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CITY OF PASSAIC
PASSAIC COUNTY, NEW JERSEY
REPORT OF AUDIT
FISCAL YEAR ENDED JUNE 30, 2014

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CITY OF PASSAIC

TABLE OF CONTENTS

| <u>Exhibits</u> | | <u>Page</u> |
|-----------------|---|-------------|
| | <u>PART I</u> | |
| | Independent Auditor's Report | 1-3 |
| A | Comparative Balance Sheets – Regulatory Basis - Current Fund | 4-5 |
| A-1 | Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund | 6 |
| A-2 | Statement of Revenues – Regulatory Basis – Current Fund | 7-9 |
| A-3 | Statement of Expenditures – Regulatory Basis – Current Fund | 10-14 |
| B | Comparative Balance Sheets – Regulatory Basis - Trust Funds | 15-16 |
| C | Comparative Balance Sheets – Regulatory Basis - General Capital Fund | 17 |
| D | Comparative Balance Sheets – Regulatory Basis – Sewer Utility Fund | 18 |
| D-1 | Comparative Statements of Operations and Changes in Operating Fund Balance – Regulatory Basis – Sewer Utility Operating Fund | 19 |
| D-2 | Comparative Statements of Changes in Fund Balance – Regulatory Basis – Sewer Utility Capital Fund | 20 |
| D-3 | Statement of Revenues – Regulatory Basis – Sewer Utility Operating Fund | 21 |
| D-4 | Statement of Expenditures – Regulatory Basis – Sewer Utility Operating Fund | 22 |
| E | Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group | 23 |
| | Notes to Financial Statements | 24-54 |
| | <u>Current Fund</u> | |
| A-4 | Statement of Cash and Investments – Current Fund | 55 |
| A-5 | Statement of Cash and Investments – Grant Fund | 56 |
| A-6 | Schedule of Tax Collector's Cash | 56 |
| A-7 | Schedule of Cash – Change Fund | 57 |
| A-8 | Schedule of Cash – Petty Cash Change Fund | 57 |
| A-9 | Statement of Due From Current Fund – Grant Fund | 58 |
| A-10 | Statement of Due From State of New Jersey Senior Citizens' and Veterans' Deductions | 58 |
| A-11 | Statement of Due from Parking Authority | 59 |
| A-12 | Statement of Taxes Receivable and Analysis of Property Tax Levy | 60 |
| A-13 | Statement of Tax Title Lien Receivable | 61 |
| A-14 | Statement of Revenue Accounts Receivable | 62 |
| A-15 | Statement of Deferred Charges | 63 |
| A-16 | Statement of Deferred Charges – Special Emergency Authorizations | 63 |
| A-17 | Statement of Tax Overpayments | 64 |
| A-18 | Statement of Prepaid Taxes | 64 |
| A-19 | Statement of Special Emergency Note Payable | 64 |
| A-20 | Statement of 2012 Appropriation Reserves | 65-67 |
| A-21 | Statement of Local District School Taxes Payable | 68 |
| A-22 | Statement of County Taxes Payable | 68 |
| A-23 | Statement of Encumbrances Payable | 68 |
| A-24 | Statement of Accounts Payable | 69 |

CITY OF PASSAIC

TABLE OF CONTENTS

| <u>Exhibits</u> | | <u>Page</u> |
|-----------------|--|-------------|
| | <u>Current Fund (Continued)</u> | |
| A-25 | Statement of Reserve for Tax Appeals | 69 |
| A-26 | Statement of Miscellaneous Reserves | 69 |
| A-27 | Statement of Fees Payable | 70 |
| A-28 | Statement of Reserve for Pension Contributions | 70 |
| A-29 | Statement of Reserve for Revaluation Program | 70 |
| A-30 | Statement of Reserve for Unappropriated Grants – Grant Fund | 71 |
| A-31 | Statement of Grants Receivable | 72-73 |
| A-32 | Statement of Reserve for Appropriated Grants | 74-78 |
| A-33 | Statement of Reserve for Program Income – Grant Fund | 79 |
| | <u>Trust Fund</u> | |
| B-1 | Statement of Trust Cash and Investments | 80 |
| B-2 | Statement of Due to State of New Jersey – Animal Control Fund | 81 |
| B-3 | Statement of Reserve for Expenditures – Animal Control Fund | 81 |
| B-4 | Statement of Due to Current Fund – Animal Control Fund | 81 |
| B-5 | Statement of Due to Grant Fund – Other Trust Fund | 82 |
| B-6 | Statement of Reserve for Encumbrances Payable – Animal Control Fund | 82 |
| B-7 | Statement of Other Receivables – Other Trust Fund | 82 |
| B-8 | Statement of Due From Current Fund – Other Trust Fund | 83 |
| B-9 | Statement of Due from Sewer Utility Operating Fund – Other Trust Fund | 83 |
| B-10 | Statement of Due to State of New Jersey – Unemployment – Other Trust Fund | 83 |
| B-11 | Schedule of Miscellaneous Reserves and Deposits – Other Trust Fund | 84 |
| B-12 | Statement of Due from HUD – Community Development Block Grant Fund | 85 |
| B-13 | Statement of Reserve for Program Expenditure – CDBG – Community Development Block Grant Fund | 85 |
| B-14 | Statement of Due from HUD – Home Investment Program Fund | 86 |
| B-15 | Statement of Other Receivables - Community Development Block Grant Fund | 86 |
| B-16 | Statement of Mortgage Receivable – Home Investment Program Fund | 86 |
| B-17 | Statement of Reserve for Program Expenditures – UDAG – Community Development Block Grant Fund | 87 |
| B-18 | Statement of Due from Current Fund – Community Development Block Grant Fund | 87 |
| B-19 | Statement of Due to Current Fund – Home Investment Program Fund | 88 |
| B-20 | Statement of Reserve for Home Investing Program – Home Investment Program Fund | 88 |
| | <u>General Capital Fund</u> | |
| C-1 | Statement of General Capital Cash and Investments – Treasurer | 89 |
| C-2 | Analysis of General Capital Cash | 90 |
| C-3 | Statement of Grants and Loans Receivable | 91 |
| C-4 | Statement of Due From Current Fund | 91 |
| C-5 | Statement of Deferred Charges to Future Taxation – Funded | 92 |
| C-6 | Statement of Deferred Charges to Future Taxation – Unfunded | 92 |
| C-7 | Statement of Due To/From Grant Fund | 93 |
| C-8 | Statement of Capital Improvement Fund | 93 |
| C-9 | Statement of Encumbrances Payable | 93 |
| C-10 | Statement of Improvement Authorizations | 94 |
| C-11 | Statement of Bond Anticipation Notes | 95 |
| C-12 | Statement of Bonds Payable | 96-97 |

CITY OF PASSAIC

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| <u>Exhibits</u> | |
| <u>General Capital Fund (Continued)</u> | |
| C-13 | 98 |
| C-14 | 98 |
| C-15 | 99 |
| C-16 | 100 |
| <u>Sewer Utility Fund</u> | |
| D-5 | 101 |
| D-6 | 101 |
| D-7 | 102 |
| D-8 | 102 |
| D-9 | 102 |
| D-10 | 103 |
| D-11 | 103 |
| D-12 | 103 |
| D-13 | 104 |
| D-14 | 104 |
| D-15 | 105 |
| D-16 | 106 |
| D-17 | 106 |
| D-18 | 107 |
| D-19 | 107 |
| D-20 | 108 |
| D-21 | 108 |
| D-22 | 109 |
| D-23 | 110 |
| D-24 | 111 |
| D-25 | 111 |

CITY OF PASSAIC
TABLE OF CONTENTS

| <u>Exhibits</u> | <u>Page</u> |
|-----------------------------|--|
| | |
| <u>Part II</u> | |
| <u>Single Audit Section</u> | |
| | Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report 112-113 |
| | Report on Compliance for each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04 -- Independent Auditor’s Report 114-116 |
| Schedule A | Schedule of Expenditures of Federal Awards 117-118 |
| Schedule B | Schedule of Expenditures of State Financial Assistance 119-121 |
| | Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance 122-123 |
| | Schedule of Findings and Questioned Costs 124-130 |
| | Summary Schedule of Prior Year Audit Findings and Questioned Costs 131 |
| | |
| <u>Part III</u> | |
| | Comparative Statements of Operations and Changes in Fund Balance - Current Fund 132 |
| | Comparative Statements of Operations and Changes in Fund Balance -- Sewer Utility Operating Fund 133 |
| | Comparative Schedule of Tax Rate Information -- Calendar Year 134 |
| | Comparison of Tax Levies and Collection Currently 134 |
| | Delinquent Taxes and Tax Title Liens 134 |
| | Property Acquired by Tax Title Lien Liquidation 135 |
| | Comparison of Sewer Utility Levies 135 |
| | Comparative Schedule of Fund Balances 135 |
| | Officials in Office and Surety Bonds 136 |
| | General Comments 137-138 |
| | Recommendations 139 |

CITY OF PASSAIC

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**





LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Passaic
Passaic, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Passaic, as of June 30, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the fiscal years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the fiscal year ended June 30, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the City of Passaic on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the City of Passaic prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Passaic as of June 30, 2014 and 2013, or changes in financial position, or, where applicable, cash flows for the fiscal years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

We were unable to audit the financial activities of the General Fixed Assets Account Group because sufficient documentation was not available to support amounts reported in the financial statements – regulatory basis referred to above. We were unable to satisfy ourselves about the amounts reported by means of other auditing procedures.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the General Fixed Assets Account Group financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds of the City of Passaic as of June 30, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the fiscal years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the various funds for the fiscal year ended June 30, 2014 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Required Supplementary Information

The City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

Other Information

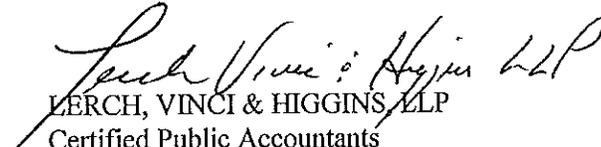
Our audit was conducted for the purpose of forming an opinion on the financial statements of the City of Passaic as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, schedule of expenditures of state financial assistance as required by NJ OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Passaic.

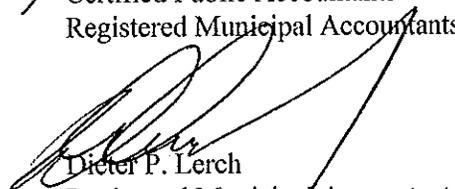
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2015 on our consideration of the City of Passaic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Passaic's internal control over financial reporting and compliance.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
January 30, 2015

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF JUNE 30, 2014 AND 2013

| ASSETS | Reference | 2014 | 2013 |
|---|-----------|----------------------|----------------------|
| REGULAR FUND | | | |
| Cash | A-4 | \$ 13,977,354 | \$ 9,751,922 |
| Cash - Change Fund | A-7 | 2,800 | 2,600 |
| Due From State of New Jersey - Senior Citizens and Veterans | A-10 | <u>39,081</u> | <u>42,496</u> |
| | | <u>14,019,235</u> | <u>9,797,018</u> |
| Receivables and Other Assets With Full Reserves | | | |
| Delinquent Property Tax Receivable | A-12 | 221,475 | 158,824 |
| Tax Title Liens Receivable | A-13 | 411,725 | 270,124 |
| Revenue Accounts Receivable | A-14 | 1,203,525 | 169,569 |
| Due from Grant Fund | A-9 | 136,658 | |
| Due from Animal Control Fund | B-4 | 24,032 | 6,896 |
| Due from Community Development Grant Fund | B-18 | 96,526 | |
| Due from Home Investment Program Fund | B-19 | 82,580 | 79,897 |
| Due from General Capital Fund | C-14 | 6 | |
| Due from Sewer Utility Operating Fund | D-12 | 13,765 | 40,465 |
| Due from Sewer Utility Capital Fund | D-17 | | 450,000 |
| Due from Passaic Parking Authority | A-11 | <u>-</u> | <u>51,364</u> |
| | | <u>2,190,292</u> | <u>1,227,139</u> |
| Deferred Charges | | | |
| Emergency Authorizations | A-15 | | 113,655 |
| Special Emergency Authorizations | A-16 | <u>3,020,000</u> | <u>2,160,000</u> |
| | | <u>3,020,000</u> | <u>2,273,655</u> |
| Total Regular Fund | | <u>19,229,527</u> | <u>13,297,812</u> |
| GRANT FUND | | | |
| Cash | A-5 | 1,225,125 | 2,468,983 |
| Grants Receivable | A-31 | 7,207,141 | 6,719,460 |
| Due from Current Fund | A-9 | | 80,897 |
| Due from General Capital Fund | C-15 | <u>-</u> | <u>13,591</u> |
| Total Grant Fund | | <u>8,432,266</u> | <u>9,282,931</u> |
| Grand Total | | <u>\$ 27,661,793</u> | <u>\$ 22,580,743</u> |

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF JUNE 30, 2013 AND 2014

| | <u>Reference</u> | <u>2014</u> | <u>2013</u> |
|---|------------------|----------------------|----------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| REGULAR FUND | | | |
| Liabilities and Reserves | | | |
| Appropriation Reserves | A-3,A-20 | \$ 4,066,583 | \$ 2,362,348 |
| Encumbrances Payable | A-23 | 1,450,885 | 1,984,858 |
| Accounts Payable | A-24 | 129,685 | 142,962 |
| Tax Overpayments | A-17 | 262,508 | 207,059 |
| Prepaid Taxes | A-18 | 121,448 | 85,665 |
| Fees Payable | A-27 | 17,396 | 23,100 |
| County Taxes Payable | A-22 | | 522 |
| Special Emergency Note Payable | A-19 | 2,200,000 | 1,560,000 |
| Due to Grant Fund | A-9 | | 80,897 |
| Due to Other Trust Fund | B-8 | 412,037 | 9,832 |
| Due to Passaic Parking Authority | A-11 | 27,501 | |
| Reserve for Tax Appeals | A-25 | 2,057,771 | 1,583,895 |
| Reserve for Pension Contributions | A-28 | 1,276,755 | 1,076,755 |
| Reserve for Revaluation Program | A-29 | 1,400,000 | |
| Miscellaneous Reserves | A-26 | <u>149,792</u> | <u>131,527</u> |
| | | 13,572,361 | 9,249,420 |
| Reserve for Receivables and Other Assets | A | 2,190,292 | 1,227,139 |
| Fund Balance | A-1 | <u>3,466,874</u> | <u>2,821,253</u> |
| Total Regular Fund | | <u>19,229,527</u> | <u>13,297,812</u> |
| GRANT FUND | | | |
| Encumbrances Payable | A-32 | 1,576,895 | 3,234,047 |
| Due to Current Fund | A-9 | 136,658 | |
| Due to Other Trust Fund | B-5 | 27,051 | |
| Due to General Capital Fund | C-7 | 486 | |
| Appropriated Grant Reserves | A-32 | 6,117,978 | 4,876,003 |
| Unappropriated Grant Reserves | A-30 | 567,198 | 1,166,881 |
| Reserve for Program Income | A-33 | <u>6,000</u> | <u>6,000</u> |
| Total Grant Fund | | <u>8,432,266</u> | <u>9,282,931</u> |
| Grand Total | | <u>\$ 27,661,793</u> | <u>\$ 22,580,743</u> |

CITY OF PASSAIC
 COMPARATIVE STATEMENTS OF OPERATIONS AND
 CHANGES IN FUND BALANCE - REGULATORY BASIS
 CURRENT FUND
 FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2014

| | <u>Reference</u> | <u>2014</u> | <u>2013</u> |
|--|------------------|-------------------------|-------------------------|
| REVENUES AND OTHER INCOME REALIZED: | | | |
| Fund Balance Utilized | A-2 | \$ 1,330,000 | \$ 1,330,000 |
| Miscellaneous Revenue Anticipated | A-2 | 25,948,390 | 25,033,510 |
| Receipts from Delinquent Taxes | A-2 | 128,982 | 109,382 |
| Receipts from Current Taxes | A-2 | 97,798,628 | 95,723,203 |
| Non-Budget Revenues | A-2 | 771,663 | 1,199,174 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-20 | 1,568,049 | 561,620 |
| Unexpended Balance of Sewer Utility Appropriation Reserves | D-12 | 13,765 | 54,229 |
| Statutory Excess Animal Control Fund | B-4 | 17,136 | 6,896 |
| Appropriated Grant Reserves Cancelled | A-32 | 5,787 | |
| Interfunds and Other Receivables Liquidated | A | <u>275,055</u> | <u>-</u> |
| Total Income | | <u>127,857,455</u> | <u>124,018,014</u> |
| EXPENDITURES | | | |
| Budget Appropriations: | | | |
| Operations | | | |
| Salaries and Wages | A-3 | 38,804,013 | 37,583,321 |
| Other Expenses | A-3 | 36,325,784 | 32,421,388 |
| Deferred Charges and Statutory Expenditures | A-3 | 10,125,964 | 11,185,878 |
| Capital Improvements | A-3 | 100,000 | 100,000 |
| Municipal Debt Service | A-3 | 2,241,615 | 2,737,435 |
| County Taxes | A-22 | 22,661,235 | 21,529,901 |
| Local District School Taxes | A-21 | 16,996,446 | 16,998,497 |
| Grant Receivables Cancelled | A-1 | | 86,937 |
| Prior Year Senior Citizen/Veterans Disallowed | A-10 | 5,000 | |
| Prior Year Disallowed Grant Charges | C-4 | 17,522 | |
| Refund of Prior Year Revenue | A-4 | 4,255 | |
| Interfunds and Other Receivables Created | A-1 | <u>-</u> | <u>444,747</u> |
| Total Expenditures | | <u>127,281,834</u> | <u>123,088,104</u> |
| Excess in Revenue | | 575,621 | 929,910 |
| Adjustments to Income Before Fund Balance: | | | |
| Expenditures Included Above Which are by Statute | | | |
| Deferred to Budget of Succeeding Year | A-16 | <u>1,400,000</u> | <u>713,655</u> |
| Statutory Excess to Fund Balance | | 1,975,621 | 1,643,565 |
| Fund Balance, Beginning of Year | A | <u>2,821,253</u> | <u>2,507,688</u> |
| | | 4,796,874 | 4,151,253 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-1,A-2 | <u>1,330,000</u> | <u>1,330,000</u> |
| Fund Balance, End of Year | A | <u>\$ 3,466,874</u> | <u>\$ 2,821,253</u> |

See Accompanying Notes to Financial Statements

CITY OF PASSAIC
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Reference | 2014 Budget | Added by 40A:4-87 | Realized in 2014 | Excess (Deficit) |
|---|-----------|----------------|----------------------|---------------------|---------------------|
| Fund Balance Utilized | A-1 | \$ 1,330,000 | - | \$ 1,330,000 | - |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | A-14 | 50,000 | | 120,842 | \$ 70,842 |
| Other | A-14 | 45,000 | | 46,744 | 1,744 |
| Fees and Permits: | | | | | |
| Uniform Construction Code - Fees | A-14 | 600,000 | | 607,407 | 7,407 |
| Other | A-14 | 55,000 | | 57,131 | 2,131 |
| Fines and Costs: | | | | | |
| Municipal Court | A-14 | 1,820,000 | | 1,712,251 | (107,749) |
| Energy Receipts Tax | A-14 | 8,084,063 | | 8,084,063 | |
| Supplemental Energy Receipts Tax | A-14 | 107,457 | | 107,457 | |
| Consol. Municipal Property Tax Relief Aid | A-14 | 4,353,962 | | 4,353,962 | |
| Interest and Costs on Taxes | A-14 | 110,000 | | 288,212 | 178,212 |
| Interest on Investments & Deposit | A-14 | 12,000 | | 14,655 | 2,655 |
| Police Record Bureau | A-14 | 16,000 | | 25,368 | 9,368 |
| Ambulance Billing | A-14 | 862,000 | | 874,716 | 12,716 |
| Board of Education - Security Watch and Resource Officers | A-14 | 2,700,000 | | 1,771,235 | (928,765) |
| Interlocal Agreement - Passaic Parking Authority | A-14 | 696,000 | | 668,499 | (27,501) |
| Public and Private Revenues Offset | | | | | |
| With Appropriations: | | | | | |
| Byrne Memorial Justice Assistance | A-31 | 223,632 | | 223,632 | |
| Childhood Leadbase Prevention | A-31 | 159,250 | | 159,250 | |
| Hepatitis Inoculation | A-31 | 5,000 | | 5,000 | |
| Housing Opportunity - HOPWA | A-31 | 100,000 | | 100,000 | |
| Housing Opportunity - HOPWA - Reserve | A-30 | 2,908 | | 2,908 | |
| Recycling Tonnage | A-31 | 99,373 | | 99,373 | |
| Ryan White Title I | A-31 | | \$ 103,346 | 103,346 | |
| Ryan White Title I - Reserve | A-30 | 15,630 | | 15,630 | |
| Alcohol Ed & Rehab - Reserve | A-30 | 11,663 | | 11,663 | |
| Body Armor Replacement Grant | A-31 | 17,282 | | 17,282 | |
| Drive Sober or Get Pulled Over | A-31 | 8,800 | 4,000 | 12,800 | |
| Multi Culture Grant - Reserve | A-30 | 450 | | 450 | |
| Passaic County Open Space - Pulaski Park Phase II | A-31 | 99,000 | | 99,000 | |
| Recreation Opportunity Grant | A-31 | 20,000 | | 20,000 | |
| Highlands Council Transfer Development Rights | A-31 | 40,000 | | 40,000 | |
| Walk Safe Passaic | A-31 | 15,000 | | 15,000 | |
| Municipal Alliance on Alcoholism and Drug Abuse | A-31 | | 19,845 | 19,845 | |
| NJDEP Forestry Management | A-31 | | 3,000 | 3,000 | |
| Passaic County Open Space - Parks Rehabilitation | A-31 | | 200,000 | 200,000 | |
| Passaic County Open Space - Parks Rehabilitation | A-31 | | 144,000 | 144,000 | |
| Passaic County Multi Cultural Affairs | A-31 | | 1,962 | 1,962 | |
| Senior Citizen Transportation - County of Passaic | A-31 | | 75,822 | 75,822 | |
| UEZA Programs - Reserve | A-30 | | 606,425 | 606,425 | |
| Juvenile Accountability Incentive Block Grant - County of Passaic | A-31 | | 30,165 | 30,165 | |
| Women, Infant, Children (WIC) | A-31 | | 949,520 | 949,520 | |
| NJDOT Municipal Aid Program - 8th Street | A-31 | | 250,000 | 250,000 | |
| Click It Or Ticket | A-31 | | 4,000 | 4,000 | |
| Clean Communities | A-31 | | 65,072 | 65,072 | |
| Summer Food Program | A-31 | | 408,604 | 408,604 | |
| US HUD - County Disaster Recovery Grant | A-31 | | 2,040,000 | 2,040,000 | |

CITY OF PASSAIC
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Reference | 2014 Budget | Added by 40A:4-87 | Realized in 2014 | Excess (Deficit) |
|---|-----------|----------------------|----------------------|----------------------|---------------------|
| Special Items: | | | | | |
| Cable Franchise Fee | A-14 | \$ 279,000 | | \$ 441,699 | \$ 162,699 |
| Saint Mary's Reize Corp. - In Lieu of Taxes | A-14 | 117,000 | | 160,743 | 43,743 |
| Chestnut Housing Phase I - In Lieu of Taxes | A-14 | 66,000 | | 69,273 | 3,273 |
| Jack Parker Association - In Lieu of Taxes | A-14 | 292,000 | | 297,300 | 5,300 |
| Miscellaneous Reserves - PILOT Housing Authority | A-26 | 103,280 | | 103,280 | |
| Garden Howe - In Lieu of Taxes | A-14 | 35,000 | | 41,546 | 6,546 |
| YMCA - In Lieu of Taxes | A-14 | 22,000 | | 30,000 | 8,000 |
| Highview Terrace - In Lieu of Taxes | A-14 | 58,000 | | 78,261 | 20,261 |
| Housing Authority Police Program | A-14 | 279,996 | | 209,997 | (69,999) |
| County of Passaic - Street Lighting | A-14 | 60,000 | - | 60,000 | - |
| Total Miscellaneous Revenues | | <u>21,641,746</u> | <u>\$ 4,905,761</u> | <u>25,948,390</u> | <u>(599,117)</u> |
| Receipts from Delinquent Taxes | A-2 | 40,000 | - | 128,982 | 88,982 |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | | |
| Local Tax for Municipal Purposes | | 58,110,915 | | 57,971,971 | (138,944) |
| Minimum Library Tax | | 1,068,976 | - | 1,068,976 | - |
| Total Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | <u>59,179,891</u> | <u>-</u> | <u>59,040,947</u> | <u>(138,944)</u> |
| Total Revenues | A-3 | <u>\$ 82,191,637</u> | <u>\$ 4,905,761</u> | 86,448,319 | <u>\$ (649,079)</u> |
| Non-Budget Revenues | A-2 | | | <u>771,663</u> | |
| | | | | <u>\$ 87,219,982</u> | |

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

| | <u>Reference</u> | <u>2014</u> |
|---|------------------|----------------------|
| ANALYSIS OF REALIZED REVENUES | | |
| Allocation of Current Tax Collections | | |
| Revenue from Collections | A-12 | \$ 98,298,628 |
| Less: Reserve for Tax Appeals Pending | A-25 | <u>500,000</u> |
| Revenues Realized | A-1 | 97,798,628 |
| Less: Allocated to School and County Taxes | A-21,A-22 | <u>39,657,681</u> |
| Balance for Support of Municipal Budget Appropriations | | 58,140,947 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>900,000</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | <u>\$ 59,040,947</u> |
| Receipts from Delinquent Taxes | | |
| Delinquent Tax Collections | A-12 | \$ 80,114 |
| Tax Title Liens | A-13 | <u>48,868</u> |
| | A-2 | <u>\$ 128,982</u> |

Analysis of Non Budget Revenue

| | | |
|--|------|-------------------|
| Recreation Fees | | \$ 135,102 |
| Recycling | | 14,379 |
| Motor Vehicle Inspection Fines | | 11,763 |
| Sewer Connection Fees | | 8,898 |
| Administrative Fees - Police Outside Duty | | 64,010 |
| Board of Health/Vital Statistics Fees | | 186,319 |
| City Clerk Fees | | 3,947 |
| Planning/Engineering Fees | | 41,831 |
| Passaic Valley Water Commission - Hydrant Inspection | | 69,000 |
| Administration Fees - Senior Citizen and Veterans | | 2,396 |
| Parking Authority | | 39,389 |
| Insurance Reimbursement | | 20,025 |
| Elevator Fees | | 36,199 |
| Bus Shelter Franchise | | 2,400 |
| Sale of Municipal Assets | | 6,589 |
| Bid Specifications | | 5,140 |
| Prior Year Refunds | | 19,971 |
| Retiree Drug Subsidy | | 37,421 |
| Rental Fees | | 1,000 |
| Restitution | | 5,200 |
| Miscellaneous Reimbursements/Receipts | | <u>60,684</u> |
| | | <u>\$ 771,663</u> |
| Revenue Accounts Receivable | A-12 | \$ 25,725 |
| Cash Receipts | A-4 | <u>745,938</u> |
| | A-2 | <u>\$ 771,663</u> |

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Canceled</u> |
|---|---------------------|----------------------------------|------------------------|-----------------|-----------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| OPERATIONS - WITHIN "CAPS" | | | | | |
| GENERAL GOVERNMENT | | | | | |
| General Administration | | | | | |
| Office of Business Administration | | | | | |
| Salaries & Wages | \$ 325,694 | \$ 337,694 | \$ 335,195 | \$ 2,499 | |
| Other Expenses | 119,000 | 120,500 | 116,210 | 4,290 | |
| Human Resources | | | | | |
| Office of Personnel | | | | | |
| Salaries & Wages | 154,323 | 154,323 | 152,570 | 1,753 | |
| Other Expenses | 5,000 | 5,000 | 2,948 | 2,052 | |
| Mayor and Council | | | | | |
| Office of the Mayor and Council | | | | | |
| Salaries & Wages | 298,683 | 299,683 | 299,499 | 184 | |
| Other Expenses | 34,000 | 34,000 | 33,150 | 850 | |
| City Clerk | | | | | |
| Salaries & Wages | 286,627 | 287,627 | 283,552 | 4,075 | |
| Other Expenses | 105,000 | 105,000 | 90,738 | 14,262 | |
| Financial Administration - Treasurer's Office | | | | | |
| Salaries and Wages | 526,487 | 527,987 | 519,717 | 8,270 | |
| Other Expenses | 110,000 | 121,000 | 116,564 | 4,436 | |
| Annual Audit | | | | | |
| Other Expenses | 63,000 | 63,000 | 62,700 | 300 | |
| Revenue Administration - Tax Collector | | | | | |
| Salaries and Wages | 213,630 | 213,630 | 210,615 | 3,015 | |
| Other Expenses | 25,000 | 25,000 | 23,665 | 1,335 | |
| Tax Assessment Administration | | | | | |
| Salaries and Wages | 210,475 | 212,975 | 210,075 | 2,900 | |
| Other Expenses | 52,000 | 1,452,000 | 1,450,721 | 1,279 | |
| Legal Services | | | | | |
| Other Expenses | 505,000 | 527,000 | 523,166 | 3,834 | |
| Office of Engineer | | | | | |
| Salaries and Wages | 133,277 | 144,277 | 134,897 | 9,380 | |
| Other Expenses | 10,000 | 10,000 | 9,160 | 840 | |
| Economic Development Agencies | | | | | |
| Planning and Economic Development | | | | | |
| Salaries and Wages | 126,467 | 147,467 | 144,119 | 3,348 | |
| Other Expenses | 3,000 | 3,000 | 1,516 | 1,484 | |
| Division of Housing | | | | | |
| Salaries and Wages | 230,515 | 199,515 | 186,914 | 12,601 | |
| Other Expenses | 8,000 | 9,300 | 8,396 | 904 | |
| Redevelopment Agency | 10,000 | 10,000 | 10,000 | - | |
| LAND USE ADMINISTRATION | | | | | |
| Planning Board | | | | | |
| Other Expenses | 10,000 | 10,000 | 5,946 | 4,054 | |
| Board of Adjustment | | | | | |
| Other Expenses | 16,000 | 16,000 | 11,584 | 4,416 | |
| CODE ENFORCEMENT AND ADMINISTRATION | | | | | |
| Rent Leveling Board | | | | | |
| Salaries and Wages | 1 | 1 | | 1 | |
| Other Expenses | 5,200 | 5,200 | 5,000 | 200 | |
| INSURANCE | | | | | |
| Liability Insurance | 1,503,483 | 1,503,483 | 1,503,482 | 1 | |
| Workmen's Compensation | 1,367,043 | 1,563,043 | 1,563,043 | - | |
| Employee Group Insurance | 14,056,892 | 13,806,892 | 13,197,102 | 609,790 | |
| Health Benefit Waiver | 10,000 | 10,700 | 10,600 | 100 | |
| Unemployment Insurance | 400,000 | 400,000 | | 400,000 | |

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | <u>Appropriated</u> | | <u>Expended</u> | | <u>Canceled</u> |
|---|---------------------|----------------------------------|------------------------|-----------------|-----------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| OPERATIONS - WITHIN "CAPS" (Cont'd) | | | | | |
| PUBLIC SAFETY FUNCTIONS | | | | | |
| Police Department | | | | | |
| Salaries and Wages | \$ 16,377,563 | \$ 16,328,563 | \$ 15,999,677 | \$ 328,886 | |
| Other Expenses | 283,910 | 330,910 | 324,747 | 6,163 | |
| BOE Security Watch and Res. Off.-Salaries & Wages | 2,700,000 | 2,700,000 | 2,619,374 | 80,626 | |
| Office of Emergency Management | | | | | |
| Salaries & Wages | 845,100 | 842,100 | 782,792 | 59,308 | |
| Other Expenses | 27,000 | 31,500 | 29,867 | 1,633 | |
| Fire Department | | | | | |
| Salaries and Wages | 10,202,568 | 10,142,568 | 9,693,029 | 449,539 | |
| Other Expenses | 95,000 | 135,000 | 105,914 | 29,086 | |
| Prosecutor's Office | | | | | |
| Other Expenses | 216,900 | 133,900 | 95,073 | 38,827 | |
| Municipal Court | | | | | |
| Salaries and Wages | 844,941 | 844,941 | 826,106 | 18,835 | |
| Other Expenses | 120,624 | 120,624 | 113,931 | 6,693 | |
| Public Defender (PL 1997 C.256) | | | | | |
| Other Expenses | 51,700 | 51,700 | 50,300 | 1,400 | |
| Passaic Parking Authority | | | | | |
| Salaries & Wages | 467,000 | 467,000 | 460,535 | 6,465 | |
| Other Expenses | 197,498 | 197,498 | 197,498 | | |
| PUBLIC WORKS FUNCTIONS | | | | | |
| Streets and Road Maintenance | | | | | |
| Salaries & Wages | 1,615,176 | 1,590,176 | 1,487,087 | 103,089 | |
| Other Expenses | 165,000 | 191,000 | 182,914 | 8,086 | |
| Solid Waste Collection | | | | | |
| Other Expenses | | | | | |
| Garbage Removal Contractual | 1,990,000 | 1,990,000 | 1,892,449 | 97,551 | |
| Buildings and Grounds | | | | | |
| Salaries and Wages | 747,539 | 735,539 | 709,587 | 25,952 | |
| Other Expenses | 160,000 | 212,000 | 204,324 | 7,676 | |
| Vehicle Maintenance | | | | | |
| Salaries & Wages | 373,543 | 390,543 | 380,520 | 10,023 | |
| Other Expenses | 280,000 | 342,000 | 334,991 | 7,009 | |
| HEALTH AND HUMAN SERVICES | | | | | |
| Public Health Services | | | | | |
| Division of Health | | | | | |
| Salaries and Wages | 557,306 | 534,306 | 519,146 | 15,160 | |
| Other Expenses | 156,700 | 156,700 | 151,132 | 5,568 | |
| Animal Regulation | | | | | |
| Salaries and Wages | 112,949 | 120,949 | 117,321 | 3,628 | |
| Other Expenses | 30,000 | 30,000 | 28,570 | 1,430 | |

