

CITY OF PASSAIC
PASSAIC COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2020

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, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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CHRISTINA CUIFFO, CPA

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, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, 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, 2020 and 2019, 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, 2020 and 2019, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2020 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.

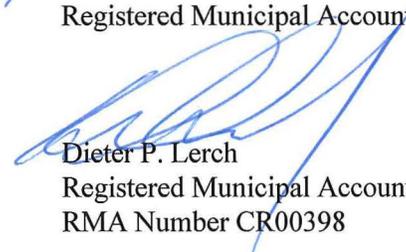
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 8, 2021 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
July 8, 2021

**CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	December 31, <u>2020</u>	December 31, <u>2019</u>
ASSETS			
REGULAR FUND			
Cash	A-4	\$ 41,955,667	\$ 40,051,911
Cash - Change Fund	A-7	2,800	2,800
Due From State of New Jersey - Senior Citizens and Veterans	A-9	<u>50,221</u>	<u>50,552</u>
		<u>42,008,688</u>	<u>40,105,263</u>
Receivables and Other Assets With			
Full Reserves			
Delinquent Property Tax Receivable	A-12	688,761	420,215
Tax Title Liens Receivable	A-13	289,602	255,736
Property Acquired for Taxes	A-14	57,699	57,699
Special Assessment Receivable	A-15	136,037	138,037
Revenue Accounts Receivable	A-16	63,675	108,340
Due from Grant Fund	A-8	2,602,617	1,475,253
Due from Animal Control Fund	B-4	10,461	10,823
Due from Community Development Grant Fund	B-17	146,601	29,114
Due from Home Investment Program Fund	B-19	324,222	235,842
Due from General Capital Fund	C-4	138	-
Due from Sewer Utility Operating Fund	D-11	321,405	343,125
Due from Passaic Redevelopment Authority	A-11	<u>179,886</u>	<u>147,592</u>
		<u>4,821,104</u>	<u>3,221,776</u>
Deferred Charges			
Emergency Authorization	A-17		1,500,000
Special Emergency Authorization	A-18	<u>804,000</u>	<u>-</u>
		<u>804,000</u>	<u>1,500,000</u>
Total Regular Fund		<u>47,633,792</u>	<u>44,827,039</u>
GRANT FUND			
Cash	A-5	322,880	619,823
Grants Receivable	A-32	<u>19,878,369</u>	<u>13,219,126</u>
Total Grant Fund		<u>20,201,249</u>	<u>13,838,949</u>
Grand Total		<u>\$ 67,835,041</u>	<u>\$ 58,665,988</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	December 31, <u>2020</u>	December 31, <u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCE			
REGULAR FUND			
Liabilities and Reserves			
Appropriation Reserves	A-3,A-21	\$ 12,865,960	\$ 9,221,766
Encumbrances Payable	A-24	2,953,804	3,075,456
Accounts Payable	A-25	954,540	362,562
Tax Overpayments	A-19	124,049	76,612
Prepaid Taxes	A-20	1,098,932	816,950
Fees Payable	A-28	245,922	245,680
Due to Other Trust Fund	B-7	2,379,337	2,417,785
Due to General Capital Fund	C-4		2,755
Due to Passaic Parking Authority	A-10	5,324	5,324
Reserve for Tax Appeals	A-26	3,490,874	3,199,901
Reserve for Pension Contributions	A-29	908,338	1,255,211
Reserve for Revaluation Program	A-30	163,082	163,082
Reserve for Deferred State Aid	A-31	5,999,778	7,274,778
Miscellaneous Reserves	A-27	<u>613,841</u>	<u>630,934</u>
		31,803,781	28,748,796
Reserve for Receivables and Other Assets	A	4,821,104	3,221,776
Fund Balance	A-1	<u>11,008,907</u>	<u>12,856,467</u>
Total Regular Fund		<u>47,633,792</u>	<u>44,827,039</u>
GRANT FUND			
Encumbrances Payable	A-33	3,425,049	851,962
Due to Current Fund	A-8	2,602,617	1,475,253
Due to Other Trust Fund	B-8	684,802	349,240
Due to Home Investment Program Fund	B-18	167,036	167,036
Appropriated Grant Reserves	A-33	11,479,072	9,994,494
Unappropriated Grant Reserves	A-34	1,453,867	612,158
Reserve for Program Income	A-35	<u>388,806</u>	<u>388,806</u>
Total Grant Fund		<u>20,201,249</u>	<u>13,838,949</u>
Grand Total		<u>\$ 67,835,041</u>	<u>\$ 58,665,988</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
REVENUES AND OTHER INCOME REALIZED:			
Fund Balance Utilized	A-2	\$ 6,000,000	\$ 4,260,000
Miscellaneous Revenue Anticipated	A-2	33,977,042	29,559,185
Receipts from Delinquent Taxes	A-2	216,205	152,556
Receipts from Current Taxes	A-2	108,299,164	107,893,586
Non-Budget Revenues	A-2	741,971	1,155,211
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-20	5,528,157	3,860,583
Special Emergency Authorization - COVID 19	A-18	804,000	
Cancelled Prior Year Outstanding Checks	A-4	15,407	
Cancelled Tax Sale Premium	A-4	<u>-</u>	<u>64,800</u>
 Total Income		 <u>155,581,946</u>	 <u>146,945,921</u>
EXPENDITURES			
Budget Appropriations:			
Operations			
Salaries and Wages	A-3	45,557,560	42,691,410
Other Expenses	A-3	46,031,414	39,784,926
Deferred Charges and Statutory Expenditures	A-3	11,823,559	11,428,180
Capital Improvements	A-3	1,050,000	3,050,000
Municipal Debt Service	A-3	1,835,575	1,767,763
County Taxes	A-23	26,965,457	26,820,928
Local District School Taxes	A-22	16,818,577	16,818,577
Prior Year Senior Citizen/Veteran Deductions Disallowed	A-9	3,783	20,650
Refund of Prior Year Revenue	A		39,762
Interfunds and Other Receivables Created	A	<u>1,343,581</u>	<u>271,584</u>
 Total Expenditures		 <u>151,429,506</u>	 <u>142,693,780</u>
 Excess in Revenues		 4,152,440	 4,252,141
Adjustments to Income Before Fund Balances:			
Expenditures Included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-17	<u>-</u>	<u>1,500,000</u>
 Statutory Excess to Fund Balance		 4,152,440	 5,752,141
 Fund Balance, Beginning of Year	A	 <u>12,856,467</u>	 <u>11,364,326</u>
		17,008,907	17,116,467
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>6,000,000</u>	<u>4,260,000</u>
 Fund Balance, End of Year	A	 <u>\$ 11,008,907</u>	 <u>\$ 12,856,467</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF PASSAIC
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Reference	Anticipated		Realized	Excess (Deficit)	Cancelled
		Budget	Added by 40A:4-87			
Fund Balance Utilized	A-1	\$ 6,000,000	-	\$ 6,000,000	-	-
Miscellaneous Revenues:						
Licenses:						
Alcoholic Beverages	A-16	140,000		135,826	\$ (4,174)	
Other	A-16	34,000		30,680	(3,320)	
Fees and Permits:						
Uniform Construction Code - Fees	A-16	995,000		825,226	(169,774)	
Other	A-16	55,000		50,061	(4,939)	
Fines and Costs:						
Municipal Court	A-16	1,695,000		1,064,485	(630,515)	
Energy Receipts Tax	A-16	10,048,464		10,048,464		
Consolidated Municipal Property Tax Relief Aid	A-16	2,497,018		2,497,018		
Interest and Costs on Taxes	A-16	149,650		244,777	95,127	
Interest on Investments & Deposit	A-16	590,000		319,096	(270,904)	
Downtown Merchant's Association	A-16	76,500		127,442	50,942	
Police Record Bureau	A-16	10,000		10,149	149	
Board of Education - Security Watch and Resource Officers	A-16	3,350,000		3,525,000	175,000	
Interlocal Agreement - Passaic Parking Authority	A-10	710,000		730,583	20,583	
Public and Private Revenues Offset						
With Appropriations:						
Stationhouse House Adjustment Grant	A-32	34,762		34,762		
Pedestrian Safety Grant	A-32	30,000		30,000		
Roots for River	A-32	7,550		7,550		
Summer Food Program 2020	A-32		\$ 226,476	226,476		
NJAACHO Health Grant	A-32		57,881	57,881		
Patrick Leahy Bulletproof Vest 2019	A-32		31,546	31,546		
County CARES Act	A-32		1,500,000	1,500,000		
Census Participation Grant 2020-County	A-32		30,000	30,000		
Dig In! City Green - Amory Park	A-32		500	500		
Dig In! City Green - Christopher Columbus Park	A-32		250	250		
Dig In! City Green - Dignity House	A-32		500	500		
CDBG-DR 2020 Addtl (Amendment #8)	A-32		33,080	33,080		
Drive Sober Year End Crackdown 2019	A-32		5,500	5,500		
Hopwa 2020	A-32		150,000	150,000		
Municipal Alliance 2021	A-32		12,985	12,985		
Neighborhood Pres Program COVID 19 Relief	A-32		190,200	190,200		
Ryan Whit Initiative & Mai 2020	A-32		163,806	163,806		
Childhood Lead - 2021	A-32		562,500	562,500		
Stationhouse Adjustment - 2020	A-32		35,462	35,462		
Body Armor Grant	A-32		14,601	14,601		
WIC 2021	A-32		1,141,189	1,141,189		
Safe and Secure Communities 2020	A-32		90,000	90,000		
Bryne Memorial Jag 2019	A-32		180,339	180,339		
Dig In! City Green - Senior Center	A-32		500	500		
USDOJ - Coronavirus Emerg Supplemental 2020	A-32		128,904	128,904		
Childhood Lead - Additional	A-32		109,087	109,087		
Hopwa COVID 19 20-21	A-32		56,829	56,829		
COPS Hiring Grant	A-32		1,000,000	1,000,000		
Stationhouse Adjustment - Additional	A-32		8,209	8,209		
Mental Health Stigma Free - County Grant	A-32		500	500		
2020 Patrick Leahy Bulletproof Vest	A-32		3,600	3,600		
NJ DOT 2021 - Various Streets	A-32		754,435	754,435		
Drive Sober Year End Crackdown 2019	A-32		9,000	9,000		
Municipal Alliance 5th Q	A-32		3,158	3,158		
County Cares Act	A-32		4,071,735	4,071,735		
Pedestrian Safety Grant 2020	A-32		30,000	30,000		

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF PASSAIC
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Reference	Budget	Added by 40A:4-87	Realized	Excess (Deficit)	Cancelled
Special Items:						
Cable Franchise Fee	A-16	\$ 410,000		\$ 392,880	\$ (17,120)	
Saint Mary's Reise Corp. - In Lieu of Taxes	A-16	169,060		175,014	5,954	
Chestnut Housing Phase I - In Lieu of Taxes	A-16	86,000		90,000	4,000	
Jack Parker Association - In Lieu of Taxes	A-16	322,800		249,150	(73,650)	
YMCA - In Lieu of Taxes	A-16	7,500		60,000	52,500	
Highview Terrace - In Lieu of Taxes	A-16	81,300		89,095	7,795	
585 Main Ave - In Lieu of Taxes	A-16	45,000		45,849	849	
663 Main Ave - In Lieu of Taxes	A-16	46,000		63,315	17,315	
Concord Estate- In Lieu of Taxes	A-16	80,000		65,717	(14,283)	
Passaic Public Library - Health Benefit Contribution	A-16	80,000		83,770	3,770	
Housing Authority Police Program	A-16	270,000		303,329	33,329	
County of Passaic - Street Lighting	A-16	60,000		60,000		
Payment in Lieu of Taxes - Housing Authority	A-16	182,000		196,106	14,106	
Payment in Lieu of Taxes - Garden Howe	A-16	44,900		43,926	(974)	
POD- Vehicle Fee	A-16	200,000		200,000		
Reserve for Deferred State Aid	A-31	1,275,000		1,275,000		
Reserve for Pension	A-29	300,000	-	300,000	-	-
		<u>24,082,504</u>	<u>\$ 10,602,772</u>	<u>33,977,042</u>	<u>(708,234)</u>	<u>\$ -</u>
Total Miscellaneous Revenues						
Receipts from Delinquent Taxes	A-2	<u>303,000</u>	<u>-</u>	<u>216,205</u>	<u>(86,795)</u>	<u>-</u>
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes		65,212,586		64,404,494	(808,092)	
Minimum Library Tax		<u>1,310,636</u>	<u>-</u>	<u>1,310,636</u>	<u>-</u>	<u>-</u>
Total Amount to be Raised by Taxes for Sup. of Mun. Budget	A-2	<u>66,523,222</u>	<u>-</u>	<u>65,715,130</u>	<u>(808,092)</u>	<u>-</u>
Total Budget Revenues	A-3	<u>\$ 96,908,726</u>	<u>\$ 10,602,772</u>	105,908,377	<u>\$ (1,603,121)</u>	<u>\$ -</u>
Non-Budget Revenues	A-2			<u>741,971</u>		
				<u>\$ 106,650,348</u>		

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-12	\$ 109,399,164
Less: Reserve for Tax Appeals Pending	A-26	<u>1,100,000</u>
Revenues Realized	A-1	108,299,164
Less: Allocated to School and County Taxes	A-22,A-23	<u>43,784,034</u>
Balance for Support of Municipal Budget Appropriations		64,515,130
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,200,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 65,715,130</u>
Receipts from Delinquent Taxes		
Delinquent Tax Collections	A-12	\$ 149,575
Tax Title Liens	A-13	64,630
Special Assessment Receivables	A-15	<u>2,000</u>
	A-1,A-2	<u>\$ 216,205</u>
<u>Analysis of Non Budget Revenue</u>		
Recreation Fees		\$ 17,665
Recycling		28,871
Motor Vehicle Inspection Fines		7,770
Administrative Fees - Police Outside Duty		175,870
Board of Health/Vital Statistics Fees		96,162
City Clerk Fees		65,746
Planning/Engineering Fees		44,796
Passaic Valley Water Commission - Hydrant Inspection		34,500
Administration Fees - Senior Citizen and Veterans/Homestead Rebate		1,331
State PBA Payment		124,034
Fire Alarms		74,064
Restitution		3,372
Other Miscellaneous Receipts		<u>67,790</u>
		<u>\$ 741,971</u>
Cash Receipts	A-4	\$ 566,101
Due from Other Trust Fund	B-7	<u>175,870</u>
	A-2	<u>\$ 741,971</u>

**CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

	<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	\$ 999,100	\$ 999,100	\$ 807,134	\$ 191,966	
Other Expenses	310,050	310,050	237,989	72,061	
Human Resources					
Office of Personnel					
Salaries & Wages	217,900	217,900	179,413	38,487	
Other Expenses	17,200	17,200	12,452	4,748	
Mayor and Council					
Office of the Mayor and Council					
Salaries & Wages	333,650	333,650	320,389	13,261	
Other Expenses	140,150	140,150	85,111	55,039	
City Clerk					
Salaries & Wages	469,450	469,450	439,394	30,056	
Other Expenses	185,400	185,400	75,369	110,031	
Financial Administration - Treasurer's Office					
Salaries and Wages	456,000	456,000	412,876	43,124	
Other Expenses	156,000	156,000	103,322	52,678	
Annual Audit					
Other Expenses	83,000	83,000	12,000	71,000	
Revenue Administration - Tax Collector					
Salaries and Wages	267,350	267,350	230,156	37,194	
Other Expenses	33,600	33,600	33,471	129	
Tax Assessment Administration					
Salaries and Wages	291,900	291,900	264,196	27,704	
Other Expenses	87,300	87,300	79,018	8,282	
Legal Services					
Other Expenses	755,000	755,000	717,002	37,998	
Office of Engineer					
Salaries and Wages	132,900	132,900	113,323	19,577	
Other Expenses	123,300	123,300	101,608	21,692	
Economic Development Agencies					
Planning and Economic Development					
Salaries and Wages	92,750	92,750	48,936	43,814	
Other Expenses	20,000	20,000	1,396	18,604	
Division of Housing					
Salaries and Wages	290,800	290,800	265,791	25,009	
Other Expenses	7,100	7,100	2,764	4,336	
Redevelopment Agency	10,000	10,000	10,000	-	
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	17,150	21,650	17,099	4,551	
Board of Adjustment					
Other Expenses	19,800	15,300	13,597	1,703	
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	16,232,499	16,232,499	13,218,884	3,013,615	
Health Benefit Waiver	96,000	96,000	86,000	10,000	
Unemployment Insurance	200,000	200,000	200,000		

