

THE CITY OF PASSAIC
SYNOPSIS OF AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2015

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SYNOPSIS OF FISCAL YEAR 2015 AUDIT REPORT OF

CITY OF PASSAIC

AS REQUIRED BY N.J.S. 40A:5-7

COMBINED COMPARATIVE BALANCE SHEET

	<u>JUNE 30,</u> <u>2015</u>	<u>JUNE 30,</u> <u>2014</u>
ASSETS		
Cash and Investments	\$27,349,787	\$23,785,640
Taxes, Assessments, and Liens Receivable	468,922	2,062,053
Property Acquired for Taxes-Assessed Value		
Accounts Receivable	15,927,587	13,038,011
Fixed Capital - Utility	5,924,674	5,924,674
Deferred Charges to Future Taxation-General Capital	13,914,668	16,054,558
Deferred Charges to Revenue of Succeeding Years	3,082,399	3,020,000
Land, Buildings, Machinery, and Equipment	<u>91,441,474</u>	<u>91,441,474</u>
TOTAL ASSETS	<u><u>\$158,109,511</u></u>	<u><u>\$155,326,410</u></u>

LIABILITIES, RESERVES AND FUND BALANCE

Bonds, Loans and Notes Payable	\$15,297,930	\$17,527,800
Improvement Authorizations	1,007,097	1,666,590
Other Liabilities and Special Funds	38,517,746	32,498,426
Amortization of Debt for Fixed Capital Acquired or Authorized - Utility	4,244,466	4,154,466
Reserve for Certain Assets Receivable	3,566,246	4,370,189
Investments in General Fixed Assets	91,441,474	91,441,474
Fund Balance	<u>4,034,552</u>	<u>3,667,465</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$158,109,511</u></u>	<u><u>\$155,326,410</u></u>

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

	<u>FY 2015</u> <u>AMOUNT</u>	<u>FY 2014</u> <u>AMOUNT</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 1,330,000	\$ 1,330,000
Miscellaneous- From Other Than Local Property Taxes	25,767,142	26,721,097
Collection of Delinquent Taxes and Tax Title Liens	412,089	128,982
Collection of Current Tax Levy	97,712,250	97,798,628
Other Credits to Income	<u>2,403,080</u>	<u>1,878,748</u>
Total Income	<u>127,624,561</u>	<u>127,857,455</u>
EXPENDITURES		
Budget Appropriations Municipal Purposes	84,794,452	87,597,376
County Taxes	23,212,635	22,661,235
Local District School Tax	16,818,577	16,996,446
Other Expenditures	<u>1,403,287</u>	<u>26,777</u>
Total Expenditures	<u>126,228,951</u>	<u>127,281,834</u>
Excess in Revenue to Fund Balance	1,395,610	575,621
Adjustments to Income Before Fund Balance: Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year	<u>-</u>	<u>1,400,000</u>
Statutory Excess to Fund Balance	1,395,610	1,975,621
Fund Balance, Beginning of Year	<u>3,466,874</u>	<u>2,821,253</u>
	4,862,484	4,796,874
Decreased by: Utilized as Anticipated Revenue	<u>1,330,000</u>	<u>1,330,000</u>
Fund Balance, End of Year	<u>\$ 3,532,484</u>	<u>\$ 3,466,874</u>

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

	<u>FY 2015</u>	<u>FY 2014</u>
	<u>AMOUNT</u>	<u>AMOUNT</u>
REVENUE AND OTHER INCOME REALIZED		
Sewer Rents	\$ 5,245,643	\$ 5,240,558
Miscellaneous	2,819	
Other Credits to Income	<u>216,519</u>	<u>26,176</u>
Total Income	<u>5,464,981</u>	<u>5,266,734</u>
EXPENDITURES		
Operating	5,039,490	4,993,765
Debt Service	<u>128,276</u>	<u>126,232</u>
Total Expenditures	<u>5,167,766</u>	<u>5,119,997</u>
Statutory Excess to Fund Balance	297,215	146,737
Fund Balance, Beginning of Year	<u>199,581</u>	<u>52,844</u>
Fund Balance, End of Year	<u>\$ 496,796</u>	<u>\$ 199,581</u>

**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. The City reconcile and adjust the general ledger control account balances in the Community Development G
" Fund and Home Investment Program Fund to the subsidiary accounting records and federal grant program
financial reports.
3. Internal controls be enhanced to ensure Special Items of Revenue and Appropriations (Chapter 159) be
approved prior to expenditure of grant funds.
4. In all instances, detail bank receipts for taxes collected be reconciled and proofed to City records.
5. The City review the billing and collection reports prepared by the PVWC for sewer fees to ensure the third party
reports agree to the City records.

The above synopsis was prepared from the audit of the City of Passaic, County of Passaic, for the fiscal year ended June 30, 2015. This report of audit, submitted by Dieter P. Lerch, Registered Municipal Accountant, is on file at the City Clerk's office and may be inspected by any interested person.

City Clerk

CITY OF PASSAIC
PASSAIC COUNTY, NEW JERSEY
REPORT OF AUDIT
FISCAL YEAR ENDED JUNE 30, 2015

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CITY OF PASSAIC

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CITY OF PASSAIC

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended June 30, 2015, 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 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, 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, 2015 and 2014, or changes in financial position, or, where applicable, cash flows for the 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 as of and for the fiscal years ended June 30, 2015 and 2014 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 possible 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 and account group of the City of Passaic as of June 30, 2015 and 2014, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended June 30, 2014 in accordance with the 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

Other Information

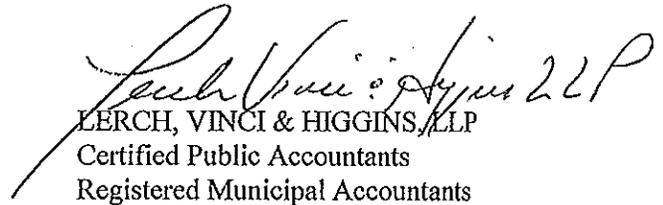
Our audit was conducted for the purpose of forming an opinion on the financial statements of the City of Passaic as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, schedule of expenditures of state financial assistance as required by NJ OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the 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 supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2016 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
March 2, 2016

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF JUNE 30, 2015 AND 2014

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REGULAR FUND			
Cash	A-4	\$ 15,251,931	\$ 13,977,354
Cash - Change Fund	A-7	2,800	2,800
Due From State of New Jersey - Senior Citizens and Veterans	A-10	<u>63,761</u>	<u>39,081</u>
		<u>15,318,492</u>	<u>14,019,235</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Tax Receivable	A-13	32,253	221,475
Tax Title Liens Receivable	A-14	436,669	411,725
Revenue Accounts Receivable	A-15	372,573	1,203,525
Due from Grant Fund	A-9		136,658
Due from Animal Control Fund	B-4	683	24,032
Due from Other Trust Fund	B-7	1,291,544	
Due from Community Development Grant Fund	B-16	96,501	96,526
Due from Home Investment Program Fund	B-17	168,862	82,580
Due from General Capital Fund	C-5	65	6
Due from Sewer Utility Operating Fund	D-12	4,651	13,765
Due from Sewer Utility Capital Fund	D-14	106,000	
Due from Passaic Parking Authority	A-11	28,820	
Due from Passaic Redevelopment Authority	A-12	<u>25,231</u>	<u>-</u>
		<u>2,563,852</u>	<u>2,190,292</u>
Deferred Charges			
Special Emergency Authorizations	A-16	<u>2,200,000</u>	<u>3,020,000</u>
Total Regular Fund		<u>20,082,344</u>	<u>19,229,527</u>
GRANT FUND			
Cash	A-5	687,846	1,225,125
Grants Receivable	A-30	6,964,295	7,207,141
Due from Current Fund	A-9	304,059	
Deferred Charges:			
Grant Expenditures Without Appropriations	A-32	<u>882,399</u>	<u>-</u>
Total Grant Fund		<u>8,838,599</u>	<u>8,432,266</u>
Grand Total		<u>\$ 28,920,943</u>	<u>\$ 27,661,793</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF JUNE 30, 2015 AND 2014

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REGULAR FUND			
Liabilities and Reserves			
Appropriation Reserves	A-3,A-20	\$ 3,946,417	\$ 4,066,583
Encumbrances Payable	A-23	1,432,065	1,450,885
Accounts Payable	A-24	39,589	129,685
Tax Overpayments	A-17	500	262,508
Prepaid Taxes	A-18	365,516	121,448
Fees Payable	A-27	149,901	17,396
Special Emergency Note Payable	A-19	2,200,000	2,200,000
Due to Grant Fund	A-9	304,059	
Due to Other Trust Fund	B-7		412,037
Due to Passaic Parking Authority	A-11		27,501
Reserve for Tax Appeals	A-25	2,131,568	2,057,771
Reserve for Pension Contributions	A-28	1,931,755	1,276,755
Reserve for Revaluation Program	A-29	1,301,193	1,400,000
Miscellaneous Reserves	A-26	183,445	149,792
		<u>13,986,008</u>	<u>13,572,361</u>
Reserve for Receivables and Other Assets	A	2,563,852	2,190,292
Fund Balance	A-1	<u>3,532,484</u>	<u>3,466,874</u>
Total Regular Fund		<u>20,082,344</u>	<u>19,229,527</u>
GRANT FUND			
Encumbrances Payable	A-33	1,564,622	1,576,895
Due to Current Fund	A-9		136,658
Due to Other Trust Fund	B-5	136,442	27,051
Due to General Capital Fund	C-8	486	486
Appropriated Grant Reserves	A-31	5,890,142	6,117,978
Unappropriated Grant Reserves	A-34	1,076,034	567,198
Reserve for Program Income	A-35	170,873	6,000
Total Grant Fund		<u>8,838,599</u>	<u>8,432,266</u>
Grand Total		<u>\$ 28,920,943</u>	<u>\$ 27,661,793</u>

CITY OF PASSAIC
 COMPARATIVE STATEMENTS OF OPERATIONS AND
 CHANGES IN FUND BALANCE - REGULATORY BASIS
 CURRENT FUND
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REVENUES AND OTHER INCOME REALIZED:			
Fund Balance Utilized	A-2	\$ 1,330,000	\$ 1,330,000
Miscellaneous Revenue Anticipated	A-2	24,804,230	25,948,390
Receipts from Delinquent Taxes	A-2	412,089	128,982
Receipts from Current Taxes	A-2	97,712,250	97,798,628
Non-Budget Revenues	A-2	962,912	771,663
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-20	2,402,527	1,568,049
Unexpended Balance of Sewer Utility Appropriation Reserves	A-1		13,765
Statutory Excess Animal Control Fund	B-4	553	17,136
Appropriated Grant Reserves Cancelled	A-1		5,787
Interfunds and Other Receivables Liquidated	A-1	-	275,055
 Total Income		<u>127,624,561</u>	<u>127,857,455</u>
EXPENDITURES			
Budget Appropriations:			
Operations			
Salaries and Wages	A-3	39,005,259	38,804,013
Other Expenses	A-3	32,848,870	36,325,784
Deferred Charges and Statutory Expenditures	A-3	10,255,694	10,125,964
Capital Improvements	A-3	100,000	100,000
Municipal Debt Service	A-3	2,582,629	2,241,615
Judgements		2,000	
County Taxes	A-22	23,212,635	22,661,235
Local District School Taxes	A-21	16,818,577	16,996,446
Prior Year Senior Citizen/Veterans Disallowed	A-1		5,000
Prior Year Disallowed Grant Charges	A-1		17,522
Refund of Prior Year Revenue	A-4	34,497	4,255
Interfunds and Other Receivables Created	A	1,368,790	-
 Total Expenditures		<u>126,228,951</u>	<u>127,281,834</u>
 Excess in Revenue		1,395,610	575,621
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year	A-1	-	1,400,000
 Statutory Excess to Fund Balance		1,395,610	1,975,621
 Fund Balance, Beginning of Year	A	<u>3,466,874</u>	<u>2,821,253</u>
		4,862,484	4,796,874
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>\$ 3,532,484</u>	<u>\$ 3,466,874</u>

CITY OF PASSAIC
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Reference	Anticipated		Realized	Excess (Deficit)
		Budget	Added by 40A:4-87		
Fund Balance Utilized	A-1	\$ 1,330,000	-	\$ 1,330,000	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-15	50,000		142,874	\$ 92,874
Other	A-15	45,000		41,413	(3,587)
Fees and Permits:					
Uniform Construction Code - Fees	A-15	600,000		719,538	119,538
Other	A-15	55,000		50,615	(4,385)
Fines and Costs:					
Municipal Court	A-15	1,700,000		1,945,698	245,698
Energy Receipts Tax	A-15	8,191,520		8,157,655	(33,865)
Supplemental Energy Receipts Tax	A-15			107,457	107,457
Consol. Municipal Property Tax Relief Aid	A-15	4,353,962		4,280,370	(73,592)
Interest and Costs on Taxes	A-15	123,385		335,133	211,748
Interest on Investments & Deposit	A-15	12,000		40,627	28,627
Police Record Bureau	A-15	16,000		26,730	10,730
Ambulance Billing	A-15	870,000		874,320	4,320
Board of Education - Security Watch and Resource Officers	A-15	3,166,000		2,749,052	(416,948)
Interlocal Agreement - Passaic Parking Authority	A-11	673,000		668,037	(4,963)
Public and Private Revenues Offset					
With Appropriations:					
Byrne Memorial Justice Assistance	A-30	246,078		246,078	
Childhood Leadbase Prevention	A-30	159,250		159,250	
Hepatitis Inoculation	A-30		\$ 5,000	5,000	
Ryan White Title I	A-30	152,343		152,343	
Drive Sober or Get Pulled Over	A-30	5,000		5,000	
Drive Sober or Get Pulled Over	A-30		7,500	7,500	
Safe & Secure	A-30	90,000		90,000	
Walk Safe Passaic	A-30	16,000		16,000	
Municipal Alliance on Alcoholism and Drug Abuse	A-30	29,608		29,608	
NJDEP McD Brook Desnagging/Shoal Dredging	A-30	100,000		100,000	
Passaic County Open Space - Parks Rehabilitation - Pulaski Park	A-30		141,750	141,750	
Passaic County Open Space - Parks Rehabilitation - 3rd Ward Park	A-30		141,750	141,750	
Passaic County Housing Opportunity	A-30		75,000	75,000	
Delta Dental Grant - Mayor's Wellness	A-30		15,000	15,000	
Districted Driving Crackdown	A-30		5,000	5,000	
Market Streetscape Enhancement	A-30		750,000	750,000	
Passaic County Multi Cultural Affairs	A-30		700	700	
HIDTA - Youth Empowerment	A-30		2,708	2,708	
DOT Various Street Projects	A-30		353,273	353,273	
Juvenile Accountability - Station House Adjustment Grant	A-30		19,762	19,762	
Click It Or Ticket	A-30		4,000	4,000	
Clean Communities	A-30		79,122	79,122	
Summer Food Program	A-30		375,995	375,995	
Alcohol Education - 2014 - Reserve	A-34		17,724	17,724	
UEZA Programs - Reserve	A-34		203,014	203,014	
Drunk Driving - 2014 - Reserve	A-34		17,669	17,669	
Junior Tennis - Reserve	A-34		2,000	2,000	

CITY OF PASSAIC
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Reference</u>	<u>2015 Budget</u>	<u>Added by 40A:4-87</u>	<u>Realized in 2015</u>	<u>Excess (Deficit)</u>
Special Items:					
Cable Franchise Fee	A-15	\$ 279,000		\$ 462,134	\$ 183,134
Saint Mary's Reise Corp. - In Lieu of Taxes	A-15	117,000		163,913	46,913
Chestnut Housing Phase I - In Lieu of Taxes	A-15	66,000		74,925	8,925
Jack Parker Association - In Lieu of Taxes	A-15	292,000		302,896	10,896
Miscellaneous Reserves - PILOT Housing Authority	A-26	103,280		103,280	-
Garden Howe - In Lieu of Taxes	A-15	35,000		46,406	11,406
YMCA - In Lieu of Taxes	A-15	22,000		30,000	8,000
Highview Terrace - In Lieu of Taxes	A-15	58,000		79,249	21,249
Housing Authority Police Program	A-15	200,000		326,662	126,662
County of Passaic - Street Lighting	A-15	60,000	-	60,000	-
Total Miscellaneous Revenues		<u>21,886,426</u>	<u>\$ 2,216,967</u>	<u>24,804,230</u>	<u>700,837</u>
Receipts from Delinquent Taxes	A-2	<u>40,000</u>	<u>-</u>	<u>412,089</u>	<u>372,089</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		59,159,378		57,519,251	(1,640,127)
Minimum Library Tax		<u>1,061,787</u>	<u>-</u>	<u>1,061,787</u>	<u>-</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>60,221,165</u>	<u>-</u>	<u>58,581,038</u>	<u>(1,640,127)</u>
Total Revenues	A-3	<u>\$ 83,477,591</u>	<u>\$ 2,216,967</u>	85,127,357	<u>\$ (567,201)</u>
Non-Budget Revenues	A-2			<u>962,912</u>	
				<u>\$ 86,090,269</u>	

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	<u>Reference</u>	<u>2015</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-13	\$ 99,212,250
Less: Reserve for Tax Appeals Pending	A-25	<u>1,500,000</u>
Revenues Realized	A-1	97,712,250
Less: Allocated to School and County Taxes	A-21,A-22	<u>40,031,212</u>
Balance for Support of Municipal Budget Appropriations		57,681,038
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>900,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 58,581,038</u>
Receipts from Delinquent Taxes		
Delinquent Tax Collections	A-13	\$ 154,962
Tax Title Liens	A-14	<u>257,125</u>
	A-2	<u>\$ 412,087</u>
<u>Analysis of Non Budget Revenue</u>		
Recreation Fees		\$ 112,760
Recycling		70,187
Motor Vehicle Inspection Fines		8,263
Sewer Connection Fees		12,868
Administrative Fees - Police Outside Duty		113,010
Board of Health/Vital Statistics Fees		195,143
City Clerk Fees		5,206
Planning/Engineering Fees		56,417
Passaic Valley Water Commission - Hydrant Inspection		69,000
Administration Fees - Senior Citizen and Veterans		2,202
Insurance Reimbursement		47,850
Elevator Fees		19,792
Bus Shelter Franchise		2,400
Sale of Municipal Assets		7,147
Bid Specifications		1,965
Prior Year Refunds		3,820
Retiree Drug Subsidy		1,495
Rental Fees		11,967
FEMA Reimbursement		207,805
Restitution		5,200
Miscellaneous Reimbursements/Receipts		<u>8,415</u>
		<u>\$ 962,912</u>
Revenue Accounts Receivable	A-15	\$ 53,050
Cash Receipts	A-4	<u>909,862</u>
	A-2	<u>\$ 962,912</u>

