

**CITY OF PASSAIC**  
**PASSAIC COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FISCAL YEAR ENDED JUNE 30, 2016**

**CITY OF PASSAIC**

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**CITY OF PASSAIC**  
**PASSAIC COUNTY, NEW JERSEY**

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**PART I**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

### *Report on the Financial Statements*

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Passaic, as of June 30, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the fiscal years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the fiscal year ended June 30, 2016, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Passaic on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the 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 June 30, 2016 and 2015, or changes in financial position, or, where applicable, cash flows for the fiscal years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

We were unable to audit the financial activities of the General Fixed Assets Account Group as of and for the fiscal years ended June 30, 2016 and 2015 because sufficient documentation was not available to support amounts reported in the financial statements – regulatory basis referred to above. We were unable to satisfy ourselves about the amounts reported by means of other auditing procedures.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the General Fixed Assets Account Group financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the City of Passaic as of June 30, 2016 and 2015, and the results of operations and changes in fund balance – regulatory basis of such funds for the fiscal years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the fiscal year ended June 30, 2016 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

***Other Information***

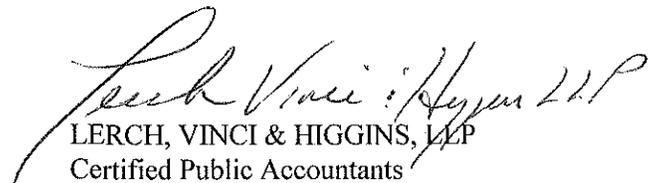
Our audit was conducted for the purpose of forming an opinion on the financial statements of the City of Passaic as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, 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.

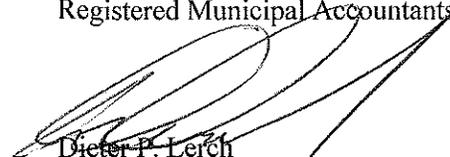
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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 December 30, 2016 on our consideration of the City of Passaic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Passaic's internal control over financial reporting and compliance.

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

  
Dieter P. Lerch  
Registered Municipal Accountant  
RMA Number CR00398

Fair Lawn, New Jersey  
December 30, 2016

**CITY OF PASSAIC**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF JUNE 30, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>REGULAR FUND</b>			
Cash	A-4	\$ 15,261,377	\$ 15,251,931
Cash - Change Fund	A-7	2,800	2,800
Due From State of New Jersey - Senior Citizens and Veterans	A-10	<u>56,186</u>	<u>63,761</u>
		<u>15,320,363</u>	<u>15,318,492</u>
Receivables and Other Assets With			
Full Reserves			
Delinquent Property Tax Receivable	A-13	52,065	32,253
Tax Title Liens Receivable	A-14	510,181	436,669
Revenue Accounts Receivable	A-15	436,088	372,573
Due from Animal Control Fund	B-4		683
Due from Other Trust Fund	B-6	526,619	1,291,544
Due from Community Development Grant Fund	B-15	96,501	96,501
Due from Home Investment Program Fund	B-17	486,142	168,862
Due from General Capital Fund	C-5	124,509	65
Due from Sewer Utility Operating Fund	D-12	830,519	4,651
Due from Sewer Utility Capital Fund	D-14		106,000
Due from Passaic Parking Authority	A-11	4,185	28,820
Due from Passaic Redevelopment Authority	A-12	<u>33,040</u>	<u>25,231</u>
		<u>3,099,849</u>	<u>2,563,852</u>
Deferred Charges			
Special Emergency Authorizations	A-16	<u>1,380,000</u>	<u>2,200,000</u>
Total Regular Fund		<u>19,800,212</u>	<u>20,082,344</u>
<b>GRANT FUND</b>			
Cash	A-5	318,692	687,846
Grants Receivable	A-31	8,339,843	6,964,295
Due from Current Fund	A-9	340,599	304,059
Deferred Charges:			
Grant Expenditures Without Appropriations	A-33	<u>-</u>	<u>882,399</u>
Total Grant Fund		<u>8,999,134</u>	<u>8,838,599</u>
Grand Total		<u>\$ 28,799,346</u>	<u>\$ 28,920,943</u>

**CITY OF PASSAIC**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF JUNE 30, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>REGULAR FUND</b>			
Liabilities and Reserves			
Appropriation Reserves	A-3,A-20	\$ 3,304,232	\$ 3,946,417
Encumbrances Payable	A-23	1,077,116	1,432,065
Accounts Payable	A-24	44,790	39,589
Tax Overpayments	A-17		500
Prepaid Taxes	A-18	246,788	365,516
Fees Payable	A-27	161,858	149,901
Special Emergency Note Payable	A-19	1,380,000	2,200,000
Due to Grant Fund	A-9	340,599	304,059
Due to State of New Jersey - Grant Overpayments	A-30	57,906	
Reserve for Tax Appeals	A-25	2,727,390	2,131,568
Reserve for Pension Contributions	A-28	1,931,755	1,931,755
Reserve for Revaluation Program	A-29	729,276	1,301,193
Miscellaneous Reserves	A-26	<u>53,135</u>	<u>183,445</u>
		12,054,845	13,986,008
Reserve for Receivables and Other Assets	A	3,099,849	2,563,852
Fund Balance	A-1	<u>4,645,518</u>	<u>3,532,484</u>
<b>Total Regular Fund</b>		<u>19,800,212</u>	<u>20,082,344</u>
<b>GRANT FUND</b>			
Encumbrances Payable	A-32	2,647,254	1,564,622
Due to Other Trust Fund	B-7	118,964	136,442
Due to Home Investment Program Fund	B-16	33,567	
Due to General Capital Fund	C-8	486	486
Appropriated Grant Reserves	A-32	5,046,479	5,890,142
Unappropriated Grant Reserves	A-34	666,658	1,076,034
Reserve for Program Income	A-35	<u>485,726</u>	<u>170,873</u>
<b>Total Grant Fund</b>		<u>8,999,134</u>	<u>8,838,599</u>
<b>Grand Total</b>		<u>\$ 28,799,346</u>	<u>\$ 28,920,943</u>

**CITY OF PASSAIC**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND**  
**CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES AND OTHER INCOME REALIZED:</b>			
Fund Balance Utilized	A-2	\$ 1,520,000	\$ 1,330,000
Miscellaneous Revenue Anticipated	A-2	28,144,745	24,804,230
Receipts from Delinquent Taxes	A-2	156,737	412,089
Receipts from Current Taxes	A-2	98,115,615	97,712,250
Non-Budget Revenues	A-2	896,726	962,912
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-20	3,411,691	2,402,527
Statutory Excess Animal Control Fund	A-1		553
Appropriated Grant Reserves Cancelled	A-9	16,402	
Interfunds and Other Receivables Liquidated	A	896,243	-
		<u>133,158,159</u>	<u>127,624,561</u>
<b>EXPENDITURES</b>			
Budget Appropriations:			
Operations			
Salaries and Wages	A-3	39,524,585	39,005,259
Other Expenses	A-3	35,415,458	32,848,870
Deferred Charges and Statutory Expenditures	A-3	11,372,355	10,255,694
Capital Improvements	A-3	200,000	100,000
Municipal Debt Service	A-3	2,610,824	2,582,629
Judgements	A-1		2,000
County Taxes	A-22	23,243,544	23,212,635
Local District School Taxes	A-21	16,818,577	16,818,577
Grant Receivables Cancelled	A-9	6,475	
Refund of Prior Year Revenue	A-30	57,906	34,497
Interfunds and Other Receivables Created	A	1,275,401	1,368,790
		<u>130,525,125</u>	<u>126,228,951</u>
Statutory Excess to Fund Balance		2,633,034	1,395,610
Fund Balance, Beginning of Year	A	<u>3,532,484</u>	<u>3,466,874</u>
		6,165,518	4,862,484
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,520,000</u>	<u>1,330,000</u>
Fund Balance, End of Year	A	<u>\$ 4,645,518</u>	<u>\$ 3,532,484</u>