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	<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	\$ 19,144,960	\$ 19,144,960	\$ 16,205,656	\$ 2,939,304	
Other Expenses	610,000	610,000	573,516	36,484	
BOE Security Watch and Res. Off.-Salaries & Wages	3,275,600	3,275,600	3,211,238	64,362	
Office of Emergency Management					
Salaries & Wages	51,600	51,600	43,234	8,366	
Other Expenses	6,000	6,000	4,408	1,592	
Fire Department					
Salaries and Wages	11,995,000	11,995,000	10,539,657	1,455,343	
Other Expenses	212,275	212,275	205,378	6,897	
Prosecutor's Office					
Other Expenses	155,000	155,000	83,200	71,800	
Municipal Court					
Salaries and Wages	965,000	965,000	803,101	161,899	
Other Expenses	141,320	141,320	91,194	50,126	
Public Defender (PL 1997 C.256)					
Other Expenses	100,000	100,000	86,350	13,650	
Passaic Parking Authority					
Salaries & Wages	275,000	275,000	198,809	76,191	
Other Expenses	335,000	335,000	87,199	247,801	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	2,297,600	2,297,600	1,991,732	305,868	
Other Expenses	687,500	687,500	467,156	220,344	
Solid Waste Collection					
Other Expenses					
Garbage Removal Contractual	2,450,000	2,450,000	2,404,933	45,067	
Buildings and Grounds					
Salaries and Wages	499,700	499,700	454,000	45,700	
Other Expenses	377,450	377,450	237,892	139,558	
Vehicle Maintenance					
Salaries & Wages	562,800	562,800	437,461	125,339	
Other Expenses	441,000	441,000	372,118	68,882	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Division of Health					
Salaries and Wages	867,500	867,500	769,048	98,452	
Other Expenses	224,200	259,200	175,351	83,849	
Animal Regulation					
Salaries and Wages	209,400	209,400	154,966	54,434	
Other Expenses	33,500	33,500	8,788	24,712	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	<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	\$ 557,600	\$ 557,600	\$ 268,734	\$ 288,866	
Other Expenses	189,700	154,700	72,425	82,275	
Senior Citizens					
Salaries and Wages	240,600	240,600	201,640	38,960	
Other Expenses	10,400	10,400	5,499	4,901	
Handicapped Recreation					
Salaries & Wages	227,400	227,400	137,001	90,399	
Other Expenses	21,200	21,200	3,599	17,601	
Maintenance of Parks					
Salaries & Wages	334,600	334,600	256,593	78,007	
Other Expenses	176,700	176,700	154,112	22,588	
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	694,900	694,900	556,317	138,583	
Other Expenses	207,200	207,200	46,981	160,219	
UNCLASSIFIED:					
Utilities:					
Electricity	600,000	600,000	403,704	196,296	
Street Lighting	735,000	735,000	590,794	144,206	
Telephone and Telegraph	220,000	220,000	189,861	30,139	
Gasoline	420,000	420,000	205,218	214,782	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Tipping Fees	<u>2,360,000</u>	<u>2,360,000</u>	<u>2,331,199</u>	<u>28,801</u>	<u>-</u>
Total Operations Within "CAPS"	<u>79,183,254</u>	<u>79,183,254</u>	<u>67,328,752</u>	<u>11,854,502</u>	<u>-</u>
Detail:					
Salaries & Wages	45,557,560	45,557,560	39,075,517	6,482,043	-
Other Expenses	<u>33,625,694</u>	<u>33,625,694</u>	<u>28,253,235</u>	<u>5,372,459</u>	<u>-</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
DEFERRED CHARGES					
Anticipated Deficit in Sewer Utility Operations	184,000	184,000	184,000		
STATUTORY CHARGES					
Public Employees Retirement System	1,548,631	1,548,631	1,548,601	30	
Social Security System (O.A.S.I.)	1,550,000	1,550,000	1,354,147	195,853	
Consolidated Police & Firemen's Pension Fund	6,733	6,733	6,732	1	
Public Employees Retirement System - ERIP	189,852	189,852	189,852		
Police and Fireman's Retirement System	8,274,343	8,274,343	8,274,343		
Deferred Compensation Retirement Plan	<u>70,000</u>	<u>70,000</u>	<u>48,739</u>	<u>21,261</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>11,823,559</u>	<u>11,823,559</u>	<u>11,606,414</u>	<u>217,145</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	<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>	
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 91,006,813	\$ 91,006,813	\$ 78,935,166	\$ 12,071,647	\$ -
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	1,310,636	1,310,636	1,310,636		
Recycling Tax	110,000	110,000	110,000		
Declared State of Emergency Costs for Coronavirus Response - NJSA 40A:45-45 (b) and 40A:4-45.3 (bb)	250,000	250,000	155,159	94,841	-
Total Other Operations - Excluded From "CAPS"	1,670,636	1,670,636	1,575,795	94,841	-
Public and Private Programs Offset by Revenues					
Matching Funds for Grants	60,000	60,000		60,000	
Stationhouse House Adjustment Grant - Juvenile Acct.	34,762	34,762	34,762	-	
Pedestrian Safety Grant	30,000	30,000	30,000	-	
Roots for River	7,550	7,550	7,550	-	
Summer Food Program 2020		226,476	226,476	-	
NJAACHO Health Grant		57,881	57,881	-	
Patrick Leahy Bulletproof Vest 2019		31,546	31,546	-	
County CARES Act		1,500,000	1,500,000	-	
Census Participation Grant 2020-County		30,000	30,000	-	
Dig In! City Green - Amory Park		500	500	-	
Dig In! City Green - Christopher Columbus Park		250	250	-	
Dig In! City Green - Dignity House		500	500	-	
CDBG-DR 2020 Addtl (Amendment #8)		33,080	33,080	-	
Drive Sober Year End Crackdown 2019		5,500	5,500	-	
Hopwa 2020		150,000	150,000	-	
Municipal Alliance 2021		12,985	12,985	-	
Neighborhood Pres Program COVID 19 Relief		190,200	190,200	-	
Ryan Whit Initiative & Mai 2020		163,806	163,806	-	
Childhood Lead - 2021		562,500	562,500	-	
Stationhouse Adjustment - 2020		35,462	35,462	-	
Body Armor Grant		14,601	14,601	-	
WIC 2021		1,141,189	1,141,189	-	
Safe and Secure Communities 2020		90,000	90,000	-	
Bryne Memorial Jag 2019		180,339	180,339	-	
Dig In! City Green - Senior Center		500	500	-	
USDOJ - Coronavirus Emerg Supplemental 2020		128,904	128,904	-	
Childhood Lead - Additional		109,087	109,087	-	
Hopwa COVID 19 20-21		56,829	56,829	-	
COPS Hiring Grant		1,000,000	1,000,000	-	
Stationhouse Adjustment - Additional		8,209	8,209	-	
Mental Health Stigma Free - County Grant		500	500	-	
2020 Patrick Leahy Bulletproof Vest		3,600	3,600	-	
NJ DOT 2021 - Various Streets		754,435	754,435	-	
Drive Sober Year End Crackdown 2019		9,000	9,000	-	
Municipal Alliance 5th Q		3,158	3,158	-	
County Cares Act		4,071,735	4,071,735	-	
Pedestrian Safety Grant 2020	-	30,000	30,000	-	-
Total Public and Private Program Offset by Revenues	132,312	10,735,084	10,675,084	60,000	-
Total Operations - Excluded from "CAPS"	1,802,948	12,405,720	12,250,879	154,841	-
Detail:					
Other Expenses	1,802,948	12,405,720	12,250,879	154,841	-

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	<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	643,000	643,000	10,293	\$ 632,707	
Purchase of Fire Communication Radios	100,000	100,000	99,850	150	
Purchase of Fire Hose	57,000	57,000	50,385	6,615	-
	<u>1,050,000</u>	<u>1,050,000</u>	<u>410,528</u>	<u>639,472</u>	<u>-</u>
Total Capital Improvements - Excluded from "CAPS"					
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,250,000	1,250,000	1,250,000		
Interest on Bonds	361,835	361,835	348,452		\$ 13,383
Interest on Notes	101,250	101,250	101,250		
Payment of Loan Principal and Interest	135,880	135,880	135,873	-	7
	<u>1,848,965</u>	<u>1,848,965</u>	<u>1,835,575</u>	<u>-</u>	<u>13,390</u>
Total Municipal Debt Service - Excluded from "CAPS"					
Total General Appropriations for Municipal Purposes Excluded from "CAPS"					
	<u>4,701,913</u>	<u>15,304,685</u>	<u>14,496,982</u>	<u>\$ 794,313</u>	<u>13,390</u>
Subtotal General Appropriations					
	95,708,726	106,311,498	93,432,148	12,865,960	13,390
Reserve for Uncollected Taxes					
	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations					
	<u>\$ 96,908,726</u>	<u>\$ 107,511,498</u>	<u>\$ 94,632,148</u>	<u>\$ 12,865,960</u>	<u>\$ 13,390</u>
	<u>Reference</u>	<u>A-2</u>	<u>A-1</u>	<u>A,A-1</u>	
Budget	A-3	\$ 96,908,726			
Appropriation by 40A:4-87	A-2	<u>10,602,772</u>			
		<u>\$ 107,511,498</u>			
Cash Disbursed	A-4		\$ 76,991,506		
Encumbrances Payable	A-24		2,953,804		
Due to Redevelopment Authority	A-11		10,000		
Due to Other Trust Fund	B-7		2,560,000		
Due to Grant Fund - Appropriated Grants	A-8		10,675,084		
Due to Grant Fund	A-8		57,754		
Due to Sewer Operating Fund	D-11		184,000		
Reserve for Uncollected Taxes	A-2		<u>1,200,000</u>		
			<u>\$ 94,632,148</u>		

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	December 31, <u>2020</u>	December 31, <u>2019</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 42,850	\$ 45,907
		<u>42,850</u>	<u>45,907</u>
OTHER TRUST FUND			
Cash	B-1	15,966,889	13,264,463
Cash - Change Fund	B-6	200	200
Due from Current Fund	B-7	2,379,337	2,417,785
Due from Grant Fund	B-8	<u>684,802</u>	<u>349,240</u>
		<u>19,031,228</u>	<u>16,031,688</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Cash	B-1	55,906	119,744
Due from HUD	B-11	2,176,515	795,531
Other Receivables	B-14	<u>155,454</u>	<u>155,454</u>
		<u>2,387,875</u>	<u>1,070,729</u>
HOME INVESTMENT PROGRAM FUND			
Cash	B-1	87,956	29,687
Due from HUD	B-13	2,283,484	1,741,373
Mortgage Receivable	B-15	455,237	455,237
Due from Grant Fund	B-18	<u>167,036</u>	<u>167,036</u>
		<u>2,993,713</u>	<u>2,393,333</u>
Total Assets		<u>\$ 24,455,666</u>	<u>\$ 19,541,657</u>

**CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	December 31, <u>2020</u>	December 31, <u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Encumbrances Payable	B-5	\$ 2,154	\$ 3,296
Due State of New Jersey	B-2	492	126
Due to Current Fund	B-4	10,461	10,823
Reserve for Animal Control Expenditures	B-3	<u>29,743</u>	<u>31,662</u>
		<u>42,850</u>	<u>45,907</u>
OTHER TRUST FUND			
Due to State - Unemployment	B-9		31,602
Miscellaneous Reserves and Deposits	B-10	<u>19,031,228</u>	<u>16,000,086</u>
		<u>19,031,228</u>	<u>16,031,688</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Due to Current Fund	B-17	146,601	29,114
Reserve for Program Expenditures - UDAG	B-16	8,122	8,122
Reserve for Program Expenditures - CDBG	B-12	<u>2,233,152</u>	<u>1,033,493</u>
		<u>2,387,875</u>	<u>1,070,729</u>
HOME INVESTMENT PROGRAM FUND			
Due to Current Fund	B-19	324,222	235,842
Reserve for Mortgage Receivable	B-15	455,237	455,237
Reserve for Home Investment Program	B-20	<u>2,214,254</u>	<u>1,702,254</u>
		<u>2,993,713</u>	<u>2,393,333</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 24,455,666</u>	<u>\$ 19,541,657</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	December 31, <u>2020</u>	December 31, <u>2019</u>
ASSETS			
Cash	C-2,C-3	\$ 6,087,236	\$ 5,445,096
Due from Current Fund	C-4		2,755
Deferred Charges to Future Taxation			
Funded	C-5	11,555,414	13,270,554
Unfunded	C-6	<u>8,918,075</u>	<u>7,347,075</u>
 Total Assets		 <u>\$ 26,560,725</u>	 <u>\$ 26,065,480</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-11	\$ 10,656,000	\$ 12,255,000
Green Acres Loans Payable	C-12	899,414	1,015,554
Bond Anticipation Notes Payable	C-10	8,916,000	4,500,000
Improvement Authorizations			
Funded	C-9	263,679	268,244
Unfunded	C-9	2,903,673	5,239,291
Encumbrances Payable	C-8	1,709,604	2,178,469
Capital Improvement Fund	C-7	464,806	293,806
Due to Current Fund	C-4	138	
Reserve for Curb and Sidewalk Improvements	C-13	5,000	5,000
Reserve for Road and Sewer Improvements	C-14	383,792	
Reserve for Sale of Property	C-15	100,000	100,000
Reserve for Payment of Debt	C-16	170,651	170,651
Fund Balance	C-1	<u>87,968</u>	<u>39,465</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 26,560,725</u>	 <u>\$ 26,065,480</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2020 and December 31, 2019 of \$2,075 and \$2,847,075, respectively, (See Exhibit C-17).

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, January 1,	C	\$ 39,465	-
Increased by:			
Premium on Sale of Notes	C-2	<u>48,503</u>	<u>\$ 39,465</u>
Balance, December 31,	C	<u>\$ 87,968</u>	<u>\$ 39,465</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	December 31, <u>2020</u>	December 31, <u>2019</u>
ASSETS			
OPERATING FUND			
Cash	D-4	\$ 194,204	\$ 772,065
Due from Sewer Utility Capital Fund	D-12	<u>48</u>	<u>26</u>
		<u>194,252</u>	<u>772,091</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	975,959	830,148
Other Accounts Receivable	D-7	<u>9</u>	<u>9</u>
		<u>975,968</u>	<u>830,157</u>
Deferred Charges			
Special Emergency Authorization	D-8	<u>488,000</u>	<u>-</u>
Total Operating Fund		<u>1,658,220</u>	<u>1,602,248</u>
CAPITAL FUND			
Cash	D-4,D-5	6,608	6,586
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>5,930,348</u>	<u>5,930,326</u>
		<u>\$ 7,588,568</u>	<u>\$ 7,532,574</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-3,D-15	\$ 86,977	\$ 31,562
Encumbrances Payable	D-13	184,369	60,899
Accrued Interest on Bonds	D-14	1,552	8,449
Due to Current Fund	D-11	<u>321,405</u>	<u>343,125</u>
		594,303	444,035
Reserve for Receivables	D	975,968	830,157
Fund Balance	D-1	<u>87,949</u>	<u>328,056</u>
Total Operating Fund		<u>1,658,220</u>	<u>1,602,248</u>
CAPITAL FUND			
Serial Bonds	D-19	946,000	1,106,000
Due to Sewer Utility Operating Fund	D-12	48	26
Improvement Authorizations			
Funded	D-16	35,766	35,766
Reserve for Amortization	D-17	4,897,974	4,737,974
Reserve for Deferred Amortization	D-18	35,766	35,766
Reserve for Payment of Debt	D-20	<u>14,794</u>	<u>14,794</u>
Total Capital Fund		<u>5,930,348</u>	<u>5,930,326</u>
		<u>\$ 7,588,568</u>	<u>\$ 7,532,574</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2020 and December 31, 2019 of \$44,000 and \$44,000, respectively, (See Exhibit D-21).

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS
SEWER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Anticipated	D-2	\$ 290,390	\$ 327,730
Sewer Rents	D-2	5,381,154	5,725,727
Non-Budget Revenues	D-2	11,310	34,110
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-15	31,562	258,277
Special Emergency Authorization - Covid 19	D-8	488,000	
Cancelled Accounts Payable	D-15	<u>-</u>	<u>1,165</u>
 Total Income		 <u>6,202,416</u>	 <u>6,347,009</u>
 EXPENDITURES			
Operating	D-3	6,180,750	5,854,520
Debt Service	D-3	<u>155,383</u>	<u>164,753</u>
 Total Expenditures		 <u>6,336,133</u>	 <u>6,019,273</u>
 Excess/(Deficit) in Revenues		 (133,717)	 327,736
 Adjustment to Income Before Fund Balance			
Realized from General Budget for Anticipated Deficit	D-2	<u>184,000</u>	<u>-</u>
		184,000	-
 Statutory Excess to Fund Balance		 50,283	 327,736
 Fund Balance, Beginning of Year,	D	 <u>328,056</u>	 <u>328,050</u>
		378,339	655,786
 Decreased by:			
Utilized as Anticipated Revenue	D-1,D-2	<u>290,390</u>	<u>327,730</u>
 Fund Balance, End of Year,	D	 <u>\$ 87,949</u>	 <u>\$ 328,056</u>

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	D-1	\$ 290,390	\$ 290,390	
Sewer Rents and Charges	D-1	5,868,640	5,381,154	\$ (487,486)
Deficit (General Budget)		<u>184,000</u>	<u>184,000</u>	<u>-</u>
 Total Budget Revenues	 D-3	 <u>\$ 6,343,030</u>	 5,855,544	 <u>\$ (487,486)</u>
 Non-Budget Revenues	 D-2		 <u>11,310</u>	
			 <u>\$ 5,866,854</u>	
Analysis of Revenue Realized:				
Sewer Rents and Charges:				
Consumer Accounts Receivable Collections	D-6		\$ 5,187,465	
Other Accounts Receivable Collections	D-7		<u>193,689</u>	
	D-2		<u>\$ 5,381,154</u>	
Non-Budget Revenue:				
Interest on Investments			\$ 22	
Prior Year Reimbursements			<u>11,288</u>	
	D-2		<u>\$ 11,310</u>	
Cash Receipts	D-4		\$ 11,288	
Due from Sewer Utility Capital Fund	D-12		<u>22</u>	
			<u>\$ 11,310</u>	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<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	\$ 175,000	\$ 175,000	\$ 102,295	\$ 72,705	
Sewer Treatment Expenses	5,365,750	5,365,750	5,365,442	308	
Sewer Maintenance Fee - Contractual	<u>640,000</u>	<u>640,000</u>	<u>626,036</u>	<u>13,964</u>	-
 Total Operating	 <u>6,180,750</u>	 <u>6,180,750</u>	 <u>6,093,773</u>	 <u>86,977</u>	 <u>-</u>
DEBT SERVICE					
Payment of Bond Principal	130,000	130,000	130,000		
Interest on Bonds	<u>32,280</u>	<u>32,280</u>	<u>25,383</u>	-	\$ 6,897
 Total Debt Service	 <u>162,280</u>	 <u>162,280</u>	 <u>155,383</u>	 <u>-</u>	 <u>6,897</u>
	<u>\$ 6,343,030</u>	<u>\$ 6,343,030</u>	<u>\$ 6,249,156</u>	<u>\$ 86,977</u>	<u>\$ 6,897</u>
	<u>Reference</u>	D-2	D-3	D-1	D,D-1
Disbursed		D-4		\$ 5,877,124	
Encumbrances Payable		D-14		184,369	
Due to Current Fund		D-11		162,280	
Accrued Interest on Bonds		D-16		<u>25,383</u>	
				<u>\$ 6,249,156</u>	

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2020 AND 2019

	December 31, <u>2020</u>	December 31, <u>2019</u>
ASSETS		
Land	\$ 47,610,504	\$ 46,110,504
Buildings and Building Improvements	15,443,474	14,863,130
Machinery and Equipment	3,316,574	3,034,166
Vehicles	<u>4,118,023</u>	<u>3,137,378</u>
	<u>\$ 70,488,575</u>	<u>\$ 67,145,178</u>
 LIABILITIES		
Investments in General Fixed Assets	<u>\$ 70,488,575</u>	<u>\$ 67,145,178</u>

NOTES TO FINANCIAL STATEMENTS

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 Mayor and the seven council members are elected at-large, for terms of four years. The Mayor is the Chief Executive Officer of the City and as such presides over all public meetings and makes appointments to various boards. The City Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A City Administrator is appointed by the City Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all City affairs and for the day to day operations of the City. The City Administrator is the Chief Administrative Officer for the City. The City's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the City do not include the Passaic Public library, Passaic Redevelopment Agency, Passaic Parking Authority and Passaic Enterprise Zone Development Corporation 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, 2020 AND 2019

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 the grant proceeds, program income and related expenditures for the Federal Home Investment Partnership 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.

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, 2019 balances to conform to the December 31, 2020 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.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

The 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.

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.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the 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.

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

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

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.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with 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.

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.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

- Trust Funds
- General Capital Fund
- Sewer Utility Capital Fund

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than 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 2020 and 2019 the City Council increased the original budget by \$10,602,772 and \$7,300,349. The increases were funded by additional aid allotted to the City. In addition, the governing body approved several budget transfers during 2020 and 2019.