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Appropriated | | Expended | | |
|---|--------------|------------------------------|--------------------|-----------|----------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled |
| OPERATIONS - WITHIN "CAPS" (Cont'd) | | | | | |
| PARK AND RECREATION FUNCTIONS | | | | | |
| Division of Recreation | | | | | |
| Salaries and Wages | \$ 372,113 | \$ 394,113 | \$ 387,611 | \$ 6,502 | |
| Other Expenses | 120,000 | 155,000 | 130,400 | 24,600 | |
| Senior Citizens | | | | | |
| Salaries and Wages | 129,724 | 121,724 | 96,668 | 25,056 | |
| Other Expenses | 8,000 | 8,000 | 5,292 | 2,708 | |
| Handicapped Recreation | | | | | |
| Salaries & Wages | 97,000 | 105,000 | 97,824 | 7,176 | |
| Other Expenses | 26,000 | 28,000 | 24,793 | 3,207 | |
| Maintenance of Parks | | | | | |
| Salaries & Wages | 585,428 | 614,428 | 598,036 | 16,392 | |
| Other Expenses | 65,000 | 75,000 | 69,842 | 5,158 | |
| OTHER COMMON OPERATING FUNCTIONS | | | | | |
| Accumulated Leave | | | | | |
| Other Expenses | 185,000 | 185,000 | | 185,000 | |
| Celebration of Public Events | 1 | 1 | | 1 | |
| UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17) | | | | | |
| Division of Code Enforcement | | | | | |
| Salaries and Wages | 346,884 | 346,884 | 331,902 | 14,982 | |
| Other Expenses | 65,200 | 84,200 | 72,324 | 11,876 | |
| UNCLASSIFIED: | | | | | |
| Utilities: | | | | | |
| Electricity | 640,000 | 640,000 | 534,358 | 105,642 | |
| Street Lighting | 850,000 | 850,000 | 727,084 | 122,916 | |
| Telephone and Telegraph | 142,000 | 142,000 | 118,584 | 23,416 | |
| Heating Oil | 5,000 | 5,000 | | 5,000 | |
| Gasoline | 500,000 | 500,000 | 398,314 | 101,686 | |
| LANDFILL/SOLID WASTE DISPOSAL COSTS | | | | | |
| Tipping Tax | 100,000 | 100,000 | 87,745 | 12,255 | |
| Tipping Fees | 2,250,000 | 2,250,000 | 2,117,000 | 133,000 | - |
| Total Operations Within "CAPS" | 66,029,164 | 67,549,164 | 64,327,505 | 3,221,659 | - |
| Detail: | | | | | |
| Salaries & Wages | 38,881,013 | 38,804,013 | 37,584,368 | 1,219,645 | - |
| Other Expenses | 27,148,151 | 28,745,151 | 26,743,137 | 2,002,014 | - |
| Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | | | | | |
| STATUTORY CHARGES | | | | | |
| Public Employees Retirement System | 1,419,560 | 1,419,560 | 1,261,499 | 158,061 | |
| Social Security System (O.A.S.I.) | 1,437,000 | 1,427,000 | 1,286,851 | 140,149 | |
| Pension for Widows | 2,245 | 2,245 | 2,245 | | |
| Police and Fireman's Retirement System - ERI | 190,179 | 190,179 | 190,179 | | |

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Appropriated | | Expended | | |
|--|-------------------|---------------------------|-------------------|------------------|----------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled |
| Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" (Continued) | | | | | |
| STATUTORY CHARGES (Continued) | | | | | |
| Public Employees Retirement System | \$ 6,507,834 | \$ 6,397,834 | \$ 5,899,904 | \$ 497,930 | |
| Consolidated Police and Firemen's Pension Fund | 25,491 | 25,491 | 25,490 | 1 | |
| Deferred Compensation Retirement Plan | 10,000 | 10,000 | 9,255 | 745 | |
| Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | 9,592,309 | 9,472,309 | 8,675,423 | 796,886 | - |
| Total General Appropriations for Municipal Purposes Within "CAPS" | 75,621,473 | 77,021,473 | 73,002,928 | 4,018,545 | - |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | |
| Maintenance of Free Public Library | 1,159,551 | 1,159,551 | 1,159,551 | | |
| Reserve for Tax Appeals | 350,000 | 350,000 | 350,000 | | |
| Health Benefit Waiver | 287,333 | 287,333 | 287,333 | | |
| Total Other Operations - Excluded From "CAPS" | 1,796,884 | 1,796,884 | 1,796,884 | - | - |
| Public and Private Programs Offset by Revenues | | | | | |
| Edward Byrne Memorial Justice Assistance Grant (JAG) | 223,632 | 223,632 | 223,632 | | |
| Childhood Lead Paint | 159,250 | 159,250 | 159,250 | | |
| Alcohol Education & Rehab | 11,663 | 11,663 | 11,663 | | |
| Disaster Recovery | | 2,040,000 | 2,040,000 | | |
| Department of Transportation - 8th Street | | 250,000 | 250,000 | | |
| Forest Management | | 6,000 | 6,000 | | |
| Recycling Tonnage Grant | 99,373 | 99,373 | 99,373 | | |
| Hepatitis Inoculation | 5,000 | 5,000 | 5,000 | | |
| Women, Infant & Children (WIC) | | 949,520 | 949,520 | | |
| Ryan White Title I | 15,630 | 118,976 | 118,976 | | |
| Urban Enterprise Zone Programs | | 606,425 | 606,425 | | |
| Drive Sober or Get Pulled Over | 8,800 | 12,800 | 12,800 | | |
| Clean Communities Program | | 65,072 | 65,072 | | |
| Click It or Ticket | | 4,000 | 4,000 | | |
| Juvenile Accountability Incentive Block Grant (JAIBG) | | 30,165 | 30,165 | | |
| Summer Food Grant | | 408,604 | 408,604 | | |
| Senior Citizen Transportation | | 75,822 | 75,822 | | |
| Body Armor Grant | 17,282 | 17,282 | 17,282 | | |
| Multi Culture | 450 | 2,412 | 2,412 | | |
| Passaic County Open Space Grants | 99,000 | 443,000 | 443,000 | | |
| Recreation Opportunity | 20,000 | 20,000 | 20,000 | | |
| Recreation Opportunity - City Match | 4,000 | 4,000 | 4,000 | | |
| Highlands Council Transfer Development | 40,000 | 40,000 | 40,000 | | |
| Walk Safe Passaic | 15,000 | 15,000 | 15,000 | | |
| Matching Funds for Grants | 56,000 | 48,038 | | 48,038 | |
| Municipal Alliance on Alcoholism and Drug Abuse | | 24,807 | 24,807 | | |
| Housing Opportunity HOPWA Grant | 102,908 | 102,908 | 102,908 | | |
| Total Public and Private Program Offset by Revenues | 877,988 | 5,783,749 | 5,735,711 | 48,038 | - |
| Total Operations - Excluded from "CAPS" | 2,674,872 | 7,580,633 | 7,532,595 | 48,038 | - |
| Detail: | | | | | |
| Other Expenses | 2,674,872 | 7,580,633 | 7,532,595 | 48,038 | - |

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | Appropriated | | Expended | | |
|--|---------------|---------------------------|-----------------|--------------|----------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | | | | | |
| Capital Improvement Fund | \$ 100,000 | \$ 100,000 | \$ 100,000 | - | - |
| Total Capital Improvements - Excluded from "CAPS" | 100,000 | 100,000 | 100,000 | - | - |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | |
| Payment of Bond Principal | 1,725,000 | 1,725,000 | 1,725,000 | | |
| Interest on Bonds | 420,505 | 420,505 | 420,505 | | |
| Interest on Notes | 12,500 | 12,500 | 12,481 | | \$ 19 |
| Payment of Loan Principal and Interest | 83,632 | 83,632 | 83,629 | | 3 |
| Total Municipal Debt Service - Excluded from "CAPS" | 2,241,637 | 2,241,637 | 2,241,615 | - | 22 |
| DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS" | | | | | |
| Emergency Authorization | 113,655 | 113,655 | 113,655 | | |
| Special Emergency Authorization - 5 Years | 540,000 | 540,000 | 540,000 | | |
| Total Deferred Charges Municipal - Excluded from "CAPS" | 653,655 | 653,655 | 653,655 | - | - |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | 5,670,164 | 10,575,925 | 10,527,865 | \$ 48,038 | 22 |
| Subtotal General Appropriations | 81,291,637 | 87,597,398 | 83,530,793 | 4,066,583 | 22 |
| Reserve for Uncollected Taxes | 900,000 | 900,000 | 900,000 | - | - |
| Total General Appropriations | \$ 82,191,637 | \$ 88,497,398 | \$ 84,430,793 | \$ 4,066,583 | \$ 22 |

Reference A-2 A-1 A,A-1

| | | |
|---|------|----------------------|
| Budget | A-2 | \$ 82,191,637 |
| Special Emergency Appropriations | A-16 | 1,400,000 |
| Appropriation by 40A:4-87 | A-2 | 4,905,761 |
| | | <u>\$ 88,497,398</u> |
| Cash Disbursed | A-4 | \$ 70,682,636 |
| Encumbrances Payable | A-23 | 1,450,885 |
| Deferred Charges: | | |
| Emergency Authorizations | A-15 | 113,655 |
| Special Emergency Authorizations | A-16 | 540,000 |
| Reserve for Tax Appeals | A-25 | 350,000 |
| Reserve for Revaluation Program | A-29 | 1,400,000 |
| Due to Grant Fund | A-9 | 5,735,711 |
| Due to Other Trust Fund | B-8 | 3,157,486 |
| Due to Community Development Grant Fund | B-18 | 420 |
| Due to General Capital Fund | C-4 | 100,000 |
| Reserve for Uncollected Taxes | A-2 | 900,000 |
| | | <u>\$ 84,430,793</u> |

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF JUNE 30, 2014 AND 2013

| | <u>Reference</u> | <u>2014</u> | <u>2013</u> |
|---|------------------|---------------------|---------------------|
| ASSETS | | | |
| ANIMAL CONTROL FUND | | | |
| Cash | B-1 | \$ 63,233 | \$ 48,598 |
| | | <u>63,233</u> | <u>48,598</u> |
| OTHER TRUST FUND | | | |
| Cash | B-1 | 6,770,664 | 6,270,404 |
| Other Receivables | B-7 | | 19,416 |
| Due from Current Fund | B-8 | 412,037 | 9,832 |
| Due from Grant Fund | B-5 | 27,051 | |
| Due from Sewer Utility Operating Fund | B-9 | - | 200,000 |
| | | <u>7,209,752</u> | <u>6,499,652</u> |
| COMMUNITY DEVELOPMENT BLOCK GRANT FUND | | | |
| Cash | B-1 | 117,744 | 45,171 |
| Due from HUD | B-12 | 898,976 | 1,358,945 |
| Other Receivables | B-15 | 155,454 | 155,454 |
| | | <u>1,172,174</u> | <u>1,559,570</u> |
| HOME INVESTMENT PROGRAM FUND | | | |
| Cash | B-1 | 17,965 | 54,220 |
| Due from HUD | B-14 | 904,419 | 578,779 |
| Mortgage Receivable | B-16 | 455,237 | 450,730 |
| | | <u>1,377,621</u> | <u>1,083,729</u> |
| Total Assets | | <u>\$ 9,822,780</u> | <u>\$ 9,191,549</u> |

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF JUNE 30, 2014 AND 2013

| LIABILITIES, RESERVES AND FUND BALANCE | Reference | 2014 | 2013 |
|---|-----------|---------------------|---------------------|
| ANIMAL CONTROL FUND | | | |
| Encumbrances Payable | B-6 | \$ 1,680 | \$ 2,970 |
| Due State of New Jersey | B-2 | 14 | 124 |
| Due to Current Fund | B-4 | 24,032 | 6,896 |
| Reserve for Animal Control Expenditures | B-3 | <u>37,507</u> | <u>38,608</u> |
| | | <u>63,233</u> | <u>48,598</u> |
| OTHER TRUST FUND | | | |
| Due to State of New Jersey - Unemployment | B-10 | 28,083 | 24,980 |
| Miscellaneous Reserves and Deposits | B-11 | <u>7,181,669</u> | <u>6,474,672</u> |
| | | <u>7,209,752</u> | <u>6,499,652</u> |
| COMMUNITY DEVELOPMENT BLOCK GRANT FUND | | | |
| Due to Current Fund | B-18 | 96,526 | |
| Reserve for Program Expenditures - UDAG | B-17 | 8,122 | 8,122 |
| Reserve for Program Expenditures - CDBG | B-13 | <u>1,067,526</u> | <u>1,551,448</u> |
| | | <u>1,172,174</u> | <u>1,559,570</u> |
| HOME INVESTMENT PROGRAM FUND | | | |
| Due to Current Fund | B-19 | 82,580 | 79,897 |
| Reserve for Loan Receivable | B-16 | 455,237 | 450,730 |
| Reserve for Home Investment Program | B-20 | <u>839,804</u> | <u>553,102</u> |
| | | <u>1,377,621</u> | <u>1,083,729</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 9,822,780</u> | <u>\$ 9,191,549</u> |

**CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF JUNE 30, 2014 AND 2013**

| | <u>Reference</u> | <u>2014</u> | <u>2013</u> |
|---|------------------|--------------------------|--------------------------|
| ASSETS | | | |
| Cash | C-1,C-2 | \$ 1,012,383 | \$ 273,600 |
| Grants and Loans Receivable | C-3 | 1,500,000 | 1,500,000 |
| Due from Grant Fund | C-7 | 486 | |
| Deferred Charges to Future Taxation | | | |
| Funded | C-5 | 13,544,300 | 15,337,794 |
| Unfunded | C-6 | <u>2,510,258</u> | <u>2,510,258</u> |
| Total Assets | | <u>\$ 18,567,427</u> | <u>\$ 19,621,652</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| General Serial Bonds | C-12 | \$ 9,779,000 | \$ 10,634,000 |
| Pension Refunding Bonds | C-12 | 3,060,000 | 3,930,000 |
| Green Acres Loans Payable | C-13 | 705,300 | 773,794 |
| Bond Anticipation Notes Payable | C-11 | 2,257,500 | |
| Encumbrances Payable | C-9 | 305,348 | 1,033,279 |
| Due to Current Fund | C-4 | 6 | |
| Due to Grant Fund | C-7 | | 13,591 |
| Improvement Authorizations | | | |
| Funded | C-10 | 1,204,983 | 1,421,665 |
| Unfunded | C-10 | 254,413 | 939,036 |
| Capital Improvement Fund | C-8 | 121,499 | 21,499 |
| Reserve for Curb and Sidewalk Improvements | C-14 | 5,000 | 5,000 |
| Reserve for Payment of Debt Service | C-15 | 124,378 | 99,788 |
| Reserve for Grants and Loans Receivable | C-3 | <u>750,000</u> | <u>750,000</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 18,567,427</u> | <u>\$ 19,621,652</u> |

There were Bonds and Notes Authorized But Not Issued on June 30, 2014 and 2013 of \$252,758 and \$2,510,258, respectively, (See Exhibit C-16).

CITY OF PASSAIC
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
 SEWER UTILITY FUND
 AS OF JUNE 30, 2014 AND 2013

| ASSETS | Reference | 2014 | 2013 |
|---|-----------|---------------------|---------------------|
| OPERATING FUND | | | |
| Cash | D-5 | \$ 433,976 | \$ 241,342 |
| Due from PVWC | D-9 | 10,789 | 35,807 |
| Due from Sewer Utility Capital Fund | D-14 | - | 79,619 |
| | | <u>444,765</u> | <u>356,768</u> |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | D-7 | 1,163,003 | 1,098,359 |
| Other Accounts Receivable | D-8 | 265,850 | 297,675 |
| | | <u>1,428,853</u> | <u>1,396,034</u> |
| Total Operating Fund | | <u>1,873,618</u> | <u>1,752,802</u> |
| CAPITAL FUND | | | |
| Cash | D-5,D-6 | 164,396 | 96,805 |
| Fixed Capital | D-10 | 5,209,460 | 5,209,460 |
| Fixed Capital Authorized and Uncompleted | D-11 | 715,214 | 715,214 |
| Total Capital Fund | | <u>6,089,070</u> | <u>6,021,479</u> |
| | | <u>\$ 7,962,688</u> | <u>\$ 7,774,281</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| OPERATING FUND | | | |
| Liabilities | | | |
| Appropriation Reserves | D-4,D-21 | \$ 208,919 | \$ 39,941 |
| Encumbrances Payable | D-16 | 7,600 | 7,500 |
| Accrued Interest on Bonds | D-20 | 14,900 | 16,018 |
| Due to Current Fund | D-12 | 13,765 | 40,465 |
| Due to Other Trust Fund | D-13 | - | 200,000 |
| | | <u>245,184</u> | <u>303,924</u> |
| Reserve for Receivables | D | 1,428,853 | 1,396,034 |
| Fund Balance | D-1 | 199,581 | 52,844 |
| Total Operating Fund | | <u>1,873,618</u> | <u>1,752,802</u> |
| CAPITAL FUND | | | |
| Serial Bonds | D-22 | 1,080,000 | 1,170,000 |
| Bond Anticipation Notes Payable | D-23 | 646,000 | |
| Encumbrances Payable | D-24 | 400 | 23,288 |
| Due to Current Fund | D-17 | | 450,000 |
| Due to Sewer Utility Operating Fund | D-14 | | 79,619 |
| Improvement Authorizations | | | |
| Funded | D-15 | 35,006 | 35,006 |
| Unfunded | D-15 | 172,188 | 198,090 |
| Reserve for Amortization | D-18 | 4,085,460 | 3,995,460 |
| Reserve for Deferred Amortization | D-19 | 69,006 | 69,006 |
| Fund Balance | D-2 | 1,010 | 1,010 |
| Total Capital Fund | | <u>6,089,070</u> | <u>6,021,479</u> |
| | | <u>\$ 7,962,688</u> | <u>\$ 7,774,281</u> |

There were Bonds and Notes Authorized But Not Issued on June 30, 2014 and 2013 of \$44,208 and \$690,208, respectively, (See Exhibit D-25).

CITY OF PASSAIC
 COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
 REGULATORY BASIS
 SEWER UTILITY OPERATING FUND
 FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

| | <u>Reference</u> | <u>2014</u> | <u>2013</u> |
|---|------------------|-------------------|------------------|
| REVENUES AND OTHER INCOME REALIZED | | | |
| Sewer Rents | D-3 | \$ 5,240,558 | \$ 5,273,819 |
| Other Credits to Income: | | | |
| Unexpended Balances of Appropriation Reserves | D-21 | <u>26,176</u> | <u>-</u> |
| Total Income | | <u>5,266,734</u> | <u>5,273,819</u> |
| EXPENDITURES | | | |
| Operating | D-4 | 4,993,765 | 4,843,765 |
| Capital Improvements | D-1 | - | 20,000 |
| Debt Service | D-4 | <u>126,232</u> | <u>423,819</u> |
| Total Expenditures | | <u>5,119,997</u> | <u>5,287,584</u> |
| Excess (Deficit) in Revenue | | 146,737 | (13,765) |
| Adjustments to Income before Fund Balance: | | | |
| Realized from Current Fund Budget for Anticipated Deficit | D-1 | <u>-</u> | <u>13,765</u> |
| Statutory Excess in Fund Balance | | 146,737 | - |
| Fund Balance, Beginning of Year, | D | <u>52,844</u> | <u>52,844</u> |
| Fund Balance, End of Year, | D | <u>\$ 199,581</u> | <u>\$ 52,844</u> |

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

| | <u>Reference</u> | <u>2014</u> | <u>2013</u> |
|---------------------------------|------------------|-------------|-------------|
| Fund Balance, Beginning of Year | D | \$ 1,010 | \$ 1,010 |
| Fund Balance, End of Year | D | \$ 1,010 | \$ 1,010 |

CITY OF PASSAIC
 STATEMENT OF REVENUES - REGULATORY BASIS
 SEWER UTILITY OPERATING FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | <u>Reference</u> | <u>Anticipated</u> | <u>Realized</u> | Excess or <u>(Deficit)</u> |
|--|------------------|---------------------|---------------------|-------------------------------|
| Sewer Rents and Charges | D-3 | \$ 5,121,115 | \$ 5,240,558 | \$ 119,443 |
| | D-4 | <u>\$ 5,121,115</u> | <u>\$ 5,240,558</u> | <u>\$ 119,443</u> |
| Analysis of Revenue Realized: | | | | |
| Consumer Accounts Receivable Collections | D-7 | | \$ 5,076,126 | |
| Other Accounts Receivable Collections | D-8 | | <u>164,432</u> | |
| | D-3 | | <u>\$ 5,240,558</u> | |

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | <u>Appropriated</u> | | <u>Expended</u> | | |
|-------------------------------------|---------------------|--------------------------------------|----------------------------|-------------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| OPERATING | | | | | |
| Other Expenses | \$ 143,490 | \$ 143,490 | \$ 57,840 | \$ 85,650 | |
| Sewer Treatment Expenses | 4,350,000 | 4,334,989 | 4,211,720 | 123,269 | |
| Sewer Maintenance Fee - Contractual | <u>500,275</u> | <u>515,286</u> | <u>515,286</u> | <u>-</u> | <u>-</u> |
| Total Operating | <u>4,993,765</u> | <u>4,993,765</u> | <u>4,784,846</u> | <u>208,919</u> | <u>-</u> |
| DEBT SERVICE | | | | | |
| Payment of Bond Principal | 90,000 | 90,000 | 90,000 | | |
| Interest on Bonds | <u>37,350</u> | <u>37,350</u> | <u>36,232</u> | <u>-</u> | <u>\$ 1,118</u> |
| Total Debt Service | <u>127,350</u> | <u>127,350</u> | <u>126,232</u> | <u>-</u> | <u>1,118</u> |
| | <u>\$ 5,121,115</u> | <u>\$ 5,121,115</u> | <u>\$ 4,911,078</u> | <u>\$ 208,919</u> | <u>\$ 1,118</u> |

| | | | | |
|------------------|-----|-----|-----|-------|
| <u>Reference</u> | D-3 | D-4 | D-1 | D,D-1 |
|------------------|-----|-----|-----|-------|

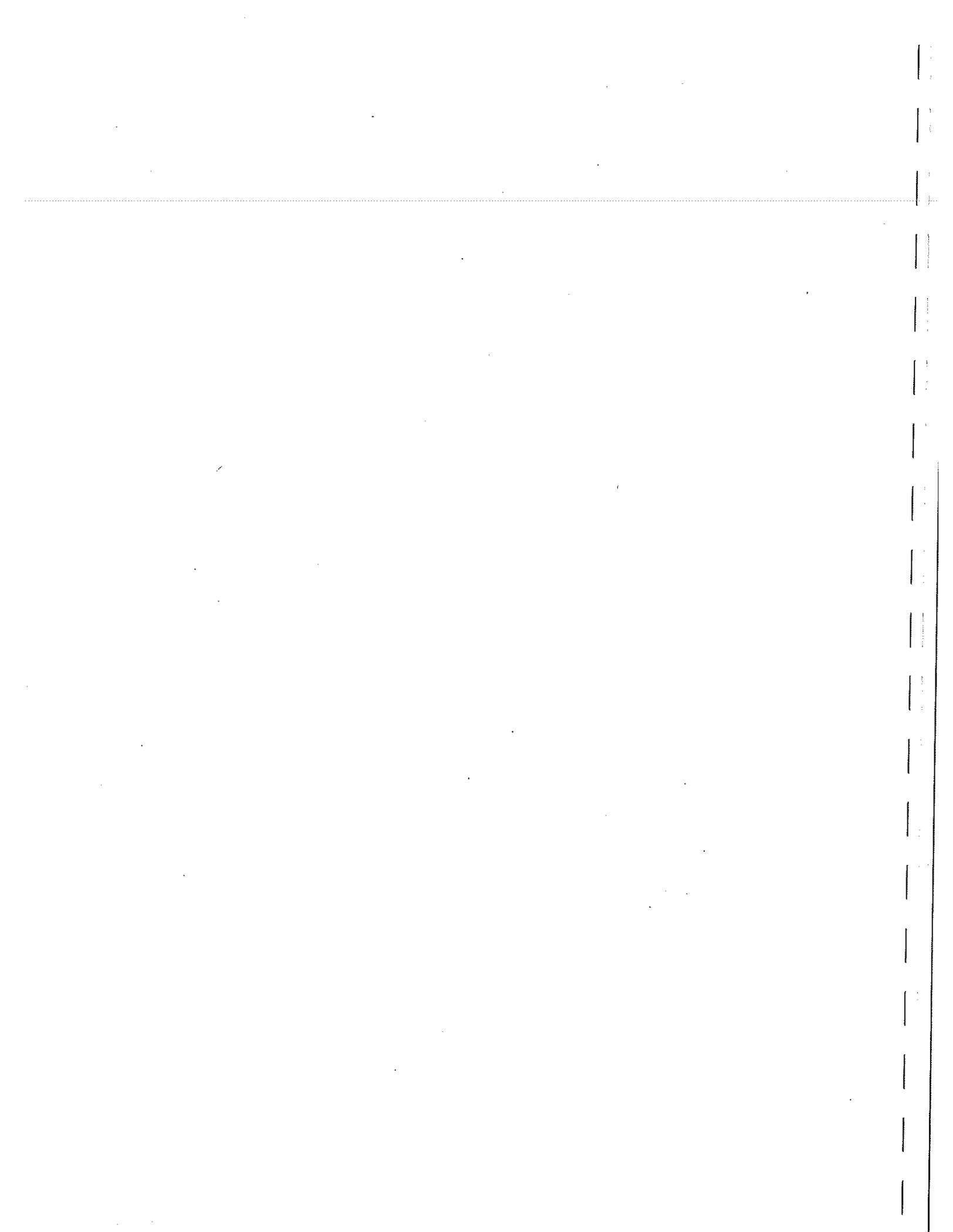
| | | |
|---------------------------|------|---------------------|
| Disbursed | D-5 | \$ 4,739,896 |
| Accrued Interest on Bonds | D-20 | 36,232 |
| Encumbrances Payable | D-16 | 7,600 |
| Due to Current Fund | D-12 | <u>127,350</u> |
| | | <u>\$ 4,911,078</u> |

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF JUNE 30, 2014 AND 2013
(UNAUDITED)

| | <u>2014</u> | <u>2013</u> |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Fixed Assets | <u>\$ 91,441,474</u> | <u>\$ 91,441,474</u> |
| LIABILITIES | | |
| Investments in General Fixed Assets | <u>\$ 91,441,474</u> | <u>\$ 91,441,474</u> |

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NOTES TO FINANCIAL STATEMENTS



**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Passaic (the "City") was incorporated in 1917 and operates under an elected Mayor/Council form of government. The City's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the City do not include the Passaic Public Library, Passaic Redevelopment Agency, Passaic Enterprise Zone, Development Corporation and Passaic Parking Authority, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

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

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The City has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

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

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the City as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the City as collateral.

Community Development Block Grant Fund - This fund is used to account for grant proceeds, program income and related expenditures for Federal Block grant entitlements.

Home Investment Program Fund - This fund is used to account for grant proceeds, program income and related expenditures for the Federal Home Investment Partnership Act Program.

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

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the City's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City, other than those accounted for in the sewer utility fund. The City's infrastructure is not reported in the account group.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables – Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed semi-annually in June of the preceding fiscal year and October of the current fiscal year of that fiscal year's levy. Taxes are payable in four quarterly installments on August 1, November 1, February 1, and May 1. The amount due for the August 1 and November 1 installments are determined based upon the estimated taxes levied for municipal purposes in the current municipal fiscal year, less the amount charged as the February 1 and May 1 installments for municipal purposes of the previous fiscal year; plus the full tax levied for the current tax year (calendar year) for county and school taxes, less the amount charged as the February 1 and May 1 installments for county and school purposes of the previous fiscal year. The amounts due for the February 1 and May 1 installments are determined as the full tax levied for municipal purposes for the current fiscal year, less the amounts charged for municipal purposes as the August 1 and November 1 installments of the current fiscal year, plus one half of the total tax levied for county and school purposes in the preceding tax year (calendar year). If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year.

County taxes are paid quarterly on August 15, November, February 15, and May 15 to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on October first in the fiscal year following the fiscal year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a standard tax sale. The City also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the City. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

Sewer Utility Revenues/Receivables – Sewer Utility charges are levied monthly or quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's sewer utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the City's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Deferred Charges - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The City has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the City has not received notices or report of losses (i.e. IBNR). Additionally, the City has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining potential claims are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets – The City has not developed a fixed assets accounting and reporting system in accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets. Fixed assets are defined by the City as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the sewer utility fund is recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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

Reclassifications - Certain reclassifications have been made to the June 30, 2013 balances to conform to the June 30, 2014 presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

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

Trust Funds
General Capital Fund
Sewer Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than August 10, of the fiscal year. The budget is required to be adopted no later than September 20, and prior to adoption must be certified by the Division of Local Government Service, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During fiscal years 2014 and 2013 the City Council increased the original current fund budget by \$6,305,761 and \$3,553,284, respectively. The increases were funded by additional aid allotted to the City during fiscal years 2014 and 2013, and emergency appropriations in 2014 for The Revaluation Program and 2013 for the preparation of a tax map and maintenance of parks. In addition, the governing body approved several budget transfers during fiscal years 2014 and 2013.

NOTE 3 DEPOSITS AND INVESTMENTS

The City considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Deposits

The City's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The City is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2014 and 2013, the book value of the City's deposits were \$23,785,640 and \$19,253,645 and bank and brokerage firm balances of the City's deposits amounted to \$28,048,056 and \$19,950,132, respectively. The City's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

| <u>Depository Account</u> | <u>Bank Balance</u> | |
|---------------------------|---------------------|---------------|
| | <u>2014</u> | <u>2013</u> |
| Insured | \$ 28,048,056 | \$ 19,950,132 |

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2014 and 2013, none of the City's bank balances of were exposed to custodial credit risk.

B. Investments

The City is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the City or bonds or other obligations of the school districts which are a part of the City or school districts located within the City, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk.

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.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The City does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The City places no limit in the amount the City may invest in any one issuer.

**CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of June 30, 2014 and 2013 the City had no outstanding investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Sewer Utility Capital Fund is assigned to the Sewer Utility Operating Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES AND UTILITY RENTS RECEIVABLE

Receivables at June 30, 2014 consisted of the following:

| | <u>Current</u> | <u>Sewer Utility</u> | <u>Total</u> |
|------------------------|-------------------|--------------------------|---------------------|
| <u>2014</u> | | | |
| Property Taxes | \$ 221,475 | | \$ 221,475 |
| Tax Title Liens | 411,725 | | 411,725 |
| Utility Rents and Fees | <u>-</u> | <u>\$ 1,428,853</u> | <u>1,428,853</u> |
| | <u>\$ 633,200</u> | <u>\$ 1,428,853</u> | <u>\$ 2,062,053</u> |

In fiscal year 2014, the City collected \$128,982 and \$1,262,791 from delinquent taxes and utility rents, which represented 30% and 90% of the delinquent tax and sewer charges receivable at June 30, 2013.

| | <u>Current</u> | <u>Sewer Utility</u> | <u>Total</u> |
|------------------------|-------------------|--------------------------|---------------------|
| <u>2013</u> | | | |
| Property Taxes | \$ 158,824 | | \$ 158,824 |
| Tax Title Liens | 270,124 | | 270,124 |
| Utility Rents and Fees | <u>-</u> | <u>\$ 1,396,034</u> | <u>1,396,034</u> |
| | <u>\$ 428,948</u> | <u>\$ 1,396,034</u> | <u>\$ 1,824,982</u> |

In fiscal year 2013, the City collected \$109,382 and \$1,054,402 from delinquent taxes and utility rents, which represented 42% and 85% of the delinquent tax and sewer charges receivable at June 30, 2012.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 5 DUE TO/FROM OTHER FUNDS

As of June 30, interfund receivables and payables that resulted from various interfund transactions were as follows:

| | <u>2014</u> | | <u>2013</u> | |
|-------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
| Current Fund | | | | |
| Regular | \$ 353,567 | \$ 412,037 | \$ 577,258 | \$ 90,729 |
| Grant | | 164,195 | 94,488 | |
| Trust Funds | | | | |
| Animal Control | | 24,032 | | 6,896 |
| Other Trust | 439,088 | | 209,832 | |
| Community Development | | 96,526 | | |
| Home Investment Program | | 82,580 | | 79,897 |
| General Capital Fund | 486 | 6 | | 13,591 |
| Sewer Utility Fund | | | | |
| Operating | | 13,765 | 79,619 | 240,465 |
| Capital | - | - | - | 529,619 |
| Total | <u>\$ 793,141</u> | <u>\$ 793,141</u> | <u>\$ 961,197</u> | <u>\$ 961,197</u> |

The above balances are the result of expenditures being paid by one fund on behalf of another and/or appropriations raised in operating fund budgets which are due to another fund.

The City expects all interfund balances to be liquidated within one year.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At June 30, the following deferred charges are reported on the balance sheets of the following funds:

| | <u>Balance June 30,</u> | Subsequent Year Budget <u>Appropriation</u> | <u>Balance to Succeeding Budgets</u> |
|----------------------------------|-----------------------------|---|--|
| <u>2014</u> | | | |
| Current Fund | | | |
| Special Emergency Authorizations | \$ 3,020,000 | \$ 820,000 | \$ 2,200,000 |
| | | | |
| <u>2013</u> | | | |
| Current Fund | | | |
| Emergency Authorizations | \$ 113,655 | \$ 113,655 | |
| Special Emergency Authorizations | 2,160,000 | 540,000 | \$ 1,620,000 |

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of June 30 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at June 30, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

| | <u>Fund Balance June 30, 2014</u> | <u>Utilized in Subsequent Year's Budget</u> | <u>Fund Balance June 30, 2013</u> | <u>Utilized in Subsequent Year's Budget</u> |
|------------------------------|---|---|---|---|
| Current Fund | | | | |
| Cash Surplus | \$ 2,607,793 | \$ 1,330,000 | \$ 2,065,102 | \$ 1,330,000 |
| Non-Cash Surplus | <u>859,081</u> | <u>-</u> | <u>756,151</u> | <u>-</u> |
| | <u>\$ 3,466,874</u> | <u>\$ 1,330,000</u> | <u>\$ 2,821,253</u> | <u>\$ 1,330,000</u> |
| | | | | |
| Sewer Utility Operating Fund | | | | |
| Cash Surplus | \$ 199,581 | | \$ 52,844 | |
| Non-Cash Surplus | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 199,581</u> | <u>\$ -</u> | <u>\$ 52,844</u> | <u>\$ -</u> |

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of the general fixed assets account group for the fiscal years ended June 30, 2014 and 2013.

| | Balance, June 30, 2014 (Unaudited) | Balance, June 30, 2013 (Unaudited) |
|--------------|---|---|
| Fixed Assets | \$ 91,441,474 | \$ 91,441,474 |

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the fiscal years ended June 30, 2014 and 2013.

Sewer Utility Fund

| | Balance June 30, 2013 | <u>Increases</u> | <u>Decreases</u> | Balance, June 30, 2014 |
|--------------------------------|-----------------------------|------------------|------------------|------------------------------|
| <u>2014</u> | | | | |
| Fixed Capital | | | | |
| System and System Improvements | \$ 4,899,460 | | | \$ 4,899,460 |
| Vehicles and Equipment | 310,000 | - | - | 310,000 |
| | <u>\$ 5,209,460</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,209,460</u> |
| | | | | |
| | Balance June 30, 2012 | <u>Increases</u> | <u>Decreases</u> | Balance, June 30, 2013 |
| <u>2013</u> | | | | |
| Fixed Capital | | | | |
| System and System Improvements | \$ 4,899,460 | | | \$ 4,899,460 |
| Vehicles and Equipment | 310,000 | - | - | 310,000 |
| | <u>\$ 5,209,460</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,209,460</u> |

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT

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

The City's debt is summarized as follows:

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| Issued | | |
| General | | |
| Bonds, Notes and Loans | \$ 15,801,800 | \$ 15,337,794 |
| Sewer Utility | | |
| Bonds and Notes | <u>1,726,000</u> | <u>1,170,000</u> |
| | 17,527,800 | 16,507,794 |
| Less Funds Temporarily Held to Pay Bonds and Notes | <u>(124,378)</u> | <u>(99,788)</u> |
| Net Debt Issued | 17,403,422 | 16,408,006 |
| Authorized But Not Issued | | |
| General | | |
| Bonds and Notes | 252,758 | 2,510,258 |
| Sewer Utility | | |
| Bonds and Notes | <u>44,208</u> | <u>690,208</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$ 17,700,388</u> | <u>\$ 19,608,472</u> |

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the City's Annual Debt Statement and indicates a statutory net debt of .40% and .42% at June 30, 2014 and 2013, respectively.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|------------------------|----------------------|---------------------|----------------------|
| <u>2014</u> | | | |
| General Debt | \$ 16,054,558 | \$ 3,184,378 | \$ 12,870,180 |
| Sewer Utility Debt | 1,770,208 | 1,770,208 | |
| Parking Authority Debt | <u>1,930,000</u> | <u>1,930,000</u> | <u>-</u> |
| Total | <u>\$ 19,754,766</u> | <u>\$ 6,884,586</u> | <u>\$ 12,870,180</u> |

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|------------------------|----------------------|---------------------|----------------------|
| <u>2013</u> | | | |
| General Debt | \$ 17,848,052 | \$ 4,029,787 | \$ 13,818,265 |
| Sewer Utility Debt | 1,860,208 | 1,860,208 | |
| Parking Authority Debt | 2,200,000 | 2,200,000 | |
| School Debt - Type II | <u>437,766</u> | <u>437,766</u> | <u>-</u> |
| Total | <u>\$ 22,346,026</u> | <u>\$ 8,527,761</u> | <u>\$ 13,818,265</u> |

Statutory Borrowing Power

The City's remaining borrowing power under N.J.S. 40A:2-6, as amended, at June 30, was as follows:

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|-----------------------|
| 3-1/2% of Equalized Valuation Basis (Municipal) | \$ 112,723,115 | \$ 116,141,607 |
| Net Debt | <u>12,870,180</u> | <u>13,818,265</u> |
| Remaining Borrowing Power | <u>\$ 99,852,935</u> | <u>\$ 102,323,342</u> |

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

The City levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at June 30 are as follows:

| | <u>2014</u> | <u>2013</u> |
|--|----------------------|----------------------|
| \$7,249,000, 2010 General Obligation Bonds, due in annual installments of \$250,000 to \$700,000 through August 1, 2026, interest at 3.00% to 4.00% | \$ 7,249,000 | \$ 7,249,000 |
| \$3,930,000, 2013 Early Retirement Pension Refunding Bonds due in annual installments of \$870,000 to \$1,115,000 through February 1, 2017, interest at 1.430% to 2.146% | 3,060,000 | 3,930,000 |
| \$3,385,000, 2013 General Obligation Refunding Bonds, due in annual installments of \$835,000 to \$855,000 through May 1, 2017, interest at 3.00% to 4.00% | <u>2,530,000</u> | <u>3,385,000</u> |
| | <u>\$ 12,839,000</u> | <u>\$ 14,564,000</u> |

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The City has entered into a loan agreement with the Economic Development Authority (“EDA”) for the financing relating to the removal of underground storage tanks and loan agreements with the State of New Jersey Green Acres Program for improvements to Dundee Island field rehabilitation, Third Ward Park improvements, Hughes Lake improvements and Pulaski Park renovations. The City levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at June 30 are as follows:

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| \$200,000, 2006 Loans, due in semi-annual installments of \$4,897 to \$6,157 through March, 2026, interest at 2% | \$ 132,098 | \$ 141,748 |
| \$500,000, 2008 Loans, due in semi-annual installments of \$17,920 to \$21,013 through July, 2022, interest at 2% | 330,274 | 365,584 |
| \$100,000, 2008 Loans, due in semi-annual installments of \$2,400 to \$3,078 through June, 2027, interest at 2% | 70,874 | 75,604 |
| \$250,000, 2009 Loans, due in semi-annual installments of \$9,050 to \$10,506 through April, 2022, interest at 2% | 156,177 | 174,008 |
| \$21,000, 2009 Loans, due in semi-annual installments of \$494 to \$646 through June, 2028, interest at 2% | <u>15,877</u> | <u>16,850</u> |
| | <u>\$ 705,300</u> | <u>\$ 773,794</u> |

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Sewer Utility Bonds

The City pledges revenue from operations to pay debt service on sewer utility bonds issued. The sewer utility bonds outstanding at June 30 are as follows:

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| \$1,266,000, 2010 Sewer Bonds, due in annual installments of \$90,000 through August 1, 2025, interest at 3.00% to 3.75% | \$ 1,080,000 | \$ 1,170,000 |
| | <u>\$ 1,080,000</u> | <u>\$ 1,170,000</u> |

The City's principal and interest for long-term debt issued and outstanding as of June 30, 2014 is as follows:

| Fiscal Year | General | | | | | | | Total |
|----------------|----------------------|---------------------|-------------------|------------------|---------------------|-------------------|----------------------|-------|
| | Bonds | | Loans | | Sewer Utility | | | |
| | Principal | Interest | Principal | Interest | Principal | Interest | | |
| 2015 | \$ 2,070,000 | \$ 396,100 | \$ 69,870 | \$ 13,760 | \$ 90,000 | \$ 34,650 | \$ 2,674,380 | |
| 2016 | 2,155,000 | 346,672 | 71,278 | 12,356 | 90,000 | 31,951 | 2,707,257 | |
| 2017 | 2,215,000 | 285,513 | 72,707 | 10,922 | 90,000 | 29,138 | 2,703,280 | |
| 2018 | 250,000 | 219,460 | 74,170 | 9,459 | 90,000 | 26,213 | 669,302 | |
| 2019 | 675,000 | 204,429 | 75,660 | 7,969 | 90,000 | 23,288 | 1,076,346 | |
| 2020-2024 | 3,375,000 | 685,485 | 294,337 | 18,542 | 450,000 | 71,547 | 4,894,911 | |
| 2025-2028 | <u>2,099,000</u> | <u>121,525</u> | <u>47,278</u> | <u>622</u> | <u>180,000</u> | <u>6,637</u> | <u>2,455,062</u> | |
| | <u>\$ 12,839,000</u> | <u>\$ 2,259,184</u> | <u>\$ 705,300</u> | <u>\$ 73,630</u> | <u>\$ 1,080,000</u> | <u>\$ 223,424</u> | <u>\$ 17,180,538</u> | |

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the fiscal years ended June 30, 2014 and 2013 were as follows:

| | Balance, June 30, 2013 | Additions | Reductions | Balance, June 30, 2014 | Due Within One year |
|----------------------------|------------------------------|------------------|------------------|------------------------------|---------------------------|
| <u>2014</u> | | | | | |
| General Capital | | | | | |
| Serial Bonds | \$ 10,634,000 | | \$ 855,000 | \$ 9,779,000 | \$ 1,145,000 |
| Pension Refunding Bonds | 3,930,000 | | 870,000 | 3,060,000 | 925,000 |
| Green Acres Loan Payable | 773,794 | - | 68,494 | 705,300 | 69,870 |
| | <u>15,337,794</u> | <u>-</u> | <u>923,494</u> | <u>13,544,300</u> | <u>2,139,870</u> |
| General Capital Fund | | | | | |
| Long Term Liabilities | \$ 15,337,794 | - | \$ 1,793,494 | \$ 13,544,300 | \$ 2,139,870 |
| Sewer Utility Capital | | | | | |
| Serial Bonds | \$ 1,170,000 | - | \$ 90,000 | \$ 1,080,000 | \$ 90,000 |
| Sewer Utility Capital Fund | | | | | |
| Long Term Liabilities | \$ 1,170,000 | \$ - | \$ 90,000 | \$ 1,080,000 | \$ 90,000 |
| <u>2013</u> | | | | | |
| General Capital | | | | | |
| Serial Bonds | \$ 12,048,484 | \$ 3,385,000 | \$ 4,799,484 | \$ 10,634,000 | \$ 855,000 |
| Pension Refunding Bonds | 4,500,000 | 3,930,000 | 4,500,000 | 3,930,000 | 870,000 |
| Green Acres Loan Payable | 840,938 | - | 67,144 | 773,794 | 68,494 |
| | <u>17,389,422</u> | <u>7,315,000</u> | <u>9,366,628</u> | <u>15,337,794</u> | <u>1,793,494</u> |
| General Capital Fund | | | | | |
| Long Term Liabilities | \$ 17,389,422 | 7,315,000 | \$ 9,366,628 | \$ 15,337,794 | \$ 1,793,494 |
| Sewer Utility Capital | | | | | |
| Serial Bonds | \$ 1,554,516 | - | \$ 384,516 | \$ 1,170,000 | \$ 90,000 |
| Sewer Utility Capital Fund | | | | | |
| Long Term Liabilities | \$ 1,554,516 | \$ - | \$ 384,516 | \$ 1,170,000 | \$ 90,000 |

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The City's short-term debt activity for the fiscal years ended June 30, 2014 and 2013 was as follows:

Bond Anticipation Notes

| <u>Purpose</u> | <u>Rate (%)</u> | <u>Maturity Date</u> | <u>Balance, June 30, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance, June 30, 2014</u> |
|--|-----------------|----------------------|-------------------------------|------------------|-------------------|-------------------------------|
| 2014 | | | | | | |
| <u>General Capital Fund</u> | | | | | | |
| Improvements to Pulaski Park | 0.72% | 6/26/2015 | | \$ 500,000 | | \$ 500,000 |
| Acquisition of Ambulance | 0.72% | 6/26/2015 | | 118,750 | | 118,750 |
| Replacement of City's Telephone System | 0.72% | 6/26/2015 | | 237,500 | | 237,500 |
| Acquisition of Fire Apparatus | 0.72% | 6/26/2015 | | 166,250 | | 166,250 |
| Various Capital Improvements | 0.72% | 6/26/2015 | - | 1,235,000 | - | 1,235,000 |
| Total General Capital Fund | | | | 2,257,500 | | 2,257,500 |
| <u>Sewer Utility Capital Fund</u> | | | | | | |
| Various Sewer Improvements | 0.72% | 6/26/2015 | - | 646,000 | - | 646,000 |
| Total Bond Anticipation Notes Payable | | | \$ - | \$ 2,903,500 | \$ - | \$ 2,903,500 |
| 2013 | | | | | | |
| | | | <u>Balance, June 30, 2012</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance, June 30, 2013</u> |

NONE

The purpose of these short-time borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund. The amounts issued for the sewer utility activities are accounted for in the Sewer Utility Capital Fund.

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance special emergency appropriations to temporarily finance these types of operating expenditures. This debt which is not included in the City's statutory debt limit calculation is reported in the Current Fund for the fiscal years 2014 and 2013 as follows:

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the City may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

Special Emergency Notes

| <u>Purpose</u> | <u>Rate (%)</u> | <u>Maturity Date</u> | <u>Balance, June 30, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance, June 30, 2014</u> |
|-------------------------------|-----------------|----------------------|-------------------------------|---------------------|---------------------|-------------------------------|
| 2014 | | | | | | |
| <u>Current Fund</u> | | | | | | |
| Sick/Vacation - Terminal Pay | 0.80% | 4/3/2015 | \$ 1,560,000 | \$ 1,140,000 | \$ 1,560,000 | \$ 1,140,000 |
| Preparation of Tax Map | 0.72% | 6/26/2015 | | 360,000 | | 360,000 |
| Revaluation of Real Property | 0.72% | 6/26/2015 | - | 700,000 | - | 700,000 |
| Total Special Emergency Notes | | | <u>\$ 1,560,000</u> | <u>\$ 2,200,000</u> | <u>\$ 1,560,000</u> | <u>\$ 2,200,000</u> |

| | | | <u>Balance, June 30, 2012</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance, June 30, 2013</u> |
|-------------------------------|-------|----------|-------------------------------|---------------------|---------------------|-------------------------------|
| 2013 | | | | | | |
| <u>Current Fund</u> | | | | | | |
| Sick/Vacation - Terminal Pay | 0.80% | 4/4/2014 | \$ 1,980,000 | \$ 1,560,000 | \$ 1,980,000 | \$ 1,560,000 |
| Total Special Emergency Notes | | | <u>\$ 1,980,000</u> | <u>\$ 1,560,000</u> | <u>\$ 1,980,000</u> | <u>\$ 1,560,000</u> |

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of June 30, the City had the following commitments with respect to unfinished capital projects:

| <u>Capital Project/Purpose</u> | <u>Construction / Other Commitment</u> | <u>Estimated Date of Acquisition/ Completion</u> |
|--|--|--|
| <u>2014</u> | | |
| Installation of New HVAC System at Boys/Girls Club | \$ 33,964 | 2015 |
| Construction of Concession Stand at Pulaski Park | 23,150 | 2015 |
| Acquisition of Two New DPW Trucks | 154,506 | 2015 |
| Removal and Replacement of Air Conditioning Unit at Police Department | 129,000 | 2015 |
| Acquisition of New Ambulance | 137,370 | 2015 |
| Reconstruction of Eighth Street | 289,849 | 2015 |
| | | |
| <u>2013</u> | | |
| Improvements to Pulaski Park | \$ 110,020 | 2014 |
| Acquisition of Triple Combination Fire Pumper | 308,878 | 2014 |
| Reconstruction of St Francis Way | 285,618 | 2014 |
| Reconstruction of Police Parking Lot at Washington Place and State Street | 88,265 | 2014 |
| Reconstruction of Basketball Court and Handball Court at Third Ward Park | 93,281 | 2014 |
| Improvements to Columbus Park | 2,563,455 | 2014 |
| Installation of New HVAC System at Boys/Girls Club | 118,000 | 2014 |
| Skate Park Elements | 92,485 | 2014 |
| Acquisition of Two New Broom Street Sweepers | 375,995 | 2014 |

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the City, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$8,156,484 at June 30, 2014. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of June 30, 2014 and 2013, the City has reserved in the Other Trust Fund \$316,948 and \$372,150, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Deferred Pension Obligation

During the fiscal year ended June 30, 2009 the City elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$3,644,176 and will be paid back with interest over 15 years beginning in the 2012 fiscal year. The City is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at June 30, 2014 and 2013 is \$3,804,755 and \$3,977,376, respectively.

Changes in Other Long-Term Liabilities

The City's other long-term liabilities for the fiscal years ended June 30, 2014 and 2013 were as follows:

| | Balance, June 30, <u>2013</u> | <u>Additions</u> | <u>Reductions</u> | Balance, June 30, <u>2014</u> | Due Within <u>One year</u> |
|-----------------------------|-------------------------------------|---------------------|-------------------|-------------------------------------|----------------------------------|
| <u>2014</u> | | | | | |
| Compensated Absences | \$ 4,948,927 | \$ 3,462,759 | \$ 255,202 | \$ 8,156,484 | \$ 300,000 |
| Deferred Pension Obligation | <u>3,977,376</u> | <u>314,213</u> | <u>486,834</u> | <u>3,804,755</u> | <u>496,728</u> |
| Other Long-Term Liabilities | <u>\$ 8,926,303</u> | <u>\$ 3,776,972</u> | <u>\$ 742,036</u> | <u>\$ 11,961,239</u> | <u>\$ 796,728</u> |
| | | | | | |
| | Balance, June 30, <u>2012</u> | <u>Additions</u> | <u>Reductions</u> | Balance, June 30, <u>2013</u> | Due Within <u>One year</u> |
| <u>2013</u> | | | | | |
| Compensated Absences | \$ 4,968,693 | \$ 312,102 | \$ 331,868 | \$ 4,948,927 | \$ 255,202 |
| Deferred Pension Obligation | <u>4,125,478</u> | <u>325,913</u> | <u>474,015</u> | <u>3,977,376</u> | <u>486,834</u> |
| Other Long-Term Liabilities | <u>\$ 9,094,171</u> | <u>\$ 638,015</u> | <u>\$ 805,883</u> | <u>\$ 8,926,303</u> | <u>\$ 742,036</u> |

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those City employees who are eligible for pension coverage.

Consolidated Police and Firemen's Pension fund (CPFPPF) – established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those City employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employers who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

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

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.0 percent and \$12.8 billion, respectively.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases, which vary by fund.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the fiscal year ended June 30, 2013 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the fiscal years ended June 30, 2014, 2013, and 2012, the City, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

| Year Ended June 30 | <u>CPFPPF</u> | <u>PFRS</u> | <u>PERS</u> | <u>DCRP</u> |
|-----------------------|---------------|--------------|--------------|-------------|
| 2014 | \$ 25,490 | \$ 6,090,083 | \$ 1,261,499 | \$ 9,255 |
| 2013 | 71,882 | 7,334,956 | 1,648,690 | 8,051 |
| 2012 | 25,263 | 7,339,135 | 1,659,283 | 3,800 |

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the City.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher’s Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State’s Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2013.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Health Benefits Program Funds (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661 retirees receiving post-retirement medical benefits, and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$112.6 million for 8,810 eligible retired members for Fiscal Year 2012. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$36.6 million in Fiscal Year 2012 to provide benefits under Chapter 330 to qualified retirees.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the fiscal years ended June 30, 2014, 2013, and 2012 were \$6,379,890, \$5,909,109, and \$5,208,554, respectively, which equaled the required contributions for each year.

NOTE 14 RISK MANAGEMENT

The City is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The City has obtained commercial insurance coverage to guard against these events to minimize the exposure to the City should they occur.

The City has established a workmen's compensation plan for its employees and a general liability plan of the City. Transactions related to the plans are accounted for in the Other Trust fund. The city contributes to fund the entire cost of the plan. Claims are paid directly by the plan with any excess benefit being reimbursed through a Re-Insurance Agreements with Specialty Claims Management, LLC and D&H Alternative Risk Solutions. The City has not created a liability for loss reserves for claims incurred which were unpaid at June 30, 2014 and 2013. In addition, the City has not created a liability for reserves for any potential unreported losses which have taken place but in which the City has not received notices of report of losses. The effect on the financial statements from these omissions could not be determined, but is probably material. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the City under existing reinsurance agreements. As of June 30, 2014 and 2013 the City has available in the Other Trust Fund \$713,252 and \$503,208, respectively for the payment of self-insurance claims.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

NOTE 15 CONTINGENT LIABILITIES

The City is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the City's Attorney, the potential claims against the City not covered by insurance policies would not materially affect the financial condition of the City.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at June 30, 2014 and 2013. Amounts claimed have not yet been determined. The City is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the City does not recognize a liability, if any, until these cases have been adjudicated. The City expects such amounts, if any, could be (material) or (immaterial). As of June 30, 2014 and 2013, the City reserved \$2,057,771 and \$1,583,895, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of June 30, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

Overlapping Debt

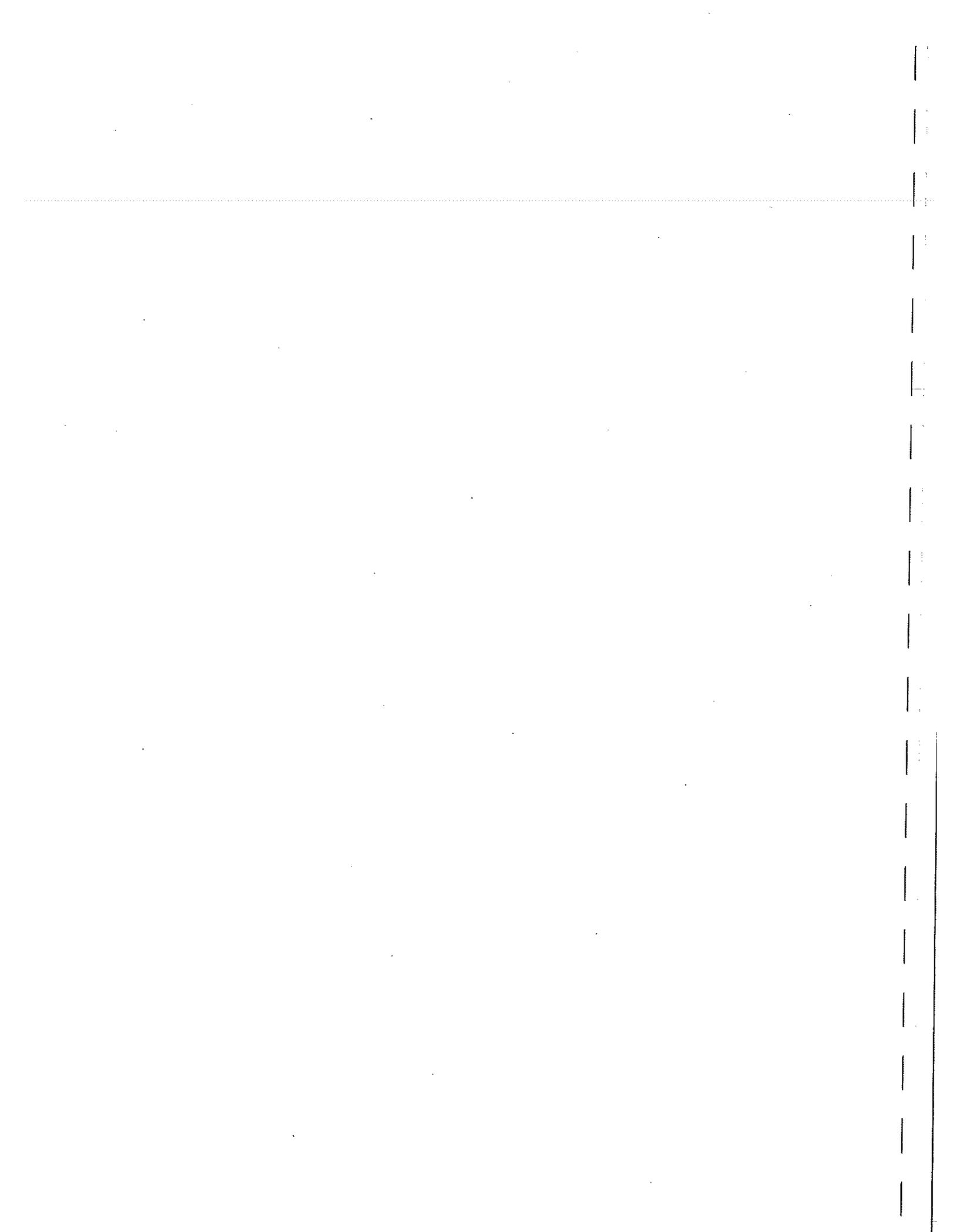
1. City is a contracting municipality with the North Jersey District Water Supply Commission (NJDWSC). As such, it is entitled to 11% of the water supplied by the Commission, and is liable for 11% of the annual operating charges, including debt service, of the Commission. The total debt of NJDWSC as of June 30, 2014 and 2013 was \$45,820,820 and \$55,449,180, respectively, of which the City the Passaic's share was \$2,526,428 and \$2,888,266, respectively. The operating charges from NJDWSC are defrayed by water rates established by the Passaic Valley Water Commission.
2. The City owns a portion of the Passaic Valley Water Commission (PVWC). The bonds of the PVWC are secured by water revenues derived from water rate charges by the PVWC. In the event the PVWC funds are inadequate to make principal and interest payments on the bonds, the PVWC is required to adjust its rates to produce amounts sufficient to cover debt service. PVWC had \$120,552,027 and \$138,420,122 of debt outstanding as of June 30, 2014 and 2013, respectively, of which the City of Passaic's share was \$34,441,714 and \$39,546,629, respectively.
3. The City's obligations with respect to debt issued for facilities of PVWC and NJDWSC are not joint and are several with the contracting municipalities. Therefore, the City's contingent liability cannot increase as a result of nonpayment by any other contracting party.
4. The City may also be responsible for its share of County debt, Passaic County Utilities Authority debt and the PVSC debt. The County is repaid through taxes and the PVSC debt is repaid through sewer service charges.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The City is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2014 and 2013, the City has not estimated its estimated arbitrage earnings due to the IRS, if any.