**CITY OF PASSAIC**  
**STATEMENT OF REVENUES - STATUTORY BASIS**  
**CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Reference	Anticipated		Realized	Excess (Deficit)
		Budget	Added by 40A:4-87		
Fund Balance Utilized	A-1	\$ 1,520,000	-	\$ 1,520,000	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-15	90,000		147,468	\$ 57,468
Other	A-15	40,000		36,501	(3,499)
Fees and Permits:					
Uniform Construction Code - Fees	A-15	650,000		867,294	217,294
Other	A-15	50,000		45,626	(4,374)
Fines and Costs:					
Municipal Court	A-15	1,700,000		2,484,979	784,979
Energy Receipts Tax	A-15	8,494,614		8,494,614	-
Consol. Municipal Property Tax Relief Aid	A-15	4,050,868		4,050,868	-
Interest and Costs on Taxes	A-15	130,000		241,763	111,763
Interest on Investments & Deposit	A-15	16,000		41,374	25,374
Downtown Merchant's Association	A-26	25,310		25,310	-
Police Record Bureau	A-15	20,000		33,493	13,493
Ambulance Billing	A-15	800,000		303,998	(496,002)
Board of Education - Security Watch and Resource Officers	A-15	2,500,000		2,650,000	150,000
Board of Education - Security Watch and Resource Officers-Prior Yr	A-15	400,000		417,201	17,201
Interlocal Agreement - Passaic Parking Authority	A-11	653,000		653,000	-
Public and Private Revenues Offset					
With Appropriations:					
Body Armor	A-31		\$ 13,213	13,213	
Byrne Memorial Justice Assistance	A-31	217,459		217,459	
Childhood Leadbase Prevention	A-31		159,250	159,250	
Federal Emergency Management Grant	A-31		152,728	152,728	
Ryan White Title I	A-31	208,805	143,303	352,108	
Drive Sober or Get Pulled Over	A-31	5,000	5,000	10,000	
Safe & Secure	A-31	67,500	90,000	157,500	
NJ Highway Pedestrian Safety	A-31		8,000	8,000	
Women, Infant & Children (WIC) - Prior Year	A-31	502,131		502,131	
Women, Infant & Children (WIC)	A-31		1,022,611	1,022,611	
Women, Infant & Children (WIC) - Addittional Funds	A-31		22,700	22,700	
Municipal Alliance on Alcoholism and Drug Abuse	A-31	39,478		39,478	
Municipal Alliance on Alcoholism and Drug Abuse-Prior Year	A-31	49,348		49,348	
DOT 2014 - 8th Street - Prior Year	A-31	116,950		116,950	
NJDEP Green Acres Grant	A-31		1,100,000	1,100,000	
Passaic County Open Space - Parks Rehabilitation - 3rd Ward Park	A-31		550,000	550,000	
Passaic County Housing Opportunity - HOPWA	A-31	90,000		90,000	
DCA - Recreation Opportunities for Individual with Disabilities	A-31		19,860	19,860	
DIG IN - City Green and Passaic County Community Garden	A-31		2,500	2,500	
Drunk Driving Enforcement	A-31		28,629	28,629	
NJ Office of Emergency Management	A-31		250,000	250,000	
HIDTA - Youth Empowerment	A-31	2,160		2,160	
Youth Corps Urban Gateway Enhancement	A-31	32,000		32,000	
DOT Various Street Projects	A-31		353,273	353,273	
Juvenile Accountability - Station House Adjustment Grant	A-31		10,000	10,000	
Click It Or Ticket	A-31		5,000	5,000	
Clean Communities	A-31		90,435	90,435	

**CITY OF PASSAIC  
STATEMENT OF REVENUES - STATUTORY BASIS  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Reference	2016 Budget	Added by 40A:4-87	Realized in 2016	Excess (Deficit)
Public and Private Revenues Offset With Appropriations:					
Alcohol Education - 2015 - Reserve	A-34	\$ 24,339		\$ 24,339	
Drunk Driving - 2015 - Reserve	A-34	23,356		23,356	
Safe & Secure - Reserve	A-34	22,500		22,500	
Women, Infant & Children (WIC) - Prior Year - Reserve	A-34	502,583		502,583	
Special Items:					
Cable Franchise Fee	A-15	360,000		458,255	\$ 98,255
Saint Mary's Reise Corp. - In Lieu of Taxes	A-15	120,000		165,669	45,669
Chestnut Housing Phase I - In Lieu of Taxes	A-15	66,000		81,250	15,250
Jack Parker Association - In Lieu of Taxes	A-15	300,000		306,900	6,900
Miscellaneous Reserves - PILOT Housing Authority	A-26	105,000		105,000	-
Garden Howe - In Lieu of Taxes	A-15	40,000		42,718	2,718
YMCA - In Lieu of Taxes	A-15	22,000		30,000	8,000
Highview Terrace - In Lieu of Taxes	A-15	65,000		80,313	15,313
Housing Authority Police Program	A-15	275,000		326,662	51,662
County of Passaic - Street Lighting	A-15	60,000			(60,000)
Reserve for Payment of Debt	C-5	124,378	-	124,378	-
		<u>23,060,779</u>	<u>\$ 4,026,502</u>	<u>28,144,745</u>	<u>1,057,464</u>
Receipts from Delinquent Taxes	A-2	206,800	-	156,737	(50,063)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		60,357,277		58,096,095	(2,261,182)
Minimum Library Tax		1,007,399	-	1,007,399	-
		<u>61,364,676</u>	<u>-</u>	<u>59,103,494</u>	<u>(2,261,182)</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>61,364,676</u>	<u>-</u>	<u>59,103,494</u>	<u>(2,261,182)</u>
Total Budget Revenues	A-3	<u>\$ 86,152,255</u>	<u>\$ 4,026,502</u>	88,924,976	<u>\$ (1,253,781)</u>
Non-Budget Revenues	A-2			896,724	
				<u>\$ 89,821,700</u>	