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.

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, 2020 and 2019, the book value of the City's deposits were \$64,723,196 and \$60,358,282 and bank and brokerage firm balances of the City's deposits amounted to \$64,119,322 and \$61,336,005, 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, 2020</u>	<u>December 31, 2019</u>
Insured	\$ 64,119,322	\$ 61,336,005

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, 2020 and 2019, the City’s bank balances were not exposed to custodial credit risk.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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, 2020 and 2019 the City had no outstanding investments.

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2020 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2020</u>			
Property Taxes	\$ 688,761		\$ 688,761
Tax Title Liens	289,602		289,602
Special Assessment	136,037		136,037
Utility Rents and Fees	-	\$ 975,968	975,968
	<u>\$ 1,114,400</u>	<u>\$ 975,968</u>	<u>\$ 2,090,368</u>

In the year ended December 31, 2020, the City collected \$216,205 and \$830,157 from delinquent taxes and sewer utility rents, which represented 27% and 100% of the delinquent tax and sewer charges receivable at December 31, 2019.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

	<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	<u>-</u>	<u>\$ 830,157</u>	<u>830,157</u>
	<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 sewer utility rents, which represented 29% and 100% of the delinquent tax and sewer charges receivable at December 31, 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,		December 31,	
	<u>2020</u>		<u>2019</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund				
Regular	\$ 3,405,444	\$ 2,379,337	\$ 2,094,157	\$ 2,420,540
Grant		3,454,455		1,991,529
Trust Funds				
Animal Control		10,461		10,823
Other Trust	3,064,139		2,767,025	
Community Development		146,601		29,114
Home Investment Program	167,036	324,222	167,036	235,842
General Capital Fund		138	2,755	
Sewer Utility Fund				
Operating	48	321,405	26	343,125
Capital	<u>-</u>	<u>48</u>	<u>-</u>	<u>26</u>
Total	<u>\$ 6,636,667</u>	<u>\$ 6,636,667</u>	<u>\$ 5,030,999</u>	<u>\$ 5,030,999</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.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>2020</u>			
Current Fund- Special Emergency Authorizations (40A:4-55)	<u>\$804,000</u>	<u>—</u>	<u>\$804,000</u>
Sewer Utility Special Emergency Authorization	<u>\$488,000</u>	<u>—</u>	<u>\$488,000</u>
	<u>Balance, December 31,</u>	<u>Funded by Capital Ordinance</u>	<u>Balance to Succeeding Budgets</u>
<u>2019</u>			
Current Fund Emergency Authorization Expenditures without Appropriation	<u>\$1,500,000</u>	<u>\$1,500,000</u>	<u>—</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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:

	2020		2019	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 10,154,686	\$ 4,260,000	\$ 11,305,915	\$ 6,000,000
Non-Cash Surplus	<u>854,221</u>	<u>-</u>	<u>1,550,552</u>	<u>-</u>
	<u>\$ 11,008,907</u>	<u>\$ 4,260,000</u>	<u>\$ 12,856,467</u>	<u>\$ 6,000,000</u>
Sewer Utility Operating Fund				
Cash Surplus			\$ 328,056	\$ 290,390
Non-Cash Surplus	<u>\$ 87,949</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 87,949</u>	<u>\$ -</u>	<u>\$ 328,056</u>	<u>\$ 290,390</u>

The above fund balance amounts appropriated represents the surplus anticipated in the 2021 introduced municipal budget. The 2021 municipal budget has not been legally adopted as of the date of audit.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019.

	Balance December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
<u>2020</u>				
Land	\$ 46,110,504	\$ 1,500,000		\$ 47,610,504
Buildings and Building Improvements	14,863,130	580,344		15,443,474
Machinery and Equipment	3,034,166	282,408		3,316,574
Vehicles	3,137,378	980,645	-	4,118,023
	<u>\$ 67,145,178</u>	<u>\$ 3,343,397</u>	<u>\$ -</u>	<u>\$ 70,488,575</u>

	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	2,830,960	306,418	-	3,137,378
	<u>\$ 64,956,929</u>	<u>\$ 2,188,249</u>	<u>\$ -</u>	<u>\$ 67,145,178</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019.

Sewer Utility Fund

	Balance December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
<u>2020</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>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>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>2020</u>	December 31, <u>2019</u>
Issued		
General		
Bonds, Notes and Loans	\$ 20,471,414	\$ 17,770,554
Sewer Utility		
Bonds	<u>946,000</u>	<u>1,106,000</u>
	21,417,414	18,876,554
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(185,445)</u>	<u>(185,445)</u>
Net Debt Issued	21,231,969	18,691,109
Authorized But Not Issued		
General		
Bonds and Notes	2,075	2,847,075
Sewer Utility		
Bonds and Notes	<u>44,000</u>	<u>44,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 21,278,044</u>	<u>\$ 21,582,184</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 .54% and .55% at December 31, 2019 and 2018, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 20,473,489	\$ 170,651	\$ 20,302,838
Sewer Utility Debt	990,000	14,794	975,206
Parking Authority Debt	-	-	-
Total	<u>\$ 21,463,489</u>	<u>\$ 185,445</u>	<u>\$ 21,278,044</u>

	<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>

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>2020</u>	<u>2019</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 137,692,966	\$ 131,214,905
Net Debt	<u>21,278,044</u>	<u>21,582,184</u>
Remaining Borrowing Power	<u>\$ 116,414,922</u>	<u>\$ 109,632,721</u>

**CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 10 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>2020</u>	<u>2019</u>
\$7,249,000, 2010 General Obligation Bonds, due in annual installment of \$675,000 through August 1, 2020, interest at 3.25%		\$ 4,799,000
\$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%	\$ 6,881,000	7,456,000
\$3,775,000 2020 General Obligation Refunding Bonds, due in annual installments of \$600,000 to \$650,000 through August 1, 2026, interest rate at 5.00%	<u>3,775,000</u>	<u>-</u>
	<u>\$ 10,656,000</u>	<u>\$ 12,255,000</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

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>2020</u>	<u>2019</u>
\$200,000, 2006 Loan, due in semi-annual installments of \$5,464 to 6,157 through March, 2026, interest at 2%	\$ 64,469	\$ 75,451
\$500,000, 2008 Loan, due in semi-annual installments of \$19,993 to \$21,013 through July, 2022, interest at 2%	82,810	122,996
\$100,000, 2008 Loan, due in semi-annual installments of \$2,678 to \$3,078 through June, 2027, interest at 2%	37,726	43,109
\$250,000, 2009 Loan, due in semi-annual installments of \$10,096 to \$10,506 through April, 2022, interest at 2%	31,208	51,502
\$21,000, 2009 Loan, due in semi-annual installments of \$551 to \$646 through June, 2028, interest at 2%	9,053	10,161
\$250,000, 2018 Loan, due in semi-annual installments of \$6,335 to \$8,624 through September, 2035, interest at 2%	224,785	237,518
\$499,770, 2018 Loan, due in semi-annual installments of \$12,664 to \$17,240 through September, 2035, interest at 2%	449,363	474,817
	<u>\$ 899,414</u>	<u>\$ 1,015,554</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

Sewer Utility Bonds

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

Sewer Utility

	<u>2020</u>	<u>2019</u>
\$1,266,000, 2010 Sewer Bonds, due in annual installment of \$90,000 through August 1, 2020, interest at 3.25%		\$ 540,000
\$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%	\$ 526,000	566,000
\$420,000, 2020 Sewer Refunding Bonds, due in annual installments of \$80,000 to \$90,000 through August 1, 2025, interest at 5.00%	<u>420,000</u>	<u>-</u>
	<u>\$ 946,000</u>	<u>\$ 1,106,000</u>

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2020 is as follows:

Calendar Year	General				Sewer Utility		Total
	Bonds		Loans		Principal	Interest	
	Principal	Interest	Principal	Interest			
2021	\$ 1,250,000	\$ 286,819	\$ 118,474	\$ 17,399	\$ 130,000	\$ 26,113	\$ 1,828,805
2022	1,200,000	309,430	110,244	15,018	120,000	28,280	1,782,972
2023	1,205,000	267,430	59,085	13,120	120,000	23,480	1,688,115
2024	1,235,000	225,180	60,272	11,932	130,000	18,630	1,681,014
2025	1,240,000	181,430	61,484	10,721	130,000	13,480	
2026-2030	4,526,000	284,130	242,446	37,584	316,000	18,430	5,424,590
2031-2035	-	-	247,409	13,810	-	-	261,219
	<u>\$ 10,656,000</u>	<u>\$ 1,554,419</u>	<u>\$ 899,414</u>	<u>\$ 119,584</u>	<u>\$ 946,000</u>	<u>\$ 128,413</u>	<u>\$ 12,666,715</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Current Refunding of Debt

On December 9, 2020, the City issued \$4,195,000 in General Obligation Refunding Bonds consisting of \$3,775,000 General Improvement Refunding Bonds and \$420,000 Sewer Utility Refunding Bonds having an interest rate of 5.00%. These Bonds were issued in order to currently refund certain principal maturities of the City's 2010 Bonds, consisting of General Improvement Bonds and Sewer Utility Bonds. The total principal currently refunded was \$4,574,000. This current refunding resulted in the issuance of \$379,000 less in bonds and resulted in an increase of cash flows over the life of these bonds issues in the amount \$314,213 and the economic gain (difference between the present value of the old and new debt service payments) was \$306,863. The current refunding was undertaken to reduce total debt service payments over the next 6 years by \$314,213.

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the years ended December 31, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One year</u>
<u>2020</u>					
General Capital					
Serial Bonds	\$ 12,255,000	\$ 3,775,000	\$ 5,374,000	\$ 10,656,000	\$ 1,250,000
Green Acres Loan Payable	1,015,554	-	116,140	899,414	118,474
	<u>13,270,554</u>	<u>3,775,000</u>	<u>5,490,140</u>	<u>11,555,414</u>	<u>1,368,474</u>
General Capital Fund					
Long Term Liabilities	<u>\$ 13,270,554</u>	<u>\$ 3,775,000</u>	<u>\$ 5,490,140</u>	<u>\$ 11,555,414</u>	<u>\$ 1,368,474</u>
Sewer Utility Capital					
Serial Bonds	<u>\$ 1,106,000</u>	<u>\$ 420,000</u>	<u>\$ 580,000</u>	<u>\$ 946,000</u>	<u>\$ 130,000</u>
Sewer Utility Capital Fund					
Long Term Liabilities	<u>\$ 1,106,000</u>	<u>\$ 420,000</u>	<u>\$ 580,000</u>	<u>\$ 946,000</u>	<u>\$ 130,000</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	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>					
General Capital					
Serial Bonds	\$ 13,505,000		\$ 1,250,000	\$ 12,255,000	\$ 1,250,000
Green Acres Loan Payable	1,129,404	\$ -	113,850	1,015,554	116,140
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	\$ 1,236,000	\$ -	\$ 130,000	\$ 1,106,000	\$ 130,000
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>

B. Short-Term Debt

The City's short-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

Bond Anticipation Notes

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>
<u>2020</u>						
General Capital Fund						
Various Capital Improvements	1.00%	8/26/2021	\$ 4,500,000	\$ 7,345,000	\$ 4,500,000	\$ 7,345,000
Purchase of Property	1.00%	8/26/2021	-	1,571,000	-	1,571,000
Total General Capital Fund			<u>\$ 4,500,000</u>	<u>\$ 8,916,000</u>	<u>\$ 4,500,000</u>	<u>\$ 8,916,000</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2019</u>
<u>2019</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	2.25%	8/27/2020	-	\$ 4,500,000	-	\$ 4,500,000
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. The amounts issued for the sewer utility activities are accounted for in the Sewer Utility Capital Fund.

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Project/Purpose</u>	<u>Construction / Other Commitment</u>	<u>Estimated Date of Acquisition/ Completion</u>
<u>2020</u>		
Building Masonry Restoration	\$ 112,183	2021
Concrete Repairs - Stairs, Ramp and Apron	85,331	2021
Window Restoration	1,231,000	2021
2019 Road Improvement Program	99,069	2021
Traffic Signal Improvements	381,688	2021
Document Image Scanning Services	630,457	2021

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

<u>Project/Purpose</u>	<u>Construction / Other Commitment</u>	<u>Estimated Date of Acquisition/ Completion</u>
<u>2019</u>		
2020 Isuzo 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

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 \$6,940,426 and \$5,725,941 at December 31, 2020 and 2019, 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, 2020 and 2019, the City has reserved in the Other Trust Fund \$3,500,743 and \$3,784,605, 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, 2020 and 2019 is \$2,405,794 and \$2,728,549, respectively.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation (Continued)

During the years ended December 31, 2020, 2019 and 2018 the City was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

Year Ended December 31,	<u>PERS</u>	<u>PFRS</u>
2020	\$ 67,459	\$ 446,294
2019	66,916	444,055
2018	66,544	442,069

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, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	Additions/ <u>Adjustments</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One year</u>
<u>2020</u>					
Compensated Absences	\$ 5,725,941	\$ 2,048,347	\$ 833,862	\$ 6,940,426	
Deferred Pension Obligation	2,728,549	190,998	513,753	2,405,794	\$ 514,373
ERIP Pension Liability	44,499	145,353	189,852	-	
Net Pension Liability - PERS	27,288,356		2,836,809	24,451,547	
Net Pension Liability - PFRS	96,662,261	3,299,475		99,961,736	
Net OPEB Liability	<u>80,914,611</u>	<u>-</u>	<u>-</u>	<u>80,914,611</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 213,364,217</u>	<u>\$ 5,684,173</u>	<u>\$ 4,374,276</u>	<u>\$ 214,674,114</u>	<u>\$ 514,373</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation (Continued) (Delete or modify as necessary)

Changes in Other Long-Term Liabilities (Continued)

	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>

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.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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.

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.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 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.

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.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 and 2019 is \$16.4 billion and \$18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is \$14.9 billion and \$14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 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.

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% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2020 and 2019 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 2020, 2019 and 2018 were equal to the required contributions.

During the years ended December 31, 2020, 2019 and 2018, 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>
2020	\$ 6,732	\$ 7,813,431	\$ 1,473,136	\$ 48,739
2019		7,448,915	1,539,070	45,201
2018	20,271	6,896,579	1,401,574	50,132

In addition for the years ended December 31, 2020, 2019 and 2018 the City contributed for long-term disability insurance premiums (LTDI) \$6,036, \$6,532 and \$17,837, respectively for PERS.

In addition for the years ended December 31, 2020, 2019 and 2018 the City contributed for early retirement incentive program contributions \$189,852, \$189,852 and \$190,179, respectively for PERS.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the City reported a liability of \$24,451,547 and \$27,288,356, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, 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, 2020, the City’s proportionate share was .14994 percent, which was a decrease of .00151 percent from its proportionate share measured as of June 30, 2019 of .15145 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the City’s pension expense to be \$188,559 and \$886,826, respectively, for PERS based on the actuarial valuations which is less than the actual contributions reported in the City’s financial statements of \$1,473,136 and \$1,539,070, respectively. At December 31, 2020 and 2019, 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:

	<u>2020</u>		<u>2019</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	\$ 445,222	\$ 86,471	\$ 489,790	\$ 120,548
Changes of Assumptions	793,236	10,238,094	2,724,843	9,471,702
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	835,773			430,757
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>362,127</u>	<u>926,746</u>	<u>503,784</u>	<u>1,174,120</u>
Total	<u>\$ 2,436,358</u>	<u>\$ 11,251,311</u>	<u>\$ 3,718,417</u>	<u>\$ 11,197,127</u>

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2020 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:

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (3,366,902)
2022	(2,722,969)
2023	(1,856,479)
2024	(724,163)
2025	(144,440)
Thereafter	<u>-</u>
	<u>\$ (8,814,953)</u>

Actuarial Assumptions

The City’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</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%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	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>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2057
Municipal Bond Rate *	Not Applicable	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, 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 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

<u>2020</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the PERS Net Pension Liability	\$ 30,780,419	\$ 24,451,547	\$ 19,081,327
<u>2019</u>	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
City's Proportionate Share of the PERS Net Pension Liability	\$ 34,469,628	\$ 27,288,356	\$ 21,237,117

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, the City reported a liability of \$99,961,736 and \$96,662,261, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, 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, 2020, the City’s proportionate share was .77362 percent, which was an increase of .00010 percent from its proportionate share measured as of June 30, 2019 of .77352 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the City pension expense to be \$5,511,103 and \$8,320,406, respectively, for PFRS based on the actuarial valuations which is less than and more than the actual contributions reported in the City’s financial statements of \$7,813,431 and \$7,448,915, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,007,784	\$ 358,751	\$ 799,071	\$ 599,324
Changes of Assumptions	251,553	26,799,142	3,243,644	30,593,975
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,861,224			1,282,643
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>3,475,780</u>	<u>3,473,218</u>	<u>2,345,730</u>	<u>2,392,900</u>
Total	<u>\$ 10,596,341</u>	<u>\$ 30,631,111</u>	<u>\$ 6,388,445</u>	<u>\$ 34,868,842</u>

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>
2021	\$ (9,426,920)
2022	(6,474,421)
2023	(2,591,798)
2024	(711,226)
2025	(830,405)
Thereafter	<u>-</u>
	<u>\$ (20,034,770)</u>

Actuarial Assumptions

The City’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</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%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	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>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

**CITY OF PASSAIC
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2076
Municipal Bond Rate *	Not Applicable	From July 1, 2076 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, 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 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

<u>2020</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the PFRS Net Pension Liability	\$ 132,928,534	\$ 99,961,736	\$ 72,580,292
<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	\$ 134,707,059	\$ 99,662,261	\$ 70,657,641

The sensitivity analysis was based on the proportionate share of the City’s net pension liability at December 31, 2020 and 2019. 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, 2020 AND 2019**

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, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$15,513,605 and \$14,947,351, respectively. For the year ended December 31, 2020 and 2019, 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 \$1,758,157 and \$1,736,759, respectively, which is more than the actual contributions the State made on behalf of the City of \$1,193,763 and \$1,007,141, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the City was .77362 percent, which was an increase of .00010 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .77352 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, 2020 AND 2019**

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, 2020 AND 2019

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, 2020 was not available and for 2019 is \$13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

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

Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuations, the actuarial assumptions and methods used in this valuation 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 the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million for fiscal year 2019.

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, 2020 AND 2019**

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.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB 75 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2020 is not presented in the notes to the financial statements.

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. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019, the City reported a liability of \$80,914,611, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019. 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 year ended December 31, 2019, the Plan has determined the City’s OPEB benefit/expense to be \$3,000,492 (benefit) based on the actuarial valuations which is less than the actual contributions reported in the City’s financial statements of \$4,906,906. At December 31, 2019, 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>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 23,662,586
Changes of Assumptions		28,674,338
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 66,651	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	2,858,961	15,559,635
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 2,925,612</u>	<u>\$ 67,896,559</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 AND 2019**

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
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.
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.
Long-Term Rate of Return	2.00%

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

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, 2020 AND 2019**

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 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.

