

CITY OF PASSAIC
PASSAIC COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2019

CITY OF PASSAIC

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CITY OF PASSAIC
PASSAIC COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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 December 31, 2019 and 2018, 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 years then ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Passaic as of December 31, 2019 and 2018, or changes in financial position, or, where applicable, cash flows for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the City of Passaic as of December 31, 2019 and 2018, 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 then ended December 31, 2019 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the City of Passaic as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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 September 4, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Passaic’s 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
September 4, 2020

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	December 31, <u>2019</u>	December 31, <u>2018</u>
ASSETS			
REGULAR FUND			
Cash	A-4	\$ 40,051,911	\$ 36,054,390
Cash - Change Fund	A-7	2,800	2,800
Due From State of New Jersey - Senior Citizens and Veterans	A-9	<u>50,552</u>	<u>29,846</u>
		<u>40,105,263</u>	<u>36,087,036</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Tax Receivable	A-12	420,215	88,327
Tax Title Liens Receivable	A-13	255,736	440,878
Property Acquired for Taxes	A-14	57,699	
Special Assessment Receivable	A-15	138,037	
Revenue Accounts Receivable	A-16	108,340	467,131
Due from Grant Fund	A-8	1,475,253	1,264,597
Due from Animal Control Fund	B-4	10,823	10,767
Due from Community Development Grant Fund	B-17	29,114	32,565
Due from Home Investment Program Fund	B-19	235,842	369,893
Due from Sewer Utility Operating Fund	D-11	343,125	177,121
Due from Sewer Utility Capital Fund	D-13		3
Due from Passaic Redevelopment Authority	A-11	<u>147,592</u>	<u>115,219</u>
		<u>3,221,776</u>	<u>2,966,501</u>
Deferred Charges			
Emergency Appropriation	A-17	<u>1,500,000</u>	<u>-</u>
Total Regular Fund		<u>44,827,039</u>	<u>39,053,537</u>
GRANT FUND			
Cash	A-5	619,823	582,035
Grants Receivable	A-31	<u>13,219,126</u>	<u>11,520,437</u>
Total Grant Fund		<u>13,838,949</u>	<u>12,102,472</u>
Grand Total		<u>\$ 58,665,988</u>	<u>\$ 51,156,009</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	December 31, <u>2019</u>	December 31, <u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
REGULAR FUND			
Liabilities and Reserves			
Appropriation Reserves	A-3,A-20	\$ 9,221,766	\$ 6,459,719
Encumbrances Payable	A-23	3,075,456	1,345,228
Accounts Payable	A-24	362,562	67,709
Tax Overpayments	A-18	76,612	262,994
Prepaid Taxes	A-19	816,950	595,993
Fees Payable	A-27	245,680	219,198
Due to Other Trust Fund	B-7	2,417,785	2,498,455
Due to General Capital Fund	C-4	2,755	9,548
Due to Passaic Parking Authority	A-10	5,324	21,776
Reserve for Tax Appeals	A-25	3,199,901	3,073,099
Reserve for Pension Contributions	A-28	1,255,211	1,313,929
Reserve for Revaluation Program	A-29	163,082	163,082
Reserve for Deferred State Aid	A-30	7,274,778	8,052,778
Miscellaneous Reserves	A-26	<u>630,934</u>	<u>639,202</u>
		28,748,796	24,722,710
Reserve for Receivables and Other Assets	A	3,221,776	2,966,501
Fund Balance	A-1	<u>12,856,467</u>	<u>11,364,326</u>
Total Regular Fund		<u>44,827,039</u>	<u>39,053,537</u>
GRANT FUND			
Encumbrances Payable	A-32	851,962	2,120,509
Due to Current Fund	A-8	1,475,253	1,264,597
Due to Other Trust Fund	B-8	349,240	184,596
Due to Home Investment Program Fund	B-18	167,036	167,036
Appropriated Grant Reserves	A-32	9,994,494	7,734,620
Unappropriated Grant Reserves	A-33	612,158	242,308
Reserve for Program Income	A-34	<u>388,806</u>	<u>388,806</u>
Total Grant Fund		<u>13,838,949</u>	<u>12,102,472</u>
Grand Total		<u>\$ 58,665,988</u>	<u>\$ 51,156,009</u>

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
REVENUES AND OTHER INCOME REALIZED:			
Fund Balance Utilized	A-2	\$ 4,260,000	\$ 2,500,000
Miscellaneous Revenue Anticipated	A-2	29,559,185	29,968,308
Receipts from Delinquent Taxes	A-2	152,556	554,399
Receipts from Current Taxes	A-2	107,893,586	105,517,991
Non-Budget Revenues	A-2	1,155,211	1,099,972
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-20	3,860,583	3,709,188
Statutory Excess in Animal Control Fund			10,331
Cancelled Accounts Payable			31,021
Cancelled Tax Sale Premium	A-4	64,800	
Interfunds and Other Receivables Liquidated		<u>-</u>	<u>37,351</u>
 Total Income		 <u>146,945,921</u>	 <u>143,428,561</u>
EXPENDITURES			
Budget Appropriations:			
Operations			
Salaries and Wages	A-3	42,691,410	41,911,794
Other Expenses	A-3	39,784,926	39,403,280
Deferred Charges and Statutory Expenditures	A-3	11,428,180	10,745,082
Capital Improvements	A-3	3,050,000	1,855,600
Municipal Debt Service	A-3	1,767,763	1,769,256
County Taxes	A-22	26,820,928	26,239,353
Local District School Taxes	A-21	16,818,577	16,818,577
Prior Year Senior Citizen/Veteran Deductions Disallowed	A-9	20,650	18,267
Prior Year Senior Citizen/Veteran Deductions - Reimb.	A-9		8,750
Refund of Prior Year Revenue	A-4	39,762	99,100
Interfunds and Other Receivables Created	A	<u>271,584</u>	<u>419,705</u>
 Total Expenditures		 <u>142,693,780</u>	 <u>139,288,764</u>
 Excess in Revenues		 4,252,141	 4,139,797
Adjustments to Income Before Fund Balances			
Expenditures Included above which are by Statute Deferred Charges to Budget of Succeeding Year		<u>1,500,000</u>	<u>-</u>
 Statutory Excess to Fund Balance		 5,752,141	 4,139,797
 Fund Balance, Beginning of Year	 A	 <u>11,364,326</u>	 <u>9,724,529</u>
		17,116,467	13,864,326
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>4,260,000</u>	<u>2,500,000</u>
 Fund Balance, End of Year	 A	 <u>\$ 12,856,467</u>	 <u>\$ 11,364,326</u>

CITY OF PASSAIC
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

		<u>Anticipated</u>				
	<u>Reference</u>	<u>Budget</u>	<u>Added by 40A:4-87</u>	<u>Realized</u>	<u>Excess (Deficit)</u>	<u>Cancelled</u>
Fund Balance Utilized	A-1	\$ 4,260,000	-	\$ 4,260,000	-	-
Miscellaneous Revenues:						
Licenses:						
Alcoholic Beverages	A-16	140,000		141,485	\$ 1,485	
Other	A-16	37,000		61,283	24,283	
Fees and Permits:						
Uniform Construction Code - Fees	A-16	960,000		1,058,054	98,054	
Other	A-16	48,000		80,282	32,282	
Fines and Costs:						
Municipal Court	A-16	1,700,000		1,696,594	(3,406)	
Energy Receipts Tax	A-16	9,601,560		9,601,560	-	
Consolidated Municipal Property Tax Relief Aid	A-16	2,943,922		2,943,922	-	
Interest and Costs on Taxes	A-16	140,000		261,861	121,861	
Interest on Investments & Deposit	A-16	278,000		771,455	493,455	
Downtown Merchant's Association	A-16	50,000		81,797	31,797	
Police Record Bureau	A-16	10,000		11,463	1,463	
Board of Education - Security Watch and Resource Officers	A-16	3,100,000		3,150,000	50,000	
Interlocal Agreement - Passaic Parking Authority	A-10	710,000		754,452	44,452	
Public and Private Revenues Offset						
With Appropriations:						
Recycling Tonnage Grant	A-31	109,211		109,211		
FEMA - Fire Safer Grant	A-31	10,000		10,000		
Body Armor Grant	A-31	15,060		15,060		
NJ Dept of Health & Senior Services	A-31	17,000		17,000		
National Rec & Park Association Grant	A-31	5,000				\$ 5,000
GS Autoplex (Honda) Donation	A-31	3,000		300		2,700
PC Historic Partnership Program	A-31	1,591				1,591
Pet Safe Grant - Bark for Park	A-31	25,000		25,000		
Stationhouse House Adjustment Grant	A-31		\$ 34,762	34,762		
Ryan White 2019	A-31		162,017	162,017		
NJ DOT Grant Mun Aid & Urban Aid	A-31		895,426	895,426		
NJ DCA Rec Opp 2019 (Zumba & Yoga)	A-31		13,311	13,311		
Distracted Driving U Txt U Pay - Statewide	A-31		5,500	5,500		
Hudson River Science Foundation	A-31		10,000	10,000		
Summer Food Program	A-31		356,070	356,070		
Women's Sports Foundation	A-31		5,000	5,000		
2018-2019 Ryan White #4	A-31		21,995	21,995		
NJ DEP Forrestry Stewardship Award (Additional)	A-31		23,000	23,000		
Open Space Award - Impvt to Pulaski Park	A-31		99,000	99,000		
Alcohol Education Fund	A-31		6,269	6,269		
PC City Green Grant	A-31		500	500		
Hopwa 2019-2020	A-31		150,000	150,000		
Child Lead Prevention 2019-2020	A-31		750,000	750,000		
Safe & Secure Grant	A-31		90,000	90,000		
Mun Alliance	A-31		39,478	39,478		
Neighborhood Pres. Program	A-31		125,000	125,000		
WIC 2020	A-31		1,109,988	1,109,988		
Additional Amount Stationhouse Adj. Grant	A-31		11,359	11,359		
Cultural Heritage Art Program	A-31		2,500	2,500		
NJ DEP Grant - EV Charging Grant	A-31		6,000	6,000		
Green Acres Grant	A-31		1,000,000	1,000,000		
DOT Grant Municipal Aid Program	A-31		883,174	883,174		

**CITY OF PASSAIC
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Reference</u>	<u>Budget</u>	<u>Added by 40A:4-87</u>	<u>Realized</u>	<u>Excess (Deficit)</u>	<u>Cancelled</u>
Special Items:						
Cable Franchise Fee	A-16	\$ 420,000		\$ 410,044	\$ (9,956)	
Saint Mary's Reise Corp. - In Lieu of Taxes	A-16	123,308		169,065	45,757	
Chestnut Housing Phase I - In Lieu of Taxes	A-16	87,500		86,000	(1,500)	
Jack Parker Association - In Lieu of Taxes	A-16	310,500		322,800	12,300	
YMCA - In Lieu of Taxes	A-16	22,300		15,000	(7,300)	
Highview Terrace - In Lieu of Taxes	A-16	82,000		81,378	(622)	
585 Main Ave - In Lieu of Taxes	A-16	45,000		45,000	-	
663 Main Ave - In Lieu of Taxes	A-16	46,000		46,000	-	
Concord Estate- In Lieu of Taxes	A-16	80,000		80,000	-	
Passaic Public Library - Health Benefit Contribution	A-16	45,000		44,465	(535)	
Housing Authority Police Program	A-16	270,000		233,330	(36,670)	
County of Passaic - Street Lighting	A-16	60,000		60,000	-	
Payment in Lieu of Taxes - Housing Authority	A-16	165,000		182,043	17,043	
Payment in Lieu of Taxes - Garden Howe	A-16	40,000		44,932	4,932	
POD- Vehicle Fee	A-16	160,000		160,000	-	
Reserve for Deferred State Aid	A-30	778,000		778,000	-	
Reserve for Tax Appeals Pending	A-25	210,000	-	210,000	-	-
		<u>22,848,952</u>	<u>\$ 5,800,349</u>	<u>29,559,185</u>	<u>919,175</u>	<u>\$ 9,291</u>
Total Miscellaneous Revenues						
Receipts from Delinquent Taxes	A-2	<u>350,000</u>	<u>-</u>	<u>152,556</u>	<u>(197,444)</u>	<u>-</u>
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes		63,996,678		64,277,670	280,992	
Minimum Library Tax		<u>1,266,411</u>	<u>-</u>	<u>1,266,411</u>	<u>-</u>	<u>-</u>
Total Amount to be Raised by Taxes for Sup. of Mun. Budget	A-2	<u>65,263,089</u>	<u>-</u>	<u>65,544,081</u>	<u>280,992</u>	<u>-</u>
Total Budget Revenues	A-3	<u>\$ 92,722,041</u>	<u>\$ 5,800,349</u>	99,515,822	<u>\$ 1,002,723</u>	<u>\$ 9,291</u>
Non-Budget Revenues	A-2			<u>1,155,211</u>		
				<u>\$ 100,671,033</u>		

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-12	\$ 108,393,586
Less: Reserve for Tax Appeals Pending	A-25	<u>500,000</u>
Revenues Realized	A-1	107,893,586
Less: Allocated to School and County Taxes	A-21,A-22	<u>43,639,505</u>
Balance for Support of Municipal Budget Appropriations		64,254,081
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,290,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 65,544,081</u>
Receipts from Delinquent Taxes		
Delinquent Tax Collections	A-12	\$ 54,807
Tax Title Liens	A-13	91,749
Special Assessment Receivables	A-15	<u>6,000</u>
	A-1,A-2	<u>\$ 152,556</u>

Analysis of Non Budget Revenue

Recreation Fees		\$ 255
Recycling		75,554
Motor Vehicle Inspection Fines		7,096
Administrative Fees - Police Outside Duty		323,559
Board of Health/Vital Statistics Fees		192,118
City Clerk Fees		84,115
Planning/Engineering Fees		53,230
Passaic Valley Water Commission - Hydrant Inspection		69,000
Administration Fees - Senior Citizen and Veterans/Homestead Rebate		2,621
Bus Shelter Franchise		2,400
FEMA Reimbursement		37,432
Fire Alarms		7,700
Restitution		7,570
Refunds/Reimbursements		122,260
Other Miscellaneous Receipts		<u>170,301</u>
		<u>\$ 1,155,211</u>
Cash Receipts	A-4	\$ 781,243
Due from Grant Fund	A-8	50,409
Due from Other Trust Fund	B-7	<u>323,559</u>
	A-2	<u>\$ 1,155,211</u>

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		<u>Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Office of Business Administration					
Salaries & Wages	\$ 834,200	\$ 824,200	\$ 767,341	\$ 56,859	
Other Expenses	309,950	319,950	306,694	13,256	
Human Resources					
Office of Personnel					
Salaries & Wages	177,200	177,200	176,316	884	
Other Expenses	17,200	17,200	11,827	5,373	
Mayor and Council					
Office of the Mayor and Council					
Salaries & Wages	329,650	329,650	318,052	11,598	
Other Expenses	110,150	110,150	99,812	10,338	
City Clerk					
Salaries & Wages	461,050	461,050	402,741	58,309	
Other Expenses	184,200	184,200	166,644	17,556	
Financial Administration - Treasurer's Office					
Salaries and Wages	455,500	455,500	406,001	49,499	
Other Expenses	166,000	160,000	85,161	74,839	
Annual Audit					
Other Expenses	83,000	83,000	10,000	73,000	
Revenue Administration - Tax Collector					
Salaries and Wages	249,200	249,200	247,954	1,246	
Other Expenses	33,600	33,600	33,114	486	
Tax Assessment Administration					
Salaries and Wages	270,900	270,900	250,720	20,180	
Other Expenses	73,950	119,950	112,650	7,300	
Legal Services					
Other Expenses	675,000	675,000	625,000	50,000	
Office of Engineer					
Salaries and Wages	126,350	126,350	110,886	15,464	
Other Expenses	118,500	142,500	134,911	7,589	
Economic Development Agencies					
Planning and Economic Development					
Salaries and Wages	47,800	47,800	45,299	2,501	
Other Expenses	14,035	24,035	9,567	14,468	
Division of Housing					
Salaries and Wages	298,800	298,800	260,991	37,809	
Other Expenses	7,100	7,100	3,545	3,555	
Redevelopment Agency	10,000	10,000	10,000	-	
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	12,050	12,050	8,764	3,286	
Board of Adjustment					
Other Expenses	17,600	17,600	13,220	4,380	
CODE ENFORCEMENT AND ADMINISTRATION					
Rent Leveling Board					
Other Expenses	15,200	15,200		15,200	
INSURANCE					
Liability Insurance	1,800,000	1,800,000	1,800,000	-	
Workmen's Compensation	1,860,000	1,860,000	1,860,000	-	
Employee Group Insurance	15,687,640	15,687,640	13,041,502	2,646,138	
Health Benefit Waiver	65,000	65,000	65,000	-	
Unemployment Insurance	350,000	350,000	350,000	-	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	<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>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	\$ 17,623,600	\$ 17,608,600	\$ 16,690,683	\$ 917,917	
Other Expenses	546,500	581,500	570,072	11,428	
BOE Security Watch and Res. Off.-Salaries & Wages	2,999,000	2,999,000	2,968,874	30,126	
Office of Emergency Management					
Salaries & Wages	48,300	48,300	42,981	5,319	
Other Expenses	5,000	5,000	1,315	3,685	
Fire Department					
Salaries and Wages	11,421,500	11,376,500	10,725,547	650,953	
Other Expenses	196,500	266,000	239,541	26,459	
Prosecutor's Office					
Other Expenses	155,000	155,000	142,000	13,000	
Municipal Court					
Salaries and Wages	1,050,200	1,050,200	913,246	136,954	
Other Expenses	140,820	140,820	131,821	8,999	
Public Defender (PL 1997 C.256)					
Other Expenses	75,000	75,000	66,900	8,100	
Passaic Parking Authority					
Salaries & Wages	270,000	270,000	189,469	80,531	
Other Expenses	315,000	315,000	280,013	34,987	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	2,254,960	2,210,960	1,954,197	256,763	
Other Expenses	719,100	619,100	368,996	250,104	
Solid Waste Collection					
Other Expenses					
Garbage Removal Contractual	2,200,000	2,200,000	2,095,343	104,657	
Buildings and Grounds					
Salaries and Wages	499,700	474,700	434,468	40,232	
Other Expenses	346,400	389,400	349,320	40,080	
Vehicle Maintenance					
Salaries & Wages	578,800	578,800	452,656	126,144	
Other Expenses	438,000	438,000	432,575	5,425	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Division of Health					
Salaries and Wages	843,800	831,800	465,519	366,281	
Other Expenses	212,600	242,600	210,900	31,700	
Animal Regulation					
Salaries and Wages	178,300	178,300	152,898	25,402	
Other Expenses	33,500	33,500	24,530	8,970	

**CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

	<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	\$ 566,200	\$ 566,200	\$ 401,859	\$ 164,341	
Other Expenses	189,700	189,700	189,650	50	
Senior Citizens					
Salaries and Wages	214,000	214,000	204,364	9,636	
Other Expenses	7,700	11,700	6,291	5,409	
Handicapped Recreation					
Salaries & Wages	175,300	175,300	169,906	5,394	
Other Expenses	21,200	21,700	21,303	397	
Maintenance of Parks					
Salaries & Wages	303,600	288,600	248,846	39,754	
Other Expenses	176,700	176,700	149,082	27,618	
OTHER COMMON OPERATING FUNCTIONS					
Accumulated Leave					
Other Expenses	550,000	550,000	550,000	-	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Division of Code Enforcement					
Salaries and Wages	579,500	579,500	553,883	25,617	
Other Expenses	216,700	216,700	164,819	51,881	
UNCLASSIFIED:					
Utilities:					
Electricity	590,000	590,000	457,191	132,809	
Street Lighting	720,000	720,000	649,193	70,807	
Telephone and Telegraph	230,000	230,000	178,724	51,276	
Gasoline	420,000	420,000	366,655	53,345	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Tipping Fees	<u>2,110,000</u>	<u>2,110,000</u>	<u>2,041,979</u>	<u>68,021</u>	<u>-</u>
Total Operations Within "CAPS"	<u>75,083,005</u>	<u>75,083,005</u>	<u>67,991,321</u>	<u>7,091,684</u>	<u>-</u>
Detail:					
Salaries & Wages	42,857,410	42,691,410	39,555,697	3,135,713	-
Other Expenses	<u>32,225,595</u>	<u>32,391,595</u>	<u>28,435,624</u>	<u>3,955,971</u>	<u>-</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
DEFERRED CHARGES					
Reimbursement of Prior Year Grant Charges	104,000	104,000	103,187	-	\$ 813
STATUTORY CHARGES					
Public Employees Retirement System	1,612,518	1,612,518	1,612,518	-	
Social Security System (O.A.S.I.)	1,530,000	1,530,000	1,384,852	145,148	
Consolidated Police & Firemen's Pension Fund	20,300	20,300	-	20,300	
Public Employees Retirement System - ERIP	189,852	189,852	189,852	-	
Police and Fireman's Retirement System	7,892,323	7,892,323	7,892,323	-	
Deferred Compensation Retirement Plan	<u>80,000</u>	<u>80,000</u>	<u>45,201</u>	<u>34,799</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>11,428,993</u>	<u>11,428,993</u>	<u>11,227,933</u>	<u>200,247</u>	<u>813</u>