**CITY OF PASSAIC**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(Continued)**

	<u>Reference</u>	<u>2016</u>
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collections		
Revenue from Collections	A-13	\$ 99,615,615
Less: Reserve for Tax Appeals Pending	A-25	<u>1,500,000</u>
 Revenues Realized	 A-1	 98,115,615
Less: Allocated to School and County Taxes	A-21,A-22	<u>40,062,121</u>
 Balance for Support of Municipal Budget Appropriations		 58,053,494
 Add: Appropriation "Reserve for Uncollected Taxes"	 A-3	 <u>1,050,000</u>
 Amount for Support of Municipal Budget Appropriations	 A-2	 <u>\$ 59,103,494</u>
 Receipts from Delinquent Taxes		
Delinquent Tax Collections	A-13	\$ 21,735
Tax Title Liens	A-14	<u>135,002</u>
	A-2	<u>\$ 156,737</u>
 <u>Analysis of Non Budget Revenue</u>		
Recreation Fees		\$ 115,267
Recycling		78,420
Motor Vehicle Inspection Fines		2,565
Administrative Fees - Police Outside Duty		104,490
Board of Health/Vital Statistics Fees		189,773
City Clerk Fees		4,560
Planning/Engineering Fees		67,552
Passaic Valley Water Commission - Hydrant Inspection		34,500
Administration Fees - Senior Citizen and Veterans		3,001
Insurance Reimbursement		12,507
Elevator Fees		29,584
Bus Shelter Franchise		2,400
Bid Specifications		7,785
Retiree Drug Subsidy		2,185
Rental Fees		31,594
FEMA Reimbursement		99,193
County of Passaic - Emergency Management		5,000
Restitution		1,495
Miscellaneous Reimbursements/Receipts		<u>104,855</u>
		<u>\$ 896,726</u>
 Revenue Accounts Receivable	 A-15	 \$ 14,002
Cash Receipts	A-4	<u>882,724</u>
	A-2	<u>\$ 896,726</u>

**CITY OF PASSAIC**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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>	
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Office of Business Administration					
Salaries & Wages	\$ 505,144	\$ 511,144	\$ 496,700	\$ 14,444	
Other Expenses	331,600	361,600	329,725	31,875	
Human Resources					
Office of Personnel					
Salaries & Wages	74,420	74,420	45,720	28,700	
Other Expenses	5,200	5,200	5,128	72	
Mayor and Council					
Office of the Mayor and Council					
Salaries & Wages	312,999	312,999	305,595	7,404	
Other Expenses	33,300	33,300	27,652	5,648	
City Clerk					
Salaries & Wages	355,341	365,341	365,008	333	
Other Expenses	106,000	106,000	65,270	40,730	
Financial Administration - Treasurer's Office					
Salaries and Wages	385,938	385,938	380,485	5,453	
Other Expenses	116,650	116,650	110,631	6,019	
Annual Audit					
Other Expenses	65,000	73,000	70,570	2,430	
Revenue Administration - Tax Collector					
Salaries and Wages	242,275	242,275	227,762	14,513	
Other Expenses	32,500	46,198	30,469	15,729	
Tax Assessment Administration					
Salaries and Wages	232,025	257,025	254,316	2,709	
Other Expenses	57,250	57,250	51,849	5,401	
Legal Services					
Other Expenses	600,000	605,000	580,000	25,000	
Office of Engineer					
Salaries and Wages	196,000	196,000	189,269	6,731	
Other Expenses	23,900	23,900	12,083	11,817	
Economic Development Agencies					
Planning and Economic Development					
Salaries and Wages	171,615	161,615	112,843	48,772	
Other Expenses	2,400	12,400	10,360	2,040	
Division of Housing					
Salaries and Wages	277,215	288,715	284,836	3,879	
Other Expenses	7,800	7,800	3,560	4,240	
Redevelopment Agency	10,000	10,000	10,000	-	
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Other Expenses	10,850	10,850	6,526	4,324	
Board of Adjustment					
Other Expenses	17,400	17,400	11,663	5,737	
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Rent Leveling Board					
Other Expenses	15,200	15,200	15,000	200	
<b>INSURANCE</b>					
Liability Insurance	1,520,000	1,520,000	1,520,000	-	
Workmen's Compensation	1,715,000	1,715,000	1,715,000	-	
Employee Group Insurance	14,872,814	14,872,814	14,654,642	218,172	
Health Benefit Waiver	62,400	62,400	31,600	30,800	
Unemployment Insurance	400,000	400,000	400,000	-	

**CITY OF PASSAIC  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Appropriated</u>		<u>Expended</u>		<u>Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	\$ 16,120,725	\$ 16,120,725	\$ 16,020,783	\$ 99,942	
Other Expenses	315,250	315,250	307,518	7,732	
BOE Security Watch and Res. Off.-Salaries & Wages	2,500,000	2,500,000	2,466,397	33,603	
Office of Emergency Management					
Salaries & Wages	796,054	457,356	217,933	239,423	
Other Expenses	28,000	28,000	27,973	27	
Fire Department					
Salaries and Wages	10,917,010	10,917,010	10,823,362	93,648	
Other Expenses	97,165	97,165	81,762	15,403	
Prosecutor's Office					
Other Expenses	200,000	200,000	103,075	96,925	
Municipal Court					
Salaries and Wages	872,213	912,213	912,090	123	
Other Expenses	130,624	142,624	139,233	3,391	
Public Defender (PL 1997 C.256)					
Other Expenses	69,700	69,700	53,650	16,050	
Passaic Parking Authority					
Salaries & Wages	470,000	470,000	204,394	265,606	
Other Expenses	183,000	183,000	183,000	-	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	1,540,100	1,490,100	1,310,539	179,561	
Other Expenses	261,150	311,150	286,455	24,695	
Solid Waste Collection					
Other Expenses					
Garbage Removal Contractual	2,010,000	2,010,000	1,961,992	48,008	
Buildings and Grounds					
Salaries and Wages	822,670	822,670	697,976	124,694	
Other Expenses	229,900	229,900	185,145	44,755	
Vehicle Maintenance					
Salaries & Wages	396,700	396,700	336,579	60,121	
Other Expenses	357,500	357,500	319,286	38,214	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Division of Health					
Salaries and Wages	632,800	682,800	646,640	36,160	
Other Expenses	176,344	176,344	171,977	4,367	
Animal Regulation					
Salaries and Wages	120,000	149,000	137,442	11,558	
Other Expenses	28,600	28,600	18,552	10,048	

**CITY OF PASSAIC  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 446,760	\$ 450,760	\$ 448,639	\$ 2,121	
Other Expenses	127,900	127,900	83,395	44,505	
Senior Citizens					
Salaries and Wages	140,000	141,500	141,500	-	
Other Expenses	7,300	7,300	6,175	1,125	
Handicapped Recreation					
Salaries & Wages	125,618	126,618	116,618	10,000	
Other Expenses	23,700	23,700	10,503	13,197	
Maintenance of Parks					
Salaries & Wages	704,961	704,961	577,773	127,188	
Other Expenses	64,500	64,500	41,721	22,779	
OTHER COMMON OPERATING FUNCTIONS					
Accumulated Leave					
Other Expenses	300,000	300,000	257,883	42,117	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Division of Code Enforcement					
Salaries and Wages	386,700	386,700	386,700	-	
Other Expenses	60,100	60,100	41,910	18,190	
UNCLASSIFIED:					
Utilities:					
Electricity	640,000	640,000	419,263	220,737	
Street Lighting	800,000	800,000	653,578	146,422	
Telephone and Telegraph	143,500	143,500	136,112	7,388	
Gasoline	500,000	500,000	253,217	246,783	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Tipping Tax	100,000	100,000	87,831	12,169	
Tipping Fees	2,170,000	2,170,000	1,873,415	296,585	-
Total Operations Within "CAPS"	<u>68,774,780</u>	<u>68,682,780</u>	<u>65,474,248</u>	<u>3,208,532</u>	<u>-</u>
Detail:					
Salaries & Wages	39,745,283	39,524,585	38,107,899	1,416,686	-
Other Expenses	29,029,497	29,158,195	27,366,349	1,791,846	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
DEFERRED CHARGES					
Unfunded Grant Expenditures	882,399	882,399	882,399	-	
STATUTORY CHARGES					
Public Employees Retirement System	1,485,230	1,485,230	1,464,472	20,758	
Social Security System (O.A.S.I.)	1,255,705	1,341,705	1,337,835	3,870	
Public Employees Retirement System - ERIP	190,179	190,179	190,179	-	
Police and Fireman's Retirement System	6,596,842	6,596,842	6,596,842	-	