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% as of June 30, 2019.

Discount Rate

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

Calendar Year	Measurement Date	Discount Rate
2019	June 30, 2019	3.50%

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.

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 calculated using the discount rate of 3.50%, 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% or 1-percentage-point higher 4.50% than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
2019			
City's Proportionate Share of the Net OPEB Liability	\$ 93,557,874	\$ 80,914,611	\$ 70,640,289

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

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 Healthcare Trend Rate

The following presents the City’s proportionate share of the OPEB net liability as of December 31, 2019 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>

The sensitivity analysis was based on the proportionate share of the City’s net OPEB liability at December 31, 2019. 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, the State’s proportionate share of the net OPEB liability attributable to the City for the OPEB special funding situation is \$48,191,561. For the year ended December 31, 2019 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. 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, 2020 AND 2019**

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, 2020 and 2019. 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, 2020 and 2019 the City has available in the Other Trust Fund \$3,913,464 and \$3,136,705, 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, 2020 and 2019. 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, 2020 and 2019, the City reserved \$3,490,874 and \$3,199,901, 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, 2020 and 2019, 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, 2020 and 2019 was \$13,558,940 and \$14,713,968, respectively, of which the City the Passaic's share was \$1,491,483 and \$1,618,536, respectively. The operating charges from NJDWSC – North are defrayed by water rates established by the Passaic Valley Water Commission.
2. The City owns a portion of the Passaic Valley Water Commission (PVWC). The bonds of the PVWC are secured by water revenues derived from water rate charges by the PVWC. In the event the PVWC funds are inadequate to make principal and interest payments on the bonds, the PVWC is required to adjust its rates to produce amounts sufficient to cover debt service. PVWC had \$88,122,664 and \$101,106,757 of debt outstanding as of December 31, 2020 and 2019, respectively, of which the City of Passaic's share was \$25,176,645 and \$28,886,200, 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.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Overlapping Debt (Continued)

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019 the City abated property taxes totaling \$2,542,964 and \$2,506,159, respectively under the LTTE program. The City received \$1,078,172 and \$1,072,218 in PILOT payments under this program for the years ended December 31, 2020 and 2019, respectively.
- The Five-Year Exemption and Abatement Law (NJSA 40:21et.seq.) generally concerns rehabilitation of particular buildings and structures, with an abatement period that lasts no more than five years. These "short-term" property tax abatements can be structured as reduced property tax bills that exclude all or part of improvement value or as payments in lieu of taxes (PILOTs). Procedurally, a municipality must first adopt an ordinance invoking its five-year abatement authority and setting forth application procedures. This ordinance, referred to as the general ordinance, defines the eligibility criteria, which may include types of structures, types of permissible improvements, as well as qualifying geographic zones or similar designations. An applicant must satisfy all of the criteria stipulated in the statute and general ordinance to be entitled to approval. Applications for individual short-term abatements are presented to the local governing body and must include a general description of the project, plans demonstrating the structure of the project, a statement of reasons for seeking the abatement, claimed benefits to be realized by the applicant if the application is approved, and a statement of taxes currently being assessed and taxes to be paid during the period of the abatement. The application is approved by an ordinance authorizing execution of a tax agreement. If during any tax year prior to the termination of the tax agreement, the property owner ceases to operate or disposes of the property, or fails to meet the conditions for qualifying, then the property tax which would have otherwise been payable for each year shall become due and payable from the property owner as if no exemption and abatement had been granted. For the years ended December 31, 2020 and 2019 the City abated property taxes totaling \$146,166 and \$170,150, respectively under the FYEA program.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the City) (the “COVID-19 Pandemic”). On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the City has instituted necessary precautions and procedures, so as to allow the City to continue to provide services during this time. The City is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The City will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the City cannot predict how the outbreak will impact the financial condition or operations of the City, or if there will be any impact on the assessed values of property within the City or deferral of tax payments to municipalities. The City cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the City’s operations; however, such amounts, if any, could be material.

CURRENT FUND

CITY OF PASSAIC
STATEMENT OF CASH AND INVESTMENTS - CURRENT FUND

Balance, December 31, 2019		\$ 40,051,911
Increased by Receipts:		
Tax Collector	\$ 111,222,292	
Revenue Accounts Receivable	19,432,992	
Nonbudget Revenue	566,101	
Cancelled Prior Year Outstanding Checks	15,407	
Due from State of New Jersey - Senior Citizen/Veterans Deductions	66,548	
Receipts from the Parking Authority	766,383	
Receipts from Grant Fund	6,130	
Receipts for Grant Fund	126,521	
Receipts from Animal Control Fund	507	
Receipts for Other Trust Fund	13,335	
Receipts from Other Trust Fund	134,933	
Receipts from Home Investment Program Trust Fund	645	
Receipts from General Capital Fund	14,414	
Fees Payable	<u>45,343</u>	
		<u>132,411,551</u>
		172,463,462
Decreased by Disbursements:		
2020 Budget Appropriations	76,991,506	
2019 Appropriation Reserves	597,561	
Accounts Payable	87,226	
Encumbrances Payable	2,727,300	
County Taxes	26,965,457	
Local School Taxes	16,818,577	
Tax Overpayments	24,555	
Payments for Parking Authority	35,800	
Payments for Redevelopment Authority	42,294	
Payments for Grant Fund	1,314,046	
Payments for Other Trust Fund	3,616,587	
Payments for Community Development Block Grant Fund	117,487	
Payments for Home Investment Program Fund	89,025	
Payments for Sewer Utility Operating Fund	162,280	
Fees Payable	45,101	
Reserve for Tax Appeals	809,027	
Miscellaneous Reserves	17,093	
Reserve for Pension Contributions	<u>46,873</u>	
		<u>130,507,795</u>
Balance, December 31, 2020		<u>\$ 41,955,667</u>

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

Balance, December 31, 2019		\$	619,823
Increased by:			
Grants Receivable	\$ 3,889,320		
Receipts for Current Fund	3,723		
Receipts for Other Trust Fund	151,366		
Unappropriated Grant Reserves	<u>841,709</u>		
			<u>4,886,118</u>
			5,505,941
Decreased by:			
Payments to Current Fund	6,130		
Payments for Current Fund	57,754		
Appropriated Grant Reserves	<u>5,119,177</u>		
			<u>5,183,061</u>
Balance, December 31, 2020		\$	<u><u>322,880</u></u>

SCHEDULE OF TAX COLLECTOR'S CASH

Increased by:			
Taxes Receivable	\$ 108,661,789		
Tax Title Liens Receivable	64,630		
Special Assessment Receivable	2,000		
Interest and Cost on Taxes	244,777		
Payment in Lieu of Taxes	1,078,172		
Tax Overpayments	71,992		
Prepaid Taxes	<u>1,098,932</u>		
			\$ 111,222,292
Decreased by:			
Payment to Treasurer			<u><u>\$ 111,222,292</u></u>

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

Balance, December 31, 2019	\$ <u>2,800</u>
Balance, December 31, 2020	\$ <u><u>2,800</u></u>

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

Balance, December 31, 2019		\$ 1,475,253
Increased by:		
Grants Receivable Anticipated as 2020 Budget Revenue	\$ 10,675,084	
Grant Fund Expenditures Paid by Current Fund	1,314,046	
Current Fund Receipts Deposited in Grant Fund	<u>3,723</u>	
		<u>11,992,853</u>
		13,468,106
Decreased By:		
2020 Budget Appropriation for Grants:		
Appropriated Grants	10,675,084	
Payments for Current Fund	57,754	
Payments to Current Fund	6,130	
Grant Fund Receipts Deposited in Current Fund	<u>126,521</u>	
		<u>10,865,489</u>
Balance, December 31, 2020		\$ <u><u>2,602,617</u></u>

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

Balance, December 31, 2019		\$	50,552
Increased by:			
Senior Citizens/Veterans Deductions Per Tax Duplicate			<u>74,750</u>
			125,302
Decreased by:			
Cash Received from State	\$	66,548	
Deductions Disallowed by Tax Collector - 2020		4,750	
Deductions Disallowed by Tax Collector - Prior Years		<u>3,783</u>	
			<u>75,081</u>
Balance, December 31, 2020		\$	<u>50,221</u>

EXHIBIT A-10

STATEMENT OF DUE TO PARKING AUTHORITY

Balance, December 31, 2019		\$	5,324
Increased by:			
Cash Receipts			<u>766,383</u>
			771,707
Decreased by:			
Current Fund Revenue-2020 Interlocal Agreement	\$	730,583	
Payments Made for Parking Authority		<u>35,800</u>	
			<u>766,383</u>
Balance, December 31, 2020		\$	<u>5,324</u>

EXHIBIT A-11

STATEMENT OF DUE FROM REDEVELOPMENT AUTHORITY

Balance, December 31, 2019		\$	147,592
Increased by:			
Cash Disbursements			
2020 Budget Appropriation	\$	10,000	
Payments Made for Redevelopment Authority		<u>32,294</u>	
			<u>42,294</u>
			189,886
Decreased by:			
2020 Budget Appropriation			<u>10,000</u>
Balance, December 31, 2020		\$	<u>179,886</u>

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

Fiscal Year Ended	Balance, December 31, <u>2019</u>	<u>2020 Levy</u>	Senior Citizens and Veterans Deductions Disallowed	Collections <u>2019</u>	Collections <u>2020</u>	Senior Citizens and Veterans Deductions Allowed	Transferred to Tax Title Liens	Cancelled	Balance, December 31, <u>2020</u>
2018	\$ 3,678				\$ 24				\$ 3,654
2019	<u>416,537</u>	-	\$ 3,783	-	<u>149,551</u>	-	-	-	<u>270,769</u>
	420,215	-	3,783	-	149,575	-	-	-	274,423
2020	<u>-</u>	<u>\$ 110,422,305</u>	<u>4,750</u>	<u>\$ 816,950</u>	<u>108,512,214</u>	<u>\$ 74,750</u>	<u>\$ 44,794</u>	<u>\$ 564,009</u>	<u>414,338</u>
	<u>\$ 420,215</u>	<u>\$ 110,422,305</u>	<u>\$ 8,533</u>	<u>\$ 816,950</u>	<u>\$ 108,661,789</u>	<u>\$ 74,750</u>	<u>\$ 44,794</u>	<u>\$ 564,009</u>	<u>\$ 688,761</u>
					<u>\$ 108,661,789</u>				
Tax Yield:									
			\$ 110,300,716						
			<u>121,589</u>						
				<u>\$ 110,422,305</u>					
Tax Levy:									
			\$ 16,818,577						
County Taxes:									
		\$ 26,537,166							
		398,570							
		<u>29,721</u>							
			26,965,457						
		65,212,586							
		1,310,636							
		<u>115,049</u>							
			<u>66,638,271</u>						
				<u>\$ 110,422,305</u>					

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

Balance, December 31, 2019		\$ 255,736
Increased by:		
Transfers from Taxes Receivable - 2020	\$ 44,794	
Prior Period Adjustment	41,698	
Interest and Costs Accrued by Tax Sale	<u>12,004</u>	
		<u>98,496</u>
		354,232
Decreased by:		
Receipts		<u>64,630</u>
Balance, December 31, 2020		<u><u>\$ 289,602</u></u>

EXHIBIT A-14

STATEMENT OF PROPERTY ACQUIRED FOR TAXES

Balance, December 31, 2019		<u>\$ 57,699</u>
Balance, December 31, 2020		<u><u>\$ 57,699</u></u>

EXHIBIT A-15

STATEMENT OF SPECIAL ASSESSMENTS RECEIVABLE

Balance, December 31, 2019		\$ 138,037
Decreased by:		
Receipts		<u>2,000</u>
Balance, December 31, 2020		<u><u>\$ 136,037</u></u>

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

	Balance, December 31, <u>2019</u>	<u>Accrued</u>	<u>Decreased by:</u>	<u>Treasurer</u>	<u>Tax Collector</u>	Balance, December 31, <u>2020</u>
Licenses						
Alcoholic Beverages		\$ 135,826	\$	135,826		
Other		30,680		30,680		
Fees and Permits						
Construction Code Official		825,226		825,226		
Other		50,061		50,061		
Fines and Costs						
Municipal Court	\$ 108,340	1,019,820	1,064,485			\$ 63,675
Consolidated Municipal Property Tax Relief Aid		2,497,018	2,497,018			
Energy Receipts Tax		10,048,464	10,048,464			
Interest and Costs on Taxes		244,777		\$ 244,777		
Interest on Investments and Deposits		319,096	319,096			
Downtown Merchants Association		127,442	127,442			
Police Record Bureau		10,149	10,149			
Board of Education - Security Watch		3,525,000	3,525,000			
Cable Franchise Fee		392,880	392,880			
Passaic Public Library - Health Benefit Contributions		83,770	83,770			
Housing Authority Police Program		303,329	303,329			
County of Passaic - Street Lighting		60,000	60,000			
Police Outside Duty Vehicle Fee		200,000	200,000			
Payment in Lieu of Taxes:						
St. Mary's Reise Corp.		175,014		175,014		
Chestnut Housing Phase I		90,000		90,000		
Jack Parker Associates		249,150		249,150		
Housing Authority		196,106		196,106		
Garden Howe		43,926		43,926		
YMCA - River Road		60,000		60,000		
Highview Terrace		89,095		89,095		
585 Main Street		45,849		45,849		
663 Main Street		63,315		63,315		
Concord Estate		65,717		65,717		-
	<u>\$ 108,340</u>	<u>\$ 20,951,710</u>	<u>\$ 19,673,426</u>	<u>\$ 1,322,949</u>		<u>\$ 63,675</u>
			Cash Receipts	\$ 19,432,992	\$ 1,322,949	
			Due from Grant Fund	3,723		
			Due from Animal Control Fund	145		
			Due from Other Trust	219,259		
			Due from General Capital Fund	17,307	-	
				<u>\$ 19,673,426</u>	<u>\$ 1,322,949</u>	

**STATEMENT OF DEFERRED CHARGES
EMERGENCY AUTHORIZATIONS**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance</u> <u>December 31,</u> <u>2019</u>	<u>Funded by</u> <u>Capital</u> <u>Ordinance</u>	<u>Balance</u> <u>December 31,</u> <u>2020</u>
12/17/2019	Acqu. of Property	\$ 1,500,000	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>

**STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net</u> <u>Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Added in</u> <u>2020</u>	<u>Balance</u> <u>December 31,</u> <u>2020</u>
12/8/2020	COVID - 19	\$ 804,000	\$ 160,800	<u>\$ 804,000</u>	<u>\$ 804,000</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2019	\$ 76,612
Increased by:	
Cash Receipts	<u>71,992</u>
	148,604
Decreased by:	
Overpayments Refunded	<u>24,555</u>
Balance, December 31, 2020	<u>\$ 124,049</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2019	\$ 816,950
Increased by:	
Cash Receipts	<u>1,098,932</u>
	1,915,882
Decreased by:	
Applied to 2020 Taxes Receivable	<u>816,950</u>
Balance, December 31, 2020	<u>\$ 1,098,932</u>

**CITY OF PASSAIC
STATEMENT OF 2019 APPROPRIATION RESERVES**

	Balance, December 31, <u>2019</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	\$ 56,859	\$ 1,771	\$ 58,630		\$ 58,630
Other Expenses	13,256		13,256	\$ 6,830	6,426
Mayor and Council					
Salaries and Wages	11,598		11,598	2,375	9,223
Other Expenses	10,338		10,338	5,275	5,063
City Clerk					
Salaries and Wages	58,309		58,309	-	58,309
Other Expenses	17,556		17,556	561	16,995
Human Resources					
Salaries and Wages	884		884		884
Other Expenses	5,373		5,373	445	4,928
Financial Administration-Treasurer's Office					
Salaries and Wages	49,499		49,499		49,499
Other Expenses	74,839		74,839	74,081	758
Annual Audit					
Other Expenses	73,000		73,000	57,000	16,000
Revenue Administration					
Salaries and Wages	1,246		1,246		1,246
Other Expenses	486		486	2	484
Tax Assessment Administration					
Salaries and Wages	20,180		20,180		20,180
Other Expenses	7,300	764	8,064		8,064
Legal Services					
Other Expenses	50,000	26,217	76,217	-	76,217
Office of Engineer					
Salaries and Wages	15,464		15,464		15,464
Other Expenses	7,589		7,589	3,071	4,518
Planning and Economic Development					
Salaries and Wages	2,501		2,501		2,501
Other Expenses	14,468		14,468	4,599	9,869
Division of Housing					
Salaries and Wages	37,809		37,809		37,809
Other Expenses	3,555		3,555	-	3,555
Planning Board					
Other Expenses	3,286		3,286	2,313	973
Board of Adjustment					
Other Expenses	4,380		4,380	1,540	2,840
Rent Leveling Board					
Other Expenses	15,200		15,200		15,200
Insurance					
Employee Group Insurance	2,646,138		2,646,138	1,068,972	1,577,166
DEPARTMENT OF PUBLIC WORKS					
Streets and Road Maintenance					
Salaries & Wages	256,763		256,763		256,763
Other Expenses	250,104		250,104	248,497	1,607
Solid Waste Collection					
Other Expenses					
Garbage Removal Contractual	104,657	91,007	195,664		195,664
Building and Grounds					
Salaries & Wages	40,232	19,076	59,308		59,308
Other Expenses	40,080		40,080	39,367	713
Vehicle Maintenance					
Salaries & Wages	126,144		126,144	18,000	108,144
Other Expenses	5,425		5,425	1,469	3,956

**CITY OF PASSAIC
STATEMENT OF 2019 APPROPRIATION RESERVES**

	Balance, December 31, <u>2019</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
DEPARTMENT OF PUBLIC SAFETY					
Police Department					
Salaries and Wages	\$ 917,917		\$ 917,917	\$ 23,981	\$ 893,936
Other Expenses	11,428		11,428	1,163	10,265
BOE Security Watch and Res. Officer	30,126		30,126		30,126
Fire Department					
Salaries and Wages	650,953		650,953	451,723	199,230
Other Expenses	26,459		26,459	419	26,040
Municipal Court					
Salaries and Wages	136,954		136,954		136,954
Other Expenses	8,999		8,999	1,641	7,358
Office of Emergency Management					
Salaries and Wages	5,319		5,319		5,319
Other Expenses	3,685		3,685	126	3,559
Prosecutor 's Office					
Other Expenses	13,000	\$ 47,331	60,331	-	60,331
Public Defender					
Other Expenses	8,100	7,200	15,300		15,300
Passaic Parking Authority					
Salaries and Wages	80,531		80,531		80,531
Other Expenses	34,987		34,987	33,538	1,449
DEPARTMENT OF HUMAN RESOURCES					
Division of Health					
Salaries & Wages	366,281	12,707	378,988		378,988
Other Expenses	31,700		31,700	17,701	13,999
Animal Regulation					
Salaries & Wages	25,402		25,402		25,402
Other Expenses	8,970	695	9,665		9,665
DEPARTMENT OF PARKS AND RECREATION					
Division of Recreation					
Salaries & Wages	164,341		164,341		164,341
Other Expenses	50	16,527	16,577	-	16,577
Senior Citizens					
Salaries & Wages	9,636		9,636		9,636
Other Expenses	5,409		5,409	5,169	240
Handicapped Recreation					
Salaries & Wages	5,394		5,394		5,394
Other Expenses	397		397	19	378
Maintenance of Parks					
Salaries & Wages	39,754		39,754		39,754
Other Expenses	27,618	4,213	31,831		31,831
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
Division of Code Enforcement					
Salaries & Wages	25,617		25,617	-	25,617
Other Expenses	51,881	15,487	67,368	-	67,368