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Appropriated		Expended		Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 86,511,998	\$ 86,511,998	\$ 79,219,254	\$ 7,291,931	\$ 813
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	1,266,411	1,266,411	1,266,411	-	-
Recycling Tax	110,000	110,000	100,892	9,108	-
Total Other Operations - Excluded From "CAPS"	1,376,411	1,376,411	1,367,303	9,108	-
Public and Private Programs Offset by Revenues					
Recycling Tonnage Grant	109,211	109,211	109,211	-	-
Matching Funds for Grants	40,000	40,000	-	40,000	-
FEMA - Fire Safer Grant 2018	10,000	10,000	10,000	-	-
Body Armor Fund	15,060	15,060	15,060	-	-
NJ Department of Health & Senior Services Women, Infant, Children (WIC)	17,000	17,000	17,000	-	-
The National Recreation and Park Association (NRPA)	5,000	5,000	-	-	5,000
GS Autolex (Honda) Donation	3,000	3,000	300	-	2,700
County of Passaic Historic Partnership Program Grant	1,591	1,591	-	-	1,591
Pet Safe Grant - Bark for Park	25,000	25,000	25,000	-	-
Stationhouse House Adjustment Grant	-	34,762	34,762	-	-
Ryan White 2019	-	162,017	162,017	-	-
NJ DOT Grant Mun Aid & Urban Aid - Various Rd. Improvements	-	895,426	895,426	-	-
Rec Opp 2019 (Zumba & Yoga)	-	13,311	13,311	-	-
Distracted Driving U Txt U Pay	-	5,500	5,500	-	-
Hudson River Science Foundation	-	10,000	10,000	-	-
Summer Food Program	-	356,070	356,070	-	-
Women's Sports Foundation	-	5,000	5,000	-	-
2018-2019 Ryan White	-	21,995	21,995	-	-
Forrestry Stewardship Award (Additional)	-	23,000	23,000	-	-
P.C. Open Space Award - Improvements to Pulaski Park	-	99,000	99,000	-	-
Alcohol Education Fund	-	6,269	6,269	-	-
PC City Green Grant	-	500	500	-	-
Hopwa 2019-2020	-	150,000	150,000	-	-
Child Lead 2019-2020	-	750,000	750,000	-	-
Safe & Secure Grant	-	90,000	90,000	-	-
Mun Alliance	-	39,478	39,478	-	-
NJ DCA Neighborhood Preservation	-	125,000	125,000	-	-
WIC Grant 2020	-	1,109,988	1,109,988	-	-
Stationhouse Adjustment Grant	-	11,359	11,359	-	-
PC Cultural Heritage Local Art Program	-	2,500	2,500	-	-
DEP Grant - EV Charging Grant	-	6,000	6,000	-	-
Green Acres Grant	-	1,000,000	1,000,000	-	-
DOT Grant - Municipal Aid Program	-	883,174	883,174	-	-
Total Public and Private Program Offset by Revenues	225,862	6,026,211	5,976,920	40,000	9,291
Total Operations - Excluded from "CAPS"	1,602,273	7,402,622	7,344,223	49,108	9,291
Detail:					
Other Expenses	1,602,273	7,402,622	7,344,223	49,108	9,291

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	<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	\$ 250,000	\$ 250,000	\$ 250,000	-	-
Paving of Various Roads and Sewer Improvements	625,000	625,000	257,608	\$ 367,392	
Park Improvements	100,000	100,000	100,000	-	
Purchase of Street Sweeper	250,000	250,000	244,053	5,947	
Purchase of DPW Dump Truck w/Plow	65,000	65,000	59,821	5,179	
Purchase of Mini Garbage Truck	105,000	105,000	105,000	-	
Purchase of DPW Dump Truck	55,000	55,000	55,000	-	
Purchase of Mechanic Truck	80,000	80,000	80,000	-	
Purchase of Trailers	20,000	20,000	17,791	2,209	
Acquisition of Property	-	1,500,000	-	1,500,000	-
Total Capital Improvements - Excluded from "CAPS"	<u>1,550,000</u>	<u>3,050,000</u>	<u>1,169,273</u>	<u>1,880,727</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,250,000	1,250,000	1,250,000		
Interest on Bonds	381,890	381,890	381,890		
Interest on Notes					
Payment of Loan Principal and Interest	135,880	135,880	135,873	-	\$ 7
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,767,770</u>	<u>1,767,770</u>	<u>1,767,763</u>	<u>-</u>	<u>7</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,920,043</u>	<u>12,220,392</u>	<u>10,281,259</u>	<u>\$ 1,929,835</u>	<u>9,298</u>
Subtotal General Appropriations	91,432,041	98,732,390	89,500,513	9,221,766	10,111
Reserve for Uncollected Taxes	<u>1,290,000</u>	<u>1,290,000</u>	<u>1,290,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 92,722,041</u>	<u>\$ 100,022,390</u>	<u>\$ 90,790,513</u>	<u>\$ 9,221,766</u>	<u>\$ 10,111</u>
	<u>Reference</u>	A-2	A-1	A,A-1	
Budget	A-3	\$ 92,722,041			
Emergency Appropriations	A-17	1,500,000			
Appropriation by 40A:4-87	A-2	<u>5,800,349</u>			
		<u>\$ 100,022,390</u>			
Cash Disbursed	A-4		\$ 80,398,937		
Encumbrances Payable	A-23		3,075,456		
Due to Redevelopment Authority	A-11		10,000		
Due to Other Trust Fund	B-7		26,160		
Due to Grant Fund - Appropriated Grants	A-8		5,976,920		
Due to Grant Fund	A-5		13,040		
Reserve for Uncollected Taxes	A-2		<u>1,290,000</u>		
			<u>\$ 90,790,513</u>		

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	December 31, <u>2019</u>	December 31, <u>2018</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 45,907	\$ 51,604
		<u>45,907</u>	<u>51,604</u>
OTHER TRUST FUND			
Cash	B-1	13,264,463	8,840,389
Cash - Change Fund	B-6	200	200
Due from Current Fund	B-7	2,417,785	2,498,455
Due from Grant Fund	B-8	<u>349,240</u>	<u>184,596</u>
		<u>16,031,688</u>	<u>11,523,640</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Cash	B-1	119,744	66,097
Due from HUD	B-11	795,531	1,396,992
Other Receivables	B-14	<u>155,454</u>	<u>155,454</u>
		<u>1,070,729</u>	<u>1,618,543</u>
HOME INVESTMENT PROGRAM FUND			
Cash	B-1	29,687	144,647
Due from HUD	B-13	1,741,373	1,150,925
Mortgage Receivable	B-15	455,237	455,237
Due from Grant Fund	B-18	<u>167,036</u>	<u>167,036</u>
		<u>2,393,333</u>	<u>1,917,845</u>
Total Assets		<u>\$ 19,541,657</u>	<u>\$ 15,111,632</u>

**CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	December 31, <u>2019</u>	December 31, <u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Encumbrances Payable	B-5	\$ 3,296	\$ 1,377
Due State of New Jersey	B-2	126	582
Due to Current Fund	B-4	10,823	10,767
Reserve for Animal Control Expenditures	B-3	<u>31,662</u>	<u>38,878</u>
		<u>45,907</u>	<u>51,604</u>
OTHER TRUST FUND			
Due to State - Unemployment	B-9	31,602	
Miscellaneous Reserves and Deposits	B-10	<u>16,000,086</u>	<u>11,523,640</u>
		<u>16,031,688</u>	<u>11,523,640</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Due to Current Fund	B-17	29,114	32,565
Reserve for Program Expenditures - UDAG	B-16	8,122	8,122
Reserve for Program Expenditures - CDBG	B-12	<u>1,033,493</u>	<u>1,577,856</u>
		<u>1,070,729</u>	<u>1,618,543</u>
HOME INVESTMENT PROGRAM FUND			
Due to Current Fund	B-19	235,842	369,893
Reserve for Mortgage Receivable	B-15	455,237	455,237
Reserve for Home Investment Program	B-20	<u>1,702,254</u>	<u>1,092,715</u>
		<u>2,393,333</u>	<u>1,917,845</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 19,541,657</u>	<u>\$ 15,111,632</u>

**CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	December 31, <u>2019</u>	December 31, <u>2018</u>
ASSETS			
Cash	C-2,C-3	\$ 5,445,096	\$ 1,614,224
Due from Current Fund	C-4	2,755	9,548
Deferred Charges to Future Taxation			
Funded	C-5	13,270,554	14,634,404
Unfunded	C-6	<u>7,347,075</u>	<u>7,347,075</u>
 Total Assets		 <u>\$ 26,065,480</u>	 <u>\$ 23,605,251</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-11	\$ 12,255,000	\$ 13,505,000
Green Acres Loans Payable	C-12	1,015,554	1,129,404
Bond Anticipation Notes Payable	C-10	4,500,000	
Improvement Authorizations			
Funded	C-9	268,244	1,129,605
Unfunded	C-9	5,239,291	7,345,000
Encumbrances Payable	C-8	2,178,469	276,785
Capital Improvement Fund	C-7	293,806	43,806
Reserve for Curb and Sidewalk Improvements	C-13	5,000	5,000
Reserve for Sale of Property	C-15	100,000	
Reserve for Payment of Debt	C-14	170,651	170,651
Fund Balance	C-1	<u>39,465</u>	<u>-</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 26,065,480</u>	 <u>\$ 23,605,251</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2019 and December 31, 2018 of \$2,847,075 and \$7,347,075, respectively, (See Exhibit C-16).

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Balance, January 1,	C	-	\$ 117,537
Increased by:			
Premium on Sale of Notes	C-2	<u>\$ 39,465</u>	<u>-</u>
		39,465	117,537
Decreased by:			
Cancelled Grant Receivable		-	230
Appropriated to Finance Improvement Authorizations		<u>-</u>	<u>117,307</u>
Balance, December 31,	C	<u>\$ 39,465</u>	<u>\$ -</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	December 31, <u>2019</u>	December 31, <u>2018</u>
ASSETS			
OPERATING FUND			
Cash	D-4	\$ 772,065	\$ 931,369
Due from PVWC	D-8		19,851
Due from Sewer Utility Capital Fund	D-12	<u>26</u>	<u>5</u>
		<u>772,091</u>	<u>951,225</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	830,148	1,001,686
Other Accounts Receivable	D-7	<u>9</u>	<u>16,839</u>
		<u>830,157</u>	<u>1,018,525</u>
Total Operating Fund		<u>1,602,248</u>	<u>1,969,750</u>
CAPITAL FUND			
Cash	D-4,D-5	6,586	6,568
Fixed Capital	D-9	5,887,974	5,887,974
Fixed Capital Authorized and Uncompleted	D-10	<u>35,766</u>	<u>35,766</u>
Total Capital Fund		<u>5,930,326</u>	<u>5,930,308</u>
		<u>\$ 7,532,574</u>	<u>\$ 7,900,058</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-3,D-17	\$ 31,562	\$ 259,013
Encumbrances Payable	D-14	60,899	176,175
Accounts Payable	D-15		1,165
Accrued Interest on Bonds	D-16	8,449	9,701
Due to Current Fund	D-11	<u>343,125</u>	<u>177,121</u>
		444,035	623,175
Reserve for Receivables	D	830,157	1,018,525
Fund Balance	D-1	<u>328,056</u>	<u>328,050</u>
Total Operating Fund		<u>1,602,248</u>	<u>1,969,750</u>
CAPITAL FUND			
Serial Bonds	D-21	1,106,000	1,236,000
Due to Current Fund	D-13		3
Due to Sewer Utility Operating Fund	D-12	26	5
Improvement Authorizations			
Funded	D-18	35,766	35,766
Reserve for Amortization	D-19	4,737,974	4,607,974
Reserve for Deferred Amortization	D-20	35,766	35,766
Reserve for Payment of Debt	D-22	<u>14,794</u>	<u>14,794</u>
Total Capital Fund		<u>5,930,326</u>	<u>5,930,308</u>
		<u>\$ 7,532,574</u>	<u>\$ 7,900,058</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2019 and December 31, 2018 of \$44,000 and \$44,000, respectively, (See Exhibit D-23).

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS
SEWER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Anticipated	D-2	\$ 327,730	\$ 434,000
Sewer Rents	D-2	5,725,727	5,762,811
Non-Budget Revenues	D-2	34,110	27,976
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-17	258,277	
Cancelled Accounts Payable	D-15	<u>1,165</u>	<u>73,335</u>
 Total Income		 <u>6,347,009</u>	 <u>6,298,122</u>
 EXPENDITURES			
Operating	D-3	5,854,520	5,896,684
Debt Service	D-3	<u>164,753</u>	<u>168,493</u>
 Total Expenditures		 <u>6,019,273</u>	 <u>6,065,177</u>
 Excess in Revenues		 327,736	 232,945
Fund Balance, Beginning of Year,	D	<u>328,050</u>	<u>529,105</u>
		655,786	762,050
Decreased by:			
Utilized as Anticipated Revenue	D-1,D-2	<u>327,730</u>	<u>434,000</u>
Fund Balance, End of Year,	D	<u>\$ 328,056</u>	<u>\$ 328,050</u>

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 327,730	\$ 327,730	
Sewer Rents and Charges	D-1	<u>5,762,800</u>	<u>5,725,727</u>	\$ (37,073)
Total Budget Revenues	D-3	<u>\$ 6,090,530</u>	6,053,457	<u>\$ (37,073)</u>
Non-Budget Revenues	D-2		<u>34,110</u>	
			<u>\$ 6,087,567</u>	
Analysis of Revenue Realized:				
Sewer Rents and Charges:				
Consumer Accounts Receivable Collections	D-6		\$ 5,499,866	
Other Accounts Receivable Collections	D-7		<u>225,861</u>	
	D-2		<u>\$ 5,725,727</u>	
Non-Budget Revenue:				
Interest on Investments			\$ 94	
Prior Year Reimbursements			<u>34,016</u>	
	D-2		<u>\$ 34,110</u>	
Cash Receipts	D-4		\$ 34,013	
Due from Sewer Utility Capital Fund	D-12		<u>97</u>	
			<u>\$ 34,110</u>	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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	\$ 149,000	\$ 149,000	\$ 79,769	\$ 19,231	\$ 50,000
Sewer Treatment Expenses	5,135,520	5,135,520	5,135,387	133	
Sewer Maintenance Fee - Contractual	<u>640,000</u>	<u>640,000</u>	<u>607,802</u>	<u>12,198</u>	<u>20,000</u>
Total Operating	<u>5,924,520</u>	<u>5,924,520</u>	<u>5,822,958</u>	<u>31,562</u>	<u>70,000</u>
DEBT SERVICE					
Payment of Bond Principal	130,000	130,000	130,000		
Interest on Bonds	<u>36,010</u>	<u>36,010</u>	<u>34,753</u>	-	<u>1,257</u>
Total Debt Service	<u>166,010</u>	<u>166,010</u>	<u>164,753</u>	-	<u>1,257</u>
	<u>\$ 6,090,530</u>	<u>\$ 6,090,530</u>	<u>\$ 5,987,711</u>	<u>\$ 31,562</u>	<u>\$ 71,257</u>
<u>Reference</u>	D-2	D-3	D-1	D,D-1	
Disbursed	D-4		\$ 5,726,055		
Encumbrances Payable	D-14		60,899		
Due to Current Fund	D-11		166,004		
Accrued Interest on Bonds	D-16		<u>34,753</u>		
			<u>\$ 5,987,711</u>		

**CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2019 AND 2018**

	December 31, <u>2019</u>	December 31, <u>2018</u>
ASSETS		
Land	\$ 46,110,504	\$ 46,110,504
Buildings and Building Improvements	14,863,130	13,027,457
Machinery and Equipment	3,034,166	2,988,008
Vehicles	<u>3,137,378</u>	<u>2,830,960</u>
	<u>\$ 67,145,178</u>	<u>\$ 64,956,929</u>
LIABILITIES		
Investments in General Fixed Assets	<u>\$ 67,145,178</u>	<u>\$ 64,956,929</u>

NOTES TO FINANCIAL STATEMENTS

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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. 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 or 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 DECEMBER 31, 2019 AND 2018

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 DECEMBER 31, 2019 AND 2018**

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.

Reclassifications - Certain reclassifications may have been made to the December 31, 2018 balances to conform to the December 31, 2019 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The 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 DECEMBER 31, 2019 AND 2018**

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 the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a 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. The City may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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 - Utility charges are levied 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.

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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

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

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

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

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 DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the City of Passaic has developed a fixed assets accounting and reporting system. Fixed assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 2018 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2018 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

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

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

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2019 and 2018 the City Council increased the original budget by \$7,300,349 and \$4,786,652. The increases were funded by additional aid allotted to the City in 2019 and 2018 and an emergency resolution for \$1,500,000 for the acquisition of property in 2019. In addition, the governing body approved several budget transfers during 2019 and 2018.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

The City's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The 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 or NCUSIF.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2019 and 2018, the book value of the City's deposits were \$60,358,282 and \$48,294,323 and bank and brokerage firm balances of the City's deposits amounted to \$61,336,005 and \$49,089,786, 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>December 31, 2019</u>	<u>December 31, 2018</u>
Insured	\$ 61,336,005	\$ 49,087,786

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 December 31, 2019 and 2018, the City’s bank balances were not 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, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2019 and 2018 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 DECEMBER 31, 2019 AND 2018**

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2019 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2019</u>			
Property Taxes	\$ 420,215		\$ 420,215
Tax Title Liens	255,736		255,736
Special Assessment	138,037		138,037
Utility Rents and Fees	-	\$ 830,157	830,157
	<u>\$ 813,988</u>	<u>\$ 830,157</u>	<u>\$ 1,644,145</u>

In the year ended December 31, 2019, the City collected \$152,556 and \$1,018,525 from delinquent taxes and utility rents, which represented 29% and 100% of the delinquent tax and sewer charges receivable at December 31, 2018.

Receivables at December 31, 2018 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2018</u>			
Property Taxes	\$ 88,327		\$ 88,327
Tax Title Liens	440,878		440,878
Utility Rents and Fees	-	\$ 1,018,525	1,018,525
	<u>\$ 529,205</u>	<u>\$ 1,018,525</u>	<u>\$ 1,547,730</u>

In the year ended December 31, 2018, the City collected \$554,399 and \$985,476 from delinquent taxes and utility rents, which represented 95% and 100% of the delinquent tax and sewer charges receivable at December 31, 2017.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	December 31, 2019		December 31, 2018	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund				
Regular	\$ 2,094,157	\$ 2,420,540	\$ 1,854,946	\$ 2,508,003
Grant		1,991,529		1,616,229
Trust Funds				
Animal Control		10,823		10,767
Other Trust	2,767,025		2,683,051	
Community Development		29,114		32,565
Home Investment Program	167,036	235,842	167,036	369,893
General Capital Fund	2,755		9,548	
Sewer Utility Fund				
Operating	26	343,125	5	177,121
Capital	<u>-</u>	<u>26</u>	<u>-</u>	<u>8</u>
Total	<u>\$ 5,030,999</u>	<u>\$ 5,030,999</u>	<u>\$ 4,714,586</u>	<u>\$ 4,714,586</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 December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2019</u>			
Current Fund			
Regular Fund			
Emergency Authorizations	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Sewer Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year’s budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year’s budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund’s budget for the succeeding year were as follows:

	2019		2018	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 11,305,915	\$ 6,000,000	\$ 11,334,480	\$ 4,260,000
Non-Cash Surplus	<u>1,550,552</u>	<u>-</u>	<u>29,846</u>	<u>-</u>
	<u>\$ 12,856,467</u>	<u>\$ 6,000,000</u>	<u>\$ 11,364,326</u>	<u>\$ 4,260,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 328,056	\$ 290,390	\$ 328,050	\$ 327,730
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 328,056</u>	<u>\$ 290,390</u>	<u>\$ 328,050</u>	<u>\$ 327,730</u>

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2019 and 2018.