**CITY OF PASSAIC**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" (Continued)					
STATUTORY CHARGES (Continued)					
Consolidated Police and Firemen's Pension Fund	\$ 20,000	\$ 20,000	\$ 161	\$ 19,839	
Deferred Compensation Retirement Plan	30,000	36,000	34,767	1,233	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>10,460,355</u>	<u>10,552,355</u>	<u>10,506,655</u>	<u>45,700</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>79,235,135</u>	<u>79,235,135</u>	<u>75,980,903</u>	<u>3,254,232</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	<u>1,159,551</u>	<u>1,159,551</u>	<u>1,159,551</u>	<u>-</u>	<u>-</u>
Total Other Operations - Excluded From "CAPS"	<u>1,159,551</u>	<u>1,159,551</u>	<u>1,159,551</u>	<u>-</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Edward Byrne Memorial Justice Assistance Grant (JAG)	217,459	217,459	217,459		
Body Armor		13,213	13,213		
Childhood Leadbase Prevention		159,250	159,250		
Clean Communities		90,435	90,435		
Click It Or Ticket		5,000	5,000		
DOT Various Street Projects		353,273	353,273		
Federal Emergency Management Grant		152,728	152,728		
NJ Highway Pedestrian Safety		8,000	8,000		
Housing Opp. HOPWA	90,000	90,000	90,000		
Ryan White Title I	208,805	352,108	352,108		
Drive Sober or Get Pulled Over	5,000	10,000	10,000		
Safe & Secure	90,000	180,000	180,000		
Women, Infant & Children (WIC) - Prior Year	278,420	278,420	278,420		
Women, Infant & Children (WIC)		1,045,311	1,045,311		
Matching Funds for Grants	50,000	50,000		50,000	
High Drug Traffic HIDTA	2,160	2,160	2,160		
Municipal Alliance on Alcoholism and Drug Abuse	49,671	49,671	49,671		
NJ DEP Green Acres		1,100,000	1,100,000		
NJ Office of Emergency Management		250,000	250,000		
Passaic County Open Space - Parks Rehab - 3rd Ward Park		550,000	550,000		
Youth Corps Urban Gateway Enhancement	32,000	32,000	32,000		
DCA - Recreation Opportunities for Individual with Disabilities		19,860	19,860		
DIG IN - City Green and Passaic County Community Garden		2,500	2,500		
Juvenile Accountability - Station House Adjustment		10,000	10,000		
Drunk Driving Enforcement	23,356	51,985	51,985		
Alcohol Education	24,339	24,339	24,339		
Total Public and Private Program Offset by Revenues	<u>1,071,210</u>	<u>5,097,712</u>	<u>5,047,712</u>	<u>50,000</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>2,230,761</u>	<u>6,257,263</u>	<u>6,207,263</u>	<u>50,000</u>	<u>-</u>
Detail:					
Other Expenses	<u>2,230,761</u>	<u>6,257,263</u>	<u>6,207,263</u>	<u>50,000</u>	<u>-</u>



**CITY OF PASSAIC  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF JUNE 30, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 34,827	\$ 46,965
		<u>34,827</u>	<u>46,965</u>
<b>OTHER TRUST FUND</b>			
Cash	B-1	10,116,780	9,909,825
Due from Grant Fund	B-7	<u>118,964</u>	<u>136,442</u>
		<u>10,235,744</u>	<u>10,046,267</u>
<b>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</b>			
Cash	B-1	91,136	91,645
Due from HUD	B-9	1,961,190	2,033,528
Other Receivables	B-12	<u>155,454</u>	<u>155,454</u>
		<u>2,207,780</u>	<u>2,280,627</u>
<b>HOME INVESTMENT PROGRAM FUND</b>			
Cash	B-1	295,874	129,371
Due from HUD	B-11	791,622	1,213,758
Mortgage Receivable	B-13	455,237	455,237
Due from Grant Fund	B-16	<u>33,567</u>	<u>-</u>
		<u>1,576,300</u>	<u>1,798,366</u>
Total Assets		<u>\$ 14,054,651</u>	<u>\$ 14,172,225</u>

**CITY OF PASSAIC**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF JUNE 30, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Encumbrances Payable	B-5	\$ 6,012	\$ 2,395
Due State of New Jersey	B-2	94	17
Due to Current Fund	B-4		683
Reserve for Animal Control Expenditures	B-3	<u>28,721</u>	<u>43,870</u>
		<u>34,827</u>	<u>46,965</u>
<b>OTHER TRUST FUND</b>			
Due to Current Fund	B-6	526,619	1,291,544
Miscellaneous Reserves and Deposits	B-8	<u>9,709,125</u>	<u>8,754,723</u>
		<u>10,235,744</u>	<u>10,046,267</u>
<b>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</b>			
Due to Current Fund	B-15	96,501	96,501
Reserve for Program Expenditures - UDAG	B-14	8,122	8,122
Reserve for Program Expenditures - CDBG	B-10	<u>2,103,157</u>	<u>2,176,004</u>
		<u>2,207,780</u>	<u>2,280,627</u>
<b>HOME INVESTMENT PROGRAM FUND</b>			
Due to Current Fund	B-17	486,142	168,862
Reserve for Mortgage Receivable	B-13	455,237	455,237
Reserve for Home Investment Program	B-18	<u>634,921</u>	<u>1,174,267</u>
		<u>1,576,300</u>	<u>1,798,366</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 14,054,651</u>	<u>\$ 14,172,225</u>

**CITY OF PASSAIC  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF JUNE 30, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 5,719,022	\$ 443,649
Grants and Loans Receivable	C-4	527,064	1,500,000
Due from Grant Fund	C-8	486	486
Deferred Charges to Future Taxation			
Funded	C-6	9,664,620	11,404,430
Unfunded	C-7	<u>6,300,726</u>	<u>2,510,238</u>
 Total Assets		 <u>\$ 22,211,918</u>	 <u>\$ 15,858,803</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-13	\$ 7,499,000	\$ 8,634,000
Pension Refunding Bonds	C-13	1,115,000	2,135,000
Green Acres Loans Payable	C-14	1,050,620	635,430
Bond Anticipation Notes Payable	C-12	6,542,500	2,257,500
Encumbrances Payable	C-10	183,683	134,880
Due to Current Fund	C-5	124,509	65
Improvement Authorizations			
Funded	C-11	786,087	884,651
Unfunded	C-11	4,338,421	72,138
Capital Improvement Fund	C-9	206,499	221,499
Reserve for Curb and Sidewalk Improvements	C-15	5,000	5,000
Reserve for Payment of Debt Service	C-16		124,378
Reserve for Grants and Loans Receivable	C-4	263,532	750,000
Fund Balance	C-1	<u>97,067</u>	<u>4,262</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 22,211,918</u>	 <u>\$ 15,858,803</u>

There were Bonds and Notes Authorized But Not Issued on June 30, 2016 and 2015 of \$94,615 and \$252,738, respectively, (See Exhibit C-17).

