2010	A		<u><u>\$ -</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2009	A	\$ 606,253
Increased by:		
Charges to 2010 Appropriations	A-3	<u>951,331</u>
		1,557,584
Decreased by:		
Cash Disbursements	A-4	<u>606,253</u>
Balance, June 30, 2010	A	<u><u>\$ 951,331</u></u>

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>		
Balance, June 30, 2009	A		\$ 1,795,190
Increased by:			
Charges to 2010 Appropriations	A-3	\$ 1,447,213	
Grants Appropriated	A-26	<u>66,869</u>	
			<u>1,514,082</u>
			3,309,272
Decreased by:			
Cash Disbursements	A-4		<u>1,795,190</u>
Balance, June 30, 2010	A		<u><u>\$ 1,514,082</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF DEFERRED CHARGES

	<u>Balance June 30, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance June 30, 2010</u>
Cash Deficit of Preceding Year	\$ 68,489	\$ -	\$ 68,489	\$ -
Expenditures without Appropriations:				
Street Improvements	264,248	187,947	-	452,195
Port Authority Project	-	152,960	-	152,960
Green Trust Project	-	1,555,958	-	1,555,958
Overexpended Trust Fund reserves:				
CDA Trust Fund	380,721	563,105	-	943,826
Public Defender Trust Fund	-	4,909	-	4,909
Unemployment Trust Fund	-	101,006	-	101,006
Overexpended budget appropriation:				
Contribution to:				
Public Employee Retirement System	<u>-</u>	<u>65,104</u>	<u>-</u>	<u>65,104</u>
	<u>\$ 713,458</u>	<u>\$ 2,630,989</u>	<u>\$ 68,489</u>	<u>\$ 3,275,958</u>
<u>Ref.</u>	A	A-4	A-3	A

EXHIBIT A-24

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF GRANTS RECEIVABLE

	Balance June 30, 2009	SFY 2010 Budget Revenue Realized	Received	Reprogrammed /Cancelled	Balance June 30, 2010
STATE GRANTS					
Summer Food Program	\$ 32,008	\$ -	\$ 32,008	\$ -	\$ -
Summer Food Program	-	145,013	68,405	-	76,608
Public Health Priority Funding	90,000	-	30,129	-	59,871
Public Health Priority Funding	1,934	-	-	-	1,934
Public Health Priority Funding	-	62,046	31,023	-	31,023
Urban Enterprise Zone:					
Litter Clean-Up Project	36,387	-	36,387	-	-
Litter Clean-Up Project	336,960	-	233,530	-	103,430
Litter Clean-Up Project	-	349,903	-	-	349,903
Business Recruitment and Marketing	45,327	-	-	-	45,327
Business Recruitment and Marketing	105,977	-	-	-	105,977
Business Recruitment and Marketing	327,120	-	-	-	327,120
Business Recruitment and Marketing	367,644	-	-	-	367,644
Administration	109,190	-	65,886	-	43,304
Administration	140,396	-	-	-	140,396
Administration	-	85,000	-	-	85,000
Façade Improvements	65,000	-	-	-	65,000
Façade Improvements	200,000	-	-	-	200,000
Façade Improvements	78,758	-	-	-	78,758
Façade Improvements	45,955	-	-	-	45,955
Façade Improvements	235,000	-	-	-	235,000
Summit Avenue Cameras	23,502	-	-	-	23,502
Summit Avenue Cameras	14,583	-	-	-	14,583
Hiring of Police	119,500	-	119,500	-	-
Hiring of Police	-	133,000	-	-	133,000
Purchase of Four-Faced Clocks	14,581	-	-	-	14,581
Commercial District Improvement	10,640	-	-	-	10,640
Purchase of Wastec Receptacles	800	-	-	-	800
Purchase of Wastec Receptacles	-	39,000	-	-	39,000
Painting of Decorative Lamps & Parking Meters	2,500	-	-	-	2,500
Purchase of two four-wheel drive trucks	(33,367)	-	-	-	(33,367)
Police Bicycles	3,960	-	3,712	-	248
Purchase of Benches	4,816	-	-	-	4,816
Purchase of Gumbusters	49,216	-	-	-	49,216
Neighborhood Preservation -					
Balanced Housing Neighborhood	31,814	-	-	-	31,814
Clean Communities	53,014	-	53,014	-	-
Clean Communities	-	67,636	85,058	-	(17,422)
Pedestrian Safety Education and Enforcement Grant	150,000	-	84,960	-	65,040
Pedestrian Safety Education and Enforcement Grant	139	-	-	-	139
Pedestrian Safety Education and Enforcement Grant					
Road Improvements -					
12th Street	3,000	-	-	-	3,000
Discretionary Program	64,000	-	-	-	64,000
Pedestrian Safety Education and Enforcement Grant	-	18,000	-	-	18,000
Purchase of Senior Citizen Van	125,000	-	-	-	125,000
Purchase of Ambulance	75,000	-	-	-	75,000
Body Armor Fund	-	-	(1,736)	1,736	-
Body Armor Fund	-	9,284	4,456	-	4,828
Drunk Driving Enforcement Fund	-	19,466	19,466	-	-
Statewide Livable Communities Aid -					
Municipal owned Historic Buildings	50,000	-	-	-	50,000
Bergenline Ave	190,000	-	-	-	190,000
Capital Improvements	190,000	-	-	-	190,000
Local Library Program	70,000	-	-	-	70,000
Local Library Program	70,000	-	-	-	70,000
Washington Park Soccer Field	100,000	-	-	-	100,000
Green Communities	2,000	-	-	-	2,000
NJ Department of Environmental Protection -					
Municipal Stormwater Regulation Program	5,155	-	-	-	5,155
NJDOT 29th Street Improvements	20,862	-	-	-	20,862
NJDOT 25th Street Improvements	100,000	-	-	-	100,000
NJDOT Central Avenue	605,767	-	605,767	-	-

THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF GRANTS RECEIVABLE

	Balance June 30, 2009	SFY 2010 Budget Revenue Realized	Received	Reprogrammed /Cancelled	Balance June 30, 2010
NJDOT Central Avenue	\$ 220,000	\$ -	\$ 170,754	\$ -	\$ 49,246
NJDOT Various Streets	63,388	-	-	-	63,388
NJDOT Various Streets	-	391,701	-	-	391,701
NJDOT Traffic Signalization Improvement Grant	-	1,000,000	-	-	1,000,000
NJ Highway Safety - Click It or Ticket	-	4,000	4,000	-	-
COUNTY GRANTS					
38th Street Amphitheater	650,000	-	-	-	650,000
Byrne Justice Assistance Program	17,869	-	47,053	(29,184)	-
Byrne Justice Assistance Program	16,714	-	4,320	-	12,394
Byrne Justice Assistance Program	-	59,939	-	-	59,939
Municipal Alliance on Alcoholism and Drug Abuse 07	35,569	-	33,484	-	2,085
Municipal Alliance on Alcoholism and Drug Abuse 08	15,410	-	5,222	-	10,188
Municipal Alliance on Alcoholism and Drug Abuse 09	(2,867)	-	-	-	(2,867)
Municipal Alliance on Alcoholism and Drug Abuse 10	-	68,772	25,178	-	43,594
Hudson County Open Space Trust 15 th St Library Glass	35,000	-	-	-	35,000
Hudson County Open Space Trust	-	450,000	-	-	450,000
Emergency Management Assistance	5,000	-	-	-	5,000
FEDERAL GRANTS					
State Aid Highway Project - Resurface Street - Central Avenue	35,593	-	-	-	35,593
Central Avenue	30,579	-	-	-	30,579
Transportation Trust Fund	863,361	-	-	-	863,361
COPS More 2002 Computers	1,617	-	-	-	1,617
School Resource Officers	-	250,000	-	-	250,000
COPS Universal Hiring Recovery Program	-	2,209,264	-	-	2,209,264
Summer Youth Program	268,305	-	45,058	-	223,247
Secure Our Schools	135,194	-	103,228	-	31,966
WTC Attack - Police Salary & Wages	23,693	-	-	-	23,693
WTC Attack - Non-Uniform Personnel	17,695	-	-	-	17,695
Bulletproof Vest Partnership Program	2,641	-	-	-	2,641
Local Law Enforcement Block Grant	91,800	-	-	-	91,800
American Recovery & Reinvestment Act ("ARRA") - Energy Efficiency & Conservation Block Grant	-	521,600	-	-	521,600
Edward Byrne Memorial Justice Recovery Act	-	247,159	-	-	247,159
Total Grants	<u>\$ 6,860,699</u>	<u>\$ 6,130,783</u>	<u>\$ 1,909,862</u>	<u>\$ (27,448)</u>	<u>\$ 11,109,068</u>
	Ref				
	A	A-2	A-4	A-1	A
Cash Receipts	A-4		\$ 1,818,760		
Grants Unappropriated	A-25		91,102		
	Above		<u>\$ 1,909,862</u>		

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	<u>Balance June 30, 2009</u>	<u>Transferred to Budget</u>	<u>Received</u>	<u>Balance June 30, 2010</u>
Drunk Driving Enforcement Fund	\$ 19,466	\$ 19,466	\$ -	\$ -
TASE Grant	2,400	-	-	2,400
Urban Enterprise Zone - Letter Cleanup	72,250	-	-	72,250
Highway Traffic Safety	5,000	-	-	5,000
"Click-It or Ticket" Grant	4,000	4,000	-	-
Clean Communities	67,636	67,636	-	-
Alcohol Education	-	-	3,167	3,167
Recycling Tonnage Grant	-	-	27,909	27,909
Drunk Driving Enforcement Fund	-	-	19,961	19,961
	<u>\$ 170,752</u>	<u>\$ 91,102</u>	<u>\$ 51,037</u>	<u>\$ 130,687</u>
<u>Ref.</u>	A	A-24	A-4	A