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Appropriated		Expended		Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Office of Business Administration					
Salaries & Wages	\$ 331,306	\$ 361,056	\$ 361,056		
Other Expenses	119,000	132,500	118,639	\$ 13,861	
Human Resources					
Office of Personnel					
Salaries & Wages	152,898	66,898	52,367	14,531	
Other Expenses	5,000	5,000	3,510	1,490	
Mayor and Council					
Office of the Mayor and Council					
Salaries & Wages	304,789	304,789	301,779	3,010	
Other Expenses	34,000	44,000	38,511	5,489	
City Clerk					
Salaries & Wages	310,371	336,371	336,371	-	
Other Expenses	105,000	105,000	88,082	16,918	
Financial Administration - Treasurer's Office					
Salaries and Wages	504,709	464,709	450,904	13,805	
Other Expenses	115,000	115,000	107,688	7,312	
Annual Audit					
Other Expenses	63,000	63,000	62,000	1,000	
Revenue Administration - Tax Collector					
Salaries and Wages	217,316	228,816	228,049	767	
Other Expenses	25,000	25,000	24,838	162	
Tax Assessment Administration					
Salaries and Wages	235,639	235,639	226,019	9,620	
Other Expenses	52,000	52,000	50,120	1,880	
Legal Services					
Other Expenses	515,000	608,500	565,000	43,500	
Office of Engineer					
Salaries and Wages	156,911	161,911	161,911	-	
Other Expenses	25,000	20,000	15,541	4,459	
Economic Development Agencies					
Planning and Economic Development					
Salaries and Wages	173,364	173,364	156,851	16,513	
Other Expenses	3,000	3,000	2,017	983	
Division of Housing					
Salaries and Wages	204,054	204,054	199,079	4,975	
Other Expenses	8,000	8,000	7,927	73	
Redevelopment Agency	10,000	10,000	10,000	-	
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	10,000	10,000	7,282	2,718	
Board of Adjustment					
Other Expenses	16,000	16,000	11,322	4,678	
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	1,653,000	1,503,000	1,341,468	161,532	
Workmen's Compensation	1,640,000	1,640,000	1,597,681	42,319	
Employee Group Insurance	14,657,994	14,637,994	14,235,017	402,977	
Health Benefit Waiver	10,000	14,600	14,400	200	
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, 2015

	<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	\$ 16,562,903	\$ 16,562,903	\$ 15,461,794	\$ 1,101,109	
Other Expenses	330,000	383,500	374,920	8,580	
BOE Security Watch and Res. Off.-Salaries & Wages	2,250,000	2,250,000	2,074,366	175,634	
Office of Emergency Management					
Salaries & Wages	800,670	800,670	778,908	21,762	
Other Expenses	27,000	28,500	27,147	1,353	
Fire Department					
Salaries and Wages	10,542,750	10,492,750	10,308,015	184,735	
Other Expenses	95,000	95,000	83,847	11,153	
Prosecutor's Office					
Other Expenses	216,900	196,900	139,682	57,218	
Municipal Court					
Salaries and Wages	815,971	815,971	815,971	-	
Other Expenses	120,624	149,274	140,413	8,861	
Public Defender (PL 1997 C.256)					
Other Expenses	51,700	69,700	62,600	7,100	
Passaic Parking Authority					
Salaries & Wages	467,000	467,000	434,851	32,149	
Other Expenses	197,498	197,498	154,892	42,606	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	1,580,040	1,473,040	1,305,136	167,904	
Other Expenses	194,650	209,650	208,883	767	
Solid Waste Collection					
Other Expenses					
Garbage Removal Contractual	2,000,000	2,000,000	1,935,731	64,269	
Buildings and Grounds					
Salaries and Wages	759,262	767,762	767,762	-	
Other Expenses	203,300	248,300	241,514	6,786	
Vehicle Maintenance					
Salaries & Wages	378,845	378,845	349,983	28,862	
Other Expenses	320,500	370,500	369,982	518	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Division of Health					
Salaries and Wages	629,856	629,856	613,226	16,630	
Other Expenses	156,700	156,700	154,200	2,500	
Animal Regulation					
Salaries and Wages	114,643	114,643	111,178	3,465	
Other Expenses	30,000	30,000	28,105	1,895	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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)					
PARK AND RECREATION FUNCTIONS					
Division of Recreation					
Salaries and Wages	\$ 420,940	\$ 420,940	\$ 414,328	\$ 6,612	
Other Expenses	130,000	130,000	127,745	2,255	
Senior Citizens					
Salaries and Wages	156,640	146,640	136,038	10,602	
Other Expenses	8,000	8,000	3,277	4,723	
Handicapped Recreation					
Salaries & Wages	99,988	130,988	126,995	3,993	
Other Expenses	26,000	26,000	24,898	1,102	
Maintenance of Parks					
Salaries & Wages	633,845	655,845	634,171	21,674	
Other Expenses	67,550	80,550	73,015	7,535	
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	357,798	359,798	359,798	-	
Other Expenses	65,200	63,200	34,254	28,946	
UNCLASSIFIED:					
Utilities:					
Electricity	640,000	640,000	484,006	155,994	
Street Lighting	850,000	850,000	675,097	174,903	
Telephone and Telegraph	142,000	142,000	118,435	23,565	
Gasoline	500,000	500,000	360,503	139,497	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Tipping Tax	100,000	100,000	88,121	11,879	
Tipping Fees	2,170,000	2,170,000	1,929,260	240,740	
Total Operations Within "CAPS"	67,461,326	67,453,326	63,898,476	3,554,850	-
Detail:					
Salaries & Wages	39,162,509	39,005,259	37,166,906	1,838,353	-
Other Expenses	28,298,817	28,448,067	26,731,570	1,716,497	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
DEFERRED CHARGES					
Prior Year Bills	1,385	1,385	1,385		
STATUTORY CHARGES					
Public Employees Retirement System	1,419,560	1,419,560	1,391,127	28,433	
Social Security System (O.A.S.I.)	1,437,000	1,437,000	1,333,895	103,105	
Pension for Widows	2,245	2,245	345	1,900	
Police and Fireman's Retirement System	6,341,834	6,341,834	6,335,742	6,092	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" (Continued)					
STATUTORY CHARGES (Continued)					
Public Employees Retirement System-ERIP	\$ 190,179	\$ 190,179	\$ 190,179		
Consolidated Police and Firemen's Pension Fund	25,491	25,491	3,514	\$ 21,977	
Deferred Compensation Retirement Plan	10,000	18,000	13,946	4,054	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	9,427,694	9,435,694	9,270,133	165,561	-
Total General Appropriations for Municipal Purposes Within "CAPS"	76,889,020	76,889,020	73,168,609	3,720,411	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	1,159,551	1,159,551	1,159,551		
Employee Group Insurance	166,006	166,006	2,000	164,006	-
Total Other Operations - Excluded From "CAPS"	1,325,557	1,325,557	1,161,551	164,006	-
Public and Private Programs Offset by Revenues					
Edward Byrne Memorial Justice Assistance Grant (JAG)	246,078	246,078	246,078		
Childhood Lead Paint	159,250	159,250	159,250		
DOT Various Street Projects		353,273	353,273		
Hepatitis Inoculation		5,000	5,000		
Housing Opp. HOPWA		75,000	75,000		
Park Rehabilitation - Pulaski Park		141,750	141,750		
Park Rehabilitation - 3rd Ward Memorial Park		141,750	141,750		
Passaic Cty. Cultural Heritage (Multiculture)		700	700		
Ryan White Title I	152,343	152,343	152,343		
Station House Adjustment Grant		19,762	19,762		
Drive Sober or Get Pulled Over	5,000	12,500	12,500		
Clean Communities Program		79,122	79,122		
Click It or Ticket		4,000	4,000		
NJDEP - McDonald Brook Desnagging/Dredging	100,000	100,000	100,000		
Market St. Scape Salaries and Wages		750,000	750,000		
Delta Dental Grant - Mayor's Wellness		15,000	15,000		
Summer Food Grant		375,995	375,995		
Safe & Secure	90,000	90,000	90,000		
High Drug Traffic HIDTA15		2,708	2,708		
Walk Safe Passaic	16,000	16,000	16,000		
Distracted Driving 2015		5,000	5,000		
Matching Funds for Grants	60,000	60,000		60,000	
Municipal Alliance on Alcoholism and Drug Abuse	29,608	29,608	29,608		
Drunk Driving 2014 Enforcement		17,669	17,669		
UEZA - Project Graffiti - 2015		64,128	64,128		
UEZA - Project Clean Sweep		138,886	138,886		
Junior Tennis		2,000	2,000		
Alcohol Education - 2014	-	17,724	17,724		
Total Public and Private Program Offset by Revenues	858,279	3,075,246	3,015,246	60,000	-
Total Operations - Excluded from "CAPS"	2,183,836	4,400,803	4,176,797	224,006	-
Detail:					
Other Expenses	2,183,836	4,400,803	4,176,797	224,006	-

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 100,000	\$ 100,000	\$ 100,000	-	-
Total Capital Improvements - Excluded from "CAPS"	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,070,000	2,070,000	2,070,000		
Interest on Bonds	396,100	396,100	396,100		
Interest on Notes	33,006	33,006	32,900		\$ 106
Payment of Loan Principal and Interest	<u>83,629</u>	<u>83,629</u>	<u>83,629</u>	-	-
Total Municipal Debt Service - Excluded from "CAPS"	<u>2,582,735</u>	<u>2,582,735</u>	<u>2,582,629</u>	-	106
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Special Emergency Authorization - 5 Years	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	-	-
Total Deferred Charges Municipal - Excluded from "CAPS"	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	-	-
Judgments	<u>2,000</u>	<u>2,000</u>	-	\$ 2,000	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>5,688,571</u>	<u>7,905,538</u>	<u>7,679,426</u>	226,006	106
Subtotal General Appropriations	82,577,591	84,794,558	80,848,035	3,946,417	106
Reserve for Uncollected Taxes	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	-	-
Total General Appropriations	<u>\$ 83,477,591</u>	<u>\$ 85,694,558</u>	<u>\$ 81,748,035</u>	<u>\$ 3,946,417</u>	<u>\$ 106</u>

<u>Reference</u>	A-2	A-1	A,A-1
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Budget	A-2	\$ 83,477,591
Appropriation by 40A:4-87	A-2	<u>2,216,967</u>
		<u>\$ 85,694,558</u>
Cash Disbursed	A-4	\$ 72,930,931
Encumbrances Payable	A-23	1,432,065
Deferred Charges:		
Special Emergency Authorizations	A-16	820,000
Due to Grant Fund	A-9	3,151,904
Due to Other Trust Fund	B-7	2,513,135
Reserve for Uncollected Taxes	A-2	<u>900,000</u>
		<u>\$ 81,748,035</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF JUNE 30, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 46,965	\$ 63,233
		<u>46,965</u>	<u>63,233</u>
OTHER TRUST FUND			
Cash	B-1	9,909,825	6,770,664
Due from Current Fund	B-7		412,037
Due from Grant Fund	B-5	136,442	27,051
		<u>10,046,267</u>	<u>7,209,752</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Cash	B-1	91,645	117,744
Due from HUD	B-10	2,033,528	898,976
Other Receivables	B-13	155,454	155,454
		<u>2,280,627</u>	<u>1,172,174</u>
HOME INVESTMENT PROGRAM FUND			
Cash	B-1	129,371	17,965
Due from HUD	B-12	1,213,758	904,419
Mortgage Receivable	B-14	455,237	455,237
		<u>1,798,366</u>	<u>1,377,621</u>
Total Assets		<u>\$ 14,172,225</u>	<u>\$ 9,822,780</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF JUNE 30, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Encumbrances Payable	B-6	\$ 2,395	\$ 1,680
Due State of New Jersey	B-2	17	14
Due to Current Fund	B-4	683	24,032
Reserve for Animal Control Expenditures	B-3	<u>43,870</u>	<u>37,507</u>
		<u>46,965</u>	<u>63,233</u>
OTHER TRUST FUND			
Due to Current Fund	B-7	1,291,544	
Due to State of New Jersey - Unemployment	B-8		28,083
Miscellaneous Reserves and Deposits	B-9	<u>8,754,723</u>	<u>7,181,669</u>
		<u>10,046,267</u>	<u>7,209,752</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Due to Current Fund	B-16	96,501	96,526
Reserve for Program Expenditures - UDAG	B-15	8,122	8,122
Reserve for Program Expenditures - CDBG	B-11	<u>2,176,004</u>	<u>1,067,526</u>
		<u>2,280,627</u>	<u>1,172,174</u>
HOME INVESTMENT PROGRAM FUND			
Due to Current Fund	B-17	168,862	82,580
Reserve for Loan Receivable	B-14	455,237	455,237
Reserve for Home Investment Program	B-18	<u>1,174,267</u>	<u>839,804</u>
		<u>1,798,366</u>	<u>1,377,621</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 14,172,225</u>	<u>\$ 9,822,780</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF JUNE 30, 2015 AND 2014

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	C-2,C-3	\$ 443,649	\$ 1,012,383
Grants and Loans Receivable	C-4	1,500,000	1,500,000
Due from Grant Fund	C-8	486	486
Deferred Charges to Future Taxation			
Funded	C-6	11,404,430	13,544,300
Unfunded	C-7	<u>2,510,238</u>	<u>2,510,258</u>
 Total Assets		 <u>\$ 15,858,803</u>	 <u>\$ 18,567,427</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-13	\$ 8,634,000	\$ 9,779,000
Pension Refunding Bonds	C-13	2,135,000	3,060,000
Green Acres Loans Payable	C-14	635,430	705,300
Bond Anticipation Notes Payable	C-12	2,257,500	2,257,500
Encumbrances Payable	C-10	134,880	305,348
Due to Current Fund	C-5	65	6
Improvement Authorizations			
Funded	C-11	884,651	1,204,983
Unfunded	C-11	72,138	254,413
Capital Improvement Fund	C-9	221,499	121,499
Reserve for Curb and Sidewalk Improvements	C-15	5,000	5,000
Reserve for Payment of Debt Service	C-16	124,378	124,378
Reserve for Grants and Loans Receivable	C-4	750,000	750,000
Fund Balance	C-1	<u>4,262</u>	<u>-</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 15,858,803</u>	 <u>\$ 18,567,427</u>

There were Bonds and Notes Authorized But Not Issued on June 30, 2015 and 2014 of \$252,738 and \$252,758, respectively, (See Exhibit C-17).

CITY OF PASSAIC
 COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
 GENERAL CAPITAL FUND
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Increased by:			
Funded Improvement Authorizations Cancelled	C-11	\$ 26,262	-
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-11	<u>22,000</u>	<u>-</u>
Fund Balance, End of Year	C	<u>\$ 4,262</u>	<u>\$ -</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF JUNE 30, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
OPERATING FUND			
Cash	D-5	\$ 672,278	\$ 433,976
Due from PVWC	D-9	<u>3,243</u>	<u>10,789</u>
		<u>675,521</u>	<u>444,765</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	961,107	1,163,003
Other Accounts Receivable	D-8	<u>41,287</u>	<u>265,850</u>
		<u>1,002,394</u>	<u>1,428,853</u>
Total Operating Fund		<u>1,677,915</u>	<u>1,873,618</u>
CAPITAL FUND			
Cash	D-5,D-6	113,477	164,396
Fixed Capital	D-10	5,874,366	5,209,460
Fixed Capital Authorized and Uncompleted	D-11	<u>50,308</u>	<u>715,214</u>
Total Capital Fund		<u>6,038,151</u>	<u>6,089,070</u>
		<u>\$ 7,716,066</u>	<u>\$ 7,962,688</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4,D-16	\$ 66,949	\$ 208,919
Encumbrances Payable	D-13	93,250	7,600
Accrued Interest on Bonds	D-15	13,875	14,900
Due to Current Fund	D-12	<u>4,651</u>	<u>13,765</u>
		178,725	245,184
Reserve for Receivables	D	1,002,394	1,428,853
Fund Balance	D-1	<u>496,796</u>	<u>199,581</u>
Total Operating Fund		<u>1,677,915</u>	<u>1,873,618</u>
CAPITAL FUND			
Serial Bonds	D-21	990,000	1,080,000
Bond Anticipation Notes Payable	D-22	646,000	646,000
Encumbrances Payable	D-20	367	400
Due to Current Fund	D-14	106,000	
Improvement Authorizations			
Funded	D-18	35,006	35,006
Unfunded	D-18	15,302	172,188
Reserve for Amortization	D-19	4,209,460	4,085,460
Reserve for Deferred Amortization	D-20	35,006	69,006
Fund Balance	D-2	<u>1,010</u>	<u>1,010</u>
Total Capital Fund		<u>6,038,151</u>	<u>6,089,070</u>
		<u>\$ 7,716,066</u>	<u>\$ 7,962,688</u>

There were Bonds and Notes Authorized But Not Issued on June 30, 2015 and 2014 of \$44,208 and \$44,208 , respectively, (See Exhibit D-23).

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, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REVENUES AND OTHER INCOME REALIZED			
Sewer Rents	D-3	\$ 5,245,643	\$ 5,240,558
Non-Budget Revenues	D-5	2,819	
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-16	<u>216,519</u>	<u>26,176</u>
Total Income		<u>5,464,981</u>	<u>5,266,734</u>
EXPENDITURES			
Operating	D-4	5,039,490	4,993,765
Debt Service	D-4	<u>128,276</u>	<u>126,232</u>
Total Expenditures		<u>5,167,766</u>	<u>5,119,997</u>
Statutory Excess to Fund Balance		297,215	146,737
Fund Balance, Beginning of Year,	D	<u>199,581</u>	<u>52,844</u>
Fund Balance, End of Year,	D	<u>\$ 496,796</u>	<u>\$ 199,581</u>

EXHIBIT D-2

COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Fund Balance, Beginning of Year	D	<u>\$ 1,010</u>	<u>\$ 1,010</u>
Fund Balance, End of Year	D	<u>\$ 1,010</u>	<u>\$ 1,010</u>

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Sewer Rents and Charges	D-3	\$ 5,168,791	\$ 5,245,643	\$ 76,852
	D-4	\$ 5,168,791	\$ 5,245,643	\$ 76,852
Analysis of Revenue Realized:				
Consumer Accounts Receivable Collections	D-7		\$ 5,002,446	
Other Accounts Receivable Collections	D-8		<u>243,197</u>	
	D-3		<u>\$ 5,245,643</u>	

EXHIBIT D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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	\$ 143,490	-	
Sewer Treatment Expenses	4,350,000	4,350,000	4,298,310	\$ 51,690	
Sewer Maintenance Fee - Contractual	<u>546,000</u>	<u>546,000</u>	<u>530,741</u>	<u>15,259</u>	<u>-</u>
Total Operating	<u>5,039,490</u>	<u>5,039,490</u>	<u>4,972,541</u>	<u>66,949</u>	<u>-</u>
DEBT SERVICE					
Payment of Bond Principal	90,000	90,000	90,000		
Interest on Notes	4,651	4,651	4,651		
Interest on Bonds	<u>34,650</u>	<u>34,650</u>	<u>33,625</u>	<u>-</u>	<u>\$ 1,025</u>
Total Debt Service	<u>129,301</u>	<u>129,301</u>	<u>128,276</u>	<u>-</u>	<u>1,025</u>
	<u>\$ 5,168,791</u>	<u>\$ 5,168,791</u>	<u>\$ 5,100,817</u>	<u>\$ 66,949</u>	<u>\$ 1,025</u>
	<u>Reference</u>	D-3	D-4	D-1	D,D-1
Disbursed		D-5		\$ 4,844,641	
Encumbrances Payable		D-13		93,250	
Accrued Interest on Bonds		D-15		33,625	
Due to Current Fund		D-12		<u>129,301</u>	
				<u>\$ 5,100,817</u>	

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF JUNE 30, 2015 AND 2014
(UNAUDITED)

	<u>2015</u>	<u>2014</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>

NOTES TO FINANCIAL STATEMENTS

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

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 and Council form of government. Under this form of government, the Mayor is elected directly by the voters for a four year term. Seven Council Members serve overlapping four year terms. 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
YEARS ENDED JUNE 30, 2015 AND 2014

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
YEARS ENDED JUNE 30, 2015 AND 2014

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
YEARS ENDED JUNE 30, 2015 AND 2014

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 on 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
YEARS ENDED JUNE 30, 2015 AND 2014

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
YEARS ENDED JUNE 30, 2015 AND 2014

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 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 funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer 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.