	Balance December 31, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Land	\$ 46,110,504			\$ 46,110,504
Buildings and Building Improvements	13,027,457	\$ 1,835,673		14,863,130
Machinery and Equipment	2,988,008	46,158		3,034,166
Vehicles	<u>2,830,960</u>	<u>306,418</u>	<u>-</u>	<u>3,137,378</u>
	<u>\$ 64,956,929</u>	<u>\$ 2,188,249</u>	<u>\$ -</u>	<u>\$ 67,145,178</u>

	Balance December 31, <u>2017</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
<u>2018</u>				
Land	\$ 46,110,504			\$ 46,110,504
Buildings and Building Improvements	12,768,457	\$ 259,000		13,027,457
Machinery and Equipment	2,952,608	35,400		2,988,008
Vehicles	<u>2,621,540</u>	<u>209,420</u>	<u>-</u>	<u>2,830,960</u>
	<u>\$ 64,453,109</u>	<u>\$ 503,820</u>	<u>\$ -</u>	<u>\$ 64,956,929</u>

Restatement- The General Fixed Asset Account Group for December 31, 2017 has been restated based upon the inventory of the City's fixed assets inventory report. The effect of this restatement results in a net decrease of \$26,988,365 in General Fixed Assets with a corresponding decrease in the Investment in Fixed Assets at December 31, 2017.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 FIXED ASSETS (Continued)

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the sewer utility fund fixed assets for the years ended December 31, 2019 and 2018.

Sewer Utility Fund

	Balance December 31, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Fixed Capital				
System and System Improvements	\$ 5,577,974			\$ 5,577,974
Vehicles and Equipment	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>310,000</u>
	<u>\$ 5,887,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,887,974</u>
	Balance December 31, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
<u>2018</u>				
Fixed Capital				
System and System Improvements	\$ 5,577,974			\$ 5,577,974
Vehicles and Equipment	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>310,000</u>
	<u>\$ 5,887,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,887,974</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and sewer utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. 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:

	December 31, <u>2019</u>	December 31, <u>2018</u>
Issued		
General		
Bonds, Notes and Loans	\$ 17,770,554	\$ 14,634,404
Sewer Utility		
Bonds and Notes	<u>1,106,000</u>	<u>1,236,000</u>
	18,876,554	15,870,404
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(185,445)</u>	<u>(185,445)</u>
Net Debt Issued	18,691,109	15,684,959
Authorized But Not Issued		
General		
Bonds and Notes	2,847,075	7,347,075
Sewer Utility		
Bonds and Notes	<u>44,000</u>	<u>44,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 21,582,184</u>	<u>\$ 23,076,034</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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 .55% and .61% at December 31, 2019 and 2018, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2019</u>			
General Debt	\$ 20,617,629	\$ 170,651	\$ 20,446,978
Sewer Utility Debt	1,150,000	1,150,000	-
Parking Authority Debt	-	-	-
Total	<u>\$ 21,767,629</u>	<u>\$ 1,320,651</u>	<u>\$ 20,446,978</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 21,981,479	\$ 170,651	\$ 21,810,828
Sewer Utility Debt	1,280,000	1,280,000	-
Parking Authority Debt	365,000	365,000	-
Total	<u>\$ 23,626,479</u>	<u>\$ 1,815,651</u>	<u>\$ 21,810,828</u>

Statutory Borrowing Power

The City's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2019</u>	<u>2018</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 131,214,905	\$ 124,836,261
Net Debt	<u>20,446,978</u>	<u>21,810,828</u>
Remaining Borrowing Power	<u>\$ 110,767,927</u>	<u>\$ 103,025,433</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

The City levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
\$7,249,000, 2010 General Obligation Bonds, due in annual installments of \$675,000 to \$700,000 through August 1, 2026, interest at 3.25% to 4.00%	\$ 4,799,000	\$ 5,474,000
\$8,581,000 2017 General Obligation Bonds, due in annual installments of \$575,000 to \$1,100,000 through June 15, 2029, interest at 2.00% to 3.00%	<u>7,456,000</u>	<u>8,031,000</u>
	<u>\$ 12,255,000</u>	<u>\$ 13,505,000</u>

General Intergovernmental Loans Payable

The City has entered into a loan agreements with the State of New Jersey Green Acres Program for the financing relating to the Dundee Island Field rehabilitation, Third Ward Park improvements, Hughes Lake improvements, Pulaski Park renovations and Roberto Clemente Field improvements. The City levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
\$200,000, 2006 Loan, due in semi-annual installments of \$5,464 to \$6,157 through March, 2026, interest at 2%	\$ 75,451	\$ 86,217
\$500,000, 2008 Loan, due in semi-annual installments of \$19,993 to \$21,013 through July, 2022, interest at 2%	122,996	162,390
\$100,000, 2008 Loan, due in semi-annual installments of \$2,678 to \$3,078 through June, 2027, interest at 2%	43,109	48,386

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable (Continued)

	<u>2019</u>	<u>2018</u>
\$250,000, 2009 Loan, due in semi-annual installments of \$10,096 to \$10,506 through April, 2022, interest at 2%	\$ 51,502	\$ 71,393
\$21,000, 2009 Loan, due in semi-annual installments of \$551 to \$646 through June, 2028, interest at 2%	10,161	11,248
\$250,000, 2018 Loan, due in semi-annual installments of \$6,335 to \$8,624 through September, 2035, interest at 2%	237,518	250,000
\$499,770, 2018 Loan, due in semi-annual installments of \$12,664 to \$17,240 through September, 2035, interest at 2%	<u>474,817</u>	<u>499,770</u>
	<u>\$ 1,015,554</u>	<u>\$ 1,129,404</u>

Utility Bonds

The City pledges revenue from operations to pay debt service on utility bonds issued. The sewer utility bonds outstanding at December 31 are as follows:

Sewer Utility

	<u>2019</u>	<u>2018</u>
\$1,266,000, 2010 Sewer Bonds, due in annual installments of \$90,000 through August 1, 2025, interest at 3.25% to 3.75%	\$ 540,000	\$ 630,000
\$646,000, 2017 Sewer Bonds, due in annual installments of \$40,000 to 80,000 through June 15, 2029, interest at 2.00% to 3.00%	<u>566,000</u>	<u>606,000</u>
	<u>\$ 1,106,000</u>	<u>\$ 1,236,000</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2019 is as follows:

Calendar Year	General						Total
	Bonds		Loans		Sewer Utility		
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 1,250,000	\$ 348,453	\$ 116,140	\$ 19,733	\$ 130,000	\$ 32,280	\$ 1,896,606
2021	1,275,000	314,765	118,474	17,399	130,000	28,555	1,884,193
2022	1,275,000	279,140	110,244	15,018	130,000	24,605	1,834,007
2023	1,275,000	243,515	59,085	13,120	130,000	20,655	1,741,375
2024	1,300,000	207,890	60,272	11,932	135,000	16,655	1,731,749
2025-2029	5,880,000	451,230	257,334	42,657	451,000	31,035	7,113,256
2030-2034			242,534	18,686			261,220
2035	-	-	51,471	773	-	-	52,244
	<u>\$ 12,255,000</u>	<u>\$ 1,844,993</u>	<u>\$ 1,015,554</u>	<u>\$ 139,318</u>	<u>\$ 1,106,000</u>	<u>\$ 153,785</u>	<u>\$ 16,514,650</u>

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the years ended December 31, 2019 and 2018 were as follows:

	Balance, June 30, 2018	Additions	Reductions	Balance, December 31, 2019	Due Within One year
<u>2019</u>					
General Capital					
Serial Bonds	\$ 13,505,000		\$ 1,250,000	\$ 12,255,000	\$ 1,250,000
Green Acres Loan Payable	<u>1,129,404</u>	\$ -	<u>113,850</u>	<u>1,015,554</u>	<u>116,140</u>
General Capital Fund					
Long Term Liabilities	<u>\$ 14,634,404</u>	<u>\$ -</u>	<u>\$ 1,363,850</u>	<u>\$ 13,270,554</u>	<u>\$ 1,366,140</u>
Sewer Utility Capital					
Serial Bonds	<u>\$ 1,236,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 1,106,000</u>	<u>\$ 130,000</u>
Sewer Utility Capital Fund					
Long Term Liabilities	<u>\$ 1,236,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 1,106,000</u>	<u>\$ 130,000</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, June 30, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One year</u>
<u>2018</u>					
General Capital					
Serial Bonds	\$ 14,730,000		\$ 1,225,000	\$ 13,505,000	\$ 1,250,000
Pension Refunding Bonds				-	
Green Acres Loan Payable	<u>941,012</u>	<u>\$ 263,302</u>	<u>74,910</u>	<u>1,129,404</u>	<u>113,851</u>
General Capital Fund					
Long Term Liabilities	<u>\$ 15,671,012</u>	<u>\$ 263,302</u>	<u>\$ 1,299,910</u>	<u>\$ 14,634,404</u>	<u>\$ 1,363,851</u>
Sewer Utility Capital					
Serial Bonds	<u>\$ 1,366,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 1,236,000</u>	<u>\$ 130,000</u>
Sewer Utility Capital Fund					
Long Term Liabilities	<u>\$ 1,366,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 1,236,000</u>	<u>\$ 130,000</u>

B. Short-Term Debt

The City's short-term debt activity for the years ended December 31, 2019 and 2018 was as follows:

Bond Anticipation Notes

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>
<u>2019</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	2.25%	8/27/2020	<u>-</u>	<u>\$ 4,500,000</u>	<u>-</u>	<u>\$ 4,500,000</u>
Total General Capital Fund			<u>\$ -</u>	<u>\$ 4,500,000</u>	<u>\$ -</u>	<u>\$ 4,500,000</u>

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

**CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the City had the following commitments with respect to unfinished capital projects and other commitments:

<u>Capital Project/Purpose</u>	<u>Construction / Other Commitment</u>	<u>Estimated Date of Acquisition/ Completion</u>
<u>2019</u>		
2020 Isuzu Loader	\$ 105,490	2020
Interior/Exterior Reconstruction - 276 Broadway	139,107	2020
HVAC System Upgrades - Municipal Complex	1,882,259	2020
Hoover Ave. Parking Lot Improvements	112,762	2020
Two - 2020 GMC Trucks with Snow Plow	114,821	2020
Roof Replacement Eastside Firehouse and Senior Center	237,000	2020
Window and Skylight Restoration - Eastside Firehouse	377,265	2020
Six 2020 Ford Front Wheel Drive Vehicles	152,248	2020
Bathroom Renovations - Westside Firehouse	202,000	2020
<u>2018</u>		
McDonald Brook Flood Control - Phase IV	\$ 386,059	2019
Third Ward Park Memorial Park Improvements	710,366	2019
McDonald Brook Storm System	138,740	2019
Ice Rink Platform	117,095	2019

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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 and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$5,725,941 and \$6,213,743 at December 31, 2019 and 2018, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2019 and 2018, the City has reserved in the Other Trust Fund \$3,784,605 and \$2,286,314, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Deferred Pension Obligation

During the year ended December 31, 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 (7.00% effective July 1, 2017 and 7.65% effective July 1, 2016 through June 30, 2017) at December 31, 2019 and 2018 is \$2,728,549 and \$3,027,589, respectively.

During the years ended December 31, 2019, 2018 and 2017 the City was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2019	\$ 66,916	\$ 444,055
2018	66,544	442,069
2017	65,710	437,635

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation (Continued)

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The City's changes in other long-term liabilities for the years ended December 31, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One year</u>
<u>2019</u>					
Compensated Absences	\$ 6,213,744	\$ 213,658	\$ 701,461	\$ 5,725,941	
Deferred Pension Obligation	3,027,589	211,931	510,971	2,728,549	\$ 513,793
ERIP Pension Liability	208,784	25,567	189,852	44,499	44,499
Net Pension Liability - PERS	30,465,692		3,177,336	27,288,356	
Net Pension Liability - PFRS	103,091,720		6,429,459	96,662,261	
Net OPEB Liability	<u>98,783,197</u>	<u>-</u>	<u>17,868,586</u>	<u>80,914,611</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 241,790,726</u>	<u>\$ 451,156</u>	<u>\$ 28,877,665</u>	<u>\$ 213,364,217</u>	<u>\$ 558,292</u>
	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One year</u>
<u>2018</u>					
Compensated Absences	\$ 5,968,281	\$ 245,463		\$ 6,213,744	
Deferred Pension Obligation	3,304,862	231,340	\$ 508,613	3,027,589	\$ 510,971
ERIP Pension Liability	372,863	26,100	190,179	208,784	189,852
Net Pension Liability - PERS	35,218,741		4,753,049	30,465,692	
Net Pension Liability - PFRS	120,302,403		17,210,683	103,091,720	
Net OPEB Liability	<u>125,316,194</u>	<u>-</u>	<u>26,532,997</u>	<u>98,783,197</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 290,483,344</u>	<u>\$ 502,904</u>	<u>\$ 49,195,521</u>	<u>\$ 241,790,726</u>	<u>\$ 700,823</u>

**CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

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. Additionally, based on recent actuarial valuation there was no normal cost or accrued liability contributions required for the fiscal year ended June 30, 2017. CPFPPF is a single-employer defined benefit plan. For additional information about CPFPPF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

Police and Firemen’s Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

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

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). 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 earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the 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.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$18.1 billion and \$19.7 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 56.27% and 53.60% respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2019 and 2018 is \$14.2 billion and \$15.4 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 65.00% and 62.48%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018, respectively.

Actuarial Methods and Assumptions

In the July 1, 2018 and 2017 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2019 and 2018 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee’s annual compensation.

For the years ended December 31, 2019 and 2018 for CPFPPF, which is a single-employer defined benefit plan, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the City for 2019, 2018 and 2017 were equal to the required contributions.

During the years ended December 31, 2019, 2018 and 2017, the City, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u>	<u>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2019		\$ 7,448,915	\$ 1,539,070	\$ 45,201
2018	\$ 20,271	6,896,579	1,401,574	50,132
2017	20,300	6,795,838	1,352,626	49,502

In addition for the years ended December 31, 2019, 2018 and 2017 the City contributed for long-term disability insurance premiums (LTDI) \$6,532, \$17,837 and \$5,688, respectively for PERS.

In addition for the years ended December 31, 2019, 2018 and 2017 the City contributed for early retirement incentive program contributions \$189,852, \$190,179 and \$190,179, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2019 and 2018, the City reported a liability of \$27,288,356 and \$30,465,692, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The City’s proportionate share of the net pension liability was based on the ratio of the City’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the City’s proportionate share was .15145 percent, which was a decrease of .00328 percent from its proportionate share measured as of June 30, 2018 of .15473 percent.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2019 and 2018, the pension system has determined the City’s pension expense to be \$886,826 and \$1,420,357, respectively, for PERS based on the actuarial valuations which are less than and more than the actual contributions reported in the City’s financial statements of \$1,539,070 and \$1,401,574, respectively. At December 31, 2019 and 2018, the City’s deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the City’s financial statements are from the following sources:

	2019		2018	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 489,790	\$ 120,548	\$ 580,985	\$ 157,091
Changes of Assumptions	2,724,843	9,471,702	5,020,241	9,741,308
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		430,757		285,769
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>503,784</u>	<u>1,174,120</u>	<u>650,486</u>	<u>988,210</u>
Total	<u>\$ 3,718,417</u>	<u>\$ 11,197,127</u>	<u>\$ 6,251,712</u>	<u>\$ 11,172,378</u>

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (1,177,971)
2021	(2,774,459)
2022	(2,130,528)
2023	(1,264,038)
2024	(131,714)
Thereafter	<u>-</u>
	<u>\$ (7,478,710)</u>

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The City’s total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00-6.00%	1.65-4.15%
	Based on Years of Service	Based on Age
Thereafter	3.00%-7.00%	2.65%-5.15%
	Based on Years of Service	Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 and July 1, 2011 to June 30, 2014, respectively.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit	-	-	5.00%	7.10%
Credit Oriented Hedge Funds	-	-	1.00%	6.60%
Debt Related Private Equity	-	-	2.00%	10.63%
Debt Related Real Estate	-	-	1.00%	6.61%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.28%
2018	June 30, 2018	5.66%

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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:

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2057	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2057 and Thereafter	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the City's proportionate share of the PERS net pension liability as of December 31, 2019 and 2018 calculated using the discount rate of 6.28% and 5.66%, respectively, 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 5.28% and 4.66%, respectively or 1-percentage-point higher 7.28% and 6.66%, respectively than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
<u>2019</u>			
City's Proportionate Share of the PERS Net Pension Liability	\$ 34,469,628	\$ 27,288,356	\$ 21,237,117
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
<u>2018</u>			
City's Proportionate Share of the PERS Net Pension Liability	\$ 38,307,097	\$ 30,465,692	\$ 23,887,254

The sensitivity analysis was based on the proportionate share of the City's net pension liability at December 31, 2019 and 2018. A sensitivity analysis specific to the City's net pension liability was not provided by the pension system.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2019 and 2018, the City reported a liability of \$96,662,261 and \$103,091,720, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The City’s proportionate share of the net pension liability was based on the ratio of the City’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the City’s proportionate share was .77352 percent, which was an increase of .01167 percent from its proportionate share measured as of June 30, 2018 of .76185 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the City pension expense to be \$8,320,406 and \$7,615,052 respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the City’s financial statements of \$7,448,915 and \$6,896,579, respectively. At December 31, 2019 and 2018, the City’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the City’s financial statements are from the following sources:

	2019		2018	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 799,071	\$ 599,324	\$ 1,048,824	\$ 426,618
Changes of Assumptions	3,243,644	30,593,975	8,849,037	26,420,628
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,282,643		564,005
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>2,345,730</u>	<u>2,392,900</u>	<u>1,671,634</u>	<u>3,727,207</u>
Total	<u>\$ 6,388,445</u>	<u>\$ 34,868,842</u>	<u>\$ 11,569,495</u>	<u>\$ 31,138,458</u>

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2020	\$ (4,967,133)
2021	(10,504,144)
2022	(7,551,646)
2023	(3,669,020)
2024	(1,788,454)
Thereafter	<u>-</u>
	<u>\$ (28,480,397)</u>

Actuarial Assumptions

The City’s total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through	All Future Years 3.25%-15.25% Based on Years of Service	2026 2.10%-8.98% Based on Age
Thereafter	Not Applicable	3.10%-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub - 2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and July 1, 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018 and July 1, 2010 to June 30, 2013, respectively.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.87%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit	-	-	5.00%	7.10%
Credit Oriented Hedge Funds	-	-	1.00%	6.60%
Debt Related Private Equity	-	-	2.00%	10.63%
Debt Related Real Estate	-	-	1.00%	6.61%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.85%
2018	June 30, 2018	6.51%

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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:

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2076	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2076 and Thereafter	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the City’s proportionate share of the PFRS net pension liability as of December 31, 2019 and 2018 calculated using the discount rate of 6.85% and 6.51%, respectively, 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 5.85% and 5.51%, respectively or 1-percentage-point higher 7.85% and 7.51%, respectively than the current rate:

<u>2019</u>	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
City's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 130,652,153</u>	<u>\$ 96,662,261</u>	<u>\$ 68,530,728</u>
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
<u>2018</u>			
City's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 137,975,474</u>	<u>\$ 103,091,720</u>	<u>\$ 74,318,977</u>

The sensitivity analysis was based on the proportionate share of the City’s net pension liability at December 31, 2019 and 2018. A sensitivity analysis specific to the City’s net pension liability was not provided by the pension system.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the City is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the City by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the City's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$14,947,351 and \$14,003,306, respectively. For the years ended December 31, 2019 and 2018, the pension system has determined the State's proportionate share of the pension expense attributable to the City for the PFRS special funding situation is \$1,736,759 and \$1,658,670, respectively, which are more than the actual contributions the State made on behalf of the City of \$1,007,141 and \$829,334, respectively. At December 31, 2019 (measurement date June 30, 2019) the State's share of the PFRS net pension liability attributable to the City was .77352 percent, which was an increase of .01167 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .76185 percent. The State's proportionate share attributable to the City was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the City's financial statements.

Pension Plan Fiduciary Net Position

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

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2019 and 2018 is \$13.5 billion and \$15.7 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% and 1.97%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018.

Actuarial Methods and Assumptions

In the June 30, 2018 and 2017 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$346.4 million and \$421.2 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million and \$53.5 million for fiscal years 2019 and 2018, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The City's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2019, 2018 and 2017 were \$4,906,906, \$7,928,183 and \$7,927,830, respectively, which equaled the required contributions for each year. In addition, the City's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2019, 2018 and 2017 were \$608,934, \$555,371 and \$497,234, respectively.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019 and 2018, the City reported a liability of \$80,914,611 and \$98,783,197, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and 2017, respectively. The City’s proportionate share of the net OPEB liability was based on the ratio of the City’s proportionate share of the OPEB liability attributable to the City at June 30, 2019 and 2018 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019 and 2018, respectively. As of the measurement date of June 30, 2019 the City’s proportionate share was .59733 percent, which was a decrease of .03320 percent from its proportionate share measured as of June 30, 2018 of .63053 percent.