**CITY OF PASSAIC**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Balance, July 1,	C	\$ 4,262	
Increased by:			
Funded Improvement Authorizations Cancelled	C-11	<u>397,805</u>	<u>\$ 26,262</u>
		402,067	26,262
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-11	<u>305,000</u>	<u>22,000</u>
Balance, June 30,	C	<u>\$ 97,067</u>	<u>\$ 4,262</u>

**CITY OF PASSAIC**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY FUND**  
**AS OF JUNE 30, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash	D-5	\$ 1,353,196	\$ 672,278
Due from PVWC	D-9	<u>24,163</u>	<u>3,243</u>
		<u>1,377,359</u>	<u>675,521</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	872,164	961,107
Other Accounts Receivable	D-8	<u>42,709</u>	<u>41,287</u>
		<u>914,873</u>	<u>1,002,394</u>
<b>Total Operating Fund</b>		<u>2,292,232</u>	<u>1,677,915</u>
<b>CAPITAL FUND</b>			
Cash	D-5,D-6	6,560	113,477
Fixed Capital	D-10	5,887,974	5,874,366
Fixed Capital Authorized and Uncompleted	D-11	<u>35,766</u>	<u>50,308</u>
<b>Total Capital Fund</b>		<u>5,930,300</u>	<u>6,038,151</u>
		<u>\$ 8,222,532</u>	<u>\$ 7,716,066</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>OPERATING FUND</b>			
<b>Liabilities</b>			
Appropriation Reserves	D-4,D-16	\$ 30,904	\$ 66,949
Encumbrances Payable	D-13	10,327	93,250
Accrued Interest on Bonds	D-15	12,750	13,875
Due to Current Fund	D-12	<u>830,519</u>	<u>4,651</u>
		884,500	178,725
Reserve for Receivables	D	914,873	1,002,394
Fund Balance	D-1	<u>492,859</u>	<u>496,796</u>
<b>Total Operating Fund</b>		<u>2,292,232</u>	<u>1,677,915</u>
<b>CAPITAL FUND</b>			
Serial Bonds	D-21	900,000	990,000
Bond Anticipation Notes Payable	D-22	646,000	646,000
Encumbrances Payable	D-17		367
Due to Current Fund	D-14		106,000
Improvement Authorizations			
Funded	D-18	35,766	35,006
Unfunded	D-18		15,302
Reserve for Amortization	D-19	4,312,768	4,209,460
Reserve for Deferred Amortization	D-20	35,766	35,006
Fund Balance	D-2	<u>-</u>	<u>1,010</u>
<b>Total Capital Fund</b>		<u>5,930,300</u>	<u>6,038,151</u>
		<u>\$ 8,222,532</u>	<u>\$ 7,716,066</u>

There were Bonds and Notes Authorized But Not Issued on June 30, 2016 and 2015 of \$44,000 and \$44,208 , respectively, (See Exhibit D-23).

**CITY OF PASSAIC**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE**  
**REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>			
Fund Balance Anticipated	D-3	\$ 127,000	
Sewer Rents	D-3	5,266,697	\$ 5,245,643
Non-Budget Revenues	D-3	32,234	2,819
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-16	<u>68,501</u>	<u>216,519</u>
 Total Income		 <u>5,494,432</u>	 <u>5,464,981</u>
 <b>EXPENDITURES</b>			
Operating	D-4	5,210,000	5,039,490
Capital Improvements	D-4	37,000	
Debt Service	D-4	<u>124,369</u>	<u>128,276</u>
 Total Expenditures		 <u>5,371,369</u>	 <u>5,167,766</u>
 Excess in Revenues		 123,063	 297,215
 Fund Balance, Beginning of Year,	 D	 <u>496,796</u>	 <u>199,581</u>
		619,859	496,796
Decreased by:			
Utilized as Anticipated Revenue	D-1 D-3	<u>127,000</u>	<u>-</u>
 Fund Balance, End of Year,	 D	 <u>\$ 492,859</u>	 <u>\$ 496,796</u>

EXHIBIT D-2

**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**SEWER UTILITY CAPITAL FUND**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Fund Balance, Beginning of Year	D	\$ 1,010	\$ 1,010
Increased by:			
Funded Improvement Authorizations Cancelled	D-20	<u>34,756</u>	<u>-</u>
		35,766	1,010
Decreased by:			
Appropriated to Finance Improvement Authorizations	D-18	<u>35,766</u>	<u>-</u>
 Fund Balance, End of Year	 D	 <u>\$ -</u>	 <u>\$ 1,010</u>

**CITY OF PASSAIC**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	Excess or (Deficit)
Fund Balance Anticipated	D-1	\$ 127,000	\$ 127,000	
Sewer Rents and Charges	D-3	<u>5,245,504</u>	<u>5,266,697</u>	\$ 21,193
 Total Budget Revenues	 D-4	 <u>\$ 5,372,504</u>	 \$ 5,393,697	 <u>\$ 21,193</u>
 Non-Budget Revenues	 D-3		 <u>32,234</u>	
			 <u>\$ 5,425,931</u>	
Analysis of Revenue Realized:				
Sewer Rents and Charges:				
Consumer Accounts Receivable Collections	D-7		\$ 5,135,006	
Other Accounts Receivable Collections	D-8		<u>131,691</u>	
	D-3		<u>\$ 5,266,697</u>	
 Non-Budget Revenue:				
Interest on Investments			\$ 1,510	
Prior Year Reimbursements			<u>30,724</u>	
	D-5		<u>\$ 32,234</u>	

**CITY OF PASSAIC**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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>
<b>OPERATING</b>					
Other Expenses	\$ 243,000	\$ 243,000	\$ 236,038	\$ 6,962	
Sewer Treatment Expenses	4,410,000	4,410,000	4,410,000		
Sewer Maintenance Fee - Contractual	<u>557,000</u>	<u>557,000</u>	<u>557,000</u>	-	-
Total Operating	<u>5,210,000</u>	<u>5,210,000</u>	<u>5,203,038</u>	<u>6,962</u>	<u>-</u>
<b>CAPITAL IMPROVEMENTS</b>					
Capital Outlay	<u>37,000</u>	<u>37,000</u>	<u>13,058</u>	<u>23,942</u>	<u>-</u>
Total Capital Improvements	<u>37,000</u>	<u>37,000</u>	<u>13,058</u>	<u>23,942</u>	<u>-</u>
<b>DEBT SERVICE</b>					
Payment of Bond Principal	90,000	90,000	90,000		
Interest on Notes	3,553	3,553	3,543		\$ 10
Interest on Bonds	<u>31,951</u>	<u>31,951</u>	<u>30,826</u>	-	<u>1,125</u>
Total Debt Service	<u>125,504</u>	<u>125,504</u>	<u>124,369</u>	<u>-</u>	<u>1,135</u>
	<u>\$ 5,372,504</u>	<u>\$ 5,372,504</u>	<u>\$ 5,340,465</u>	<u>\$ 30,904</u>	<u>\$ 1,135</u>
<u>Reference</u>	D-3	D-4	D-1	D,D-1	
Disbursed			\$ 5,168,793		
Encumbrances Payable	D-5		10,327		
Accrued Interest on Bonds	D-13		30,826		
Due to Current Fund	D-15		<u>130,519</u>		
	D-12		<u>\$ 5,340,465</u>		