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.

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

Trust Funds
General Capital Fund
Sewer Utility Capital Fund

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

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 2015 and 2014 the City Council increased the original current fund budget by \$2,216,967 and \$6,305,761, respectively. The increases were funded by additional aid allotted to the City during fiscal years 2015 and 2014, and emergency appropriations in 2014 for the revaluation program. In addition, the governing body approved several budget transfers during fiscal years 2015 and 2014.

NOTE 3 DEPOSITS AND INVESTMENTS

The City considers petty cash, change funds, cash in banks and certificates of deposit as cash.

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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015 and 2014, the book value of the City's deposits were \$27,349,787 and \$23,785,640 and bank and brokerage firm balances of the City's deposits amounted to \$28,738,948 and \$28,048,056, 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>2015</u>	<u>2014</u>
Insured	\$ 28,738,948	\$ 28,048,056

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

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, 2015 and 2014, none of the City's bank balances 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 City will not be able to recover the value of its investments or collateral securities that are held by an outside party. The City 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.

As of June 30, 2015 and 2014 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.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at June 30, 2015 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2015</u>			
Property Taxes	\$ 32,253		\$ 32,253
Tax Title Liens	436,669		436,669
Utility Rents and Fees	<u>-</u>	<u>\$ 1,002,394</u>	<u>1,002,394</u>
	<u>\$ 468,922</u>	<u>\$ 1,002,394</u>	<u>\$ 1,471,316</u>

In fiscal year 2015, the City collected \$412,089 and \$1,406,200 from delinquent taxes and utility rents, which represented 65% and 98% of the delinquent tax and sewer charges receivable at June 30, 2014.

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.

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

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>2015</u>		<u>2014</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund				
Regular	\$ 1,668,306	\$ 304,059	\$ 353,567	\$ 412,037
Grant	304,059	136,928		164,195
Trust Funds				
Animal Control		683		24,032
Other Trust	136,442	1,291,544	439,088	
Community Development		96,501		96,526
Home Investment Program		168,862		82,580
General Capital Fund	486	65	486	6
Sewer Utility Fund				
Operating Capital	-	4,651	-	13,765
	-	106,000	-	-
Total	<u>\$ 2,109,293</u>	<u>\$ 2,109,293</u>	<u>\$ 793,141</u>	<u>\$ 793,141</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

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

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:

	Balance <u>June 30,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2015</u>			
Current Fund			
Regular Fund			
Special Emergency Authorizations	\$ 2,200,000	\$ 820,000	\$ 1,380,000
Grant Fund			
Grant Expenditures Without Appropriations	882,399	882,399	-
<u>2014</u>			
Current Fund			
Special Emergency Authorizations	\$ 3,020,000	\$ 820,000	\$ 2,200,000

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

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:

	Fund Balance June 30, <u>2015</u>	Utilized in Subsequent Year's Budget	Fund Balance June 30, <u>2014</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 3,468,723	\$ 1,520,000	\$ 2,607,793	\$ 1,330,000
Non-Cash Surplus	<u>63,761</u>	<u>-</u>	<u>859,081</u>	<u>-</u>
	<u>\$ 3,532,484</u>	<u>\$ 1,520,000</u>	<u>\$ 3,466,874</u>	<u>\$ 1,330,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 496,796	\$ 127,000	\$ 199,581	-
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 496,796</u>	<u>\$ 127,000</u>	<u>\$ 199,581</u>	<u>\$ -</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of the general fixed assets account group for the Years Ended June 30, 2015 and 2014.

	Balance, June 30, <u>2015</u> (Unaudited)	Balance, June 30, <u>2014</u> (Unaudited)
Fixed Assets	<u>\$ 91,441,474</u>	<u>\$ 91,441,474</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 8 FIXED ASSETS (Continued)

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the Years Ended June 30, 2015 and 2014.

Sewer Utility Fund

	Balance June 30, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2015</u>
<u>2015</u>				
Fixed Capital				
System and System Improvements	\$ 4,899,460	\$ 664,906		\$ 5,564,366
Vehicles and Equipment	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>310,000</u>
	<u>\$ 5,209,460</u>	<u>\$ 664,906</u>	<u>\$ -</u>	<u>\$ 5,874,366</u>
	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2014</u>
<u>2014</u>				
Fixed Capital				
System and System Improvements	\$ 4,899,460			\$ 4,899,460
Vehicles and Equipment	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>310,000</u>
	<u>\$ 5,209,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,209,460</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

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 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>2015</u>	<u>2014</u>
Issued		
General		
Bonds, Notes and Loans	\$ 13,661,930	\$ 15,801,800
Sewer Utility		
Bonds and Notes	<u>1,636,000</u>	<u>1,726,000</u>
	15,297,930	17,527,800
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(124,378)</u>	<u>(124,378)</u>
Net Debt Issued	15,173,552	17,403,422
Authorized But Not Issued		
General		
Bonds and Notes	252,738	252,758
Sewer Utility		
Bonds and Notes	<u>44,208</u>	<u>44,208</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 15,470,498</u>	<u>\$ 17,700,388</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

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 .37% and .40% at June 30, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
General Debt	\$ 13,914,668	\$ 2,259,378	\$ 11,655,290
Sewer Utility Debt	1,680,208	1,680,208	
Parking Authority Debt	<u>1,645,000</u>	<u>1,645,000</u>	<u>-</u>
Total	<u>\$ 17,239,876</u>	<u>\$ 5,584,586</u>	<u>\$ 11,655,290</u>

	<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>

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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 109,632,248 <u>11,655,290</u>	\$ 112,723,115 <u>12,870,180</u>
Remaining Borrowing Power	<u>\$ 97,976,958</u>	<u>\$ 99,852,935</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

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>2015</u>	<u>2014</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%	\$ 6,949,000	\$ 7,249,000
\$3,930,000, 2013 Early Retirement Pension Refunding Bonds due in annual installments of \$925,000 to \$1,115,000 through February 1, 2017, interest at 1.630% to 2.146%	2,135,000	3,060,000
\$3,385,000, 2013 General Obligation Refunding Bonds, due in annual installments of \$835,000 to \$850,000 through May 1, 2017, interest at 3.00% to 4.00%	<u>1,685,000</u>	<u>2,530,000</u>
	<u>\$ 10,769,000</u>	<u>\$ 12,839,000</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The City has entered into loan agreements with the State of New Jersey Green Acres Program for the financing related to 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>2015</u>	<u>2014</u>
\$200,000, 2006 Loans, due in semi-annual installments of \$4,897 to \$6,157 through March, 2026, interest at 2%	\$ 122,254	\$ 132,098
\$500,000, 2008 Loans, due in semi-annual installments of \$17,920 to \$21,013 through July, 2022, interest at 2%	294,255	330,274
\$100,000, 2008 Loans, due in semi-annual installments of \$2,400 to \$3,078 through June, 2027, interest at 2%	66,050	70,874
\$250,000, 2009 Loans, due in semi-annual installments of \$9,050 to \$10,506 through April, 2022, interest at 2%	137,987	156,177
\$21,000, 2009 Loans, due in semi-annual installments of \$494 to \$646 through June, 2028, interest at 2%	<u>14,884</u>	<u>15,877</u>
	<u>\$ 635,430</u>	<u>\$ 705,300</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Sewer Utility Bonds

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

	<u>2015</u>	<u>2014</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%	\$ 990,000	\$ 1,080,000
	<u>\$ 990,000</u>	<u>\$ 1,080,000</u>

The City's principal and interest for long-term debt issued and outstanding as of June 30, 2015 is as follows:

Fiscal Year	General				Sewer Utility		Total
	Bonds		Loans		Principal	Interest	
	Principal	Interest	Principal	Interest			
2016	\$ 2,155,000	\$ 346,672	\$ 71,275	\$ 12,354	\$ 90,000	\$ 31,951	\$ 2,707,252
2017	2,215,000	285,513	72,708	10,921	90,000	29,138	2,703,280
2018	250,000	219,460	74,169	9,460	90,000	26,213	669,302
2019	675,000	204,429	75,660	7,969	90,000	23,288	1,076,346
2020	675,000	182,491	77,181	6,448	90,000	20,362	1,051,482
2021-2025	3,400,000	569,456	236,269	12,095	450,000	56,137	4,723,957
2026-2028	<u>1,399,000</u>	<u>55,065</u>	<u>28,168</u>	<u>622</u>	<u>90,000</u>	<u>1,688</u>	<u>1,574,543</u>
	<u>\$ 10,769,000</u>	<u>\$ 1,863,086</u>	<u>\$ 635,430</u>	<u>\$ 59,869</u>	<u>\$ 990,000</u>	<u>\$ 188,777</u>	<u>\$ 14,506,162</u>

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

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 Years Ended June 30, 2015 and 2014 were as follows:

	Balance, June 30, 2014	Additions	Reductions	Balance, June 30, 2015	Due Within One year
<u>2015</u>					
General Capital					
Serial Bonds	\$ 9,779,000		\$ 1,145,000	\$ 8,634,000	\$ 1,135,000
Pension Refunding Bonds	3,060,000		925,000	2,135,000	1,020,000
Green Acres Loan Payable	705,300	-	69,870	635,430	71,275
	<u>13,544,300</u>	<u>-</u>	<u>2,139,870</u>	<u>11,404,430</u>	<u>2,226,275</u>
General Capital Fund					
Long Term Liabilities	\$ 13,544,300	-	\$ 2,139,870	\$ 11,404,430	\$ 2,226,275
	<u>13,544,300</u>	<u>-</u>	<u>2,139,870</u>	<u>11,404,430</u>	<u>2,226,275</u>
Sewer Utility Capital					
Serial Bonds	\$ 1,080,000	-	\$ 90,000	\$ 990,000	\$ 90,000
	<u>1,080,000</u>	<u>-</u>	<u>90,000</u>	<u>990,000</u>	<u>90,000</u>
Sewer Utility Capital Fund					
Long Term Liabilities	\$ 1,080,000	\$ -	\$ 90,000	\$ 990,000	\$ 90,000
	<u>1,080,000</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 990,000</u>	<u>\$ 90,000</u>
	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>1,793,494</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
	<u>15,337,794</u>	<u>-</u>	<u>1,793,494</u>	<u>13,544,300</u>	<u>2,139,870</u>
Sewer Utility Capital					
Serial Bonds	\$ 1,170,000	-	\$ 90,000	\$ 1,080,000	\$ 90,000
	<u>1,170,000</u>	<u>-</u>	<u>90,000</u>	<u>1,080,000</u>	<u>90,000</u>
Sewer Utility Capital Fund					
Long Term Liabilities	\$ 1,170,000	\$ -	\$ 90,000	\$ 1,080,000	\$ 90,000
	<u>1,170,000</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 1,080,000</u>	<u>\$ 90,000</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The City's short-term debt activity for the Years Ended June 30, 2015 and 2014 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2015</u>
2015						
<u>General Capital Fund</u>						
Improvements to Pulaski Park	0.55%	6/25/2016	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Acquisition of Ambulance	0.55%	6/25/2016	118,750	118,750	118,750	118,750
Replacement of City's Telephone System	0.55%	6/25/2016	237,500	237,500	237,500	237,500
Acquisition of Fire Apparatus	0.55%	6/25/2016	166,250	166,250	166,250	166,250
Various Capital Improvements	0.55%	6/25/2016	1,235,000	1,235,000	1,235,000	1,235,000
Total General Capital Fund			<u>2,257,500</u>	<u>2,257,500</u>	<u>2,257,500</u>	<u>2,257,500</u>
<u>Sewer Utility Capital Fund</u>						
Various Sewer Improvements	0.55%	6/25/2016	646,000	646,000	646,000	646,000
Total Sewer Utility Capital Fund			<u>\$ 646,000</u>	<u>\$ 646,000</u>	<u>\$ 646,000</u>	<u>\$ 646,000</u>

<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			<u>-</u>	<u>2,257,500</u>	<u>-</u>	<u>2,257,500</u>
<u>Sewer Utility Capital Fund</u>						
Various Sewer Improvements	0.72%	6/26/2015	-	646,000	-	646,000
Total Sewer Utility Capital Fund			<u>\$ -</u>	<u>\$ 646,000</u>	<u>\$ -</u>	<u>\$ 646,000</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the City's statutory debt limit calculation is reported in the Current Fund for the years 2015 and 2014 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.

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2015</u>
2015						
<u>Current Fund</u>						
Sick/Vacation - Terminal Pay	0.55%	6/25/2016	\$ 1,140,000	\$ 720,000	\$ 1,140,000	\$ 720,000
Preparation of Tax Map	0.55%	6/25/2016	360,000	360,000	360,000	360,000
Revaluation of Real Property	0.55%	6/25/2016	700,000	1,120,000	700,000	1,120,000
Total Special Emergency Notes			<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes (Continued)

<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>

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>
2015		
Installation of Surveillance Cameras - Rt 21	\$ 122,056	2016
Resurfacing Passaic Street and Factory Street	155,600	2016
Acquisition of Seven Vehicles	191,817	2016
Pulaski Park Sports Lighting	199,400	2016
Acquisition of Six Police Vehicles	237,524	2016
2014		
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

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

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 \$6,464,975 and \$8,156,484 at June 30, 2015 and 2014, respectively. This amount which is considered material to the financial statements, are not reported either as an expenditure or liability.

As of June 30, 2015 and 2014, the City has reserved in the Other Trust Fund \$245,455 and \$316,948, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Deferred Pension Obligation

During the 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 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, 2015 and 2014 is \$3,608,603 and \$3,804,755, respectively.

C. Early Retirement Incentive Program (ERIP) Pension Liability

The City elected to participate in the State Division of Pensions "Early Retirement Incentive Program" ("ERIP") under Chapter 128, P.L. 2003 for the Public Employees' Retirement System. The total pension liability under this plan amounted to approximately \$1.6 million for PERS. The Board elected to pay-off this liability of 15 years beginning in fiscal year 2004. The City is permitted to payoff the ERIP pension liability at any time. It is estimated that the total ERIP pension liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at June 30, 2015 and 2014 is \$643,914 and \$775,944, respectively.

Changes in Other Long-Term Liabilities

The City's changes in other long-term liabilities for the Years Ended June 30, 2015 and 2014 were as follows:

	Balance, June 30, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2015</u>	Due Within <u>One year</u>
<u>2015</u>					
Compensated Absences	\$ 8,156,484		\$ 1,691,509	\$ 6,464,975	\$ 600,000
Deferred Pension Obligation	3,804,755	\$ 300,576	496,728	3,608,603	498,410
ERIP Pension Liability	775,944	58,149	190,179	643,914	190,179
Net Pension Liability - PERS	31,104,023	767,517	1,344,159	30,527,381	1,367,600
Net Pension Liability - PFRS	<u>103,695,266</u>	<u>-</u>	<u>6,466,519</u>	<u>97,228,747</u>	<u>6,284,140</u>
Other Long-Term Liabilities	<u>\$ 147,536,472</u>	<u>\$ 1,126,242</u>	<u>\$ 10,189,094</u>	<u>\$ 138,473,620</u>	<u>\$ 8,940,329</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

	Balance, June 30, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustment</u> (A)	Balance, June 30, <u>2014</u>	Due Within <u>One year</u>
2014						
Compensated Absences	\$ 4,948,927	\$ 3,462,759	\$ 255,202		\$ 8,156,484	\$ 300,000
Deferred Pension Obligation	3,977,376	314,213	486,834		3,804,755	496,728
ERIP Pension Liability	898,769	67,354	190,179		775,944	190,179
Net Pension Liability - PERS				\$ 31,104,023	31,104,023	1,344,159
Net Pension Liability - PFRS	-	-	-	103,695,266	103,695,266	5,936,717
Other Long-Term Liabilities	<u>\$ 9,825,072</u>	<u>\$ 3,844,326</u>	<u>\$ 932,215</u>	<u>\$ 134,799,289</u>	<u>\$ 147,536,472</u>	<u>\$ 8,267,783</u>

(A) Represents the proportionate share of the City's net pension liability of the state sponsored employee retirement systems resulting from the requirements of Governmental Accounting Standards Boards Statement No. 68 "Accounting and Financial Reporting For Pensions".

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. CPFPPF is a cost-sharing plan with special funding situations.

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. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

Other Pension Funds

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

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

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

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

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

Basis of Accounting

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

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 75.4 percent and \$13.7 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 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 of 4.24 percent for PERS and 6.01 percent for PFRS.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2015, 2014 and 2013, 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:

<u>Year Ended</u> <u>June 30</u>	<u>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2015	\$ 3,514	\$ 6,335,742	\$ 1,581,306	\$ 13,946
2014	25,490	6,114,471	1,451,678	9,255
2013	71,882	7,334,956	1,648,690	8,051

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2015 and 2014, the City had a liability of \$30,527,381 and \$31,104,023, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and 2013, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these dates. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the City's proportionate share was .16305 percent, which was an increase of .00030 percent from its proportionate share measured as of June 30, 2013.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2015, the pension system has determined the City's pension expense to be \$1,578,502 for PERS based on the actuarial valuation which is more than the actual contribution made by the City of \$1,344,159 for PERS. At June 30, 2015, the City's deferred outflows of resources and deferred inflows of resources related to PERS pension are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 959,945	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 1,819,266
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>49,021</u>	<u>-</u>
Total	<u>\$ 1,008,966</u>	<u>\$ 1,819,266</u>

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

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (269,345)
2017	(269,345)
2018	(269,345)
2019	(269,345)
2020	185,472
Thereafter	<u>81,608</u>
	<u>\$ (810,300)</u>

**CITY OF PASSAIC
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

PERS

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the City's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, as well as what the City's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
City's Proportionate Share of the PERS Net Pension Liability	<u>\$ 38,404,361</u>	<u>\$ 30,527,381</u>	<u>\$ 23,912,708</u>

The sensitivity analysis was based on the proportionate share of the City's net pension liability at June 30, 2014. A sensitivity analysis specific to the City's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Police and Firemen's Retirement System (PFRS)

At June 30, 2015, the City had a liability of \$97,228,747 and \$103,695,266, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2014 and 2013, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these dates. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the City's proportionate share was .77294 percent, which was a decrease of .00707 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the pension system has determined the City pension expense to be \$6,546,565 for PFRS based on the actuarial valuation which is more than the actual contribution made by the City of \$5,936,717 for PFRS. At June 30, 2015, the City's deferred outflows of resources and deferred inflows of resources related to PFRS pension are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 3,650,297	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 9,921,867
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>2,149,340</u>	<u>2,936,821</u>
Total	<u>\$ 5,799,637</u>	<u>\$ 12,858,688</u>

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

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (1,926,731)
2017	(1,926,731)
2018	(1,926,731)
2019	(1,926,731)
2020	553,736
Thereafter	<u>94,137</u>
	<u>\$ (7,059,051)</u>

CITY OF PASSAIC
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PFRS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	3.95-8.62%
	Based on Age
Thereafter	4.95-9.62%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2007 -
Study Upon Which Actuarial	June 30, 2010
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

CITY OF PASSAIC
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PFRS	6.32%

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen’s Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

PFRS

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2045

Municipal Bond Rate * From July 1, 2045
and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the City’s proportionate share of the PFRS net pension liability calculated using the discount rate of 6.32%, as well as what the City’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.32 percent) or 1-percentage-point higher (7.32 percent) than the current rate:

	1% Decrease <u>(5.32%)</u>	Current Discount Rate <u>(6.32%)</u>	1% Increase <u>(7.32%)</u>
City's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 128,288,790</u>	<u>\$ 97,228,747</u>	<u>\$ 71,570,882</u>

The sensitivity analysis was based on the proportionate share of the City’s net pension liability at June 30, 2014. A sensitivity analysis specific to the City’s net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

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. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective October 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.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$148.1 million for 9,851 eligible retired members for Fiscal Year 2014. This benefit covers the Police and Firemen's Retirement System.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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 \$41.8 million in Fiscal Year 2014 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits including reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended June 30, 2015, 2014 and 2013 were \$6,883,986, \$6,379,890 and \$5,909,109, 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 workman's compensation benefit 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 Agreement 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, 2015 and 2014. 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 or 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, 2015 and 2014 the City has available in the Other Trust Fund \$1,055,258 and \$713,252, respectively for the payment of self-insurance claims.