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CURRENT FUND



CITY OF PASSAIC
STATEMENT OF CASH AND INVESTMENTS - CURRENT FUND

| | | |
|---|------------------|----------------------|
| Balance, June 30, 2013 | | \$ 9,751,922 |
| Increased by Receipts: | | |
| Tax Collector | \$ 99,385,042 | |
| Revenue Accounts Receivable | 16,880,892 | |
| Nonbudget Revenue | 745,938 | |
| Petty Cash Fund | 1,050 | |
| Due from State of New Jersey - Senior Citizen/Veterans Deductions | 119,805 | |
| Special Emergency Note | 2,200,000 | |
| Miscellaneous Reserves | 121,545 | |
| Receipts from the Parking Authority | 778,671 | |
| Receipts from Grant Fund | 2,807,184 | |
| Receipts for Grant Fund | 917,044 | |
| Receipts for Other Trust Fund | 149,922 | |
| Receipts from Community Development Block Grant Fund | 603,054 | |
| Receipts from Home Investment Program Trust Fund | 200,000 | |
| Receipts from General Capital Fund | 2,742,514 | |
| Receipts from Sewer Utility Operating Fund | 1,167,815 | |
| Receipts from Sewer Utility Capital Fund | 450,000 | |
| Fees Payable | <u>1,094,149</u> | |
| | | <u>130,364,625</u> |
| | | 140,116,547 |
| Decreased by Disbursements: | | |
| 2014 Budget Appropriations | 70,682,636 | |
| 2013 Appropriation Reserves | 372,967 | |
| Change Fund | 200 | |
| Petty Cash Fund | 1,050 | |
| Accounts Payable | 13,277 | |
| Encumbrances Payable | 1,806,190 | |
| County Taxes | 22,661,757 | |
| Local School Taxes | 16,996,446 | |
| Tax Overpayments | 22,255 | |
| Special Emergency Note | 1,560,000 | |
| Payments made for Parking Authority | 31,307 | |
| Payments for Grant Fund | 2,024,418 | |
| Payment to Grant Fund | 1,301,670 | |
| Payment for Other Trust Fund | 2,294,755 | |
| Payments to Community Development Block Grant Fund | 700,000 | |
| Payments to Home Investment Program Fund | 100,000 | |
| Payments for Home Investment Program Fund | 102,683 | |
| Payments to General Capital Fund | 2,860,000 | |
| Payments for Sewer Utility Operating Fund | 127,350 | |
| Payments to Sewer Utility Operating Fund | 1,000,000 | |
| Fees Payable | 1,099,853 | |
| Reserve for Tax Appeals | 376,124 | |
| Refund of Prior Year Revenue | <u>4,255</u> | |
| | | <u>126,139,193</u> |
| Balance, June 30, 2014 | | <u>\$ 13,977,354</u> |

**CITY OF PASSAIC
STATEMENT OF CASH AND INVESTMENTS - GRANT FUND**

| | | |
|-----------------------------------|------------------|---------------------|
| Balance, June 30, 2013 | | \$ 2,468,983 |
| Increased by: | | |
| Grants Receivable | \$ 3,610,641 | |
| Receipts from Current Fund | 1,301,670 | |
| Receipts from Other Trust Fund | 400,000 | |
| Receipts for Other Trust Fund | 52,302 | |
| Receipts for General Capital Fund | 14,077 | |
| Receipts for Current Fund | 621,870 | |
| Reserve for Program Income | 110,017 | |
| Unappropriated Grant Reserves | <u>37,393</u> | |
| | | <u>6,147,970</u> |
| | | 8,616,953 |
| Decreased by: | | |
| Payments to Current Fund | 2,807,184 | |
| Payments to Other Trust Fund | 425,251 | |
| Reserve for Program Income | 110,017 | |
| Appropriated Grant Reserves | <u>4,049,376</u> | |
| | | <u>7,391,828</u> |
| Balance, June 30, 2014 | | <u>\$ 1,225,125</u> |

SCHEDULE OF TAX COLLECTOR'S CASH

EXHIBIT A-6

| | | |
|----------------------------|----------------|----------------------|
| Increased by: | | |
| Taxes Receivable | \$ 98,171,687 | |
| Tax Title Liens Receivable | 48,868 | |
| Interest and Cost on Taxes | 288,212 | |
| Payment in Lieu of Taxes | 677,123 | |
| Tax Overpayments | 77,704 | |
| Prepaid Taxes | <u>121,448</u> | |
| | | \$ 99,385,042 |
| Decreased by: | | |
| Payment to Treasurer | | <u>\$ 99,385,042</u> |

**CITY OF PASSAIC
SCHEDULE OF CASH - CHANGE FUND**

| | |
|--------------------------|-----------------|
| Balance, June 30, 2013 | \$ 2,600 |
| Increased by: | |
| Treasurer's Disbursement | <u>200</u> |
| Balance, June 30, 2014 | <u>\$ 2,800</u> |

SCHEDULE OF CASH - PETTY CASH FUND

| | |
|---------------------------|-----------------|
| Increased by: | |
| Treasurer's Disbursements | \$ 1,050 |
| Decreased by: | |
| Treasurer's Receipts | <u>\$ 1,050</u> |

**CITY OF PASSAIC
STATEMENT OF DUE FROM/TO CURRENT FUND
GRANT FUND**

| | | |
|--|----------------|-------------------|
| Balance, June 30, 2013 (Due From) | | \$ 80,897 |
| <hr/> | | |
| Increased by: | | |
| 2014 Budget Appropriation for Grants | \$ 5,735,711 | |
| Payments to Current Fund | 2,807,184 | |
| Grant Fund Receipts Deposited in Current Fund | <u>917,044</u> | |
| | | <u>9,459,939</u> |
| | | 9,540,836 |
| Decreased By: | | |
| Anticipated as 2014 Budget Revenue | | |
| Grants Receivable Anticipated as 2014 Budget Revenue | 5,086,673 | |
| Unappropriated Grants Anticipated as 2014 Budget Revenue | 637,076 | |
| Grant Fund Expenditures Paid by Current Fund | 2,024,418 | |
| Current Fund Receipts Deposited in Grant Fund | 621,870 | |
| Receipts from Current Fund | 1,301,670 | |
| Appropriated Grants Cancelled | <u>5,787</u> | |
| | | <u>9,677,494</u> |
| Balance, June 30, 2014 (Due To) | | <u>\$ 136,658</u> |

EXHIBIT A-10

**STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

| | | |
|---|--------------|------------------|
| Balance, June 30, 2013 | | \$ 42,496 |
| <hr/> | | |
| Increased by: | | |
| Senior Citizens/Veterans Deductions Per Tax Duplicate | \$ 129,250 | |
| Deductions Allowed by Tax Collector - SFY 2014 | 11,540 | |
| Deductions Allowed by Tax Collector - SFY 2013 | <u>500</u> | |
| | | <u>141,290</u> |
| | | 183,786 |
| Decreased by: | | |
| Cash Received from State | 119,805 | |
| Deductions Disallowed by Tax Collector - SFY 2014 | 19,900 | |
| Deductions Disallowed by Tax Collector - SFY 2013 | <u>5,000</u> | |
| | | <u>144,705</u> |
| Balance, June 30, 2014 | | <u>\$ 39,081</u> |

CITY OF PASSAIC
STATEMENT OF DUE FROM/ TO PARKING AUTHORITY

| | | |
|--|---------------|------------------|
| Balance, June 30, 2013 (Due From) | | \$ 51,364 |
| Increased by: | | |
| Anticipated as Current Fund Revenue-Interlocal Agreement | \$ 668,499 | |
| Payments Made for Parking Authority | <u>31,307</u> | |
| | | <u>699,806</u> |
| | | 751,170 |
| Decreased by: | | |
| Cash Receipts | | <u>778,671</u> |
| Balance, June 30, 2014 (Due To) | | <u>\$ 27,501</u> |

**CITY OF PASSAIC
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

| Fiscal Year Ended | Balance, June 30, 2013 | SFY 2014 Levy | Senior Citizens and Veterans Deductions Disallowed | Collections SFY 2013 | Collections SFY 2014 | Senior Citizens and Veterans Deductions Allowed | Transferred to Tax Title Liens | Cancelled | Balance, June 30, 2014 |
|-------------------|------------------------|---------------|--|----------------------|----------------------|---|--------------------------------|------------|------------------------|
| June 30, 2009 | \$ 7,317 | | | | | | | | \$ 7,317 |
| June 30, 2010 | 2 | | | | | | | | 2 |
| June 30, 2011 | 191 | | 5,000 | | 4,750 | 250 | | 184 | 7 |
| June 30, 2012 | 10,047 | | | | | | | 5,566 | 4,481 |
| June 30, 2013 | 141,267 | | | | 74,864 | 250 | | 3,051 | 63,102 |
| June 30, 2014 | 158,824 | | 5,000 | | 79,614 | 500 | | 8,801 | 74,909 |
| | | \$ 99,020,597 | 19,900 | 85,665 | 98,092,073 | 140,790 | 183,790 | 391,613 | 146,566 |
| | \$ 158,824 | \$ 99,020,597 | \$ 24,900 | \$ 85,665 | \$ 98,171,687 | \$ 141,290 | \$ 183,790 | \$ 400,414 | \$ 221,475 |

Tax Yield:

| | |
|---------------------|----------------------|
| General Purpose Tax | \$ 98,921,468 |
| Added Taxes | 99,129 |
| | <u>\$ 99,020,597</u> |

Tax Levy:

| | |
|--------------------------------|---------------|
| Local District School Tax Levy | \$ 16,996,446 |
|--------------------------------|---------------|

County Taxes:

| | |
|----------------------------|-------------------|
| County Tax - General | \$ 22,316,847 |
| County Tax Open Space | 321,983 |
| County Tax - Added/Omitted | 22,405 |
| | <u>22,661,235</u> |

Local Tax for Municipal Purposes

| | |
|---------------------------|----------------------|
| Minimum Library Tax | 58,110,915 |
| Add Additional Tax Levied | 1,068,976 |
| | <u>183,025</u> |
| | <u>59,362,916</u> |
| | <u>\$ 99,020,597</u> |

CITY OF PASSAIC
STATEMENT OF TAX TITLE LIEN RECEIVABLE

| | | |
|----------------------------------|----------------|-------------------|
| Balance, June 30, 2013 | | \$ 270,124 |
| Increased by: | | |
| Interest and Costs from Tax Sale | \$ 6,679 | |
| Transfers from Taxes Receivable | <u>183,790</u> | |
| | | <u>190,469</u> |
| | | 460,593 |
| Decreased by: | | |
| Receipts | | <u>48,868</u> |
| Balance, June 30, 2014 | | <u>\$ 411,725</u> |

**CITY OF PASSAIC
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

| | Balance, | | Collected | | Balance, |
|--|-------------------|----------------------|-------------------------------|----------------------|---------------------|
| | June 30, 2013 | Accrued | Treasurer | Tax Collector | June 30, 2014 |
| Licenses | | | | | |
| Alcoholic Beverages | | \$ 120,842 | \$ 120,842 | | |
| Other | | 46,744 | 46,744 | | |
| Fees and Permits | | | | | |
| Construction Code Official | | 607,407 | 607,407 | | |
| Other | | 57,131 | 57,131 | | |
| Fines and Costs | | | | | |
| Municipal Court | \$ 125,549 | 1,736,042 | 1,712,251 | | \$ 149,340 |
| Interest on Investments and Deposits | | 14,655 | 14,655 | | |
| Police Record Bureau | | 25,368 | 25,368 | | |
| Ambulance Billing | | 874,716 | 874,716 | | |
| Energy Receipts Tax | | 8,084,063 | 8,084,063 | | |
| Supplemental Energy Receipts Tax | | 107,457 | 107,457 | | |
| Consolidated Municipal Property Tax Relief Aid | | 4,353,962 | 4,353,962 | | |
| Interest and Costs on Taxes | | 288,212 | | \$ 288,212 | |
| Board of Education - Security Watch | | 2,687,488 | 1,771,235 | | 916,253 |
| Interlocal Agreement-Passaic Parking Authority | | 668,499 | 668,499 | | |
| Cable Franchise Fee | | 441,699 | 441,699 | | |
| Housing Authority Police Program | | 209,997 | 209,997 | | |
| County of Passaic - Street Lighting | | 60,000 | 60,000 | | |
| Fire Billings - Insurance Reimbursements | 32,125 | 111,125 | 20,025 | | 123,225 |
| Restitution - Jose M Cabre | 11,895 | | 5,200 | | 6,695 |
| Overpayment - Rafael Morera | | 6,318 | 500 | | 5,818 |
| Miscellaneous - Due from Merchant Services | | 2,194 | | | 2,194 |
| Payment in Lieu of Taxes: | | | | | |
| St. Mary's Reise Corp. | | 160,743 | | 160,743 | |
| Chestnut Housing Phase I | | 69,273 | | 69,273 | |
| Jack Parker Associates | | 297,300 | | 297,300 | |
| YMCA - River Road | | 30,000 | | 30,000 | |
| Garden Howe | | 41,546 | | 41,546 | |
| Highview Terrace | | 78,261 | | 78,261 | |
| | <u>\$ 169,569</u> | <u>\$ 21,181,042</u> | <u>\$ 19,181,751</u> | <u>\$ 965,335</u> | <u>\$ 1,203,525</u> |
| | | | | | |
| | | | Cash Receipts | \$ 16,880,892 | \$ 965,335 |
| | | | Due from Parking Authority | 668,499 | |
| | | | Due from Grant Fund | 621,870 | |
| | | | Due from General Capital Fund | 42 | |
| | | | Due from Other Trust Fund | 1,010,448 | \$ - |
| | | | | <u>\$ 19,181,751</u> | <u>\$ 965,335</u> |

CITY OF PASSAIC
STATEMENT OF DEFERRED CHARGES

| | Balance, June 30, 2013 | Added in 2014 | Reduced in 2014 | Balance, June 30, 2014 |
|--------------------------|------------------------------|------------------|--------------------|------------------------------|
| Emergency Authorizations | \$ 113,655 | \$ - | \$ 113,655 | \$ - |

STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS

| Date Authorized | Purpose | Net Amount Authorized | 1/5 of Net Amount Authorized | Balance June 30, 2013 | Added in 2014 | Reduced in 2014 | Balance June 30, 2014 |
|--------------------|------------------------------|-----------------------------|------------------------------------|-----------------------------|------------------|--------------------|-----------------------------|
| 9/21/2010 | Terminal Leave Pay | \$ 600,000 | \$ 120,000 | \$ 360,000 | | \$ 120,000 | \$ 240,000 |
| 8/2/2011 | Sick/Vacation - Terminal Pay | 700,000 | 140,000 | 560,000 | | 140,000 | 420,000 |
| 1/24/2012 | Sick/Vacation - Terminal Pay | 800,000 | 160,000 | 640,000 | | 160,000 | 480,000 |
| 3/5/2013 | Preparation of Tax Map | 600,000 | 120,000 | 600,000 | | 120,000 | 480,000 |
| 4/29/2014 | Tax Revaluation Program | 1,400,000 | 280,000 | - | \$ 1,400,000 | - | 1,400,000 |
| | | | | \$ 2,160,000 | \$ 1,400,000 | \$ 540,000 | \$ 3,020,000 |

**CITY OF PASSAIC
STATEMENT OF TAX OVERPAYMENTS**

| | |
|------------------------|-------------------|
| Balance, June 30, 2013 | \$ 207,059 |
| Increased by: | |
| Overpayments Received | <u>77,704</u> |
| | 284,763 |
| Decreased by: | |
| Refunds | <u>22,255</u> |
| Balance, June 30, 2014 | <u>\$ 262,508</u> |

EXHIBIT A-18

STATEMENT OF PREPAID TAXES

| | |
|--------------------------------------|-------------------|
| Balance, June 30, 2013 | \$ 85,665 |
| Increased by: | |
| Cash Receipts | <u>121,448</u> |
| | 207,113 |
| Decreased by: | |
| Applied to SFY 2014 Taxes Receivable | <u>85,665</u> |
| Balance, June 30, 2014 | <u>\$ 121,448</u> |

EXHIBIT A-19

STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

| | |
|------------------------|---------------------|
| Balance, June 30, 2013 | \$ 1,560,000 |
| Increased by: | |
| Cash Receipts | <u>2,200,000</u> |
| | 3,760,000 |
| Decreased by: | |
| Cash Disbursements | <u>1,560,000</u> |
| Balance, June 30, 2014 | <u>\$ 2,200,000</u> |

CITY OF PASSAIC
STATEMENT OF 2013 APPROPRIATION RESERVES

| | Balance, June 30, 2013 | Transfers | Encumbrances Cancelled | Balance After Modifications | Paid or Charged | Balance Lapsed |
|---|------------------------------|-----------|---------------------------|-----------------------------------|--------------------|-------------------|
| GENERAL GOVERNMENT | | | | | | |
| DEPARTMENT OF ADMINISTRATION | | | | | | |
| Office of Business Administration | | | | | | |
| Salaries & Wages | \$ 4,172 | | | \$ 4,172 | | \$ 4,172 |
| Other Expenses | 14,328 | | | 14,328 | \$ 284 | 14,044 |
| Mayor and Council | | | | | | |
| Salaries and Wages | 361 | | | 361 | | 361 |
| Other Expenses | 3,944 | | | 3,944 | 1,475 | 2,469 |
| City Clerk | | | | | | |
| Salaries and Wages | 548 | | | 548 | | 548 |
| Other Expenses | 56,746 | | | 56,746 | 40,604 | 16,142 |
| Human Resources | | | | | | |
| Salaries and Wages | 212 | | | 212 | | 212 |
| Other Expenses | 1,970 | | | 1,970 | | 1,970 |
| Financial Administration-Treasurer's Office | | | | | | |
| Salaries and Wages | 228 | | | 228 | | 228 |
| Other Expenses | 7,793 | | | 7,793 | 4,935 | 2,858 |
| Annual Audit | | | | | | |
| Other Expenses | 3,000 | | | 3,000 | 1,952 | 1,048 |
| Revenue Administration | | | | | | |
| Salaries and Wages | 8,244 | | | 8,244 | | 8,244 |
| Other Expenses | 1,710 | | | 1,710 | 225 | 1,485 |
| Tax Assessment Administration | | | | | | |
| Salaries and Wages | 671 | | | 671 | | 671 |
| Other Expenses | 5,341 | | | 5,341 | 2,809 | 2,532 |
| Legal Services | | | | | | |
| Other Expenses | 2,312 | \$ 10,000 | \$ 5,597 | 17,909 | | 17,909 |
| Office of Engineer | | | | | | |
| Salaries and Wages | 16,196 | | | 16,196 | | 16,196 |
| Other Expenses | 3,194 | | | 3,194 | 224 | 2,970 |
| Planning and Economic Development | | | | | | |
| Salaries and Wages | 50,189 | (10,000) | | 40,189 | | 40,189 |
| Other Expenses | 1,579 | | | 1,579 | | 1,579 |
| Division of Housing | | | | | | |
| Salaries and Wages | 45,463 | (10,000) | | 35,463 | | 35,463 |
| Other Expenses | 1,761 | | | 1,761 | | 1,761 |
| Planning Board | | | | | | |
| Other Expenses | 3,331 | | | 3,331 | | 3,331 |
| Board of Adjustment | | | | | | |
| Other Expenses | 3,990 | | 749 | 4,739 | | 4,739 |
| Rent Leveling Board | | | | | | |
| Salaries and Wages | 1 | | | 1 | | 1 |
| Other Expenses | 200 | | 4,536 | 4,736 | | 4,736 |
| Insurance | | | | | | |
| Liability Insurance | 50,459 | | | 50,459 | 50,459 | |
| Workmen's Compensation | 5,902 | | | 5,902 | 5,902 | |
| Employee Group Insurance | 390,330 | | | 390,330 | 201,738 | 188,592 |
| Health Benefit Waiver | 1,000 | | | 1,000 | | 1,000 |
| Unemployment Insurance | 50,001 | | | 50,001 | 50,001 | |
| DEPARTMENT OF PUBLIC WORKS | | | | | | |
| Streets and Road Maintenance | | | | | | |
| Salaries & Wages | 14,636 | (2,000) | | 12,636 | | 12,636 |
| Other Expenses | 7,905 | 2,000 | | 9,905 | 7,865 | 2,040 |
| Solid Waste Collection | | | | | | |
| Other Expenses | | | | | | |
| Garbage Removal Contractual | 657 | 45,000 | | 45,657 | 34,834 | 10,823 |
| Building and Grounds | | | | | | |
| Salaries & Wages | 11,436 | (3,000) | | 8,436 | | 8,436 |
| Other Expenses | 309 | 8,000 | | 8,309 | 5,155 | 3,154 |
| Vehicle Maintenance | | | | | | |
| Salaries & Wages | 1,854 | | | 1,854 | | 1,854 |
| Other Expenses | 12,479 | | | 12,479 | 7,398 | 5,081 |

CITY OF PASSAIC
STATEMENT OF 2013 APPROPRIATION RESERVES

| | Balance, June 30, <u>2013</u> | <u>Transfers</u> | Encumbrances <u>Cancelled</u> | Balance After <u>Modifications</u> | <u>Paid or Charged</u> | Balance <u>Lapsed</u> |
|---|-------------------------------------|------------------|----------------------------------|--|----------------------------|--------------------------|
| DEPARTMENT OF PUBLIC SAFETY | | | | | | |
| Police Department | | | | | | |
| Salaries and Wages | \$ 290,414 | | | \$ 290,414 | \$ 284,565 | \$ 5,849 |
| Other Expenses | 35,690 | | | 35,690 | 2,392 | 33,298 |
| BOE Security Watch and Res. Officer | 231,772 | | | 231,772 | | 231,772 |
| Fire Department | | | | | | |
| Salaries and Wages | 7,965 | | | 7,965 | | 7,965 |
| Other Expenses | 10,743 | | | 10,743 | 3,245 | 7,498 |
| Municipal Court | | | | | | |
| Salaries and Wages | 3,093 | | | 3,093 | | 3,093 |
| Other Expenses | 1,979 | | \$ 25,820 | 27,799 | | 27,799 |
| Office of Emergency Management | | | | | | |
| Salaries and Wages | 3,619 | | | 3,619 | | 3,619 |
| Other Expenses | 1,689 | | | 1,689 | 1,079 | 610 |
| Prosecutor's Office | | | | | | |
| Other Expenses | 26,615 | \$ (18,500) | 21,172 | 29,287 | | 29,287 |
| Public Defender | | | | | | |
| Other Expenses | 20,277 | | | 20,277 | 2,995 | 17,282 |
| Passaic Parking Authority | | | | | | |
| Salaries and Wages | 10,423 | | | 10,423 | | 10,423 |
| Other Expenses-Other Contribution | 10,000 | | | 10,000 | | 10,000 |
| DEPARTMENT OF HUMAN RESOURCES | | | | | | |
| Division of Health | | | | | | |
| Salaries & Wages | 43,710 | (15,000) | | 28,710 | | 28,710 |
| Other Expenses | 6,950 | | 22,201 | 29,151 | | 29,151 |
| Animal Regulation | | | | | | |
| Salaries & Wages | 233 | | | 233 | | 233 |
| Other Expenses | 2,867 | | 779 | 3,646 | | 3,646 |
| DEPARTMENT OF PARKS AND RECREATION | | | | | | |
| Division of Recreation | | | | | | |
| Salaries & Wages | 2,215 | | | 2,215 | | 2,215 |
| Other Expenses | 13,504 | | | 13,504 | 9,254 | 4,250 |
| Senior Citizens | | | | | | |
| Salaries & Wages | 21,531 | (9,000) | | 12,531 | | 12,531 |
| Other Expenses | 1,909 | 500 | | 2,409 | 640 | 1,769 |
| Handicapped Recreation | | | | | | |
| Salaries & Wages | 1,506 | | | 1,506 | | 1,506 |
| Other Expenses | 1,137 | | | 1,137 | 1,136 | 1 |
| Maintenance of Parks | | | | | | |
| Salaries & Wages | 13,836 | | | 13,836 | | 13,836 |
| Other Expenses | 5,841 | 2,000 | | 7,841 | 5,602 | 2,239 |
| OTHER COMMON OPERATING FUNCTIONS | | | | | | |
| Celebration of Public Events | 1 | | | 1 | | 1 |
| Retired Employees | | | | | | |
| Other Expenses | 100 | | | 100 | | 100 |
| UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUES | | | | | | |
| Division of Code Enforcement | | | | | | |
| Salaries & Wages | 1,775 | | | 1,775 | | 1,775 |
| Other Expenses | 2,437 | | | 2,437 | 50 | 2,387 |

CITY OF PASSAIC
STATEMENT OF 2013 APPROPRIATION RESERVES

| | Balance, June 30, <u>2013</u> | <u>Transfers</u> | Encumbrances <u>Cancelled</u> | Balance After <u>Modifications</u> | <u>Paid or Charged</u> | Balance <u>Lapsed</u> |
|--|-------------------------------------|------------------|----------------------------------|--|----------------------------|--------------------------|
| UNCLASSIFIED | | | | | | |
| Utilities: | | | | | | |
| Electricity | \$ 86,985 | | | \$ 86,985 | \$ 27,031 | \$ 59,954 |
| Telephone and Telegraph | 16,649 | | | 16,649 | 7,008 | 9,641 |
| Heating Oil | 2,221 | | | 2,221 | | 2,221 |
| Street Lighting | 86,977 | | | 86,977 | 1,236 | 85,741 |
| Gasoline | 29,023 | | | 29,023 | 1,992 | 27,031 |
| LANDFILL/SOLID WASTE DISPOSAL COSTS | | | | | | |
| Tipping Fees | 162,499 | | \$ 97,814 | 260,313 | | 260,313 |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | | | | | | |
| Statutory Expenditures | | | | | | |
| Social Security System (O.A.S.I.) | 55,420 | | | 55,420 | | 55,420 |
| PERS | 157,674 | | | 157,674 | 100,000 | 57,674 |
| PFRS | 145,523 | | | 145,523 | 100,000 | 45,523 |
| PERS-ERI | 1,642 | | | 1,642 | | 1,642 |
| Consolidated Police and Firemen's Pension Fund | 1 | | | 1 | | 1 |
| Deferred Compensation Retirement Plan | 1,949 | | | 1,949 | | 1,949 |
| GENERAL APPROPRIATIONS - ALL OTHER OPERATIONS EXCLUDED FROM "CAPS" | | | | | | |
| Recycling Tax | 9,938 | | | 9,938 | 8,882 | 1,056 |
| Matching Funds For Grants | 47,564 | - | - | 47,564 | - | 47,564 |
| | <u>\$ 2,362,348</u> | <u>\$ -</u> | <u>\$ 178,668</u> | <u>\$ 2,541,016</u> | <u>\$ 972,967</u> | <u>\$ 1,568,049</u> |
| Cash Disbursements | | | | | \$ 372,967 | |
| Transferred to Other Trust Fund - Accumulated Sick and Vacation | | | | | 200,000 | |
| Transferred to Other Trust Fund - Health Benefit Insurance | | | | | 200,000 | |
| Transferred to Reserve for Pension Contributions | | | | | 200,000 | |
| | | | | | <u>\$ 972,967</u> | |

**CITY OF PASSAIC
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

| | |
|--------------------|----------------------|
| Increased by: | |
| Levy | \$ 16,996,446 |
| Decreased by: | |
| Cash Disbursements | <u>\$ 16,996,446</u> |

EXHIBIT A-22

STATEMENT OF COUNTY TAXES PAYABLE

| | |
|--------------------------------|----------------------|
| Balance, June 30, 2013 | \$ 522 |
| Increased by: | |
| Levy | |
| General County | \$ 22,316,847 |
| County Open Space Preservation | 321,983 |
| County Added/Omitted Taxes | <u>22,405</u> |
| | <u>\$ 22,661,235</u> |
| | 22,661,757 |
| Decreased by: | |
| Cash Disbursed | <u>22,661,757</u> |

EXHIBIT A-23

STATEMENT OF ENCUMBRANCES PAYABLE

| | |
|---|---------------------|
| Balance, June 30, 2013 | \$ 1,984,858 |
| Increased by: | |
| Transferred from Budget Appropriations | <u>1,450,885</u> |
| | 3,435,743 |
| Decreased by: | |
| Payments | \$ 1,806,190 |
| Cancelled Encumbrances Restored to Appropriation Reserves | <u>178,668</u> |
| | <u>1,984,858</u> |
| Balance, June 30, 2014 | <u>\$ 1,450,885</u> |

**CITY OF PASSAIC
STATEMENT OF ACCOUNTS PAYABLE**

| | | | |
|------------------------|--|----|----------------|
| Balance, June 30, 2013 | | \$ | 142,962 |
| Decreased by: | | | |
| Cash Disbursements | | | <u>13,277</u> |
| Balance, June 30, 2014 | | \$ | <u>129,685</u> |

STATEMENT OF RESERVE FOR TAX APPEALS

| | | | |
|---|----|----------------|------------------|
| Balance, June 30, 2013 | | \$ | 1,583,895 |
| Increased by: | | | |
| Transferred from 2014 Tax Collections | \$ | 500,000 | |
| Transferred from 2014 Budget Appropriations | | <u>350,000</u> | |
| | | | <u>850,000</u> |
| | | | 2,433,895 |
| Decreased by: | | | |
| Cash Payments | | | <u>376,124</u> |
| Balance, June 30, 2014 | | \$ | <u>2,057,771</u> |

STATEMENT OF MISCELLANEOUS RESERVES

| | Balance, June 30, <u>2013</u> | <u>Cash Receipts</u> | Realized as Current Fund <u>Revenue</u> | Balance, June 30, <u>2014</u> |
|---|-------------------------------------|----------------------|---|-------------------------------------|
| Allowance for Grant Reimb. PILOT - Housing Authority | \$ 706 | | | \$ 706 |
| | <u>130,821</u> | \$ 121,545 | \$ 103,280 | <u>149,086</u> |
| | <u>\$ 131,527</u> | <u>\$ 121,545</u> | <u>\$ 103,280</u> | <u>\$ 149,792</u> |

**CITY OF PASSAIC
STATEMENT OF FEES PAYABLE**

| | Balance, June 30, 2013 | Receipts | Payments | Balance, June 30, 2014 |
|---------------------------------|------------------------------|---------------------|---------------------|------------------------------|
| Construction Code Training Fees | \$ 1,657 | \$ 28,017 | \$ 24,396 | \$ 5,278 |
| Burial Fees | 325 | 430 | 530 | 225 |
| Bail Bond Forfeiture Fees | 1,250 | 69,616 | 69,866 | 1,000 |
| Ambulance Billing Fees | 19,868 | 996,086 | 1,005,061 | 10,893 |
| | <u>\$ 23,100</u> | <u>\$ 1,094,149</u> | <u>\$ 1,099,853</u> | <u>\$ 17,396</u> |

EXHIBIT A-28

STATEMENT OF RESERVE FOR PENSION CONTRIBUTIONS

| | |
|---|---------------------|
| Balance, June 30, 2013 | \$ 1,076,755 |
| Increased by: | |
| Transfer from 2013 Appropriation Reserves | <u>200,000</u> |
| Balance, June 30, 2014 | <u>\$ 1,276,755</u> |

EXHIBIT A-29

STATEMENT OF RESERVE FOR REVALUATION PROGRAM

| | |
|--|---------------------|
| Increased by: | |
| Transferred from 2014 Budget Appropriation | <u>\$ 1,400,000</u> |
| Balance, June 30, 2014 | <u>\$ 1,400,000</u> |

CITY OF PASSAIC
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS - GRANT FUND

| | Balance June 30, <u>2013</u> | Cash <u>Receipts</u> | Realized as Current Fund <u>Revenue</u> | Balance June 30, <u>2014</u> |
|------------------------------------|------------------------------------|-------------------------|---|------------------------------------|
| Alcohol Education - 2013 | \$ 11,663 | | \$ 11,663 | |
| Alcohol Education - 2014 | | \$ 17,724 | | \$ 17,724 |
| Housing Opportunity - HOPWA - 2010 | 2,908 | | 2,908 | |
| Ryan White - 2012 | 15,630 | | 15,630 | |
| UEZA Programs | 1,136,230 | | 606,425 | 529,805 |
| Drunk Driving - 2014 | | 17,669 | | 17,669 |
| Junior Tennis - 2014 | | 2,000 | | 2,000 |
| Multi Culture Grant | <u>450</u> | <u>-</u> | <u>450</u> | <u>-</u> |
| | <u>\$ 1,166,881</u> | <u>\$ 37,393</u> | <u>\$ 637,076</u> | <u>\$ 567,198</u> |
| Due to Current Fund | | | <u>\$ 637,076</u> | |

CITY OF PASSAIC
STATEMENT OF GRANTS RECEIVABLE

| | Balance, June 30, 2013 | Accrued | Received | Adjustments | Cancellations | Balance, June 30, 2014 |
|---|------------------------------|---------|-----------|-------------|---------------|------------------------------|
| NJ DCA: Lead Intervention | \$ 181,860 | | | | | \$ 181,860 |
| NJ DOT: Main Ave Streetscape | 3,629 | | | | | 3,629 |
| Open Space 08 - Parks Rehabilitation | 38,529 | | \$ 24,935 | | | 13,594 |
| JAIBG07:St House + Match | 84 | | | | | 84 |
| Parks Rehabilitation - Passaic County Open Space | 137,205 | | 137,205 | | | |
| Addiction Services | 2,270 | | | | | 2,270 |
| Advanced Traffic | 119,600 | | | | | 119,600 |
| Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA- Walk Safe Passaic | 166,190 | | 120,831 | | | 45,359 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2011 | 1,700 | | | | | 1,700 |
| Cancer Assessment - 2012 | 22 | | | | | 22 |
| Women Infant Children - 2012 | 22,200 | | 19,200 | | | 3,000 |
| NJ DOT - St Francis Monroe Blaine | 4,413 | | | | | 4,413 |
| NJ DOT - Quincy/Allen | 272,573 | | 272,573 | | | |
| Green Acres 2010: Christopher Columbus | 285,500 | | 285,500 | | | |
| Byrne Memorial - 2011 | 900,000 | | | | | 900,000 |
| Click It or Ticket - 2012 | 259,423 | | 67,471 | | | 191,952 |
| Fire Safer - 2012 | 1,350 | | | | | 1,350 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2012 | 1,032,740 | | 697,531 | | | 335,209 |
| Open Space - 2010 - Christopher Columbus | 35 | | | | | 35 |
| Open Space - 2011 - Christopher Columbus | 200,000 | | 200,000 | | | |
| Ryan White I - 2013 | 500,000 | | 327,674 | | | 172,326 |
| Summer Employment - 2012 | 59,375 | | | \$ 11,832 | \$ 71,207 | |
| Walk Safe - 2012 | 45 | | 45 | | | |
| Neighborhood Crime Prevention - 2013 | 6,835 | | | | | 6,835 |
| Board of Education - Playground Equipment | 33,274 | | 33,274 | | | |
| Board of Education - Skateboard Park | 175,000 | | 175,000 | | | |
| Board of Education - Schvenko Park | 100,000 | | 100,000 | | | |
| Board of Education - Pulaski Park | 75,000 | | 75,000 | | | |
| Board of Education - Columbus Park | 75,000 | | | | | 75,000 |
| Department of Transportation - 8th Street - 2013 | 300,000 | | 300,000 | | | |
| Body Armor Grant - 2012 | 309,160 | | | | | 309,160 |
| Summer Food Program - 2013 | \$ 17,282 | | 17,282 | | | |
| Safe and Secure - 2013 | 430,559 | | 186,065 | | | 244,494 |
| Senior Citizen Transportation (Co.) - 2011 | 90,000 | | 90,000 | | | |
| Municipal Alliance - 2013 | 32,085 | 19,845 | 27,624 | | | 24,306 |
| Ryan White I | 58,098 | 46,438 | 92,704 | (11,832) | | |
| Click It or Ticket - 2013 | 4,000 | | 4,000 | | | |
| WIC - 2013 | 368,217 | | 353,497 | | | 14,720 |
| Cancer Assessment - 2013 | 38,300 | | 10,000 | | | 28,300 |
| Childhood Lead Paint - 2013 | 47,715 | | 47,697 | | | 18 |
| Byrne Memorial - 2012 | 232,746 | | | | | 232,746 |
| Housing Opportunity - 2011 (HOPWA) | 100,000 | | | | | 100,000 |
| Summer Employment - 2013 | 19,400 | | 19,398 | | | 2 |