**CITY OF PASSAIC**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**AS OF JUNE 30, 2016 AND 2015**  
**(UNAUDITED)**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Fixed Assets	<u>\$ 91,441,474</u>	<u>\$ 91,441,474</u>
<b>LIABILITIES</b>		
Investments in General Fixed Assets	<u>\$ 91,441,474</u>	<u>\$ 91,441,474</u>

**NOTES TO FINANCIAL STATEMENTS**

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**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 is elected to a four-year term and the seven council members are elected at-large for terms of three years. The Mayor is the Chief Executive and Administrative Officer of the City and as such is responsible to enforce the charter and ordinances of the City, supervise all of the departments of the City government and appoint all officers and employees whose election or appointment no other provision is made by charter or ordinance. The City Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and all executive authority which is not specifically provided to the Mayor, by state law. A Business Administrator is appointed by the Mayor and is responsible for the supervision of all City departments and for the administration of the day to day operations of the City. The Business Administrator is the Chief of Staff to the Mayor. The City's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

**B. Description of Regulatory Basis of Accounting**

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

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

CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The City has the following funds and account group:

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

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

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

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

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

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

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

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

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

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.

CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Reclassifications - Certain reclassifications may have been made to the June 30, 2015 balances to conform to the June 30, 2016 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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 August 1, November 1, February 1 and May 1. The amount due for the August 1 and November 1 installments are determined based upon the estimated taxes levied for municipal purposes in the current municipal fiscal year, less the amount charged as the February 1 and May 1 installments for municipal purposes of the previous fiscal year; plus the full tax levied for the current tax year (calendar year) for county and school taxes, less the amount charged as the February 1 and May 1 installments for county and school purposes of the previous fiscal year. The amounts due for the February 1 and May 1 installments are determined as the full tax levied for municipal purposes for the current fiscal year, less the amounts charged for municipal purposes as the August 1 and November 1 installments of the current fiscal year, plus on half of the total tax levied for county and school purposes in the preceding tax year (calendar year). If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on August 15, November 15, February 15, and May 15 to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real

CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables (Continued)

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 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The City may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

Sewer Utility Revenues/Receivables - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the 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.

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

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

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

CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

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 June 30, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at June 30, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

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

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

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

**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 \$2,000 and an estimated useful life in excess of two years.

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

No depreciation has been provided for in the financial statements.

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

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**General Fixed Assets (Continued)**

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

Property and equipment purchased by the sewer utility fund 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

The governing body is required to introduce and approve the annual budget no later than August 10, of the fiscal year. The budget is required to be adopted no later than September 20, and prior to adoption must be certified by the Division of Local Government 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 fiscal years 2016 and 2015 the City Council increased the original current fund budget by \$4,026,502 and \$2,216,967, respectively. The increases were funded by additional aid allotted to the City. In addition, the governing body approved several budget transfers during fiscal years 2016 and 2015.

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016 and 2015, the book value of the City's deposits were \$33,200,264 and \$27,349,787 and bank and brokerage firm balances of the City's deposits amounted to \$35,088,999 and \$28,738,948, 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>2016</u>	<u>2015</u>
Insured	\$ 35,088,999	\$ 28,738,948

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2016 and 2015, the City's bank balances were not exposed to custodial credit risk.

**B. Investments**

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

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

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

As of June 30, 2016 and 2015 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 Utility Capital Fund is assigned to the Utility Operating Fund in accordance with the regulatory basis of accounting.

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE**

Receivables at June 30, 2016 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<b><u>2016</u></b>			
Property Taxes	\$ 52,065		\$ 52,065
Tax Title Liens	510,181		510,181
Utility Rents and Fees	-	\$ 914,873	914,873
	<u>\$ 562,246</u>	<u>\$ 914,873</u>	<u>\$ 1,477,119</u>

In fiscal year 2016, the City collected \$156,737 and \$1,002,394 from delinquent taxes and utility rents, which represented 33% and 100% of the delinquent tax and sewer charges receivable at June 30, 2015.

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

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

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	<u>2016</u>		<u>2015</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	\$ 2,064,290	\$ 340,599	\$ 1,668,306	\$ 304,059
Grant	340,599	153,017	304,059	136,928
Trust Funds				
Animal Control				683
Other Trust	118,964	526,619	136,442	1,291,544
Community Development		96,501		96,501
Home Investment Program	33,567	486,142		168,862
General Capital Fund	486	124,509	486	65
Sewer Utility Fund				
Operating		830,519		4,651
Capital	-	-	-	106,000
<b>Total</b>	<b>\$ 2,557,906</b>	<b>\$ 2,557,906</b>	<b>\$ 2,109,293</b>	<b>\$ 2,109,293</b>

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

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

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance June 30,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<b><u>2016</u></b>			
Current Fund			
Regular Fund			
Special Emergency Authorizations	\$ 1,380,000		\$ 1,380,000
<b><u>2015</u></b>			
Current Fund			
Regular Fund			
Special Emergency Authorizations	\$ 2,200,000	\$ 820,000	\$ 1,380,000
Grant Fund			
Grant Expenditures Without Appropriations	882,399	882,399	-

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 7 FUND BALANCES APPROPRIATED**

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

	Fund Balance June 30, <u>2016</u>	Utilized in Subsequent Year's Budget	Fund Balance June 30, <u>2015</u>	Utilized in Subsequent Year's Budget
<b>Current Fund</b>				
Cash Surplus	\$ 4,589,332	\$ 900,000	\$ 3,468,723	\$ 1,520,000
Non-Cash Surplus	<u>56,186</u>	<u>-</u>	<u>63,761</u>	<u>-</u>
	<u>\$ 4,645,518</u>	<u>\$ 900,000</u>	<u>\$ 3,532,484</u>	<u>\$ 1,520,000</u>
<b>Sewer Utility Operating Fund</b>				
Cash Surplus	\$ 492,859	\$ 130,980	\$ 496,796	\$ 127,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 492,859</u>	<u>\$ 130,980</u>	<u>\$ 496,796</u>	<u>\$ 127,000</u>

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the fiscal years ended June 30, 2016 and 2015.

	Balance, June 30, <u>2016</u> (Unaudited)	Balance, June 30, <u>2015</u> (Unaudited)
Fixed Assets	<u>\$ 91,441,474</u>	<u>\$ 91,441,474</u>

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 8 FIXED ASSETS (Continued)**

**B. Sewer Utility Fund Fixed Assets**

The following is a summary of changes in the utility fund fixed assets for the fiscal years ended June 30, 2016 and 2015.