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.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 15 CONTINGENT LIABILITIES (Continued)

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at June 30, 2015 and 2014. 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. As of June 30, 2015 and 2014, the City reserved \$2,131,568 and \$2,057,771, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The 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, 2015 and 2014, 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 -- Wanaque North Project (NJDWSC - North). As such, it is entitled to 11% of the water supplied by the NJDWSC - North, and is liable for 11% of the annual operating charges, including debt service, of the NJDWSC - North. The total debt of NJDWSC - North as of June 30, 2015 and 2014 was \$19,581,146 and \$22,967,526, respectively, of which the City the Passaic's share was \$2,153,926 and \$2,526,428, respectively. The operating charges from NJDWSC - North 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 \$131,352,330 and \$120,552,027 of debt outstanding as of June 30, 2015 and 2014, respectively, of which the City of Passaic's share was \$37,527,361 and \$34,441,714, 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.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

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, 2015 and 2014, the City has not estimated its estimated arbitrage earnings due to the IRS, if any.

CURRENT FUND

CITY OF PASSAIC
STATEMENT OF CASH AND INVESTMENTS - CURRENT FUND

Balance, June 30, 2014	\$ 13,977,354
Increased by Receipts:	
Tax Collector	\$ 100,783,195
Revenue Accounts Receivable	18,741,478
Nonbudget Revenue	909,862
Petty Cash Fund	1,050
Due from State of New Jersey - Senior Citizen/Veterans Deductions	93,052
Special Emergency Note	2,200,000
Miscellaneous Reserves	136,933
Receipts from the Parking Authority	673,000
Receipts from Grant Fund	1,662,615
Receipts for Grant Fund	384,596
Receipts from Animal Control Fund	24,033
Receipts for Other Trust Fund	2,525
Receipts from Community Development Block Grant Fund	25
Receipts from General Capital Fund	6
Receipts from Sewer Utility Operating Fund	1,138,415
Fees Payable	<u>1,082,945</u>
	<u>127,833,730</u>
	141,811,084
Decreased by Disbursements:	
2015 Budget Appropriations	72,930,931
2014 Appropriation Reserves	179,036
Petty Cash Fund	1,050
Accounts Payable	95,000
Encumbrances Payable	1,141,001
County Taxes	23,212,635
Local School Taxes	16,818,577
Tax Overpayments	262,008
Special Emergency Note	2,200,000
Payments made for Parking Authority	61,284
Payments for Redevelopment Authority	25,231
Payment to Grant Fund	499,350
Payments for Animal Control Fund	130
Payment to Other Trust Fund	2,377,037
Payment for Other Trust Fund	2,924,353
Payments for Home Investment Program Fund	86,282
Payments for Sewer Utility Operating Fund	129,301
Payments to Sewer Utility Operating Fund	1,000,000
Payments to Sewer Utility Capital Fund	106,000
Fees Payable	950,440
Reserve for Tax Appeals	1,426,203
Reserve for Revaluation Program	98,807
Refund of Prior Year Revenue	<u>34,497</u>
	<u>126,559,153</u>
Balance, June 30, 2015	<u>\$ 15,251,931</u>

CITY OF PASSAIC
STATEMENT OF CASH AND INVESTMENTS - GRANT FUND

Balance, June 30, 2014		\$ 1,225,125
Increased by:		
Grants Receivable	\$ 2,633,089	
Receipts from Current Fund	499,350	
Receipts from Other Trust Fund		
Receipts for Other Trust Fund	109,391	
Receipts for General Capital Fund		
Receipts for Current Fund	1,243,802	
Reserve for Program Income	317,873	
Unappropriated Grant Reserves	<u>749,243</u>	
		<u>5,552,748</u>
		6,777,873
Decreased by:		
Payments to Current Fund	1,662,615	
Payments for Current Fund	136,658	
Reserve for Program Income	153,000	
Deferred Charges - Unfunded Grant Expenditures	752,534	
Encumbrances Payable	1,576,895	
Appropriated Grant Reserves	<u>1,808,325</u>	
		<u>6,090,027</u>
Balance, June 30, 2015		<u>\$ 687,846</u>

SCHEDULE OF TAX COLLECTOR'S CASH

Increased by:		
Taxes Receivable	\$ 99,128,032	
Tax Title Liens Receivable	257,125	
Interest and Cost on Taxes	335,133	
Payment in Lieu of Taxes	697,389	
Prepaid Taxes	<u>365,516</u>	
		\$ 100,783,195
Decreased by:		
Payment to Treasurer		<u>\$ 100,783,195</u>

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

Balance, June 30, 2014		\$ <u>2,800</u>
Balance, June 30, 2015		\$ <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>

**STATEMENT OF DUE TO CURRENT FUND
GRANT FUND**

Balance, June 30, 2014 (Due to)		\$ 136,658
Increased by:		
Anticipated as 2015 Budget Revenue		
Receipts from Current Fund	<u>499,350</u>	
Appropriated Grants Cancelled		<u>4,758,398</u>
		4,895,056
Decreased By:		
2015 Budget Appropriation for Grants	3,015,246	
2015 Budget Appropriations Paid by Grant Fund	136,658	
Payments to Current Fund	1,662,615	
Grant Fund Receipts Deposited in Current Fund	<u>384,596</u>	
		<u>5,199,115</u>
Balance, June 30, 2015 (Due from)		\$ <u>304,059</u>

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

Balance, June 30, 2014		\$ 39,081
Increased by:		
Senior Citizens/Veterans Deductions Per Tax Duplicate	\$ 126,500	
Deductions Allowed by Tax Collector - SFY 2015	<u>6,696</u>	
		<u>133,196</u>
		172,277
Decreased by:		
Cash Received from State	93,052	
Deductions Disallowed by Tax Collector - SFY 2015	<u>15,464</u>	
		<u>108,516</u>
Balance, June 30, 2015		<u>\$ 63,761</u>

**CITY OF PASSAIC
STATEMENT OF DUE TO/DUE FROM PARKING AUTHORITY**

Balance, June 30, 2014 (Due to)		\$ 27,501
Increased by:		
Cash Receipts		<u>673,000</u>
		700,501
Decreased by:		
Anticipated as Current Fund Revenue-Interlocal Agreement	\$ 668,037	
Payments Made for Parking Authority	<u>61,284</u>	
		<u>729,321</u>
Balance, June 30, 2015 (Due from)		<u>\$ 28,820</u>

STATEMENT OF DUE FROM REDEVELOPMENT AUTHORITY

Increased by:		
Payments Made for Redevelopment Authority		<u>\$ 25,231</u>
Balance, June 30, 2015 (Due from)		<u>\$ 25,231</u>

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

Fiscal Year Ended	Balance, June 30, 2014	SFY 2015 Levy	Senior Citizens and Veterans Deductions Disallowed	Collections SFY 2014	Collections SFY 2015	Senior Citizens and Veterans Deductions Allowed	Transferred to Tax Title Liens	Cancelled	Balance, June 30, 2015
June 30, 2009	\$ 7,317				1,585				\$ 5,732
June 30, 2010	2								2
June 30, 2011	7								7
June 30, 2012	4,481				6		\$ 4,468		7
June 30, 2013	63,102				16,736		\$ 46,345		21
June 30, 2014	<u>146,566</u>		-	-	<u>136,635</u>	-	-	<u>9,046</u>	<u>885</u>
	221,475		-	-	154,962	-	46,345	13,514	6,654
June 30, 2015	-	<u>\$ 100,241,561</u>	\$ 15,464	<u>\$ 121,448</u>	<u>\$ 98,973,070</u>	<u>\$ 133,196</u>	<u>226,564</u>	<u>777,148</u>	<u>25,599</u>
	<u>\$ 221,475</u>	<u>\$ 100,241,561</u>	\$ 15,464	<u>\$ 121,448</u>	<u>\$ 99,128,032</u>	<u>\$ 133,196</u>	<u>\$ 272,909</u>	<u>\$ 790,662</u>	<u>\$ 32,253</u>
Tax Yield:									
General Purpose Tax			\$ 100,148,099						
Added Taxes			<u>93,462</u>						
				<u>\$ 100,241,561</u>					
Tax Levy:									
Local District School Tax Levy				\$ 16,818,577					
County Taxes:									
County Tax - General			\$ 22,866,798						
County Tax Open Space			324,318						
County Tax - Added/Omitted			<u>21,519</u>						
				23,212,635					
Local Tax for Municipal Purposes									
Minimum Library Tax			59,159,378						
Add Additional Tax Levied			<u>1,061,787</u>						
			<u>(10,816)</u>						
				<u>60,210,349</u>					
									<u>\$ 100,241,561</u>

**CITY OF PASSAIC
STATEMENT OF TAX TITLE LIEN RECEIVABLE**

Balance, June 30, 2014		\$ 411,725
Increased by:		
Interest and Costs from Tax Sale	\$ 9,160	
Transfers from Taxes Receivable	<u>272,909</u>	
		<u>282,069</u>
		693,794
Decreased by:		
Receipts		<u>257,125</u>
Balance, June 30, 2015		<u>\$ 436,669</u>

CITY OF PASSAIC
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance,</u> <u>June 30, 2014</u>	<u>Accrued</u>	<u>Collected</u>		<u>Balance,</u> <u>June 30, 2015</u>
			<u>Treasurer</u>	<u>Tax Collector</u>	
Licenses					
Alcoholic Beverages		\$ 142,874	\$ 142,874		
Other		41,413	41,413		
Fees and Permits					
Construction Code Official		719,538	719,538		
Other		50,615	50,615		
Fines and Costs					
Municipal Court	\$ 149,340	1,964,173	1,945,698		\$ 167,815
Interest on Investments and Deposits		40,627	40,627		
Police Record Bureau		26,730	26,730		
Ambulance Billing		874,320	874,320		
Energy Receipts Tax		8,157,655	8,157,655		
Supplemental Energy Receipts Tax		107,457	107,457		
Consolidated Municipal Property Tax Relief Aid		4,280,370	4,280,370		
Interest and Costs on Taxes		335,133		\$ 335,133	
Board of Education - Security Watch	916,253	1,832,799	2,749,052		
Cable Franchise Fee		462,134	462,134		
Housing Authority Police Program		326,662	326,662		
County of Passaic - Street Lighting		60,000	60,000		
Fire Billings - Insurance Reimbursements	123,225	116,550	47,850		191,925
Restitution - Jose M Cabre	6,695		5,200		1,495
Overpayment - Rafael Morera	5,818				5,818
Miscellaneous - Due from Merchant Services	2,194	3,326			5,520
Payment in Lieu of Taxes:					
St. Mary's Reise Corp.		163,913		163,913	
Chestnut Housing Phase I		74,925		74,925	
Jack Parker Associates		302,896		302,896	
YMCA - River Road		30,000		30,000	
Garden Howe		46,406		46,406	
Highview Terrace	-	79,249	-	79,249	-
	<u>\$ 1,203,525</u>	<u>\$ 20,239,765</u>	<u>\$ 20,038,195</u>	<u>\$ 1,032,522</u>	<u>\$ 372,573</u>
			Cash Receipts	\$ 18,741,478	\$ 1,032,522
			Due from Grant Fund	1,243,802	
			Due from General Capital Fund	65	
			Due from Other Trust Fund	52,850	-
			<u>\$ 20,038,195</u>	<u>\$ 1,032,522</u>	

**CITY OF PASSAIC
STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date Authorized</u>	<u>Purpose</u>	Net Amount Authorized	1/5 of Net Amount Authorized	Balance June 30, 2014	Reduced in 2015	Balance June 30, 2015
9/21/2010	Terminal Leave Pay	\$ 600,000	\$ 120,000	\$ 240,000	\$ 120,000	\$ 120,000
8/2/2011	Sick/Vacation - Terminal Pay	700,000	140,000	420,000	140,000	280,000
1/24/2012	Sick/Vacation - Terminal Pay	800,000	160,000	480,000	160,000	320,000
3/5/2013	Preparation of Tax Map	600,000	120,000	480,000	120,000	360,000
4/29/2014	Tax Revaluation Program	1,400,000	280,000	1,400,000	280,000	1,120,000
				<u>\$ 3,020,000</u>	<u>\$ 820,000</u>	<u>\$ 2,200,000</u>

**CITY OF PASSAIC
STATEMENT OF TAX OVERPAYMENTS**

Balance, June 30, 2014	\$ 262,508
Decreased by:	
Refunds	<u>262,008</u>
Balance, June 30, 2015	<u>\$ 500</u>

STATEMENT OF PREPAID TAXES

Balance, June 30, 2014	\$ 121,448
Increased by:	
Cash Receipts	<u>365,516</u>
	486,964
Decreased by:	
Applied to SFY 2015 Taxes Receivable	<u>121,448</u>
Balance, June 30, 2015	<u>\$ 365,516</u>

STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

Balance, June 30, 2014	\$ 2,200,000
Increased by:	
Cash Receipts	<u>2,200,000</u>
	4,400,000
Decreased by:	
Cash Disbursements	<u>2,200,000</u>
Balance, June 30, 2015	<u>\$ 2,200,000</u>

**CITY OF PASSAIC
STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, June 30, 2014	Encumbrances Cancelled	Balance After Modifications	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT					
DEPARTMENT OF ADMINISTRATION					
Office of Business Administration					
Salaries & Wages	\$ 2,499		\$ 2,499	\$ 2,499	-
Other Expenses	4,290		4,290	673	\$ 3,617
Mayor and Council					
Salaries and Wages	184		184		184
Other Expenses	850		850		850
City Clerk					
Salaries and Wages	4,075		4,075	1,579	2,496
Other Expenses	14,262		14,262	6,708	7,554
Human Resources					
Salaries and Wages	1,753		1,753		1,753
Other Expenses	2,052		2,052		2,052
Financial Administration-Treasurer's Office					
Salaries and Wages	8,270		8,270		8,270
Other Expenses	4,436		4,436	3,692	744
Annual Audit					
Other Expenses	300	\$ 21,071	21,371		21,371
Revenue Administration					
Salaries and Wages	3,015		3,015		3,015
Other Expenses	1,335		1,335	1,035	300
Tax Assessment Administration					
Salaries and Wages	2,900		2,900		2,900
Other Expenses	1,279	806	2,085		2,085
Legal Services					
Other Expenses	3,834	18,053	21,887		21,887
Office of Engineer					
Salaries and Wages	9,380		9,380	1,933	7,447
Other Expenses	840	309	1,149		1,149
Planning and Economic Development					
Salaries and Wages	3,348		3,348		3,348
Other Expenses	1,484		1,484	863	621
Division of Housing					
Salaries and Wages	12,601		12,601		12,601
Other Expenses	904	99	1,003		1,003
Planning Board					
Other Expenses	4,054		4,054	330	3,724
Board of Adjustment					
Other Expenses	4,416		4,416	576	3,840
Rent Leveling Board					
Salaries and Wages	1		1		1
Other Expenses	200		200		200
Insurance					
Liability Insurance	1		1		1
Workmen's Compensation	-		-		-
Employee Group Insurance	609,790		609,790	376,254	233,536
Health Benefit Waiver	100		100		100
Unemployment Insurance	400,000		400,000	400,000	-
DEPARTMENT OF PUBLIC WORKS					
Streets and Road Maintenance					
Salaries & Wages	103,089		103,089		103,089
Other Expenses	8,086		8,086	4,673	3,413
Solid Waste Collection					
Other Expenses					
Garbage Removal Contractual	97,551	75,841	173,392		173,392
Building and Grounds					
Salaries & Wages	25,952		25,952	9,168	16,784
Other Expenses	7,676	2,964	10,640		10,640
Vehicle Maintenance					
Salaries & Wages	10,023		10,023		10,023
Other Expenses	7,009	5,613	12,622		12,622

CITY OF PASSAIC
STATEMENT OF 2014 APPROPRIATION RESERVES

	Balance, June 30, <u>2014</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
DEPARTMENT OF PUBLIC SAFETY					
Police Department					
Salaries and Wages	\$ 328,886		\$ 328,886	\$ 163,750	\$ 165,136
Other Expenses	6,163		6,163	5,985	178
BOE Security Watch and Res. Officer	80,626		80,626		80,626
Fire Department					
Salaries and Wages	449,539		449,539		449,539
Other Expenses	29,086	\$ 2,610	31,696		31,696
Municipal Court					
Salaries and Wages	18,835		18,835	11,801	7,034
Other Expenses	6,693	10,875	17,568		17,568
Office of Emergency Management					
Salaries and Wages	59,308		59,308		59,308
Other Expenses	1,633		1,633	393	1,240
Prosecutor 's Office					
Other Expenses	38,827	28,020	66,847		66,847
Public Defender					
Other Expenses	1,400	1,550	2,950		2,950
Passaic Parking Authority					
Salaries and Wages	6,465		6,465		6,465
DEPARTMENT OF HUMAN RESOURCES					
Division of Health					
Salaries & Wages	15,160		15,160		15,160
Other Expenses	5,568	16,521	22,089		22,089
Animal Regulation					
Salaries & Wages	3,628		3,628		3,628
Other Expenses	1,430	783	2,213		2,213
DEPARTMENT OF PARKS AND RECREATION					
Division of Recreation					
Salaries & Wages	6,502		6,502		6,502
Other Expenses	24,600		24,600	17,313	7,287
Senior Citizens					
Salaries & Wages	25,056		25,056		25,056
Other Expenses	2,708		2,708	1,456	1,252
Handicapped Recreation					
Salaries & Wages	7,176		7,176		7,176
Other Expenses	3,207		3,207	953	2,254
Maintenance of Parks					
Salaries & Wages	16,392		16,392	5,797	10,595
Other Expenses	5,158	4,059	9,217		9,217
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events	1		1		1
Accumulated Leave					
Other Expenses	185,000		185,000	185,000	-
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS					
OFFSET BY DEDICATED REVENUES					
Division of Code Enforcement					
Salaries & Wages	14,982		14,982	2,125	12,857
Other Expenses	11,876	5	11,881		11,881