For the years ended December 31, 2019 and 2018, the Plan has determined the City’s OPEB benefit/expense to be \$3,000,492 (benefit) and \$2,539,255 (expense), respectively, based on the actuarial valuations which are less than the actual contributions reported in the City’s financial statements of \$4,906,906 and \$7,928,183, respectively. At December 31, 2019 and 2018, the City’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the City’s financial statements are from the following sources:

	<u>2019</u>		<u>2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 23,662,586		\$ 20,056,513
Changes of Assumptions		28,674,338		25,057,652
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 66,651		\$ 52,203	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	2,858,961	15,559,635	3,324,590	10,696,675
Contributions made Subsequent to the Measurement Date	-	-	-	-
Total	<u>\$ 2,925,612</u>	<u>\$ 67,896,559</u>	<u>\$ 3,376,793</u>	<u>\$ 55,810,840</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2020	\$ (10,811,538)
2021	(10,811,538)
2022	(10,816,907)
2023	(10,825,930)
2024	(10,833,141)
Thereafter	<u>(10,871,893)</u>
	<u>\$ (64,970,947)</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The City's total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
PERS:		
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.65% to 8.98%
Rate Thereafter	3.00% to 7.00%	2.65% to 9.98%
PFRS:		
Initial Fiscal Year Applied Through	Rate for All Future Years	2026
Rate	3.25% to 15.25%	1.65% to 8.98%
Rate Thereafter	Not Applicable	2.65% to 9.98%
Mortality		
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
PFRS	Pub-2010 Safety Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	2.00%	1.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service and for 2018 the members age.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the plan upon retirement.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% and 1.00% as of June 30, 2019 and 2018, respectively.

Discount Rate

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

Calendar

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	3.50%
2018	June 30, 2018	3.87%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the City's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 calculated using the discount rate of 3.50% and 3.87%, respectively, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.50% and 2.87%, respectively or 1-percentage-point higher 4.50% and 4.87%, respectively than the current rate:

<u>2019</u>	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
City's Proportionate Share of the Net OPEB Liability	<u>\$ 93,557,874</u>	<u>\$ 80,914,611</u>	<u>\$ 70,640,289</u>
<u>2018</u>	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
City's Proportionate Share of the Net OPEB Liability	<u>\$ 115,898,807</u>	<u>\$ 98,783,197</u>	<u>\$ 85,111,698</u>

The sensitivity analysis was based on the proportionate share of the City's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the City's net OPEB liability was not provided by the Plan.

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the City's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 calculated using the healthcare trend rates as disclosed above as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2019</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability	<u>\$ 68,281,960</u>	<u>\$ 80,914,611</u>	<u>\$ 97,029,684</u>
<u>2018</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability	<u>\$ 82,401,025</u>	<u>\$ 98,783,197</u>	<u>\$ 119,984,162</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The sensitivity analysis was based on the proportionate share of the City's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the City's net OPEB liability was not provided by the pension system.

Special Funding Situation

Under N.J.S.A. 43:3C-24 the City is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the City by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the City's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2019 and 2018, the State's proportionate share of the net OPEB liability attributable to the City for the OPEB special funding situation is \$48,191,561 and \$55,543,257, respectively. For the years ended December 31, 2019 and 2018 the plan has determined the State's proportionate share of the OPEB expense attributable to the City for the OPEB special funding situation is \$638,791 and \$1,681,359, respectively. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the City was .87213 percent, which was a decrease of .02173 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .89386 percent. The State's proportionate share attributable to the City was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB 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 FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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 December 31, 2019 and 2018. 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 December 31, 2019 and 2018 the City has available in the Other Trust Fund \$3,136,705 and \$1,931,518, 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.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2019 and 2018. 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 December 31, 2019 and 2018, the City reserved \$3,199,901 and \$3,073,099, 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 December 31, 2019 and 2018, 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 December 31, 2019 and 2018 was \$14,713,968 and \$17,079,459, respectively, of which the City the Passaic's share was \$1,618,536 and \$1,878,740, respectively. The operating charges from NJDWSC – North are defrayed by water rates established by the Passaic Valley Water Commission.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Overlapping Debt (Continued)

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 \$101,106,757 and \$113,340,630 of debt outstanding as of December 31, 2019 and 2018, respectively, of which the City of Passaic's share was \$28,886,200 and \$32,381,418, respectively.
3. The City's obligations with respect to debt issued for facilities of PVWC and NJDWSC are not joint and are several with the contracting municipalities. Therefore, the City's contingent liability cannot increase as a result of nonpayment by any other contracting party.
4. The City may also be responsible for its share of County debt, Passaic County Utilities Authority debt and the PVSC debt. The County is repaid through taxes and the PVSC debt is repaid through sewer service charges.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The City is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2019 and 2018, the City has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 TAX ABATEMENTS

For the years ended December 31, 2019 and 2018, the City provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law"), the Five-Year Exemption and Abatement Law (the "FYEA") and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTS) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2019 and 2018 the City abated property taxes totaling \$2,506,159 and \$2,452,314, respectively under the LTTE program. The City received \$1,072,218 and \$889,466 in PILOT payments under this program for the years ended December 31, 2019 and 2018, respectively.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 17 TAX ABATEMENTS (Continued)

- The Five-Year Exemption and Abatement Law (NJSA 40:21et.seq.) generally concerns rehabilitation of particular buildings and structures, with an abatement period that lasts no more than five years. These “short-term” property tax abatements can be structured as reduced property tax bills that exclude all or part of improvement value or as payments in lieu of taxes (PILOTs). Procedurally, a municipality must first adopt an ordinance invoking its five-year abatement authority and setting forth application procedures. This ordinance, referred to as the general ordinance, defines the eligibility criteria, which may include types of structures, types of permissible improvements, as well as qualifying geographic zones or similar designations. An applicant must satisfy all of the criteria stipulated in the statute and general ordinance to be entitled to approval. Applications for individual short-term abatements are presented to the local governing body and must include a general description of the project, plans demonstrating the structure of the project, a statement of reasons for seeking the abatement, claimed benefits to be realized by the applicant if the application is approved, and a statement of taxes currently being assessed and taxes to be paid during the period of the abatement. The application is approved by an ordinance authorizing execution of a tax agreement. If during any tax year prior to the termination of the tax agreement, the property owner ceases to operate or disposes of the property, or fails to meet the conditions for qualifying, then the property tax which would have otherwise been payable for each year shall become due and payable from the property owner as if no exemption and abatement had been granted. For the years ended December 31, 2019 and 2018 the City abated property taxes totaling \$170,150 and \$185,819, respectively under the FYEA program.

NOTE 18 SUBSEQUENT EVENTS

Debt Authorized

On January 7, 2020 the City adopted a bond ordinance authorizing the issuance \$1,571,000 in bonds or bond anticipation notes to fund the purchase of property. The City issued bond anticipation notes for this ordinance on August 26, 2020.

Bond Anticipation Notes

On August 26, 2020 the City issued bond anticipation notes in the amount of \$8,916,000 to temporarily finance expenditures related to various capital projects. The City awarded the sale of the notes to TD Securities LLC at an interest rate of 1.00%. These notes will mature on August 26, 2021.

CURRENT FUND

CITY OF PASSAIC
STATEMENT OF CASH AND INVESTMENTS - CURRENT FUND

Balance, December 31, 2018		\$ 36,054,390
Increased by Receipts:		
Tax Collector	\$ 109,881,915	
Revenue Accounts Receivable	20,366,649	
Nonbudget Revenue	781,243	
Due from State of New Jersey - Senior Citizen/Veterans Deductions	69,704	
Receipts from the Parking Authority	773,962	
Receipts from Grant Fund	1,400,000	
Receipts for Grant Fund	222,934	
Receipts from Animal Control Fund	608	
Receipts for Other Trust Fund	101,723	
Receipts from Other Trust Fund	2,717,459	
Receipts from Other Trust Fund - Cancelled Tax Sale Premium	64,800	
Receipts from Community Development Block Grant Fund	3,451	
Receipts from Home Investment Program Trust Fund	239,480	
Receipts from General Capital Fund	31,979	
Fees Payable	<u>57,748</u>	
		<u>136,713,655</u>
		172,768,045
Decreased by Disbursements:		
2019 Budget Appropriations	80,398,937	
2018 Appropriation Reserves	661,380	
Encumbrances Payable	1,061,671	
County Taxes	26,820,928	
Local School Taxes	16,818,577	
Tax Overpayments	78,179	
Payments for Parking Authority	35,962	
Payments for Redevelopment Authority	42,373	
Payments for Grant Fund	1,796,221	
Payments to Other Trust Fund	260,000	
Payments for Other Trust Fund	4,177,529	
Payments for Home Investment Program Fund	105,429	
Payments for Sewer Utility Operating Fund	166,004	
Fees Payable	31,266	
Reserve for Tax Appeals	163,198	
Reserve for Pension Contributions	58,718	
Refund of Prior Year Revenue	<u>39,762</u>	
		<u>132,716,134</u>
Balance, December 31, 2019		<u>\$ 40,051,911</u>

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

Balance, December 31, 2018		\$ 582,035
Increased by:		
Grants Receivable	\$ 4,055,297	
Receipts for Current Fund	50,409	
Receipts for Other Trust Fund	164,644	
Unappropriated Grant Reserves	<u>369,850</u>	
		<u>4,640,200</u>
		5,222,235
Decreased by:		
Payments to Current Fund	1,400,000	
Payments for Current Fund	13,040	
Appropriated Grant Reserves	<u>3,189,372</u>	
		<u>4,602,412</u>
Balance, December 31, 2019		<u>\$ 619,823</u>

SCHEDULE OF TAX COLLECTOR'S CASH

Increased by:		
Taxes Receivable	\$ 107,633,137	
Tax Title Liens Receivable	91,749	
Special Assessment Receivable	6,000	
Interest and Cost on Taxes	261,861	
Payment in Lieu of Taxes	1,072,218	
Prepaid Taxes	<u>816,950</u>	
		\$ 109,881,915
Decreased by:		
Payment to Treasurer		<u>\$ 109,881,915</u>

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

Balance, December 31, 2018		\$ <u>2,800</u>
Balance, December 31, 2019		\$ <u><u>2,800</u></u>

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

Balance, December 31, 2018		\$ 1,264,597
Increased by:		
Grants Receivable Anticipated as 2019 Budget Revenue	\$ 5,976,920	
Grant Fund Expenditures Paid by Current Fund	1,796,221	
Current Fund Receipts Deposited in Grant Fund	<u>50,409</u>	
		<u>7,823,550</u>
		9,088,147
Decreased By:		
2019 Budget Appropriation for Grants:		
Appropriated Grants	5,976,920	
Payments for Current Fund	13,040	
Payments to Current Fund	1,400,000	
Grant Fund Receipts Deposited in Current Fund	<u>222,934</u>	
		<u>7,612,894</u>
Balance, December 31, 2019		\$ <u><u>1,475,253</u></u>

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

Balance, December 31, 2018		\$	29,846
Increased by:			
Senior Citizens/Veterans Deductions Per Tax Duplicate		\$	93,250
Deductions Allowed by Tax Collector - 2019			13,262
Deductions Allowed by Tax Collector - Prior Years			<u>8,379</u>
			<u>114,891</u>
			144,737
Decreased by:			
Cash Received from State			69,704
Deductions Disallowed by Tax Collector - 2019			3,831
Deductions Disallowed by Tax Collector - Prior Years			<u>20,650</u>
			<u>94,185</u>
Balance, December 31, 2019		\$	<u>50,552</u>

EXHIBIT A-10

STATEMENT OF DUE TO PARKING AUTHORITY

Balance, December 31, 2018		\$	21,776
Increased by:			
Cash Receipts			<u>773,962</u>
			795,738
Decreased by:			
Current Fund Revenue-2019 Interlocal Agreement		\$	695,325
Current Fund Revenue-2018 Interlocal Agreement			59,127
Payments Made for Parking Authority			<u>35,962</u>
			<u>790,414</u>
Balance, December 31, 2019		\$	<u>5,324</u>

EXHIBIT A-11

STATEMENT OF DUE FROM REDEVELOPMENT AUTHORITY

Balance, December 31, 2018		\$	115,219
Increased by:			
Cash Disbursements			
2019 Budget Appropriation		\$	10,000
Payments Made for Redevelopment Authority			<u>32,373</u>
			<u>42,373</u>
			157,592
Decreased by:			
2019 Budget Appropriation			<u>10,000</u>
Balance, December 31, 2019		\$	<u>147,592</u>

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

Fiscal Year Ended	Balance, December 31, 2018	2019 Levy	Senior Citizens and Veterans Deductions Disallowed	Collections 2018	Collections 2019	Senior Citizens and Veterans Deductions Allowed	Transferred to Tax Title Liens	Cancelled	Balance, December 31, 2019
TY 2016	\$ 7,201							\$ 7,201	
2017	7,455							7,455	
2018	<u>73,671</u>	-	\$ 20,650	-	\$ 46,428	\$ 8,379	-	<u>35,836</u>	<u>\$ 3,678</u>
	88,327	-	20,650	-	46,428	8,379	-	50,492	3,678
2019	<u>-</u>	<u>\$ 109,172,489</u>	<u>3,831</u>	<u>\$ 595,993</u>	<u>107,694,912</u>	<u>106,512</u>	<u>\$ 79,305</u>	<u>283,061</u>	<u>416,537</u>
	<u>\$ 88,327</u>	<u>\$ 109,172,489</u>	<u>\$ 24,481</u>	<u>\$ 595,993</u>	<u>\$ 107,741,340</u>	<u>\$ 114,891</u>	<u>\$ 79,305</u>	<u>\$ 333,553</u>	<u>\$ 420,215</u>
					Cash Receipts				
					Transferred from Overpayments	\$ 107,633,137			
						<u>108,203</u>			
						<u>\$ 107,741,340</u>			
Tax Yield:									
General Purpose Tax			\$ 108,831,342						
Added Taxes			<u>341,147</u>						
									<u>\$ 109,172,489</u>
Tax Levy:									
Local District School Tax Levy			\$ 16,818,577						
County Taxes:									
County Tax - General		\$ 26,356,625							
County Tax Open Space		380,539							
County Tax - Added/Omitted		<u>83,764</u>							
									26,820,928
Local Tax for Municipal Purposes		63,996,678							
Minimum Library Tax		1,266,411							
Add Additional Tax Levied		<u>269,895</u>							
									<u>65,532,984</u>
									<u>\$ 109,172,489</u>

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

Balance, December 31, 2018		\$ 440,878
Increased by:		
Transfers from Taxes Receivable - 2019		<u>79,305</u>
		520,183
Decreased by:		
Receipts	\$ 91,749	
Transferred to Foreclosed Property	57,699	
Transferred to Special Assessment Receivable	<u>114,999</u>	
		<u>264,447</u>
Balance, December 31, 2019		<u>\$ 255,736</u>

EXHIBIT A-14

STATEMENT OF PROPERTY ACQUIRED FOR TAXES

Increased by:		
Transfer from Tax Title Liens Receivable		<u>\$ 57,699</u>
Balance, December 31, 2019		<u>\$ 57,699</u>

EXHIBIT A-15

STATEMENT OF SPECIAL ASSESSMENTS RECEIVABLE

Increased by:		
Transfer from Tax Title Liens Receivable	\$ 114,999	
Interest and Costs on Special Assessment	<u>29,038</u>	
		\$ 144,037
Decreased by:		
Receipts		<u>6,000</u>
Balance, December 31, 2019		<u>\$ 138,037</u>

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

	Balance, December 31, <u>2018</u>	<u>Accrued</u>	<u>Decreased by:</u>		Balance, December 31, <u>2019</u>
			<u>Treasurer</u>	<u>Tax Collector</u>	
Licenses					
Alcoholic Beverages		\$ 141,485	\$ 141,485		
Other		61,283	61,283		
Fees and Permits					
Construction Code Official		1,058,054	1,058,054		
Other		80,282	80,282		
Fines and Costs					
Municipal Court	\$ 111,882	1,693,052	1,696,594		\$ 108,340
Consolidated Municipal Property Tax Relief Aid		2,943,922	2,943,922		
Energy Receipts Tax		9,601,560	9,601,560		
Interest and Costs on Taxes		261,861		\$ 261,861	
Interest on Investments and Deposits		771,455	771,455		
Downtown Merchants Association		81,797	81,797		
Police Record Bureau		11,463	11,463		
Board of Education - Security Watch		3,150,000	3,150,000		
Cable Franchise Fee		410,044	410,044		
Passaic Public Library - Health Benefit Contributions		44,465	44,465		
Housing Authority Police Program		233,330	233,330		
County of Passaic - Street Lighting		60,000	60,000		
Fire Billings - Insurance Reimbursements	349,431	5,500	354,931		-
Overpayment - Rafael Morera	5,818		5,818		-
Police Outside Duty Vehicle Fee		160,000	160,000		
Payment in Lieu of Taxes:					
St. Mary's Reise Corp.		169,065		169,065	
Chestnut Housing Phase I		86,000		86,000	
Jack Parker Associates		322,800		322,800	
Housing Authority		182,043		182,043	
Garden Howe		44,932		44,932	
YMCA - River Road		15,000		15,000	
Highview Terrace		81,378		81,378	
585 Main Street		45,000		45,000	
663 Main Street		46,000		46,000	
Concord Estate		80,000		80,000	
	-	80,000	-	80,000	-
	<u>\$ 467,131</u>	<u>\$ 21,841,771</u>	<u>\$ 20,866,483</u>	<u>\$ 1,334,079</u>	<u>\$ 108,340</u>
		Cash Receipts	\$ 20,366,649	\$ 1,334,079	
		Cancelled	360,749		
		Due from Animal Control Fund	664		
		Due from Other Trust	99,652		
		Due from General Capital Fund	38,772	-	
		Due from Sewer Capital	(3)	-	
			<u>\$ 20,866,483</u>	<u>\$ 1,334,079</u>	

EXHIBIT A-17

**STATEMENT OF DEFERRED CHARGES
EMERGENCY AUTHORIZATIONS**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	Net Amount <u>Authorized</u>	Added In <u>2019</u>	Balance December 31, <u>2019</u>
12/17/2019	Acquisition of Property	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000

**CITY OF PASSAIC
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2018		\$ 262,994
Decreased by:		
Overpayments Refunded	\$ 78,179	
Applied to 2019 Taxes Receivable	<u>108,203</u>	
		<u>186,382</u>
Balance, December 31, 2019		<u>\$ 76,612</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2018		\$ 595,993
Increased by:		
Cash Receipts		<u>816,950</u>
		1,412,943
Decreased by:		
Applied to 2019 Taxes Receivable		<u>595,993</u>
Balance, December 31, 2019		<u>\$ 816,950</u>

**CITY OF PASSAIC
STATEMENT OF 2018 APPROPRIATION RESERVES**

	Balance, December 31, <u>2018</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT					
DEPARTMENT OF ADMINISTRATION					
Office of Business Administration					
Salaries & Wages	\$ 55,490		\$ 55,490		\$ 55,490
Other Expenses	45,015		45,015	1,219	43,796
Mayor and Council					
Salaries and Wages	18,255	\$ 28,363	46,618		46,618
Other Expenses	40,295		40,295	29,927	10,368
City Clerk					
Salaries and Wages	35,075		35,075		35,075
Other Expenses	47,139		47,139	729	46,410
Human Resources					
Salaries and Wages	8,058		8,058		8,058
Other Expenses	5,584		5,584	184	5,400
Financial Administration-Treasurer's Office					
Salaries and Wages	8,365		8,365		8,365
Other Expenses	84,238		84,238	39,265	44,973
Annual Audit					
Other Expenses	11,515		11,515		11,515
Revenue Administration					
Other Expenses	5,221		5,221		5,221
Tax Assessment Administration					
Salaries and Wages	27,201		27,201		27,201
Other Expenses	4,648	5,405	10,053		10,053
Legal Services					
Other Expenses	18,700		18,700	514	18,186
Office of Engineer					
Salaries and Wages	7,330		7,330		7,330
Other Expenses	1,254		1,254	260	994
Planning and Economic Development					
Salaries and Wages	104,969		104,969		104,969
Other Expenses	13,532		13,532	10,642	2,890
Division of Housing					
Salaries and Wages	8,351		8,351		8,351
Other Expenses	3,730		3,730	3,328	402
Planning Board					
Other Expenses	914	9,742	10,656		10,656
Board of Adjustment					
Other Expenses	1,379	209	1,588		1,588
Rent Leveling Board					
Other Expenses	200		200		200
Insurance					
Workmen's Compensation	33,700		33,700		33,700
Employee Group Insurance	1,488,315	94,142	1,594,457	200,000	1,394,457
Health Benefit Waiver	6,000		6,000	6,000	
DEPARTMENT OF PUBLIC WORKS					
Streets and Road Maintenance					
Salaries & Wages	217,537		217,537	200,000	17,537
Other Expenses	91,516		91,516	91,512	4
Solid Waste Collection					
Other Expenses					
Garbage Removal Contractual	159,316		159,316	37,534	121,782
Building and Grounds					
Salaries & Wages	13,481		13,481		13,481
Other Expenses	6,266		6,266	5,756	510
Vehicle Maintenance					
Salaries & Wages	25,350		25,350		25,350
Other Expenses	44,046	14,071	58,117		58,117