CITY OF PASSAIC
STATEMENT OF 2019 APPROPRIATION RESERVES

	Balance, December 31, <u>2019</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
UNCLASSIFIED					
Utilities:					
Electricity	\$ 132,809		\$ 132,809	\$ 33,439	\$ 99,370
Telephone and Telegraph	70,807		70,807	23,474	47,333
Street Lighting	51,276		51,276	47,583	3,693
Gasoline	53,345	\$ 74,124	127,469	-	127,469
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Tipping Fees	68,021	31,037	99,058		99,058
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	145,148		145,148		145,148
Consolidated Police and Firemen's Pension Fund	20,300		20,300		20,300
Deferred Compensation Retirement Plan	34,799		34,799		34,799
GENERAL APPROPRIATIONS - ALL OTHER OPERATIONS EXCLUDED FROM "CAPS"					
Recycling Tonnage Grant	40,000		40,000		40,000
Recycling Tax	9,108	-	9,108	-	9,108
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Paving of Various Roads and Sewer Impvts	367,392		367,392	367,392	
Purchase of Street Sweeper	5,947		5,947		5,947
Purchase of DPW Dump Truck w/ Plow	5,179		5,179		5,179
Purchase of Trailers	2,209		2,209		2,209
Acquisition of Property	1,500,000	-	1,500,000	1,500,000	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Loan Principal and Interest	-	-	-	-	-
	<u>\$ 9,221,766</u>	<u>\$ 348,156</u>	<u>\$ 9,569,922</u>	<u>\$ 4,041,765</u>	<u>\$ 5,528,157</u>
Cash Disbursements				\$ 597,561	
Funded by Capital Ordinance				1,500,000	
Transferred to Accounts Payable				679,204	
Transferred to Miscellaneous Reserves - Other Trust Fund				<u>1,265,000</u>	
				<u>\$ 4,041,765</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-23

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:			
Levy			
General County		\$ 26,537,166	
County Open Space Preservation		398,570	
County Added/Omitted Taxes		<u>29,721</u>	
			<u>\$ 26,965,457</u>
			26,965,457
Decreased by:			
Cash Disbursed			<u>\$ 26,965,457</u>

EXHIBIT A-24

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2019		\$ 3,075,456
Increased by:		
Transferred from Budget Appropriations		<u>2,953,804</u>
		6,029,260
Decreased by:		
Payments	\$ 2,727,300	
Cancelled Encumbrances Restored to Appropriation Reserves	<u>348,156</u>	
		<u>3,075,456</u>
Balance, December 31, 2020		<u>\$ 2,953,804</u>

**CITY OF PASSAIC
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2019	\$ 362,562
Increased by:	
Transfer from 2019 Appropriation Reserves	679,204
	1,041,766
Decreased by:	
Cash Disbursements	87,226
Balance, December 31, 2020	\$ 954,540

EXHIBIT A-26

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2019	\$ 3,199,901
Increased by:	
Transferred from 2020 Tax Collections	1,100,000
	4,299,901
Decreased by:	
Cash Payments	809,027
Balance, December 31, 2020	\$ 3,490,874

EXHIBIT A-27

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2019</u>	<u>Payments</u>		Balance, December 31, <u>2020</u>
Allowance for Grant Reimbursement	\$ 222,632	\$ 17,093	\$	205,539
Tax Map	149,551			149,551
Sale of Municipal Assets	75,000			75,000
PILOT - Housing Authority	183,751	-		183,751
	\$ 630,934	\$ 17,093	\$	613,841

**CITY OF PASSAIC
STATEMENT OF FEES PAYABLE**

	Balance, December 31, 2019	Receipts	Payments	Balance, December 31, 2020
Construction Code Training Fees	\$ 24,661	\$ 40,248	\$ 44,031	\$ 20,878
Burial Fees	145	95	70	170
Bail Bond Forfeiture Fees	209,723	5,000	1,000	213,723
Ambulance Billing Fees	<u>11,151</u>	<u>-</u>	<u>-</u>	<u>11,151</u>
	<u>\$ 245,680</u>	<u>\$ 45,343</u>	<u>\$ 45,101</u>	<u>\$ 245,922</u>

EXHIBIT A-29

STATEMENT OF RESERVE FOR PENSION CONTRIBUTIONS

Balance, December 31, 2019	\$ 1,255,211
Decreased by:	
Cash Disbursements	\$ 46,873
Anticipated Revenue - 2020 Budget	<u>300,000</u>
	<u>346,873</u>
Balance, December 31, 2020	<u>\$ 908,338</u>

EXHIBIT A-30

STATEMENT OF RESERVE FOR REVALUATION PROGRAM

Balance, December 31, 2019	<u>\$ 163,082</u>
Balance, December 31, 2020	<u>\$ 163,082</u>

EXHIBIT A-31

STATEMENT OF DEFERRED STATE AID

Balance, December 31, 2019	\$ 7,274,778
Decreased by:	
Anticipated Revenue - 2020 Budget	<u>1,275,000</u>
Balance, December 31, 2020	<u>\$ 5,999,778</u>

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

	Balance, December 31, <u>2019</u>	Revenue <u>Accrued</u>	Cash <u>Received</u>	Balance, December 31, <u>2020</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
Green Acres - McDonald Brook Project - 2016	1,100,000			1,100,000
DOT Various Street Projects - 2016	26,988			26,988
Municipal Alliance - 2016	12,765			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
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
Municipal Alliance - TY 2016	225			225
HOPWA - TY 2016	9,362		\$ 9,362	-
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	96,764		96,764	-
County Open Space - Christopher Col. & Dog Park	36,265		25,000	11,265
Summer Food Program - 2017	85,228			85,228
DOT - Various Road Improvements 2017	195,824			195,824
NJDOT - Various 2018 Road Improvements	805,600			805,600
Distracted Driving Crackdown - 2018	165			165
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
Municipal Alliance - 2018	992			992
Ryan White - 2018	96,951			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		240,000	10,000
HOPWA 2018	35,737		35,737	-
Target Grant - Youth Soccer 2019	1,000			1,000
County Historic Partnership Program	1,591			1,591
Body Armor Grant - 2018	40,887		40,887	-
WIC - 2019	146,707			146,707
Byrne Memorial - 2017	203,547			203,547
Byrne Memorial - 2018	191,956			191,956
Pedestrian Safety Grant - 2019	20,710			20,710

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

	Balance, December 31, <u>2019</u>	Revenue <u>Accrued</u>	Cash <u>Received</u>	Balance, December 31, <u>2020</u>
FEMA - Fire SAFER Program - 2018	\$ 1,117,321		\$ 494,535	\$ 622,786
Drive Sober or Get Pulled Over - 2018	220			220
FEMA - Fire SAFER Program - 2018	10,000			10,000
WIC Grant - 2019 (NJ Dept. of Health & Senior Services)	17,000			17,000
GS Autolex (Honda) Donation	300			300
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		1,875	625
PC- Station House Adjustment Grant	11,359			11,359
WIC Grant-2020	1,109,988			1,109,988
NJDCA-Neighborhood Preservation - 2019	100,000			100,000
Municipal Alliance - 2019	39,478		22,296	17,182
Safe and Secure - 2019	24,375			24,375
Childhood Lead Prevention - 2019	542,745		542,745	-
HOPWA 2019	150,000			150,000
PC-City Green Grant	500			500
NJDEP - Stewardship - Forestry Program	23,000			23,000
PC - Improvements to Pulaski Park - 2019	99,000			99,000
Ryan White - 2019	21,995			21,995
Summer Food Program - 2019	167,570			167,570
Hudson River Science Foundation	10,000			10,000
Stationhouse Adjustment Grant- 2019	507			507
Ryan White Part A - HIV/AIDS Grant -2019	162,017			162,017
NJDOT - Municipal Aid & Urban AID - 2019	895,426		440,980	454,446
NJDCA - Recreation Opportunity - 2019	13,311			13,311
Distracted Driving Statewide Crackdown	440			440
Summer Food Program 2020 (1 of 2)		\$ 94,288	94,288	
Summer Food Program (2 of 2)		132,188		132,188
NJAACHO Health Grant		57,881	57,881	
Patrick Leahy Bulletproof Vest 2019 (1 of 2)		4,559	4,559	
Patrick Leahy Bulletproof Vest 2019 (2 of 2)		26,987		26,987
County Cares Act		4,071,735		4,071,735
County Cares Act		1,500,000	513,791	986,209
Census Participation Grant 2020 - County		30,000	29,971	29
Dig in! City Green - Amory Park		500	62	438
Dig in! City Green - Christopher Columbus		250	250	
Dig in! City Green - Dignity House		500	40	460
CDBG-DR 2020 Addtnl (Amendment #8)		33,080	33,080	
Drive Sober Year End Crackdown 2019		5,500	5,390	110
HOPWA 2020		150,000	106,885	43,115
Municipal Alliance 2021		12,985	-	12,985
Neighborhood Pres Program Covid19 Relief		190,200	190,200	
Ryan White Initiative & MAI 2020		163,806	116,298	47,508
Childhood Lead - 2021		562,500	4,316	558,184
Stationhouse Adjustment - 2020		34,762	34,762	
Body Armor Grant		14,601	14,601	
WIC 2021		1,141,189	764,586	376,603
Safe and secure Communities 2020		90,000	24,375	65,625
Bryne Memorial JAG 2019		180,339		180,339
Dig in! City Green - Senior Center		500		500
USDOJ - Coronavirus Emerg Supplemental 2020		128,904		128,904
Childhood Lead - Additional		109,087		109,087

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

	Balance, December 31, <u>2019</u>	Revenue <u>Accrued</u>	Cash <u>Received</u>	Balance, December 31, <u>2020</u>
HOPA Covid 19 20-21	\$	56,829		\$ 56,829
COPS Hiring Grant		1,000,000		1,000,000
Stationhouse Adj - Additional		8,209	\$ 7,133	1,076
Mental Health Stigma Free - County Grant		500		500
2020 Patrick Leahy Bulletproof Vest		3,600		3,600
NJ DOT 2021 - Various Streets		754,435		754,435
Drive Sover Year End Crackdown 2019		9,000		9,000
Municipal Alliance 5th Q	-	3,158	-	3,158
	<u>\$ 13,219,126</u>	<u>\$ 10,675,084</u>	<u>\$ 4,015,841</u>	<u>\$ 19,878,369</u>
 Due to/from Current Fund		\$ 10,675,084	\$ 126,521	
Cash Receipts		<u>-</u>	<u>3,889,320</u>	
		<u>\$ 10,675,084</u>	<u>\$ 4,015,841</u>	

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

	Balance December 31, 2019		Increased by: Budget Appropriation	Prior Year Reimbursed	Expended	Balance December 31, 2020	
	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	
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				78,576	671,424
Multi Culture - 2015		700					700
HOPWA - 2015		23,543					23,543
Hep Inoculation - 2015		428					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	43	2,883					2,926
UEZA - Dundee Canal Redevelopment		3,012					3,012
DOT Various Street Improvements - 2016	3,527	90,676				3,527	90,676
Municipal Alliance - 2016		1,979					1,979
Drunk Driving Enforcement Fund - 2016		4,000					4,000
Body Armor - 2016		106					106
Byrne Memorial - 2016	149,135				149,135		-
Childhood Lead Paint - 2016		22,524			16,945		5,579
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		Increased by: Budget Appropriation	Cancelled Prior Year Encumbrance	Expended	Balance	
	December 31, 2019					December 31, 2020	
	Encumbered	Reserved				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		113				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		16				16	
Byrne Memorial - TY 2016	\$ 153,666	1,271				\$ 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
Clean Communities - 2017		1,123			\$ 1,123		
Click It or Ticket - 2017		55					55
Childhood Lead Paint - 2017/2018		1,647					1,647
Disaster Recovery McDonald Brook - 2017	39,912			\$ 16,940		56,852	
DOT Various Road Improvements - 2017	12,796	95,964		2,448		15,244	95,964
Green Acres - 3rd Ward & Veterans Memorial Park - 2017	3,710	81,932				15,180	70,462
Hep Inoculation - 2017	517	1,662			150	668	1,361
HOPWA - 2017/2018		12,254					12,254
Municipal Alliance - 2017/2018		313					313
Open Space - Christopher Columbus Park - 2017		11,265			11,265		
Open Space - Dog Park - 2017	2,371						2,371
Recycling Tonnage - 2015		3,322			3,291		31
Recycling Tonnage - 2016	22,000	73,963			28,198	29,724	38,041

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

	Balance December 31, 2019		Increased by: Budget Appropriation	Cancelled Prior Year Encumbrance	Expended	Balance December 31, 2020	
	Encumbered	Reserved				Encumbered	Reserved
Ryan White - 2017		\$ 66,380					\$ 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			\$ 1,369		78,038
UEZA - Taste of Market Street		915					915
Byrne Memorial - 2017	\$ 141,909	61,638			61,457	\$ 141,909	181
Drive Sober or Get Pulled Over- 2017		5,610					5,610
Walk Safe Pedestrian Safety Grant - 2017	968	2,925			968		2,925
Municipal Alliance - 2018	108	994				108	994
Municipal Alliance Alcohol Education - 2018		2,689					2,689
Body Armor	35,467	4,567			35,467		4,567
Bill Belichick Foundation		4,718					4,718
Byrne Memorial - 2018	133,754	58,202			9,250	137,432	45,274
Clean Communities - 2018	2,316	60,997			30,067	7,256	25,990
Child Lead Prevention Grant - 2018	13,474	273,648			50,360	1,262	235,500
County Historic Partnership Program		1,591					1,591
Drunk Driving Enforcement Fund - 2018		2,929			2,929		-
Drunk Driving Enforcement Fund - 2018		8,092			8,092		-
Drive Sober or Get Pulled Over- 2018		1,375					1,375
Distracted Driving Crackdown Statewide - 2018		2,915					2,915
DOT - 2018 Various Roads Improvements		328,991					328,991
DOT - 2018 Roadway Safety	32,660	546,500			3,623	414,348	161,189
FM Global Fire Prevention - 2018 - Local		12					12
FEMA Fire Safer - 2018		865,044			403,359		461,685
Hep Inoculation - 2018		3,235					3,235
HOPWA - 2018		41,020			439		40,581
NJDEP Stewardship - Tree Management		4,900					4,900
Open Space 2018 - Madison and Hope Plaza	1,677	261			1,677		261
National Recreation & Park Association - 2018 - Local	975	14,614			975	106	14,508
Recreation Opportunity Grant - 2018		10,044					10,044
Recycling Tonnage - 2018		74,794			2,250		72,544
Ryan White - 2018		77,346			5,515		71,831
Stationhouse Adj. - 2018		703			466		237
Summer Food - 2018	44,200	71,076			44,200		71,076
Taste of Market Street Small Grants Program - 2018 - Local		4,920			1,811	350	2,759
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, 2019		Increased by: Budget Appropriation	Cancelled Prior Year Encumbrance	Expended	Balance December 31, 2020	
	Encumbered	Reserved				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		23,350			\$ 1,815		21,535
WIC - 2018		18,806					18,806
WIC - 2019		73,554					73,554
NJDOT - Various Road Improvements - 2019		895,426			567,521	\$ 87,541	240,364
NJDOT - Municipal AID Program - 2020		883,174			47,840	3,812	831,522
Municipal Alliance - 2019	\$ 1,127	25,218			20,365		5,980
Alcohol Education - 2019		6,269					6,269
Body Armor Fund - 2018							
Childhood Lead Prevention - 2019	3,447	369,953			366,234	7,166	
Distracted Driving Crackdown - 2019		330					330
Green Acres Program - 2019		1,000,000			277,471	221,123	501,406
GS Autolex (Honda) Donation		300					300
HOPWA - 2019	6,997	98,386			103,676		1,707
PC- Cultural Heritage Local Art Program		2,500			2,280		220
NJDEP- It Pays to Plug In	6,000				6,000		
NJDEP - Stewardship - Forestry Program		23,000				21,730	1,270
NJDCA - Neighborhood Preservation - 2019		125,000			34,320	34,519	56,161
PC- Improvements to Pulaski Park - 2019		99,000					99,000
Pet Safe Grant - Bark For Park - 2019							
PC - Green Grant		93					93
Hudson River Foundation	235	2,500					2,735
Women's Sports Foundation		3,784					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	6,861	135,884			61,106		81,639
Ryan White - 2019		21,995					21,995
Summer Food - 2019		272,614					272,614
Stationhouse Adjustment - 2019		2,817			2,733		84
Stationhouse Adjustment - 2019 Addition	2,244	5,578			4,728		3,094
Safe and Secure - 2019		13,977			3,578		10,399
WIC Grant - 2020	12,424	876,216			865,414		23,226
NJACCHO CV-19 Health Grant - (Local)			\$ 57,881		1,025	18,996	37,860
Bryne Memorial 2019 Grant			180,339				180,339
Patrick Leahy Bulletproof Vest -2019			31,546				31,546
Patrick Leahy Bulletproof Vest -2020			3,600				3,600
County CARES Act - Covid 19			1,500,000		1,500,000		
County CARES Act - Covid 19			4,071,735		1,126,179	1,677,013	1,268,543
USDOJ - Covid Emergency Supplemental			128,904			116,300	12,604
Childhood Lead Prevention - 2021			109,087		109,087		
Census Participation Grant - 2020 County			30,000		29,971		29
Dig In City Green - Amory Park			500				500
Dig In City Green - Christopher Columbus Park			250				250