CITY OF PASSAIC
STATEMENT OF 2014 APPROPRIATION RESERVES

	Balance, June 30, <u>2014</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
UNCLASSIFIED					
Utilities:					
Electricity	\$ 105,642		\$ 105,642	\$ 43,639	\$ 62,003
Telephone and Telegraph	23,416		23,416	6,323	17,093
Heating Oil	5,000		5,000		5,000
Street Lighting	122,916		122,916	56,176	66,740
Gasoline	101,686	\$ 220	101,906		101,906
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Tipping Tax	12,255		12,255	8,246	4,009
Tipping Fees	133,000	120,485	253,485		253,485
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	140,149		140,149		140,149
PERS	158,061		158,061	158,061	-
PERS	497,930		497,930	496,939	991
Consolidated Police and Firemen's Pension Fund	1		1		1
Deferred Compensation Retirement Plan	745		745		745
GENERAL APPROPRIATIONS - ALL OTHER OPERATIONS EXCLUDED FROM "CAPS"					
Matching Funds for Grants	<u>48,038</u>	<u>-</u>	<u>48,038</u>	<u>-</u>	<u>48,038</u>
	<u>\$ 4,066,583</u>	<u>\$ 309,884</u>	<u>\$ 4,376,467</u>	<u>\$ 1,973,940</u>	<u>\$ 2,402,527</u>
Cash Disbursements				\$ 179,036	
Transferred to Other Trust Fund - Unemployment				330,000	
Transferred to Other Trust Fund - Accumulated Sick an				435,000	
Transferred to Other Trust Fund - Health Benefit Insura				370,000	
Transferred to Accounts Payable				4,904	
Transferred to Reserve for Pension Contributions				<u>655,000</u>	
				<u>\$ 1,973,940</u>	

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

Increased by:		
Levy		\$ 16,818,577
Decreased by:		
Cash Disbursements		<u>\$ 16,818,577</u>

EXHIBIT A-22

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
Levy		
General County		\$ 22,866,798
County Open Space Preservation		324,318
County Added/Omitted Taxes		<u>21,519</u>
		\$ 23,212,635
Decreased by:		
Cash Disbursed		<u>23,212,635</u>

EXHIBIT A-23

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, June 30, 2014		\$ 1,450,885
Increased by:		
Transferred from Budget Appropriations		<u>1,432,065</u>
		2,882,950
Decreased by:		
Payments	\$ 1,141,001	
Cancelled Encumbrances Restored to Appropriation Reserves	<u>309,884</u>	
		<u>1,450,885</u>
Balance, June 30, 2015		<u>\$ 1,432,065</u>

**CITY OF PASSAIC
STATEMENT OF ACCOUNTS PAYABLE**

Balance, June 30, 2014	\$	129,685
Increased by:		
Transfer from SFY 2014 Appropriations		4,904
		134,589
Decreased by:		
Cash Disbursements		95,000
Balance, June 30, 2015	\$	39,589

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, June 30, 2014	\$	2,057,771
Increased by:		
Transferred from 2015 Tax Collections		1,500,000
		3,557,771
Decreased by:		
Cash Payments		1,426,203
Balance, June 30, 2015	\$	2,131,568

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, June 30, <u>2014</u>	<u>Cash Receipts</u>	Realized as Current Fund <u>Revenue</u>	Balance, June 30, <u>2015</u>
Allowance for Grant Reimbursement	\$ 706			\$ 706
Downtown Merchants - Shared Services		\$ 25,310		25,310
PILOT - Housing Authority	149,086	111,623	\$ 103,280	157,429
	\$ 149,792	\$ 136,933	\$ 103,280	\$ 183,445

**CITY OF PASSAIC
STATEMENT OF FEES PAYABLE**

	Balance, June 30, 2014	Receipts	Payments	Balance, June 30, 2015
Construction Code Training Fees	\$ 5,278	\$ 35,060	\$ 31,374	\$ 8,964
Burial Fees	225	575	520	280
Bail Bond Forfeiture Fees	1,000	100,930	20,396	81,534
Ambulance Billing Fees	10,893	946,380	898,150	59,123
	<u>\$ 17,396</u>	<u>\$ 1,082,945</u>	<u>\$ 950,440</u>	<u>\$ 149,901</u>

EXHIBIT A-28

STATEMENT OF RESERVE FOR PENSION CONTRIBUTIONS

Balance, June 30, 2014	\$ 1,276,755
Increased by:	
Transfer from 2014 Appropriation Reserves	<u>655,000</u>
Balance, June 30, 2015	<u>\$ 1,931,755</u>

EXHIBIT A-29

STATEMENT OF RESERVE FOR REVALUATION PROGRAM

Balance, June 30, 2014	\$ 1,400,000
Decreased by:	
Cash Disbursements	<u>98,807</u>
Balance, June 30, 2015	<u>\$ 1,301,193</u>

CITY OF PASSAIC
STATEMENT OF GRANTS RECEIVABLE
GRANT FUND

	Balance, June 30, <u>2014</u>	<u>Accrued</u>	<u>Received</u>	Balance, June 30, <u>2015</u>
NJ DCA: Lead Intervention 04	\$ 181,860			\$ 181,860
NJ DOT: Main Ave Streetscape	3,629			3,629
Open Space 08 - Parks Rehabilitation	13,594		\$ 13,560	34
JAIBG07:St House + Match	84			84
Addiction Services	2,270			2,270
Advanced Traffic	119,600		89,700	29,900
Walk Safe 2011	1,700			1,700
Municipal Alliance - 2011	22			22
Cancer Assessment - 2012	3,000			3,000
Women Infant Children - 2012	4,413			4,413
Green Acres 2010: Christopher Columbus	900,000			900,000
Byrne Memorial - 2010	45,359			45,359
Click It or Ticket - 2012	1,350			1,350
Fire Safer - 2012	335,209		335,209	-
Municipal Alliance on Alcoholism and Drug Abuse - 2012	35			35
Open Space - 2011 - Christopher Columbus	172,326		165,659	6,667
Walk Safe - 2012	6,835			6,835
Board of Education - Pulaski Park	75,000		75,000	-
Department of Transportation - 8th Street - 2013	309,160		208,386	100,774
Summer Food Program - 2013	244,494			244,494
Municipal Alliance - 2013	24,306		24,303	3
Ryan White I	56,908	\$ 152,343	160,272	48,979
WIC - 2013	14,720			14,720
Cancer Assessment - 2013	28,300			28,300
Childhood Lead Paint - 2013	18			18
Byrne Memorial - 2011	191,952		186,349	5,603
Byrne Memorial - 2012	232,746		105,195	127,551
Housing Opportunity - 2011 (HOPWA)	100,000		100,000	-
Summer Employment - 2013	2			2
Byrne Memorial - 2013	223,632			223,632
Click It or Ticket - 2014	4,000		3,773	227
Childhood Lead Paint - 2014	44,590		44,590	-
Drive Sober or Get Pulled Over - 2014	-	5,000	5,000	-
Summer Food Program - 2014	408,604		119,062	289,542
Highlands Council Transfer Development Rights	36,001			36,001
WIC - 2014	610,091		572,545	37,546
Walk Safe - 2014	3,352		3,300	52
Co (CDBG) Disaster Recovery 2013	2,022,614		353,796	1,668,818
Housing Opportunity - 2012 (HOPWA)	100,000		100,000	-
JABG 2013	20,165			20,165
Multi Culture 2014	756		756	-
Open Space 12: Christopher Columbus Park	200,000			200,000
Open Space 13: Pulaski Park Ph II	211,444		826	210,618
NJDOT: 8th Street - 2014	250,000			250,000
Forestry Management - 2013	3,000			3,000
HOPWA - 2014	-	75,000		75,000
Clean Communities - 2015	-	79,122	79,122	-
Walk Safe - 2015	-	16,000	11,157	4,843
Market Streetscape Enhancement	-	750,000		750,000

**CITY OF PASSAIC
STATEMENT OF GRANTS RECEIVABLE
GRANT FUND**

	Balance, June 30, <u>2014</u>	Revenue <u>Accrued</u>	Cash <u>Received</u>	Balance, June 30, <u>2015</u>
Green Acres MacDonald Brook	-	\$ 100,000		\$ 100,000
Byrne Memorial - 2014	-	246,078		246,078
Click It or Ticket - 2015	-	4,000		4,000
Childhood Lead Paint - 2015	-	159,250	\$ 118,910	40,340
Drive Sober or Get Pulled Over - 2015	-	7,500	7,400	100
Distracted Driver Crackdown - 2015	-	5,000	5,000	-
Summer Food Service - 2015	-	375,995		375,995
High Drunk Traffic Youth Empowerment	-	2,708	2,707	1
Mayor's Wellness - 2015	-	15,000	15,000	-
Juvenile Accountability - Station House Adjustment	-	19,762		19,762
Safe & Secure - 2014	-	90,000	90,000	-
Municipal Alliance - 2015	-	29,608	15,408	14,200
Open Space - Pulaski Park - 2015	-	141,750		141,750
Open Space - 3rd World Memorial - 2015	-	141,750		141,750
Passaic County - Multiculture - 2015	-	700	700	-
DOT Various Street Projects	-	353,273		353,273
Hepatitis B. Vaccine - 2015	-	5,000	5,000	-
	<u>\$ 7,207,141</u>	<u>\$ 2,774,839</u>	<u>\$ 3,017,685</u>	<u>\$ 6,964,295</u>
Due to Current Fund		\$ 2,774,839		
Cash Receipts			\$ 2,633,089	
Due from Current Fund - Grant Receipts			384,596	
Cancelled to Reserve for Appropriated Grants		-	-	
		<u>\$ 2,774,839</u>	<u>\$ 3,017,685</u>	

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS
GRANT FUND

	Balance June 30, 2014		Increased by:		Cash Disbursements	Transfers	Balance June 30, 2015	
	Encumbered	Reserved	Budget Appropriation				Encumbered	Reserved
Relocation Assistance Program	-	4,890						4,890
Relocation Assistance Program - City Match	-	5,435						5,435
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	-	4						4
NJDOT - Transportation Trust - Howel/Lincoln/St. Francis	-	61,555						61,555
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 2008	-	11						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	-	4,505			4,505			-
Lead Intervention for Children at Risk	-	71			71			-
Urban Enterprise Zone-Administration	-	1,059				\$ (1,059)		-
DCA Neighborhood Preservation Program	-	2,689						2,689
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	175,685	8,062			171,551			12,196

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS
GRANT FUND

	Balance June 30, 2014		Increased by: Budget Appropriation	Cash Disbursements	Transfers	Balance June 30, 2015	
	Encumbered	Reserved				Encumbered	Reserved
Multicultural Affairs - County of Passaic	\$ 650	\$ 10,489		\$ 650			\$ 10,489
NJDOA-Summer Food Program - 2010		4,724		4,724			
Byrne Memorial - 2010	5,033	17				5,033	17
Cancer Assessment Grant - 2011		382		382			
Lead Intervention for Children at Risk - 2011		2,000					2,000
Over the Limit - Under Arrest - 2011		28,597					28,597
Urban Enterprise Zone - Marketing 2011		32,898			\$ (32,898)		
Urban Enterprise Zone - Graffiti Eradication 2011		38,790			(38,790)		
Urban Enterprise Zone - Security Patrol 2011		1			(1)		
Urban Enterprise Zone - Administration 2011		6					6
Emergency Preparedness Grant - 2011		367					367
Clean Communities Program - 2010		100					100
Station House - 2010		1,688					1,688
Summer Food Grant - 2011		300					300
Pedestrian Safety Grant - 2011		66					66
Neighborhood Crime Prevention - 2011		10					10
Municipal Alliance on Alcoholism and Drug Abuse - 2011		96,115		342		106,342	
Advanced Traffic Grant	10,569	2,096		750			1,346
Housing Opportunity HOPWA Grant - 2010							
Edward Byrne Memorial - 2011	5,604					5,604	
Baseball Tomorrow - 2011		279					279
Cancer Assessment - 2012		105					105
Clean Communities - 2012		304					304
Fire Safer - 2012		154,495		151,190			3,305
Green Acres 2010: Christopher Columbus		248,908		142,100		27,500	79,308
JAIBG - 2010		13					13
Municipal Alliance on Alcoholism and Drug Abuse - 2012		597					597

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS
GRANT FUND

	Balance June 30, 2014		Increased by: Budget	Cash	Transfers	Balance June 30, 2015	
	Encumbered	Reserved				Encumbered	Reserved
Open Space - 2011 - Christopher Columbus		\$ 132,459		\$ 125,792		\$ 6,667	-
Ryan White I - 2013		6,440		-		-	6,440
Ryan White I - 2012		29,417		-		-	29,417
Summer Employment - 2012		45		-		-	45
Summer Food - 2012	\$ 103	45,265		-		-	45,368
Walk Safe - 2012		1,185		-		-	1,185
Recycling Tonnage Grant - 2011		28,659		-		-	28,659
Urban Enterprise Zone - Panatose Study		79,180			\$ (79,180)	-	-
Urban Enterprise Zone - Signage Improvement		189,760			(5,120)	-	189,760
Urban Enterprise Zone - Security Patrol		5,120				-	-
Urban Enterprise Zone - Revolving Loan II	250,000	659,885		250,000		-	659,885
Women Infant Children - 2012		60		-		-	60
Neighborhood Crime Prevention - 2013		49		-		-	49
Department of Transportation - 8th Street - 2013	255,648	53,512		260,248		-	48,912
Body Armor Grant - 2012		282		-		-	282
Summer Food Program - 2013		266,418		-		-	266,418
Safe and Secure - 2013		45,000		45,000		-	-
Municipal Alliance - 2013	1,991	2,787		3,868		-	910
Recycling Tonnage - 2012	4,944			4,944		-	-
Ryan White I - 2014		225		-		-	225
WIC - 2013		10,221		-		-	10,221
Cancer Assessment - 2013		9,924		9,924		\$ -	-
Clean Communities - 2013		184		4,467		\$ -	184
Childhood Lead Paint - 2013		1,900		1,900		-	-
Drunk Driving Enforcement Fund - 2011		7,248		5,171	\$ (2,841)	-	-
Byrne Memorial - 2012	764	875		18,390		\$ 105,863	3,298
Hep Inoculation - 2013	126,676	476		-		-	476
Body Armor - 2013		17,282		13,815		-	3,467
Byrne Memorial - 2013	148,992	73,903		48,471		167,274	7,150
Clean Community - 2014	6,176	64,921		54,272		-	16,825

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS
GRANT FUND

	Balance June 30, 2014		Increased by: Budget	Cash	Transfers	Balance June 30, 2015	
	Encumbered	Reserved				Encumbered	Reserved
Click It or Ticket - 2014		200				-	200
Childhood Lead - 2014	3,739	3,835		3,057		868	3,649
Disaster Recovery - 2013	384,705	1,570,500		416,805		-	1,538,400
Drive Sober - 2014		900	\$ 5,000	4,600		-	1,300
DOT: 8th Street - SFY 2014		250,000		7,900		242,100	-
Forest Management - 2013	4,200	1,800				4,200	1,800
Alcohol Education - 2013	4,368	-		4,368		-	-
Hepatitis Inoculation - 2014		4,780		3,873		374	533
HOPWA - 2012	1,586	76,915		35,462		-	43,039
Juvenile Accountability - 2013	1,325	2,782		3,155		754	198
Multi Culture - 2013	900			900			
Multi Culture - 2014	250	1,262		1,512		-	-
Open Space - Christopher Columbus Park - 2012		200,000				20,833	179,167
Open Space - Pulaski Park Phase II - 2013		201,700		144,000		57,700	-
Recreation Opportunity - 2013		4,000				-	4,000
Recycling Tonnage - 2013	37,400	3,384		14,658		2,993	23,133
Ryan White - 2015		51,141		51,141		-	-
Summer Food 2014		406,247		130,818		279	275,150
Housing Opportunity - 2011 (HOPWA)		38,025		36,590		-	1,435
Summer Employment - 2013	200	12				-	212
Urban Enterprise Zone - Administration Salaries and Wages - 2013		\$ 422			\$ (422)		
Sr. Transportation - 2013		15,420				-	15,420
Highlands Council Transfer Development Rights	\$ 17,193	15,000				\$ 17,193	15,000
Urban Enterprise Zone - Graffiti Erad - 2014	19,901	77,644		\$ 70,830		(26,715)	-
Urban Enterprise Zone - Project Clean Sweep - 2014	58,603	157,252		206,007		(9,848)	-
Urban Enterprise Zone - Administration Salaries and Wages - 2014	39,854	60,454		95,342			4,966
Urban Enterprise Zone - Administration Salaries and Wages - 2014		89,543		84,073		1,482	6,952
WIC - 2014	5,240	251,865		227,074			30,031
Walk Safe - 2014		8,052		7,500			552
Summer Food - 2015	-	-	\$ 375,995			-	375,995
Stationhouse Adj. - 2015	-	-	19,762	708		1,000	18,054
Walk Safe - 2015	-	-	16,000	9,230			6,770
Ryan White - 2015	-	-	152,343	84,633			67,710

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS
GRANT FUND

	Balance June 30, 2014		Increased by:		Cash Disbursements	Transfers	Balance June 30, 2015	
	Encumbered	Reserved	Budget Appropriation	Reserve			Encumbered	Reserved
Open Space - 3rd World Memorial - 2015	-	-	141,750	-	79,950	-	61,800	-
Open Space - Pulaski Park - 2015	-	-	141,750	-	-	-	70,531	71,219
Mayor's Wellness - 2015	-	-	15,000	-	860	-	-	14,140
DOT Market Streetscape Enhancement	-	-	750,000	-	-	-	-	750,000
Multi Culture - 2015	-	-	700	-	-	-	-	700
HOPWA - 2015	-	-	75,000	-	31,941	-	8,420	34,639
Hep Inoculation - 2015	-	-	5,000	-	-	-	-	5,000
Distracted Driving Crackdown - 2015	-	-	5,000	-	4,950	-	-	50
Drive Sober - 2015	-	-	7,500	-	-	-	-	7,500
Childhood Lead Paint - 2015	-	-	159,250	-	156,209	-	883	2,158
Click It or Ticket - 2015	-	-	4,000	-	4,000	-	-	-
Clean Communities - 2015	-	-	79,122	-	-	-	-	79,122
DOT Various Street Improvements	-	-	353,273	-	-	-	353,273	-
Green Acres - 2014 - MacDonald's Brook	-	-	100,000	-	-	-	-	100,000
Safe & Secure Communities	-	-	90,000	-	41,250	-	-	48,750
Byrne Memorial - 2015	-	-	246,078	-	-	-	165,855	80,223
High Drug Traffic Youth Empowerment	-	-	2,708	-	576	-	-	2,132
Drunk Driving - 2014 - Enforcement	-	-	17,669	-	13,095	2,841	-	7,415
Municipal Alliance - 2015	-	-	29,608	-	-	-	-	29,608
UEZA - Project Graffiti - 2015	-	-	64,128	-	17,604	59,612	-	106,136
UEZA - Project Clean Sweep	-	-	138,886	-	44,287	117,939	-	212,538
UEZA - Dundee Canal Redevelopment	-	-	-	-	4,938	15,000	-	10,062
Junior Tennis - 2014	-	-	2,000	-	1,240	-	-	760
Alcohol Ed. - 2014	-	-	17,724	-	13,307	-	1,318	3,099
	<u>\$ 1,576,895</u>	<u>\$ 6,117,978</u>	<u>\$ 3,015,246</u>	<u>\$ 3,015,246</u>	<u>\$ 3,385,220</u>	<u>\$ -</u>	<u>\$ 1,434,757</u>	<u>\$ 5,890,142</u>