**CITY OF PASSAIC
STATEMENT OF 2018 APPROPRIATION RESERVES**

	Balance, December 31, 2018	Encumbrances Cancelled	Balance After Modifications	Paid or Charged	Balance Lapsed
DEPARTMENT OF PUBLIC SAFETY					
Police Department					
Salaries and Wages	\$ 1,118,398		\$ 1,118,398	\$ 1,107,007	\$ 11,391
Other Expenses	37,884		37,884	5,259	32,625
BOE Security Watch and Res. Officer	76,848		76,848		76,848
Fire Department					
Salaries and Wages	568,742		568,742	560,075	8,667
Other Expenses	7,278	\$ 3,822	11,100		11,100
Municipal Court					
Salaries and Wages	43,966		43,966		43,966
Other Expenses	14,026	10,955	24,981		24,981
Office of Emergency Management					
Salaries and Wages	2,799		2,799		2,799
Other Expenses	1,820		1,820	1,526	294
Prosecutor 's Office					
Other Expenses	31,000	28,999	59,999		59,999
Public Defender					
Other Expenses	19,000	7,100	26,100		26,100
Passaic Parking Authority					
Salaries and Wages	126,612		126,612		126,612
Other Expenses	184,371		184,371		184,371
DEPARTMENT OF HUMAN RESOURCES					
Division of Health					
Salaries & Wages	151,920		151,920		151,920
Other Expenses	16,802		16,802	797	16,005
Animal Regulation					
Salaries & Wages	15,119		15,119		15,119
Other Expenses	6,076	853	6,929		6,929
DEPARTMENT OF PARKS AND RECREATION					
Division of Recreation					
Salaries & Wages	203,782		203,782		203,782
Other Expenses	20,758		20,758	6,755	14,003
Senior Citizens					
Salaries & Wages	12,800		12,800		12,800
Other Expenses	5,648		5,648	1,277	4,371
Handicapped Recreation					
Salaries & Wages	34,555		34,555		34,555
Other Expenses	8,976		8,976		8,976
Maintenance of Parks					
Salaries & Wages	58,974		58,974		58,974
Other Expenses	49,502	4,306	53,808		53,808
OTHER COMMON OPERATING FUNCTIONS					
Accumulated Leave - Other Expenses					
Accumulated Leave					
Other Expenses	144,314		144,314	135,928	8,386
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
Division of Code Enforcement					
Salaries & Wages	40,078		40,078	27,000	13,078
Other Expenses	582		582	488	94

**CITY OF PASSAIC
STATEMENT OF 2018 APPROPRIATION RESERVES**

	Balance, December 31, <u>2018</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
UNCLASSIFIED					
Utilities:					
Electricity	\$ 129,379		\$ 129,379	\$ 93,053	\$ 36,326
Telephone and Telegraph	1,910	\$ 10,344	12,254		12,254
Street Lighting	178,098		166,098	166,098	
Gasoline	6,088	38,784	44,872		44,872
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Tipping Fees	156,862	26,462	183,324		183,324
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	126,986		126,986	31,020	95,966
PERS	45,784		45,784	45,784	
PFRS	65,919		65,919	65,919	
Consolidated Police and Firemen's Pension Fund	29		29		29
Deferred Compensation Retirement Plan	29,868		29,868		29,868
GENERAL APPROPRIATIONS - ALL OTHER OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library			-		-
Recycling Tax	34,181		34,181	7,837	26,344
Matching Funds for Grants	40,000	-	40,000	-	40,000
	<u>\$ 6,459,719</u>	<u>\$ 283,557</u>	<u>\$ 6,743,276</u>	<u>\$ 2,882,693</u>	<u>\$ 3,860,583</u>
				Cash Disbursements \$ 661,380	
				Transferred to Accounts Payable 294,853	
				Transferred to Miscellaneous Reserves - Other Trust Fund 1,926,460	
				<u>\$ 2,882,693</u>	

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

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

EXHIBIT A-22

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:			
Levy			
General County		\$ 26,356,625	
County Open Space Preservation		380,539	
County Added/Omitted Taxes		<u>83,764</u>	
			<u>\$ 26,820,928</u>
			26,820,928
Decreased by:			
Cash Disbursed			<u>\$ 26,820,928</u>

EXHIBIT A-23

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2018		\$ 1,345,228
Increased by:		
Transferred from Budget Appropriations		<u>3,075,456</u>
		4,420,684
Decreased by:		
Payments	\$ 1,061,671	
Cancelled Encumbrances Restored to Appropriation Reserves	<u>283,557</u>	
		<u>1,345,228</u>
Balance, December 31, 2019		<u>\$ 3,075,456</u>

**CITY OF PASSAIC
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2018	\$ 67,709
Increased by:	
Transfer from 2018 Appropriation Reserves	<u>294,853</u>
Balance, December 31, 2019	<u>\$ 362,562</u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2018	\$ 3,073,099
Increased by:	
Transferred from 2019 Tax Collections	<u>500,000</u>
	3,573,099
Decreased by:	
Cash Payments	\$ 163,198
Anticipated Revenue - 2019 Budget	<u>210,000</u>
	<u>373,198</u>
Balance, December 31, 2019	<u>\$ 3,199,901</u>

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2018</u>	<u>Payments</u>	Balance, December 31, <u>2019</u>
Allowance for Grant Reimbursement	\$ 222,632		\$ 222,632
Tax Map	157,819	\$ 8,268	149,551
Sale of Municipal Assets	75,000		75,000
PILOT - Housing Authority	<u>183,751</u>	<u>-</u>	<u>183,751</u>
	<u>\$ 639,202</u>	<u>\$ 8,268</u>	<u>\$ 630,934</u>
Due to Other Trust Fund		<u>\$ 8,268</u>	

**CITY OF PASSAIC
STATEMENT OF FEES PAYABLE**

	Balance, December 31, 2018	Receipts	Payments	Balance, December 31, 2019
Construction Code Training Fees	\$ 5,655	\$ 48,360	\$ 29,354	\$ 24,661
Burial Fees	130	60	45	145
Bail Bond Forfeiture Fees	202,540	9,050	1,867	209,723
Ambulance Billing Fees	<u>10,873</u>	<u>278</u>	<u>-</u>	<u>11,151</u>
	<u>\$ 219,198</u>	<u>\$ 57,748</u>	<u>\$ 31,266</u>	<u>\$ 245,680</u>

EXHIBIT A-28

STATEMENT OF RESERVE FOR PENSION CONTRIBUTIONS

Balance, December 31, 2018	\$ 1,313,929
Cash Disbursements	<u>58,718</u>
Balance, December 31, 2019	<u>\$ 1,255,211</u>

EXHIBIT A-29

STATEMENT OF RESERVE FOR REVALUATION PROGRAM

Balance, December 31, 2018	\$ 163,082
Balance, December 31, 2019	<u>\$ 163,082</u>

EXHIBIT A-30

STATEMENT OF DEFERRED STATE AID

Balance, December 31, 2018	\$ 8,052,778
Decreased by:	
Anticipated Revenue - 2019 Budget	<u>778,000</u>
Balance, December 31, 2019	<u>\$ 7,274,778</u>

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

	Balance, December 31, <u>2018</u>	Revenue <u>Accrued</u>	Cash <u>Received</u>	<u>Cancellations</u>	Balance, December 31, <u>2019</u>
Market Streetscape Enhancement - 2014	\$ 750,000				\$ 750,000
Drive Sober or Get Pulled Over - 2015	50				50
Dig In Community Garden - 2016	2,500				2,500
Downtown Merchant Summer Employment - 2016	11,250				11,250
Juvenile Accountability - Station House Adjustment	1,478				1,478
Open Space - 3rd Ward Park - 2016	54,750		\$ 54,750		-
Green Acres - McDonald Brook Project - 2016	1,100,000				1,100,000
DOT Various Street Projects - 2016	353,273		326,285		26,988
Byrne Memorial - 2016	217,258		217,258		-
Municipal Alliance - 2016	12,965		200		12,765
Municipal Alliance - 2015	26,650				26,650
OEM - Hazard Mitigation - Generators - 2016	250,000				250,000
Byrne Memorial - TY 2016	225,070				225,070
FEMA - SAFER Program	57,566		57,566		-
Ryan White - TY 2016	20,846				20,846
Drive Sober or Get Pulled Over - TY 2016	200				200
NJ Highway Pedestrian Safety - TY 2016	581				581
Summer Food Program - TY 2016	226,395				226,395
WIC - TY 2016	1,424		1,424		-
Municipal Alliance - TY 2016	225				225
HOPWA - TY 2016	12,115		2,753		9,362
Station House Adjustment - 2016	370		370		-
Station House Adjustment - 2017	17,296		17,296		-
Drive Sober or Get Pulled Over - 2017	5,610				5,610
Green Acres - 3rd Ward & Veterans Memorial Park - 2017	1,000,000				1,000,000
Municipal Alliance - 2017/2018	313				313
Co (CDBG) Disaster Recovery 2017	630,763		533,999		96,764
County Open Space - Christopher Col. & Dog Park	147,075		110,810		36,265
Summer Food Program - 2017	85,228				85,228
WIC - 2018	30,402		30,402		-
DOT - Various Road Improvements 2017	385,456		189,632		195,824
NJDOT - Various 2018 Road Improvements	805,600				805,600
Distracted Driving Crackdown - 2018	165				165
National Rec & Park Association Grant	5,000		5,000		-
NJDOT - Various Roadway Safety Improvements - 2018	600,000				600,000
NJDEP Stewardship Award - Tree Management	7,000				7,000
Sustainable NJ Grant - Taste of Market Street	5,000				5,000
Pedestrian Safety Grant - 2018	2,105				2,105
Recreation Opport. For Individuals w/ Disab. - 2018	20,000				20,000
Safe and Secure - 2017	90,000		90,000		-
Safe and Secure - 2018	90,000		90,000		-
Municipal Alliance - 2018	39,478		38,486		992
Ryan White - 2018	128,902		31,951		96,951
Summer Food - 2018	286,588				286,588
Passaic Co. Open Space - Madison & Hope Plaza	10,000				10,000
Passaic Co. Open Space - 3rd Ward Park Impvmts	250,000				250,000
HOPWA 2018	125,000		89,263		35,737
Target Grant - Youth Soccer 2019	1,000				1,000
Childhood Lead Prevention - 2018	665,048		665,048		-
County Historic Partnership Program	1,591				1,591
Body Armor Grant - 2018	40,887				40,887
WIC - 2019	1,091,752		945,045		146,707
Byrne Memorial - 2017	203,547				203,547
Byrne Memorial - 2018	191,956				191,956
Pedestrian Safety Grant - 2019	25,000		4,290		20,710

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

	Balance, December 31, <u>2018</u>	Revenue <u>Accrued</u>	Cash <u>Received</u>	<u>Cancellations</u>	Balance, December 31, <u>2019</u>
FEMA - Fire SAFER Program - 2018	\$ 1,202,209		\$ 84,888		\$ 1,117,321
Drive Sober or Get Pulled Over - 2018	5,500		5,280		220
Recycling Tonnage Grant		\$ 109,211	109,211		-
FEMA - Fire SAFER Program - 2018		10,000			10,000
Body Armor Grant		15,060	15,060		-
WIC Grant - 2019 (NJ Dept. of Health & Senior Services)		17,000			17,000
GS Autolex (Honda) Donation		300			300
Pet Safe Grant - Bark For Park		25,000	25,000		-
Green Acres Program - 2019		1,000,000			1,000,000
NJDOT-Municipal Aid Program- 2020		883,174			883,174
NJDEP-It Pays to Plug In		6,000			6,000
PC-Cultural Heritage Local Art Program		2,500			2,500
PC- Station House Adjustment Grant		11,359			11,359
WIC Grant-2020		1,109,988			1,109,988
NJDCA-Neighborhood Preservation - 2019		125,000	25,000		100,000
Municipal Alliance - 2019		39,478			39,478
Safe and Secure - 2019		90,000	65,625		24,375
Childhood Lead Prevention - 2019		750,000	207,255		542,745
HOPWA 2019		150,000			150,000
PC-City Green Grant		500			500
NJDEP - Stewardship - Forestry Program		23,000			23,000
Municipal Alcohol Education		6,269	6,269		-
PC - Improvements to Pulaski Park - 2019		99,000			99,000
Ryan White - 2019		21,995			21,995
Women's Sports Foundation		5,000	5,000		-
Summer Food Program - 2019		356,070	188,500		167,570
Hudson River Science Foundation		10,000			10,000
Stationhouse Adjustment Grant- 2019		34,762	34,255		507
Ryan White Part A - HIV/AIDS Grant -2019		162,017			162,017
NJDOT - Municipal Aid & Urban AID - 2019		895,426			895,426
NJDCA - Recreation Opportunity - 2019		13,311			13,311
Distracted Driving Statewide Crackdown	-	5,500	5,060	-	440
	<u>\$ 11,520,437</u>	<u>\$ 5,976,920</u>	<u>\$ 4,278,231</u>	<u>\$ -</u>	<u>\$ 13,219,126</u>
Due to/from Current Fund		\$ 5,976,920	\$ 222,934		
Cash Receipts		<u>-</u>	<u>4,055,297</u>		
		<u>\$ 5,976,920</u>	<u>\$ 4,278,231</u>		

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS
GRANT FUND**

	Balance December 31, 2018		Increased by: Budget Appropriation	Expended	Cancelled	Balance December 31, 2019	
	Encumbered	Reserved				Encumbered	Reserved
Ryan White Title I - 2008	\$ 100	-				\$ 100	
NJDOT - Transportation Trust - Howel/Lincoln/St. Francis		\$ 61,555					\$ 61,555
Recycling Tonnage Grant - 2011		28,659					28,659
Body Armor Grant - 2012		282					282
Body Armor - 2013		2,546					2,546
Body Armor - 2014	9,086	3,814		\$ 12,900			-
Byrne Memorial - 2013		7,954					7,954
Highlands Council Transfer Development Rights	17,193	15,000				17,193	15,000
Stationhouse Adj. - 2015		36					36
Ryan White - 2015		83,667					83,667
Mayor's Wellness - 2015		140					140
DOT Market Streetscape Enhancement - 2014		750,000					750,000
Multi Culture - 2015		700					700
HOPWA - 2015		23,543					23,543
Hep Inoculation - 2015	75	503		150			428
Distracted Driving Crackdown - 2015		50					50
Drive Sober - 2015		3,800					3,800
Childhood Lead Paint - 2015		2,461					2,461
Clean Communities - 2015	149					149	-
Safe & Secure Communities		48,750					48,750
Byrne Memorial - 2015		4					4
UEZA - Commodities - 2015	10,530	2,656		10,260		43	2,883
UEZA - Dundee Canal Redevelopment		3,012					3,012
DOT Various Street Improvements - 2016	53,306	54,506		13,609		3,527	90,676
Municipal Alliance - 2016		1,979					1,979
Drunk Driving Enforcement Fund - 2016		4,000					4,000
Body Armor - 2016	4,543	493		4,930			106
Byrne Memorial - 2016	163,258			14,123		149,135	-
Clean Communities - 2016	20,774			20,774			-
Childhood Lead Paint - 2016		22,524					22,524
Dig In Community Garden - 2016		2,500					2,500
Downtown Merchant Summer Employment - 2016		12,554					12,554
Drive Sober - 2015		5,000					5,000

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS
GRANT FUND**

	Balance December 31, 2018		Increased by:	Expended	Cancelled	Balance December 31, 2019	
	Encumbered	Reserved	Budget Appropriation			Encumbered	Reserved
Green Acres - McDonald Brook - 2016		\$ 1,034				\$	1,034
High Drug Traffic Youth Empowerment - 2016		2,160					2,160
HOPWA - 2016		9,247					9,247
Municipal Alliance - 2015		9,964					9,964
OEM - Hazard Mitigation - Generators - 2016	\$ 14,730	3,113		\$ 17,730			113
Recreation Opportunity - 2016		9,860					9,860
WIC - 2015		4,713					4,713
WIC - 2016		19,326					19,326
Alcohol Ed. - TY 2016		26,650					26,650
Body Armor - TY 2016		13,091		13,075			16
Byrne Memorial - TY 2016	153,666	19,738		18,467		\$ 153,666	1,271
Childhood Lead Paint - TY 2016		344					344
Drive Sober - TY 2016		425					425
Fire SAFER - TY 2016		147,840					147,840
HOPWA - TY 2016		1,194					1,194
Municipal Alliance - TY 2016		119					119
Ryan White - TY 2016		23,518					23,518
Summer Food - TY 2016		157,226					157,226
WIC - 2017		8,573					8,573
Pedestrian Safety Grant - TY 2016		5,850					5,850
Alcohol Education - 2017		9,191					9,191
Body Armor - 2017		13,275		13,275			-
Clean Communities - 2017	13,267	42,789		54,933			1,123
Click It or Ticket - 2017		55					55
Childhood Lead Paint - 2017/2018	12,063	1,451		11,867			1,647
Drunk Driving Enforcement - 2017	4,453			4,453			-
Disaster Recovery McDonald Brook - 2017	525,964			486,052		39,912	-
DOT Various Road Improvements - 2017	2,447	373,806		267,493		12,796	95,964
Green Acres - 3rd Ward & Veterans Memorial Park - 2017	674,670	298,570		887,598		3,710	81,932
Hep Inoculation - 2017	150	5,645		3,616		517	1,662
HOPWA - 2017/2018	4,209	16,541		8,496			12,254
Municipal Alliance - 2017/2018		313					313
Open Space - Christopher Columbus Park - 2017	11,265	-					11,265
Open Space - Dog Park - 2017		15,322		12,951		2,371	-
Recycling Tonnage - 2015		7,860		4,538			3,322
Recycling Tonnage - 2016		95,963				22,000	73,963

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS
GRANT FUND

	Balance December 31, 2018		Increased by: Budget		Cancelled	Balance December 31, 2019	
	Encumbered	Reserved	Appropriation	Expended		Encumbered	Reserved
Ryan White - 2017		\$ 77,245		\$ 10,865			\$ 66,380
Stationhouse Adj. - 2017		870					870
Summer Food - 2017		123,383					123,383
Smile Donation - School Walkability		5,000					5,000
UEZA - 2017		79,407					79,407
UEZA - Taste of Market Street		915					915
Byrne Memorial - 2017		203,547		-	\$ 141,909		61,638
Drive Sober or Get Pulled Over- 2017		5,610					5,610
Walk Safe Pedestrian Safety Grant - 2017		6,890		2,997	968		2,925
Municipal Alliance - 2018	\$ 701	25,422		25,021	108		994
Municipal Alliance Alcohol Education - 2018		11,839		9,150			2,689
Body Armor		40,887		853	35,467		4,567
Bill Belichick Foundation	3,129	1,589					4,718
Byrne Memorial - 2018		191,956			133,754		58,202
Clean Communities - 2018	2,315	71,230		10,232	2,316		60,997
Click it or Ticket - 2018							-
Child Lead Prevention Grant - 2018	3,738	672,387		389,003	13,474		273,648
County Historic Partnership Program		1,591					1,591
Drunk Driving Enforcement Fund - 2018	4,192	6,910		8,173			2,929
Drunk Driving Enforcement Fund - 2018		17,542		9,450			8,092
Drive Sober or Get Pulled Over- 2018		5,500		4,125			1,375
Distracted Driving Crackdown Statewide - 2018		2,915					2,915
DOT - 2018 Various Roads Improvements	32,915	350,553		54,477			328,991
DOT - 2018 Roadway Safety		600,000		20,840	32,660		546,500
FHS Public Safety Foundation Grant - 2018 - Local	15,298			15,298			-
FM Global Fire Prevention - 2018 - Local		12					12
FEMA Fire Safer - 2018		1,192,723	\$ 10,000	337,679			865,044
Hep Inoculation - 2018		3,235					3,235
HOPWA - 2018		125,000		83,980			41,020
NJDEP Stewardship - Tree Management		7,000		2,100			4,900
Open Space 2018 - Madison and Hope Plaza	6,689	3,311		8,062	1,677		261
Open Space 2018 - 3rd Ward Ice Rink	197,180	4,370		201,550			-
National Recreation & Park Association - 2018 - Local	769	19,231		4,411	975		14,614
Recreation Opportunity Grant - 2018	1,689	10,000		1,645			10,044
Recycling Tonnage - 2018		74,794					74,794
Ryan White - 2018	6,519	122,383		51,556			77,346
Stationhouse Adj. - 2018		767		1,130			703
Summer Food - 2018	145,841	78,095		108,660	44,200		71,076
Taste of Market Street Small Grants Program - 2018 - Local	1,879	4,920		1,879			4,920
Safe & Secure - 2017		90,000					90,000
Safe & Secure - 2018		90,000					90,000