CITY OF PASSAIC
STATEMENT OF GRANTS RECEIVABLE

| | Balance, June 30, <u>2013</u> | Revenue <u>Accrued</u> | Cash <u>Received</u> | <u>Adjustments</u> | <u>Cancellations</u> | Balance, June 30, <u>2014</u> |
|---|-------------------------------------|---------------------------|-------------------------|--------------------|----------------------|-------------------------------------|
| Juvenile Accountability (Co.) | \$ 35,328 | \$ 10,000 | \$ 45,328 | | | |
| Byrne Memorial - 2013 | | 223,632 | | | | \$ 223,632 |
| Clean Communities - 2014 | | 65,072 | 65,072 | | | |
| Click It or Ticket - 2014 | | 4,000 | | | | 4,000 |
| Childhood Lead Paint - 2014 | | 159,250 | 114,660 | | | 44,590 |
| Drive Sober or Get Pulled Over - 2014 | | 12,800 | 12,700 | | \$ 100 | |
| Rec Opportunity 2013 | | 20,000 | 20,000 | | | |
| Recycling Tonnage - 2013 | | 99,373 | 99,373 | | | |
| Summer Food Program - 2014 | | 408,604 | | | | 408,604 |
| Highlands Council Transfer Development Rights | | 40,000 | 3,999 | | | 36,001 |
| WIC - 2014 | | 949,520 | 339,429 | | | 610,091 |
| Walk Safe - 2014 | | 15,000 | 11,648 | | | 3,352 |
| Co (CDBG) Disaster Recovery 2013 | | 2,040,000 | 17,386 | | | 2,022,614 |
| Housing Opportunity - 2012 (HOPWA) | | 100,000 | | | | 100,000 |
| JABG 2013 | | 20,165 | | | | 20,165 |
| Multi Culture 2013 | | 450 | 450 | | | |
| Multi Culture 2014 | | 1,512 | 756 | | | 756 |
| Open Space 12: Christopher Columbus Park | | 200,000 | | | | 200,000 |
| Open Space 13: Pulaski Park Ph II | | 243,000 | 31,556 | | | 211,444 |
| Ryan White I - 2015 | | 56,908 | | | | 56,908 |
| Senior Trans - 2012 | | 15,420 | 15,420 | | | |
| Senior Trans - 2013 | | 60,402 | 60,402 | | | |
| NJDOT: 8th Street - 2014 | | 250,000 | | | | 250,000 |
| Forestry Management - 2013 | | 3,000 | | | | 3,000 |
| Hepatitis Inoculation - 2014 | | 5,000 | 5,000 | | | |
| | <u>-</u> | <u>5,000</u> | <u>5,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 6,719,460</u> | <u>\$ 5,086,673</u> | <u>\$ 4,527,685</u> | <u>\$ -</u> | <u>\$ 71,307</u> | <u>\$ 7,207,141</u> |
| Due to Current Fund | | \$ 5,086,673 | | | | |
| Cash Receipts | | | \$ 3,610,641 | | | |
| Due from Current Fund - Grant Receipts | | | 917,044 | | | |
| Cancelled to Reserve for Appropriated Grants | | | | | 71,307 | |
| | | <u>\$ 5,086,673</u> | <u>\$ 4,527,685</u> | | <u>\$ 71,307</u> | |

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

| | Balance June 30, 2013 | | Increased by: Budget | Cash Disbursements | Cancelled | Prior Period Adjustments | Balance June 30, 2014 | |
|---|--------------------------|----------|-------------------------|-----------------------|-----------|--------------------------------|--------------------------|----------|
| | Encumbered | Reserved | | | | | Encumbered | Reserved |
| Relocation Assistance Program | \$ | 4,890 | | | | | \$ | 4,890 |
| Relocation Assistance Program - City Match | | 5,435 | | | | | | 5,435 |
| Municipal Alliance 2006 | \$ | 5 | | 5 | | | | |
| Columbia Ave/Green Acres/UPAR | | 3,721 | | | | | | 3,721 |
| Byrne Memorial Justice - 2005 | | 377 | | | | | | 377 |
| Booster Seat - 2008 | | 1,227 | | | | | | 1,227 |
| NJ Comprehensive Cancer Awareness - 2009 | | 613 | | | | | | 613 |
| Ryan White Title I - 2008 | 100 | | | | | | \$ | 100 |
| Tobacco Control Grant | | 18 | | | | | | 18 |
| NJDCA - Lead Intervention - 2004 | | 149,440 | | | | | | 149,440 |
| Passaic County - Open Space - 2008 | 30,285 | 3,921 | | 34,202 | | | | 4 |
| NJDOT - Transportation Trust - Howel/Lincoln/St. Francis | | 61,555 | | | | | | 61,555 |
| Body Armor 08 | 16,722 | | | 16,722 | | | | |
| Domestic Violence - 2006 | | 1,397 | | | | | | 1,397 |
| Emergency Tel 07: Communications - 911 Grant | | 2,829 | | | | | | 2,829 |
| Emergency Tel 08: Communications - 911 Grant | | 3,888 | | | | | | 3,888 |
| Hepatitis B Inoculation - 2008 | | 9 | | | | | | 9 |
| Municipal Alliance 2007 | 13 | | | 13 | | | | |
| Municipal Alliance 2008 | 184 | 11 | | 184 | | | | 11 |
| Municipal Alliance 2009 | | 297 | | | | | | 297 |
| Summer Food 2009 | | 11,957 | | | | | | 11,957 |
| Tobacco Prevention 2008 | | 51 | | | | | | 51 |
| Tobacco Prevention 2009 | | 2,043 | | | | | | 2,043 |
| UEZA '08-Landscape Maintenance | | 8,304 | | 5,318 | | | | 4,505 |
| Lead Intervention for Children at Risk | 1,519 | | | | | | | |
| Parks Rehabilitation - Passaic County Open Space Grant | 137,205 | 71 | | 137,205 | | | | 71 |
| Urban Enterprise Zone-Administration | | 1,059 | | | | | | 1,059 |
| DCA Neighborhood Preservation Program | 14,592 | | | | | | | |
| Pedestrian Safety Grant - Division of Highway Traffic Safety | | 510 | | | | | | 510 |
| Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA | 29 | | | | | | 29 | |
| Municipal Alliance on Alcoholism and Drug Abuse | | 18 | | | | | | 18 |
| Public Health Priority Funding | | 2,138 | | | | | | 2,138 |
| Energy Efficiency & Conservation Block Grant - US Dept. of Energy | | 197,061 | | 13,314 | | | | 8,062 |
| | | | | | | | 175,685 | |

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

| | Balance June 30, 2013 | | Increased by: Budget Appropriation | Cash Disbursements | Cancelled | Prior Period Adjustments | Balance June 30, 2014 | |
|---|--------------------------|----------|--|-----------------------|-----------|--------------------------------|--------------------------|----------|
| | Encumbered | Reserved | | | | | Encumbered | Reserved |
| Body Armor Fund | \$ 5,139 | | | \$ 5,139 | | | | |
| Multicultural Affairs - County of Passaic | | \$ 650 | | | | | \$ 650 | |
| NJDOA-Summer Food Program | | 10,489 | | | | | | 10,489 |
| Byrne Memorial - 2010 | 14,438 | 30,920 | | 29,784 | | \$ (5,817) | 5,033 | 4,724 |
| Cancer Assessment Grant - 2011 | | 17 | | | | | | 17 |
| Lead Intervention for Children at Risk - 2011 | 324 | 58 | | | | | | 382 |
| Law Enforcement Grant | 62,129 | | | 62,129 | | | | |
| Over the Limit - Under Arrest - 2011 | | 2,000 | | | | | | 2,000 |
| Urban Enterprise Zone - Marketing 2011 | | 28,597 | | | | | | 28,597 |
| Urban Enterprise Zone - Graffiti Eradication 2011 | | 32,898 | | | | | | 32,898 |
| Urban Enterprise Zone - Security Patrol 2011 | | 38,790 | | | | | | 38,790 |
| Urban Enterprise Zone - Administration 2011 | | 1 | | | | | | 1 |
| Emergency Preparedness Grant - 2011 | | 6 | | | | | | 6 |
| Clean Communities Program - 2010 | | 367 | | | | | | 367 |
| Body Armor Fund | 15,165 | | | 15,165 | | | | |
| Juvenile Accountability Incentive Block Grant (JAIBG) - | | | | | | | | |
| Station House - 2010 | | 100 | | | | | | 100 |
| Summer Food Grant | | 1,688 | | | | | | 1,688 |
| Pedestrian Safety Grant - 2011 | | 300 | | | | | | 300 |
| Neighborhood Crime Prevention - 2011 | | 66 | | | | | | 66 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2011 | | 10 | | | | | | 10 |
| Advanced Traffic Grant | 561 | 99,865 | | 561 | | | | |
| Housing Opportunity HOPWA Grant - 2010 | 11,080 | 23,807 | \$ 2,908 | 4,261 | | | 10,569 | 96,115 |
| Alcohol Education - 2011 | | 2,590 | | 2,590 | | | | 2,096 |
| Edward Byrne Memorial - 2011 | 191,953 | | | 186,349 | | | 5,604 | |
| Baseball Tomorrow - 2011 | 2,148 | | | 1,869 | | | | 279 |
| Cancer Assessment - 2012 | 530 | | | 425 | | | | 105 |
| Clean Communities - 2012 | | 304 | | | | | | 304 |
| NJ DOT - St Francis Monroe Blaine | 272,618 | | | 272,618 | | | | |
| NJ DOT - Quincy/Allen | 9,568 | | | 9,568 | | | | |
| Fire Safer - 2012 | | 841,698 | | 687,203 | | | | 154,495 |
| Green Acres 2010: Christopher Columbus | 900,000 | | | 651,092 | | | | 248,908 |
| JAIBG - 2010 | | 14 | | | | | | 13 |
| Municipal Alliance on Alcoholism and Drug Abuse - 2012 | | 35 | | | | 562 | | 597 |

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

| | Balance June 30, 2013 | | Increased by: Budget Appropriation | Cash Disbursements | Cancelled | Prior Period Adjustments | Balance June 30, 2014 | |
|--|--------------------------|------------|--|-----------------------|-----------|--------------------------------|--------------------------|------------|
| | Encumbered | Reserved | | | | | Encumbered | Reserved |
| Open Space - 2010 - Christopher Columbus | \$ 200,000 | | \$ | 200,000 | | | | \$ 132,459 |
| Open Space - 2011 - Christopher Columbus | 500,000 | | | 367,541 | | | | 6,440 |
| Ryan White I - 2013 | | \$ 102,774 | | 25,157 | \$ 71,177 | | | 29,417 |
| Ryan White I - 2012 | | 18,148 | \$ 15,630 | 4,361 | | | | 45 |
| Summer Employment - 2012 | | 45 | | | | | | 45,265 |
| Summer Food - 2012 | | 49,995 | | 4,627 | | | \$ 103 | 1,185 |
| Walk Safe - 2012 | | 7,185 | | 6,000 | | | | 28,659 |
| Recycling Tonnage Grant - 2011 | | 28,659 | | | | | | 79,180 |
| Urban Enterprise Zone - Panatose Study | | 79,180 | | | | | | 189,760 |
| Urban Enterprise Zone - Signage Improvement | | 193,260 | | 3,500 | | | | |
| Urban Enterprise Zone - Graffiti Erad | | 3,091 | | 8,974 | | | | |
| Urban Enterprise Zone - Clean Sweep | 5,883 | | | | | | | |
| Urban Enterprise Zone - Security Patrol | | 5,120 | | | | | | |
| Urban Enterprise Zone - Revolving Loan II | | 988,185 | | 78,300 | | | 250,000 | 5,120 |
| Women Infant Children - 2012 | | 60 | | | | | | 659,885 |
| Alcohol Education - 2012 | | 4,500 | | | | | | 60 |
| Body Armor Grant - 2011 | 1,540 | | | 6,040 | | | | |
| Neighborhood Crime Prevention - 2013 | 14,389 | | | 14,389 | | | | |
| Board of Education - Playground Equipment | 120 | | | 33,225 | | | | 49 |
| Board of Education - Skateboard Park | 35,333 | | | 62,603 | | | | |
| Board of Education - Schwenko Park | 100,000 | | | 100,000 | | | | |
| Board of Education - Pulaski Park | 67,286 | | | 75,000 | | | | |
| Board of Education - Columbus Park - Indoor Facility | 200,000 | | | 75,000 | | | | |
| Board of Education - Columbus Park - Water Spray Pad | 81,634 | | | 200,000 | | | | |
| Department of Transportation - 8th Street - 2013 | | 309,160 | | 81,634 | | | 255,648 | 53,512 |
| Body Armor Grant - 2012 | 12,740 | | | 12,740 | | | | 282 |
| Summer Food Program - 2013 | | 282 | | 162,856 | | | | 266,418 |
| Safe and Secure - 2013 | | 45,000 | | | | | | 45,000 |
| Municipal Alliance - 2013 | 145 | | 24,807 | 49,059 | | | | 2,787 |
| Recycling Tonnage - 2012 | 17,891 | | | 53,489 | | (562) | 1,991 | 4,944 |
| Ryan White I - 2014 | | 20,542 | | 100,598 | | | | |
| Senior Citizen Transportation (Co.) - 2012 | | 54,385 | | 46,438 | | | | |
| WTC - 2013 | | 15,420 | | 15,420 | | | | 225 |
| Cancer Assessment - 2013 | 15,025 | | | 198,199 | | | | 10,221 |
| | | 36,675 | | 26,751 | | | | 9,924 |

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

| | Balance June 30, 2013 | | Increased by: Budget Appropriation | Cash Disbursements | Cancelled | Prior Period Adjustments | Balance June 30, 2014 | |
|---|--------------------------|----------|--|-----------------------|-----------|--------------------------------|--------------------------|-----------|
| | Encumbered | Reserved | | | | | Encumbered | Reserved |
| Clean Communities - 2013 | \$ | 69,402 | | \$ 58,726 | | \$ (6,025) | \$ 4,467 | \$ 184 |
| Childhood Lead Paint - 2013 | | 3,029 | | 6,570 | | | | 1,900 |
| Drunk Driving Enforcement Fund - 2011 | | 27,100 | | 19,088 | | | 764 | 7,248 |
| Byrne Memorial - 2012 | 232,683 | 63 | | 105,195 | | | 126,676 | 875 |
| Hep Inoculation - 2013 | | 700 | | 224 | | | | 476 |
| Edward Byrne Memorial Justice (JAG)-ARRA - 2009 | | | | | \$ 5,817 | 5,817 | | |
| Body Armor - 2013 | | | \$ 17,282 | | | | | 17,282 |
| Byrne Memorial - 2013 | | | 223,632 | 737 | | | 148,992 | 73,903 |
| Clean Community - 2014 | | | 65,072 | | | 6,025 | 6,176 | 64,921 |
| Click It or Ticker - 2014 | | | 4,000 | 3,800 | | | | 200 |
| Childhood Lead - 2014 | | | 159,250 | 151,676 | | | 3,739 | 3,835 |
| Disaster Recovery - 2013 | | | 2,040,000 | 84,795 | | | 384,705 | 1,570,500 |
| Drive Sober - 2014 | | | 12,800 | 11,800 | 100 | | | 900 |
| DOT, 8th Street - SFY 2014 | | | 250,000 | | | | | 250,000 |
| Forest Management - 2013 | | | 6,000 | | | | 4,200 | 1,800 |
| Alcohol Education - 2013 | | | 11,663 | 7,295 | | | 4,368 | |
| Hepatitis Inoculation - 2014 | | | 5,000 | 220 | | | | 4,780 |
| HOPWA - 2012 | | | 100,000 | 21,499 | | | 1,586 | 76,915 |
| Juvenile Accountability - 2013 | | | 20,165 | 16,058 | | | 1,325 | 2,782 |
| Multi Culture - 2013 | | | 900 | | | | 900 | |
| Multi Culture - 2014 | | | 1,512 | | | | 250 | 1,262 |
| Open Space - Christopher Columbus Park - 2012 | | | 200,000 | | | | | 200,000 |
| Open Space - Pulaski Park Phase II - 2013 | | | 243,000 | 41,300 | | | | 201,700 |
| Recreation Opportunity - 2013 | | | 24,000 | 20,000 | | | | 4,000 |
| Recycling Tonnage - 2013 | | | 99,373 | 58,589 | | | 37,400 | 3,384 |
| Ryan White - 2015 | | | 56,908 | 5,767 | | | | 51,141 |
| Summer Food 2014 | | | 408,604 | 2,357 | | | | 406,247 |
| Housing Opportunity - 2011 (HOPWA) | 3,698 | 69,917 | | 35,590 | | | | 38,025 |
| Summer Employment - 2013 | | 19,400 | | 19,188 | | | 200 | 12 |
| Juvenile Accountability (Co.) - 2011 | 7,444 | 5,310 | | 12,754 | | | | |
| Juvenile Accountability (Co.) - 2012 | | 13,448 | 10,000 | 23,448 | | | | |

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

| | Balance June 30, 2013 | | Increased by Budget Appropriation | Cash Disbursements | Cancelled | Prior Period Adjustments | Balance June 30, 2014 | |
|--|--------------------------|---------------------|---|-----------------------|------------------|--------------------------------|--------------------------|---------------------|
| | Encumbered | Reserved | | | | | Encumbered | Reserved |
| Urban Enterprise Zone - Graffiti Erad - 2013 | \$ 19,888 | \$ 83,619 | | \$ 83,619 | | | | |
| Urban Enterprise Zone - Clean Sweep - 2013 | | 113,536 | | 133,424 | | | | |
| Urban Enterprise Zone - Administration Salaries and Wages - 2013 | 26,600 | 16,043 | | 84,785 | | \$ 69,164 | \$ | 422 |
| Urban Enterprise Zone - Administration Commodities - 2013 | | 134,826 | | 92,262 | | (69,164) | | |
| Sr. Transportation - 2013 | | | \$ 60,402 | 44,982 | | | | 15,420 |
| Highlands Council Transfer Development Rights | | | 40,000 | 7,807 | | | \$ 17,193 | 15,000 |
| Urban Enterprise Zone - Graffiti Erad - 2014 | | | 118,838 | 21,293 | | | 19,901 | 77,644 |
| Urban Enterprise Zone - Project Clean Sweep - 2014 | | | 256,972 | 41,117 | | | 58,603 | 157,252 |
| Urban Enterprise Zone - Administration Salaries and Wages - 2014 | | | 107,000 | 6,692 | | | 39,854 | 60,454 |
| Urban Enterprise Zone - Administration Commodities - 2014 | | | 123,615 | 34,072 | | | | 89,543 |
| WIC - 2014 | | | 949,520 | 692,415 | | | 5,240 | 251,865 |
| Walk Safe - 2014 | | | 15,000 | 6,948 | | | | 8,052 |
| | <u>\$ 3,234,047</u> | <u>\$ 4,876,003</u> | <u>\$ 5,735,711</u> | <u>\$ 6,073,794</u> | <u>\$ 77,094</u> | <u>\$ -</u> | <u>\$ 1,576,895</u> | <u>\$ 6,117,978</u> |

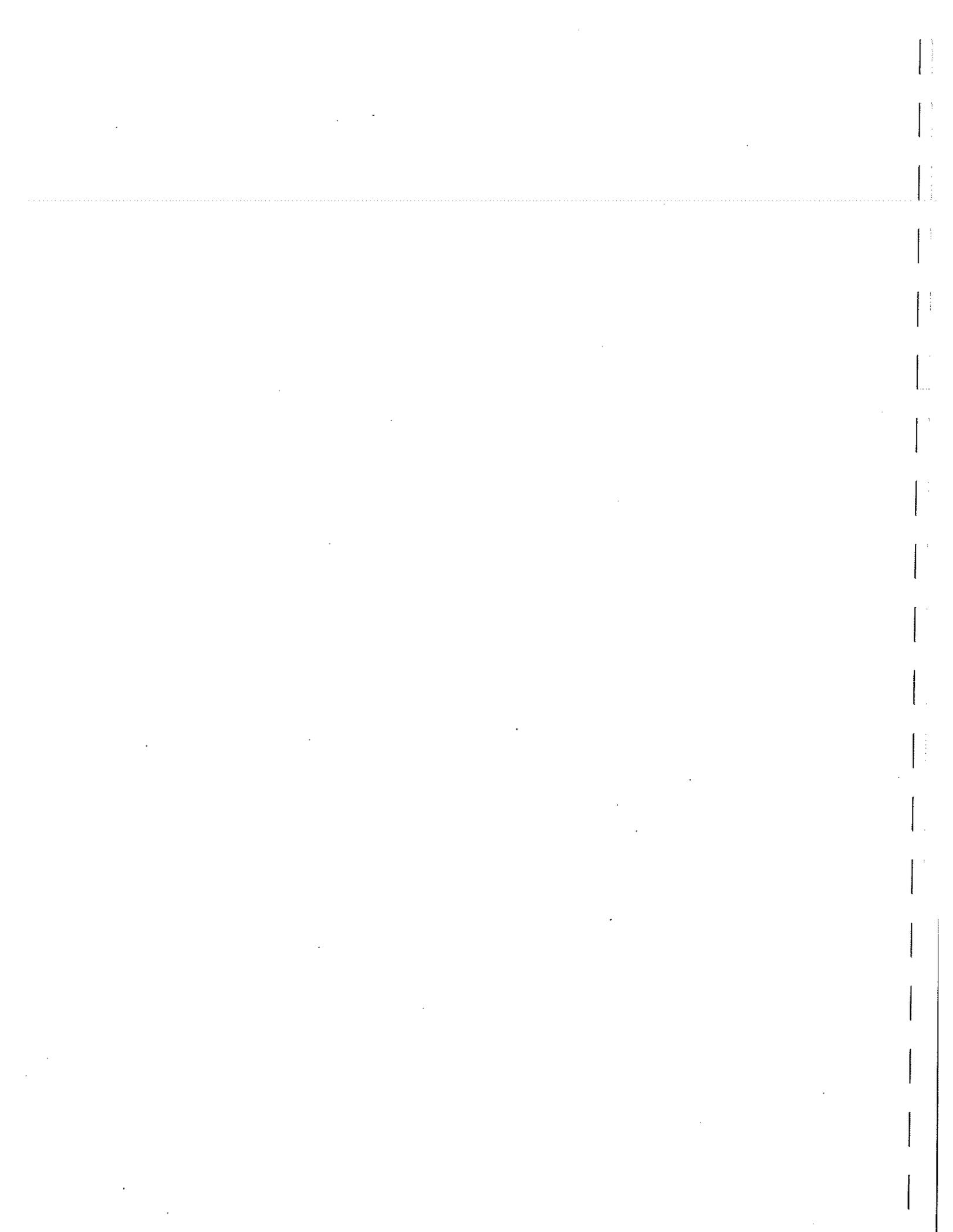
| | |
|-----------------------|---------------------|
| Cash Disbursements | \$ 4,049,376 |
| Due from Current Fund | \$ 5,735,711 |
| Due to Current Fund | 2,024,418 |
| Grants Receivable | 5,787 |
| | <u>71,307</u> |
| | <u>\$ 5,735,711</u> |
| | <u>\$ 6,073,794</u> |
| | <u>\$ 77,094</u> |

CITY OF PASSAIC
STATEMENT OF RESERVE FOR PROGRAM INCOME - GRANT FUND

| | |
|------------------------|-----------------|
| Balance, June 30, 2013 | \$ 6,000 |
| Increased by: | |
| Cash Receipts | <u>110,017</u> |
| | 116,017 |
| Decreased by: | |
| Cash Disbursements | <u>110,017</u> |
| Balance, June 30, 2014 | <u>\$ 6,000</u> |

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TRUST FUND



**CITY OF PASSAIC
STATEMENT OF TRUST CASH AND INVESTMENTS**

| | Animal Control <u>Fund</u> | Other Trust <u>Fund</u> | Community Development Block Grant <u>Fund</u> | Home Investment Program Fund |
|--|----------------------------------|-------------------------------|--|---------------------------------|
| Balance, June 30, 2013 | \$ 48,598 | \$ 6,270,404 | \$ 45,171 | \$ 54,220 |
| Increased by: | | | | |
| Animal Licenses | 7,730 | | | |
| Adoption Fees | 16,061 | | | |
| Due State of New Jersey | 1,549 | | | |
| Current Fund Receipts | | 1,010,448 | | |
| Miscellaneous Reserves and Deposits | | 58,056,373 | | |
| Received from Current Fund | | | 700,000 | 100,000 |
| Received from Grant Fund | | 425,251 | | |
| Received from Sewer Utility Operating Fund | | 200,000 | | |
| Interest Income | | | | 1,044 |
| HUD - CDBG Program Allotments | | | 2,162,991 | |
| HUD - HOME Program Allotments | - | - | - | 264,882 |
| | <u>25,340</u> | <u>59,692,072</u> | <u>2,862,991</u> | <u>365,926</u> |
| | <u>73,938</u> | <u>65,962,476</u> | <u>2,908,162</u> | <u>420,146</u> |
| Decreased by: | | | | |
| Due State of New Jersey | 1,659 | 24,980 | | |
| Animal Control Expenditures | 6,076 | | | |
| Miscellaneous Reserves and Deposits | | 58,754,787 | | |
| Reserve for Encumbrances | 2,970 | | | |
| HUD-CDBG Program Expenditures | | | 2,186,944 | |
| Payments to Current Fund | | | 603,054 | 200,000 |
| Payments made for Current Fund | | 12,045 | 420 | |
| Payments to Grant Fund | | 400,000 | | |
| HUD - Home Investment Program Expenditures | - | - | - | 202,181 |
| | <u>10,705</u> | <u>59,191,812</u> | <u>2,790,418</u> | <u>402,181</u> |
| Balance, June 30, 2014 | \$ <u>63,233</u> | \$ <u>6,770,664</u> | \$ <u>117,744</u> | \$ <u>17,965</u> |

D. A. A.

**CITY OF PASSAIC
STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

| | |
|------------------------|--------|
| Balance, June 30, 2013 | \$ 124 |
| <hr/> | |
| Increased by: | |
| Cash Receipts | 1,549 |
| | <hr/> |
| | 1,673 |
| Decreased by: | |
| Cash Disbursed | 1,659 |
| | <hr/> |
| Balance, June 30, 2014 | \$ 14 |

EXHIBIT B-3

**STATEMENT OF RESERVE FOR EXPENDITURES
ANIMAL CONTROL FUND**

| | |
|--|-----------|
| Balance, June 30, 2013 | \$ 38,608 |
| <hr/> | |
| Increased by: | |
| Dog/Cat Licenses | \$ 7,730 |
| Adoption Fees/Late Fees | 16,061 |
| | <hr/> |
| | 23,791 |
| | <hr/> |
| | 62,399 |
| Decreased by: | |
| Cash Disbursements | 6,076 |
| Encumbrances Payable | 1,680 |
| Statutory Excess - Due to Current Fund | 17,136 |
| | <hr/> |
| | 24,892 |
| | <hr/> |
| Balance, June 30, 2014 | \$ 37,507 |

EXHIBIT B-4

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

| | |
|--|-----------|
| Balance, June 30, 2013 | \$ 6,896 |
| <hr/> | |
| Increased by: | |
| Statutory Excess - Due to Current Fund | 17,136 |
| | <hr/> |
| Balance, June 30, 2014 | \$ 24,032 |

**CITY OF PASSAIC
STATEMENT OF DUE FROM GRANT FUND
OTHER TRUST FUND**

| | |
|---|------------------|
| Increased by: | |
| Payments to Grant Fund | \$ 400,000 |
| Other Trust Fund Receipts Deposited in Grant Fund | <u>52,302</u> |
| | \$ 452,302 |
| Decreased by: | |
| Receipts from Grant Fund | <u>425,251</u> |
| Balance, June 30, 2014 | <u>\$ 27,051</u> |

EXHIBIT B-6

**STATEMENT OF ENCUMBRANCES PAYABLE
ANIMAL CONTROL FUND**

| | |
|-------------------------------------|-----------------|
| Balance, June 30, 2013 | \$ 2,970 |
| Increased by: | |
| Charges to Reserve for Expenditures | <u>1,680</u> |
| | 4,650 |
| Decreased by: | |
| Cash Disbursements | <u>2,970</u> |
| Balance, June 30, 2014 | <u>\$ 1,680</u> |

EXHIBIT B-7

**STATEMENT OF OTHER RECEIVABLES
OTHER TRUST FUND**

| | |
|--|---------------|
| Balance, June 30, 2013 | \$ 19,416 |
| Decreased by: | |
| Cancelled to Miscellaneous Reserves and Deposits | <u>19,416</u> |

**CITY OF PASSAIC
STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND**

| | | |
|---|------------------|-------------------|
| Balance, June 30, 2013 | | \$ 9,832 |
| Increased by: | | |
| Current Fund Expenditures Paid by Other Trust Fund | \$ 12,045 | |
| Other Trust Reserves and Deposits: | | |
| Receipts Deposited in Current Fund | \$ 149,922 | |
| 2013 Appropriation Reserves | 400,000 | |
| 2014 Budget Appropriations | <u>3,145,441</u> | |
| | <u>3,695,363</u> | |
| | | <u>3,707,408</u> |
| | | 3,717,240 |
| Decreased by: | | |
| Other Trust Fund Expenditures Paid by Current Fund | 2,294,755 | |
| Current Fund Receipts Deposited in Other Trust Fund | <u>1,010,448</u> | |
| | | <u>3,305,203</u> |
| Balance, June 30, 2014 | | <u>\$ 412,037</u> |

EXHIBIT B-9

**STATEMENT OF DUE FROM SEWER UTILITY OPERATING FUND
OTHER TRUST FUND**

| | | |
|--|--|----------------|
| Balance, June 30, 2013 | | \$ 200,000 |
| Decreased by: | | |
| Receipts from Sewer Utility Operating Fund | | <u>200,000</u> |

EXHIBIT B-10

**STATEMENT OF DUE TO STATE OF NEW JERSEY - UNEMPLOYMENT
OTHER TRUST FUND**

| | | |
|--|--|------------------|
| Balance, June 30, 2013 | | \$ 24,980 |
| Increased by: | | |
| Unemployment Claims Charged to Miscellaneous Reserves and Deposits | | <u>28,083</u> |
| | | 53,063 |
| Decreased by: | | |
| Cash Disbursements | | <u>24,980</u> |
| Balance, June 30, 2014 | | <u>\$ 28,083</u> |

CITY OF PASSAIC
STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND

| | Balance, June 30, 2013 | Increases | Decreases | Balance, June 30, 2014 |
|---|------------------------------|----------------------|----------------------|------------------------------|
| Marriage License Fees | \$ 4,500 | \$ 15,857 | \$ 10,305 | \$ 10,052 ← G/A A/C |
| Payroll Deductions/Pension/ Salary Deposits | 234,861 | 49,289,627 | 49,306,652 | 217,836 = ? |
| Police Funds | 44,933 | 36,286 | 49,246 | 31,973 - ? |
| Police Off Duty Fees | 46,011 | 481,741 | 472,151 | 55,601 ✓ |
| Demolition & Performance Bond Deposits | 92,848 | 5,000 | 3,000 | 94,848 ✓ E |
| Tax Redemption Deposits | 399,219 | 3,240,817 | 3,471,565 | 168,471 → G/A A/C |
| Rental Rehabilitation | 7,699 | | | 7,699 - ? |
| Developers Housing Escrow Deposits | 196,584 | 99,562 | 72,174 | 223,972 ✓ H |
| Zoning Developers Escrow | 30,084 | 29,593 | 1,741 | 57,936 ✓ E |
| Planning Developers Escrow | | 11,500 | 1,316 | 10,184 ✓ E |
| Primary General Election Deposits | 21,410 | 87,031 | 66,771 | 41,670 → |
| Elevator Inspection Fees | 144,799 | 78,731 | 86,556 | 136,974 ✓ E/Inv Insp |
| Fire Permits and Fines | 74,892 | 9,382 | 57,349 | 26,925 ✓ |
| Fire Line Safety Reg. | 295,292 | 393,252 | 355,020 | 333,524 ✓ |
| Fire Dedicated Funds | 13,940 | 2,575 | 16,252 | 263 ✓ |
| Unemployment Compensation Insurance | 148,518 | 98,392 | 140,146 | 106,764 ✓ IMS |
| Self-Insurance Claims | 348,522 | 1,901,115 | 1,860,309 | 389,328 ✓ |
| Workmans Compensation Claims | 154,686 | 2,687,922 | 2,518,684 | 323,924 ✓ |
| Parking Offenses Adjudication Act Fees | 7,690 | 23,474 | 28,417 | 2,747 ✓ |
| Municipal Alliance Fund Raiser - Donations | 170 | | | 170 → Fund raiser |
| Tax Sale Premium Deposits | 2,176,050 | 2,644,200 | 1,724,400 | 3,095,850 G/A A/C |
| Festival Performance Bonds | 56,175 | 10,850 | 11,669 | 55,356 Fest. Perf. Bond |
| Recreation - Donations | 4,206 | 26,766 | 13,406 | 17,566 Rec. Donations |
| Recreation Official Fee | 5,084 | 12,736 | 8,348 | 9,472 " Official Fee |
| EMS Facility | 3,318 | 78 | | 3,396 EMS |
| United Way Alliance - Donations | 5 | | | (5) |
| Multi Cultural Affair - Donations | 10,830 | 10,000 | 10,289 | 10,541 |
| Animal Control - Donations | 4,400 | 805 | | 5,205 |
| Relocation Assistance-Donations | 1,209 | | | 1,209 |
| Senior Citizen - Donations | 6,373 | 8,316 | 6,778 | 7,911 } Donations Rec. |
| Substance Abuse - Donations | 5,164 | 2,031 | 6,297 | 898 } |
| Nextel Rebanding Escrow Deposit | 29,655 | | 19,416 | 10,239 - Snow |
| Affordable Housing - Reserve | 30,662 | | | 30,662 - Cont |
| Regional Contribution Agreement | 66,168 | 36 | 283 | 65,921 ? |
| Police and Firemen's Retirement Pension | 279 | | | 279 - |
| Health Benefit Insurance | 618,851 | 200,000 | | 818,851 ✓ IMS |
| Tax Map Assessor Emergency | 580,348 | | 338,145 | 242,203 → Emergency tax Map |
| Developers Performance Bond | 20,000 | | | 20,000 ✓ |
| Accumulated Sick and Vacation | 372,150 | 200,000 | 255,202 | 316,948 ✓ |
| Drug Court Substance Abuse | 96,211 | 172,525 | 177,543 | 91,193 |
| NJ ACH Death Certificate | 45,751 | 14,050 | | 59,801 Death Cert. |
| Festival Expense | 150 | 1,800 | 1,440 | 510 |
| Substance Abuse - NJ Medical Assistance Program | 4,192 | 2,205 | 4,342 | 2,055 |
| NJAI State Substance Abuse | 7 | | | 7 |
| Litigation Settlement | 70,776 | | | 70,776 |
| Flexible Spending Deposits | - | 5,783 | 1,829 | 3,954 → Payroll → |
| | <u>\$ 6,474,672</u> | <u>\$ 61,804,038</u> | <u>\$ 61,097,041</u> | <u>\$ 7,181,669</u> |

| | |
|-----------------------|----------------------|
| Cash Receipts | \$ 58,056,373 |
| Due from Grant Fund | 52,302 |
| Due from Current Fund | 3,695,363 |
| | <u>\$ 61,804,038</u> |

| | |
|-------------------------------|----------------------|
| Cash Disbursed | \$ 58,754,787 |
| Due to Current Fund | 2,294,755 |
| Cancelled to Other Receivable | 19,416 |
| Due to State of New Jersey | 28,083 |
| | <u>\$ 61,097,041</u> |