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

	Balance December 31, 2019		Increased by: Budget Appropriation	Cancelled Prior Year Encumbrance	Expended	Balance December 31, 2020	
	Encumbered	Reserved				Encumbered	Reserved
Dig In City Green - Dignity House			\$ 500			\$	500
Dig In City Green - Senior Center			500				500
DOT FY 2021 Various Streets			754,435				754,435
CDBG 2020 Additional - Amendment 8			33,080			\$ 33,080	-
Drive Sober Year End Crack Down - 2019			5,500		\$ 5,390		110
HOPWA Covid 19 - 2020			56,829		4,114	11,477	41,238
HOPWA 2020			150,000		17,096	10,972	121,932
Municipal Alliance - 2020/2021			12,985		3,088		9,897
Neighborhood Preservation Program - Covid Relief			190,200		180,543		9,657
Pedestrian Safety Grant - 2020			30,000		19,443		10,557
Pedestrian Safety Grant - 2021			30,000		2,160		27,840
Roots for Rivers			7,550				7,550
Ryan White 2020			163,806		25,901	6,203	131,702
2020 Summer Food Program			226,476		113,460	91,449	21,567
Stationhouse Adjustment Grant - 2020			34,762		34,762		-
Safe and Secure Communities -2020			90,000				90,000
WIC 2020/2021 Grant			1,141,189		219,108	7,561	914,520
COPS Hiring Grant			1,000,000				1,000,000
Municipal Alliance 5th Q			3,158				3,158
Body Armor Grant			14,601				14,601
Stationhouse Adjustment Grant Additional			8,209				8,209
Mental Health County Grant			500				500
Stationhouse Adjustment Grant - 2021			35,462		1,186	2,457	31,819
Childhood Lead Prevention - 2021			562,500				562,500
Drive Sober Year End Crack Down			9,000				9,000
	-	-	9,000	-	-	-	9,000
	<u>\$ 851,962</u>	<u>\$ 9,994,494</u>	<u>\$ 10,675,084</u>	<u>\$ 19,388</u>	<u>\$ 6,636,807</u>	<u>\$ 3,425,049</u>	<u>\$ 11,479,072</u>

Due from Current Fund \$ 10,675,084

Cash Disbursements	\$ 5,119,177
Due to Current Fund	1,314,046
Due to Other Trust Fund	184,196
Encumbrances Cancelled	<u>19,388</u>
	<u>\$ 6,636,807</u>

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

	Balance December 31, <u>2019</u>	Cash <u>Receipts</u>	Balance December 31, <u>2020</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
2020 Alcohol Ed. Grant		\$ 6,835	6,835
Clean Communities - 2020		74,472	74,472
Neighborhood Preservation Program		700,000	700,000
Sr. Trans P.O. #19-00670	<u>-</u>	<u>60,402</u>	<u>60,402</u>
	<u>\$ 612,158</u>	<u>\$ 841,709</u>	<u>\$ 1,453,867</u>

STATEMENT OF RESERVE FOR PROGRAM INCOME - GRANT FUND

Balance, December 31, 2019	<u>\$ 388,806</u>
Balance, December 31, 2020	<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, 2019	\$ 45,907	\$ 13,264,463	\$ 119,744	\$ 29,687
Increased by:				
Animal Licenses	7,982			
Late Fees/Adoption Fees	5,188			
Due State of New Jersey	1,632			
Interest Earned	145			
Miscellaneous Reserves and Deposits		67,141,658		
Receipts for Current Fund		195,129		
Program Income			240	
HUD - CDBG Program Allotments			782,808	
HUD - HOME Program Allotments	-	-	-	345,624
	<u>14,947</u>	<u>67,336,787</u>	<u>783,048</u>	<u>345,624</u>
	<u>60,854</u>	<u>80,601,250</u>	<u>902,792</u>	<u>375,311</u>
Decreased by:				
Due State of New Jersey	1,266	31,602		
Animal Control Expenditures	13,442			
Miscellaneous Reserves and Deposits		64,283,630		
Encumbrances Payable	3,296			
HUD-CDBG Program Expenditures			846,886	
Payments to Current Fund		134,933		645
Payments made for Grant Fund		184,196		
HUD - Home Investment Program Expenditures	-	-	-	286,710
	<u>18,004</u>	<u>64,634,361</u>	<u>846,886</u>	<u>287,355</u>
Balance, December 31, 2020	<u>\$ 42,850</u>	<u>\$ 15,966,889</u>	<u>\$ 55,906</u>	<u>\$ 87,956</u>

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

Balance, December 31, 2019		\$ 126
Increased by:		
Cash Receipts		<u>1,632</u>
		1,758
Decreased by:		
Cash Disbursed		<u>1,266</u>
Balance, December 31, 2020		<u>\$ 492</u>

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

Balance, December 31, 2019		\$ 31,662
Increased by:		
Cash Receipts		
Dog Licenses	\$ 7,375	
Cat Licenses	607	
Late Fees/Adoption Fees	<u>5,188</u>	
		\$ 13,170
Received by Current Fund		<u>507</u>
		<u>13,677</u>
		45,339
Decreased by:		
Cash Disbursements		13,442
Encumbrances Payable		<u>2,154</u>
		<u>15,596</u>
Balance, December 31, 2020		<u>\$ 29,743</u>

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

Balance, December 31, 2019	\$ 10,823
Increased by:	
Interest Earned	145
	10,968
Decreased by:	
Cash received by Current Fund	507
Balance, December 31, 2020	\$ 10,461

**STATEMENT OF ENCUMBRANCES PAYABLE
ANIMAL CONTROL FUND**

Balance, December 31, 2019	\$ 3,296
Increased by:	
Charges to Reserve for Expenditures	2,154
	5,450
Decreased by:	
Cash Disbursements	3,296
Balance, December 31, 2020	\$ 2,154

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

Balance, December 31, 2019	\$ <u>200</u>
Balance, December 31, 2020	\$ <u><u>200</u></u>

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

Balance, December 31, 2019	\$ 2,417,785
Increased by:	
Other Trust Reserves and Deposits:	
2020 Appropriations	\$ 2,560,000
2019 Appropriation Reserves	1,265,000
Deposits Received in Current Fund	<u>13,335</u>
	\$ 3,838,335
Payments to Current Fund	<u>134,933</u>
	<u>3,973,268</u>
	6,391,053
Decreased by:	
Other Trust Reserves and Deposits:	
Receipts for Current Fund - MRNA	175,870
Receipts for Current Fund - MRA	<u>19,259</u>
	195,129
Payments made by Current Fund	3,616,587
2020 Anticipated Current Fund Revenue - POD Vehicle Fee	<u>200,000</u>
	<u>4,011,716</u>
Balance, December 31, 2020	\$ <u><u>2,379,337</u></u>

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

Balance, December 31, 2019	\$ 349,240
Increased by:	
Other Trust Fund Receipts Deposited in the Grant Fund	\$ 151,366
Payments made for Grant Fund	<u>184,196</u>
	<u>335,562</u>
Balance, December 31, 2020	\$ <u><u>684,802</u></u>

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

Balance, December 31, 2019	\$ 31,602
Decreased by:	
Cash Disbursements	<u><u>31,602</u></u>

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

	Balance, December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
Police Funds	\$ 98,648	\$ 42,234	\$ 104,626	\$ 36,256
Police Donation SWAT	900	-	-	900
EMS Facility	751	-	-	751
Fire Line Safety Reg.	133,194	446,636	392,663	187,167
Fire Permits and Fines	8,884	1,125	1,447	8,562
Fire Dedicated Funds	5,532	2,685	8,043	174
Developers Performance Bond	20,000	-	-	20,000
Unemployment Compensation Insurance	1,645,867	258,501	21,853	1,882,515
Self Insurance Workman's Compensation Claims	436,600	1,460,000	1,515,831	380,769
Parking Offences Adjudication Act Fees	60,901	12,250	3,528	69,623
Self-Insurance General Liability Claims	2,700,105	2,383,729	1,551,139	3,532,695
Storm Recovery	145,549	595,549	489,627	251,471
Donations - Mayor	3,310	430	-	3,740
Donations - Animal Control	8,030	1,050	-	9,080
Donations - Dignity House	300	-	-	300
Donations - Relocation Assistance	2,388	-	-	2,388
Donations - Multicultural Affairs	2,500	1,750	2,220	2,030
Donations - Toys for Kids	525	-	-	525
Donations - Turkey Giveaways	100	-	-	100
Donations - Target	1	-	-	1
Donations - Senior Citizen	7,038	563	1,465	6,136
Substance Abuse - Treatment	7,333	-	1,885	5,448
Substance Abuse - NJ Medical Assistance Program	71,381	406,108	369,861	107,628
NJ ACH Death Certificate	139,381	20,750	-	160,131
Recreation - Donations	19,838	12,435	10,953	21,320
Recreation Official Fee	7,955	-	-	7,955
Recreation Team Ceremony Fees	71	-	-	71
Affordable Housing - Reserve	30,662	-	-	30,662
Accumulated Sick and Vacation	3,784,605	550,000	833,862	3,500,743
Flexible Spending Deposits	4,108	23,175	20,587	6,696
Health Benefit Insurance	1,786,051	1,000,000	-	2,786,051
Payroll Deductions/Pension/ Salary Deposits	276,740	57,324,706	57,324,921	276,525
Regional Contribution Agreement	64,748	-	-	64,748
Marriage License Fees	12,537	8,885	3,050	18,372
Festival Performance Bonds	65,649	4,000	2,867	66,782
Primary General Election Deposits	48,282	850	365	48,767
Tax Sale Premium Deposits	2,720,150	2,998,100	1,957,000	3,761,250
Tax Redemption Deposits	242,212	1,911,760	1,974,569	179,403
Soccer Game Escrow (BOE)	1,340	-	-	1,340
Park Improvements - Recreation Donation	10,000	-	-	10,000
Demolition & Performance Bond Deposits	98,898	9,000	-	107,898
Developers Housing Escrow Deposits	358,650	149,400	102,750	405,300
Zoning Developers Escrow	237,087	84,030	55,296	265,821
Planning Developers Escrow	4,575	125,360	57,982	71,953
Elevator Inspection Fees	240,772	75,834	28,842	287,764
Nextel Rebanding Escrow Deposit	10,239	-	-	10,239
Fire Prevention Security	970	-	-	970
Police Off Duty Fees	474,729	1,165,261	1,253,512	386,478
Payment in Lieu of Parking	-	45,000	-	45,000
MAP Tax Assessor Emergency	-	10,203	9,473	730
	<u>\$ 16,000,086</u>	<u>\$ 71,131,359</u>	<u>\$ 68,100,217</u>	<u>\$ 19,031,228</u>
Cash Receipts		\$ 67,141,658		
Cash Disbursed			\$ 64,283,630	
Due from Grant Fund		151,366		
Due to/from Current Fund		<u>3,838,335</u>	<u>3,816,587</u>	
		<u>\$ 71,131,359</u>	<u>\$ 68,100,217</u>	

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

Balance, December 31, 2019		\$ 795,531
Increased by:		
Program Allotment - CDBG Year 46		1,362,741
Program Allotment - Covid 19		<u>801,051</u>
		2,959,323
Decreased by:		
Cash Receipts		
CDBG	\$ 470,875	
CDBG - Covid 19	<u>311,933</u>	
		<u>782,808</u>
Balance, December 31, 2020		<u>\$ 2,176,515</u>
	CDBG	\$ 2,176,465
	Emergency Solutions Grant	<u>50</u>
		<u>\$ 2,176,515</u>

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

Balance, December 31, 2019		\$ 1,033,493
Increased by:		
Program Income	\$ 240	
Program Allotment - CDBG Year 45	1,362,741	
Program Allotment - Covid 19	<u>801,051</u>	
		<u>2,164,032</u>
		3,197,525
Decreased by:		
CDBG/ESG Expenditures:		
Cash Disbursements		
CDBG	\$ 534,953	
CDBG - Covid 19	<u>311,933</u>	
		846,886
Payments made by Current Fund		<u>117,487</u>
		<u>964,373</u>
Balance, December 31, 2020		<u>\$ 2,233,152</u>
	<u>Analysis of Balance - December 31, 2020</u>	
	Program Income - CDBG - Unapprop.	\$ 36,915
	Program Years CDBG - Approp. Res.	2,193,642
	Program Income - ESG - Unapprop.	2,545
	Emergency Solutions Grant	<u>50</u>
		<u>\$ 2,233,152</u>

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

Balance, December 31, 2019	\$ 1,741,373
Increased by:	
Grant Allotments	
Current Year Allotment - Year 46	<u>887,735</u>
	2,629,108
Decreased by:	
Cash Receipts - HUD	<u>345,624</u>
Balance, December 31, 2020	<u>\$ 2,283,484</u>

EXHIBIT B-14

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

Balance, December 31, 2019	\$ <u>155,454</u>
Balance, December 31, 2020	<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, 2019	\$ <u>455,237</u>
Balance, December 31, 2020	<u>\$ 455,237</u>

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

Balance, December 31, 2019	\$ <u>8,122</u>
Balance, December 31, 2020	\$ <u>8,122</u>

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

Balance, December 31, 2019	\$ 29,114
Increased by:	
Payments made by Current Fund	<u>117,487</u>
Balance, December 31, 2020	\$ <u>146,601</u>

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

Balance, December 31, 2019	\$ <u>167,036</u>
Balance, December 31, 2020	\$ <u>167,036</u>

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

Balance, December 31, 2019	\$ 235,842
Increased by:	
Payments made by Current Fund	89,025
	324,867
Decreased by:	
Payments to Current Fund	645
Balance, December 31, 2020	\$ 324,222

EXHIBIT B-20

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

Balance, December 31, 2019	\$ 1,702,254
Increased by:	
Grant Allotments	
Current Year Allotment - Year 46	887,735
	2,589,989
Decreased by:	
Cash Disbursements Grant Allotment/Program Income	\$ 286,710
Payments made by Current Fund	89,025
	375,735
Balance, December 31, 2020	\$ 2,214,254

Analysis of Balance - December 31, 2020

Program Income - Unappropriated	\$ 46,603
Program Years Appropriated Reserves	2,167,651
	\$ 2,214,254

GENERAL CAPITAL FUND

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

Balance, December 31, 2019		\$ 5,445,096
Increased by Receipts:		
Interest Earned	\$ 17,307	
Budget Appropriation		
Capital Improvement Fund	250,000	
Premium on Bond Anticipation Notes	48,503	
Bond Anticipation Note Proceeds	8,916,000	
Reserve for Road and Sewer Improvements	<u>383,792</u>	
		<u>9,615,602</u>
		15,060,698
Decreased by Disbursements:		
Improvement Authorizations	2,281,614	
Encumbrances Payable	2,177,434	
Bond Anticipation Notes	4,500,000	
Payments to Current Fund	<u>14,414</u>	
		<u>8,973,462</u>
Balance, December 31, 2020		<u><u>\$ 6,087,236</u></u>

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

		Balance December 31, <u>2020</u>
Capital Improvement Fund		\$ 464,806
Fund Balance		87,968
Encumbrances Payable		1,709,604
Due to Current Fund		138
Reserve for Curb and Sidewalk Improvements		5,000
Reserve for Road and Sewer Improvements		383,792
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	217
2012-15	Improvement of Website	3,155
2040-16	Various Capital Improvements	86,286
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	2,782,952
2242-19	Purchase of 99-11 Passaic Street	<u>120,721</u>
		 <u>\$ 6,087,236</u>

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

Balance, December 31, 2019 (Due From)	\$	2,755
Increased by:		
Payments to Current fund		<u>14,414</u>
		17,169
Decreased by:		
Interest Earned		<u>17,307</u>
Balance, December 31, 2020 (Due to)	\$	<u><u>138</u></u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2019	\$	13,270,554
Increased by:		
Refunding Serial Bonds Issued		<u>3,775,000</u>
		17,045,554
Decreased by:		
Payment of Bonds - Budget Appropriation	\$	1,250,000
Payment of Loans- Budget Appropriation		116,140
Bonds Refunded		<u>4,124,000</u>
		<u>5,490,140</u>
Balance, December 31, 2020	\$	<u><u>11,555,414</u></u>

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

Ord. No.	Improvement Description	Balance, December 31, 2019	2020 Authorizations	Refunding Bonds Issued	Authorizations Cancelled	Balance, December 31, 2020	Analysis of Balance December 31, 2020		Unexpended Improvement Authorizations
							Financed by Bond Anticipation Notes	Expended	
1036-88	Various Improvements	\$ 2,075				\$ 2,075		\$ 2,075	
2169-18	Various Capital Improvements	7,345,000				7,345,000	\$ 7,345,000		
2242-19	Purchase of 99-11 Passaic Street		\$ 1,571,000			1,571,000	1,571,000		
2279-20	Refunding Bond Ordinance	<u>-</u>	<u>4,328,000</u>	<u>\$ 3,775,000</u>	<u>\$ 553,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 7,347,075</u>	<u>\$ 5,899,000</u>	<u>\$ 3,775,000</u>	<u>\$ 553,000</u>	<u>\$ 8,918,075</u>	<u>\$ 8,916,000</u>	<u>\$ 2,075</u>	<u>\$ -</u>
							<u>\$ 8,916,000</u>		
									Improvement Authorizations - Unfunded \$ 2,903,673
									Less: Unexpended Proceeds of
									Bond Anticipation Notes Issued:
									Ord 2169-18 2,782,952
									Ord 2242-19 120,721
									<u>\$ -</u>

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

Balance, December 31, 2019	\$ 293,806
Increased by:	
Cash Receipt - 2020 Budget Appropriation	<u>250,000</u>
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>79,000</u>
Balance, December 31, 2020	<u><u>\$ 464,806</u></u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2019	\$ 2,178,469
Increased by:	
Charges to Improvement Authorizations	<u>1,709,604</u>
	3,888,073
Decreased by:	
Payments	\$ 2,177,434
Encumbrances Payable Cancelled	<u>1,035</u>
	<u>2,178,469</u>
Balance, December 31, 2020	<u><u>\$ 1,709,604</u></u>

**CITY OF PASSAIC
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Balance, December 31, 2019		2020 Authorizations		Encumbrances Payable Cancelled	Expended	Cancelled	Balance, December 31, 2020	
		Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded				Funded	Unfunded
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					\$ 5,600		217	
2012-15	Improvement of Website	3,155							3,155	
2040-16	Various Capital Improvements	85,251				\$ 1,035			86,286	
2050-16	Various Capital Improvements	4,484						-	4,484	
2101-17	Various Capital Improvements								-	
2158-18	Remediation of DPW Garage and NJ Clean Energy Direct Install Project	142,249							142,249	
2169-18	Various Capital Improvements	-	\$ 5,239,291				2,456,339			\$ 2,782,952
2242-19	Purchase of 99-11 Passaic Street			\$ 79,000	\$ 1,571,000		1,529,279			120,721
2279-20	Refunding Bond Ordinance	-	-	-	4,328,000	-	3,775,000	\$ 553,000	-	-
		<u>\$ 268,244</u>	<u>\$ 5,239,291</u>	<u>\$ 79,000</u>	<u>\$ 5,899,000</u>	<u>\$ 1,035</u>	<u>\$ 7,766,218</u>	<u>\$ 553,000</u>	<u>\$ 263,679</u>	<u>\$ 2,903,673</u>
							Cash Disbursements		\$ 2,281,614	
							Encumbrances Payable		1,709,604	
							Refunding Bonds Issued		<u>3,775,000</u>	
									<u>\$ 7,766,218</u>	