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS
GRANT FUND**

	Balance December 31, 2018		Increased by: Budget		Cancelled	Balance December 31, 2019	
	Encumbered	Reserved	Appropriation	Expended		Encumbered	Reserved
Target Grant - Youth Soccer		\$ 1,000					\$ 1,000
National Diversity - US Lacrosse - 2018		2,000					2,000
Walk Safe Pedestrian Safety Grant - 2018		25,000		\$ 1,650			23,350
WIC - 2018		42,456		23,650			18,806
WIC - 2019	\$ 990	847,382	\$ 17,000	791,818			73,554
NJDOT - Various Road Improvements - 2019			895,426				895,426
NJDOT - Municipal AID Program - 2020			883,174				883,174
Municipal Alliance - 2019			39,478	13,133		\$ 1,127	25,218
Alcohol Education - 2019			6,269				6,269
Body Armor Fund - 2018			15,060	15,060			-
Childhood Lead Prevention - 2019			750,000	376,600		3,447	369,953
Distracted Driving Crackdown - 2019			5,500	5,170			330
Green Acres Program - 2019			1,000,000				1,000,000
GS Autolex (Honda) Donation			300				300
HOPWA - 2019			150,000	44,617		6,997	98,386
PC- Cultural Heritage Local Art Program			2,500				2,500
NJDEP- It Pays to Plug In			6,000			6,000	-
NJDEP - Stewardship - Forestry Program			23,000				23,000
NJDCA - Neighborhood Preservation - 2019			125,000				125,000
PC- Improvements to Pulaski Park - 2019			99,000				99,000
Pet Safe Grant - Bark For Park - 2019			25,000	25,000			-
PC - Green Grant			500	407			93
Hudson River Foundation			10,000	7,265		235	2,500
Women's Sports Foundation			5,000	1,216			3,784
NJDCA - Recreation Opportunity - 2019			13,311				13,311
Recycling Tonnage - 2018			109,211				109,211
Ryan White - Part A HIV/AIDS Grant - 2019			162,017	19,272		6,861	135,884
Ryan White - 2019			21,995				21,995
Summer Food - 2019			356,070	83,456			272,614
Stationhouse Adjustment - 2019			34,762	31,945			2,817
Stationhouse Adjustment - 2019 Addition			11,359	3,537		2,244	5,578
Safe and Secure - 2019			90,000	76,023			13,977
WIC Grant - 2020	-	-	1,109,988	221,348	-	12,424	876,216
	<u>\$ 2,120,509</u>	<u>\$ 7,734,620</u>	<u>\$ 5,976,920</u>	<u>\$ 4,985,593</u>	<u>\$ -</u>	<u>\$ 851,962</u>	<u>\$ 9,994,494</u>
Due from Current Fund			<u>\$ 5,976,920</u>				
Cash Disbursements				\$ 3,189,372			
Due to Current Fund				<u>1,796,221</u>			
				<u>\$ 4,985,593</u>			

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

	Balance December 31, <u>2018</u>	Cash <u>Receipts</u>	Balance December 31, <u>2019</u>
Sr. Trans - 2014	\$ 120,804		\$ 120,804
Sr. Trans - 2017	60,402		60,402
Sr. Trans - 2018	60,402		60,402
Multicultural - 2015	700		700
Ryan White-2019		\$ 118,803	118,803
Recycling Tonnage-2019		160,268	160,268
Clean Communities-2019		82,586	82,586
Multicultural-2019		1,193	1,193
Dundee Island Park Environment Program-2019	-	7,000	7,000
	<u>\$ 242,308</u>	<u>\$ 369,850</u>	<u>\$ 612,158</u>

STATEMENT OF RESERVE FOR PROGRAM INCOME - GRANT FUND

Balance, December 31, 2018	\$ 388,806
Balance, December 31, 2019	<u>\$ 388,806</u>

TRUST FUND

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

	Animal Control Fund	Other Trust Fund	Community Development Block Grant Fund	Home Investment Program Fund
Balance, December 31, 2018	\$ 51,604	\$ 8,840,389	\$ 66,097	\$ 144,647
Increased by:				
Animal Licenses	12,516			
Late Fees	6,350			
Due State of New Jersey	2,593			
Interest Earned	664			
Miscellaneous Reserves and Deposits		68,564,969		
Received from Current Fund		260,000		
Receipts for Current Fund		423,211		
Received from Grant Fund				
Program Income			1,114	
HUD - CDBG Program Allotments			1,895,428	
HUD - HOME Program Allotments				152,072
HUD - HOME Loan Program Receipts	-	-	-	29,000
	<u>22,123</u>	<u>69,248,180</u>	<u>1,896,542</u>	<u>181,072</u>
	<u>73,727</u>	<u>78,088,569</u>	<u>1,962,639</u>	<u>325,719</u>
Decreased by:				
Due State of New Jersey	3,049			
Animal Control Expenditures	22,786			
Change Funds				
Miscellaneous Reserves and Deposits		62,072,219		
Encumbrances Payable	1,377			
HUD-CDBG Program Expenditures			1,839,444	
Payments to Current Fund	608	2,717,459	3,451	239,480
Payments Made for Current Fund		34,428		
HUD - Home Investment Program Expenditures	-	-	-	56,552
	<u>27,820</u>	<u>64,824,106</u>	<u>1,842,895</u>	<u>296,032</u>
Balance, December 31, 2019	<u>\$ 45,907</u>	<u>\$ 13,264,463</u>	<u>\$ 119,744</u>	<u>\$ 29,687</u>

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

Balance, December 31, 2018		\$ 582
Increased by:		
Cash Receipts		<u>2,593</u>
		3,175
Decreased by:		
Cash Disbursed		<u>3,049</u>
Balance, December 31, 2019		<u>\$ 126</u>

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

Balance, December 31, 2018		\$ 38,878
Increased by:		
Dog Licenses	\$ 11,424	
Cat Licenses	1,092	
Late Fees	<u>6,350</u>	
		<u>18,866</u>
		57,744
Decreased by:		
Cash Disbursements	22,786	
Encumbrances Payable	<u>3,296</u>	
		<u>26,082</u>
Balance, December 31, 2019		<u>\$ 31,662</u>

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

Balance, December 31, 2018	\$ 10,767
Increased by:	
Interest Earned	664
	11,431
Decreased by:	
Cash Disbursements	608
Balance, December 31, 2019	\$ 10,823

**STATEMENT OF ENCUMBRANCES PAYABLE
ANIMAL CONTROL FUND**

Balance, December 31, 2018	\$ 1,377
Increased by:	
Charges to Reserve for Expenditures	3,296
	4,673
Decreased by:	
Cash Disbursements	1,377
Balance, December 31, 2019	\$ 3,296

**CITY OF PASSAIC
STATEMENT OF CASH - CHANGE FUND
OTHER TRUST FUND**

Balance, December 31, 2018	\$ 200
Balance, December 31, 2019	<u>\$ 200</u>

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

Balance, December 31, 2018	\$ 2,498,455
Increased by:	
Other Trust Reserves and Deposits:	
2018 Appropriation Reserves	\$ 1,926,460
Deposits Received in Current Fund	<u>101,723</u>
	\$ 2,028,183
Payments to Current Fund	2,717,459
Payments made for Current Fund	<u>34,428</u>
	<u>4,780,070</u>
	7,278,525
Decreased by:	
Other Trust Reserves and Deposits:	
Receipts for Current Fund - MRNA	\$ 323,559
Receipts for Current Fund - MRA	<u>99,652</u>
	\$ 423,211
Payments made by Current Fund	4,177,529
Receipts from Current Fund	<u>260,000</u>
	<u>4,860,740</u>
Balance, December 31, 2019	<u>\$ 2,417,785</u>

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

Balance, December 31, 2018	\$ 184,596
Increased by:	
Other Trust Fund Receipts Deposited in the Grant Fund	<u>164,644</u>
Balance, December 31, 2019	<u>\$ 349,240</u>

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

Increased by:	
Unemployment Claims Charged to Reserve	<u>\$ 31,602</u>
Balance, December 31, 2019	<u>\$ 31,602</u>

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

	Balance, December 31, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2019</u>
Police Funds	\$ 49,807	\$ 87,650	\$ 38,809	\$ 98,648
Police Donation SWAT	765	135		900
EMS Facility	598	153		751
Fire Line Safety Reg.	124,342	399,985	391,133	133,194
Fire Permits and Fines	2,436	17,415	10,967	8,884
Fire Dedicated Funds	-	12,475	6,943	5,532
Developers Performance Bond	20,000			20,000
Unemployment Compensation Insurance	1,440,803	406,495	201,431	1,645,867
Self Insurance Workman's Compensation Claims	133,642	1,463,820	1,160,862	436,600
Parking Offences Adjudication Act Fees	46,677	27,885	13,661	60,901
Self-Insurance General Liability Claims	1,797,876	2,653,140	1,750,911	2,700,105
Storm Recovery	49,089	96,460		145,549
Donations - Mayor	600	2,710		3,310
Donations - Animal Control	7,830	200		8,030
Donations - Dignity House	-	300		300
Donations - Relocation Assistance	1,888	500		2,388
Donations - Multicultural Affairs	2,500	24,198	24,198	2,500
Donations - Toys for Kids	525			525
Donations - Turkey Giveaways	-	100		100
Donations - Target	1			1
Donations - Senior Citizen	4,393	2,698	53	7,038
Substance Abuse - Drug Court	804	261,353	262,157	-
Substance Abuse - Treatment	55	7,658	380	7,333
Substance Abuse - NJ Medical Assistance Program	122,864	184,712	236,195	71,381
NJ ACH Death Certificate	123,711	16,550	880	139,381
Recreation - Donations	(30,693)	118,766	68,235	19,838
Recreation Official Fee	7,955			7,955
Recreation Team Ceremony Fees	71			71
Affordable Housing - Reserve	30,662			30,662
Accumulated Sick and Vacation	2,286,314	2,199,752	701,461	3,784,605
Flexible Spending Deposits	919	26,362	23,173	4,108
Health Benefit Insurance	1,586,051	200,000		1,786,051
Payroll Deductions/Pension/ Salary Deposits	262,431	56,011,364	55,997,055	276,740
Regional Contribution Agreement	64,748			64,748
Marriage License Fees	12,262	11,975	11,700	12,537
Festival Performance Bonds	64,294	28,970	27,615	65,649
Primary General Election Deposits	44,190	43,445	39,353	48,282
Tax Sale Premium Deposits	1,837,050	2,141,100	1,258,000	2,720,150
Tax Redemption Deposits	270,635	1,896,754	1,925,177	242,212
Soccer Game Escrow (BOE)	1,340			1,340
Park Improvements - Recreation Donation	10,000			10,000
Demolition & Performance Bond Deposits	93,898	5,000		98,898
Developers Housing Escrow Deposits	346,950	128,050	116,350	358,650
Zoning Developers Escrow	131,635	135,831	30,379	237,087
Planning Developers Escrow	27,864	2,668	25,957	4,575
Elevator Inspection Fees	187,353	169,976	116,557	240,772
Nextel Rebanding Escrow Deposit	10,239			10,239
Fire Prevention Security	970			970
Police Off Duty Fees	345,296	1,971,191	1,841,758	474,729
	<u>\$ 11,523,640</u>	<u>\$ 70,757,796</u>	<u>\$ 66,281,350</u>	<u>\$ 16,000,086</u>
Cash Receipts		\$ 68,564,969		
Cash Disbursed			\$ 62,072,219	
Due from Grant Fund		164,644		
Due to/from Current Fund		2,028,183	4,177,529	
Due to State - Unemployment		-	31,602	
		<u>\$ 70,757,796</u>	<u>\$ 66,281,350</u>	

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

Balance, December 31, 2018		\$ 1,396,992
Increased by:		
Program Allotment - CDBG Year 45		<u>1,293,967</u>
		2,690,959
Decreased by:		
Cash Receipts		<u>1,895,428</u>
Balance, December 31, 2019		<u>\$ 795,531</u>
	CDBG	\$ 795,481
	Emergency Solutions Grant	<u>50</u>
		<u>\$ 795,531</u>

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

Balance, December 31, 2018		\$ 1,577,856
Increased by:		
Program Income	\$ 1,114	
Program Allotment - CDBG Year 45	<u>1,293,967</u>	
		<u>1,295,081</u>
		2,872,937
Decreased by:		
CDBG/ESG Expenditures:		
Cash Disbursements		<u>1,839,444</u>
Balance, December 31, 2019		<u>\$ 1,033,493</u>

Analysis of Balance - December 31, 2019

Program Income - CDBG - Unapprop.		\$ 36,915
Program Years Appropriated Reserves		994,223
Program Income - ESG - Unapprop.		2,305
Emergency Solutions Grant		<u>50</u>
		<u>\$ 1,033,493</u>

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

Balance, December 31, 2018	\$ 1,150,925
Increased by:	
Grant Allotments	
Current Year Allotment - Year 45	<u>742,520</u>
	1,893,445
Decreased by:	
Cash Receipts - HUD	<u>152,072</u>
Balance, December 31, 2019	<u>\$ 1,741,373</u>

EXHIBIT B-14

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

Balance, December 31, 2018	\$ <u>155,454</u>
Balance, December 31, 2019	<u>\$ 155,454</u>

Analysis of Balance

Business and Housing Loans	\$ <u>155,454</u>
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EXHIBIT B-15

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

Balance, December 31, 2018	\$ <u>455,237</u>
Balance, December 31, 2019	<u>\$ 455,237</u>

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

Balance, December 31, 2018	\$ <u>8,122</u>
Balance, December 31, 2019	\$ <u>8,122</u>

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

Balance, December 31, 2018	\$ 32,565
Decreased by:	
Payments to Current Fund	<u>3,451</u>
Balance, December 31, 2019	\$ <u>29,114</u>

**STATEMENT OF DUE FROM GRANT FUND
HOME INVESTMENT PROGRAM FUND**

Balance, December 31, 2018	\$ 167,036
Balance, December 31, 2019	\$ <u>167,036</u>

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

Balance, December 31, 2018	\$ 369,893
Increased by:	
Payments Made by Current Fund	105,429
	475,322
Decreased by:	
Payments to Current Fund	239,480
Balance, December 31, 2019	\$ 235,842

EXHIBIT B-20

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

Balance, December 31, 2018	\$ 1,092,715
Increased by:	
Grant Allotments	
Current Year Allotment - Year 45	\$ 742,520
Program Income - Loan Program	
Cash Receipts	29,000
	771,520
	1,864,235
Decreased by:	
Cash Disbursements Grant Allotment/Program Income	56,552
Payments made by Current Fund	105,429
	161,981
Balance, December 31, 2019	\$ 1,702,254

Analysis of Balance - December 31, 2019

Program Income - Unappropriated	\$ 53,121
Program Years Appropriated Reserves	1,649,133
	\$ 1,702,254

GENERAL CAPITAL FUND

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

Balance, December 31, 2018		\$ 1,614,224
Increased by Receipts:		
Interest Earned	\$ 38,772	
Budget Appropriation		
Capital Improvement Fund	250,000	
Premium on Bond Anticipation Notes	39,465	
Bond Anticipation Note Proceeds	4,500,000	
Receipts from Sale of Property	<u>100,000</u>	
		<u>4,928,237</u>
		6,542,461
Decreased by Disbursements:		
Improvement Authorizations	794,449	
Encumbrances Payable	270,937	
Payments to Current Fund	<u>31,979</u>	
		<u>1,097,365</u>
Balance, December 31, 2019		<u><u>\$ 5,445,096</u></u>

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

		Balance December 31, <u>2019</u>
Capital Improvement Fund		\$ 293,806
Fund Balance		39,465
Encumbrances Payable		2,178,469
Due from Current Fund		(2,755)
Reserve for Curb and Sidewalk Improvements		5,000
Reserve for Payment of Debt		170,651
Reserve for Sale of Property		100,000
Improvement Authorizations		
<u>Ord. No.</u>	<u>Improvement Description</u>	
1036-88	Various Improvements	(2,075)
1542-02/1784-08	Various Improvements	20,621
1587-03	Various Improvements	6,667
1675-05-1442-98	Various Park Improvements	5,817
2012-15	Improvement of Website	3,155
2040-16	Various Capital Improvements	85,251
2050-16	Various Capital Improvements	4,484
2158-18	Remediation of DPW Garage and NJ Clean Energy Direct Install	142,249
2169-18	Various Capital Improvements	<u>2,394,291</u>
		<u>\$ 5,445,096</u>

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

Balance, December 31, 2018	\$ 9,548
Increased by:	
Payments to Current fund	<u>31,979</u>
	41,527
Decreased by:	
Interest Earned	<u>38,772</u>
Balance, December 31, 2019	<u>\$ 2,755</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2018	\$ 14,634,404
Decreased by:	
Payment of Bonds - Budget Appropriation	\$ 1,250,000
Payment of Loans- Budget Appropriation	<u>113,850</u>
	<u>1,363,850</u>
Balance, December 31, 2019	<u>\$ 13,270,554</u>

**CITY OF PASSAIC
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2018	2019 Authorizations	Balance, December 31, 2019	Analysis of Balance December 31, 2019		Unexpended Improvement Authorizations
					Financed by Bond Anticipation Notes	Expended	
1036-88	Various Improvements	\$ 2,075		\$ 2,075		\$ 2,075	
2169-18	Various Capital Improvements	<u>7,345,000</u>	<u>\$ -</u>	<u>7,345,000</u>	<u>\$ 4,500,000</u>	<u>-</u>	<u>\$ 2,845,000</u>
		<u>\$ 7,347,075</u>	<u>\$ -</u>	<u>\$ 7,347,075</u>	<u>\$ 4,500,000</u>	<u>\$ 2,075</u>	<u>\$ 2,845,000</u>
				Bond Anticipation Notes	<u>\$ 4,500,000</u>		
					Improvement Authorizations - Unfunded		\$ 5,239,291
					Less: Unexpended Proceeds of Bond Anticipation Notes Issued: Ord. 2169-18		<u>2,394,291</u>
							<u>\$ 2,845,000</u>

**CITY OF PASSAIC
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2018	\$ 43,806
Increased by:	
Cash Receipt - 2019 Budget Appropriation	<u>250,000</u>
Balance, December 31, 2019	<u>\$ 293,806</u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2018	\$ 276,785
Increased by:	
Charges to Improvement Authorizations	<u>2,178,469</u>
	2,455,254
Decreased by:	
Payments	\$ 270,937
Encumbrances Payable Cancelled	<u>5,848</u>
	<u>276,785</u>
Balance, December 31, 2019	<u>\$ 2,178,469</u>

**CITY OF PASSAIC
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2018</u>		<u>Encumbrances Payable</u>	<u>Expended</u>	<u>Balance, December 31, 2019</u>	
		<u>Funded</u>	<u>Unfunded</u>	<u>Cancelled</u>		<u>Funded</u>	<u>Unfunded</u>
1542-02 / 1784-08	Various Improvements	\$ 20,621				\$ 20,621	
1587-03	Various Improvements	6,667				6,667	
1675-05/1442-98	Various Park Improvements - Supplemental	5,817				5,817	
2012-15	Improvement of Website	3,155				3,155	
2040-16	Various Capital Improvements	79,403		\$ 5,848		85,251	
2050-16	Various Capital Improvements	340,568			\$ 336,084	4,484	
2101-17	Various Capital Improvements	132,775			132,775	-	
2158-18	Remediation of DPW Garage and NJ Clean Energy Direct Install Project	242,899			100,650	142,249	
2169-18	Various Capital Improvements	<u>297,700</u>	<u>\$ 7,345,000</u>	<u>-</u>	<u>2,403,409</u>	<u>-</u>	<u>\$ 5,239,291</u>
		<u>\$ 1,129,605</u>	<u>\$ 7,345,000</u>	<u>\$ 5,848</u>	<u>\$ 2,972,918</u>	<u>\$ 268,244</u>	<u>\$ 5,239,291</u>
					Cash Disbursements \$ 794,449		
					Encumbrances Payable <u>2,178,469</u>		
					<u>\$ 2,972,918</u>		

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Original Amount of Note</u>	<u>Original Date of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance, December 31, 2019</u>
2169-18	Various Capital Improvements	\$ 4,500,000	8/27/2019	8/27/2019	8/27/2020	2.25%	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>
							<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>

**CITY OF PASSAIC
STATEMENT OF BONDS PAYABLE**

<u>Purpose.</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2019</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2018</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
General Obligation Bonds	8/5/2010	\$ 7,249,000	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%			
					\$ 5,474,000	\$ 675,000	\$ 4,799,000	
General Obligation Bonds	6/6/2017	8,581,000	6/15/2020	575,000	2.000%			
			6/15/2021	600,000	2.000%			
			6/15/2022	600,000	2.000%			
			6/15/2023	600,000	2.000%			
			6/15/2024	600,000	2.000%			
			6/15/2025	600,000	2.000%			
			6/15/2026	600,000	2.125%			
			6/15/2027	1,100,000	3.000%			
			6/15/2028	1,100,000	3.000%			
			6/15/2029	1,081,000	3.000%			
					<u>8,031,000</u>	<u>575,000</u>	<u>7,456,000</u>	
					<u>\$ 13,505,000</u>	<u>\$ 1,250,000</u>	<u>\$ 12,255,000</u>	
						<u>\$ 1,250,000</u>		