Cash Disbursements	
Appropriated Grants	\$ 1,808,325
Encumbrances	1,576,895
Due from Current Fund	<u>\$ 3,015,246</u>
	<u>\$ 3,015,246</u>
	<u>\$ 3,385,220</u>

**CITY OF PASSAIC
STATEMENT OF DEFERRED CHARGES
GRANT EXPENDITURES WITHOUT APPROPRIATIONS
GRANT FUND**

Increased by:	
Unfunded Grant Expenditures	
Cash Disbursements	\$ 752,534
Encumbrances Payable	<u>129,865</u>
Balance, June 30, 2015	<u>\$ 882,399</u>

Analysis of Grants

DOT: SFY 2014 - 8th Street	\$ 116,950
Municipal Alliance 2014	39,155
Woman, Infant Children	<u>726,294</u>
	<u>\$ 882,399</u>

STATEMENT OF ENCUMBRANCES PAYABLE - GRANT FUND

Balance, June 30, 2014	\$ 1,576,895
Increased by:	
Appropriated Grant Reserves	\$ 1,434,757
Unfunded Grant Appropriations	<u>129,865</u>
	<u>1,564,622</u>
	3,141,517
Decreased by:	
Payments Applied Against Reserve for Appropriated Grants	<u>1,576,895</u>
Balance, June 30, 2015	<u>\$ 1,564,622</u>

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

	Balance June 30, <u>2014</u>	Cash <u>Receipts</u>	Realized as Current Fund <u>Revenue</u>	Balance June 30, <u>2015</u>
Alcohol Education - 2014	\$ 17,724		\$ 17,724	
Alcohol Education - 2015		\$ 24,339		\$ 24,339
UEZA Programs	529,805		203,014	326,791
Drunk Driving - 2014	17,669		17,669	-
Junior Tennis - 2014	2,000		2,000	-
Body Armor 2014		12,900		12,900
Drunk Driving - 2015		23,356		23,356
Mayor's Wellness		1,000		1,000
Safe & Secure		22,500		22,500
Recycling Tonnage - 2014		97,842		97,842
JABG - 2014		19,741		19,741
Woman, Infant, Children		502,583		502,583
Sr. Trans - 2014	-	44,982	-	44,982
	<u>\$ 567,198</u>	<u>\$ 749,243</u>	<u>\$ 240,407</u>	<u>\$ 1,076,034</u>
Due to Current Fund			<u>\$ 240,407</u>	

EXHIBIT A-35

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

Balance, June 30, 2014	\$ 6,000
Increased by:	
Cash Receipts	<u>317,873</u>
	323,873
Decreased by:	
Cash Disbursements	<u>153,000</u>
Balance, June 30, 2015	<u>\$ 170,873</u>

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, 2014	\$ 63,233	\$ 6,770,664	\$ 117,744	\$ 17,965
Increased by:				
Animal Licenses	7,206			
Adoption Fees/Late Fees	9,025			
Due State of New Jersey	1,495			
Current Fund Receipts		52,850		
Miscellaneous Reserves and Deposits Received from Current Fund		68,505,250 2,377,037		
HUD - CDBG Program Allotments			703,639	
HUD - HOME Program Allotments				302,919
HUD - HOME Loan Program Receipts	-	-	-	78,859
	<u>17,726</u>	<u>70,935,137</u>	<u>703,639</u>	<u>381,778</u>
	<u>80,959</u>	<u>77,705,801</u>	<u>821,383</u>	<u>399,743</u>
Decreased by:				
Due State of New Jersey	1,492	28,083		
Animal Control Expenditures	6,790			
Miscellaneous Reserves and Deposits		67,767,758		
Encumbrances Payable	1,680			
HUD-CDBG Program Expenditures			729,713	
Payments to Current Fund	24,032		25	
Payments made for Current Fund		135		
HUD - Home Investment Program Expenditures	-	-	-	270,372
	<u>33,994</u>	<u>67,795,976</u>	<u>729,738</u>	<u>270,372</u>
Balance, June 30, 2015	<u>\$ 46,965</u>	<u>\$ 9,909,825</u>	<u>\$ 91,645</u>	<u>\$ 129,371</u>

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

Balance, June 30, 2014		\$ 14
Increased by:		
Cash Receipts		<u>1,495</u>
		1,509
Decreased by:		
Cash Disbursed		<u>1,492</u>
		\$ 17
Balance, June 30, 2015		<u>17</u>

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

Balance, June 30, 2014		\$ 37,507
Increased by:		
Dog/Cat Licenses	\$ 7,206	
Adoption Fees/Late Fees	<u>9,025</u>	
		<u>16,231</u>
		53,738
Decreased by:		
Cash Disbursements	6,790	
Payments made by Current Fund	130	
Encumbrances Payable	2,395	
Statutory Excess - Due to Current Fund	<u>553</u>	
		<u>9,868</u>
Balance, June 30, 2015		<u>43,870</u>

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

Balance, June 30, 2014		\$ 24,032
Increased by:		
Payments made by Current Fund	\$ 130	
Statutory Excess - Due to Current Fund	<u>553</u>	
		<u>683</u>
		24,715
Decreased by:		
Payments to Current Fund		<u>24,032</u>
Balance, June 30, 2015		<u>\$ 683</u>

EXHIBIT B-5

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

Balance, June 30, 2014		\$ 27,051
Increased by:		
Other Trust Fund Receipts Deposited in the Grant Fund		<u>109,391</u>
Balance, June 30, 2015		<u>\$ 136,442</u>

EXHIBIT B-6

**STATEMENT OF ENCUMBRANCES PAYABLE
ANIMAL CONTROL FUND**

Balance, June 30, 2014		\$ 1,680
Increased by:		
Charges to Reserve for Expenditures		<u>2,395</u>
		4,075
Decreased by:		
Cash Disbursements		<u>1,680</u>
Balance, June 30, 2015		<u>\$ 2,395</u>

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

Balance, June 30, 2014 (Due from)		\$ 412,037
Increased by:		
Current Fund Expenditures Paid by Other Trust Fund	\$ 135	
Other Trust Reserves and Deposits:		
Receipts Deposited in Current Fund	\$ 2,525	
2014 Appropriation Reserves	1,135,000	
2015 Budget Appropriations	<u>2,513,000</u>	
	<u>3,650,525</u>	<u>3,650,660</u>
		4,062,697
Decreased by:		
Other Trust Fund Expenditures Paid by Current Fund	2,924,354	
Receipts from Current Fund	2,377,037	
Current Fund Receipts Deposited in Other Trust Fund	<u>52,850</u>	
		<u>5,354,241</u>
Balance, June 30, 2015 (Due to)		<u>\$ 1,291,544</u>

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

Balance, June 30, 2014		\$ 28,083
Decreased by:		
Cash Disbursements		<u>28,083</u>

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

	Balance, June 30, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2015</u>
Marriage License Fees	\$ 10,052	\$ 11,810	\$ 8,925	\$ 12,937
Payroll Deductions/Pension/ Salary Deposits	217,836	58,329,292	58,312,039	235,089
Police Funds	31,973	47,595	30,045	49,523
Police Off Duty Fees	55,601	734,458	714,744	75,315
Demolition & Performance Bond Deposits	94,848	7,000	6,000	95,848
Tax Redemption Deposits	168,471	3,128,942	3,203,150	94,263
Rental Rehabilitation	7,699		7,699	-
Developers Housing Escrow Deposits	223,972	87,750	50,350	261,372
Zoning Developers Escrow	57,936	21,611	7,514	72,033
Planning Developers Escrow	10,184	10,000	8,645	11,539
Primary General Election Deposits	41,670	55,031	85,314	11,387
Elevator Inspection Fees	136,974	147,374	144,248	140,100
Fire Permits and Fines	26,925	6,950	200	33,675
Fire Line Safety Reg.	333,524	411,692	470,620	274,596
Fire Dedicated Funds	263	6,800	1,862	5,201
Fire Prevention Security		20,600	19,630	970
Unemployment Compensation Insurance	106,764	450,148	134,246	422,666
Self-Insurance General Liability Claims	389,328	2,006,898	1,897,984	498,242
Self Insurance Workman's Compensation Claims	323,924	2,421,978	2,188,886	557,016
Parking Offenses Adjudication Act Fees	2,747	19,952	21,762	937
Municipal Alliance Fund Raiser - Donations	170			170
Tax Sale Premium Deposits	3,095,850	3,054,500	2,296,400	3,853,950
Festival Performance Bonds	55,356	26,000	9,975	71,381
Recreation - Donations	17,566	44,533	40,139	21,960
Recreation Official Fee	9,472			9,472
Recreation Team Ceremony Fees		1,713	1,584	129
EMS Facility	3,396	252	3,125	523
United Way Alliance - Donations	5		5	-
Multi Cultural Affair - Donations	10,541	14,899	17,383	8,057
Animal Control - Donations	5,205	750		5,955
Relocation Assistance-Donations	1,209	1,104		2,313
Senior Citizen - Donations	7,911	4,499	3,645	8,765
Substance Abuse - Donations	898	73	862	109
Nextel Rebanding Escrow Deposit	10,239			10,239
Affordable Housing - Reserve	30,662			30,662
Regional Contribution Agreement	65,921	35	204	65,752
Police and Firemen's Retirement Pension	279			279
Health Benefit Insurance	818,851	373,200	3,200	1,188,851
Tax Map Assessor Emergency	242,203		27,633	214,570
Developers Performance Bond	20,000			20,000
Accumulated Sick and Vacation	316,948	620,000	691,493	245,455
Drug Court Substance Abuse	91,193	163,882	192,080	62,995
NJ ACH Death Certificate	59,801	13,470		73,271
Festival Expense	510	1,680	1,760	430
Substance Abuse - NJ Medical Assistance Program	2,055	7,540	6,400	3,195
NJAI State Substance Abuse	7		7	-
Litigation Settlement	70,776		70,776	-
Flexible Spending Deposits	3,954	11,155	11,578	3,531
	<u>\$ 7,181,669</u>	<u>\$ 72,265,166</u>	<u>\$ 70,692,112</u>	<u>\$ 8,754,723</u>

Cash Receipts	\$ 68,505,250
Cash Disbursed	\$ 67,767,758
Due from Grant Fund	109,391
Due from/to Current Fund	<u>3,650,525</u> <u>2,924,354</u>
	<u>\$ 72,265,166</u> <u>\$ 70,692,112</u>

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

Balance, June 30, 2014		\$ 898,976
Increased by:		
Program Allotment - Year 40	\$ 1,611,225	
Program Reallocation - Year 40	99,240	
Emergency Solutions Grant	<u>127,726</u>	
		<u>1,838,191</u>
		2,737,167
Decreased by:		
Cash Receipts		<u>703,639</u>
Balance, June 30, 2015		<u>\$ 2,033,528</u>
	CDBG	\$ 1,958,606
	Emergency Solutions Grant	<u>75,022</u>
		<u>\$ 2,033,628</u>

EXHIBIT B-11

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

Balance, June 30, 2014		\$ 1,067,526
Increased by:		
Program Allotment - Year 40	\$ 1,611,225	
Program Reallocation - Year 40	99,240	
Emergency Solutions Grant	<u>127,726</u>	
		<u>1,838,191</u>
		2,905,717
Decreased by:		
Cash Disbursements		<u>729,713</u>
Balance, June 30, 2015		<u>\$ 2,176,004</u>

Analysis of Balance - June 30, 2015

Program Income - Unappropriated		\$ 36,782
Program Years Appropriated Reserves		2,115,899
Emergency Solutions Grant		<u>23,323</u>
		<u>\$ 2,176,004</u>

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

EXHIBIT B-12

Balance, June 30, 2014	\$ 904,419
Increased by:	
Grant Allotments	
Current Year Allotment - Year 40	612,258
	1,516,677
Decreased by:	
Cash Receipts - HUD	302,919
Balance, June 30, 2015	\$ 1,213,758

EXHIBIT B-13

STATEMENT OF OTHER RECEIVABLES
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Balance, June 30, 2014	\$ <u>155,454</u>
Balance, June 30, 2015	\$ <u>155,454</u>

Analysis of Balance

Business and Housing Loans	\$ <u>155,454</u>
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EXHIBIT B-14

STATEMENT OF MORTGAGE RECEIVABLE
HOME INVESTMENT PROGRAM FUND

Balance, June 30, 2014	\$ <u>455,237</u>
Balance, June 30, 2015	\$ <u>455,237</u>

EXHIBIT B-15

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

Balance, June 30, 2014	\$ <u>8,122</u>
Balance, June 30, 2015	\$ <u>8,122</u>

EXHIBIT B-16

STATEMENT OF DUE TO CURRENT FUND
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Balance, June 30, 2014	\$ 96,526
Decreased by:	
Payments to Current Fund	25
Balance, June 30, 2015	\$ 96,501

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

Balance, June 30, 2014		\$ 82,580
Increased by:		
Payments Made by Current Fund		<u>86,282</u>
Balance, June 30, 2015		<u>\$ 168,862</u>

EXHIBIT B-18

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

Balance, June 30, 2014		\$ 839,804
Increased by:		
Grant Allotments		
Current Year Allotment - Year 40	\$ 612,258	
Program Income		
Loan Program	<u>78,859</u>	
		<u>691,117</u>
		1,530,921
Decreased by:		
Cash Disbursements		
Grant Allotment	\$ 190,915	
Program Income	<u>79,457</u>	
	270,372	
Payments Made by Current Fund	<u>86,282</u>	
		<u>356,654</u>
Balance, June 30, 2015		<u>\$ 1,174,267</u>

Analysis of Balance - June 30, 2015

Program Income - Unappropriated		\$ 42,360
Program Years Appropriated Reserves		988,399
Mortgage Payoff Program Reserves		<u>143,508</u>
		<u>\$ 1,174,267</u>

GENERAL CAPITAL FUND

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

Balance, June 30, 2014		\$ 1,012,383
Increased by Receipts:		
Interest Earned	\$ 65	
Budget Appropriation		
Capital Improvement Fund	<u>100,000</u>	<u>100,065</u>
		1,112,448
Decreased by Disbursements:		
Payments to Current Fund	6	
Improvement Authorizations	366,497	
Encumbrances Payable	<u>302,296</u>	<u>668,799</u>
Balance, June 30, 2015		<u>\$ 443,649</u>

**CITY OF PASSAIC
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance June 30, <u>2015</u>
Fund Balance		\$ 4,262
Capital Improvement Fund		221,499
Grants/Loans Receivable		(750,000)
Encumbrances Payable		134,880
Due from Grant Fund		(486)
Due to Current Fund		65
Reserve for Curb and Sidewalk Improvements		5,000
Reserve for Debt Service		124,378
Improvement Authorizations		
<u>Ord. No.</u>	<u>Improvement Description</u>	
1036-88	Various Improvements	(2,075)
1413-97	Various Improvements	83
1494-00	Removal of Underground Storage Tanks	893
1508-01	Various Improvements	28,189
1542-02/ 1784-08	Various Improvements	592,441
1587-03	Various Improvements	118,153
1623-04	Various Improvements	3,897
1643-04	Various Improvements - Pulaski Park	(250,000)
1675-05	Various Park Improvements	12,259
1697-06	Purchase of Real Property	22,356
1746-07	Acquisition of Tractor Drawn Aerial and Equipment	11,829
1769-08	Building Acquisition / Improvements	25,767
1868-11	Replacement of City's Telephone System	15,383
1917-12	Acquisition of a Fire Apparatus	1,733
1922-12	Acquisition of Property and Recreational Imprvts	29,493
1935-13	Various Capital Improvements	54,359
1944-13	Acquisition of DPW Equipment	<u>39,291</u>
		 <u>\$ 443,649</u>

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

Ord. No.	<u>Grantor Agency</u>	<u>Balance June 30, 2014</u>	<u>Balance June 30, 2015</u>	<u>Balance Pledged to Improvement Authorizations</u>	<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	<u>500,000</u>	<u>500,000</u>	-	<u>500,000</u>
	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	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	-
	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>

STATEMENT OF DUE TO CURRENT FUND

Balance, June 30, 2014	\$ 6
Increased by:	
Interest Earned	<u>65</u>
	71
Decreased by:	
Payments to Current Fund	<u>6</u>
Balance, June 30, 2015	<u>\$ 65</u>

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

Balance, June 30, 2014	\$ 13,544,300
Decreased by:	
Payment of Bonds - Budget Appropriation	\$ 2,070,000
Payment of Loans- Budget Appropriation	<u>69,870</u>
	<u>2,139,870</u>
Balance, June 30, 2015	<u>\$ 11,404,430</u>

EXHIBIT C-7

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance, June 30, 2014	Cancelled	Balance, June 30, 2015	Analysis of Balance June 30, 2015		Unexpended Improvement Authorizations
					Financed by Bond Antic. Notes	Expended	
1036-88	Various Improvements	\$ 2,075		\$ 2,075		\$ 2,075	
1469-99	Broadway Viaduct	20	\$ 20				
1643-04	Various Impts - Pulaski Park	250,000		250,000		250,000	
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>\$ 2,510,258</u>	<u>\$ 20</u>	<u>\$ 2,510,238</u>	<u>\$ 2,257,500</u>	<u>\$ 252,075</u>	<u>\$ 663</u>

Improvement Authorizations - Unfunded \$ 72,138

Less: Unexpended Proceeds of Bond
Anticipation Notes Issued:

Ord. 1868-11	15,383
Ord. 1917-12	1,733
Ord. 1935-13	<u>54,359</u>

71,475

\$ 663

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

Balance, June 30, 2014	\$ <u>486</u>
Balance, June 30, 2015	\$ <u><u>486</u></u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, June 30, 2014	\$ 121,499
Increased by:	
Cash Receipt - 2015 Budget Appropriation	<u>100,000</u>
Balance, June 30, 2015	\$ <u><u>221,499</u></u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, June 30, 2014	\$ 305,348
Increased by:	
Charges to Improvement Authorizations	<u>134,880</u>
	440,228
Decreased by:	
Cancelled Encumbrances Restored to Improvement Authorizations	\$ 3,052
Payments	<u>302,296</u>
	<u>305,348</u>
Balance, June 30, 2015	\$ <u><u>134,880</u></u>