**Sewer Utility Fund**

	Balance June 30, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2016</u>
<b><u>2016</u></b>				
Fixed Capital				
System and System Improvements	\$ 5,564,366	\$ 13,608		\$ 5,577,974
Vehicles and Equipment	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>310,000</u>
	<u>\$ 5,874,366</u>	<u>\$ 13,608</u>	<u>\$ -</u>	<u>\$ 5,887,974</u>
	Balance June 30, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2015</u>
<b><u>2015</u></b>				
Fixed Capital				
System and System Improvements	\$ 4,899,460	\$ 664,906		\$ 5,564,366
Vehicles and Equipment	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>310,000</u>
	<u>\$ 5,209,460</u>	<u>\$ 664,906</u>	<u>\$ -</u>	<u>\$ 5,874,366</u>

**CITY OF PASSAIC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 9 MUNICIPAL DEBT**

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

The City's debt is summarized as follows:

	<u>2016</u>	<u>2015</u>
Issued		
General		
Bonds, Notes and Loans	\$ 16,207,120	\$ 13,661,930
Sewer Utility		
Bonds and Notes	<u>1,546,000</u>	<u>1,636,000</u>
	17,753,120	15,297,930
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(351,183)</u>	<u>(124,378)</u>
Net Debt Issued	17,401,937	15,173,552
Authorized But Not Issued		
General		
Bonds and Notes	94,615	252,738
Sewer Utility		
Bonds and Notes	<u>44,000</u>	<u>44,208</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 17,540,552</u>	<u>\$ 15,470,498</u>

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**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 .46% and .37% at June 30, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2016</u></b>			
General Debt	\$ 16,301,735	\$ 1,451,389	\$ 14,850,346
Sewer Utility Debt	1,590,000	1,590,000	
Parking Authority Debt	<u>1,350,000</u>	<u>1,350,000</u>	<u>-</u>
Total	<u>\$ 19,241,735</u>	<u>\$ 4,391,389</u>	<u>\$ 14,850,346</u>

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

**Statutory Borrowing Power**

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

	<u>2016</u>	<u>2015</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 112,664,958	\$ 109,632,248
Net Debt	<u>14,850,346</u>	<u>11,655,290</u>
Remaining Borrowing Power	<u>\$ 97,814,612</u>	<u>\$ 97,976,958</u>

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<u>2016</u>	<u>2015</u>
\$7,249,000, 2010 General Obligation Bonds, due in annual installments of \$250,000 to \$700,000 through August 1, 2026, interest at 3.25% to 4.00%	\$ 6,649,000	\$ 6,949,000
\$3,930,000, 2013 Early Retirement Pension Refunding Bonds due in annual installments of \$1,115,000 to \$1,020,000 through February 1, 2017, interest at 2.146%	1,115,000	2,135,000
\$3,385,000, 2013 General Obligation Refunding Bonds, due in annual installments of \$835,000 to \$850,000 through May 1, 2017, interest at 4.00%	<u>850,000</u>	<u>1,685,000</u>
	<u>\$ 8,614,000</u>	<u>\$ 10,769,000</u>

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**General Intergovernmental Loans Payable**

The City has entered into loan agreements with the State of New Jersey Green Acres Program for the financing 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 June 30 are as follows:

	<u>2016</u>	<u>2015</u>
\$200,000, 2006 Loan, due in semi-annual installments of \$5,096 to \$6,157 through March, 2026, interest at 2%	\$ 112,212	\$ 122,254
\$500,000, 2008 Loan, due in semi-annual installments of \$18,648 to \$21,013 through July, 2022, interest at 2%	257,512	294,255
\$100,000, 2008 Loan, due in semi-annual installments of \$2,498 to \$3,078 through June, 2027, interest at 2%	61,128	66,050
\$250,000, 2009 Loan, due in semi-annual installments of \$9,417 to \$10,506 through April, 2022, interest at 2%	119,429	137,987
\$21,000, 2009 Loan, due in semi-annual installments of \$514 to \$646 through June, 2028, interest at 2%	13,871	14,884
\$157,460 2016 Loan, principal maturities, term and interest rate to be determined.	157,460	
\$329,008 2016 Loan, principal maturities, term and interest rate to be determined.	<u>329,008</u>	<u>-</u>
	<u>\$ 1,050,620</u>	<u>\$ 635,430</u>

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Sewer Utility Bonds**

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

	<u>2016</u>	<u>2015</u>
\$1,266,000, 2010 Sewer Bonds, due in annual installments of \$90,000 through August 1, 2025, interest at 3.25% to 3.75%	\$ 900,000	\$ 990,000
	<u>\$ 900,000</u>	<u>\$ 990,000</u>

The City's principal and interest for long-term debt issued and outstanding as of June 30, 2016 is as follows:

Fiscal Year	General						Total
	Bonds		Loans		Sewer Utility		
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 2,215,000	\$ 285,513	\$ 72,708	\$ 10,921	\$ 90,000	\$ 29,138	\$ 2,703,280
2018	250,000	219,460	74,169	9,460	90,000	26,213	669,302
2019	675,000	204,429	75,660	7,969	90,000	23,288	1,076,346
2020	675,000	182,491	77,181	6,448	90,000	20,362	1,051,482
2021	675,000	160,554	78,732	4,897	90,000	17,437	1,026,620
2022-2026	3,425,000	449,988	177,030	7,665	450,000	40,387	4,550,070
2027-2028	699,000	13,980	8,672	156	-	-	721,808
	<u>\$ 8,614,000</u>	<u>\$ 1,516,415</u>	<u>\$ 564,152</u>	<u>\$ 47,516</u>	<u>\$ 900,000</u>	<u>\$ 156,825</u>	<u>\$ 11,798,908</u>

Amortization Schedule to be determined.

\$ 486,468

\$ 1,050,620

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt**

The City's long-term capital debt activity for the fiscal years ended June 30, 2016 and 2015 were as follows:

	Balance, June 30, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2016</u>	Due Within <u>One year</u>
<b><u>2016</u></b>					
General Capital					
Serial Bonds	\$ 8,634,000		\$ 1,135,000	\$ 7,499,000	\$ 1,100,000
Pension Refunding Bonds	2,135,000		1,020,000	1,115,000	1,115,000
Green Acres Loan Payable	635,430	\$ 486,468	71,278	1,050,620	72,708
General Capital Fund					
Long Term Liabilities	\$ 11,404,430	\$ 486,468	\$ 2,226,278	\$ 9,664,620	\$ 2,287,708
Sewer Utility Capital					
Serial Bonds	\$ 990,000	-	\$ 90,000	\$ 900,000	\$ 90,000
Sewer Utility Capital Fund					
Long Term Liabilities	\$ 990,000	\$ -	\$ 90,000	\$ 900,000	\$ 90,000
	Balance, June 30, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2015</u>	Due Within <u>One year</u>
<b><u>2015</u></b>					
General Capital					
Serial Bonds	\$ 9,779,000		\$ 1,145,000	\$ 8,634,000	\$ 1,135,000
Pension Refunding Bonds	3,060,000		925,000	2,135,000	1,020,000
Green Acres Loan Payable	705,300	-	69,870	635,430	71,275
General Capital Fund					
Long Term Liabilities	\$ 13,544,300	\$ -	\$ 2,139,870	\$ 11,404,430	\$ 2,226,275
Sewer Utility Capital					
Serial Bonds	\$ 1,080,000	-	\$ 90,000	\$ 990,000	\$ 90,000
Sewer Utility Capital Fund					
Long Term Liabilities	\$ 1,080,000	\$ -	\$ 90,000	\$ 990,000	\$ 90,000