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF GRANTS APPROPRIATED

Year	Balance June 30, 2009	Transferred from 2010 Budget Appropriations		Expended	Reprogrammed /Cancelled	June 30, 2010
		City Match	Budget			
STATE GRANTS						
Urban Enterprise Zone:						
Litter Clean-Up Project	2003 - 2004	\$ 21,831	\$ -	\$ -	\$ -	\$ 21,831
Litter Clean-Up Project	2005 - 2006	720	-	-	-	720
Litter Clean-Up Project	2007 - 2008	41,127	-	-	-	41,127
Litter Clean-Up Project	2008 - 2009	-	-	-	-	-
Litter Clean-Up Project	2009 - 2010	-	349,903	319,000	-	30,903
Business Recruitment and Marketing	2005 - 2006	62,245	-	-	-	62,245
Business Recruitment and Marketing	2006 - 2007	1,590	-	-	-	1,590
Business Recruitment and Marketing	2007 - 2008	1,516	-	-	-	1,516
Business Recruitment and Marketing	2008 - 2009	232,812	-	137,580	-	95,232
Administration - City Match	2003 - 2004	64,549	-	15,000	-	49,549
Administration	2004 - 2005	10,696	-	-	-	10,696
Administration - City Match	2004 - 2005	10,132	-	-	-	10,132
Administration	2006 - 2007	18,355	-	-	-	18,355
Administration	2007 - 2008	43,252	-	-	-	43,252
Administration	2008 - 2009	27,171	-	10,671	-	16,500
Administration - City Match	2008 - 2009	55,737	-	-	-	55,737
Administration	2009 - 2010	-	85,000	81,816	-	3,184
Administration - City Match	2009 - 2010	-	36,000	28,135	-	7,865
Façade Improvements	2002 - 2003	22,353	-	-	-	22,353
Façade Improvements	2005 - 2006	45,955	-	-	-	45,955
Façade Improvement IV	2007 - 2008	164,595	-	-	-	164,595
Master Plan	2004 - 2005	15,522	-	-	-	15,522
Commercial District Improvements Phase I	2007 - 2008	10,640	-	-	-	10,640
Commercial District Improvements Phase II	2007 - 2008	59	-	-	-	59
Summit Avenue Cameras	2002 - 2003	5,594	-	-	-	5,594
Summit Avenue Cameras - City Match	2002 - 2003	46,129	-	-	-	46,129
Four-Faced Clocks	2005 - 2006	14,350	-	-	-	14,350
Four-Faced Clocks	2006 - 2007	18,770	-	-	-	18,770
Purchase of two four-wheel drive maint. Trucks	2007 - 2008	1,370	-	-	-	1,370
Purchase of Waste Receptacles	2007 - 2008	800	-	-	-	800
Purchase of Waste Receptacles	2009 - 2010	-	39,000	38,955	-	45
Painting of Decorative Lamps & Parking Meters	2007 - 2008	2,500	-	-	-	2,500
Purchase of Gumbusters	2008 - 2009	49,216	-	41,309	-	7,907
Police Hiring Grant	2009 - 2010	-	133,000	133,000	-	-
Clean Communities	2003 - 2004	52,735	-	28,797	-	23,938
Clean Communities	2004 - 2005	67,892	-	-	-	67,892
Clean Communities	2005 - 2006	27,982	-	-	-	27,982
Clean Communities	2006 - 2007	39,785	-	-	-	39,785
Clean Communities Challenge Grant	2007 - 2008	45,483	-	-	-	45,483
Clean Communities Challenge Grant	2008 - 2009	53,014	-	14,971	-	38,043
Clean Communities Challenge Grant	2009 - 2010	-	67,636	-	-	67,636
Summer Food Program	2002 - 2003	19,529	-	-	-	19,529
Summer Food Program	2003 - 2004	8,228	-	-	-	8,228
Summer Food Program	2004 - 2005	5,879	-	-	-	5,879
Summer Food Program	2005 - 2006	84,356	-	-	-	84,356
Summer Food Program	2005 - 2006	90,137	-	-	-	90,137
Summer Food Program	2007 - 2008	7,221	-	-	-	7,221
Summer Food Program	2009 - 2010	-	145,013	90,613	-	54,400
Public Health Priority Funding	2002 - 2003	2,340	-	-	-	2,340
Public Health Priority Funding	2004 - 2005	62,046	-	-	-	62,046
Public Health Priority Funding	2008 - 2009	30,129	-	30,129	-	-
Public Health Priority Funding	2009 - 2010	-	62,046	62,046	-	-
Safe and Secure Communities Program	2007 - 2008	36,491	-	-	-	36,491
NJ Department of Transportation:						
Pedestrian Safety	2005 - 2006	299	-	-	-	299
25th Street Improvements	2007 - 2008	313	-	-	313	-
12th Street	2006 - 2007	6,534	-	4,500	-	2,034
Various Streets	2008 - 2009	8,151	-	-	-	8,151
Central Avenue	2008 - 2009	6,135	-	(15,591)	-	21,726
Various Streets	2009 - 2010	-	391,701	65,705	-	325,996
Signal Improvement Project	2009 - 2010	-	1,000,000	-	-	1,000,000
NJ Department of Highway Traffic Safety:						
Click-it or Ticket	2009 - 2010	-	4,000	4,000	-	-
Emergency Management Assistance Reserve	2004 - 2005	11,000	-	-	-	11,000
NJ Department of Environmental Protection:						
Municipal Stormwater Regulation Program	2004 - 2005	20,619	-	-	-	20,619
Green Communities	2005 - 2006	2,900	-	-	-	2,900
Statewide Domestic Preparedness	2002 - 2003	14,928	-	-	-	14,928
Statewide Domestic Preparedness	2003 - 2004	90	-	-	-	90

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF GRANTS APPROPRIATED

Year	Balance June 30, 2009	Transferred from 2010 Budget Appropriations			Reprogrammed /Cancelled	June 30, 2010
		City Match	Budget	Expended		
STATE GRANTS (Continued)						
Statewide Livable Communities:						
Bergenline Ave	2005 - 2006	\$ 15,781	\$ -	\$ -	\$ 15,781	\$ -
Local Library Program	2004 - 2005	26,910	-	-	-	26,910
Historic Buildings	2004 - 2005	50,000	-	-	-	50,000
Alcoholic Education	Prior	4,108	-	-	-	4,108
Alcoholic Education	1995 - 1996	11,699	-	-	-	11,699
Alcoholic Education	1996 - 1997	5,886	-	-	-	5,886
Alcoholic Education	1997 - 1998	1,381	-	-	-	1,381
Alcoholic Education	1998 - 1999	658	-	-	-	658
Alcoholic Education	1999 - 2000	7,256	-	-	-	7,256
Alcoholic Education	2001 - 2002	3,650	-	-	-	3,650
Alcoholic Education	2006 - 2007	655	-	-	-	655
Alcohol Education	2007 - 2008	380	-	-	-	380
Body Armor Fund	2002 - 2003	281	-	-	-	281
Body Armor Fund	2003 - 2004	78	-	-	-	78
Body Armor Fund	2007 - 2008	212	-	-	-	212
Body Armor Fund	2008 - 2009	16,339	-	-	16,339	-
Body Armor Fund	2009 - 2010	-	-	9,284	8,787	497
Drunk Driving Enforcement Fund	2005 - 2006	20	-	-	-	20
Drunk Driving Enforcement Fund	2008 - 2009	1,892	-	-	1,892	-
Drunk Driving Enforcement Fund	2009 - 2010	-	-	19,466	9,088	10,378
Pandemic Influenza Preparedness	2006 - 2007	6,038	-	-	-	6,038
Pedestrian School Safety	2006 - 2007	14	-	-	-	14
Pedestrian School Safety	2007 - 2008	39,796	-	-	-	39,796
Pedestrian School Safety	2009 - 2010	-	-	18,000	17,893	107
Recycling Tonnage	2006 - 2007	8,547	-	-	-	8,547
Total State Grants		1,894,483	36,000	2,324,049	1,160,416	313
COUNTY GRANTS						
Washington Park Soccer Field	2007	16,353	-	-	-	16,353
Byrne Justice Assistance Grant	2009	16,714	-	-	16,714	-
Byrne Justice Assistance Grant	2010	-	-	59,939	4,700	55,239
Hudson County Open Space Trust 15th St Library	2008	35,000	-	-	-	35,000
Hudson County Open Space Trust	2010	-	-	450,000	60,000	390,000
Municipal Alliance - City Match	2003	916	-	-	-	916
Municipal Alliance - City Match	2004	1,303	-	-	-	1,303
Municipal Alliance	2005	2,248	-	-	-	2,248
Municipal Alliance	2008	11,531	-	-	-	11,531
Municipal Alliance	2009	38,373	-	-	35,555	2,818
Municipal Alliance - City Match	2009	7,087	-	-	6,595	492
Municipal Alliance	2010	-	-	68,772	31,864	36,908
Municipal Alliance - City Match	2010	-	17,193	-	11,636	5,557
Total County Grants		129,525	17,193	578,711	167,064	558,365
FEDERAL GRANTS						
Domestic Violence Grant	2002 - 2003	2,250	-	-	-	2,250
Domestic Violence Grant - City Match	2002 - 2003	637	-	-	-	637
Summer Youth Program	2008 - 2009	221,930	-	-	82,321	139,609
Secure Our Schools	2008 - 2009	135,194	-	-	-	135,194
Secure Our Schools - City Match	2008 - 2009	135,194	-	-	-	135,194
Local Law Enforcement Block Grant		123,270	-	-	-	123,270
Local Law Enforcement Block Grant - City Match	2004 - 2005	2,799	-	-	-	2,799
COPS More		54,781	-	-	-	54,781
COPS More - City Match	2002 - 2003	2,907	-	-	-	2,007
COPS More	2002 - 2003	835	-	-	-	835
COPS School Based Partners	1998 - 1999	26,053	-	-	-	26,053
COPS in Schools	1999 - 2000	41,502	-	-	-	41,502
School Resource Officers	2009 - 2010	-	-	250,000	88,627	161,373
COPS Universal Hiring Supplemental Award	1998 - 1999	125,000	-	-	-	125,000
COPS Universal Hiring Supplemental Award - City Match	1998 - 1999	71,832	-	-	-	71,832
COPS Universal Hiring Supplemental Award	1998 - 1999	87,980	-	-	-	87,980
COPS Universal Hiring Supplemental Award - City Match	1998 - 1999	113,679	-	-	-	113,679
COPS Universal Hiring Supplemental Award	2006 - 2007	164,506	-	-	-	164,506
COPS Universal Hiring Supplemental Award	2009 - 2010	-	-	2,209,264	126,420	2,082,844

THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF GRANTS APPROPRIATED

Year	Balance June 30, 2009	Transferred from 2010 Budget Appropriations		Expended	Reprogrammed /Cancelled	June 30, 2010
		City Match	Budget			
FEDERAL GRANTS (Continued)						
Transportation Trust Fund						
Hillside Terrace	1998 - 1999	\$ 22,446	\$ -	\$ -	\$ -	\$ 22,446
Various	1999 - 2000	5,730	-	-	(313)	6,043
18th Street & Palisade Ave	2000 - 2001	12,088	-	-	-	12,088
17th Street	2001 - 2002	8,221	-	-	-	8,221
49th Street	2001 - 2002	3,382	-	-	-	3,382
48th Street	2001 - 2002	6,209	-	-	-	6,209
Bergenline Avenue - Section 1	2002 - 2003	36	-	-	-	36
Community Resources Recreation - Reserve		2,818	-	-	-	2,818
American Recovery & Reinvestment Act ("ARRA") -						
Energy Efficiency & Conservation Block Grant	2009 - 2010	-	-	521,600	8,282	513,318
Edward Byrne Memorial Justice Recovery Act	2009 - 2010	-	-	247,159	-	247,159
Total Federal Grants		<u>1,370,379</u>	<u>-</u>	<u>3,228,023</u>	<u>305,650</u>	<u>4,293,065</u>
UNALLOCATED APPROPRIATIONS						
Unallocated Appropriations	Various	(2,792,147)	-	-	-	(2,792,147)
Total		<u>\$ 602,240</u>	<u>\$ 53,193</u>	<u>\$ 6,130,783</u>	<u>\$ 1,633,130</u>	<u>\$ 5,153,086</u>
	Ref.	A	A-3	A-3	Below	A
Cash Disbursements	A-4				\$ 1,566,261	
Reserve for Encumbrances	A-22				66,869	
	Above				<u>\$ 1,633,130</u>	

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF RESERVE FOR NEIGHBORHOOD HOUSING

	<u>Ref.</u>	
Balance, June 30, 2009	A	<u>\$ 1,824</u>
Balance, June 30, 2010	A	<u><u>\$ 1,824</u></u>

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SUPPLEMENTARY INFORMATION – TRUST FUNDS

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF CASH AND CASH EQUIVALENTS - DOG LICENSE FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 21,726
Increased by:			
Sale of Dog Licenses - State	B-2	\$ 1,665	
Sale of Dog Licenses - City	B-3	<u>3,714</u>	
			<u>5,379</u>
Balance, June 30, 2010	B		<u><u>\$ 27,105</u></u>