CITY OF PASSAIC
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Balance, June 30, 2014		2015 Authorizations		Balance, June 30, 2015			
		Funded	Unfunded	Capital Fund Balance	Enburbances Payable	Cancelled	Expended	Funded	Unfunded
1413-97	Various Improvements	\$ 83						\$ 83	
1418-97	Traffic Signal								
1451-98	Various Improvements	9,608						9,608	
1469-99	Improvements to Broadway Viaduct	15,995	20		\$ 659			16,674	
1474-99	Improvements to Third Ward Park								
1493-00	Various Improvements								
1494-00	Removal of Underground Storage Tanks				2,393	1,500			893
1508-01	Various Improvements	29,891				1,702		28,189	
1542-02 / 1784-08	Various Improvements	791,410	82			198,969		592,441	82
1557-02	Pension Refunding Bond								
1587-03	Various Improvements	194,957				76,804		118,153	
1623-04	Various Park Improvements	4,085				188		3,897	
1643-04	Various Improvements - Pulaski Park		8,102			8,102			
1655-05	Various Capital Improvements	2,582				2,582			
1675-05/1442-98	Various Park Improvements - Supplemental	25,256				12,997		12,259	
1697-06	Rail Property Easement	23,716				1,360		22,356	
1746-07	Acquisition of Vehicles and Equipment	12,699				870		11,829	
1769-08	Building Acquisition / Improvements	25,767	581			77,687		25,767	581
1839-10	Improvements to Pulaski Park		77,687						
1865-11	Acquisition of Ambulance		103			103			15,383
1868-11	Replacement of City's Telephone System		15,935			552			1,733
1917-12	Acquisition of a Fire Apparatus Pumper		2,120			387			
1922-12	Acquisition of Property and Recreational Imprvis	29,643				150		29,493	
1935-13	Various Capital Improvements		149,783			95,424			54,359
1944-13	Acquisition of DPW Equipment	39,291						39,291	
2012-15	Improvement of Website			\$ 22,000			22,000		
		<u>\$ 1,204,983</u>	<u>\$ 254,413</u>	<u>\$ 22,000</u>	<u>\$ 3,052</u>	<u>\$ 501,377</u>	<u>\$ 26,282</u>	<u>\$ 884,651</u>	<u>\$ 72,138</u>
					Cash Disbursements	\$ 366,497			
					Encumbrances Payable	134,880			
						<u>\$ 501,377</u>			
					Fund Balance	\$ 26,262			
					Deferred Charges - Unfunded	20			
						<u>\$ 26,282</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, 2014	Increased	Decreased	Balance, June 30, 2015
1839-10	Improvements to Pulaski Park	\$ 500,000	6/27/2014	6/26/2014	6/26/2015	0.72%	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
1865-11	Acquisition of Ambulance	118,750	6/27/2014	6/26/2014	6/25/2016	0.55%	118,750	118,750	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	237,500	237,500
1917-12	Acquisition of Fire Apparatus	166,250	6/27/2014	6/26/2014	6/25/2016	0.55%	166,250	166,250	166,250	166,250
1935-13	Various Capital Improvements	1,235,000	6/27/2014	6/26/2014	6/25/2016	0.55%	1,235,000	1,235,000	1,235,000	1,235,000
							<u>\$ 2,257,500</u>	<u>\$ 2,257,500</u>	<u>\$ 2,257,500</u>	<u>\$ 2,257,500</u>
						Renewal		<u>\$ 2,257,500</u>	<u>\$ 2,257,500</u>	

**CITY OF PASSAIC
STATEMENT OF BONDS PAYABLE**

<u>Purpose.</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of</u>			<u>Balance, June 30, 2014</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>June 30, 2015</u>	<u>Interest Rate</u>		
General Obligation Bonds	8/5/2010	\$ 7,249,000	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	\$ 6,949,000
							\$ 300,000

**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, 2015</u>		<u>Interest Rate</u>	<u>Balance, June 30, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
ERIP Pension Refunding Bonds	5/2/2013	\$ 3,930,000	2/1/2016	\$ 1,020,000	1.882%				
			2/1/2017	1,115,000	2.146%	\$ 3,060,000	\$ 925,000	\$ 2,135,000	
General Obligation Refunding Bond	5/2/2013	3,385,000	5/1/2016	835,000	4.00%				
			5/1/2017	850,000	4.00%	2,530,000	845,000	1,685,000	
						\$ 12,839,000	\$ 2,070,000	\$ 10,769,000	

Paid by Budget Appropriation

\$ 2,070,000

Analysis of Balance:

General Serial Bonds
Early Retirement Incentive Pension
Refunding Bonds

\$ 8,634,000

2,135,000

\$ 10,769,000

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

Balance, June 30, 2014	\$ 705,300
Decreased by:	
Paid by Budget Appropriation	69,870
Balance, June 30, 2015	\$ 635,430

Ord. No.	<u>Description</u>	
1442-98/1622-04/ 1675-05	Dundee Island Field Rehabilitation	\$ 188,304
1442-98/1474-99/ 1622-04/1675-05	Third Ward Park Improvements	294,255
1442-98/1474-99/ 1622-04/1675-05	Hughes Lake	137,987
1655-05	Pulaski Park Renovation	14,884
		\$ 635,430

EXHIBIT C-15

STATEMENT OF RESERVE FOR CURB AND SIDEWALK IMPROVEMENTS

Balance, June 30, 2014	\$ <u>5,000</u>
Balance, June 30, 2015	\$ 5,000

EXHIBIT C-16

STATEMENT OF RESERVE FOR DEBT SERVICE

Balance, June 30, 2014	\$ <u>124,378</u>
Balance, June 30, 2015	\$ 124,378

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

<u>Ord.</u> <u>No.</u>	<u>Description</u>	Balance June 30, <u>2014</u>	<u>Cancelled</u>	Balance June 30, <u>2015</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	<u>82</u>	<u>-</u>	<u>82</u>
		<u>\$ 252,758</u>	<u>\$ 20</u>	<u>\$ 252,738</u>

SEWER UTILITY FUND

CITY OF PASSAIC
STATEMENT OF SEWER UTILITY CASH

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, June 30, 2014	\$ 433,976	\$ 164,396
Increased by Receipts:		
Sewer Rents Received	\$ 4,999,203	
Other Accounts Receivable	243,197	
Due from Passaic Valley Water Commission	10,789	
Non-Budget Revenue	2,819	
Received from Current Fund	<u>1,000,000</u>	<u>106,000</u>
	<u>6,256,008</u>	<u>106,000</u>
	6,689,984	270,396
Decreased by Disbursements:		
Budget Appropriations	4,844,641	
Interest on Bonds and Notes	34,650	
Improvement Authorizations		156,519
Encumbrances Payable		400
Payments made to Current Fund	<u>1,138,415</u>	<u>-</u>
	<u>6,017,706</u>	<u>156,919</u>
Balance, June 30, 2015	<u>\$ 672,278</u>	<u>\$ 113,477</u>

EXHIBIT D-6

ANALYSIS OF SEWER CAPITAL CASH

	<u>Balance, June 30, 2015</u>
Fund Balance	\$ 1,010
Encumbrances Payable	367
Due to Current Fund	106,000
Improvement Authorizations:	
<u>Ord. No.</u>	
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	13,957
1913-12 Various Sewer Improvements	<u>1,137</u>
Balance, June 30, 2015	<u>\$ 113,477</u>

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

Balance, June 30, 2014		\$ 1,163,003
Increased by:		
Sewer Rents Levied - Net		<u>4,800,550</u>
		5,963,553
Decreased by:		
Sewer Rents Collected:		
Receipts from Passaic Valley Water Commission	\$ 4,999,203	
Due From Passaic Valley Water Commission	<u>3,243</u>	
		<u>5,002,446</u>
Balance, June 30, 2015		<u>\$ 961,107</u>

EXHIBIT D-8

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

Balance, June 30, 2014		\$ 265,850
Increased by:		
St. Marys Sewer Rents Levied - Net		<u>18,634</u>
		284,484
Decreased by:		
Cash Receipts		<u>243,197</u>
Balance, June 30, 2015		<u>\$ 41,287</u>

EXHIBIT D-9

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

Balance, June 30, 2014		\$ 10,789
Increased by:		
Rents Due from SFY 2015 Collections		<u>3,243</u>
		14,032
Decreased by:		
Cash Receipts		<u>10,789</u>
Balance, June 30, 2015		<u>\$ 3,243</u>

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

	Balance, June 30, 2014	Additions by Ordinance	Balance, June 30, 2015
Sanitary Sewer System	\$ 4,899,460	\$ 664,906	\$ 5,564,366
Sewer Jet Cleaning Truck	185,000		185,000
T.V. Camera Truck	125,000	-	125,000
	<u>\$ 5,209,460</u>	<u>\$ 664,906</u>	<u>\$ 5,874,366</u>

EXHIBIT D-11

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

Ordinance Number	Description	Balance, June 30, 2014	Costs to Fixed Capital	Balance, June 30, 2015
1611-04	Various Sewer Improvements			
1667-05	Various Sewer Improvements	\$ 11,384		\$ 11,384
1698-06	Various Sewer Improvements	11,613		11,613
1822-10	Various Sewer Improvements	12,217		12,217
1871-11	Various Sewer Improvements	280,000	266,043	13,957
1913-12	Various Sewer Improvements	400,000	398,863	1,137
		<u>\$ 715,214</u>	<u>\$ 664,906</u>	<u>\$ 50,308</u>

EXHIBIT D-12

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

Balance, June 30, 2014	\$ 13,765
Increased by:	
Cash Receipts from Current Fund	\$ 1,000,000
Payments Made by Current Fund for Sewer Utility Operating Fund Budget	<u>129,301</u>
	<u>1,129,301</u>
	1,143,066
Decreased by:	
Payments to Current Fund	<u>1,138,415</u>
Balance, June 30, 2015	<u>\$ 4,651</u>

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

Balance, June 30, 2014	\$ 7,600
Increased by:	
Charges to Budget Appropriations	<u>93,250</u>
	100,850
Decreased by:	
Cancelled Encumbrances Restored to Appropriation Reserves	<u>7,600</u>
Balance, June 30, 2015	<u>\$ 93,250</u>

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

Increased by:	
Cash Receipts	<u>\$ 106,000</u>
Balance, June 30, 2015	<u>\$ 106,000</u>

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

Balance, June 30, 2014	\$ 14,900
Increased by:	
Charges to Budget Appropriations	
Interest on Bonds	<u>33,625</u>
	48,525
Decreased by:	
Interest Paid	<u>34,650</u>
Balance, June 30, 2015	<u>\$ 13,875</u>

CITY OF PASSAIC
STATEMENT OF 2014 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND

	Balance June 30, <u>2014</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING					
Other Expenses	\$ 85,650	\$ 7,600	\$ 93,250	-	\$ 93,250
Sewer Treatment Expenses	<u>123,269</u>	<u>-</u>	<u>123,269</u>	<u>-</u>	<u>123,269</u>
	<u>\$ 208,919</u>	<u>\$ 7,600</u>	<u>\$ 216,519</u>	<u>\$ -</u>	<u>\$ 216,519</u>

STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY CAPITAL FUND

Balance, June 30, 2014	\$ 400
Increased by:	
Charges to Improvement Authorizations	<u>367</u>
	767
Decreased by:	
Cash Disbursements	<u>400</u>
Balance, June 30, 2015	<u>\$ 367</u>

CITY OF PASSAIC
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND

Ordinance Number	Description	Ordinance Amount	Balance June 30, 2014		Balance June 30, 2015	
			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		138,175	\$ 124,218	13,957
1913-12	Various Sewer Improvements	400,000	-	33,805	32,668	1,137
			<u>\$ 35,006</u>	<u>\$ 172,188</u>	<u>\$ 156,886</u>	<u>\$ 15,302</u>

Encumbrances Payable	\$ 367
Cash Disbursements	<u>156,519</u>
	<u>\$ 156,886</u>

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

Balance, June 30, 2014		\$ 4,085,460
Increased by:		
Paid by Operating Budget:		
Serial Bonds	\$ 90,000	
Transfer From Deferred Reserve for Amortization	34,000	
		124,000
Balance, June 30, 2015		\$ 4,209,460

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

Balance, June 30, 2014		\$ 69,006
Decreased by:		
Transferred to Reserve for Amortization - Fixed Capital		34,000
Balance, June 30, 2015		\$ 35,006

Analysis of Balance - June 30, 2015

<u>Ord.</u>	<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
		\$ 35,006

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, 2014	Increased	Decreased	Balance, June 30, 2015
1871-11	Various Sewer Improvements	\$ 266,000	6/27/2014	6/27/2014 6/26/2015	6/26/2015 6/25/2016	0.72% 0.55%	\$ 266,000	\$ 266,000	\$ 266,000	\$ 266,000
1913-12	Various Sewer Improvements	380,000	6/27/2014	6/27/2014 6/26/2015	6/26/2015 6/25/2016	0.72% 0.55%	380,000	380,000	380,000	380,000
							<u>\$ 646,000</u>	<u>\$ 646,000</u>	<u>\$ 646,000</u>	<u>\$ 646,000</u>
						Renewal		<u>\$ 646,000</u>	<u>\$ 646,000</u>	

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, June 30, <u>2014</u>	Balance, June 30, <u>2015</u>
1611-04	Various Sewer Improvements	\$ 44,000	\$ 44,000
1698-06	Various Sewer Improvements	<u>208</u>	<u>208</u>
		<u>\$ 44,208</u>	<u>\$ 44,208</u>

CITY OF PASSAIC

PART II

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

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

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 year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 2, 2016. Our report on the financial statements – regulatory basis was modified to indicate 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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the 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 certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 schedule of findings and questioned costs as item 2015-001 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003 to be significant deficiencies.

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 2015-001, 2015-002 and 2015-003.

We also noted certain matters that are not required to be reported under Government Auditing Standards 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 CS00398

Fair Lawn, New Jersey
March 2, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL 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 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Passaic
Whatever, 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 15-08 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 year ended June 30, 2015. 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 U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, 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 year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2015-004 through 2015-006. 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 U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 weaknesses.

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 2015-004 and 2015-006 to be material weaknesses.

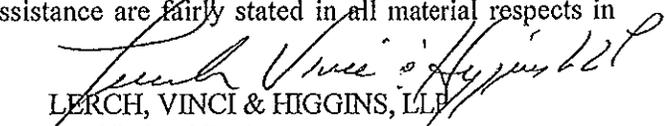
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-005 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.

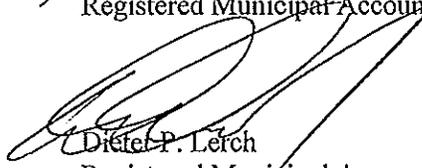
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements - regulatory basis of the City of Passaic as of and for the year ended June 30, 2015, and the related notes to the financial statements and have issued our report thereon dated March 2, 2016, 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 presentation 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 U.S. OMB Circular A-133 and schedule expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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



Dietel P. Lerch
Registered Municipal Accountant
RMA Number CS00398

Fair Lawn, New Jersey
March 2, 2016

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CFDA Number	State Asect Number	Grant Award Amount	Grant Receipts	Balance, June 30, 2014	Revenue Realized	Local Match	Program Income	Expenditures	(Cancelled)/ Adjustment	Balance, June 30, 2015	Cumulative Expended
U.S. Department of Health and Human Services											
93.924	N/A	\$ 152,343	\$ 103,364	\$ 51,141	\$ 152,343			\$ 84,633		\$ 67,710	\$ 84,633
								51,141			56,908
											92,170
											57,873
											145,557
											172,174
Department of Parks and Recreation											
15.919	N/A			3,721						3,721	
U.S. Department of Community Affairs - (Pass through State Department of Community Affairs - Housing Services)											
14.000	022-8020-100-017-12	2,437,775		2,689						2,689	2,205,086
U.S. Department of Health - (Pass through State Division of Family Health Services)											
10.557	046-4220-100-113-14	949,520	572,545	257,105				227,074		30,031	919,489
				10,221						10,221	827,295
				60						60	779,447
				502,583							502,583
U.S. Department of Agriculture - (Pass through State Division of Food and Nutrition)											
10.559	010-3350-100-033-15	375,996			375,996					375,996	
				408,604				130,818		275,429	275,429
				430,559						266,418	164,141
				404,678						45,368	171,556
				458,147						1,688	456,459
				287,527						10,489	277,038
				369,547						11,957	357,590
U.S. Department of Justice											
16.710	N/A	54,104		66						66	54,038
				33,274						49	33,225
Pass through Dept of Law and Public Safety-Division of Criminal Justice:											
16.738	066-1020-100-364-15	246,078			246,078					246,078	
				223,632				48,471		174,424	49,208
				232,746						109,161	123,585
				284,032						5,604	278,428
				362,938				4,724		5,033	357,905
				378,650						29	378,621
				355,820						377	355,443

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, June 30, 2014	Revenue Realized	Local Match	Expended	Adjustments	Balance, June 30, 2015	Cumulative Expended
Department of Community Affairs											
Clean Communities Grant	042-4900-765-004-15	2015	\$ 79,122	\$ 79,122	\$ 71,097	\$ 79,122		\$ 54,272		\$ 16,825	\$ 48,247
Clean Communities Grant	042-4900-765-004-14	2014	65,072		4,651			4,467		184	69,218
Clean Communities Grant	042-4900-765-004-13	2013	69,402		304					304	58,808
Clean Communities Grant	042-4900-765-004-12	2012	59,112		367					367	63,560
Clean Communities Grant	042-4900-765-004-10	2010	63,927		149,440					149,440	382,160
Lead Intervention	022-8020-076-022750	2004	531,600		382			382		-	159,250
Lead Intervention	022-8020-076-022750	2011	159,250		4,000					4,000	20,000
Recreation Opportunity	022-8050-100-035-13	2013	24,000		1,397					1,397	1,603
Domestic Violence Training Program	N/A	2006	3,000								
Recycling Tonnage	042-4900-752-001-15	2015	97,842	97,842							
Recycling Tonnage	042-4900-752-001-14	2014	99,373		40,784			14,658		26,126	73,247
Recycling Tonnage	042-4900-752-001-13	2013	100,865		4,944			4,944		-	100,865
Recycling Tonnage	042-4900-752-001-12	2012	97,518		28,659					28,659	68,859
Summer Employment	N/A	2013	19,400		212					212	19,188
Summer Employment	N/A	2012	19,400		45					45	19,355
Department of Health											
Public Health Priority Funding	4220-150-021030-60	2010	31,096		2,138			2,138		-	31,096
Alcohol Education and Rehabilitation	760-046-4240-001	2015	24,339	24,339							
Alcohol Education and Rehabilitation	760-046-4240-001	2014	17,724		17,724						
Alcohol Education and Rehabilitation	760-046-4240-001	2013	11,663		4,368			4,368		4,417	13,307
Childhood Lead Poisoning Prevention	15-348-CHS-L-0	2015	159,250	118,910		159,250		156,209		3,041	156,209
Childhood Lead Poisoning Prevention	14-348-CHS-L-0	2014	159,250	44,590	7,574			3,057		4,517	154,733
Childhood Lead Poisoning Prevention	13-348-CHS-L-0	2013	159,250		1,900			1,900		-	159,250
Childhood Lead Poisoning Prevention	10-348-CHS-L-0	2010	168,000		71			71		-	168,000
Passed Thru County of Passaic											
Municipal Alliance	N/A	2015	29,608	15,408		29,608				29,608	-
Municipal Alliance	N/A	2013	74,418	24,303	4,778			3,868		910	73,508
Municipal Alliance	N/A	2012	41,903		597					597	41,306
Municipal Alliance	N/A	2011	52,048		10					10	52,038
Municipal Alliance	N/A	2010	55,800		297					18	55,782
Municipal Alliance	N/A	2009	55,800		11					297	55,503
Municipal Alliance	N/A	2008	46,300							11	46,289
Municipal Alliance	N/A	2014	44,982	44,982						-	
Sr. Citizen & Disabled Resident Transport	N/A	2013	60,402		15,420					15,420	44,982
Cancer Control and Prevention Grant	09-32-CCC-L-1	2008	65,000		613					613	64,387
Cancer Assessment - 2011	11-32-CCC-L-1	2011	65,000		17					17	64,983
Cancer Assessment - 2012	12-32-CCC-L-1	2012	52,407		105					105	52,302
Cancer Assessment - 2013	13-32-CCC-L-1	2013	38,300		9,924			9,924		-	38,300
Multi Cultural	N/A	2015	700			700				700	-
Multi Cultural	N/A	2014	1,512	796	1,512			1,512		-	
Multi Cultural	N/A	2013	900		900			900		-	
Multi Cultural	N/A	2009	2,000		650					650	1,350