**CITY OF PASSAIC
STATEMENT OF DUE FROM HUD
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

| | | |
|---|----------------|-------------------|
| Balance, June 30, 2013 | | \$ 1,358,945 |
| Increased by: | | |
| Program Allotment - Year 39 | 1,572,226 | |
| Program Reallocation (FY2011) - Year 39 | <u>130,796</u> | |
| | | <u>1,703,022</u> |
| Decreased by: | | |
| Cash Receipts | | <u>2,162,991</u> |
| | | 3,061,967 |
| Balance, June 30, 2014 | | <u>\$ 898,976</u> |

EXHIBIT B-13

**STATEMENT OF RESERVE FOR PROGRAM EXPENDITURE - CDBG
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

| | | |
|--|----------------|---------------------|
| Balance, June 30, 2013 | | \$ 1,551,448 |
| Increased by: | | |
| Program Allotment - Year 39 | 1,572,226 | |
| Program Reallocation (FY 2011) - Year 39 | <u>130,796</u> | |
| | | <u>1,703,022</u> |
| Decreased by: | | |
| Cash Disbursements | | <u>2,186,944</u> |
| | | 3,254,470 |
| Balance, June 30, 2014 | | <u>\$ 1,067,526</u> |

Analysis of Balance - June 30, 2014

| | | |
|--|--|---------------------|
| Program Income - Unappropriated | | \$ 36,782 |
| Program Years Appropriated Reserves | | 1,007,050 |
| Year 38 - Boys/Girls Club Rehab. Match | | <u>23,694</u> |
| | | <u>\$ 1,067,526</u> |

**CITY OF PASSAIC
STATEMENT OF DUE FROM HUD -
HOME INVESTMENT PROGRAM FUND**

| | |
|----------------------------------|-------------------|
| Balance, June 30, 2013 | \$ <u>578,779</u> |
| Increased by: | |
| Grant Allotments | |
| Current Year Allotment - Year 39 | <u>590,522</u> |
| | 1,169,301 |
| Decreased by: | |
| Cash Receipts - HUD | <u>264,882</u> |
| Balance, June 30, 2014 | <u>\$ 904,419</u> |

**STATEMENT OF OTHER RECEIVABLES
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

| | |
|------------------------|-------------------|
| Balance, June 30, 2013 | <u>\$ 155,454</u> |
| Balance, June 30, 2014 | <u>\$ 155,454</u> |

Analysis of Balance

| | |
|----------------------------|-------------------|
| Business and Housing Loans | <u>\$ 155,454</u> |
|----------------------------|-------------------|

**STATEMENT OF MORTGAGE RECEIVABLE
HOME INVESTMENT PROGRAM FUND**

| | |
|---------------------------|-------------------|
| Balance, June 30, 2013 | \$ 450,730 |
| Increased by: | |
| Deferred Interest Accrued | <u>4,507</u> |
| Balance, June 30, 2014 | <u>\$ 455,237</u> |

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR PROGRAM EXPENDITURES - UDAG
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

| | |
|------------------------|-----------------|
| Balance, June 30, 2013 | \$ <u>8,122</u> |
| Balance, June 30, 2014 | \$ <u>8,122</u> |

**STATEMENT OF DUE TO CURRENT FUND
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

| | |
|--|------------------|
| Increased by: | |
| Cash Receipts from Current Fund | \$ 700,000 |
| Decreased by: | |
| Payments to Current Fund | \$ 603,054 |
| Current Fund Expenditures Paid by CDBG | <u>420</u> |
| | <u>603,474</u> |
| Balance, June 30, 2014 | \$ <u>96,526</u> |

**CITY OF PASSAIC
STATEMENT OF DUE TO CURRENT FUND
HOME INVESTMENT PROGRAM FUND**

| | | |
|-------------------------------|----------------|------------------|
| Balance, June 30, 2013 | | \$ 79,897 |
| Increased by: | | |
| Payments Made by Current Fund | \$ 102,683 | |
| Receipts from Current Fund | <u>100,000</u> | <u>202,683</u> |
| | | 282,580 |
| Decreased by: | | |
| Payments to Current Fund | | <u>200,000</u> |
| | | <u>\$ 82,580</u> |
| Balance, June 30, 2014 | | |

EXHIBIT B-20

**STATEMENT OF RESERVE FOR HOME INVESTMENT PROGRAM -
HOME INVESTMENT PROGRAM FUND**

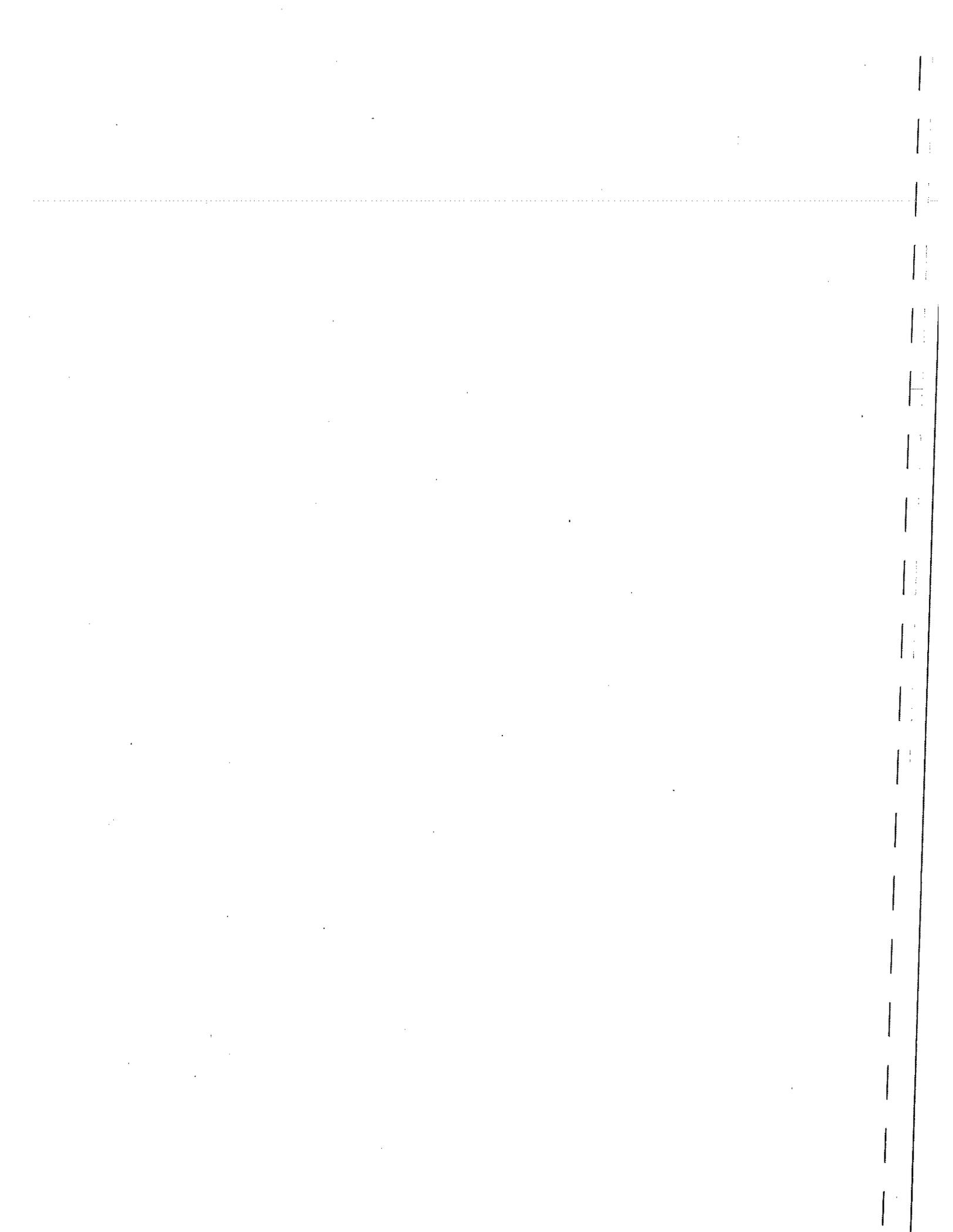
| | | |
|----------------------------------|----------------|-------------------|
| Balance, June 30, 2013 | | \$ 553,102 |
| Increased by: | | |
| Grant Allotments | \$ 590,522 | |
| Current Year Allotment - Year 38 | | |
| Program Income | <u>1,044</u> | <u>591,566</u> |
| Interest Earned | | 1,144,668 |
| Decreased by: | | |
| Cash Disbursements | 202,181 | |
| Payments Made by Current Fund | <u>102,683</u> | <u>304,864</u> |
| | | <u>\$ 839,804</u> |
| Balance, June 30, 2014 | | |

Analysis of Balance - June 30, 2014

| | | |
|-------------------------------------|--|-------------------|
| Program Income - Unappropriated | | \$ 42,360 |
| Program Years Appropriated Reserves | | 653,338 |
| Mortgage Payoff Program Reserves | | <u>144,106</u> |
| | | <u>\$ 839,804</u> |

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GENERAL CAPITAL FUND



CITY OF PASSAIC
STATEMENT OF GENERAL CAPITAL CASH AND INVESTMENTS - TREASURER

| | | |
|--|----------------|---------------------|
| Balance, June 30, 2013 | | \$ 273,600 |
| Increased by Receipts: | | |
| Interest Earned | \$ 42 | |
| Bond Anticipation Notes Issued | 2,257,500 | |
| Received from Current Fund Reserve for Debt Service | 2,860,000 | |
| | <u>10,800</u> | |
| | | <u>5,128,342</u> |
| | | 5,401,942 |
| Decreased by Disbursements: | | |
| Payments to Current Fund | 2,742,514 | |
| Reserve for Debt Service | 287 | |
| Improvement Authorizations | 697,567 | |
| Current Fund Expenditures Paid by General Capital Fund | 17,522 | |
| Encumbrances Payable | <u>931,669</u> | |
| | | <u>4,389,559</u> |
| Balance, June 30, 2014 | | <u>\$ 1,012,383</u> |

CITY OF PASSAIC
ANALYSIS OF GENERAL CAPITAL CASH

| | Balance June 30, <u>2014</u> |
|--|------------------------------------|
| Capital Improvement Fund | |
| Grants/Loans Receivable | \$ 121,499 |
| Encumbrances Payable | (750,000) |
| Due from Grant Fund | 305,348 |
| Due to Current Fund | (486) |
| Reserve for Curb and Sidewalk Improvements | 6 |
| Reserve for Debt Service | 5,000 |
| | <u>124,378</u> |

Improvement Authorizations

| <u>Ord. No.</u> | <u>Improvement Description</u> | |
|-----------------|---|--------------------------------|
| 1036-88 | Various Improvements | ? (2,075) |
| 1413-97 | Various Improvements | 83 |
| 1451-98 | Various Improvements | 9,608 |
| 1469-99 | Improvements to Broadway Viaduct | <u>15,995</u> <i>Cancelled</i> |
| 1508-01 | Various Improvements | 29,891 |
| 1542-02/ | | |
| 1784-08 | Various Improvements | 791,410 |
| 1587-03 | Various Improvements | 194,957 |
| 1623-04 | Various Improvements | 4,085 |
| 1643-04 | Various Improvements - Pulaski Park | (241,898) |
| 1655-05 | Various Improvements | 2,582 |
| 1675-05 | Various Park Improvements | 25,256 |
| 1697-06 | Purchase of Real Property | 23,716 |
| 1746-07 | Acquisition of Tractor Drawn Aerial and Equipment | 12,699 |
| 1769-08 | Building Acquisition / Improvements | 25,767 |
| 1839-10 | Improvements to Pulaski Park | 77,687 |
| 1865-11 | Acquisition of Ambulance | 103 |
| 1868-11 | Replacement of City's Telephone System | 15,935 |
| 1917-12 | Acquisition of a Fire Apparatus | 2,120 |
| 1922-12 | Acquisition of Property and Recreational Imprvts | <u>29,643</u> |
| 1935-13 | Various Capital Improvements | 149,783 |
| 1944-13 | Acquisition of DPW Equipment | <u>39,291</u> |
| | | <u>\$ 1,012,383</u> |

**CITY OF PASSAIC
STATEMENT OF GRANTS AND LOANS RECEIVABLE**

| Ord. No. | <u>Grantor Agency</u> | Balance June 30, 2013 | Balance June 30, 2014 | <u>Balance Pledged to</u> Improvement Authorizations | <u>Reserve</u> |
|---------------|--|-----------------------------|-----------------------------|--|-------------------|
| <u>Loans</u> | | | | | |
| 1643-04 | Green Acres Trust - Pulaski Park (RC Field) | \$ 250,000 | \$ 250,000 | | \$ 250,000 |
| 1839-10 | Green Acres Trust - Pulaski Park | 500,000 | 500,000 | - | 500,000 |
| | Total Loans | <u>750,000</u> | <u>750,000</u> | - | <u>750,000</u> |
| <u>Grants</u> | | | | | |
| 1643-04 | Green Acres Trust - Pulaski Park (RC Field) | \$ 250,000 | 250,000 | \$ 250,000 | |
| 1839-10 | Green Acres Trust - Pulaski Park | 500,000 | 500,000 | 500,000 | - |
| | Total Grants | <u>750,000</u> | <u>750,000</u> | <u>750,000</u> | - |
| | Grand Total | <u>\$ 1,500,000</u> | <u>\$ 1,500,000</u> | <u>\$ 750,000</u> | <u>\$ 750,000</u> |

EXHIBIT C-4

STATEMENT OF DUE TO CURRENT FUND

| | | | |
|--|--|---------------|------------------|
| Increased by: | | | |
| Receipts from Current Fund | | \$ 2,860,000 | |
| Interest Earned | | <u>42</u> | |
| | | | \$ 2,860,042 |
| Decreased by: | | | |
| Payments to Current Fund | | 2,742,514 | |
| Budget Appropriation - Capital Improvement Fund | | 100,000 | |
| Disallowed Grant Expenditures Paid by General Capital Fund | | <u>17,522</u> | |
| | | | <u>2,860,036</u> |
| Balance, June 30, 2014 | | | <u>\$ 6</u> |

CITY OF PASSAIC
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

| | |
|---|----------------------|
| Balance, June 30, 2013 | \$ 15,337,794 |
| Decreased by: | |
| Payment of Bonds - Budget Appropriation | \$ 1,725,000 |
| Payment of Loans- Budget Appropriation | <u>68,494</u> |
| | <u>1,793,494</u> |
| Balance, June 30, 2014 | <u>\$ 13,544,300</u> |

EXHIBIT C-6

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ord. No. | Improvement Description | Balance, June 30, 2013 | Balance, June 30, 2014 | Analysis of Balance June 30, 2014 | |
|-------------|--|------------------------------|------------------------------|--------------------------------------|---|
| | | | | Financed by Bond Antic. Notes | Unexpended Improvement Authorizations |
| 1036-88 | Various Improvements | \$ 2,075 | \$ 2,075 | | \$ 2,075 |
| 1469-99 | Broadway Viaduct | 20 | 20 | | \$ 20 |
| 1643-04 | Various Impts - Pulaski Park | 250,000 | 250,000 | | 241,898 |
| 1769-08 | Building Acquisitions / Imp. | 581 | 581 | | 581 |
| 1784-08 | Various Improvements | 82 | 82 | | 82 |
| 1839-10 | Improvements to Pulaski Park | 500,000 | 500,000 | 500,000 | |
| 1865-11 | Acquisition of Ambulance | 118,750 | 118,750 | 118,750 | |
| 1868-11 | Replacement of City's Telephone System | 237,500 | 237,500 | 237,500 | |
| 1917-12 | Acquisition of a Fire Apparatus | 166,250 | 166,250 | 166,250 | |
| 1935-13 | Various Capital Improvements | <u>1,235,000</u> | <u>1,235,000</u> | <u>1,235,000</u> | <u>-</u> |
| | | <u>\$ 2,510,258</u> | <u>\$ 2,510,258</u> | <u>\$ 2,257,500</u> | <u>\$ 243,973</u> |

Improvement Authorizations - Unfunded \$ 254,413

Less: Unexpended Proceeds of Bond

Anticipation Notes Issued:

| | |
|--------------|----------------|
| Ord. 1839-10 | \$ 77,687 |
| Ord. 1865-11 | 103 |
| Ord. 1868-11 | 15,935 |
| Ord. 1917-12 | 2,120 |
| Ord. 1935-13 | <u>149,783</u> |

245,628

\$ 8,785

**CITY OF PASSAIC
STATEMENT OF DUE TO/FROM GRANT FUND**

| | | |
|-----------------------------------|----|---------------|
| Balance, June 30, 2013 (Due To) | \$ | 13,591 |
| Decreased by: | | |
| Receipts deposited in Grant Fund | | <u>14,077</u> |
| Balance, June 30, 2014 (Due From) | \$ | <u>486</u> |

EXHIBIT C-8

STATEMENT OF CAPITAL IMPROVEMENT FUND

| | | |
|--|----|----------------|
| Balance, June 30, 2013 | \$ | 21,499 |
| Increased by: | | |
| Budget Appropriation Due From Current Fund | | <u>100,000</u> |
| Balance, June 30, 2014 | \$ | <u>121,499</u> |

EXHIBIT C-9

STATEMENT OF ENCUMBRANCES PAYABLE

| | | |
|--|----|------------------|
| Balance, June 30, 2013 | \$ | 1,033,279 |
| Increased by: | | |
| Charges to Improvement Authorizations | | <u>305,348</u> |
| | | 1,338,627 |
| Decreased by: | | |
| Cancelled Encumbrances Restored to Improvement Authorizations | \$ | 101,610 |
| Payments | | <u>931,669</u> |
| | | <u>1,033,279</u> |
| Balance, June 30, 2014 | \$ | <u>305,348</u> |

**CITY OF PASSAIC
STATEMENT OF BOND ANTICIPATION NOTES**

| Ord. No. | Improvement Description | Original Amount of Note | Original Date of Issue | Date of Issue | Date of Maturity | Interest Rate | Balance, June 30, 2013 | Increased | Decreased | Balance, June 30, 2014 |
|----------|--|-------------------------|------------------------|---------------|------------------|---------------|------------------------|--------------|-----------|------------------------|
| 1839-10 | Improvements to Pulaski Park | \$ 500,000 | 6/27/2014 | 6/27/2014 | 6/26/2015 | 0.72% | - | \$ 500,000 | - | \$ 500,000 |
| 1865-11 | Acquisition of Ambulance | 118,750 | 6/27/2014 | 6/27/2014 | 6/26/2015 | 0.72% | - | 118,750 | - | 118,750 |
| 1868-11 | Replacement of City's Telephone System | 237,500 | 6/27/2014 | 6/27/2014 | 6/26/2015 | 0.72% | - | 237,500 | - | 237,500 |
| 1917-12 | Acquisition of Fire Apparatus | 166,250 | 6/27/2014 | 6/27/2014 | 6/26/2015 | 0.72% | - | 166,250 | - | 166,250 |
| 1935-13 | Various Capital Improvements | 1,235,000 | 6/27/2014 | 6/27/2014 | 6/26/2015 | 0.72% | - | 1,235,000 | - | 1,235,000 |
| | | | | | | | \$ - | \$ 2,257,500 | \$ - | \$ 2,257,500 |

CITY OF PASSAIC
STATEMENT OF BONDS PAYABLE

| <u>Purpose.</u> | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Maturities of</u> | | <u>Interest Rate</u> | <u>Balance, June 30, 2013</u> | <u>Balance, June 30, 2014</u> |
|--------------------------|----------------------|-----------------------|----------------------|---------------|----------------------|-------------------------------|-------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | |
| General Obligation Bonds | 8/5/2010 | \$ 7,249,000 | 8/1/2014 | \$ 300,000 | 3.00% | | |
| | | | 8/1/2015 | 300,000 | 3.00% | | |
| | | | 8/1/2016 | 250,000 | 3.25% | | |
| | | | 8/1/2017 | 250,000 | 3.25% | | |
| | | | 8/1/2018 | 675,000 | 3.25% | | |
| | | | 8/1/2019 | 675,000 | 3.25% | | |
| | | | 8/1/2020 | 675,000 | 3.25% | | |
| | | | 8/1/2021 | 675,000 | 3.50% | | |
| | | | 8/1/2022 | 675,000 | 3.50% | | |
| | | | 8/1/2023 | 675,000 | 3.50% | | |
| | | | 8/1/2024 | 700,000 | 3.50% | | |
| | | 8/1/2025 | 700,000 | 3.75% | | | |
| | | 8/1/2026 | 699,000 | 4.00% | \$ 7,249,000 | | |
| | | | | | | | \$ 7,249,000 |

**CITY OF PASSAIC
STATEMENT OF BONDS PAYABLE**

| <u>Purpose.</u> | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Maturities of Bonds Outstanding, June 30, 2014</u> | | <u>Interest Rate</u> | <u>Balance, June 30, 2013</u> | <u>Increased</u> | <u>Decreased</u> | <u>Balance, June 30, 2014</u> |
|-----------------------------------|----------------------|-----------------------|---|---------------|----------------------|-------------------------------|------------------|------------------|-------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| ERIP Pension Refunding Bonds | 5/2/2013 | \$ 3,930,000 | 2/1/2015 | 925,000 | 1.630% | | | | |
| | | | 2/1/2016 | 1,020,000 | 1.882% | | | | |
| | | | 2/1/2017 | 1,115,000 | 2.146% | \$ 3,930,000 | \$ 870,000 | \$ 3,060,000 | |
| General Obligation Refunding Bond | 5/2/2013 | 3,385,000 | 5/1/2015 | 845,000 | 3.00% | | | | |
| | | | 5/1/2016 | 835,000 | 4.00% | | | | |
| | | | 5/1/2017 | 850,000 | 4.00% | 3,385,000 | 855,000 | 2,530,000 | |
| | | | | | | \$ 14,564,000 | \$ 1,725,000 | \$ 12,839,000 | |

Paid by Budget Appropriation

\$ 1,725,000

Analysis of Balance:

General Serial Bonds

\$ 9,779,000

Early Retirement Incentive Pension

3,060,000

Refunding Bonds

\$ 12,839,000

**CITY OF PASSAIC
STATEMENT OF GREEN ACRES LOANS PAYABLE**

| | |
|------------------------------|------------|
| Balance, June 30, 2013 | \$ 773,794 |
| Decreased by: | |
| Paid by Budget Appropriation | 68,494 |
| Balance, June 30, 2014 | \$ 705,300 |

| <u>Ord.</u> | <u>No.</u> | <u>Description</u> | |
|-------------------------------------|------------|------------------------------------|------------|
| 1442-98/1622-04/ 1675-05 | | Dundee Island Field Rehabilitation | \$ 202,972 |
| 1442-98/1474-99/ 1622-04/1675-05 | | Third Ward Park Improvements | 330,274 |
| 1442-98/1474-99/ 1622-04/1675-05 | | Hughes Lake | 156,177 |
| 1655-05 | | Pulaski Park Renovation | 15,877 |
| | | | \$ 705,300 |

EXHIBIT C-14

STATEMENT OF RESERVE FOR CURB AND SIDEWALK IMPROVEMENTS

| | |
|------------------------|----------|
| Balance, June 30, 2013 | \$ 5,000 |
| Balance, June 30, 2014 | \$ 5,000 |

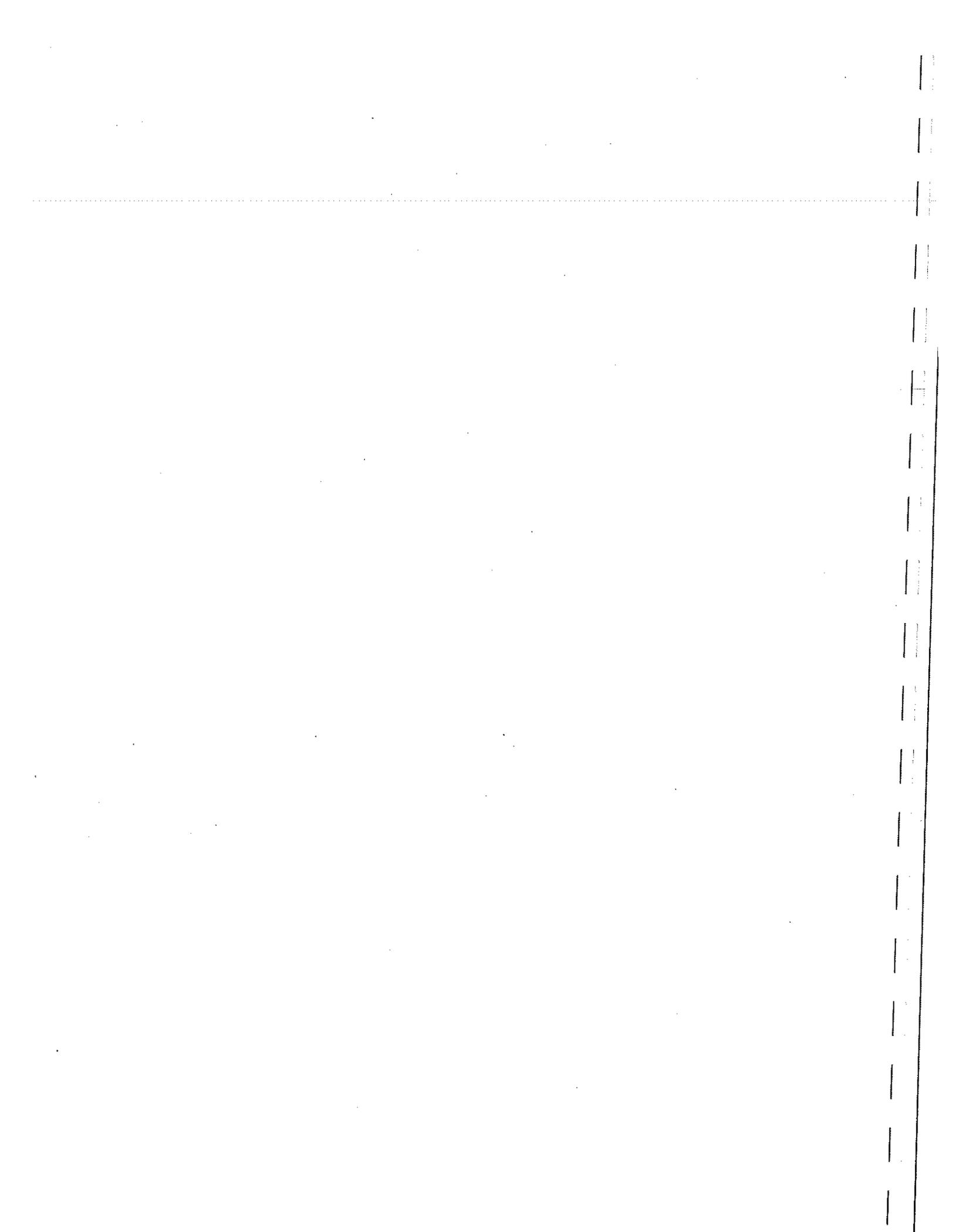
CITY OF PASSAIC
STATEMENT OF RESERVE FOR DEBT SERVICE

| | | |
|------------------------------|---------------|-------------------|
| Balance, June 30, 2013 | | \$ 99,788 |
| Increased by: | | |
| Cash Receipts | \$ 10,800 | |
| Receipts Due From Grant Fund | <u>14,077</u> | |
| | | <u>24,877</u> |
| | | 124,665 |
| Decreased by: | | |
| Cash Disbursements | | <u>287</u> |
| Balance, June 30, 2014 | | <u>\$ 124,378</u> |

CITY OF PASSAIC
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| <u>Ord. No.</u> | <u>Description</u> | Balance June 30, <u>2013</u> | Bond Anticipation Notes <u>Issued</u> | Balance June 30, <u>2014</u> |
|---------------------|--|------------------------------------|--|------------------------------------|
| 1036-88 | Various Improvements | \$ 2,075 | | \$ 2,075 |
| 1469-99 | Broadway Viaduct | 20 | | 20 |
| 1643-04 | Various Improvements - Pulaski Park (R.C. Field) | 250,000 | | 250,000 |
| 1769-08 | Acquisition of Tractor Drawn Aerial & Equipment | 581 | | 581 |
| 1784-08 | Various Improvements | 82 | | 82 |
| 1839-10 | Improvements to Pulaski Park | 500,000 | \$ 500,000 | |
| 1865-11 | Acquisition of Ambulance | 118,750 | 118,750 | |
| 1868-11 | Replacement of City's Telephone System | 237,500 | 237,500 | |
| 1917-12 | Acquisition of a Fire Apparatus | 166,250 | 166,250 | |
| 1935-13 | Various Capital Improvements | <u>1,235,000</u> | <u>1,235,000</u> | <u>-</u> |
| | | <u>\$ 2,510,258</u> | <u>\$ 2,257,500</u> | <u>\$ 252,758</u> |

SEWER UTILITY FUND



**CITY OF PASSAIC
STATEMENT OF SEWER UTILITY CASH**

| | <u>Operating Fund</u> | <u>Capital Fund</u> |
|---|-----------------------|---------------------|
| Balance, June 30, 2013 | \$ 241,342 | \$ 96,805 |
| Increased by Receipts: | | |
| Sewer Rents Received | \$ 5,065,337 | |
| Other Accounts Receivable | 164,432 | |
| Due from Passaic Valley Water Commission | 35,807 | |
| Bond Anticipation Notes Issued | | \$ 646,000 |
| Received from Sewer Utility Capital Fund | 79,619 | |
| Received from Current Fund | <u>1,000,000</u> | <u>-</u> |
| | <u>6,345,195</u> | <u>646,000</u> |
| | 6,586,537 | 742,805 |
| Decreased by Disbursements: | | |
| Budget Appropriations | 4,739,896 | |
| Appropriation Reserves | 7,500 | |
| Interest on Bonds and Notes | 37,350 | |
| Improvement Authorizations | | 25,502 |
| Encumbrances Payable | | 23,288 |
| Payments made to Sewer Utility Operating Fund | | 79,619 |
| Payments made to Other Trust Fund | 200,000 | |
| Payments made to Current Fund | <u>1,167,815</u> | <u>450,000</u> |
| | <u>6,152,561</u> | <u>578,409</u> |
| Balance, June 30, 2014 | <u>\$ 433,976</u> | <u>\$ 164,396</u> |