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

Ord. No.	<u>Improvement Description</u>	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2019	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, 2020
2169-18	Various Capital Improvements	\$ 4,500,000	8/27/2019	8/27/2019	8/27/2020	2.25%	\$ 4,500,000		\$ 4,500,000	
				8/26/2020	8/26/2021	1.00%		\$ 7,345,000		\$ 7,345,000
2242-19	Purchase of 99-11 Passaic Street	1,571,000	8/26/2020	8/26/2020	8/26/2021	1.00%	-	1,571,000	-	1,571,000
							<u>\$ 4,500,000</u>	<u>\$ 8,916,000</u>	<u>\$ 4,500,000</u>	<u>\$ 8,916,000</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, 2020</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
General Obligation Bonds	8/5/2010	\$ 7,249,000				\$ 4,799,000		\$ 4,799,000	
General Obligation Bonds	6/6/2017	8,581,000	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%	7,456,000		575,000	\$ 6,881,000
General Obligation Refunding Bonds	12/9/2020	3,775,000	8/1/2021	650,000	5.00%				
			8/1/2022	600,000	5.00%				
			8/1/2023	605,000	5.00%				
			8/1/2024	635,000	5.00%				
			8/1/2025	640,000	5.00%				
			8/1/2026	645,000	5.00%	-	\$ 3,775,000	-	3,775,000
						<u>\$ 12,255,000</u>	<u>\$ 3,775,000</u>	<u>\$ 5,374,000</u>	<u>\$ 10,656,000</u>
							\$ 3,775,000		
								\$ 1,250,000	
							-	4,124,000	
							<u>\$ 3,775,000</u>	<u>\$ 5,374,000</u>	

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

Balance, December 31, 2019	\$ 1,015,554
Decreased by:	
Paid by Budget Appropriation	<u>116,140</u>
Balance, December 31, 2020	<u>\$ 899,414</u>

<u>Ord. No.</u>	<u>Description</u>	
1442-98/1622-04/ 1675-05	Dundee Island Field Rehabilitation	\$ 102,195
1442-98/1474-99/ 1622-04/1675-05	Third Ward Park Improvements	82,810
1442-98/1474-99/ 1622-04/1675-05	Hughes Lake	31,208
1655-05	Pulaski Park Renovation	9,053
1643-04	Roberto Clemente Field Improvements	224,785
1839-10	Pulaski Park Improvements	<u>449,363</u>
		<u>\$ 899,414</u>

STATEMENT OF RESERVE FOR CURB AND SIDEWALK IMPROVEMENTS

Balance, December 31, 2019	<u>\$ 5,000</u>
Balance, December 31, 2020	<u>\$ 5,000</u>

STATEMENT OF RESERVE FOR ROAD AND SEWER IMPROVEMENTS

Increased by:	
Cash Receipts	<u>\$ 383,792</u>
Balance, December 31, 2020	<u>\$ 383,792</u>

STATEMENT OF RESERVE FOR SALE OF PROPERTY

Balance, December 31, 2019	<u>\$ 100,000</u>
Balance, December 31, 2020	<u>\$ 100,000</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2019	<u>\$ 170,651</u>
Balance, December 31, 2020	<u>\$ 170,651</u>

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

<u>Ord. No.</u>	<u>Description</u>	Balance December 31, <u>2019</u>	2020 <u>Authorizations</u>	Authorizations <u>Cancelled</u>	Refunding Bonds <u>Issued</u>	Notes <u>Issued</u>	Balance December 31, <u>2020</u>
1036-88	Various Improvements	\$ 2,075					\$ 2,075
2169-18	Various Capital Improvements	2,845,000				\$ 2,845,000	-
2242-19	Purchase of 99-11 Passaic Street		\$ 1,571,000			1,571,000	-
2279-20	Refunding Bond Ordinance	<u>-</u>	<u>4,328,000</u>	<u>\$ 553,000</u>	<u>\$ 3,775,000</u>	<u>-</u>	<u>-</u>
		<u>\$ 2,847,075</u>	<u>\$ 5,899,000</u>	<u>\$ 553,000</u>	<u>\$ 3,775,000</u>	<u>\$ 4,416,000</u>	<u>\$ 2,075</u>

SEWER UTILITY FUND

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

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2019	\$ 772,065	\$ 6,586
Increased by Receipts:		
Sewer Rents Received	\$ 5,187,465	
Other Accounts Receivable	193,689	
Non-Budget Revenue	11,288	
Interest Earned	<u>-</u>	<u>\$ 22</u>
	<u>5,392,442</u>	<u>22</u>
	6,164,507	6,608
Decreased by Disbursements:		
2020 Budget Appropriations	5,877,124	
Encumbrances Payable	60,899	
Interest on Bonds	<u>32,280</u>	<u>-</u>
	<u>5,970,303</u>	<u>-</u>
Balance, December 31, 2020	<u>\$ 194,204</u>	<u>\$ 6,608</u>

EXHIBIT D-5

ANALYSIS OF SEWER CAPITAL CASH

Due to Sewer Utility Operating Fund	\$ 48
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, 2020	<u>\$ 6,608</u>

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

Balance, December 31, 2019	\$ 830,148
Increased by:	
Sewer Rents Levied - Net	<u>5,333,276</u>
	6,163,424
Decreased by:	
Sewer Rents Collected:	
Cash Receipts from Passaic Valley Water Commission	<u>5,187,465</u>
Balance, December 31, 2020	<u>\$ 975,959</u>

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

Balance, December 31, 2019	\$ 9
Increased by:	
St. Mary's Sewer Rents Levied - Net	<u>193,689</u>
	193,698
Decreased by:	
Cash Receipts	<u>193,689</u>
Balance, December 31, 2020	<u>\$ 9</u>

**STATEMENT OF DEFERRED CHARGES - SPECIAL EMERGENCY AUTHORIZATION
SEWER UTILITY OPERATING FUND**

	Added in 2020	Balance December 31, 2020
Special Emergency Authorizations - COVID 19	<u>\$ 488,000</u>	<u>\$ 488,000</u>

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

	<u>Balance, December 31, 2019</u>	<u>Balance, December 31, 2020</u>
Sanitary Sewer System	\$ 5,577,974	\$ 5,577,974
Sewer Jet Cleaning Truck	185,000	185,000
T.V. Camera Truck	<u>125,000</u>	<u>125,000</u>
	<u>\$ 5,887,974</u>	<u>\$ 5,887,974</u>

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

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, December 31, 2019</u>	<u>Balance, December 31, 2020</u>
2032-15	Improvements and Repairs to Sewer Pipes	<u>\$ 35,766</u>	<u>\$ 35,766</u>
		<u>\$ 35,766</u>	<u>\$ 35,766</u>

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

Balance, December 31, 2019	\$ 343,125
Increased by:	
Payments Made by Current Fund for Sewer Utility Operating Fund Budget	162,280
	505,405
Decreased by:	
Anticipated Revenue - Deficit (General Budget)	184,000
Balance, December 31, 2020	\$ 321,405

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

Balance, December 31, 2019	\$ 26
Increased by:	
Interest Earned	22
Balance, December 31, 2020	\$ 48

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

Balance, December 31, 2019	\$ 60,899
Increased by:	
Charges to Budget Appropriations	<u>184,369</u>
	245,268
Decreased by:	
Cash Disbursed	<u>60,899</u>
Balance, December 31, 2020	<u><u>\$ 184,369</u></u>

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

Balance, December 31, 2019	\$ 8,449
Increased by:	
Charges to Budget Appropriations	
Interest on Bonds	<u>25,383</u>
	33,832
Decreased by:	
Interest Paid	<u>32,280</u>
Balance, December 31, 2020	<u>\$ 1,552</u>

**CITY OF PASSAIC
STATEMENT OF 2019 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance December 31, <u>2019</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	<u>Balance Lapsed</u>
OPERATING				
Other Expenses	\$ 19,231	\$ 19,231		\$ 19,231
Sewer Treatment Expenses	133	133		133
Sewer Maintenance Fee - Contractual	<u>12,198</u>	<u>12,198</u>	<u>-</u>	<u>12,198</u>
	<u>\$ 31,562</u>	<u>\$ 31,562</u>	<u>\$ -</u>	<u>\$ 31,562</u>

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

Ordinance Number	Description	Ordinance Amount	Balance December 31, 2019		Deferred Charges to Future Revenue	Paid or Charged	Authorizations Cancelled	Balance December 31, 2020	
			Funded	Unfunded				Funded	Unfunded
2032-15 2279-20	Improvements and Repairs to Sewer Pipes Refunding Bond Ordinance	\$ 35,766 472,000	\$ 35,766 -	- -	\$ 472,000	\$ 420,000	\$ 52,000	\$ 35,766 -	- -
			<u>\$ 35,766</u>	<u>\$ -</u>	<u>\$ 472,000</u>	<u>\$ 420,000</u>	<u>\$ 52,000</u>	<u>\$ 35,766</u>	<u>\$ -</u>
					Refunded Bonds Issued	<u>\$ 420,000</u>			

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

Balance, December 31, 2019		\$ 4,737,974
Increased by:		
Serial Bonds Paid by Operating Budget	\$ 130,000	
Bonds Refunded	<u>450,000</u>	
Serial Bonds		<u>580,000</u>
		5,317,974
Decreased by:		
Refunding Bonds Issued		<u>420,000</u>
Balance, December 31, 2020		<u>\$ 4,897,974</u>

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

Balance, December 31, 2019		<u>\$ 35,766</u>
Balance, December 31, 2020		<u>\$ 35,766</u>

Analysis of Balance - December 31, 2020

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

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2020		Interest Rate	Balance, December 31, 2019		Balance, December 31, 2020	
			Date	Amount		Increased	Decreased	Increased	Decreased
Sewer Bonds of 2010	7/27/2010	\$ 1,266,000				\$ 540,000		\$ 540,000	
Sewer Bonds of 2017	6/6/2017	646,000	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%			566,000	-
Sewer Refunding Bonds of 2020	12/9/2020	420,000	8/1/2021	90,000	5.000%				
			8/1/2022	80,000	5.000%				
			8/1/2023	80,000	5.000%				
			8/1/2024	85,000	5.000%				
			8/1/2025	85,000	5.000%			-	\$ 420,000
						<u>\$ 1,106,000</u>	<u>\$ 420,000</u>	<u>\$ 580,000</u>	<u>\$ 946,000</u>
Refunding Bonds Issued							\$ 420,000		
Bonds Refunded								\$ 450,000	
Paid by Budget Appropriation							-	130,000	
							<u>\$ 420,000</u>	<u>\$ 580,000</u>	

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

Balance, December 31, 2019	\$ <u>14,794</u>
Balance, December 31, 2020	\$ <u>14,794</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2019</u>	Balance, December 31, <u>2020</u>
1611-04	Various Sewer Improvements	\$ <u>44,000</u>	\$ <u>44,000</u>
		\$ <u>44,000</u>	\$ <u>44,000</u>

CITY OF PASSAIC

PART II

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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CHRISTOPHER M. VINCI, CPA
CHRISTINA CUIFFO, 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, 2020, and the related notes to the financial statements, and have issued our report thereon dated July 8, 2021. 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
July 8, 2021



LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON 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, 2020. 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, 2020.

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.

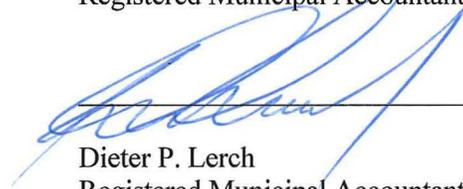
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2020, and the related notes to the financial statements and have issued our report thereon dated July 8, 2021, 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
July 8, 2021

CITY OF PASSAIC
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

State Grant Program	CFDA Number	State Acct Number	Grant Award Amount	Grant Receipts	Balance, December 31, 2019	Revenue Realized	Program Income	Expenditures	(Cancelled)/ Adjustment	Balance, December 31, 2020	Cumulative Expended
U.S. Department of Health and Human Services											
Ryan White Title I - 2020	93.924	N/A	\$ 163,806	\$ 116,298		\$ 163,806		\$ 25,901		\$ 137,905	\$ 25,901
Ryan White Title I - 2019	93.924	N/A	162,017		\$ 142,745			61,106		81,639	80,378
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		77,346			5,515		71,831	95,117
Ryan White Title I - 2017	93.924	N/A	166,931		66,381					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					415,652	163,806	-	92,522	-	486,936	381,188
U.S. Department of Health - (Pass through State Division of Family Health Services)											
Women, Infants, and Children-2020	10.557	046-4220-100-113-20	1,141,189	764,586		1,141,189		219,108		922,081	219,108
Women, Infants, and Children-2019	10.557	046-4220-100-113-19	1,109,988		888,640			865,414		23,226	1,086,762
Women, Infants, and Children-2018	10.557	046-4220-100-113-19	1,091,752		73,551				3	73,554	1,018,198
Women, Infants, and Children-2018	10.557	046-4220-100-113-18	1,091,091		18,805					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		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					1,013,608	1,141,189	-	1,084,522	3	1,070,278	5,786,873
U.S. Department of Agriculture - (Pass through State Division of Food and Nutrition)											
20 Summer Food Program	10.559	010-3350-100-033-20	226,476	94,288				113,460		113,016	113,460
19 Summer Food Program	10.559	010-3350-100-033-19	356,070		272,614					272,614	83,456
18 Summer Food Program	10.559	010-3350-100-033-18	380,807		115,276			44,200		71,076	309,731
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					668,499	226,476	-	157,660	-	737,315	860,357
Pass through Dept of Law and Public Safety-Division of Criminal Justice:											
Byrne Memorial Justice Asst. 2019	16.738	066-1020-100-364-19	180,339			180,339				180,339	-
Byrne Memorial Justice Asst. 2018	16.738	066-1020-100-364-18	191,956		191,956			9,250		182,706	9,250
Byrne Memorial Justice Asst. 2017	16.738	066-1020-100-364-17	203,547		203,547			61,457		142,090	61,457
Byrne Memorial Justice Asst. 2016 - TY	16.738	066-1020-100-364-16	225,070		154,937					154,937	70,133
Byrne Memorial Justice Asst. 2016	16.738	066-1020-100-364-16	217,458		149,135			149,135		-	217,458
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					707,533	180,339	-	219,842	-	668,030	820,050
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	\$ 494,535	865,044			403,359		461,685	740,524
Fire Safer Program	97.083	N/A	1,094,988		147,840					147,840	947,148
Total Fire Safer Program Cluster					1,012,884	-	-	403,359	-	609,525	1,687,672

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

State Grant Program	CFDA Number	State Acct Number	Grant Award Amount	Grant Receipts	Balance, December 31, 2019	Revenue Realized	Program Income	Expenditures	(Cancelled)/ Adjustment	Balance, December 31, 2020	Cumulative Expended
U.S. Department of Transportation - (Pass through State Department 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 2020	20.616	066-1160-100-057-20	9,000			\$ 9,000				9,000	-
Drunk Driver Prevention (Drive Sober) - Dec 2019	20.616	066-1160-100-057-19	5,500	\$ 5,390		5,500		\$ 5,390		110	5,390
Drunk Driver Prevention (Drive Sober) - Dec 2018	20.616	066-1160-100-057-18	5,500		1,375					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 - 2020	20.609	066-1160-100-146-XX	30,000	26,895		30,000		19,443		10,557	19,443
Pedestrian Safety Grant - Walk Safe - 2021	20.609	066-1160-100-146-XX	30,000			30,000		2,160		27,840	2,160
Pedestrian Safety Grant - Walk Safe	20.609	066-1160-100-146-XX	25,000		23,350			1,815		21,535	3,465
Pedestrian Safety Grant - Walk Safe	20.609	066-1160-100-146-XX	18,000		3,893			968		2,925	14,875
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		330					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					52,653	74,500	-	29,776	-	97,377	97,523
U.S. Department of Justice - (Pass through Dept of Law and Public Safety- Office of Community Policing) COPS Hiring Grant	16.710	2020-UMWX-0143	1,000,000			1,000,000				1,000,000	-
U.S. Department of Justice - (Pass through Dept of Law and Public Safety- Bureau of Justice assistance) Corona Virus Emerg. Supplemental Funding Prog.	16.034	2020-VDBX-1360	128,904			128,904				128,904	-
U.S. Department of Justice - (Pass through Dept of Law and Public Safety- Equitable Sharing Program) Patrick Leahy Bullet Proof Vest - 2020	16.922	N/A	3,600			3,600				3,600	-
Patrick Leahy Bullet Proof Vest - 2019	16.922	N/A	31,546	4,559		31,546				31,546	-
Total Patrick Leahy Cluster						35,146				35,146	-
U.S. Department of Housing and Urban Development (Passed Through Passaic County Department of Community Development) Disaster Rec Gr - McDonald Brook - Ammend 8	14.269	N/A	33,080	33,080		33,080				33,080	-
Disaster Recovery Grant - McDonald Brook	14.269	N/A	1,374,114	96,764	39,912				\$ 16,940	56,852	1,317,262
Total Disaster Recovery Cluster					39,912	33,080			16,940	89,932	1,317,262
U.S. Department of Housing and Urban Development CDBG Entitlement Grants	14.218	N/A	1,362,741		1,031,138	1,362,741		652,440		1,741,439	652,440
CDBG - COVID-CV	14.218	N/A	801,051			801,051		311,933		489,118	311,933
Emergency Solutions Grant	14.231	N/A			2,355		\$ 240			2,595	-
Total CDBG/ESG Cluster					1,033,493	2,163,792	240	964,373		2,233,152	964,373
U.S. Department of Housing and Urban Development Home Investment Partnership Program	14.239	N/A	887,735		1,702,254	887,735		375,735		2,214,254	375,735
U.S. Department of Treasury (Passed Through Passaic County Dept of Finance and Administration) CARES ACT - COVID-19 Corona Virus Aid Relief	21.019	N/A	5,571,735	513,791		5,571,735		2,626,179		2,945,556	2,626,179
					\$ 6,708,043	\$ 11,606,702	\$ 240	\$ 5,953,968	\$ 16,943	\$ 12,377,960	\$ 17,321,243