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, June 30, 2014	Revenue Realized	Local Match	Expended	Adjustments	Balance, June 30, 2015	Cumulative Expended
Department of Law and Public Safety											
Drunk Driving Enforcement	1110-448-031020-22	2015	\$ 23,356	\$ 23,356	\$ 8,012	\$ 17,669		\$ 13,095	2,841	\$ 7,415	\$ 13,095
Drunk Driving Enforcement	1110-448-031020-22	2014	17,669					5,171	(2,841)	-	\$ 46,382
Drunk Driving Enforcement	1110-448-031020-22	2011	46,382								
Body Armor Replacement	066-1020-718-001-11	2015	12,900	12,900				13,815		3,467	13,815
Body Armor Replacement	066-1020-718-001-11	2013	17,282		17,282					282	12,740
Body Armor Replacement	066-1020-718-001-11	2012	13,022		282						
Department of Law and Public Safety											
Safe and Secure	066-1020-100-232-15	2015		22,500				41,250		48,750	41,250
Safe and Secure	066-1020-100-232-14	2014	90,000	90,000	45,000	90,000		45,000		-	90,000
Safe and Secure	066-1020-100-232-13	2013	90,000					708		19,054	738
Juvenile Acct. Incentive Block Grant	JALBG-16-01-02	2015	19,792	19,741		19,762		3,155		952	19,213
Juvenile Acct. Incentive Block Grant	JALBG-16-01-02	2014	20,165		4,107					13	30,315
Juvenile Acct. Incentive Block Grant	JALBG-16-01-02	2012	30,328		15					100	31,900
Juvenile Acct. Incentive Block Grant	JALBG-16-01-02	2010	32,000		100			9,230		6,770	9,230
Walk Safe Passaic	066-1160-100-131-15	2015	16,000	16,000		16,000		7,500		552	14,448
Walk Safe Passaic	066-1160-100-131-14	2014	15,000	3,300	8,052					1,185	14,815
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)	2830-765-250-XXX-50										
15 - Graffiti Eradication	UEZA	2015	123,740			64,128		17,604	59,612	106,136	17,604
15 - Clean Sweep	UEZA	2015	256,825			138,886		44,287	117,939	212,538	44,287
15 - Dundee Canal Redevelopment	UEZA	2015	15,000					4,938	15,000	10,062	4,938
14 - Graffiti Eradication	UEZA	2014	118,838					70,830	(26,715)	-	118,838
14 - Clean Sweep	UEZA	2014	256,972		97,545			206,007	(9,848)	-	256,972
14 - Administration - Salaries and Wages	UEZA	2014	107,000		215,855			95,342		4,966	102,034
14 - Administration - Commodities	UEZA	2014	123,615		100,308			81,109	(1,482)	6,952	116,663
13 - Administration - Salaries and Wages	UEZA	2013	67,000		89,543					-	136,164
12 - Panatose Study	UEZA	2012	100,000		422				(422)	-	100,000
12 - Signage Improvement	UEZA	2012	200,000		79,180				(79,180)	-	100,000
12 - Security Patrol	UEZA	2012	102,000		189,760					189,760	10,240
12 - Revolving Loan	UEZA	2012	1,000,000		5,120			250,000	(5,120)	-	102,000
11 - Marketing	UEZA	2011	76,000		909,885					659,885	340,115
11 - Graffiti Eradication	UEZA	2011	145,683		32,898				(32,898)	-	47,403
		2011									145,683
Department of Transportation											
Transportation Trust - 8th Street	078-6320-480-XXX		250,000		250,000			250,000		-	250,000
Transportation Trust - 8th Street	078-6320-480-ALL/ALG		309,160	208,580	309,160			260,248		48,912	260,248
Transportation Trust - Market Streetscape Enhance	078-6320-480-XXX-XX	2014	750,000			750,000				750,000	
Transportation Trust - Various Street Improvements	078-6320-480-XXX-XX	2014	353,273			353,273				353,273	
Advanced Traffic Grant	078-6320-480-ACL	2011	119,600	89,700	106,684			342		106,342	13,258

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, June 30, 2014	Realized	Match	Expended	Adjustments	Balance, June 30, 2015	Cumulative Expended
Department of Commerce and Economic Development											
Urban Enterprise Zone (UEZ) (Continued)											
11 - Security Patrol	UEZA	2011	\$ 597,633		\$ 38,790				(38,790)	\$ -	\$ 597,633
11 - Administration	UEZA	2011	315,000		1				(1)	-	315,000
10 - Administration	UEZA	2010	477,577		1,059				(1,059)	-	476,518
08 - Landscape Maintenance Phase I	UEZA	2008	48,110		4,505			\$ 4,505		-	48,110
Other State Departments											
Tobacco Prevention	N/A	2009	5,940		2,043			2,043		-	5,940
Tobacco Prevention	N/A	2008	5,100		51			51		-	5,100
Tobacco Control Grant	N/A	2004	11,040		18			18		-	11,040
Hepatitis B Inoculation	046-4230-100-241-15	2015	5,000	\$ 5,000		5,000				5,000	
Hepatitis B Inoculation	046-4230-100-241-14	2014	5,000		4,780			3,873		907	4,093
Hepatitis B Inoculation	046-4230-100-241-13	2013	700		476			476		476	224
Hepatitis B Inoculation	046-4230-100-241-08	2008	5,000		9			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	2015	75,000			75,000		31,941		43,059	31,941
Housing Opportunity Grant	N/A	2014	100,000		78,501			35,462		43,039	56,961
Housing Opportunity Grant	N/A	2013	100,000		38,025			36,591		1,434	98,566
Housing Opportunity Grant	N/A	2012	144,908	100,000	2,096			750		1,346	143,562
Emergency Preparedness Grant	N/A	2011	10,000		6					6	9,994
Baseball Tomorrow	N/A	2012	95,597		279					279	95,318
Highlands Council Transfer Development	N/A	2014	40,000		32,193					32,193	7,807
Junior Tennis	N/A	2014	2,000			2,000		1,240		760	1,240
High Drug Traffic Youth Empowerment	N/A	2015	2,708	2,707		2,708		576		2,132	576
Department of Environmental Protection											
Forestry Management		2014	6,000		6,000					6,000	
Green Trust Grant - MacDonalds Brook	4800-533-852000-60	2014	100,000			100,000				100,000	
Green Trust Grant - Christopher Columbus	4800-533-852000-60	2012	990,000		248,908			142,100		106,808	793,192
Green Trust Grant Program (Ord. 1839-10)-Pulaski F	4800-533-852000-60	N/A	500,000		12,550			12,550			500,000
Green Trust Loan Program (Ord. 1675-05)-Dundee I	4800-533-851000-60	N/A	100,000		23,767			23,767			100,000
					\$ 3,356,949	\$ 1,920,850	\$ -	\$ 1,991,075	\$ (2,964)	\$ 3,283,740	

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
YEAR ENDED JUNE 30, 2015**

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 schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the 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	\$ 1,003,722	\$ 1,920,830	\$ 2,924,552
Community Development Grant Fund	1,838,191		1,838,191
Home Loan Program Fund	<u>612,258</u>	<u>-</u>	<u>612,258</u>
	<u>\$ 3,454,171</u>	<u>\$ 1,920,830</u>	<u>\$ 5,375,001</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
YEAR ENDED JUNE 30, 2015**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The City's federal and state loans outstanding at June 30, 2015, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
N.J. Dept. of Environmental Protection	
Green Acres Loans	
Dundee Island	\$ 188,304
Third Ward Park Improvements	294,255
Hughes Lake Rehabilitation	137,987
Pulaski Park Renovation	<u>14,884</u>
	<u>\$ 635,430</u>

NOTE 6 RECLASSIFICATIONS

Certain grant programs have been reclassified at June 30, 2014 from federal programs (Schedule A) to state programs (Schedule B) for the following:

<u>State Grant Program</u>	<u>Account Number</u>	<u>Balance June 30, 2014</u>
Department of Transportation		
Transportation Trust – 8 th Street	078-6320-480-XXX	\$ 250,000
Transportation Trust – 8 th Street	078-6320-480-ALL/ALG	<u>309,160</u>
		<u>\$ 559,160</u>

CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 2015-001

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, 2015.

Effect:

The auditors' report on the June 30, 2015 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, 2015

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 2015-002

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, 2015

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 2015-003

Our audit revealed Special Items of Revenue and Appropriations (Chapter 159) resolutions were not approved prior to the expenditure of grant funds resulting in Grant Expenditures Without Appropriations in the amount of \$882,399 at June 30, 2015.

Criteria or specific requirement:

N.J.S.A. 40A:4-87, "Special Items of Revenue and Appropriations".

Condition:

Grant awards and unappropriated grant reserves were added to the budget and expenditures incurred without Chapter 159 resolutions being approved by the governing body.

Context:

Grant awards totaling \$1,171,012 and unappropriated grant reserves totaling \$240,407 were not appropriated to the budget by approved Chapter 159 resolutions.

Effect:

Expenditures made against unapproved grant appropriations result in "Grant Expenditures Without Appropriations" at year end.

Cause:

Unknown.

Recommendation:

It is recommended that internal controls be enhanced to ensure Special Items of Revenue and Appropriations (Chapter 159) be approved prior to expenditure of grant funds.

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, 2015

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 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2015-004

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

Criteria or specific requirement:

Federal Grant Compliance Supplement

Condition:

See Finding 2015-001.

Questioned Costs:

Unknown.

Context:

See Finding 2015-001.

Effect:

Noncompliance with federal grant compliance requirements.

Cause:

See Finding 2015-001.

Recommendation:

See Finding 2015-001.

Views of Responsible Officials and Planned Corrective Action Plan:

See Finding 2015-001.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2015-005

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 2015-002.

Questioned Costs:

Unknown.

Context:

See Finding 2015-002.

Effect:

See Finding 2015-002.

Cause:

See Finding 2015-002.

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, 2015**

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 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2015-006

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 2015-001.

Questioned Costs:

Unknown.

Context:

See Finding 2015-001.

Effect:

Noncompliance with state grant compliance requirements.

Cause:

See Finding 2015-001.

Recommendation:

See Finding 2015-001.

Views of Responsible Officials and Planned Corrective Action Plan:

See Finding 2015-001.

**CITY OF PASSAIC
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

FINDING 2014-001, 2014-002, and 2014-004

Fixed assets accounting records have not been updated since 1991.

Current Status

See Finding 2015-001, 2015-004 and 2015-006.

FINDING 2013-003

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.

Current Status

See Finding 2015-002 and 2015-005.

CITY OF PASSAIC

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FISCAL YEAR ENDED JUNE 30, 2015

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

	<u>Fiscal Year 2015</u>			<u>Fiscal Year 2014</u>	
	<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	1.04 %
Miscellaneous - From Other Than Local					
Property Tax Levies	25,767,142	20.19		26,720,053	20.90
Collection of Delinquent Taxes and Tax Title Liens	412,089	0.32		128,982	0.10
Collection of Current Tax Levy	97,712,250	76.56		97,798,628	76.49
Other Credits to Income	<u>2,403,080</u>	<u>1.88</u>		<u>1,879,792</u>	<u>1.47</u>
 Total Income	 <u>127,624,561</u>	 <u>100.00</u> %		 <u>127,857,455</u>	 <u>100.00</u> %
 EXPENDITURES					
Budget Expenditures					
Municipal Purposes	84,794,452	67.18 %		87,597,376	68.82 %
County Taxes	23,212,635	18.39		22,661,235	17.80
Local School Taxes	16,818,577	13.32		16,996,446	13.35
Other Expenditures	<u>1,403,287</u>	<u>1.11</u>		<u>26,777</u>	<u>0.02</u>
 Total Expenditures	 <u>126,228,951</u>	 <u>100.00</u> %		 <u>127,281,834</u>	 <u>100.00</u> %
 Excess in Revenue	 1,395,610			 575,621	
 Adjustments to Income Before Fund Balance:					
Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year	 <u>-</u>			 <u>1,400,000</u>	
 Statutory Excess to Fund Balance	 1,395,610			 1,975,621	
 Fund Balance, Beginning of Year	 <u>3,466,874</u>			 <u>2,821,253</u>	
	4,862,484			4,796,874	
Decreased by:					
Utilization as Anticipated Revenue	<u>1,330,000</u>			<u>1,330,000</u>	
 Fund Balance, End of Year	 <u>\$ 3,532,484</u>			 <u>\$ 3,466,874</u>	

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

	<u>Fiscal</u> <u>Year 2015</u>			<u>Fiscal</u> <u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Collection of Sewer Rents	\$ 5,245,643	95.99 %	\$	5,240,558	99.50 %
Non-Budget Revenues	2,819	0.05	-		
Other Credits to Income	<u>216,519</u>	<u>3.96</u>		<u>26,176</u>	<u>0.50</u>
 Total Income	 <u>5,464,981</u>	 <u>99.95</u> %		 <u>5,266,734</u>	 <u>100.00</u> %
 EXPENDITURES					
Budget Expenditures					
Operating	5,039,490	97.52 %		4,993,765	97.53 %
Debt Service	<u>128,276</u>	<u>2.48</u>		<u>126,232</u>	<u>2.47</u>
 Total Expenditures	 <u>5,167,766</u>	 <u>100.00</u> %		 <u>5,119,997</u>	 <u>100.00</u> %
 Excrss in Revenues	 297,215			 146,737	
 Fund Balance, Beginning of Year	 <u>199,581</u>			 <u>52,844</u>	
 Fund Balance, End of Year	 <u>\$ 496,796</u>			 <u>\$ 199,581</u>	

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$7.573</u>	<u>\$7.434</u>	<u>\$7.313</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$4.569	\$4.448	\$4.387
County	1.738	1.716	1.654
Local School	1.266	1.270	1.272

Assessed Valuation

2015	<u>\$ 1,328,633,000</u>	
2014		<u>\$ 1,331,213,900</u>
2013		<u>\$1,335,819,500</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, 2015	\$ 100,241,561	\$ 99,212,250	98.97%
June 30, 2014	99,020,597	98,298,628	99.27%
June 30, 2013	96,822,459	96,223,203	99.38%

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>
2015	\$ 436,669	\$ 32,253	\$ 468,922	0.47%
2014	411,725	221,475	633,200	0.64%
2013	270,124	158,824	428,948	0.44%

**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>
2015	\$ -0-
2014	-0-
2013	-0-

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(A)</u>	<u>Percentage of Collection</u>
2015	\$ 4,819,184	\$ 5,245,643	108.85%
2014	5,273,377	5,240,558	99.38%
2013	5,433,540	5,273,819	97.06%

(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	2015	\$3,532,484	\$1,520,000
	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
Sewer Utility	2015	\$496,796	\$127,000
	2014	199,581	-
	2013	52,844	-
	2012	52,844	-
	2011	52,844	-

**CITY OF PASSAIC
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<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		
Vidya Nayak	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	Public Safety Director		
Patrick Trentacost	Fire Chief		
Craig Ferdinand	Municipal Court Administrator	(A)	
Debbie Klugler-Irwin	Municipal Judge	(A)	
Xavier Rodriguez	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**

Current Year Findings

Our audit of the tax collections revealed composition of deposits (i.e., cash or checks) and bank deposit receipts were not in agreement with City records. It is recommended that in all instances, detail bank receipts for taxes collected be reconciled and proofed to City records.

Our audit of Sewer Utility Operating Fund revealed the outstanding amounts due the City per Passaic Valley Water Commission (PVWC) were not in agreement with City records. It is recommended that the City review the billing and collection reports prepared by the PVWC for sewer fees to ensure the third party reports agree to the City records.

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

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500. The City has adopted a resolution increasing the threshold to \$29,000 and has appointed the City Purchasing Agent as qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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:

Christopher Columbus Park Lighting System	Office Supplies
2015 Freight lines	Resurface Crescent Ave.
Resurface Passaic St. and Factory St.	Pulaski Park Lighting
Memorial Park Sports Lighting	Solid Waste Tipping Fees
Collection of Garbage and Bulky Waste	Recyclable Materials
Recreation Equipment and Supplies	Roof Structure Memorial Park

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

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

Our examination of expenditures did not reveal any payments, contracts or agreements in excess of \$29,000 "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.

**CITY OF PASSAIC
GENERAL COMMENTS**

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 9, 2015.

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:

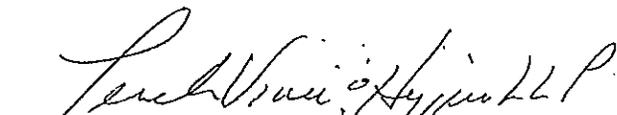
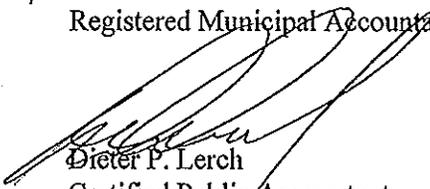
- * 1. The City maintain a fixed assets accounting and reporting system in accordance with NJ Administrative Code.
- * 2. The City reconcile and adjust the general ledger control account balances in the Community Development Grant Fund and Home Investment Program Fund to the subsidiary accounting records and federal grant program financial reports.
- 3. Internal controls be enhanced to ensure Special Items of Revenue and Appropriations (Chapter 159) be approved prior to expenditure of grant funds.
- 4. In all instances, detail bank receipts for taxes collected be reconciled and proofed to City records.
- 5. The City review the billing and collection reports prepared by the PVWC for sewer fees to ensure the third party reports agree to the City records.

* * * * *

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