EXHIBIT D-6

ANALYSIS OF SEWER CAPITAL CASH

| | <u>Balance, June 30, 2014</u> |
|------------------------------------|---------------------------------------|
| Fund Balance | \$ 1,010 |
| Encumbrances Payable | 400 |
| Improvement Authorizations: | |
| Ord. No. | |
| 1611-04 Various Sewer Improvements | (44,000) |
| 1667-05 Various Sewer Improvements | 11,384 |
| 1698-06 Various Sewer Improvements | 11,405 |
| 1822-10 Various Sewer Improvements | 12,217 |
| 1871-11 Various Sewer Improvements | 138,175 |
| 1913-12 Various Sewer Improvements | <u>33,805</u> |
| Balance, June 30, 2014 | <u>\$ 164,396</u> |

**CITY OF PASSAIC
STATEMENT OF CONSUMERS' ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND**

| | | |
|---|---------------|---------------------|
| Balance, June 30, 2013 | | \$ 1,098,359 |
| <hr/> | | |
| Increased by: | | |
| Sewer Rents Levied - Net | | <u>5,140,770</u> |
| Decreased by: | | 6,239,129 |
| Sewer Rents Collected: | | |
| Receipts from Passaic Valley Water Commission | \$ 5,065,337 | |
| Due From Passaic Valley Water Commission | <u>10,789</u> | |
| | | <u>5,076,126</u> |
| Balance, June 30, 2014 | | <u>\$ 1,163,003</u> |

**STATEMENT OF OTHER ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND**

| | | |
|------------------------------|--|-------------------|
| Balance, June 30, 2013 | | \$ 297,675 |
| <hr/> | | |
| Increased by: | | |
| St. Marys Sewer Rents Levied | | <u>132,607</u> |
| Decreased by: | | 430,282 |
| Cash Receipts | | <u>164,432</u> |
| Balance, June 30, 2014 | | <u>\$ 265,850</u> |

**STATEMENT OF DUE FROM PASSAIC VALLEY WATER COMMISSION
SEWER UTILITY OPERATING FUND**

| | | |
|-------------------------------------|--|------------------|
| Balance, June 30, 2013 | | \$ 35,807 |
| <hr/> | | |
| Increased by: | | |
| Rents Due from SFY 2014 Collections | | <u>10,789</u> |
| Decreased by: | | 46,596 |
| Cash Receipts | | <u>35,807</u> |
| Balance, June 30, 2014 | | <u>\$ 10,789</u> |

**CITY OF PASSAIC
STATEMENT OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND**

| | Balance, June 30, 2013 | Balance, June 30, 2014 |
|--------------------------|------------------------------|------------------------------|
| Sanitary Sewer System | \$ 4,899,460 | \$ 4,899,460 |
| Sewer Jet Cleaning Truck | 185,000 | 185,000 |
| T.V. Camera Truck | <u>125,000</u> | <u>125,000</u> |
| | <u>\$ 5,209,460</u> | <u>\$ 5,209,460</u> |

EXHIBIT D-11

**STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND**

| <u>Ordinance Number</u> | <u>Description</u> | Balance, June 30, 2013 | Balance, June 30, 2014 |
|-----------------------------|----------------------------|------------------------------|------------------------------|
| 1611-04 | Various Sewer Improvements | \$ 11,384 | \$ 11,384 |
| 1667-05 | Various Sewer Improvements | 11,613 | 11,613 |
| 1698-06 | Various Sewer Improvements | 12,217 | 12,217 |
| 1822-10 | Various Sewer Improvements | 280,000 | 280,000 |
| 1871-11 | Various Sewer Improvements | 400,000 | 400,000 |
| 1913-12 | Various Sewer Improvements | <u>715,214</u> | <u>715,214</u> |

EXHIBIT D-12

**STATEMENT OF DUE TO CURRENT FUND
SEWER UTILITY OPERATING FUND**

| | |
|---|------------------|
| Balance, June 30, 2013 | \$ 40,465 |
| Increased by: | |
| Cash Receipts from Current Fund | \$ 1,000,000 |
| Appropriation Reserves Lapsed - Return of Prior Year Deficit Funding | 13,765 |
| Payments Made by Current Fund for Sewer Utility Operating Fund Budget | <u>127,350</u> |
| | <u>1,141,115</u> |
| | 1,181,580 |
| Decreased by: | |
| Payments to Current Fund | <u>1,167,815</u> |
| Balance, June 30, 2014 | <u>\$ 13,765</u> |

CITY OF PASSAIC
STATEMENT OF DUE TO OTHER TRUST FUND
SEWER UTILITY OPERATING FUND

| | |
|------------------------------|----------------|
| Balance, June 30, 2013 | \$ 200,000 |
| Decreased by: | |
| Payments to Other Trust Fund | <u>200,000</u> |

STATEMENT OF DUE TO SEWER UTILITY OPERATING FUND
SEWER UTILITY CAPITAL FUND

| | |
|--|---------------|
| Balance, June 30, 2013 | \$ 79,619 |
| Decreased by: | |
| Cash Disbursements to Sewer Utility Operating Fund | <u>79,619</u> |

**CITY OF PASSAIC
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND**

| Ordinance Number | Description | Ordinance Amount | Balance June 30, 2013 | | Expended | Balance June 30, 2014 | |
|---------------------|----------------------------|---------------------|--------------------------|------------|-----------|--------------------------|------------|
| | | | Funded | Unfunded | | Funded | Unfunded |
| 1667-05 | Various Sewer Improvements | \$ 280,000 | \$ 11,384 | | | \$ 11,384 | |
| 1698-06 | Various Sewer Improvements | 280,000 | 11,405 | \$ 208 | | 11,405 | \$ 208 |
| 1822-10 | Various Sewer Improvements | 280,000 | 12,217 | | | 12,217 | |
| 1871-11 | Various Sewer Improvements | 280,000 | | 145,002 | \$ 6,827 | | 138,175 |
| 1913-12 | Various Sewer Improvements | 400,000 | | 52,880 | 19,075 | | 33,805 |
| | | | \$ 35,006 | \$ 198,090 | \$ 25,902 | \$ 35,006 | \$ 172,188 |

| | |
|----------------------|------------------|
| Encumbrances Payable | \$ 400 |
| Cash Disbursements | 25,502 |
| | <u>\$ 25,902</u> |

**CITY OF PASSAIC
STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND**

| | | |
|---|--|--|
| Balance, June 30, 2013 | | \$ 7,500 |
| <hr style="border-top: 1px dashed black;"/> | | |
| Increased by: | | |
| Charges to Budget Appropriations | | 7,600 |
| | | <hr style="width: 50%; margin-left: auto;"/> |
| Decreased by: | | 15,100 |
| Transferred to 2013 Appropriation Reserves | | 7,500 |
| | | <hr style="width: 50%; margin-left: auto;"/> |
| Balance, June 30, 2014 | | \$ <u>7,600</u> |

**STATEMENT OF DUE TO CURRENT FUND
SEWER UTILITY CAPITAL FUND**

| | | |
|------------------------|--|--|
| Balance, June 30, 2013 | | \$ 450,000 |
| Decreased by: | | |
| Cash Disbursements | | 450,000 |
| | | <hr style="width: 50%; margin-left: auto;"/> |

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND**

| | |
|---------------------------|--------------|
| Balance, June 30, 2013 | \$ 3,995,460 |
| Increased by: | |
| Paid by Operating Budget: | |
| Serial Bonds | 90,000 |
| Balance, June 30, 2014 | \$ 4,085,460 |

EXHIBIT D-19

**STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND**

| | |
|------------------------|-----------|
| Balance, June 30, 2013 | \$ 69,006 |
| Balance, June 30, 2014 | \$ 69,006 |

Analysis of Balance - June 30, 2014

| Ord. No. | <u>Description</u> | <u>Amount</u> |
|-------------|----------------------------|---------------|
| 1667-05 | Various Sewer Improvements | \$ 11,384 |
| 1698-06 | Various Sewer Improvements | 11,405 |
| 1822-10 | Various Sewer Improvements | 12,217 |
| 1871-11 | Various Sewer Improvements | 14,000 |
| 1913-12 | Various Sewer Improvements | 20,000 |
| | | \$ 69,006 |

**CITY OF PASSAIC
STATEMENT OF ACCRUED INTEREST ON BONDS
SEWER UTILITY OPERATING FUND**

| | |
|----------------------------------|-----------|
| Balance, June 30, 2013 | \$ 16,018 |
| Increased by: | |
| Charges to Budget Appropriations | |
| Interest on Bonds | 36,232 |
| 52,250 | |
| Decreased by: | |
| Interest Paid | 37,350 |
| Balance, June 30, 2014 | \$ 14,900 |

**STATEMENT OF 2013 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

| | Balance June 30, <u>2013</u> | Balance After <u>Modifications</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|-----------------------------|------------------------------------|--|---------------------------|--------------------------|
| OPERATING | | | | |
| Other Expenses | \$ 39,941 | \$ 47,441 | \$ 7,500 | \$ 39,941 |
| | \$ 39,941 | \$ 47,441 | \$ 7,500 | \$ 39,941 |
| Encumbrances Payable | | \$ 7,500 | | |
| 2013 Appropriation Reserves | | 39,941 | | |
| | | \$ 47,441 | | |
| Cash Disbursements | | | \$ 7,500 | |
| Due to Current Fund | | | | \$ 13,765 |
| Credited to Operations | | | | 26,176 |
| | | | | \$ 39,941 |

**CITY OF PASSAIC
STATEMENT OF SERIAL BONDS
SEWER UTILITY CAPITAL FUND**

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Maturities of Bonds Outstanding</u> | | <u>Interest Rate</u> | <u>Balance, June 30, 2013</u> | <u>Increased</u> | <u>Decreased</u> | <u>Balance, June 30, 2014</u> |
|---------------------|----------------------|-----------------------|--|---------------|----------------------|-------------------------------|------------------|------------------|-------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| Sewer Bonds of 2010 | 7/27/2010 | \$ 1,266,000 | 8/1/2014 | \$ 90,000 | 3.00% | | | | |
| | | | 8/1/2015 | 90,000 | 3.00% | | | | |
| | | | 8/1/2016 | 90,000 | 3.25% | | | | |
| | | | 8/1/2017 | 90,000 | 3.25% | | | | |
| | | | 8/1/2018 | 90,000 | 3.25% | | | | |
| | | | 8/1/2019 | 90,000 | 3.25% | | | | |
| | | | 8/1/2020 | 90,000 | 3.25% | | | | |
| | | | 8/1/2021 | 90,000 | 3.50% | | | | |
| | | | 8/1/2022 | 90,000 | 3.50% | | | | |
| | | | 8/1/2023 | 90,000 | 3.50% | | | | |
| | | | 8/1/2024 | 90,000 | 3.50% | | | | |
| | | | 8/1/2025 | 90,000 | 3.75% | \$ 1,170,000 | - | \$ 90,000 | \$ 1,080,000 |
| | | | | | | \$ 1,170,000 | \$ - | \$ 90,000 | \$ 1,080,000 |
| | | | | | | | | \$ 90,000 | |

Paid by Budget Appropriation

CITY OF PASSAIC
STATEMENT OF BOND ANTICIPATION NOTES
SEWER UTILITY CAPITAL FUND

| Ord. No. | Improvement Description | Original Amount of Note | Original Date of Issue | Date of Issue | Date of Maturity | Interest Rate | Balance, June 30, 2013 | Increased | Decreased | Balance, June 30, 2014 |
|----------|----------------------------|-------------------------|------------------------|---------------|------------------|---------------|------------------------|------------|-----------|------------------------|
| 1871-11 | Various Sewer Improvements | \$ 266,000 | 6/27/2014 | 6/27/2014 | 6/26/2015 | 0.72% | - | \$ 266,000 | - | \$ 266,000 |
| 1913-12 | Various Sewer Improvements | 380,000 | 6/27/2014 | 6/27/2014 | 6/26/2015 | 0.72% | - | 380,000 | - | 380,000 |
| | | | | | | | \$ - | \$ 646,000 | \$ - | \$ 646,000 |

**CITY OF PASSAIC
STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY CAPITAL FUND**

| | | |
|---------------------------------------|--|-----------|
| Balance, June 30, 2013 | | \$ 23,288 |
| Increased by: | | |
| Charges to Improvement Authorizations | | 400 |
| | | 23,688 |
| Decreased by: | | |
| Cash Disbursements | | 23,288 |
| Balance, June 30, 2014 | | \$ 400 |

EXHIBIT D-25

**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
SEWER UTILITY CAPITAL FUND**

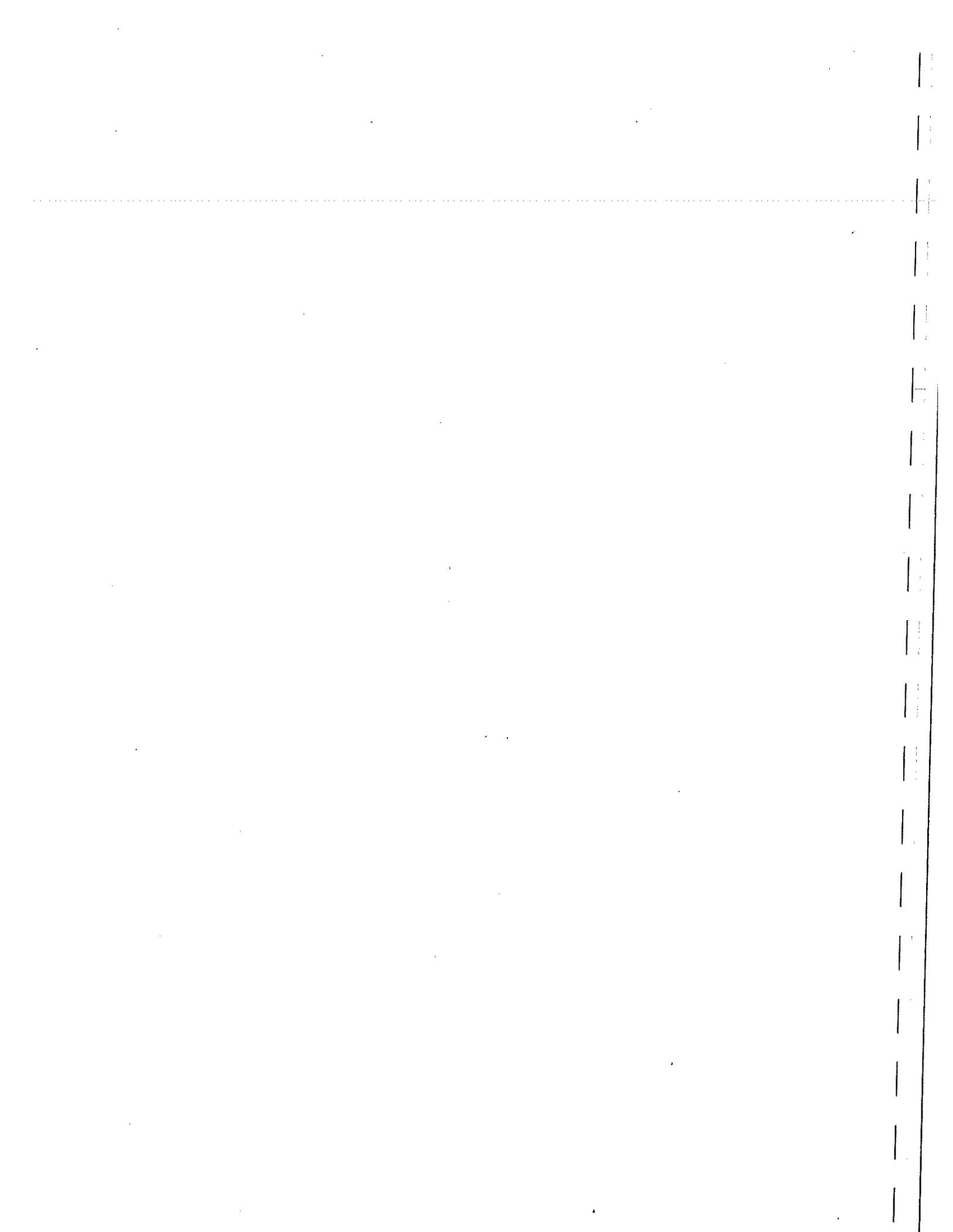
| Ord. No. | <u>Improvement Description</u> | Balance, June 30, <u>2013</u> | Bond Anticipation <u>Notes Issued</u> | Balance, June 30, <u>2014</u> |
|-------------|--------------------------------|-------------------------------------|---|-------------------------------------|
| 1611-04 | Various Sewer Improvements | \$ 44,000 | | \$ 44,000 |
| 1698-06 | Various Sewer Improvements | 208 | | 208 |
| 1871-11 | Various Sewer Improvements | 266,000 | \$ 266,000 | |
| 1913-12 | Various Sewer Improvements | 380,000 | 380,000 | - |
| | | \$ 690,208 | \$ 646,000 | \$ 44,208 |

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CITY OF PASSAIC

PART II

SINGLE AUDIT SECTION





LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Passaic
Passaic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the City of Passaic, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2015. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited General Fixed Assets Account Group financial statements.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be material weaknesses or significant weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 as item 2014-001 to be a material weakness.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2014-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Passaic's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002.

We also noted certain matters that we reported to management of the City of Passaic in Part III of this report of audit entitled; "Letter of Comments and Recommendations"

City of Passaic's Responses to Findings

The City of Passaic's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Passaic's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Registered Municipal Accountant
RMA Number C800398

Fair Lawn, New Jersey
January 30, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY U.S. OMB CIRCULAR A-133 AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY
OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Passaic
Passaic, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the City of Passaic's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of City of Passaic's major federal and state programs for the fiscal year ended June 30, 2014. The City of Passaic's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Passaic's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and 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 and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Passaic's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Passaic's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Passaic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2014-003 through 2014-005. Our opinion on each major federal and state program is not modified with respect to these matters.

The City of Passaic's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Passaic's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-003 and 2014-005 to be material weaknesses.

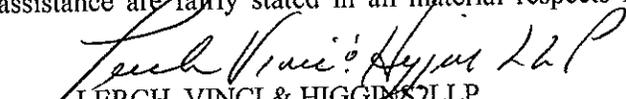
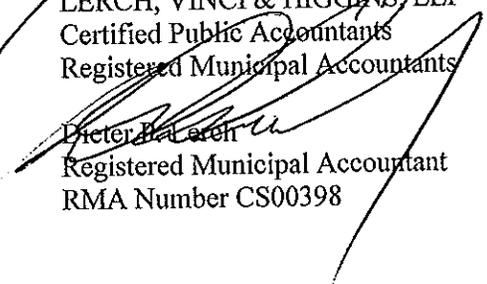
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-004 to be a significant deficiency.

The City of Passaic's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Passaic's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements - regulatory basis of the City of Passaic as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements and have issued our report thereon dated January 30, 2015, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained a modified opinion on those financial statements prepared and presented in accordance with the regulatory basis of accounting because of the unaudited General Fixed Assets Account Group financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.


LERCH, VINCI & HIGGINS LLP
Certified Public Accountants
Registered Municipal Accountants

Dieter H. Lerch
Registered Municipal Accountant
RMA Number CS00398

Fair Lawn, New Jersey
January 30, 2015

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| State Grant Program | CFDA Number | State Acct Number | Grant Award Amount | Grant Receipts | Balance, June 30, 2013 | Revenue Realized | Local Match | Program Income | Expenditures | (Cancelled)/ Adjustment | Balance, June 30, 2014 | Cumulative Expended |
|--|-------------|---------------------|--------------------|----------------|------------------------|------------------|-------------|----------------|--------------|-------------------------|------------------------|---------------------|
| U.S. Department of Health and Human Services | | | | | | | | | | | | |
| Ryan White Title I - 2015 | 93.924 | N/A | \$ 56,908 | | | \$ 56,908 | | | \$ 5,767 | | \$ 51,141 | \$ 5,767 |
| Ryan White Title I - 2013 | 93.924 | N/A | 169,787 | | \$ 102,774 | | | | 25,157 | (71,177) | 6,440 | 92,170 |
| Ryan White Title I - 2013 | 93.924 | N/A | 58,098 | \$ 92,704 | 54,385 | 46,438 | | | 100,598 | | 225 | 57,873 |
| Ryan White Title I - 2012 | 93.924 | N/A | 174,774 | | 18,148 | 15,630 | | | 4,361 | | 29,417 | 145,357 |
| Ryan White Title I - 2008 | 93.924 | N/A | 172,274 | | 100 | | | | | | 100 | 172,174 |
| Department of Parks and Recreation | | | | | | | | | | | | |
| Columbia Park/UPAR/Green Acres | 15.919 | N/A | | | 3,721 | | | | | | 3,721 | |
| U.S. Department of Community Affairs - (Pass through State Department of Community Affairs - Housing Services) | | | | | | | | | | | | |
| Neighborhood Preservation | 14.000 | 022-8020-100-017-12 | 2,437,775 | | 14,592 | | | | 11,903 | | 2,689 | 2,205,086 |
| U.S. Department of Health - (Pass through State Division of Family Health Services) | | | | | | | | | | | | |
| Women, Infants, and Children-2014 | 10.557 | 046-4220-100-113-14 | 949,520 | 339,429 | | 949,520 | | | 692,415 | | 257,105 | 692,415 |
| Women, Infants, and Children-2013 | 10.557 | 046-4220-100-113-13 | 837,516 | 353,497 | 208,420 | | | | 198,199 | | 10,221 | 827,295 |
| Women, Infants, and Children-2012 | 10.557 | 046-4220-100-113-12 | 779,507 | | 60 | | | | | | 60 | 779,447 |
| U.S. Department of Agriculture - (Pass through State Division of Food and Nutrition) | | | | | | | | | | | | |
| 14 Summer Food Program | 10.559 | 010-3350-100-033-14 | 408,604 | | | 408,604 | | | 2,357 | | 406,247 | |
| 13 Summer Food Program | 10.559 | 010-3350-100-033-13 | 430,559 | 186,065 | 429,274 | | | | 162,856 | | 266,418 | 164,141 |
| 12 Summer Food Program | 10.559 | 010-3350-100-033-12 | 404,678 | | 49,995 | | | | 4,627 | | 45,368 | 171,556 |
| 11 Summer Food Program | 10.559 | 010-3350-100-033-11 | 458,147 | | 1,688 | | | | 1,688 | | 1,688 | 456,459 |
| 10 Summer Food Program | 10.559 | 010-3350-100-033-10 | 287,527 | | 10,489 | | | | | | 10,489 | 277,038 |
| 09 Summer Food Program | 10.559 | 010-3350-100-033-09 | 369,547 | | 11,957 | | | | | | 11,957 | 357,590 |
| U.S. Department of Justice | | | | | | | | | | | | |
| Neighborhood Crime Prevention | 16.710 | N/A | 54,104 | | 66 | | | | | | 66 | 54,038 |
| Neighborhood Crime Prevention | 16.710 | N/A | 33,274 | 33,274 | 33,274 | | | | 33,225 | | 49 | 33,225 |
| Pass through Dept of Law and Public Safety-Division of Criminal Justice: | | | | | | | | | | | | |
| Byrne Memorial Justice Asst. 2014 | 16.738 | 066-1020-100-364-13 | 223,632 | | | 223,632 | | | 737 | | 222,895 | 737 |
| Byrne Memorial Justice Asst. 2013 | 16.738 | 066-1020-100-364-12 | 232,746 | | 232,746 | | | | 105,195 | | 127,551 | 105,195 |
| Byrne Memorial Justice Asst. 2011 | 16.738 | 066-1020-100-364-11 | 284,032 | 67,471 | 191,953 | | | | 186,349 | | 5,604 | 278,428 |
| Byrne Memorial Justice Asst. 2010 | 16.738 | 066-1020-100-364-10 | 362,938 | 120,831 | 45,338 | | | | 35,601 | | 9,757 | 353,181 |
| Byrne Memorial Justice Asst. 2009 | 16.738 | 066-1020-100-364-09 | 378,650 | | 29 | | | | | | 29 | 378,621 |
| Byrne Memorial Justice Asst. 2006 | 16.738 | 066-1020-100-364-06 | 355,820 | | 377 | | | | | | 377 | 355,443 |

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| State Grant Program | CFDA Number | State Acct Number | Grant Award Amount | Grant Receipts | Balance, June 30, 2013 | Revenue Realized | Local Match | Program Income | Expenditures | (Cancelled)/ Adjustment | Balance, June 30, 2014 | Cumulative Expended |
|---|-------------|----------------------|--------------------|----------------|------------------------|------------------|-------------|----------------|--------------|-------------------------|------------------------|---------------------|
| U.S. Department of Homeland Security (Passed through State Department of Law and Public Safety) | 97.036 | 066-1200-100-A92 | \$ 419 | \$ 419 | \$ 419 | \$ 419 | | | \$ 419 | | \$ 154,495 | \$ 1,375,809 |
| FEMA - Public Assistance Grants - Hurricane Sandy Fire Safer Program | 97.083 | N/A | 1,330,304 | 697,531 | 841,698 | | | | 687,203 | | | |
| U.S. Department of Transportation - (Pass through State Dept of Transportation - Local Municipal Aid) | 20.205 | | | | | 250,000 | | | | | 250,000 | |
| Highway Planning and Construction Program | | | 250,000 | | 309,160 | | | | | | 309,160 | 300,614 |
| Transportation Trust - 8th Street | | 078-6320-480-XXXX-XX | 309,160 | | 309,160 | | | | | | | 285,500 |
| Transportation Trust - 8th Street | | 078-6320-480-XXXX-XX | 300,614 | 272,573 | 272,618 | | | | 272,618 | | | 198,945 |
| Transportation Trust - St. Francis, Monroe, Blaine | | 078-6320-480-XXXX-XX | 285,500 | 285,500 | 9,568 | | | | 9,568 | | 61,555 | |
| Transportation Trust - Quincy/Allen | | 078-6320-480-XXXX-XX | 260,500 | | 61,555 | | | | | | | |
| Transportation Trust - Howel/Lincoln/St. Francis | | | | | | | | | | | | |
| U.S. Department of Justice - (Pass through Dept of Law and Public Safety- Division of Highway Traffic Safety) | 20.601 | 066-1160-100-057-XX | 9,400 | | 2,000 | | | | | | 2,000 | 7,400 |
| Drunk Driver Prevention (Drive Sober) | 20.609 | 066-1160-100-146-XX | 4,000 | | | 4,000 | | | 3,800 | | 200 | 3,800 |
| Click It or Ticket - Seat Belt Campaign | 20.609 | 066-1160-100-146-XX | 4,000 | 4,000 | | | | | | | | 4,000 |
| Click It or Ticket - Seat Belt Campaign | 20.601 | 066-1160-100-057-14 | 12,800 | 12,700 | | 12,800 | | | 11,800 | (100) | 900 | 11,800 |
| Drunk Driver Prevention (Drive Sober) | 20.609 | 066-1160-100-146-XX | 17,000 | | 300 | | | | | | 300 | 16,700 |
| Pedestrian Safety Grant | 20.609 | 066-1160-100-146-XX | 18,000 | | 510 | | | | | | 510 | 17,490 |
| Pedestrian Safety Grant | 20.616 | | | | | | | | | | | |
| Booster Seat Enforcement Grant | 20.613 | N/A | 20,000 | | 1,227 | | | | | | 1,227 | 18,773 |
| U.S. Department of Energy Energy Efficiency & Conserv. Bl. Grant | 81.128 | N/A | 613,800 | | 197,061 | | | | 13,314 | | 183,747 | 430,053 |
| U.S. Department of Housing and Urban Development | 14.218 | N/A | 1,703,022 | 2,162,991 | 1,551,448 | 1,703,022 | | | 2,186,944 | | 1,067,526 | 8,761,708 |
| CDBG Entitlement Grants | 14.256 | N/A | 2,040,000 | 17,386 | | 2,040,000 | | | 84,795 | | 1,955,205 | 84,795 |
| Disaster Recovery Grant | 14.000 | N/A | | | 4,890 | | | | | | 4,890 | |
| Relocation Assistance Program | 14.000 | N/A | | | 8,122 | | | | | | 8,122 | |
| Urban Development Action Grant | 14.000 | N/A | | | 553,102 | | | | | | 839,804 | 4,864,155 |
| Home Investment Partnership Program | 14.239 | N/A | 590,522 | 264,882 | | 590,522 | | 1,044 | 304,864 | | | |
| | | | | | \$ 5,222,665 | \$ 6,301,495 | \$ - | \$ 1,044 | \$ 5,144,672 | \$ (71,277) | \$ 6,309,255 | |

N/A - Not Applicable

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| State Grant Program | Account Numbers | Grant Year | Grant Award | Grant Receipts | Balance, June 30, 2013 | Revenue Realized | Local Match | Expended | Adjustments | Balance, June 30, 2014 | Cumulative Expended | | | |
|-------------------------------------|--------------------------|------------------------------------|--------------------------------------|-------------------------------|------------------------|------------------|-------------|-----------|-------------|------------------------|---------------------|---------|---------|---------|
| Department of Community Affairs | Clean Communities Grant | 2014 | \$ 65,072 | \$ 65,072 | \$ 69,402 | \$ 65,072 | | \$ 64,751 | \$ 6,025 | \$ 71,097 | \$ 64,751 | | | |
| | | 2013 | 69,402 | | 304 | | | | 4,651 | 304 | 4,651 | 58,808 | | |
| | | Clean Communities Grant | 2011 | 59,112 | | 87 | | | | | (87) | | 60,036 | |
| | | | 2010 | 60,036 | | 367 | | | | | | 367 | 63,560 | |
| | | Clean Communities Grant | 2004 | 63,927 | | 367 | | | | | | 367 | 382,160 | |
| | | | 2004 | 531,600 | | 149,440 | | | | | | 149,440 | 382,160 | |
| | | Lead Intervention | 2011 | 159,250 | | 382 | | | | | | 382 | 158,868 | |
| | | | 2013 | 24,000 | | | | 24,000 | | 20,000 | | 4,000 | 20,000 | |
| | | Domestic Violence Training Program | N/A | 3,000 | | 1,397 | | | | | | 1,397 | 1,603 | |
| | | | 2014 | 99,373 | | 99,373 | | 99,373 | | 58,589 | | 40,784 | 58,589 | |
| | | Recycling Tonnage | 042-4900-752-001-13 | 2013 | 100,865 | | 38,433 | | | 33,489 | | 4,944 | 95,921 | |
| | | | 042-4900-752-001-12 | 2012 | 97,518 | | 28,659 | | | 28,659 | | 28,659 | 68,859 | |
| | | Summer Employment | N/A | 2013 | 19,400 | | 19,400 | | | 19,188 | | 212 | 19,188 | |
| | | | N/A | 2012 | 19,400 | | 45 | | | | | 45 | 19,355 | |
| | | Public Health Priority Funding | Alcohol Education and Rehabilitation | 2010 | 31,096 | | 2,138 | | | | | 2,138 | 28,958 | |
| | | | | 2013 | 11,663 | | 6,040 | | 11,663 | | 7,295 | 4,368 | 7,295 | |
| | | | | 2012 | 11,440 | | 2,590 | | | | 6,040 | | 11,440 | |
| | | | | 2011 | 10,140 | | | | | | 2,590 | | 10,140 | |
| | | | | 2014 | 159,250 | | 114,660 | | 159,250 | | 151,676 | | 7,574 | 151,676 |
| | | | | 2013 | 159,250 | | 47,697 | | | | 6,570 | | 1,900 | 157,350 |
| | | | | 2010 | 168,000 | | | 71 | | | | | 71 | 167,929 |
| | | | | Passed Thru County of Passaic | Municipal Alliance | 2013 | 74,418 | | 29,592 | | 24,807 | 49,621 | 562 | 4,778 |
| 2012 | 41,903 | | | | | | 35 | | | | | 597 | 41,306 | |
| 2011 | 52,048 | | | | | | 571 | | | | | | 52,038 | |
| 2010 | 55,800 | | 18 | | | | | | | | 18 | 55,782 | | |
| 2009 | 55,800 | | 297 | | | | | | | | 297 | 55,503 | | |
| 2008 | 46,300 | | 195 | | | | | | | | 11 | 46,289 | | |
| 2007 | 46,300 | | 13 | | | | | | | | | 46,300 | | |
| 2006 | 46,300 | | 5 | | | | | | | | | 46,300 | | |
| 2013 | 60,402 | | 613 | | | | 60,402 | | 44,982 | | 15,420 | 44,982 | | |
| 2012 | 15,420 | | | | | | 15,420 | | 15,420 | | | 15,420 | | |
| Cancer Control and Prevention Grant | Cancer Assessment - 2011 | 2011 | 65,000 | | 17 | | | | | 613 | 64,387 | | | |
| | | 2012 | 52,407 | | 530 | | | | | 17 | 64,983 | | | |
| | | 2013 | 38,300 | | 36,675 | | | | 425 | | 105 | 52,302 | | |
| | | 2014 | 1,512 | | 756 | | | 26,751 | | 9,924 | 28,376 | | | |
| Multi Cultural | Multi Cultural | 2013 | 900 | | | | | | | 900 | | | | |
| | | 2012 | 1,100 | | 1,100 | | | | | 900 | 1,100 | | | |
| | | 2009 | 2,000 | | 650 | | | | (1,100) | | 650 | 1,350 | | |