SCHEDULE OF DUE TO THE STATE OF NEW JERSEY - DOG LICENSE FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 2,696
Increased by:			
State Fees Collected:			
Cash Receipts	B-1		<u>1,665</u>
			4,361
Decreased by:			
Transmitted to State - by Current Fund	B-4		<u>1,096</u>
Balance, June 30, 2010	B		<u><u>\$ 3,265</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF RESERVE FOR DOG LICENSE FUND EXPENDITURES

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 7,595
Increased by:			
Cash Receipts	B-1	\$ 3,714	
Fees Received in Current Fund	B-4	<u>15</u>	
			<u>3,729</u>
			11,324
Decreased by:			
Statutory Excess	B-4	5,220	
Accounts Payable	B-5	<u>521</u>	
			<u>5,741</u>
Balance, June 30, 2010	B		<u><u>\$ 5,583</u></u>

LICENSE FEES COLLECTED

2008	\$ 2,503
2009	<u>3,080</u>
	<u><u>\$ 5,583</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF DUE TO CURRENT FUND - DOG LICENSE FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 11,435
Increased by:			
Transmitted to State	B-2	\$ 1,096	
Statutory Excess	B-3	<u>5,220</u>	
			<u>6,316</u>
			17,751
Decreased by:			
Reserve for Expenditures	B-3		<u>15</u>
Balance, June 30, 2010	B		<u><u>\$ 17,736</u></u>

SCHEDULE OF ACCOUNTS PAYABLE - DOG LICENSE FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ -
Increased by:			
Reserve for Expenditures	B-3		<u>521</u>
Balance, June 30, 2010	B		<u><u>\$ 521</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF CASH AND CASH EQUIVALENTS - UNEMPLOYMENT TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2009	B	<u>\$ 32,286</u>
Balance, June 30, 2010	B	<u>\$ 32,286</u>

SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 2,994
Increased by:			
Received in Other Trust Fund	B-9	\$ 22,378	
Current Fund Budget Appropriation	B-8	45,000	
Received in Current Fund	B-8	9,913	
Overexpenditures	B-8	<u>101,006</u>	
			<u>178,297</u>
			181,291
Decreased by:			
Expenditures Paid by Current Fund	B-8		<u>181,291</u>
Balance, June 30, 2010	B		<u>\$ -</u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF DUE TO CURRENT FUND - UNEMPLOYMENT TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 29,292
Increased by:			
Reserve for Expenditures	B-7		<u>181,291</u>
			210,583
Decreased by:			
Current Fund Budget Appropriation	B-7	\$ 45,000	
Reserve for Expenditures	B-7	9,913	
Overexpenditures	B-7	<u>101,006</u>	
			<u>155,919</u>
Balance, June 30, 2010	B		<u><u>\$ 54,664</u></u>

SCHEDULE OF FROM OTHER TRUST FUND - UNEMPLOYMENT TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ -
Increased by:			
Received in Other Trust Fund	B-6		<u>22,378</u>
Balance, June 30, 2010	B		<u><u>\$ 22,378</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF CASH AND CASH EQUIVALENTS - OTHER TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 2,147,061
Increased by Cash Receipts:			
Due to Unemployment Trust Fund	B-12	\$ 22,378	
Reserve for Other Trust Fund Activity	B-13	<u>12,736,323</u>	
			<u>12,758,701</u>
			14,905,762
Decreased by Cash Disbursements:			
Due to Current Fund	B-11	5,134,404	
Reserve for Other Trust Fund Activity	B-13	<u>6,327,600</u>	
			<u>11,462,004</u>
Balance, June 30, 2010	B		<u><u>\$ 3,443,758</u></u>

SCHEDULE OF DUE TO CURRENT FUND - OTHER TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 338,465
Increased by:			
Reserve for Other Trust Fund Activity	B-13		<u>4,831,801</u>
			5,170,266
Decreased by:			
Cash Disbursements	B-10	\$ 5,134,404	
Reserve for Other Trust Fund Activity	B-13	<u>35,862</u>	
			<u>5,170,266</u>
Balance, June 30, 2010	B		<u><u>\$ -</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF DUE TO UNEMPLOYMENT TRUST FUND - OTHER TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2009	B	\$ -
Increased by:		
Cash Receipts	B-10	<u>22,378</u>
Balance, June 30, 2010	B	<u><u>\$ 22,378</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF RESERVE FOR OTHER TRUST FUND ACTIVITY

	Balance June 30, 2009	Increase	Decrease	Balance June 30, 2010
Accumulated Absences Trust	\$ 37,496	\$ -	\$ -	\$ 37,496
Ambulance Donations	1,937	-	-	1,937
Bankruptcy for Tax Collector	257	-	-	257
Battered Wives	8,052	8,140	11,210	4,982
Cablevision Bond	25,000	-	-	25,000
COAH	-	74,725	65	74,660
Court Bails	1,166	2,628	1,000	2,794
Cultural Center Donations	-	985	-	985
DARE Donations	1	-	-	1
DEA	(2,732)	25,185	1,646	20,807
Developer's Escrow	90,988	36,977	58,806	69,159
Disposal of Forfeited Property	178,723	44,345	36,902	186,166
Earth Day	44	-	-	44
Fire Victims Fund	35	6,801	3,000	3,836
Hardship Fees - Rent Control	624	-	-	624
Insurance Proceeds	119,796	17,710	96,284	41,222
Outside Lien Holders - New	174,294	6,348,507	6,393,544	129,257
Outside Lien Holders - Old	2,148	-	-	2,148
P.O.A.A	8,239	86,461	93,837	863
Police Details	221,080	979,405	1,020,856	179,629
Premium of Tax Lien Sale	168,101	3,033,500	1,370,515	1,831,086
Prisoners' Property	4,053	1,927	-	5,980
Recycling Funds	48,448	19,795	-	68,243
Relocation Program	-	23,562	20,166	3,396
Reserve for EMS	25,025	939,181	882,194	82,012
Safe Haven Donations	1,160	-	-	1,160
Self Insurance Trust	655,651	1,003,119	1,290,160	368,610
Senior Citizens Bus Trips	5,194	5,215	10,100	309
Snow Removal Trust	57	-	-	57
Soccer Program	9,053	-	-	9,053
State Health Benefits	-	12,438	-	12,438
Swimming Pool	5,794	2,500	8,353	(59)
Trust Company for Journal	750	-	-	750
Workers' Compensation	18,162	99,079	128,689	(11,448)
	<u>\$ 1,808,596</u>	<u>\$ 12,772,185</u>	<u>\$ 11,427,327</u>	<u>\$ 3,153,454</u>

	Ref.	B	Below	Below	B
Cash Receipts	B-9		\$ 12,736,323		
Received in Current Fund	B-11		<u>35,862</u>		
	Above		<u>\$ 12,772,185</u>		
Cash Disbursements	B-9			\$ 6,327,600	
Expenditures Paid by Current Fund	B-11			4,831,801	
Accounts Payable	B-14			<u>267,926</u>	
	Above			<u>\$ 11,427,327</u>	

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF ACCOUNTS PAYABLE - OTHER TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2009	B	\$ -
Increased by:		
Reserve for Other Trust Fund Activity	B-13	<u>267,926</u>
Balance, June 30, 2010	B	<u><u>\$ 267,926</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF CASH AND CASH EQUIVALENTS - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 7,173
Increased by Cash Receipts:			
Due from HUD	B-16	\$ 1,622,880	
Reserve for Program Income	B-17	12,370	
Reserve for Expenditures	B-19	21,305	
Due to Current Fund - Advance	B-20	<u>1,259,000</u>	
			<u>2,915,555</u>
			2,922,728
Decreased by Cash Disbursements:			
Due from Current Fund	B-20		<u>2,834,552</u>
Balance, June 30, 2010	B		<u><u>\$ 88,176</u></u>

SCHEDULE OF DUE FROM HUD CDBG GRANT - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 1,849,927
Increased by:			
New Grant Authorization	B-19		<u>2,298,811</u>
			4,148,738
Decreased by:			
Cash Received from HUD	B-15		<u>1,622,880</u>
Balance, June 30, 2010	B		<u><u>\$ 2,525,858</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF RESERVE FOR PROGRAM INCOME - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 18,414
Increased by:			
Cash Receipts	B-15	\$ 12,370	
Overexpended - Due to Current Fund	B-20	<u>563,105</u>	
			<u>575,475</u>
			593,889
Decreased by:			
Expenditures Paid by Current Fund	B-20		<u>593,889</u>
Balance, June 30, 2010	B		<u><u>\$ -</u></u>

SCHEDULE OF ACCOUNTS PAYABLE - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ -
Increased by:			
Reserve for Expenditures	B-19		<u>10,405</u>
Balance, June 30, 2010	B		<u><u>\$ 10,405</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT
BLOCK GRANT - CDA FUND**

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ -
Increased by:			
New Grant Authorization	B-16	\$ 2,298,811	
Cash Receipts	B-17	21,305	
Received in Current Fund	B-20	<u>12,051</u>	
			<u>2,332,167</u>
			2,332,167
Decreased by:			
Accounts Payable	B-18	10,405	
Expenditures Paid by Current Fund	B-20	<u>1,443,519</u>	
			<u>1,453,924</u>
Balance, June 30, 2010	B		<u><u>\$ 878,243</u></u>

EXHIBIT B-20

SCHEDULE OF DUE TO CURRENT FUND - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 1,838,686
Increased by:			
Cash Receipts - Advance	B-15	\$ 1,259,000	
Reserve for Program Income	B-17	593,889	
Reserve for Expenditures	B-19	<u>1,443,519</u>	
			<u>3,296,408</u>
			5,135,094
Decreased by:			
Cash Disbursements	B-15	2,834,552	
Overexpenditures	B-17	563,105	
Reserve for Expenditures	B-19	<u>12,051</u>	
			<u>3,409,708</u>
Balance, June 30, 2010	B		<u><u>\$ 1,725,386</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**SCHEDULE OF CASH AND CASH EQUIVALENTS -
PUBLIC DEFENDER TRUST FUND**

	<u>Ref.</u>	
Balance, June 30, 2009	B	\$ 8,887
Balance, June 30, 2010	B	\$ 8,887

**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER
TRUST EXPENDITURES**

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 1,416
Increased by:			
Public Defender Court Fees	B-23	\$ 19,100	
Overexpenditures	B-23	<u>5,484</u>	
			<u>24,584</u>
			26,000
Decreased by:			
Expenditures Paid by Current Fund	B-23	24,800	
Accounts Payable	B-24	<u>1,200</u>	
			<u>26,000</u>
Balance, June 30, 2010	B		\$ -

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**SCHEDULE OF DUE TO CURRENT FUND -
PUBLIC DEFENDER TRUST FUND**

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ 7,471
Increased by:			
Reserve for Expenditures	B-22		<u>24,800</u>
			32,271
Decreased by:			
Public Defender Court Fees	B-22	\$ 19,100	
Overexpenditures	B-22	<u>5,484</u>	
			<u>24,584</u>
Balance, June 30, 2010	B		<u><u>\$ 7,687</u></u>

**SCHEDULE OF ACCOUNTS PAYABLE -
PUBLIC DEFENDER TRUST FUND**

	<u>Ref.</u>		
Balance, June 30, 2009	B		\$ -
Increased by:			
Reserve for Expenditures	B-22		<u>1,200</u>
Balance, June 30, 2010	B		<u><u>\$ 1,200</u></u>