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

Balance, December 31, 2018	\$ 1,129,404																								
Decreased by:																									
Paid by Budget Appropriation	<u>113,850</u>																								
Balance, December 31, 2019	<u><u>\$ 1,015,554</u></u>																								
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 15%;"><u>Ord. No.</u></th> <th style="text-align: left; width: 55%;"><u>Description</u></th> <th style="width: 30%;"></th> </tr> </thead> <tbody> <tr> <td>1442-98/1622-04/ 1675-05</td> <td>Dundee Island Field Rehabilitation</td> <td style="text-align: right;">\$ 118,560</td> </tr> <tr> <td>1442-98/1474-99/ 1622-04/1675-05</td> <td>Third Ward Park Improvements</td> <td style="text-align: right;">122,996</td> </tr> <tr> <td>1442-98/1474-99/ 1622-04/1675-05</td> <td>Hughes Lake</td> <td style="text-align: right;">51,502</td> </tr> <tr> <td>1655-05</td> <td>Pulaski Park Renovation</td> <td style="text-align: right;">10,161</td> </tr> <tr> <td>1643-04</td> <td>Roberto Clemente Field Improvements</td> <td style="text-align: right;">237,518</td> </tr> <tr> <td>1839-10</td> <td>Pulaski Park Improvements</td> <td style="text-align: right;"><u>474,817</u></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;"><u><u>\$ 1,015,554</u></u></td> </tr> </tbody> </table>		<u>Ord. No.</u>	<u>Description</u>		1442-98/1622-04/ 1675-05	Dundee Island Field Rehabilitation	\$ 118,560	1442-98/1474-99/ 1622-04/1675-05	Third Ward Park Improvements	122,996	1442-98/1474-99/ 1622-04/1675-05	Hughes Lake	51,502	1655-05	Pulaski Park Renovation	10,161	1643-04	Roberto Clemente Field Improvements	237,518	1839-10	Pulaski Park Improvements	<u>474,817</u>			<u><u>\$ 1,015,554</u></u>
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		<u><u>\$ 1,015,554</u></u>																							

STATEMENT OF RESERVE FOR CURB AND SIDEWALK IMPROVEMENTS

Balance, December 31, 2018	<u>\$ 5,000</u>
Balance, December 31, 2019	<u><u>\$ 5,000</u></u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2018	<u>\$ 170,651</u>
Balance, December 31, 2019	<u><u>\$ 170,651</u></u>

STATEMENT OF RESERVE FOR SALE OF PROPERTY

Increased by:	
Cash Receipts	<u>\$ 100,000</u>
Balance, December 31, 2019	<u><u>\$ 100,000</u></u>

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

<u>Ord.</u> <u>No.</u>	<u>Description</u>	Balance December 31, <u>2018</u>	Notes <u>Issued</u>	Balance December 31, <u>2019</u>
1036-88	Various Improvements	\$ 2,075		\$ 2,075
2169-18	Various Capital Improvements	<u>7,345,000</u>	<u>\$ 4,500,000</u>	<u>2,845,000</u>
		<u>\$ 7,347,075</u>	<u>\$ 4,500,000</u>	<u>\$ 2,847,075</u>

SEWER UTILITY FUND

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

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2018	\$ 931,369	\$ 6,568
Increased by Receipts:		
Sewer Rents Received	\$ 5,499,866	
Other Accounts Receivable	225,861	
Due from Passaic Valley Water Commission	19,851	
Non-Budget Revenue	34,013	
Received from Sewer Capital Fund	76	
Interest Earned	-	\$ 94
	<u>5,779,667</u>	<u>94</u>
	6,711,036	6,662
Decreased by Disbursements:		
2019 Budget Appropriations	5,726,055	
2018 Appropriation Reserves	736	
Encumbrances Payable	176,175	
Payments to Sewer Operating Fund		76
Interest on Bonds	<u>36,005</u>	<u>-</u>
	<u>5,938,971</u>	<u>76</u>
Balance, December 31, 2019	<u>\$ 772,065</u>	<u>\$ 6,586</u>

EXHIBIT D-5

ANALYSIS OF SEWER CAPITAL CASH

Due to Sewer Utility Operating Fund	\$ 26
Reserve for Payment of Debt	14,794
Improvement Authorizations:	
<u>Ord. No.</u>	
1611-04 Various Sewer Improvements	(44,000)
2032-15 Improvements and Repairs to Sewer Pipes	<u>35,766</u>
Balance, December 31, 2019	<u>\$ 6,586</u>

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

Balance, December 31, 2018	\$ 1,001,686
Increased by:	
Sewer Rents Levied - Net	<u>5,328,328</u>
	6,330,014
Decreased by:	
Sewer Rents Collected:	
Cash Receipts from Passaic Valley Water Commission	<u>5,499,866</u>
Balance, December 31, 2019	<u>\$ 830,148</u>

EXHIBIT D-7

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

Balance, December 31, 2018	\$ 16,839
Increased by:	
St. Mary's Sewer Rents Levied - Net	<u>209,031</u>
	225,870
Decreased by:	
Cash Receipts	<u>225,861</u>
Balance, December 31, 2019	<u>\$ 9</u>

EXHIBIT D-8

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

Balance, December 31, 2018	\$ 19,851
Decreased by:	
Cash Receipts	<u>\$ 19,851</u>

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

	Balance, December 31, 2018	Balance, December 31, 2019
Sanitary Sewer System	\$ 5,577,974	\$ 5,577,974
Sewer Jet Cleaning Truck	185,000	185,000
T.V. Camera Truck	125,000	125,000
	<u>\$ 5,887,974</u>	<u>\$ 5,887,974</u>

EXHIBIT D-10

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

<u>Ordinance Number</u>	<u>Description</u>	Balance, December 31, 2018	Balance, December 31, 2019
2032-15	Improvements and Repairs to Sewer Pipes	\$ 35,766	\$ 35,766
		<u>\$ 35,766</u>	<u>\$ 35,766</u>

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

Balance, December 31, 2018	\$	177,121
Increased by:		
Payments Made by Current Fund for Sewer Utility Operating Fund Budget		<u>166,004</u>
Balance, December 31, 2019	\$	<u><u>343,125</u></u>

**STATEMENT OF DUE FROM SEWER UTILITY CAPITAL FUND
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2018	\$	5
Increased by:		
Transfer from Due to Current Fund	\$	3
Interest Earned		<u>94</u>
		<u>97</u>
		102
Decreased by:		
Cash Received		<u>76</u>
Balance, December 31, 2019	\$	<u><u>26</u></u>

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

Balance, December 31, 2018	\$	<u>3</u>
Decreased by:		
Transfer to Due to Sewer Operating Fund	\$	<u><u>3</u></u>

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

Balance, December 31, 2018	\$	176,175
Increased by:		
Charges to Budget Appropriations		<u>60,899</u>
		237,074
Decreased by:		
Cash Disbursed		<u>176,175</u>
Balance, December 31, 2019	\$	<u><u>60,899</u></u>

**STATEMENT OF ACCOUNTS PAYABLE
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2018	\$	<u>1,165</u>
Decreased by:		
Cancelled Accounts Payable	\$	<u><u>1,165</u></u>

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

Balance, December 31, 2018	\$ 9,701
Increased by:	
Charges to Budget Appropriations	
Interest on Bonds	<u>34,753</u>
	44,454
Decreased by:	
Interest Paid	<u>36,005</u>
Balance, December 31, 2019	<u>\$ 8,449</u>

**CITY OF PASSAIC
STATEMENT OF 2018 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance December 31, <u>2018</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	<u>Balance Lapsed</u>
OPERATING				
Other Expenses	\$ 203,918	\$ 203,918	\$ 736	\$ 203,182
Sewer Treatment Expenses	2	2	-	2
Sewer Maintenance Fee - Contractual	<u>55,093</u>	<u>55,093</u>	<u>-</u>	<u>55,093</u>
	<u>\$ 259,013</u>	<u>\$ 259,013</u>	<u>\$ 736</u>	<u>\$ 258,277</u>
Cash Disbursed			<u>\$ 736</u>	

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

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2018</u>		<u>Balance December 31, 2019</u>	
			<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
2032-15	Improvements and Repairs to Sewer Pipes	\$ 35,766	\$ 35,766	-	\$ 35,766	-
			<u>\$ 35,766</u>	<u>\$ -</u>	<u>\$ 35,766</u>	<u>\$ -</u>

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

Balance, December 31, 2018	\$ 4,607,974
Increased by:	
Paid by Operating Budget:	
Serial Bonds	130,000
Balance, December 31, 2019	\$ 4,737,974

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

Balance, December 31, 2018	\$ 35,766
Balance, December 31, 2019	\$ 35,766

Analysis of Balance - December 31, 2019

Ord.	<u>Description</u>	<u>Amount</u>
2032-15	Improvements and Repairs to Sewer Pipes	\$ 35,766

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2019</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2018</u>		<u>Balance, December 31, 2019</u>	
			<u>Date</u>	<u>Amount</u>		<u>Decreased</u>	<u>2019</u>		
Sewer Bonds of 2010	7/27/2010	\$ 1,266,000	8/1/2020	\$ 90,000	3.25%	\$ 630,000	\$ 90,000	\$ 540,000	
			8/1/2021	90,000	3.50%				
			8/1/2022	90,000	3.50%				
			8/1/2023	90,000	3.50%				
			8/1/2024	90,000	3.50%				
			8/1/2025	90,000	3.75%				
Sewer Bonds of 2017	6/6/2017	646,000	6/15/2020	40,000	2.000%	<u>606,000</u>	<u>40,000</u>	<u>566,000</u>	
			6/15/2021	40,000	2.000%				
			6/15/2022	40,000	2.000%				
			6/15/2023	40,000	2.000%				
			6/15/2024	45,000	2.000%				
			6/15/2025	45,000	2.000%				
			6/15/2026	80,000	2.125%				
			6/15/2027	80,000	3.000%				
			6/15/2028	80,000	3.000%				
			6/15/2029	76,000	3.000%				
						<u>\$ 1,236,000</u>	<u>\$ 130,000</u>	<u>\$ 1,106,000</u>	
Paid by Budget Appropriation							<u>\$ 130,000</u>		

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR PAYMENT OF DEBT
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2018	\$ <u>14,794</u>
Balance, December 31, 2019	\$ <u><u>14,794</u></u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2018</u>	Balance, December 31, <u>2019</u>
1611-04	Various Sewer Improvements	\$ <u>44,000</u>	\$ <u>44,000</u>
		\$ <u><u>44,000</u></u>	\$ <u><u>44,000</u></u>

CITY OF PASSAIC

PART II

SINGLE AUDIT SECTION

LMH LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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 December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2020. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

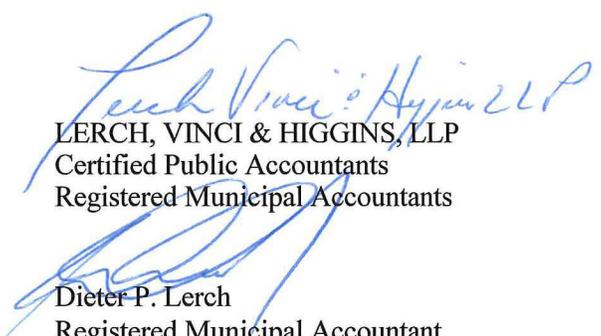
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the City of Passaic in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
September 4, 2020



LERCH, VINCI & HIGGINS, LLP

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Passaic's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) 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 the City of Passaic's major federal and state programs for the year ended December 31, 2019. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance, and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 December 31, 2019.

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. Uniform Guidance 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.

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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

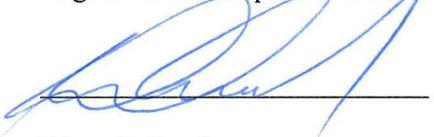
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements - regulatory basis of the City of Passaic as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated September 4, 2020, which contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America and also contained an unmodified opinion on those financial statements prepared in accordance with the regulatory basis of accounting. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.



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



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CS00398

Fair Lawn, New Jersey
September 4, 2020

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

State Grant Program	CFDA Number	State Acct Number	Grant Award Amount	Grant Receipts	Balance, December 31, 2018	Revenue Realized	Program Income	Expenditures	(Cancelled)/ Adjustment	Balance, December 31, 2019	Cumulative Expended
U.S. Department of Health and Human Services											
Ryan White Title I - 2019	93.924	N/A	\$ 162,017			\$ 162,017		\$ 19,272		\$ 142,745	\$ 19,272
Ryan White Title I Substance Abuse - 2019	93.924	N/A	21,995			21,995				21,995	-
Ryan White Title I - 2018	93.924	N/A	166,948	\$ 31,951	\$ 128,902			51,556		77,346	89,602
Ryan White Title I - 2017	93.924	N/A	166,931		77,245			10,864		66,381	100,550
Ryan White Title I - 2016 - TY	93.924	N/A	34,084		23,518					23,518	10,566
Ryan White Title I - 2015	93.924	N/A	152,343		83,667					83,667	68,676
Total Ryan White Title I Cluster					313,332	184,012	-	81,692	-	415,652	288,666
U.S. Department of Health - (Pass through State Division of Family Health Services)											
Women, Infants, and Children-2019	10.557	046-4220-100-113-19	1,109,988			1,109,988		221,348		888,640	221,348
Women, Infants, and Children-2018	10.557	046-4220-100-113-19	1,091,752	945,045	848,372	17,000		791,821		73,551	1,018,201
Women, Infants, and Children-2018	10.557	046-4220-100-113-18	1,091,091	30,402	42,455			23,650		18,805	1,072,286
Women, Infants, and Children-2017	10.557	046-4220-100-113-17	1,099,400		8,573					8,573	1,090,827
Women, Infants, and Children-2016	10.557	046-4220-100-113-16	1,045,311	1,424	19,326					19,326	1,025,985
Women, Infants, and Children-2015	10.557	046-4220-100-113-15	278,420		4,713					4,713	273,707
Total Women, Infants, and Children Cluster					923,439	1,126,988	-	1,036,819	-	1,013,608	4,702,354
U.S. Department of Agriculture - (Pass through State Division of Food and Nutrition)											
19 Summer Food Program	10.559	010-3350-100-033-18	356,070	188,500		356,070		83,456		272,614	83,456
18 Summer Food Program	10.559	010-3350-100-033-18	380,807		223,936			108,660		115,276	265,531
17 Summer Food Program	10.559	010-3350-100-033-17	259,759		123,383					123,383	136,376
16 Summer Food Program	10.559	010-3350-100-033-16	374,560		157,226					157,226	217,334
Total Summer Food Program Cluster					504,545	356,070	-	192,116	-	668,499	702,697
Pass through Dept of Law and Public Safety-Division of Criminal Justice:											
Byrne Memorial Justice Asst. 2018	16.738	066-1020-100-364-18	191,956		191,956					191,956	-
Byrne Memorial Justice Asst. 2017	16.738	066-1020-100-364-17	203,547		203,547					203,547	-
Byrne Memorial Justice Asst. 2016 - TY	16.738	066-1020-100-364-16	225,070		173,404			18,467		154,937	70,133
Byrne Memorial Justice Asst. 2016	16.738	066-1020-100-364-16	217,458	217,258	163,258			14,123		149,135	68,323
Byrne Memorial Justice Asst. 2015	16.738	066-1020-100-364-15	246,078		4					4	246,074
Byrne Memorial Justice Asst. 2014	16.738	066-1020-100-364-14	223,632		7,954					7,954	215,678
Total Byrne Memorial Justice Asst. Cluster					740,123	-	-	32,590	-	707,533	600,208

**CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>State Grant Program</u>	<u>CFDA Number</u>	<u>State Acct Number</u>	<u>Grant Award Amount</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2018</u>	<u>Revenue Realized</u>	<u>Program Income</u>	<u>Expenditures</u>	<u>(Cancelled)/ Adjustment</u>	<u>Balance, December 31, 2019</u>	<u>Cumulative Expended</u>
U.S. Department of Homeland Security (Passed through State Department of Law and Public Safety)											
Fire Safer Program	97.083	N/A	\$ 1,202,209	\$ 84,888	\$ 1,192,723	\$ 10,000		\$ 337,679		\$ 865,044	\$ 337,165
Fire Safer Program	97.083	N/A	1,094,988	57,566	147,840	-	-	-	-	147,840	947,148
Total Fire Safer Program Cluster					1,340,563	10,000	-	337,679	-	1,012,884	1,284,313
U.S. Department of Transportation - (Pass through State Depart of Transportation - Local Municipal Aid)											
Highway Planning and Construction Program											
Transportation Trust - Howel/Lincoln/St. Francis	20.205	078-6320-480-XXX-XX	260,500		61,555					61,555	198,945
U.S. Department of Justice - (Pass through Dept of Law and Public Safety- Division of Highway Traffic Safety)											
Drunk Driver Prevention (Drive Sober) - Dec 2018	20.616	066-1160-100-057-18	5,500	5,280	5,500			4,125		1,375	4,125
Drunk Driver Prevention (Drive Sober) - Dec 2017	20.616	066-1160-100-057-17	5,500		5,500					5,500	-
Drunk Driver Prevention (Drive Sober) - Sept 2017	20.616	066-1160-100-057-17	5,500		110					110	5,390
Drunk Driver Prevention (Drive Sober)	20.616	066-1160-100-057-16	10,000		425					425	9,575
Drunk Driver Prevention (Drive Sober)	20.616	066-1160-100-057-15	5,000		5,000					5,000	-
Drunk Driver Prevention (Drive Sober)	20.616	066-1160-100-057-XX	7,500		3,800					3,800	3,700
Click It or Ticket - Seat Belt Campaign	20.616	066-1160-100-146-17	5,500		55					55	5,445
Pedestrian Safety Grant - Walk Safe	20.609	066-1160-100-146-XX	25,000	4,290	25,000			1,650		23,350	1,650
Pedestrian Safety Grant - Walk Safe	20.609	066-1160-100-146-XX	18,000		6,890			2,997		3,893	13,907
Pedestrian Safety Grant	20.609	066-1160-100-146-XX	16,000		5,850					5,850	10,150
Distracted Driving Crackdown - 2019	20.616	N/A-2018	5,500	5,060		5,500		5,170		330	5,170
Distracted Driving Crackdown	20.616	N/A-2018	6,600		2,915					2,915	3,685
Distracted Driving Crackdown	20.616	N/A	5,000		50					50	4,950
Total Highway Safety Cluster					61,095	5,500	-	13,942	-	52,653	67,747
U.S. Department of Housing and Urban Development (Passed Through Passaic County Department of Community Development)											
Disaster Recovery Grant - McDonald Brook	14.269	N/A	1,374,114	533,999	525,964			486,052		39,912	1,334,202
Total Disaster Recovery Cluster					525,964			486,052		39,912	1,334,202
U.S. Department of Housing and Urban Development											
CDBG Entitlement Grants											
Emergency Solutions Grant	14.231	N/A			41,764		\$ 1,114	73,947	33,424	2,355	73,947
Home Investment Partnership Program	14.239	N/A	742,520		1,092,715	742,520	29,000	161,981		1,702,254	161,981
					\$ 7,141,187	\$ 3,719,057	\$ 30,114	\$ 4,182,315	\$ -	\$ 6,708,043	\$ 13,385,643