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| State Grant Program | Account Numbers | Grant Year | Grant Award | Grant Receipts | Balance, June 30, 2013 | Revenue Realized | Local Match | Expended | Adjustments | Balance, June 30, 2014 | Cumulative Expended |
|---|---------------------|------------|-------------|----------------|------------------------|------------------|-------------|-----------|-------------|------------------------|---------------------|
| Department of Law and Public Safety | | | | | | | | | | | |
| Drunk Driving Enforcement | 1110-448-031020-22 | 2011 | \$ 46,382 | \$ 17,282 | \$ 27,100 | \$ 17,282 | | \$ 19,088 | | \$ 8,012 | \$ 38,370 |
| Body Armor Replacement | 066-1020-718-001-11 | 2013 | 17,282 | 17,282 | 13,022 | 17,282 | | 12,740 | | 17,282 | 12,740 |
| Body Armor Replacement | 066-1020-718-001-11 | 2012 | 13,022 | | 14,389 | | | 14,389 | | 282 | 14,389 |
| Body Armor Replacement | 066-1020-718-001-11 | 2011 | 14,389 | | 15,165 | | | 15,165 | | | 15,165 |
| Body Armor Replacement | 066-1020-718-001-11 | 2011 | 15,165 | | 5,139 | | | 5,139 | | | 5,139 |
| Body Armor Replacement | 066-1020-718-001-10 | 2010 | 5,139 | | 16,722 | | | 16,722 | | | 16,722 |
| Body Armor Replacement | 066-1020-718-001-09 | 2009 | 18,754 | | 62,129 | | | 62,129 | | | 18,754 |
| Local Law Enforcement BI Grant | N/A | 2011 | 250,000 | | 110,945 | | | | | | 250,000 |
| Advanced Traffic Grant | N/A | 2011 | 119,600 | | | | | 4,261 | | 106,684 | 12,916 |
| Department of Law and Public Safety | | | | | | | | | | | |
| Safe and Secure | 066-1020-100-232-13 | 2013 | 90,000 | 90,000 | 45,000 | | | 16,058 | | 45,000 | 45,000 |
| Juvenile Act. Incentive Block Grant | JAIBG-16-01-02 | 2014 | 20,165 | | 13,448 | 20,165 | | 23,448 | | 4,107 | 16,058 |
| Juvenile Act. Incentive Block Grant | JAIBG-16-01-02 | 2013 | 30,328 | 45,328 | 14 | 10,000 | | 1 | | 13 | 30,328 |
| Juvenile Act. Incentive Block Grant | JAIBG-16-01-02 | 2012 | 30,328 | | 12,754 | | | 12,754 | | | 30,315 |
| Juvenile Act. Incentive Block Grant | JAIBG-16-01-02 | 2011 | 35,328 | | 100 | | | 6,948 | | 100 | 35,328 |
| Juvenile Act. Incentive Block Grant | JAIBG-16-01-02 | 2010 | 32,000 | | 15,000 | 15,000 | | 6,000 | | 8,052 | 31,900 |
| Walk Safe Passaic | 066-1160-100-131-14 | 2014 | 15,000 | 11,648 | | | | | | 1,185 | 6,948 |
| Walk Safe Passaic | 066-1160-100-131-12 | 2012 | 16,000 | | | | | | | | 1,185 |
| Department of Commerce and Economic Development | | | | | | | | | | | |
| Urban Enterprise Zone Assistance Fund (UEZ) | 2830-763-250-XXX-50 | | | | | | | | | | |
| 14 - Graffiti Eradication | UEZA | 2014 | 118,838 | | 118,838 | 118,838 | | 21,293 | | 97,545 | 21,293 |
| 14 - Clean Sweep | UEZA | 2014 | 256,972 | | 256,972 | 256,972 | | 41,117 | | 215,855 | 41,117 |
| 14 - Administration - Salaries and Wages | UEZA | 2014 | 107,000 | | 107,000 | 107,000 | | 6,692 | | 100,308 | 6,692 |
| 14 - Administration - Commodities | UEZA | 2014 | 123,615 | | 123,615 | 123,615 | | 34,072 | | 89,543 | 34,072 |
| 13 - Graffiti Eradication | UEZA | 2013 | 83,619 | | 83,619 | | | 83,619 | | | 83,619 |
| 13 - Clean Sweep | UEZA | 2013 | 218,845 | | 133,424 | | | 133,424 | | | 218,845 |
| 13 - Administration - Salaries and Wages | UEZA | 2013 | 67,000 | | 16,043 | | | 84,785 | \$ 69,164 | 422 | 135,742 |
| 13 - Administration - Commodities | UEZA | 2013 | 228,300 | | 161,426 | | | 92,262 | \$ (69,164) | | 159,136 |
| 12 - Panatose Study | UEZA | 2012 | 100,000 | | 79,180 | | | | | 79,180 | 20,820 |
| 12 - Signage Improvement | UEZA | 2012 | 200,000 | | 193,260 | | | 3,500 | | 189,760 | 10,240 |
| 12 - Graffiti Eradication | UEZA | 2012 | 100,000 | | 8,974 | | | 8,974 | | | 100,000 |
| 12 - Security Patrol | UEZA | 2012 | 102,000 | | 5,120 | | | | | 5,120 | 96,880 |
| 12 - Revolving Loan | UEZA | 2012 | 1,000,000 | | 988,185 | | | 78,300 | | 909,885 | 90,115 |
| 11 - Marketing | UEZA | 2011 | 76,000 | | 28,597 | | | | | 28,597 | 47,403 |
| 11 - Graffiti Eradication | UEZA | 2011 | 145,883 | | 32,898 | | | | | 32,898 | 112,785 |

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| State Grant Program | Account Numbers | Grant Year | Grant Award | Grant Receipts | Balance, June 30, 2013 | Revenue Realized | Local Match | Expended | Adjustments | Balance, June 30, 2014 | Cumulative Expended |
|---|---------------------------------|------------|-------------|----------------|------------------------|------------------|-------------|--------------|-------------|------------------------|---------------------|
| Department of Commerce and Economic Development | | | | | | | | | | | |
| Urban Enterprise Zone (UEZ) (Continued) | | | | | | | | | | | |
| 11 - Security Patrol | UEZA | 2011 | \$ 597,633 | | \$ 38,790 | | | | | \$ 38,790 | \$ 558,843 |
| 11 - Administration | UEZA | 2011 | 315,000 | | 1 | | | | | 1 | 314,999 |
| 10 - Administration | UEZA | 2010 | 477,577 | | 1,059 | | | | | 1,059 | 476,518 |
| 08 - Landscape Maintenance Phase I | UEZA | 2008 | 48,110 | | 9,823 | | | \$ 5,318 | | 4,505 | 43,605 |
| Other State Departments | | | | | | | | | | | |
| Tobacco Prevention | N/A | 2009 | 5,940 | | 2,043 | | | | | 2,043 | 3,897 |
| Tobacco Prevention | N/A | 2008 | 5,100 | | 51 | | | | | 51 | 5,049 |
| Tobacco Control Grant | N/A | 2004 | 11,040 | | 18 | | | | | 18 | 11,022 |
| Hepatitis B Inoculation | 046-4230-100-241-13 | 2014 | 5,000 | \$ 5,000 | | \$ 5,000 | | 220 | | 4,780 | 220 |
| Hepatitis B Inoculation | 046-4230-100-241-13 | 2013 | 700 | | 700 | | | 224 | | 476 | 224 |
| Hepatitis B Inoculation | 046-4230-100-241-08 | 2008 | 5,000 | | 9 | | | | | 9 | 4,991 |
| Emergency Telecommunication | 2034-100-082-SBE7-050-UOAB-6120 | 2008 | 579,761 | | 3,888 | | | | | 3,888 | 575,873 |
| Emergency Telecommunication | 2034-100-082-SBE7-050-UOAB-6120 | 2007 | 68,000 | | 2,829 | | | | | 2,829 | 65,171 |
| Housing Opportunity Grant | N/A | 2014 | 100,000 | | | 100,000 | | 21,499 | | | 21,499 |
| Housing Opportunity Grant | N/A | 2013 | 100,000 | | 73,615 | | | 35,590 | | 78,501 | 21,499 |
| Housing Opportunity Grant | N/A | 2012 | 144,908 | | 23,807 | 2,908 | | 24,619 | | 38,025 | 61,975 |
| Emergency Preparedness Grant | N/A | 2011 | 10,000 | | 6 | | | | | 6 | 142,812 |
| Baseball Tomorrow | N/A | 2012 | 95,597 | | 2,148 | | | 1,869 | | 279 | 9,994 |
| Highlands Council Transfer Development | N/A | 2014 | 40,000 | 3,999 | | 40,000 | | 7,807 | | 32,193 | 7,807 |
| Department of Environmental Protection | | | | | | | | | | | |
| Forestry Management | | 2014 | 3,000 | | | 3,000 | \$ 3,000 | | | 6,000 | |
| Green Trust Grant - Christopher Columbus | 4800-533-852000-60 | 2012 | 900,000 | | 900,000 | | | 651,092 | | 248,908 | 651,092 |
| Green Trust Grant Program (Ord. 1839-10)-Pulaski P. | 4800-533-852000-60 | N/A | 500,000 | | 12,550 | | | | | 12,550 | 487,450 |
| Green Trust Loan Program (Ord. 1675-05)-Dundee Is | 4800-533-851000-60 | N/A | 100,000 | | 23,767 | | | | | 23,767 | 76,233 |
| | | | | | \$ 3,566,478 | \$ 1,282,179 | \$ 3,000 | \$ 2,059,268 | \$ 5,400 | \$ 2,797,789 | |

N/A - Not Available

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



**CITY OF PASSAIC
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|----------------------------------|---------------------|---------------------|---------------------|
| Current Fund | \$ 4,007,951 | \$ 1,282,179 | \$ 5,290,130 |
| Community Development Grant Fund | 1,703,022 | | 1,703,022 |
| Home Loan Program Fund | <u>590,522</u> | <u>-</u> | <u>590,522</u> |
| | <u>\$ 6,301,495</u> | <u>\$ 1,282,179</u> | <u>\$ 7,583,674</u> |

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the City's fiscal year and grant program year.

CITY OF PASSAIC
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED JUNE 30, 2014

NOTE 5 STATE LOANS OUTSTANDING

The City's state loans outstanding at June 30, 2014, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

| <u>Loan Program</u> | <u>State</u> |
|--|-------------------|
| N.J. Dept. of Environmental Protection | |
| Green Acres Loans | |
| Dundee Island | \$ 202,972 |
| Third Ward Park Improvements | 330,274 |
| Hughes Lake Rehabilitation | 156,177 |
| Pulaski Park Renovation | <u>15,877</u> |
| | <u>\$ 705,300</u> |

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part I -- Summary of Auditor's Results

Financial Statement Section

- A) Type of auditors' report issued: Modified - Unaudited Fixed Assets Account Group
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? X yes no
- 2) Were significant deficiencies identified that were
 not considered to be material weaknesses? X yes none reported
- C) Noncompliance material to basic financial
 statements noted? X yes no

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee? yes X no
- F) Type of auditors' report on compliance for major programs: Unmodified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? X yes no
- 2) Were significant deficiencies identified that were
 not considered to be material weaknesses? X yes none reported
- H) Any audit findings disclosed that are required to be reported
 in accordance with OMB Circular A-133 (section.510(a))? X yes no

I) Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| <u>10.557</u> | <u>Woman, Infants and Children</u> |
| <u>14.218</u> | <u>Community Development Block Grants</u> |
| <u>14.239</u> | <u>Home Investment Partnership Program</u> |
| <u>16.738</u> | <u>Byrne Memorial Justice Asst.</u> |
| <u>97.083</u> | <u>SAFER Grant Program</u> |
| <u> </u> | <u> </u> |

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2014-001

Our audit revealed that the City did not maintain current accounting records of the General Fixed Assets Account Group.

Criteria or specific requirement:

NJ Administrative Code requires the maintenance of fixed assets accounting records.

Condition:

Fixed assets accounting records have not been updated since 1991.

Context:

Fixed asset records are not currently maintained in accordance with NJAC. Balances reported for fixed assets was \$91,441,474 at June 30, 2014.

Effect:

The auditors' report on the June 30, 2014 financial statements is modified with respect to the General Fixed Assets Account Group.

Cause:

See condition.

Recommendation:

The City maintain a fixed assets accounting and reporting system in accordance with NJ Administrative Code.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and will evaluate whether funds will be appropriated to pay the cost for the hiring of an asset valuation company.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2014-002

Our audit of the Community Development Grant Fund and Home Investment Program Fund revealed the general ledger control account balances are not in agreement with the balances reported in the City's subsidiary accounting records or federal grant program financial reports.

Criteria or specific requirement:

Internal controls over financial accounting and reporting.

Condition:

The City's general ledger control account balances for certain program year receivables and appropriated reserves were not in agreement with the City's budget account status reports, the Consolidated Annual Performance and Evaluation Report (CAPER) or the Integrated Disbursement and Integration System (IDIS) reports.

Context:

The City's general ledger control accounts reported numerous prior year program receivables and appropriated reserve balances that in certain instances reflected negative or deficit balances and appeared inactive.

Effect:

The financial statements may be misstated with respect to balances reported for program year receivables and appropriated reserves.

Cause:

General ledger control accounts were not reconciled to and adjusted to amounts reported in subsidiary accounting records and federal grant program financial reports.

Recommendation:

The City reconcile and adjust the general ledger control account balances in the Community Development Grant Fund and Home Investment Program Fund to the subsidiary accounting records and federal grant program financial reports.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2014-003

The audit revealed that the City did not maintain current accounting records of the General Fixed Assets Account Group.

Federal program information:

14.218 - Community Development Block Grant – Entitlement Programs
14.239 - HOME Investment Partnership Program
16.738 – Byrne Memorial Justice Assistance Grant

Criteria or specific requirement:

Federal Grant Compliance Supplement

Condition:

See Finding 2014-001.

Questioned Costs:

Unknown.

Context:

See Finding 2014-001.

Effect:

Noncompliance with federal grant compliance requirements.

Cause:

See Finding 2014-001.

Recommendation:

See Finding 2014-001.

Views of Responsible Officials and Planned Corrective Action Plan:

See Finding 2014-001.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2014-004

Our audit of the Community Development Grant Fund and Home Investment Program Fund revealed the general ledger control account balances are not in agreement with the balances reported in the City's subsidiary accounting records or federal grant program financial reports.

Federal program information:

14.218 - Community Development Block Grant – Entitlement Programs
14.239 - HOME Investment Partnership Program

Criteria or specific requirement:

Federal Grant Compliance Supplement – Financial Reporting

Condition:

See Finding 2014-002.

Questioned Costs:

Unknown.

Context:

See Finding 2014-002.

Effect:

See Finding 2014-002.

Cause:

See Finding 2014-002.

Recommendation:

The City reconcile and adjust the general ledger control account balances in the Community Development Grant Fund and Home Investment Program Fund to the subsidiary accounting records and federal grant program financial reports.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR STATE AWARDS

Finding 2014-005

Our audit revealed the City did not maintain current accounting records of the General Fixed Assets Account Group.

State program information:

Dept. of Commerce and Economic Development (UEZA) – Urban Enterprise Zone Assistance

Criteria or specific requirement:

State Grant Compliance Supplement.

Condition:

See Finding 2014-001.

Questioned Costs:

Unknown.

Context:

See Finding 2014-001.

Effect:

Noncompliance with state grant compliance requirements.

Cause:

See Finding 2014-001.

Recommendation:

See Finding 2014-001.

Views of Responsible Officials and Planned Corrective Action Plan:

See Finding 2014-001.

**CITY OF PASSAIC
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

STATUS OF PRIOR YEAR FINDINGS

FINDING 2013-001, 2013-002, and 2013-004

Our audit revealed that the City did not maintain current accounting records of the General Fixed Assets Account Group.

Current Status

See Finding 2014-001, 2014-003 and 2014-005.

FINDING 2013-003

Our audit of the Community Development Block Grant, Home Investment Partnership Program and Byrne Memorial Justice Assistance Grant revealed that monitoring of subgrantees were not in compliance with program requirements.

Current Status

Corrective action has been taken.

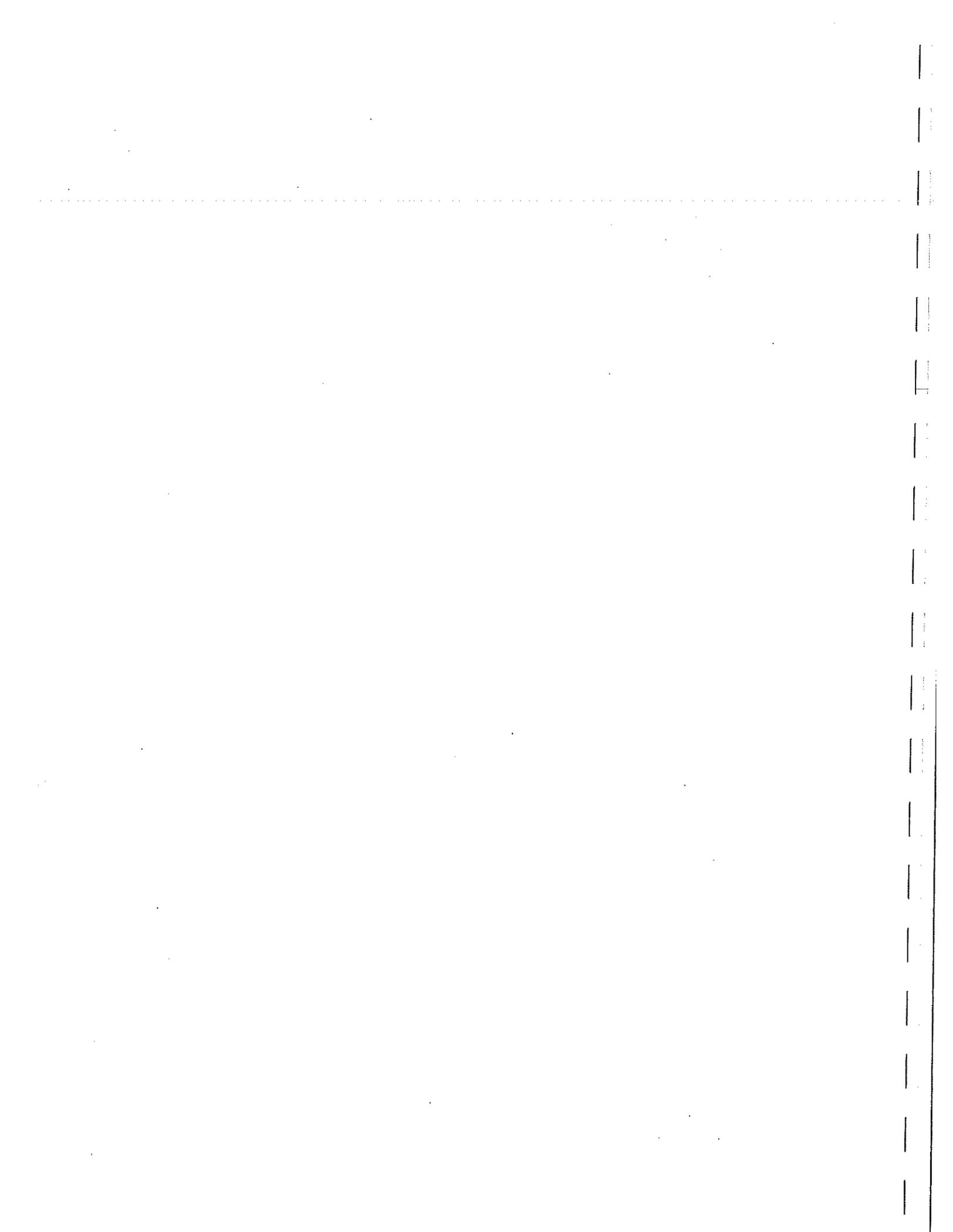
CITY OF PASSAIC

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FISCAL YEAR ENDED JUNE 30, 2014



**CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND**

| | Fiscal Year 2014 | | Fiscal Year 2013 | |
|---|-------------------------|---------------------|-------------------------|---------------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| REVENUE AND OTHER INCOME REALIZED | | | | |
| Fund Balance Utilized | \$ 1,330,000 | 1.04 % | \$ 1,330,000 | 1.07 % |
| Miscellaneous - From Other Than Local | | | | |
| Property Tax Levies | 26,720,053 | 20.90 | 26,232,684 | 21.12 |
| Collection of Delinquent Taxes and Tax Title Liens | 128,982 | 0.10 | 109,382 | 0.09 |
| Collection of Current Tax Levy | 97,798,628 | 76.49 | 95,723,203 | 77.17 |
| Other Credits to Income | <u>1,879,792</u> | <u>1.47</u> | <u>622,745</u> | <u>0.55</u> |
| Total Income | <u>127,857,455</u> | <u>100.00</u> % | <u>124,018,014</u> | <u>100.00</u> % |
| EXPENDITURES | | | | |
| Budget Expenditures | | | | |
| Municipal Purposes | 87,597,376 | 68.82 % | 84,028,022 | 68.27 % |
| County Taxes | 22,661,235 | 17.80 | 21,529,901 | 17.49 |
| Local School Taxes | 16,996,446 | 13.35 | 16,998,497 | 13.81 |
| Other Expenditures | <u>26,777</u> | <u>0.02</u> | <u>531,684</u> | <u>0.43</u> |
| Total Expenditures | <u>127,281,834</u> | <u>100.00</u> % | <u>123,088,104</u> | <u>100.00</u> % |
| Excess in Revenue | 575,621 | | 929,910 | |
| Adjustments to Income Before Fund Balance: | | | | |
| Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year | <u>1,400,000</u> | | <u>713,655</u> | |
| Statutory Excess to Fund Balance | 1,975,621 | | 1,643,565 | |
| Fund Balance, Beginning of Year | <u>2,821,253</u> | | <u>2,507,688</u> | |
| Decreased by: | 4,796,874 | | 4,151,253 | |
| Utilization as Anticipated Revenue | <u>1,330,000</u> | | <u>1,330,000</u> | |
| Fund Balance, End of Year | <u>\$ 3,466,874</u> | | <u>\$ 2,821,253</u> | |

**CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
SEWER UTILITY OPERATING FUND**

| | Fiscal Year 2014 | | Fiscal Year 2013 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | Amount | Percent | Amount | Percent |
| REVENUE AND OTHER INCOME REALIZED | | | | |
| Collection of Sewer Rents | \$ 5,240,558 | 100.00 % | \$ 5,273,819 | 100.00 % |
| Other Credits to Income | <u>26,176</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Income | <u>5,266,734</u> | <u>100.00 %</u> | <u>5,273,819</u> | <u>100.00 %</u> |
| EXPENDITURES | | | | |
| Budget Expenditures | | | | |
| Operating | 4,993,765 | 97.53 % | 4,843,765 | 91.61 % |
| Capital Improvements | - | - | 20,000 | 0.38 |
| Debt Service | <u>126,232</u> | <u>2.47</u> | <u>423,819</u> | <u>8.02</u> |
| Total Expenditures | <u>5,119,997</u> | <u>100.00 %</u> | <u>5,287,584</u> | <u>100.00 %</u> |
| Deficit in Revenues | 146,737 | | (13,765) | |
| Adjustments to Income Before Fund Balance | | | | |
| Realized from Current Fund Budget for Anticipated Deficit | <u>-</u> | | <u>13,765</u> | |
| Statutory Excess to Fund Balance | 146,737 | | - | |
| Fund Balance, Beginning of Year | <u>52,844</u> | | <u>52,844</u> | |
| Fund Balance, End of Year | <u>\$ 199,581</u> | | <u>\$ 52,844</u> | |

**CITY OF PASSAIC
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION – CALENDAR YEAR**

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|----------------------------------|-------------------------|----------------|----------------|
| <u>Tax Rate</u> | <u>\$7.434</u> | <u>\$7.313</u> | <u>\$7.107</u> |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipal | \$4.448 | \$4.387 | \$4.275 |
| County | 1.716 | 1.654 | 1.562 |
| Local School | 1.270 | 1.272 | 1.270 |
| <u>Assessed Valuation</u> | | | |
| 2014 | <u>\$ 1,331,213,900</u> | | |
| 2013 | <u>\$1,335,819,500</u> | | |
| 2012 | <u>\$1,343,561,300</u> | | |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>Fiscal Year Ended</u> | <u>Tax Levy</u> | <u>Cash Collections</u> | <u>Percentage of Collection</u> |
|------------------------------|-----------------|-------------------------|---|
| June 30, 2014 | \$ 99,020,597 | \$ 98,298,628 | 99.27% |
| June 30, 2013 | 96,822,459 | 96,223,203 | 99.38% |
| June 30, 2012 | 95,380,268 | 94,433,974 | 99.01% |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>Year</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|-------------|--|---|-----------------------------|---------------------------------------|
| 2014 | \$ 411,725 | \$ 221,475 | \$ 633,200 | 0.64% |
| 2013 | 270,124 | 158,824 | 428,948 | 0.44% |
| 2012 | 199,773 | 59,302 | 259,075 | 0.27% |

**CITY OF PASSAIC
PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2014 | \$ -0- |
| 2013 | -0- |
| 2012 | -0- |

COMPARISON OF SEWER UTILITY LEVIES

| <u>Year</u> | <u>Levy</u> | <u>Cash Collections(A)</u> | <u>Percentage of Collection</u> |
|-------------|--------------|----------------------------|---------------------------------|
| 2014 | \$ 5,273,377 | \$ 5,240,558 | 99.38% |
| 2013 | 5,433,540 | 5,273,819 | 97.06% |
| 2012 | 6,156,464 | 5,557,405 | 90.27% |

(A) Includes collection of prior year receivable balance.

COMPARATIVE SCHEDULE OF FUND BALANCES

| | <u>Year</u> | <u>Balance, June 30</u> | <u>Utilized In Budget of Succeeding Year</u> |
|---------------|-------------|-------------------------|--|
| Current Fund | 2014 | \$3,466,874 | \$1,330,000 |
| | 2013 | 2,821,253 | 1,330,000 |
| | 2012 | 2,507,688 | 1,330,000 |
| | 2011 | 1,772,217 | 1,692,500 |
| | 2010 | 3,754,814 | 3,000,000 |
| Sewer Utility | 2014 | \$199,581 | - |
| | 2013 | 52,844 | - |
| | 2012 | 52,844 | - |
| | 2011 | 52,844 | - |
| | 2010 | 52,844 | - |

**CITY OF PASSAIC
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| <u>Name</u> | <u>Title</u> | <u>Amount of Bond</u> | <u>Name of Corporate Or Personal Surety</u> |
|----------------------|-----------------------------------|-----------------------|---|
| Dr. Alex D. Blanco | Mayor | | |
| Gary S. Schaer | Council President | | |
| Jose R. Garcia | Councilman | | |
| Thania Melo | Councilman | | |
| Terrence L. Love | Councilman | | |
| Chaim M. Munk | Councilman | | |
| Zaida Polanco | Councilwoman | | |
| Daniel J. Schwartz | Councilman | | |
| Ricardo Fernandez | Business Administrator | | |
| Jose Agosto | Director of Finance | | |
| Tom Poalillo | Tax Assessor | | |
| Amada Curling | City Clerk | | |
| Doris Dudek | Purchasing Agent | | |
| Carrie Malak | Tax Collector | \$300,000 | Travelers Casualty and Surety Company |
| Ronald Van Rensalier | Director of Community Development | | |
| Florio & Kenny LLP | City Attorney | | |
| Theodore Evans | Director of Public Works | | |
| John Biegel | Health Officer | | |
| Guenda Beshin | Registrar of Vital Statistics | | |
| Richard Diaz | Police Chief | | |
| Patrick Trentacost | Fire Chief | | |
| Denise Bradshaw | Municipal Court Administrator | (A) | |
| Karen Brown | Chief Municipal Judge | (A) | |
| Debbie Klugler-Irwin | Municipal Judge | (A) | |
| Xavier Rodriquez | Municipal Judge | | |

(A) All Municipal Court personnel are covered by a \$300,000 policy of Fidelity and Deposit Company Policy Number 6037395.

All other City employees are covered by a \$250,000 policy of Zurich American Ins. Co.

**CITY OF PASSAIC
GENERAL COMMENTS**

Prior Year Comments - Unresolved

Our audit of the Municipal Court revealed the following:

- Approximately 2,285 tickets assigned which were outstanding over six months and not recalled.
- Approximately 1,244 tickets issued and not assigned at year-end.

It is recommended that with respect to the Municipal Court:

- All outstanding tickets over six months be recalled and reassigned.
- All tickets be assigned in the ATS system prior to their issuance.

Current Year Findings

Our audit of the Other Trust Fund revealed certain old inactive accounts, account balances that were not supported by detailed trial balances and accounts without an approved dedication by rider. It is recommended that a review be made of the various accounts in the Other Trust Fund and old inactive accounts be cleared of recorded, detailed trial balances be maintained where appropriate and dedication by riders be obtained where required.

Our audit of employee health benefits revealed certain terminated and retired employees who were not removed timely from the monthly health benefit bills. It is recommended that the health benefit bills be reviewed monthly to ensure all terminated and retired employees are removed from coverages in a timely manner.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000, except by contract or agreement."

The Governing Body of the City has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

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

| | |
|---|--|
| Printing Services | Interior renovations of Municipal Courtroom |
| Acquisition of Vacuum Air Sweeper Back | Construction of Concession Stand at Pulaski Park |
| Acquisition of DPW Vehicles | Housing rehabilitation Services |
| Removal and replacement of air conditioning unit within Police Department | |
| Snow Plowing/Removal Services | Recreation equipment, supplies and uniforms |
| Revaluation of real properties | Marketing of recyclable materials |
| Acquisition of new Ambulance | Improvements to Public Park Phase II |
| Third party billing and collection for ambulance services | |
| Reconstruction of Eighth Street | Certified mulch, infield clay and screened topsoil |
| Pre-packaged meals for Summer Food Program - 2014 | |

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

**CITY OF PASSAIC
GENERAL COMMENTS**

Contracts and Agreements Required to be Advertised for NJS 40A:11-4 (Continued)

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

Our examination of expenditures did not reveal any payments, contracts or agreements in excess of \$21,000 "for the performance of any work or the furnishing or hiring of any materials or supplies," for which bids had not been previously sought by public advertisement or where a resolution had not been previously adopted under the provisions of N.J.S.A. 40A:11-6.

Collection of Interest of Delinquent Taxes and Assessments

R.S. 54:4-67 provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on March 6, 1984 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Municipal Council of the City of Passaic, that, pursuant to the power and authority vested in the said body by N.J.S.A. 54:4-67, the rate of interest to be charged by the City of Passaic for the nonpayment of taxes or assessments on or before the date when they would become delinquent be and the same is hereby fixed at 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500; provided, however, that no interest shall be charged if payment of any installment of such taxes or assessments is made within the tenth calendar day following the date upon which the same became payable.

BE IT FURTHER RESOLVED that said interest rate shall be and become effective upon the adoption of this resolution.

BE IT FURTHER RESOLVED that the Collector of Taxes of the City of Passaic and all other officers and employees of the City of Passaic concerned with the collection of taxes be and they are hereby ordered and directed to take all actions as may be necessary to affect this resolution.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held June 10, 2014.

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

**CITY OF PASSAIC
RECOMMENDATIONS**

It is recommended that:

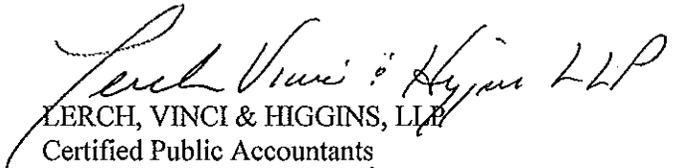
- * 1. The City maintain a fixed assets accounting and reporting system in accordance with NJ Administrative Code.
- * 2. With respect to the Municipal Court:
 - a) All outstanding tickets over six months be recalled and reassigned.
 - b) All tickets be assigned in the ATS System prior to their issuance.
- 3. The City reconcile and adjust the general ledger control account balances in the Community Development Grant Fund and Home Investment Program Fund to the subsidiary accounting records and federal grant program financial reports.
- 4. A review be made of the various accounts in the Other Trust Fund and old inactive accounts be cleared of record, detailed trial balances be maintained where appropriate and dedication by riders be obtained where required.
- 5. The health benefit bills be reviewed monthly to ensure all terminated and retired employees are removed from coverages in a timely manner.

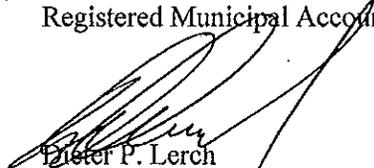
* * * * *

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

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

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


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Certified Public Accountant
RMA Number CR00398