SUPPLEMENTARY INFORMATION – GENERAL CAPITAL FUND

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF CASH AND CASH EQUIVALENTS

	<u>Ref.</u>	
Balance, June 30, 2009	C	\$ 526
Increased by:		
Cash Received	C-1	<u>232</u>
Balance, June 30, 2010	C	<u><u>\$ 758</u></u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

ANALYSIS OF CASH AND CASH EQUIVALENTS

Improvement Authorizations	Ref.	Balance	Cash	Cash	Transfers		Balance
		June 30, 2009	Receipts	Disbursements	To	From	June 30, 2010
Fund Balance	C-1	\$ 59,037	\$ 232	\$ -	\$ 13,000	\$ -	\$ 72,269
Capital Improvement Fund	C-6	270,013	-	-	50,000	100,000	220,013
Due from Current Fund	C-15	(2,183,907)	-	-	2,089,806	63,000	(157,101)
Due from State of New Jersey:							
Green Acres	C-17	(429,834)	-	-	-	-	(429,834)
Green Trust	C-18	(107,777)	-	-	-	-	(107,777)
Encumbrances Payable	C-14	1,288,762	-	-	387,169	1,288,762	387,169
Improvement Authorizations:							
Additions and Renovations to City Hall		8,970	-	-	-	8,970	-
Improvement to Ellsworth Park		(131,723)	-	-	133,008	-	1,285
Improvements to Parks and Public Property		133,008	-	-	-	133,008	-
Redevelopment Agency Issue		46,935	-	-	-	-	46,935
Traffic Light Improvements		1,305	-	-	3,025	-	4,330
Various Capital Improvements		8,439	-	-	-	-	8,439
17th Street Park		(464,760)	-	-	-	-	(464,760)
Reconstruction of 15th St. Library into a Day Care Center		-	-	-	-	-	-
Reconstruction of 15th St. Library into a Museum and Cultural Center		1,070,035	-	-	-	971,690	98,345
Traffic Light Improvements		135,655	-	-	-	3,025	132,630
24th Street Park Improvements		10,193	-	-	-	-	10,193
Construction of New Parking Deck		232,465	-	-	-	57,975	174,490
Construction of Doric Water Park		1,008	-	-	-	-	1,008
Reconstruction of 39th Street Skate Park		-	-	-	-	-	-
Reconstruction of Roof at Jose Marti Park		29,045	-	-	-	-	29,045
Street Improvements - Broadway and Park Avenue		22,334	-	-	-	22,334	-
Indian Pond Park - 33rd Street		1,323	-	-	-	-	1,323
38th Street and Park Avenue Amphitheatre		-	-	-	100,000	-	100,000
		<u>\$ 526</u>	<u>\$ 232</u>	<u>\$ -</u>	<u>\$ 2,776,008</u>	<u>\$ 2,648,764</u>	<u>\$ 128,002</u>
Ref.		C	C-2	C-2, C-13	contra	contra	C

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Purpose	Balance June 30, 2009	Balance June 30, 2010
Ellisworth Park Improvements	\$ 4,834	\$ 4,834
17th Street Park	470,000	470,000
Traffic Light Improvements	772,000	772,000
24th Street Park Improvements	475,000	475,000
Construction of New Parking Deck	1,700,000	1,700,000
Construction of Doric Water Park	6,150,000	6,150,000
Construction of 39th Street Skate Park	290,000	290,000
Reconstruction of Roof at Jose Marti Park	90,000	90,000
Street Improvements - Broadway and Park Ave.	<u>2,782,000</u>	<u>2,782,000</u>
	<u>\$ 12,733,834</u>	<u>\$ 12,733,834</u>
<u>Ref.</u>	C	C

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>		
Balance, June 30, 2009	C		\$ 75,614,092
Decreased by:			
General Serial Bonds Payment	C-8	\$ 1,310,000	
School Serial Bonds Payment	C-9	1,780,000	
HCIA Lease Payment	C-10	343,765	
Green Acres Loan Payment	C-11	8,516	
Demolition Loan Payment	C-12	<u>15,718</u>	
			<u>3,457,999</u>
Balance, June 30, 2010	C		<u>\$ 72,156,093</u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, June 30, 2009	C	\$ 270,013
Increased by:		
2010 Budget Appropriation	C-15	<u>50,000</u>
Decreased by:		
Improvement Authorizations	C-7	<u>100,000</u>
Balance, June 30, 2010	C	<u><u>\$ 220,013</u></u>

THE CITY OF UNION CITY
 GENERAL CAPITAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Original Amount	Balance, June 30, 2009		2010 Authorizations	Paid or Charged	Balance, June 30, 2010	
		Funded	Unfunded			Funded	Unfunded
Addition and Renovation to City Hall	\$ 7,100,000	\$ 4,136	\$ 4,834	\$ -	\$ 8,970	\$ -	\$ -
Improvement to Ellsworth Park	250,000	6,119	-	-	-	6,119	-
Redevelopment Funding	4,340,000	46,935	-	-	-	46,935	-
Traffic Lights	2,000,000	-	4,330	-	-	-	4,330
Various Capital Improvements	250,000	8,439	-	-	-	8,439	-
17th Street Park	610,000	-	5,240	-	-	-	5,240
Reconstruction of 15th St. Library into a Museum and Cultural Center	1,700,000	1,070,035	-	-	971,690	\$ 98,345	-
Traffic Light Improvements	811,000	-	132,630	-	127,244	\$ -	5,386
24th Street Park Improvements	500,000	-	10,193	-	-	-	10,193
Construction of New Parking Deck	1,700,000	-	232,465	-	57,975	\$ -	174,490
Construction of Doric Water Park	6,150,000	-	1,008	-	-	\$ -	1,008
Reconstruction of Roof at Jose Marti Park	90,000	-	29,045	-	-	\$ -	29,045
Street Improvements - Broadway and Park Avenue	2,782,000	-	22,334	-	22,334	\$ -	\$ -
Indian Park Pond - 33rd Street	2,100,000	1,323	-	-	-	\$ 1,323	-
38th Street and Park Avenue Amphitheatre	-	-	-	100,000	-	\$ 100,000	-
		<u>\$ 1,136,987</u>	<u>\$ 442,079</u>	<u>\$ 100,000</u>	<u>\$ 1,188,213</u>	<u>\$ 261,161</u>	<u>\$ 229,692</u>
		C	C	C-4	Below	C	C
Ref.							
Due to Current Fund					\$ 2,089,806		
Encumbrances Payable					387,169		
Prior Year Reversals - Encumbrances Payable					(1,288,762)		
Above					<u>\$ 1,188,213</u>		

EXHIBIT C-8

THE CITY OF UNION CITY
 GENERAL CAPITAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Amount	Maturities of Bonds Outstanding June 30, 2010		Interest Rate %	Balance June 30, 2009	Decrease	Balance June 30, 2010
			Date	Amount				
1998 Refunding Issue	09/01/97	\$ 25,145,000	9/15/2010	\$ 2,625,000	5.200			
			9/15/2011	2,760,000	5.200			
			9/15/2012	2,900,000	5.200	\$ 9,595,000	\$ 1,310,000	\$ 8,285,000
ERI Pension Bonds	12/15/02	15,735,000	1/1/2011	100,000	4.300			
			1/1/2012	120,000	5.375			
			1/1/2013	525,000	5.375			
			1/1/2014	585,000	5.375			
			1/1/2015	665,000	5.375			
			1/1/2016	725,000	5.375			
			1/1/2017	825,000	5.375			
			1/1/2018	15,000	6.250			
			1/1/2019	30,000	6.250			
			1/1/2020	100,000	6.250			
			1/1/2021	165,000	6.250			
			1/1/2022	225,000	6.250			
			1/1/2023	315,000	6.250			
		1/1/2024	375,000	6.250				
		1/1/2025	475,000	6.250				
		1/1/2026	575,000	6.250				
		1/1/2027	690,000	6.250				
		1/1/2028	825,000	6.250				
		1/1/2029	975,000	6.250				
		1/1/2030	1,125,000	6.250				
		1/1/2031	1,300,000	6.250				
		1/1/2032	1,475,000	6.250				
		1/1/2033	1,695,000	6.250				
						13,905,000	-	13,905,000

EXHIBIT C-8

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Amount	Maturities of		Interest Rate %	Balance June 30, 2009	Decrease	Balance June 30, 2010
			Bonds Outstanding					
			Date	Amount				
2007A Refunding	02/07/07	\$ 24,305,000	11/1/2017	\$ 145,000	4.000			
			11/1/2018	3,730,000	5.000			
			11/1/2019	3,845,000	5.000			
			11/1/2020	3,985,000	5.000			
			11/1/2021	4,125,000	4.000			
			11/1/2022	4,225,000	4.125			
			11/1/2023	4,250,000	4.125	\$ 24,305,000	\$ -	\$ 24,305,000
2007B Refunding	02/07/07	9,325,000	11/1/2013	2,053,106	5.430			
			11/1/2014	1,917,108	5.470			
			11/1/2015	1,796,251	5.520			
			11/1/2016	1,630,109	5.560			
			11/1/2017	1,928,425	5.590	9,324,999	-	9,324,999
					\$ 57,129,999	\$ 1,310,000	\$ 55,819,999	
					C	C-5	C	
					Ref.			

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF SCHOOL SERIAL BONDS

Purpose	Date of Issue	Original Issue Amount	Maturities of Bonds Outstanding		Interest Rate %	Balance June 30, 2009	Decrease	Balance June 30, 2010
			Date	Amount				
School Improvements	3/19/1992	\$ 26,975,000	11/1/2010	\$ 1,900,000	6.375			
			11/1/2011	2,030,000	6.375			
			11/1/2012	2,170,000	6.400			
			11/1/2013	2,320,000	6.400	\$ 10,200,000	\$ 1,780,000	\$ 8,420,000
						\$ 10,200,000	\$ 1,780,000	\$ 8,420,000
					Ref.	C	C-5	C

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF CAPITAL LEASE PAYABLE - HCIA

	<u>Ref.</u>	
Balance, June 30, 2009	C	\$ 8,189,240
Decreased by:		
Loan Payment	C-5	<u>343,765</u>
Balance, June 30, 2010	C	<u>\$ 7,845,475</u>

Analysis of Capital Lease Payments

Fiscal Year	<u>Regional Fire and Rescue</u>		Fire Dept.	Total
	Series A	Series B	Equipment	
2011	\$ 68,572	\$ 60,210	\$ 220,000	\$ 348,782
2012	71,917	63,555	245,000	380,472
2013	75,262	66,900	265,000	407,162
2014	78,607	70,245	290,000	438,852
2015	83,625	75,263	295,000	453,888
2016	86,970	78,608	315,000	480,578
2017	91,987	81,953	345,000	518,940
2018	95,332	86,970	380,000	562,302
2019	98,677	91,988	400,000	590,665
2020	103,695	97,005	440,000	640,700
2021	107,040	102,023	475,000	684,063
2022	112,057	107,040	510,000	729,097
2023	117,075	112,058	550,000	779,133
2024	122,093	118,748	590,000	830,841
	<u>\$ 1,312,909</u>	<u>\$ 1,212,566</u>	<u>\$ 5,320,000</u>	<u>\$ 7,845,475</u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF GREEN ACRES LOANS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2009	C	\$ 63,330
Decreased by:		
Loan Payment	C-5	8,516
Balance, June 30, 2010	C	\$ 54,814

Analysis of Repayment of Loan and Interest

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2011	\$ 1,053	\$ 8,687
2012	878	8,862
2013	700	9,040
2014	519	9,222
2015	333	9,407
2016	144	9,596
	\$ 3,627	\$ 54,814