N/A - Not Applicable

**CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

<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, 2019</u>	<u>Revenue Realized</u>	<u>Local Match</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2020</u>	<u>Cumulative Expended</u>
Department of Community Affairs											
Clean Communities Grant	042-4900-765-004-17	2018	\$ 73,545		\$ 63,313			\$ 30,067		\$ 33,246	\$ 40,299
Clean Communities Grant	042-4900-765-004-17	2017	76,830		1,123			1,123		-	76,830
Clean Communities Grant	042-4900-765-004-16	2016	90,435							-	90,435
Clean Communities Grant	042-4900-765-004-15	2015	79,122		149	-	-	-	-	149	78,973
Total Clean Communities Cluster					<u>64,585</u>	<u>-</u>	<u>-</u>	<u>31,190</u>	<u>-</u>	<u>33,395</u>	<u>286,537</u>
Recreation Opportunity											
Recreation Opportunity	022-8050-100-035-13	2019	13,311		13,311					13,311	-
Recreation Opportunity	022-8050-100-035-13	2018	20,000		10,043					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>33,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,214</u>	<u>19,957</u>
Recycling Tonnage											
Recycling Tonnage	042-4900-752-001-17	2018	109,211		109,211					109,211	-
Recycling Tonnage	042-4900-752-001-17	2017	74,794		74,794			2,250		72,544	2,250
Recycling Tonnage	042-4900-752-001-16	2016	95,963		95,963			28,198		67,765	28,198
Recycling Tonnage	042-4900-752-001-15	2015	97,374		3,322			3,291		31	97,343
Recycling Tonnage	042-4900-752-001-12	2012	97,518		28,659	-	-	-	-	28,659	68,859
Total Recycling Tonnage Cluster					<u>311,949</u>	<u>-</u>	<u>-</u>	<u>33,739</u>	<u>-</u>	<u>278,210</u>	<u>196,650</u>
Department of Health											
Alcohol Education and Rehabilitation	760-046-4240-001	2019	6,269		6,269					6,269	-
Alcohol Education and Rehabilitation	760-046-4240-001	2018	12,889		2,689					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>44,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,799</u>	<u>19,346</u>
Child Health - Childhood Lead Exposure - 2019											
Child Health - Childhood Lead Exposure - 2019	DFHS19CHD023	2019	817,000	\$ 542,745	287,122			50,360		236,762	580,238
Child Health - Childhood Lead Exposure - 2018											
Child Health - Childhood Lead Exposure - 2018	DFHS18CHD007	2017/2018	575,665		1,647	-	-	-	-	1,647	574,018
Total Child Health					<u>288,769</u>	<u>-</u>	<u>-</u>	<u>50,360</u>	<u>-</u>	<u>238,409</u>	<u>1,154,256</u>
Childhood Lead - 2021											
Childhood Lead - 2021	OLPH21CLPO10	2020	562,500	4,316		\$ 562,500				562,500	-
Childhood Lead - 2021											
Childhood Lead - 2021	OLPH21CLPO10	2020	109,087			109,087		109,087		-	109,087
Childhood Lead - 2020											
Childhood Lead - 2020	OLPH20CLPO10	2019	750,000		373,400			366,234		7,166	742,834
Childhood Lead Poisoning Prevention - TY											
Childhood Lead Poisoning Prevention - TY	16-348-CHS-L-0	2016	159,250		344					344	158,906
Childhood Lead Poisoning Prevention											
Childhood Lead Poisoning Prevention	16-348-CHS-L-0	2016	159,250		22,524			16,945		5,579	153,671
Childhood Lead Poisoning Prevention	15-348-CHS-L-0	2015	159,250		2,461	-	-	2,461	-	-	159,250
Total Childhood Lead					<u>398,729</u>	<u>671,587</u>	<u>-</u>	<u>494,727</u>	<u>-</u>	<u>575,589</u>	<u>1,323,748</u>
Total Childhood Health/Lead Cluster					<u>687,498</u>	<u>671,587</u>	<u>-</u>	<u>545,087</u>	<u>-</u>	<u>813,998</u>	<u>2,478,004</u>

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

<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, 2019</u>	<u>Revenue Realized</u>	<u>Local Match</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2020</u>	<u>Cumulative Expended</u>
Passed Thru County of Passaic											
Municipal Alliance - 5th Q	N/A	2020	\$ 3,158			\$ 3,158				\$ 3,158	
Municipal Alliance	N/A	2020	12,985			12,985		\$ 3,088		9,897	\$ 3,088
Municipal Alliance	N/A	2019	39,478	\$ 22,296	\$ 26,345			20,365		5,980	33,498
Municipal Alliance	N/A	2018	39,478		1,102					1,102	38,376
Municipal Alliance	N/A	2017	39,478		313					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					39,822	16,143	-	23,453	-	32,512	191,215
Multi Cultural	N/A	2015	700		700					700	-
Department of Law and Public Safety											
Drunk Driving Enforcement	1110-448-031020-22	2018	17,542		8,092			8,092		-	17,542
Drunk Driving Enforcement	1110-448-031020-22	2018	20,564		2,929			2,929		-	20,564
Drunk Driving Enforcement	1110-448-031020-22	2016	28,629		4,000	-	-	-	-	4,000	24,629
Total Drunk Driving Enforcement Cluster					15,021	-	-	11,021	-	4,000	62,735
Body Armor Replacement	066-1020-718-001-11	2020	14,601	14,601		14,601				14,601	-
Body Armor Replacement	066-1020-718-001-11	2018	40,887	40,887	40,034			35,467		4,567	36,320
Body Armor Replacement	066-1020-718-001-11	2016	13,091		16					16	13,075
Body Armor Replacement	066-1020-718-001-11	2015	13,213		106					106	13,107
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					42,984	14,601	-	35,467	-	22,118	89,978

**CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

<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, 2019</u>	<u>Revenue Realized</u>	<u>Local Match</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2020</u>	<u>Cumulative Expended</u>
Department of Law and Public Safety											
Safe and Secure	066-1020-100-232-16	2020	\$ 90,000	\$ 24,375		\$ 90,000				\$ 90,000	-
Safe and Secure	066-1020-100-232-16	2019	90,000		\$ 13,977			\$ 3,578		10,399	\$ 79,601
Safe and Secure	066-1020-100-232-16	2018	90,000		90,000					90,000	-
Safe and Secure	066-1020-100-232-16	2017	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>242,727</u>	<u>90,000</u>	<u>-</u>	<u>3,578</u>	<u>-</u>	<u>329,149</u>	<u>120,851</u>
Juvenile Acct. Incen. Bl Grant (Station House)											
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2020	35,462	17,522		35,462		1,186		34,276	1,186
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2020	34,762	34,762		34,762		34,762		-	34,762
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2020	8,209	7,133		8,209				8,209	-
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2019	34,762		2,817			2,733		84	34,678
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2019	11,359		7,822			4,728		3,094	8,265
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2018	34,762		703			466		237	34,525
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2017	19,762		870					870	18,892
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2015	19,792		36	-	-	-	-	36	19,756
Total Juvenile Acct. Incentive Block Cluster					<u>12,248</u>	<u>78,433</u>	<u>-</u>	<u>43,875</u>	<u>-</u>	<u>46,806</u>	<u>152,064</u>
Department of Commerce and Economic Development											
Urban Enterprise Zone Assistance Fund (UEZ)											
Urban Enterprise Zone	2830-763-250-XXX-50										
17 - Urban Enterprise Zone	UEZA	2017	139,902		79,407			1,369		78,038	61,864
17 - Taste of Market Street	UEZA	2017	5,000	5,000	915					915	4,085
15 - Administration - Commodities	UEZA	2015	16,925		2,926					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>108,801</u>	<u>-</u>	<u>-</u>	<u>1,369</u>	<u>-</u>	<u>107,432</u>	<u>219,998</u>
Department of Transportation											
Municipal Aid Program - 2021	078-6320-480-XXX	2020	754,435			754,435				754,435	-
Municipal Aid Program - 2020	078-6320-480-XXX	2020	883,174		883,174			47,840		835,334	47,840
Transp. Trust - Various Road Imp - 2019	078-6320-480-XXX	2019	895,426	440,980	895,426			567,521		327,905	567,521
Transp. Trust - Various Road Imp - 2018	078-6320-480-XXX	2018	805,600		328,991					328,991	476,609
Transp. Trust - Roadway Safety - 2018	078-6320-480-XXX	2018	600,000		579,160			3,623		575,537	24,463
Transp. Trust - Various Road Imp - 2017	078-6320-480-XXX	2017	385,456		108,760				\$ 2,448	111,208	274,248
Transp. Trust - Various St Imp - 2016	078-6320-480-XXX	2016	353,273		94,203			-		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>3,639,714</u>	<u>754,435</u>	<u>-</u>	<u>618,984</u>	<u>2,448</u>	<u>3,777,613</u>	<u>1,649,751</u>

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, December 31, 2019	Realized	Local Match	Expended	Adjustments	Balance, December 31, 2020	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		2,179			\$ 150		2,029	\$ 6,340
Hepatitis B Inoculation	046-4230-100-241-15	2015	5,000		428	-	-	-	-	428	4,572
Total Hepatitis B Inoculation Cluster					5,842	-	-	150	-	5,692	10,912
Housing Opportunity Grant - Covid 19	N/A	2020	56,829	\$ 106,885		\$ 56,829		4,114		52,715	4,114
Housing Opportunity Grant	N/A	2020	150,000			150,000		17,096		132,904	17,096
Housing Opportunity Grant	N/A	2019	150,000		105,383			103,676		1,707	148,293
Housing Opportunity Grant	N/A	2018	125,000	35,737	41,021			439		40,582	84,418
Housing Opportunity Grant	N/A	2017	120,000		12,254					12,254	107,746
Housing Opportunity Grant - TY	N/A	2016	160,000		1,194					1,194	158,806
Housing Opportunity Grant	N/A	2016	69,610	9,362	9,247					9,247	60,363
Housing Opportunity Grant	N/A	2015	75,000		23,543	-	-	-	-	23,543	51,457
Total Housing Opportunity Cluster					192,642	206,829	-	125,325	-	274,146	632,293
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		113					113	249,887
US Lacrosse National Diversity	N/A	2018	2,000		2,000					2,000	-
Recreation - Hudson River Foundation		2019	10,000		2,735					2,735	7,265
Recreation - Womens Sports		2019	5,000		3,784					3,784	1,216
NJ Department of Community Affairs Neighborhood Preservation Program - Covid Relief		2020	190,200	190,200		190,200		180,543		9,657	180,543
Neighborhood Preservation Program		2019	125,000		125,000	-	-	34,320	-	90,680	34,320
Total NJ Department of Community Affairs					125,000	190,200	-	214,863	-	100,337	214,863
Department of Environmental Protection Green Trust Grant -		2019	1,000,000		1,000,000			277,471		722,529	277,471
It Pays to Plug In - Electric Vehicle Charge		2019	6,000		6,000			6,000		-	6,000
Stewardship Award		2019	23,000		23,000					23,000	-
Stewardship Award - Tree Mgmt		2018	7,000		4,900					4,900	2,100
Green Trust Grant - 3rd Ward & Vet Mem Park	4800-533-852000-60	2017	1,000,000		85,642					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					1,120,576	-	-	283,471	-	837,105	2,298,895
					\$ 6,731,107	\$ 2,022,228	\$ -	\$ 1,971,572	\$ 2,448	\$ 6,784,211	\$ 8,910,224

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, 2020**

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	\$ 8,555,175	\$ 2,022,228	\$ 10,577,403
Community Development Grant Fund	2,163,792		2,163,792
Home Loan Program Fund	<u>887,735</u>	<u>-</u>	<u>887,735</u>
	<u>\$ 11,606,702</u>	<u>\$ 2,022,228</u>	<u>\$ 13,628,930</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, 2020**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The City’s state loans outstanding at December 31, 2020, 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	\$ 102,195
Third Ward Park Improvements	82,810
Hughes Lake Rehabilitation	31,208
Pulaski Park Renovation	9,053
Roberto Clemente Field Improvements	224,785
Pulaski Park Improvements	<u>449,363</u>
	<u>\$ 899,414</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, 2020**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$750,000
- E) Auditee qualified as low-risk auditee? X yes no
- F) Type of auditors' report on compliance for major programs: Unmodified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported
- H) Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? yes X no

I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.218</u>	<u>Community Development Block Grants</u>
<u>10.557</u>	<u>Woman, Infants and Children</u>
<u>21.019</u>	<u>CARES Act</u>
<u> </u>	<u> </u>

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Part I – Summary of Auditor’s Results

State Awards Section

- J) Dollar threshold used to determine Type A programs: \$ 750,000
- K) Auditee qualified as low-risk auditee? X yes no
- L) Type of auditors' report on compliance for major programs: Unmodified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? yes X no
- O) Identification of major programs:

GMIS Number(s)	Name of State Program
078-6320-480	Dept. of Transportation -
	Municipal Aid Program

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020**

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, 2020**

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, 2020

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

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 6,000,000	3.86 %	\$ 4,260,000	2.90 %
Miscellaneous - From Other Than Local				
Property Tax Levies	34,719,013	22.32	30,714,396	20.90
Collection of Delinquent Taxes and Tax Title Liens	216,205	0.14	152,556	0.10
Collection of Current Tax Levy	108,299,164	69.61	107,893,586	73.43
Other Credits to Income	<u>6,347,564</u>	<u>4.07</u>	<u>3,925,383</u>	<u>2.67</u>
 Total Income	 <u>155,581,946</u>	 <u>100.00</u> %	 <u>146,945,921</u>	 <u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	106,298,108	70.20 %	98,722,279	69.18 %
County Taxes	26,965,457	17.81	26,820,928	18.80
Local School Taxes	16,818,577	11.11	16,818,577	11.79
Other Expenditures	<u>1,347,364</u>	<u>0.88</u>	<u>331,996</u>	<u>0.23</u>
 Total Expenditures	 <u>151,429,506</u>	 <u>100.00</u> %	 <u>142,693,780</u>	 <u>100.00</u> %
 Excess in Revenue	 4,152,440		 4,252,141	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year	 <u>-</u>		 <u>1,500,000</u>	
 Statutory Excess to Fund Balance	 4,152,440		 5,752,141	
 Fund Balance, Beginning of Year	 <u>12,856,467</u>		 <u>11,364,326</u>	
	17,008,907		17,116,467	
Decreased by:				
Utilization as Anticipated Revenue	<u>6,000,000</u>		<u>4,260,000</u>	
 Fund Balance, End of Year	 <u>\$ 11,008,907</u>		 <u>\$ 12,856,467</u>	

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

	<u>2020</u>			<u>2019</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Anticipated	\$ 290,390	4.68	%	\$ 327,730	5.16
Collection of Sewer Rents	5,381,154	86.76		5,725,727	90.21
Non-Budget Revenues	11,310	0.18		34,110	0.54
Other Credits to Income	<u>519,562</u>	<u>8.38</u>		<u>259,442</u>	<u>4.09</u>
 Total Income	 <u>6,202,416</u>	 <u>100.00</u>	 %	 <u>6,347,009</u>	 <u>100.00</u>
EXPENDITURES					
Budget Expenditures					
Operating	6,180,750	97.55	%	5,854,520	97.26
Debt Service	<u>155,383</u>	<u>2.45</u>		<u>164,753</u>	<u>2.74</u>
 Total Expenditures	 <u>6,336,133</u>	 <u>100.00</u>	 %	 <u>6,019,273</u>	 <u>100.00</u>
Excess/(Deficit) in Revenues	(133,717)			327,736	
Adjustments to Income Before Fund Balance					
Realized from General Budget for Anticipated Deficit	<u>184,000</u>			<u>-</u>	
Statutory Excess to Fund Balance	50,283			327,736	
Fund Balance, Beginning of Year	<u>328,056</u>			<u>328,050</u>	
	378,339			655,786	
Decreased by:					
Utilization as Anticipated Revenue	<u>290,390</u>			<u>327,730</u>	
Fund Balance, End of Year	<u>\$ 87,949</u>			<u>\$ 328,056</u>	

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	<u>\$3.731</u>	<u>\$3.677</u>	<u>\$3.598</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$2.250	\$2.204	\$2.162
County	.912	.904	.875
Local School	.569	.569	.561

Assessed Valuation

2020	<u>\$2,956,331,066</u>		
2019		<u>\$2,959,786,200</u>	
2018			<u>\$ 2,998,915,400</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, 2020	\$ 110,422,305	\$ 109,399,164	99.07%
December 31, 2019	109,172,489	108,393,586	99.29%
December 31, 2018	107,963,255	106,217,991	98.38%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$ 289,602	\$ 688,761	\$ 978,363	0.89%
2019	255,736	420,215	675,951	0.62%
2018	440,878	88,327	529,205	0.49%

**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>
2020	\$ 5,333,276	\$ 5,187,465	97.27%
2019	5,328,328	5,499,866	103.22%
2018	5,795,860	5,762,811	99.43%

(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	2020	\$11,008,907	\$4,260,000
	2019	12,856,467	6,000,000
	2018	11,364,326	4,260,000
Sewer Utility	2020	\$87,949	
	2019	328,056	\$290,390
	2018	328,050	327,730

**CITY OF PASSAIC
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<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	
Omar J. Garcia	Director of Finance	(A)
Barbara Williams	Tax Assessor	
Amada Curling	City Clerk/Registrar of Vital Statistics	
Doris Dudek	Purchasing Agent	
Zenab Bachok	Tax Collector	(A)
Ronald Van Rensalier	Director of Community Development	
Florio & Kenny LLP	City Attorney	
John Biegel	Health Officer	
Luis Guzman	Police Chief	
Patrick Trentacost	Fire Chief	
Jeremias E. Batista	Municipal Judge	(A)
Ronda Casson Cotroneo	Municipal Judge	(A)
Johnathon H. Rosenbluth	Municipal Judge	

(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.

Grant receivable and grant appropriation reserve reports were not in agreement with audit balances. It is recommended that grant receivable and appropriated reserve reports be reviewed and adjusted to agree with audit balances.

Current Year Findings

Our audit of the Grant Fund revealed numerous grant receivable balances due to the City at year end. It is recommended that continued efforts be made to collect grant receivable balances due to the City.

Our audit of employee health benefits revealed that of those employees tested two (2) terminated employees remained on the monthly health benefit bills. It is recommended that employees be removed from health benefit coverage on a timely basis upon termination.

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:

2 2020 Harley Davidson Police Motorcycles
Collection of Garbage and Bulky Waste
Municipal Complex Window/Skylight Restoration
Roberto Clemente Softball Field Lighting
Pulaski Park Rubberized Track Service
Dignity House Basement Improvements
Boys and Girls Club – Installation of Generator
Solid Waste Tipping Fees
Portable Radios and Accessories

Recreation Sports Equipment/Uniforms
Municipal Complex Masonry, Restoration and Repairs
McDonalds Brook Flood Control Project-Phase 6
3 2020 Chevrolet Tahoes
2019 Road Improvement Program
Fires Hoses
Myrtle and Howe Avenue Traffic Signal Improvements
Concession Management Services – Ice Skating Rink

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 \$40,000 "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 15, 2020.

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. Grant receivable and appropriated reserve reports be reviewed and adjusted to agree with the audit balances.
- 3. Continued efforts be made to collect grant receivable balances due to the City.
- 4. Employees be removed from health benefits coverage on a timely basis upon termination.

* * * * *

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