N/A - Not Applicable

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>State Grant Program</u>	<u>Account Numbers</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	Balance, December 31, 2018	<u>Revenue Realized</u>	<u>Local Match</u>	<u>Expended</u>	<u>Adjustments</u>	Balance, December 31, 2019	<u>Cumulative Expended</u>
Department of Community Affairs											
Clean Communities Grant	042-4900-765-004-17	2018	\$ 73,545		\$ 73,545			\$ 10,232		\$ 63,313	\$ 10,232
Clean Communities Grant	042-4900-765-004-17	2017	76,830		56,056			54,933		1,123	75,707
Clean Communities Grant	042-4900-765-004-16	2016	90,435		20,774			20,774		-	90,435
Clean Communities Grant	042-4900-765-004-15	2015	79,122		149	-	-	-	-	149	78,973
Total Clean Communities Cluster					<u>150,524</u>	<u>-</u>	<u>-</u>	<u>85,939</u>	<u>-</u>	<u>64,585</u>	<u>255,347</u>
Recreation Opportunity											
Recreation Opportunity	022-8050-100-035-13	2019	25,000	\$ 25,000		\$ 25,000		25,000		-	25,000
Recreation Opportunity	022-8050-100-035-13	2019	13,311			13,311				13,311	-
Recreation Opportunity	022-8050-100-035-13	2018	20,000		11,688			1,645		10,043	9,957
Recreation Opportunity	022-8050-100-035-13	2015	19,860		9,860	-	-	-	-	9,860	10,000
Total Recreation Opportunity Cluster					<u>21,548</u>	<u>38,311</u>	<u>-</u>	<u>26,645</u>	<u>-</u>	<u>33,214</u>	<u>44,957</u>
Recycling Tonnage											
Recycling Tonnage	042-4900-752-001-17	2018	109,211	109,211		109,211				109,211	-
Recycling Tonnage	042-4900-752-001-17	2017	74,794		74,794					74,794	-
Recycling Tonnage	042-4900-752-001-16	2016	95,963		95,963					95,963	-
Recycling Tonnage	042-4900-752-001-15	2015	97,374		7,860			4,538		3,322	94,052
Recycling Tonnage	042-4900-752-001-12	2012	97,518		28,659	-	-	-	-	28,659	68,859
Total Recycling Tonnage Cluster					<u>207,276</u>	<u>109,211</u>	<u>-</u>	<u>4,538</u>	<u>-</u>	<u>311,949</u>	<u>162,911</u>
Department of Health											
Alcohol Education and Rehabilitation	760-046-4240-001	2019	6,269	6,269		6,269				6,269	-
Alcohol Education and Rehabilitation	760-046-4240-001	2018	12,889		11,839			9,150		2,689	10,200
Alcohol Education and Rehabilitation	760-046-4240-001	2017	18,337		9,191					9,191	9,146
Alcohol Education and Rehabilitation	760-046-4240-001	2016	26,650		26,650	-	-	-	-	26,650	-
Total Alcohol Education & Rehabilitation Cluster					<u>47,680</u>	<u>6,269</u>	<u>-</u>	<u>9,150</u>	<u>-</u>	<u>44,799</u>	<u>19,346</u>
Child Health - Childhood Lead Exposure											
Child Health - Childhood Lead Exposure - 2019	DFHS19CHD023	2019	817,000	665,048	676,125			389,003		287,122	529,878
Child Health - Childhood Lead Exposure - 2018	DFHS18CHD007	2017/2018	575,665		13,514	-	-	11,867	-	1,647	574,018
Total Child Health					<u>689,639</u>	<u>-</u>	<u>-</u>	<u>400,870</u>	<u>-</u>	<u>288,769</u>	<u>1,103,896</u>
Childhood Lead - 2020											
Childhood Lead - 2020	OLPH20CLPO10	2019	750,000	207,255		750,000		376,600		373,400	376,600
Childhood Lead Poisoning Prevention - TY	16-348-CHS-L-0	2016	159,250		344					344	158,906
Childhood Lead Poisoning Prevention	16-348-CHS-L-0	2016	159,250		22,524					22,524	136,726
Childhood Lead Poisoning Prevention	15-348-CHS-L-0	2015	159,250		2,461	-	-	-	-	2,461	156,789
Total Childhood Lead					<u>25,329</u>	<u>750,000</u>	<u>-</u>	<u>376,600</u>	<u>-</u>	<u>398,729</u>	<u>829,021</u>
Total Childhood Health/Lead Cluster					<u>714,968</u>	<u>750,000</u>	<u>-</u>	<u>777,470</u>	<u>-</u>	<u>687,498</u>	<u>1,932,917</u>

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>State Grant Program</u>	<u>Account Numbers</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2018</u>	<u>Revenue Realized</u>	<u>Local Match</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2019</u>	<u>Cumulative Expended</u>
Passed Thru County of Passaic											
Municipal Alliance	N/A	2019	\$ 39,478			\$ 39,478		\$ 13,133		\$ 26,345	\$ 13,133
Municipal Alliance	N/A	2018	39,478	\$ 38,486	\$ 26,123			25,021		1,102	38,376
Municipal Alliance	N/A	2017			39,478					313	39,165
Municipal Alliance - TY	N/A	2016	39,478		119					119	39,359
Municipal Alliance	N/A	2016	10,194		9,964					9,964	230
Municipal Alliance	N/A	2015	39,478		1,979	-	-	-	-	1,979	37,499
Total Municipal Alliance Cluster					38,498	39,478	-	38,154	-	39,822	167,762
Multi Cultural	N/A	2015	700		700					700	-
Department of Law and Public Safety											
Drunk Driving Enforcement	1110-448-031020-22	2018	17,542		17,542			9,450		8,092	9,450
Drunk Driving Enforcement	1110-448-031020-22	2018	20,564		11,102			8,173		2,929	17,635
Drunk Driving Enforcement	1110-448-031020-22	2017	38,577		4,453			4,453		-	38,577
Drunk Driving Enforcement	1110-448-031020-22	2016	28,629		4,000	-	-	-	-	4,000	24,629
Total Drunk Driving Enforcement Cluster					37,097	-	-	22,076	-	15,021	90,291
Body Armor Replacement	066-1020-718-001-11	2019	15,060	15,060		15,060		15,060		-	15,060
Body Armor Replacement	066-1020-718-001-11	2018	40,887		40,887			853		40,034	853
Body Armor Replacement	066-1020-718-001-11	2017	13,275		13,275			13,275		-	13,275
Body Armor Replacement	066-1020-718-001-11	2016	13,091		13,091			13,075		16	13,075
Body Armor Replacement	066-1020-718-001-11	2015	13,213		5,036			4,930		106	13,107
Body Armor Replacement	066-1020-718-001-11	2014	12,900		12,900			12,900		-	12,900
Body Armor Replacement	066-1020-718-001-11	2013	17,282		2,546					2,546	14,736
Body Armor Replacement	066-1020-718-001-11	2012	13,022		282	-	-	-	-	282	12,740
Total Body Armor Replacement Cluster					88,017	15,060	-	60,093	-	42,984	95,746

**CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>State Grant Program</u>	<u>Account Numbers</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2018</u>	<u>Revenue Realized</u>	<u>Local Match</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2019</u>	<u>Cumulative Expended</u>
Department of Law and Public Safety											
Safe and Secure	066-1020-100-232-16	2019	\$ 90,000	\$ 65,625		\$ 90,000		\$ 76,023		\$ 13,977	\$ 76,023
Safe and Secure	066-1020-100-232-16	2018	90,000	90,000	\$ 90,000					90,000	-
Safe and Secure	066-1020-100-232-16	2017	90,000	90,000	90,000					90,000	-
Safe and Secure	066-1020-100-232-14	2014	90,000		48,750	-	-	-	-	48,750	41,250
Total Safe and Secure Cluster					<u>228,750</u>	<u>90,000</u>	<u>-</u>	<u>76,023</u>	<u>-</u>	<u>242,727</u>	<u>117,273</u>
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2019	34,762			34,762		31,945		2,817	31,945
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2019	11,359			11,359		3,537		7,822	3,537
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2018	34,762	34,762	1,833			1,130		703	34,059
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2017	19,762	17,296	870					870	18,892
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2015	19,792	370	36	-	-	-	-	36	19,756
Total Juvenile Acct. Incentive Block Cluster					<u>2,739</u>	<u>46,121</u>	<u>-</u>	<u>36,612</u>	<u>-</u>	<u>12,248</u>	<u>108,189</u>
Department of Commerce and Economic Development											
Urban Enterprise Zone Assistance Fund (UEZ)	2830-763-250-XXX-50										
17 - Urban Enterprise Zone	UEZA	2017	139,902		79,407					79,407	60,495
17 - Taste of Market Street	UEZA	2017	5,000		915					915	4,085
15 - Administration - Commodities	UEZA	2015	16,925		13,186			10,260		2,926	13,999
15 - Dundee Canal Redevelopment	UEZA	2015	15,000		3,012					3,012	6,988
15 - Downtown Merchants - Youth Corps	UEZA	2015	32,000		12,554					12,554	19,446
14 - Administration - Commodities	UEZA	2014	123,615		9,987	-	-	-	-	9,987	113,616
Total Urban Enterprise Zone Cluster					<u>119,061</u>	<u>-</u>	<u>-</u>	<u>10,260</u>	<u>-</u>	<u>108,801</u>	<u>218,629</u>
Department of Transportation											
Municipal Aid Program - 2020	078-6320-480-XXX	2020	883,174			883,174				883,174	-
Transp. Trust - Various Road Imp - 2019	078-6320-480-XXX	2019	895,426			895,426				895,426	-
Transp. Trust - Various Road Imp - 2018	078-6320-480-XXX	2018	805,600		383,468			54,477		328,991	476,609
Transp. Trust - Roadway Safety - 2018	078-6320-480-XXX	2018	600,000		600,000			20,840		579,160	20,840
Transp. Trust - Various Road Imp - 2017	078-6320-480-XXX	2017	385,456	189,632	376,253			267,493		108,760	276,696
Transp. Trust - Various St Imp - 2016	078-6320-480-XXX	2016	353,273	326,285	107,812			13,609		94,203	259,070
Transportation Trust - Market Streetscape Enhance	078-6320-480-XXX-XX	2014	750,000		750,000	-	-	-	-	750,000	-
Total Transportation Cluster					<u>2,217,533</u>	<u>1,778,600</u>	<u>-</u>	<u>356,419</u>	<u>-</u>	<u>3,639,714</u>	<u>1,033,215</u>

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, December 31, 2018	Realized	Local Match	Expended	Adjustments	Balance, December 31, 2019	Cumulative Expended
Other State Departments											
Hepatitis B Inoculation	046-4230-100-241-18	2018	\$ 3,235		\$ 3,235					\$ 3,235	-
Hepatitis B Inoculation	046-4230-100-241-17	2017	8,369		5,795			\$ 3,616		2,179	\$ 6,190
Hepatitis B Inoculation	046-4230-100-241-15	2015	5,000		578	-	-	150	-	428	4,572
Total Hepatitis B Inoculation Cluster					9,608	-	-	3,766	-	5,842	10,762
Housing Opportunity Grant	N/A	2019	150,000			\$ 150,000		44,617		105,383	44,617
Housing Opportunity Grant	N/A	2018	125,000	\$ 89,263	125,000			83,979		41,021	83,979
Housing Opportunity Grant	N/A	2017	120,000		20,750			8,496		12,254	107,746
Housing Opportunity Grant - TY	N/A	2016	160,000	2,753	1,194					1,194	158,806
Housing Opportunity Grant	N/A	2016	69,610		9,247					9,247	60,363
Housing Opportunity Grant	N/A	2015	75,000		23,543	-	-	-	-	23,543	51,457
Total Housing Opportunity Cluster					179,734	150,000	-	137,092	-	192,642	506,968
Highlands Council Transfer Development	N/A	2014	40,000		32,193					32,193	7,807
High Drug Traffic Youth Empowerment	N/A	2016	2,160		2,160	-	-	-	\$ -	2,160	-
Total High Drug Traffic Youth Empowerment Cluster					2,160	-	-	-	-	2,160	-
NJ Office of Emergency Management											
Hazard Mitigation Grant		2016	250,000		17,843			17,730		113	249,887
US Lacrosse National Diversity	N/A	2018	2,000		2,000					2,000	-
Recreation - Hudson River Foundation		2019	10,000			10,000		7,265		2,735	7,265
Recreation - Womens Sports		2019	5,000	5,000		5,000		1,216		3,784	1,216
NJ Department of Community Affairs											
Neighborhood Preservation Program		2019	125,000	25,000		125,000				125,000	-
Department of Environmental Protection											
Green Trust Grant -		2019	1,000,000			1,000,000				1,000,000	-
It Pays to Plug In - Electric Vehicle Charge		2019	6,000			6,000				6,000	-
Stewardship Award		2019	23,000			23,000				23,000	-
Stewardship Award - Tree Mgmt		2018	7,000		7,000			2,100		4,900	2,100
Green Trust Grant - 3rd Ward & Vet Mem Park	4800-533-852000-60	2017	1,000,000		973,240			887,598		85,642	914,358
Green Trust Grant - MacDonald's Brook	4800-533-852000-60	2016	1,100,000		1,034					1,034	1,098,966
Total Green Trust Cluster					981,274	1,029,000	-	889,698	-	1,120,576	2,015,424
					\$ 5,099,203	\$ 4,192,050	\$ -	\$ 2,560,146	\$ -	\$ 6,731,107	\$ 7,045,912

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 DECEMBER 31, 2019**

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	\$ 1,682,570	\$ 4,192,050	\$ 5,874,620
Community Development Grant Fund	1,293,967		1,293,967
Home Loan Program Fund	<u>742,520</u>	<u>-</u>	<u>742,520</u>
	<u>\$ 3,719,057</u>	<u>\$ 4,192,050</u>	<u>\$ 7,911,107</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 DECEMBER 31, 2019**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The City’s federal and state loans outstanding at December 31, 2019, 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	\$ 118,560
Third Ward Park Improvements	122,996
Hughes Lake Rehabilitation	51,502
Pulaski Park Renovation	10,161
Roberto Clemente Field Improvements	237,518
Pulaski Park Improvements	<u>474,817</u>
	<u>\$ 1,015,554</u>

NOTE 6 DE MINIMIS INDIRECT COST RATE

The City has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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*.

There are none.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**CITY OF PASSAIC
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.

CITY OF PASSAIC

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

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

	<u>2019</u>			<u>2018</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 4,260,000	2.90 %		\$ 2,500,000	1.74 %
Miscellaneous - From Other Than Local					
Property Tax Levies	30,714,396	20.90		31,068,280	21.66
Collection of Delinquent Taxes and Tax Title Liens	152,556	0.10		554,399	0.39
Collection of Current Tax Levy	107,893,586	73.42		105,517,991	73.57
Other Credits to Income	<u>3,925,383</u>	<u>2.67</u>		<u>3,787,891</u>	<u>2.64</u>
Total Income	<u>146,945,921</u>	<u>100.00 %</u>		<u>143,428,561</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	98,722,279	69.18 %		95,685,012	68.70 %
County Taxes	26,820,928	18.80		26,239,353	18.84
Local School Taxes	16,818,577	11.79		16,818,577	12.07
Other Expenditures	<u>331,996</u>	<u>0.23</u>		<u>545,822</u>	<u>0.39</u>
Total Expenditures	<u>142,693,780</u>	<u>100.00 %</u>		<u>139,288,764</u>	<u>100.00 %</u>
Excess in Revenue	4,252,141			4,139,797	
Adjustments to Income Before Fund Balance:					
Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year	<u>1,500,000</u>			<u>-</u>	
Statutory Excess to Fund Balance	5,752,141			4,139,797	
Fund Balance, Beginning of Year	<u>11,364,326</u>			<u>9,724,529</u>	
	17,116,467			13,864,326	
Decreased by:					
Utilization as Anticipated Revenue	<u>4,260,000</u>			<u>2,500,000</u>	
Fund Balance, End of Year	<u>\$ 12,856,467</u>			<u>\$ 11,364,326</u>	

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

	<u>2019</u>			<u>2018</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Anticipated	\$ 327,730	5.16 %	\$	434,000	6.89 %
Collection of Sewer Rents	5,725,727	90.21		5,762,811	91.51
Non-Budget Revenues	34,110	0.54		27,976	0.44
Other Credits to Income	<u>259,442</u>	<u>4.09</u>		<u>73,335</u>	<u>1.16</u>
 Total Income	 <u>6,347,009</u>	 <u>100.00</u> %		 <u>6,298,122</u>	 <u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Operating	5,854,520	97.26 %		5,896,684	97.22 %
Debt Service	<u>164,753</u>	<u>2.74</u>		<u>168,493</u>	<u>2.78</u>
 Total Expenditures	 <u>6,019,273</u>	 <u>100.00</u> %		 <u>6,065,177</u>	 <u>100.00</u> %
 Excess in Revenues	 327,736			 232,945	
 Fund Balance, Beginning of Year	 <u>328,050</u>			 <u>529,105</u>	
	655,786			762,050	
Decreased by:					
Utilization as Anticipated Revenue	<u>327,730</u>			<u>434,000</u>	
 Fund Balance, End of Year	 <u>\$ 328,056</u>			 <u>\$ 328,050</u>	

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>\$3.677</u>	<u>\$3.598</u>	<u>\$3.487</u>

Apportionment of Tax Rate

Municipal	\$2.204	\$2.162	\$2.105
County	.904	.875	.826
Local School	.569	.561	.556

Assessed Valuation

2019	<u>\$2,959,786,200</u>		
2018		<u>\$ 2,998,915,400</u>	
2017			<u>\$ 3,026,067,100</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>Year Ended</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
December 31, 2019	\$ 109,172,489	\$ 108,393,586	99.29%
December 31, 2018	107,963,255	106,217,991	98.38%
December 31, 2017	105,697,795	104,699,227	99.05%

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>
2019	\$ 255,736	\$ 420,215	\$ 675,951	0.62%
2018	440,878	88,327	529,205	0.49%
2017	525,261	56,216	581,477	0.55%

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

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(A)</u>	<u>Percentage of Collection</u>
2019	\$ 5,328,328	\$ 5,499,866	103.22%
2018	5,795,860	5,762,811	99.43%
2017	5,657,788	5,631,636	99.54%

(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	2019	\$12,856,467	\$6,000,000
	2018	11,364,326	4,260,000
	2017	9,724,529	2,500,000
	TY 2016	5,527,655	2,350,000
	SFY 2016	4,645,518	900,000
Sewer Utility	2019	\$328,056	\$290,390
	2018	328,050	327,730
	2017	529,105	434,000
	TY 2016	572,168	84,159
	SFY 2016	492,859	130,980

**CITY OF PASSAIC
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Hector C. Lora	Mayor	
Gary S. Schaer	Council President	
Jose R. Garcia	Councilman	
Terrence L. Love	Councilman	
Thania Melo	Councilman	
Chaim M. Munk	Councilman	
Salim Patel	Councilman	
Daniel J. Schwartz	Councilman	
Ricardo Fernandez	Business Administrator	
Vidya Nayak	Director of Finance	(A)
Barbara Williams	Tax Assessor	
Amada Curling	City Clerk/Registrar of Vital Statistics	
Doris Dudek	Purchasing Agent	
Zanab Bachok	Tax Collector	(A)
Ronald Van Rensalier	Director of Community Development	
Florio & Kenny LLP	City Attorney	
Mark Mora	Health Officer	
Luis Guzman	Police Chief	
Patrick Trentacost	Fire Chief	
Debbie Klugler-Irwin	Municipal Judge	(A)
Xavier Rodriquez	Municipal Judge	(A)

(A) All statutory personnel are covered by a \$1,000,000 policy of Fidelity and Deposit Company.

All other City employees are also covered by a \$1,000,000 policy of Fidelity and Deposit Company.

**CITY OF PASSAIC
GENERAL COMMENTS**

Prior Year Findings Unresolved

Our audit of the Other Trust Fund revealed that detailed analysis was not maintained for certain escrow deposits and performance bonds. It is recommended that a detailed analysis be maintained for all escrow deposits and performance bonds.

Current Year Findings

Our audit of the bank reconciliations of the various funds revealed numerous prior year outstanding checks and uncleared reconciling items as the result of interfunds and other transactions. It is recommended that reconciling items included on the various bank reconciliations be reviewed and cleared of record.

Our audit of the Grant Fund revealed the following:

- Grant receivable and grant appropriation reserve reports were not in agreement with audit balances.
- Prior year outstanding balances exist in the grants receivable and appropriated grant reserves.

It is recommended that grant receivable and appropriated reserve reports be reviewed and reconciled with the audit balances. Furthermore continued efforts be made to clear of record old outstanding balances in grant receivables and appropriated grant reserves.

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:11-3 was \$17,500. The City has adopted a resolution increasing the threshold to \$40,000 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 Council's opinion should be sought before a commitment is made.

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

- | | |
|--|--|
| Monroe Street and Spring Street Improvements | Senior Center Bathroom Renovations |
| 2020 Isuzu Loader | One-Ton Spot Coolers |
| Document Imaging Scanning Services | Resurface of Howard Avenue Tennis Courts |
| 41 Myrtle Ave. Parking Lot Improvements | Concession Stand Management Services |
| Electrical Services | Eastside Firehouse – Masonry Restoration and |
| Interior and Exterior Reconstruction - | Soffit Replacement |
| 276 Broadway | 2020 GMC Truck |
| HVAC System Upgrades – Municipal Complex | Hoover Avenue Parking Lot Improvements |
| Parking Lot and Drainage System Improvements - | Toro Groundmaster Tractor |
| Christopher Columbus Park | Two – 2020 GMC Trucks with Snow Plows |
| Roof Replacement – Eastside Firehouse and | Window and Skylight Restoration – Eastside Firehouse |
| Citizen Center | Bathroom Renovations Westside Firehouse |

CITY OF PASSAIC

GENERAL COMMENTS

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

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.

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 December 17, 2019.

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. A detailed analysis be maintained for all escrow deposits and performance bonds.
- 2. Reconciling items included on the various bank reconciliations be reviewed and cleared of record.
- 3. Grant receivable and appropriated reserve reports be reviewed and reconciled with the audit balances. Furthermore, continued efforts be made to clear of record old outstanding balances in grant receivables and appropriated grant reserves.

* * * * *

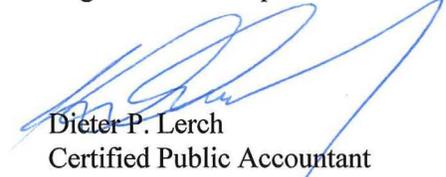
A review was performed on all prior years' recommendations and corrective action was taken on all, except those recommendations denoted with an asterisk (*).

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