THE CITY OF UNION CITY
 GENERAL CAPITAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF DEMOLITION LOAN PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2009	C	\$ 31,523
Decreased by:		
Loan Payment	C-5	<u>15,718</u>
Balance, June 30, 2010	C	<u><u>\$ 15,805</u></u>

Analysis of Capital Lease Payments

<u>Fiscal Year</u>	
2011	<u>15,805</u>
	<u><u>\$ 15,805</u></u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Original Issue Amount	Date of		Interest Rate %	Balance June 30, 2009	Increase	Decrease	Balance June 30, 2010
		Issue	Maturity					
Traffic Light Improvements	\$ 772,000	01/31/09	01/28/10	4.00	\$ 772,000	\$ -	\$ 772,000	\$ -
24th Street Park Improvements	475,000	01/31/09	01/28/10	4.00	475,000	-	475,000	-
Construction of New Parking Deck	1,700,000	01/31/09	01/28/10	4.00	1,700,000	-	1,700,000	-
Construction of Doric Wate Park	6,150,000	01/31/09	01/28/10	4.00	6,150,000	-	6,150,000	-
Reconstruction of 39th Street Skate Park	290,000	01/31/09	01/28/10	4.00	290,000	-	290,000	-
Reconstruction of roof at Jose Marti Park	90,000	01/31/09	01/28/10	4.00	90,000	-	90,000	-
Street Improvements - Broadway and Park Avenue	2,782,000	01/31/09	01/28/10	4.00	2,782,000	-	2,782,000	-
Traffic Light Improvements	772,000	01/20/10	01/19/11	1.25	-	772,000	-	772,000
24th Street Park Improvements	475,000	01/20/10	01/19/11	1.25	-	475,000	-	475,000
Construction of New Parking Deck	1,700,000	01/20/10	01/19/11	1.25	-	1,700,000	-	1,700,000
Construction of Doric Wate Park	6,150,000	01/20/10	01/19/11	1.25	-	6,150,000	-	6,150,000
Reconstruction of 39th Street Skate Park	290,000	01/20/10	01/19/11	1.25	-	290,000	-	290,000
Reconstruction of roof at Jose Marti Park	90,000	01/20/10	01/19/11	1.25	-	90,000	-	90,000
Street Improvements - Broadway and Park Avenue	2,782,000	01/20/10	01/19/11	1.25	-	2,782,000	-	2,782,000
				<u>Ref.</u>	<u>\$ 12,259,000</u>	<u>\$ 12,259,000</u>	<u>\$ 12,259,000</u>	<u>\$ 12,259,000</u>
					C	C-15	C-15	C

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, June 30, 2009	<u>Ref.</u> C	\$ 1,288,762
Increased by:		
Charges to Improvement Authorizations	C-7	<u>387,169</u> 1,675,931
Decreased by:		
Reverse Prior Year Balance	C-7	<u>1,288,762</u>
Balance, June 30, 2010	C	<u><u>\$ 387,169</u></u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF DUE FROM CURRENT FUND

	<u>Ref.</u>		
Balance, June 30, 2009	C		\$ 2,183,907
Increased by:			
Premium on Note Sale	C-1	\$ 13,000	
Capital Improvement Fund	C-6	50,000	
Proceeds from Sale of Notes	C-13	<u>12,259,000</u>	
			<u>12,322,000</u>
			14,505,907
Decreased by:			
Paid by Current Fund	C-7	2,089,806	
Maturity of Notes	C-13	<u>12,259,000</u>	
			<u>14,348,806</u>
Balance, June 30, 2010	C		<u><u>\$ 157,101</u></u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Improvement Description</u>	<u>Balance June 30, 2009</u>	<u>Balance June 30, 2010</u>
Improvement to Ellsworth Park	\$ 4,834	\$ 4,834
17th Street Park	<u>470,000</u>	<u>470,000</u>
	<u>\$ 474,834</u>	<u>\$ 474,834</u>
<u>Ref.</u>	<u>C</u>	<u>C</u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF DUE FROM STATE OF NEW JERSEY - GREEN ACRES

	<u>Ref.</u>	
Balance, June 30, 2009	C	<u>\$ 429,834</u>
Balance, June 30, 2010	C	<u>\$ 429,834</u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY - GREEN TRUST

	<u>Ref.</u>	
Balance, June 30, 2009	C	<u>\$ 107,777</u>
Balance, June 30, 2010	C	<u>\$ 107,777</u>

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SUPPLEMENTARY INFORMATION – FIXED ASSETS

**THE CITY OF UNION CITY
FIXED ASSET GROUP OF ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF FIXED ASSETS - ACQUISITIONS AND DISPOSALS

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Balance June 30, 2010</u>
Land	\$ 12,841,700	\$ -	\$ 12,841,700
Improvements	17,331,536	9,850	17,341,386
Machinery and Equipment	<u>9,984,730</u>	<u>272,973</u>	<u>10,257,703</u>
	<u>\$ 40,157,966</u>	<u>\$ 282,823</u>	<u>\$ 40,440,789</u>
<u>Ref.</u>	D	D-2	D

**THE CITY OF UNION CITY
FIXED ASSET GROUP OF ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE OF RESERVE FOR FIXED ASSETS

	<u>Ref.</u>	
Balance, June 30, 2009	D	\$ 40,157,966
Increased by:		
Additions	D-1	<u>282,823</u>
Balance, June 30, 2010	D	<u><u>\$ 40,440,789</u></u>

ACCOMPANYING INFORMATION

THE CITY OF UNION CITY
SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	June 30, 2010		June 30, 2009	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Fund Balance Utilized	\$ 117,000	0.08%	\$ -	0.00%
Miscellaneous Revenue Anticipated	47,177,000	33.98%	42,719,685	32.32%
Receipts from Delinquent Taxes	2,402,563	1.73%	2,822,957	2.14%
Receipts from Current Taxes	86,788,171	62.52%	84,816,833	64.17%
Other Credits to Income	2,342,355	1.69%	1,826,067	1.38%
	138,827,089	100.00%	132,185,542	100.00%
Expenditures:				
Budget Appropriations	103,903,095	75.87%	97,872,110	74.86%
School and County Taxes	31,176,246	22.77%	30,089,190	23.02%
Other	1,865,701	1.36%	2,771,858	2.12%
	136,945,042	100.00%	130,733,158	100.00%
Excess in Operations	1,882,047		1,452,384	
Decreased by:				
Utilization as Anticipated Revenue	117,000		-	
Statutory Excess to Fund Balance	1,765,047		1,452,384	
Fund Balance, July 1,	1,452,384		-	
Fund Balance, June 30,	\$ 3,217,431		\$ 1,452,384	

THE CITY OF UNION CITY
SCHEDULE OF TAX RATE INFORMATION
FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Tax Rate</u>	<u>Municipal</u>	<u>County Taxes</u>	<u>Local School Taxes</u>
2010	5.930	3.786	1.039	1.105
2009	5.748	3.599	1.043	1.106
2008	5.474	3.365	0.967	1.115
2007	5.107	2.997	0.958	1.127
2006	5.107	2.997	0.958	1.127

THE CITY OF UNION CITY
SCHEDULE OF TAX LEVIES AND COLLECTIONS
FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percent Collected</u>
2010	\$ 86,938,593	\$ 86,065,314	99.00%
2009	82,787,741	80,036,143	96.68%
2008	74,870,609	70,805,668	94.57%
2007	71,868,277	71,356,990	99.29%
2006	68,534,349	68,014,187	99.24%

THE CITY OF UNION CITY
SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS
FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percent of Tax Levy</u>
2010	\$ 40,520	\$ 80,913	\$ 121,433	0.14%
2009	-	2,550,105	2,550,105	3.08%
2008	-	2,857,557	2,857,557	3.82%
2007	-	32,504	32,504	0.05%
2006	-	95,256	95,256	0.14%

THE CITY OF UNION CITY
SCHEDULE OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION
FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Amount</u>
2010	\$ 171,900
2009	171,900
2008	171,900
2007	171,900
2006	171,900

THE CITY OF UNION CITY
SCHEDULE OF FUND BALANCES
FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
June 30, 2010	\$ 3,217,431	\$ 1,065,000
June 30, 2009	1,452,384	1,750,000
June 30, 2008	-	-
June 30, 2007	864,471	2,402,563
June 30, 2006	2,544,394	2,375,000

THE CITY OF UNION CITY

ROSTER OF OFFICIALS

JUNE 30, 2010

<u>Name</u>	<u>Title</u>	<u>Bond</u>
Brian P. Stack	Mayor and Commissioner - Public Safety	
Lucio P. Fernandez	Commissioner - Public Affairs	
Christopher F. Irizarry	Commissioner - Parks and Public Property	
Tilo E. Rivas	Commissioner - Public Works	
Maryury A. Martinetti	Commissioner - Revenue and Finance	
William Senande	City Clerk	
Donald Scarinci	Corporation Counsel	
Sonia Schulman	Tax Collector	\$1,000,000
Lilia A. Munoz	Judge	\$1,000,000
Sixto L. Macias	Judge	\$1,000,000
Gustav John Schlaier	Court Director	\$1,000,000
Douglas Gutch	Treasurer	\$1,000,000
John Ezyske	Chief Financial Officer (Deceased July 2010)	\$1,000,000

There was a Public Employees Dishonesty Blanket Position Bond with individual coverage of \$1,000,000 for all employees, issued by Fidelity and Deposit Company of Maryland.

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SINGLE AUDIT SECTION

DONOHUE, GIRONDA & DORIA

Certified Public Accountants

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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

The Honorable Mayor and
Members of the City Council
City of Union City, New Jersey

We have audited the financial statements of the City of Union City, New Jersey (the "City"), as of and for the year ended June 30, 2010, and have issued our report thereon dated March 31, 2010. We conducted our audit 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

As disclosed in Note 1, the financial statements were prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designated to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 control 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: *FS10-01*.

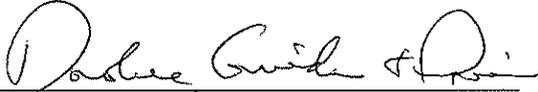
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: *FS10-02 and FS10-03*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questions Costs as Finding *FS10-04* and *FS10-06*. We also noted certain other matters that we reported to management of the City in the Comments and Recommendations section of this report.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Mayor, City Council, management of the City, Division of Local Government Services, applicable federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


DONOHUE, GIRONDA & DORIA
Certified Public Accountants


FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
March 31, 2010

DONOHUE, GIRONDA & DORIA

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable Mayor and
Members of the City Council
City of Union City, New Jersey

Compliance

We have audited the compliance of the City of Union City, New Jersey (the "City"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement*, that could have a direct and material effect on each of the City's major federal and state programs for the fiscal year ended June 30, 2010. The City's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and *New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and the New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Union City, New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance New Jersey OMB's Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as item *SA10-08*.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 item *SA10-07* to be a material weakness.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Mayor, City Council, management of the City, Division of Local Government Services, applicable federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



DONOHUE, GIRONDA & DORIA
Certified Public Accountants



FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
March 31, 2010

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THE CITY OF UNION CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal CFDA Number	Grant Number	Grant Period		Grant Award	Program Amount/ Funds Received	Funds Available June 30, 2009	Current Year Appropriations	Current Year Disbursements and Charges	Program Income/ Repayments/ Cancellations/ Transfers	Funds Available June 30, 2010	Cumulative Expenditures
		From	To								
Department of Housing and Urban Development											
**	B-09-MC-34-0119	07/01/09	06/30/10	\$ 1,380,565	\$ 1,622,880	\$ -	\$ 1,380,565	\$ 1,200,786	\$ 33,356	\$ 213,135	\$ 1,167,430
**	B-08-MC-34-0119	07/01/08	06/30/09	1,337,189	-	(380,721)	-	242,605	623,326	-	1,337,189
**	B-07-MC-34-0119	07/01/07	06/30/08	1,363,247	-	-	-	21,711	21,711	-	1,963,247
**	B-05-MC-34-0119	07/01/05	06/30/06	1,476,486	-	-	-	2,181	2,181	-	1,476,486
**	B-03-MC-34-0119	07/01/03	06/30/04	1,550,000	-	-	-	1,420	1,420	-	1,550,000
Division of Housing and Community Resources, American Recovery and Reinvestment Act - Homeless Prevention and Rapid Re-Housing Program Community Development Block Grant - Recovery											
14.262		07/01/09	06/30/10	555,355	-	-	555,355	230,335	-	325,020	230,335
14.253		07/01/09	06/30/10	362,891	-	-	362,891	22,803	-	340,088	22,803
					1,622,880	(380,721)	2,298,811	1,721,841	681,994	878,243	
					\$ 1,771,166	\$ 989,658	\$ 5,526,834	\$ 2,027,491	\$ 682,307	\$ 5,171,308	
TOTAL FEDERAL AWARDS											

* - Information not available
 ** - Denotes Major Program

THE CITY OF UNION CITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Department and Program	State Account Number/ Grant Number	Grant Period From To	Grant Award	Program Amount/ Funds Received	Funds Available June 30, 2009	Current Year Appropriations	Current Year Disbursements and Charges	City Match	Program Income/ Reprogrammable/ Cancellation/ Transfers	Funds Available June 30, 2010	Cumulative Expenditures	
Department of Community Affairs												
Clean Communities	4900-765-042-4900-004-VCMC-6020	07/01/09 06/30/10	\$ 67,636	\$ 85,058	\$ -	\$ 67,636	\$ -	\$ -	\$ -	\$ 67,636	\$ -	
Clean Communities	4900-765-042-4900-004-VCMC-6020	07/01/08 06/30/09	53,014	53,014	53,014	-	14,971	-	-	38,043	14,971	
Clean Communities	4900-765-042-4900-004-VCMC-6020	07/01/07 06/30/08	45,483	45,483	45,483	-	-	-	-	45,483	-	
Clean Communities	4900-765-042-4900-004-VCMC-6020	07/01/06 06/30/07	39,785	39,785	39,785	-	-	-	-	39,785	-	
Clean Communities	4900-765-042-4900-004-VCMC-6020	07/01/05 06/30/06	27,982	27,982	27,982	-	-	-	-	27,982	-	
Clean Communities	4900-765-042-4900-004-VCMC-6020	07/01/04 06/30/05	97,940	67,892	67,892	-	-	-	-	67,892	30,048	
Clean Communities	4900-765-042-4900-004-VCMC-6020	07/01/03 06/30/04	99,159	52,735	52,735	-	28,797	-	-	23,938	75,221	
Pass Through the County of Hudson:												
Municipal Alliance	*	01/01/10 12/31/10	68,772	25,178	-	68,772	43,500	17,193	-	42,465	26,307	
Municipal Alliance	*	01/01/09 12/31/09	68,772	45,460	-	-	42,150	-	-	3,310	65,462	
Municipal Alliance	*	01/01/08 12/31/08	84,645	5,222	11,331	-	-	-	-	11,331	73,114	
Municipal Alliance	*	01/01/05 12/31/05	68,772	33,484	2,248	-	-	-	-	2,248	66,524	
Municipal Alliance	*	01/01/04 12/31/04	68,221	1,303	68,221	-	-	-	-	1,303	66,918	
Municipal Alliance	*	01/01/03 12/31/03	60,906	916	916	-	-	-	-	916	59,990	
Washington Park Soccer Field	*	01/01/07 12/31/07	262,365	59,939	16,353	-	4,700	-	-	16,353	246,212	
Byrne Justice Assistance Program	*	01/01/10 12/31/10	4,320	4,320	16,714	-	16,714	-	-	55,239	4,700	
Byrne Justice Assistance Program	*	01/01/09 12/31/09	47,053	47,053	16,714	-	16,714	-	-	390,000	16,714	
Byrne Justice Assistance Program	*	01/01/08 12/31/08	450,000	450,000	-	450,000	60,000	-	-	47,053	60,000	
Hudson County Open Space Trust	*	01/01/10 12/31/10	35,000	35,000	-	-	-	-	-	35,000	-	
Hudson County Open Space Trust 15th St. Library	*	01/01/08 12/31/08	35,000	35,000	-	-	-	-	-	35,000	-	
Statewide Livable Communities Aid:												
Municipal owned Historic Buildings	*	07/01/04 06/30/05	50,000	50,000	-	-	-	-	-	50,000	-	
Bergenline Ave	*	07/01/05 06/30/06	190,000	15,781	-	-	15,781	-	-	-	190,000	
Local Library Program	*	07/01/04 06/30/05	70,000	26,910	-	-	-	-	-	26,910	43,090	
Emergency Management Assistance Reserve	*	06/27/05 06/27/05	11,000	11,000	-	-	-	-	-	11,000	-	
			253,329	520,107	646,347	226,613	17,193	-	-	957,034	-	
Department of Environmental Protection												
Recycling Tonnage		07/01/06 06/30/07	8,547	8,547	-	-	-	-	-	8,547	-	
Municipal Stormwater Regulation Program	WQ04-26S	03/01/04 02/28/05	20,619	20,619	-	-	-	-	-	20,619	-	
Green Communities		07/01/05 06/30/06	2,000	2,000	-	-	-	-	-	2,000	-	
			-	31,166	-	-	-	-	-	31,166	-	
Department of Education												
Summer Food Program	5120-100-034-5120-173-H370-6131	07/01/09 06/30/10	145,013	68,405	-	145,013	90,613	-	-	54,400	90,613	
Summer Food Program	5120-100-034-5120-173-H370-6131	07/01/08 06/30/09	107,216	32,008	-	-	-	-	-	7,221	107,216	
Summer Food Program	5120-100-034-5120-173-H370-6131	07/01/07 06/30/08	12,726	12,726	7,221	-	-	-	-	84,356	5,505	
Summer Food Program	5120-100-034-5120-173-H370-6131	07/01/05 06/30/06	84,356	84,356	84,356	-	-	-	-	84,356	-	
Summer Food Program	5120-100-034-5120-173-H370-6131	07/01/04 06/30/05	211,992	211,992	90,137	-	-	-	-	90,137	121,855	
Summer Food Program	5120-100-034-5120-173-H370-6131	07/01/03 06/30/04	96,638	5,879	5,879	-	-	-	-	90,759	90,759	
Summer Food Program	5120-100-034-5120-173-H370-6131	07/01/02 06/30/03	86,350	8,228	8,228	-	-	-	-	8,228	78,122	
Summer Food Program	5120-100-034-5120-173-H370-6131	07/01/01 06/30/02	84,404	19,529	-	-	-	-	-	19,529	64,875	
			100,413	215,550	145,013	90,613	269,730	-	-	-	-	
Department of Highway Safety												
Click-it or Ticket		07/01/09 06/30/10	4,000	4,000	-	4,000	4,000	-	-	-	4,000	
Construction of Highway Facility		07/01/07 06/30/08	741,239	741,239	121,228	-	-	-	(121,228)	-	-	
			4,000	4,000	121,228	4,000	4,000	-	(121,228)	-	-	

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

SCHEDULE 2

THE CITY OF UNION CITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Department and Program	State Account Number/ Grant Number	Grant Period From To	Grant Award	Program Amount/ Funds Received	Funds Available June 30, 2009	Current Year Appropriations	Current Year Disbursements and Charges	City Match	Program Income/ Reprogramming/ Cancellation/ Transfers	Funds Available June 30, 2010	Cumulative Expenditures		
Department of Law and Public Safety	Statewide Domestic Preparedness Statewide Domestic Preparedness Body Armor Replacement Fund Body Armor Replacement Fund Safe and Secure Communities Program	07/01/03 06/30/04	\$ 150,000	\$ -	\$ 90	\$ -	\$ -	\$ -	\$ -	\$ 90	\$ 149,910		
		07/01/02 06/30/03	162,803	-	14,928	-	-	-	-	14,928	147,875		
		06/27/09 06/28/10	9,284	4,456	-	9,284	8,787	-	-	-	497	8,787	
		06/27/08 06/28/09	16,339	(1,736)	-	16,339	16,339	-	-	-	-	16,339	
		06/27/07 06/28/08	18,780	-	212	-	-	-	-	-	212	18,568	
		06/25/03 06/26/04	19,466	-	78	-	-	-	-	-	78	19,388	
		02-2075-2-957 06/24/02 06/25/03	36,635	-	281	-	-	-	-	-	-	36,354	
		1020-789-066-120 07/01/07 06/30/08	36,491	-	36,491	-	-	-	-	-	36,491	-	
			2,720	68,419	9,284	25,126	-	52,577					
		Department of Health and Human Services	Pandemic Influenza Preparedness Public Health Priority Funding Public Health Priority Funding Public Health Priority Funding Public Health Priority Funding Public Health Priority Funding	07/01/06 06/30/07	6,038	-	6,038	-	-	-	-	6,038	-
07/01/09 06/30/10	62,046			31,023	-	62,046	62,046	-	-	-	62,046		
07/01/08 06/30/09	60,258			-	30,129	-	30,129	-	-	-	60,258		
07/01/07 06/30/08	56,390			30,129	-	-	-	-	-	-	-	56,390	
07/01/04 06/30/05	62,046			-	62,046	-	-	-	-	-	62,046		
07/01/03 06/30/04	58,150			-	2,340	-	-	-	-	-	2,340	55,810	
	61,132			100,553	62,046	92,175	-	70,424					
Department of Transportation	Signal Improvement Project Central Avenue Central Avenue 12th Street 25th Street 29th Street Various Streets Various Streets Pedestrian School Safety Pedestrian School Safety Pedestrian School Safety Police/Safety Education and Enforcement			07/01/09 06/30/10	1,000,000	-	-	1,000,000	-	-	-	-	1,000,000
				07/01/08 06/30/09	220,000	170,754	6,135	-	(15,591)	-	-	21,726	198,274
				07/01/07 06/30/08	1,000,000	605,767	-	-	-	-	-	-	1,000,000
		07/01/06 06/30/07	125,000	-	10,012	7,978	-	-	-	-	2,034	122,966	
		07/01/07 06/30/08	100,000	-	64,681	64,681	-	-	-	-	100,000		
		07/01/07 06/30/08	222,000	-	28,595	28,282	-	-	-	(313)	-	222,000	
		07/01/09 06/30/10	391,701	-	8,151	391,701	65,705	-	-	-	325,996	65,705	
		07/01/08 06/30/09	303,888	-	8,151	-	-	-	-	-	8,151	295,737	
		07/01/08 06/30/10	18,000	-	-	18,000	17,893	-	-	-	107	17,893	
		07/01/07 06/30/08	67,590	-	39,797	-	-	-	-	(1)	39,796	27,794	
07/01/06 06/30/07	112,500	-	14	-	-	-	-	-	14	112,486			
07/01/05 06/30/06	24,000	-	299	-	-	-	-	-	299	23,701			
	861,481	157,684	1,409,701	168,948	-	1,398,123							
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation	07/01/07 06/30/08	11,039	-	380	-	-	-	-	-	380		
		07/01/06 06/30/07	4,540	-	655	-	-	-	-	-	655		
		07/01/01 06/30/02	3,650	-	3,650	-	-	-	-	-	3,650		
		07/01/99 06/30/00	7,256	-	7,256	-	-	-	-	-	7,256		
		07/01/98 06/30/99	658	-	658	-	-	-	-	-	658		
		07/01/97 06/30/98	1,381	-	1,381	-	-	-	-	-	1,381		
		07/01/96 06/30/97	5,886	-	5,886	-	-	-	-	-	5,886		
		07/01/95 06/30/96	11,699	-	11,699	-	-	-	-	-	11,699		
		9735-760-998-900	-	-	4,108	-	-	-	-	-	4,108	-	
		9735-760-998-900	-	-	35,673	-	-	-	-	-	35,673	-	

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

THE CITY OF UNION CITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Department and Program	State Account Number/ Grant Number	Grant Period From To	Grant Award	Program Amount/ Funds Received	Funds Available June 30, 2009	Current Year Appropriations	Current Year Disbursements and Charges	City Match	Program Income/ Reprogramm/ Cancellation/ Transfers	Funds Available June 30, 2010	Cumulative Expenditures
Department of Commerce & Economic Development	Urban Enterprise Zone:										
	Four-Faced Clocks	UEZA-***	07/01/06	18,770	\$ 18,770	\$ -	\$ -	\$ -	\$ -	\$ 18,770	\$ -
	Four-Faced Clocks	UEZA-***	07/01/05	52,000	-	14,350	-	-	-	14,350	37,650
	Four-Faced Clocks	UEZA-***	06/30/10	133,000	-	-	133,000	-	-	-	133,000
	Hiring of Police	UEZA-***	07/01/07	119,500	119,500	-	-	-	-	-	119,500
	Purchase of Gambusters	UEZA-***	07/01/08	49,216	-	49,216	41,309	-	-	7,907	41,309
	Purchase of two four wheel drive trucks	UEZA-***	07/01/07	39,000	-	1,370	-	-	-	1,370	88,556
	Purchase of waste receptacles	UEZA-***	07/01/09	50,000	-	39,000	38,955	-	-	45	38,955
	Purchase of waste receptacles	UEZA-***	07/01/07	29,000	-	800	-	-	-	800	49,200
	Painting of Decorative Lamps & Parking Meters	UEZA-***	07/01/07	3,960	3,712	2,500	-	-	-	2,500	26,500
	Police Bicycles	UEZA-***	07/01/07	63,700	-	10,640	-	-	-	-	3,960
	Commercial District Improvements I	UEZA-04-31	07/01/07	28,000	59	-	-	-	-	-	55,060
	Commercial District Improvements II	UEZA-04-31	07/01/07	22,339	5,594	-	-	-	-	59	27,941
	Summit Avenue Security	UEZA-03-27	07/01/02	128,000	46,129	-	-	-	-	-	16,745
	Summit Avenue Security	UEZA-03-27	07/01/02	235,000	164,595	-	-	-	-	-	46,129
	Facade Improvements IV	UEZA-00-77	07/01/05	45,955	-	-	-	-	-	-	164,595
	Facade Improvements	UEZA-00-77	07/01/02	200,000	22,353	-	-	-	-	-	45,955
	Master Plan	UEZA-***	07/01/04	150,000	15,522	-	-	-	-	-	22,353
	Administration	UEZA-04-29	07/01/09	36,000	-	85,000	-	81,816	-	-	15,522
	Administration	UEZA-04-29	07/01/08	140,396	27,171	-	-	-	36,000	-	3,184
	Administration	UEZA-04-29	07/01/08	87,065	55,737	-	-	-	-	-	7,865
	Administration	UEZA-04-29	07/01/07	229,575	65,886	-	-	-	-	-	28,135
	Administration	UEZA-04-29	07/01/06	100,076	-	-	-	-	-	-	27,171
	Administration	UEZA-04-29	07/01/04	78,988	-	-	-	-	-	-	43,252
	Administration	UEZA-04-29	07/01/04	80,700	10,132	-	-	-	-	-	43,252
	Administration	UEZA-04-29	07/01/04	102,982	10,696	-	-	-	-	-	81,721
	Administration	UEZA-04-29	07/01/03	349,903	64,549	-	-	-	-	-	10,132
Administration	UEZA-03-117	07/01/09	356,960	-	349,903	319,000	-	-	-	10,696	
Administration	UEZA-03-117	07/01/08	336,960	233,530	-	-	-	-	-	49,549	
Administration	UEZA-03-117	07/01/07	336,960	36,387	-	-	-	-	-	30,903	
Administration	UEZA-03-117	07/01/05	272,710	720	-	-	-	-	-	41,127	
Administration	UEZA-03-117	07/01/03	21,831	-	-	-	-	-	-	720	
Business Recruit Marketing Plan	UEZA-04-41	07/01/08	367,644	235,812	-	-	137,380	-	-	21,831	
Business Recruit Marketing Plan	UEZA-04-41	07/01/07	327,120	1,516	-	-	-	-	-	95,232	
Business Recruit Marketing Plan	UEZA-04-41	07/01/06	326,041	-	-	-	-	-	-	1,516	
Business Recruit Marketing Plan	UEZA-04-41	07/01/05	299,941	-	62,245	-	-	-	-	1,590	
				459,015	988,586	606,903	805,466	36,000	-	827,023	
				19,466	-	19,466	9,088	-	-	10,378	9,088
				26,849	-	-	1,892	-	-	-	26,849
				20,582	20	-	-	-	-	20	20,562
				19,466	1,912	19,466	10,980	-	-	10,398	
				\$ 1,761,576	\$ 2,241,678	\$ 2,902,760	\$ 1,423,921	\$ 53,193	\$ (121,542)	\$ 3,652,168	

* - Information not available
 ** - Denotes Major Program

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

THE CITY OF UNION CITY

**NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

A. BASIS OF ACCOUNTING

The Supplementary Schedules of Expenditures of Federal, State, and County Awards are not prepared on the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. Encumbrances are used during the year for budgetary control purposes and lapse at fiscal year end.

Federal Awards provided to subrecipients are treated as expenditures when paid to the subrecipients.

B. REPORTING ENTITY

The City of Union City, New Jersey (the "City") for purposes of the Supplementary Schedule of Expenditures of Federal Awards includes all the funds of the primary government as defined by GASB 14, *The Financial Reporting Entity*.

The City administers certain federal and state award programs through subrecipients. Those subrecipients are not considered part of the City of Union City's reporting entity.

C. PASS-THROUGH AWARDS

The City receives certain federal awards from pass-through awards of the state. The amounts received are commingled by the state with other funds and cannot be separately identified. The total amount of such pass-through awards is included in the Supplementary Schedules of Expenditures of Awards and Financial Assistance.

D. LOCAL CONTRIBUTIONS

Local matching contributions are required by certain federal and state grants. The percentage of matching contributions varies with each program.

THE CITY OF UNION CITY

**NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

E. MONITORING OF SUBRECIPIENTS

Under the requirements of the Single Audit Act and State regulations, if the City, as a primary recipient, receives federal and state financial assistance and provides \$500,000 or more of such assistance to a subrecipient in a fiscal year, the City is responsible for determining that the expenditures of federal and state monies passed-through to subrecipients are utilized in accordance with applicable laws and regulations. Further, OMB Circular A-133 places other related responsibilities upon primary recipients. Those responsibilities may be discharged in any of several ways, including relying on independent audits performed by subrecipients.

Subrecipient audit reports for the fiscal year ended June 30, 2010, were reviewed and any findings and questioned costs were disclosed separately.

F. ADJUSTMENTS, TRANSFERS AND REPROGRAMMED FUNDS

Amounts reported in the accompanying schedules as “adjustments, transfers and reprogrammed funds” represent grant balances and prior year encumbrances that were cancelled and expended in the current year. These adjustments were made to conform with the modified accrual basis of accounting.

CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section 1 - Summary of Auditors' Results

Financial Statement Section

A) Type of Auditors Report Issued:	Unqualified - O.C.B.O.A.	
	Adverse - G.A.A.P.	
B) Internal Control over Financial Reporting:		
1) Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
2) Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
C) Noncompliance material to basic financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards Section

D) Internal Control over major programs:		
1) Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
2) Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
E) Type of auditor's report on compliance for major program	Unqualified	
F) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 [section 510(e)]?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant

H) Dollar threshold used to distinguish between Type A and Type B Programs.

\$300,000

I) Auditee qualified as low-risk auditee?

Yes No

CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section 1 - Summary of Auditors' Results

State Awards Section

- J) Dollar threshold used to distinguish between Type A and Type B Programs. \$300,000
-
- K) Auditee qualified as low-risk auditee? Yes No
- L) Internal Control over major programs:
- 1) Material weakness(es) identified? Yes No
- 2) Significant deficiency(ies) identified? Yes None reported
- M) Type of auditor's report on compliance for major programs: Unqualified
-
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? Yes No
- O) Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
UEZA-**-***	Urban Enterprise Zone:
UEZA-04-29	Hiring of Police
UEZA-03-117	Administration
UEZA-04-41	Litter Clean Up Program
	Business Recruit Marketing Plan

* - Information not available

THE CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section 2 – Financial Statement Findings

(This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.)

FINDING FS10-01

Criteria:	The City is responsible for reconciling bank account balances to the general ledger in a timely manner.
Condition:	The City is not reconciling bank account balances to the general ledger in a timely manner. This is a prior year finding not corrected as of June 30, 2009.
Context:	Of the 42 bank accounts, 6 bank accounts where the majority of the City's cash activity flows through were not completely reconciled to the general ledger at the commencement of the audit.
Effect:	There may be discrepancies in the general ledger that may have otherwise been discovered if it had been reconciled to the bank balance.
Cause:	The City has not reconciled certain bank account balances to the general ledger.
Questioned Costs:	None.
Recommendation:	The City must reconcile all bank account balances to the general ledger in a timely manner.
Views of Responsible Officials and Planned Corrective Actions:	The City has delegated responsibility to additional financial staff and consultant to immediately reconcile all bank account balances to the general ledger.

THE CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINDING FS10-02

Criteria: A City should have a purchasing agent or centralized purchasing authority to ensure compliance with federal and state procurement regulations.

Condition: Internal control procedures are not adequate to ensure compliance with federal and state procurement regulations.

Context: Although the City may have been in compliance, there was no centralized documentation of their determination of compliance with federal and state procurement regulations for those purchases that they determined did not require additional procedures of bids, quotes, or requests for qualifications or proposals.

Effect: There may have been instances where the City initiated purchases without properly determining their compliance with federal and state procurement regulations.

Cause: The City does not have a purchasing agent or centralized purchasing authority.

Questioned Costs: None.

Recommendation: The City should have a purchasing agent or a centralized purchasing authority that follows adequate internal procedures to ensure and document compliance with federal and state procurement regulations.

Views of Responsible Officials and Planned Corrective Actions: The City has hired a purchasing agent, effective June 1, 2011, and will implement the adequate internal procedures to document compliance with federal and state procurement regulations.

THE CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINDING FS10-03

Criteria: According to N.J.A.C.-5.6 all local units shall have and maintain a fixed assets accounting and reporting system.

Condition: The City does not properly maintain a fixed assets accounting and reporting system.

Context: There were \$282,823 in fixed asset additions and no disposals for an ongoing total of \$40,440,789 in fixed assets.

Effect: General fixed assets records may not be accurate.

Cause: The City's fixed assets accounting and reporting system does not ensure that property records are maintained accurately, to reflect a description and source of the property, its ownership, the acquisition cost and date. Periodic physical inventories are not taken and reconciled with property records.

Questioned Costs: None.

Recommendation: The City must properly maintain a fixed assets accounting and reporting system.

Views of Responsible Officials and Planned Corrective Actions: The City has issued a request for proposals, due May 12, 2001 for an outside service provider to perform a valuation of general fixed assets and subsequently maintain records of additions, retirements and transfers of fixed assets. The ledger will be maintained and reconciled periodically and at the end of every fiscal year with the general ledger control accounts for fixed assets.

THE CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINDING FS10-04

Criteria: In accordance with N.J.S. 40A:4-57 no officer, board, body or commission shall, during any fiscal year, expend any money, 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.

Condition: The City expended \$187,947 in street improvements for which no appropriation was provided; \$152,960 for a Port Authority Project and \$1,555,958 for a Green Trust Project that were to be funded in the succeeding year; \$669,020 in Trust Fund reserves were in excess of the amounts reserved; and \$65,104 in excess of a budget appropriation. This is a prior year finding not corrected as of June 30, 2009.

Context: \$2,630,989 (2.58%) in expenditures either did not have or were in excess of appropriations or reserves out of \$102,021,432 in Current Fund expenditures.

Effect: The city is not in compliance with N.J.S. 40A:4-57.

Cause: The City was charging expenditures to grants for which funds were not available or were to be appropriated in the succeeding year; expenditures in excess of trust reserves; and expenditures in excess of a budget appropriation. Those questioned charges are allocated to Current Fund deferred charges to be appropriated in the succeeding year's budget.

Questioned Costs: \$2,630,989

Recommendation: The City must monitor expenditures charged to grants as to not expend money for which no appropriation is provided and trust reserves as to not expend money in excess of the amount reserved. They City must also budget appropriately as to have sufficient budget appropriations for the entire year.

Views of Responsible Officials and Planned Corrective Actions: The City has delegated responsibility to additional financial staff and consultant to better monitor expenditures charged to grants, trust fund reserves, and budget.

THE CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINDING FS10-05

Criteria: In accordance with N.J.S.A. 54:4-75 the City must pay over to the School District 20% of the appropriation for local school purposes within forty days after the beginning of the school year and the balance prior to the last day of the school year.

Condition: The City is not paying over to the School District the appropriation for local school purposes according to statutory deadlines.

Context: The first payment of \$4,625,591 (30%) to the School District was made on January 20, 2010, 132 days after the beginning of the school year and \$3,083,727 (20%) of the \$15,418,637 appropriation for local school purposes was payable at June 30, 2010 and not paid until the beginning of the succeeding school year.

Effect: The City is not in compliance with N.J.S.A. 54:4-75.

Cause: The City appears to be one quarter behind schedule on payment to the School District. Since the City first collects funds from quarterly tax billings before paying over to the School District a portion of the appropriation for local school purposes, it has not been able to correct its payment schedule.

Questioned Costs: None.

Recommendation: The City must pay over to the School District the appropriation for local school purposes according to statutory deadlines.

Views of Responsible Officials and Planned Corrective Actions: The City plans to increase its quarterly portion of the appropriation for local school purposes paid over to the School District until the payment schedule is corrected.

THE CITY OF UNION CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINDING FS10-06

Criteria:	In accordance with N.J.A.C. 5:30-15.3 the annual audit required of municipalities shall report, each year, on the value of compensated absences owed to employees and the amount accumulated for payment in the Notes to the Financial Statements.
Condition:	The City is not including full-time PERS employees' terminal leave days in the calculation of the compensated absences liability.
Context:	For full-time PERS employees, 7.5 terminal leave days are accrued for every year of service, payable upon retirement. The City currently has approximately 350 full-time PERS employees. Although the value of sick time accumulated \$2,173,726 is not directly correlated to terminal leave; it can be used as an indicator of the possible additional liability.
Effect:	The City is not calculating the compensated absences liability in compliance with N.J.A.C. 5:30-15.3.
Cause:	The City is not calculating compensated absences pursuant to GASB Statement Number 16 as prescribed by N.J.A.C. 5:30-15.3 because not all liabilities for vacation and other compensated absences, excluding sick leave, are being accrued when the benefits are earned by the employee. Full-time PERS employee terminal leave is attributable to past service and it is probable that the City will compensate the employees through paid time off or some other means, such as cash payments at termination or retirement.
Questioned Costs:	None.
Recommendation:	The City is must include full-time PERS employees' terminal leave days in the calculation of the compensated absences liability.
Views of Responsible Officials and Planned Corrective Actions:	The City plans to hire an outside service provider to prepare individual compensated absences liability records for all full-time PERS employees.

THE CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs

(This section identifies the audit findings required to be reported by Section .510(a) of Circular A-133 and New Jersey OMB Circular 04-04.)

All Federal and State Grants

FINDING SA10-07

Criteria: The City is responsible for charging grant expenditures to respective grant accounts and the auditor is responsible for determining major programs based on such expenditures.

Condition: The City is not properly charging grant expenditures to respective grant accounts. This is a prior year finding not corrected as of June 30, 2009.

Context: Of \$1,948,321 in expenditures originally charged to grants \$187,947 (9.65%) were reclassified as expenditures without appropriations and \$127,244 (6.53%) were reclassified to a Capital Fund project as a result the annual audit. Of the \$3,394,387 reserve for grant appropriations \$2,792,147 (82%) are unallocated appropriations from prior years.

Effect: There may be significant amounts of grant expenditures that are either misclassified or unallocated perhaps affecting the auditor's ability to determine major programs.

Cause: The City does not have a control system to overall monitor grant activity and assure records for grants are being properly maintained on an individual basis.

Questioned Costs: None.

Recommendation: The City must implement a control system to overall monitor grant activity and assure records for grants are being properly maintained on an individual basis.

Views of Responsible Officials and Planned Corrective Actions: The City has delegated responsibility to additional financial staff and consultant to better monitor grant activity.

THE CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State – Urban Enterprise Zone (“UEZ”) – Business Recruitment Grant

FINDING SA10-08

Criteria:	The City is required to file State Expenditure Vouchers in a timely basis to obtain UEZ grant reimbursements.
Condition:	The City is not filing for State Expenditure Vouchers in a timely basis. This is a prior year finding not corrected as of June 30, 2009.
Context:	At the time of the audit the amount of State Expenditure Vouchers not filed in a timely basis could not be determined. The City expended \$805,466 in UEZ Funds, however it only received \$459,015 for the year ended June 30, 2010.
Effect:	The City is not adhering to UEZ grant requirements and may have forfeited certain UEZ grant reimbursements.
Cause:	The City has not filed State Expenditure Vouchers for significant qualifying expenditures of the UEZ – Business Recruitment Grant for the year ended June 30, 2010.
Questioned Costs:	None.
Recommendation:	The City should file State Expenditure Vouchers in a timely basis in order to secure UEZ grant reimbursements.
Views of Responsible Officials and Planned Corrective Actions:	The City will immediately file any outstanding State Expenditure Vouchers. Going forward, the City will file State Expenditure Vouchers in a timely basis.

THE CITY OF UNION CITY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

STATUS OF PRIOR YEAR FINDINGS

The City has taken the appropriate action to dissolve all of the prior year findings. Those not cleared are noted as prior year findings not corrected.

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GENERAL COMMENTS

THE CITY OF UNION CITY

GENERAL COMMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 \$21,000, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids 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 the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$29,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section."

N.J.S.A. 40A:11-4 states: "Every contract awarded by a 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 therefore, except as is provided otherwise in this act or specifically by any other law."

The minutes indicate that bids were requested by public advertisement and contracts awarded for the following items:

32n Street Traffic Island Improvements	Boiler Replacement
CDA Road Program	Children Amusement Services
Fireman Memorial Park	Football/Baseball Supplies
Gumbster Machine	Harley Davidson Motorcycles
HVAC Maintenance	Litter Clean Up
NJ DOT Road Program	Poly Garbage Bags
Roadway Improvement Project	Roof Installation
Solid Waste and Recycling Collection	Street Improvements
Summer Food for Children Programs	Traffic Light Improvements

The system of records does not provide for an accumulation of payments for categories of materials and supplies or related work or labor. Disbursements were reviewed for any unusual items.

THE CITY OF UNION CITY

GENERAL COMMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3 AND 11-4, ET SEQ. (Continued)

Our examination of expenditures revealed that individual payments or contracts were in excess of \$21,000 “for the performance of any work, or for the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles,” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S.A. 40A:11-6.

EXPENDITURE LESS THAN THE 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 agent shall award the contract after soliciting at least two competitive quotations, if practicable.” The City advised us that quotations were, for the most part, solicited for items, the cost of which is \$3,150 or more, within the terms of N.J.S.A. 40A:11-6.1.

COLLECTION OF INTEREST ON DELINQUENT TAXES

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

The Governing body on the 20th day of May, 1980, adopted the following resolution authorizing interest to be charged on delinquent taxes.

“WHEREAS, the City of Union City is desirous of determining rates of interest to be charged for delinquent payment of taxes.

NOW THEREFORE, BE IT RESOLVED by the Mayor and the Board of Commissioners of the City of Union City as follows:

1. Pursuant to N.J.S.A. 54:4-67, the rate of interest to be charged for the non-payment of taxes on or before the date when they would become delinquent is hereby fixed at eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500 to be calculated from the date the tax was payable until the date of actual payment, provided however that no interest shall be charged if payment of any installment is made within the tenth (10th) calendar day following the date upon which the same becomes payable”.

THE CITY OF UNION CITY

GENERAL COMMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

COLLECTION OF INTEREST ON DELINQUENT TAXES (Continued)

It appears from the examination of the Collector's records that interest was generally collected in accordance with the foregoing resolutions.

TAXES AND TAX TITLE LIENS

The taxes outstanding at June 30, 2010, included taxes from the fiscal years ended June 30, 2010 and 2009. The following comparison is made of the number of tax title liens receivable at June 30, 2010:

<u>Period Ended</u>	<u>Number of Liens</u>
June 30, 2010	9
June 30, 2009	0
June 30, 2008	0
June 30, 2007	0
June 30, 2006	0
June 30, 2005	3
June 30, 2004	4
June 30, 2003	3

THE CITY OF UNION CITY

COMMENTS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

COMMENT 1: The City has advanced to, or borrowed, monies from various funds. This is a prior year finding not corrected as of June 30, 2007.

Recommendation: Interfund advances should be avoided, if possible, and be settled prior to the year-end.

COMMENT 2: The City is not annually performing the necessary calculations to determine whether an arbitrage rebate liability has been incurred. This is a prior year finding not corrected as of June 30, 2008.

Recommendation: A calculation should be performed annually to determine whether an arbitrage rebate liability has been incurred.

COMMENT 3: The City Treasurer's records could not be reconciled entirely to the Tax Collector's cash receipts records. The Treasurer's records are posted in a monthly summary format and a sufficient audit trail does not exist to reconcile differences to the Tax Collector's records.

Recommendation: Treasurer's records should be reconciled monthly to the Tax Collector's cash receipts records with a sufficient audit trail to trace any differences.

COMMENT 4: Instances exists where claimant's certification is being done by individuals who have not attested to products or services being received. This has lead to the City initiating payments to vendors twice for the same invoice or for products or services not received.

Recommendation: Claimant's certification should only be done by individuals who can attest to those products or services being received. Furthermore, such individuals should better examine invoices before certifying the purchase order for payment.