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The City's short-term debt activity for the fiscal years ended June 30, 2016 and 2015 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2016</u>
<b><u>2016</u></b>						
<b><u>General Capital Fund</u></b>						
Improvements to Pulaski Park	1.10%	6/23/2017	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Acquisition of Ambulance	1.10%	6/23/2017	118,750	118,750	118,750	118,750
Replacement of City's Telephone System	1.10%	6/23/2017	237,500	237,500	237,500	237,500
Acquisition of Fire Apparatus	1.10%	6/23/2017	166,250	166,250	166,250	166,250
Various Capital Improvements	1.10%	6/23/2017	1,235,000	5,520,000	1,235,000	5,520,000
Total General Capital Fund			<u>\$ 2,257,500</u>	<u>\$ 6,542,500</u>	<u>\$ 2,257,500</u>	<u>\$ 6,542,500</u>

**Sewer Utility Capital Fund**

Various Sewer Improvements	1.10%	6/23/2017	\$ 646,000	\$ 646,000	\$ 646,000	\$ 646,000
Total Sewer Utility Capital Fund			<u>\$ 646,000</u>	<u>\$ 646,000</u>	<u>\$ 646,000</u>	<u>\$ 646,000</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2015</u>
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**2015**

**General Capital Fund**

Improvements to Pulaski Park	0.55%	6/25/2016	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Acquisition of Ambulance	0.55%	6/25/2016	118,750	118,750	118,750	118,750
Replacement of City's Telephone System	0.55%	6/25/2016	237,500	237,500	237,500	237,500
Acquisition of Fire Apparatus	0.55%	6/25/2016	166,250	166,250	166,250	166,250
Various Capital Improvements	0.55%	6/25/2016	1,235,000	1,235,000	1,235,000	1,235,000
Total General Capital Fund			<u>\$ 2,257,500</u>	<u>\$ 2,257,500</u>	<u>\$ 2,257,500</u>	<u>\$ 2,257,500</u>

**Sewer Utility Capital Fund**

Various Sewer Improvements	0.55%	6/25/2016	\$ 646,000	\$ 646,000	\$ 646,000	\$ 646,000
Total Sewer Utility Capital Fund			<u>\$ 646,000</u>	<u>\$ 646,000</u>	<u>\$ 646,000</u>	<u>\$ 646,000</u>

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance special emergency appropriations. This debt which is not included in the City's statutory debt limit calculation is reported in the Current Fund for the fiscal years 2016 and 2015 as follows:

**Special Emergency Notes**

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

<u>Purpose</u>	<u>Rate</u> (%)	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>June 30,</u> <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30,</u> <u>2016</u>
<b>2016</b>						
<u>Current Fund</u>						
Sick/Vacation - Terminal Pay	0.72%	3/31/2017	\$ 720,000	\$ 300,000	\$ 720,000	\$ 300,000
Preparation of Tax Map	1.10%	6/23/2017	360,000	240,000	360,000	240,000
Revaluation of Real Property	1.10%	6/23/2017	1,120,000	840,000	1,120,000	840,000
Total Special Emergency Notes			<u>\$ 2,200,000</u>	<u>\$ 1,380,000</u>	<u>\$ 2,200,000</u>	<u>\$ 1,380,000</u>

<u>Purpose</u>	<u>Rate</u> (%)	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>June 30,</u> <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30,</u> <u>2015</u>
<b>2015</b>						
<u>Current Fund</u>						
Sick/Vacation - Terminal Pay	0.55%	4/1/2016	\$ 1,140,000	\$ 720,000	\$ 1,140,000	\$ 720,000
Preparation of Tax Map	0.55%	6/25/2016	360,000	360,000	360,000	360,000
Revaluation of Real Property	0.55%	6/25/2016	700,000	1,120,000	700,000	1,120,000
Total Special Emergency Notes			<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project/Purpose</u>	<u>Construction / Other Commitment</u>	<u>Estimated Date of Acquisition/ Completion</u>
<u>2016</u>		
McDonald Brook Flood Control	\$ 2,100,040	2017
Pulaski Park Partial Site Remediation	131,345	2017
Acquisition of Two Mowers and Canopies	65,806	2017
Acquisition of Brush Chipper	80,819	2017
<u>2015</u>		
Installation of Surveillance Cameras - Rt 21	\$ 122,056	2016
Resurfacing Passaic Street and Factory Street	155,600	2016
Acquisition of Seven Vehicles	191,817	2016
Pulaski Park Sports Lighting	199,400	2016
Acquisition of Six Police Vehicles	237,524	2016

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$6,511,096 and \$6,464,975 at June 30, 2016 and 2015, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of June 30, 2016 and 2015, the City has reserved in the Other Trust Fund \$50 and \$245,455, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**B. Deferred Pension Obligation**

During the year ended June 30, 2009 the City elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$3,644,176 and will be paid back with interest over 15 years beginning in the 2012 year. The City is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at June 30, 2016 and 2015 is \$3,395,273 and \$3,608,603, respectively.

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**C. Early Retirement Incentive Program (ERIP) Pension Liability**

The City elected to participate in the State Division of Pensions “Early Retirement Incentive Program” (“ERIP”) under Chapter 128, P.L. 2003 for the Public Employees’ Retirement System. The total pension liability under this plan amounted to approximately \$1.6 million for PERS. The Board elected to pay-off this liability of 15 years beginning in fiscal year 2004. The City is permitted to payoff the ERIP pension liability at any time. It is estimated that the total ERIP pension liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at June 30, 2016 and 2015 is \$501,953 and 643,914, respectively.

**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 fiscal years ended June 30, 2016 and 2015 were as follows:

	Balance, June 30, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2016</u>	Due Within <u>One year</u>
<b><u>2016</u></b>					
Compensated Absences	\$ 6,464,975	\$ 291,526	\$ 245,405	\$ 6,511,096	
Deferred Pension Obligation	3,608,603	285,080	498,410	3,395,273	\$ 437,635
ERIP Pension Liability	643,914	48,254	190,179	501,989	190,179
Net Pension Liability - PERS	30,527,381	6,548,889	1,367,600	35,708,670	
Net Pension Liability - PFRS	<u>97,228,747</u>	<u>37,826,702</u>	<u>6,284,140</u>	<u>128,771,309</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 138,473,620</u>	<u>\$ 45,000,451</u>	<u>\$ 8,585,734</u>	<u>\$ 174,888,337</u>	<u>\$ 627,814</u>
	Balance, June 30, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2015</u>	Due Within <u>One year</u>
<b><u>2015</u></b>					
Compensated Absences	\$ 8,156,484		\$ 1,691,509	\$ 6,464,975	\$ 600,000
Deferred Pension Obligation	3,804,755	\$ 300,576	496,728	3,608,603	498,410
ERIP Pension Liability	775,944	58,149	190,179	643,914	190,179
Net Pension Liability - PERS	31,104,023	767,517	1,344,159	30,527,381	
Net Pension Liability - PFRS	<u>103,695,266</u>	<u>-</u>	<u>6,466,519</u>	<u>97,228,747</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 147,536,472</u>	<u>\$ 1,126,242</u>	<u>\$ 10,189,094</u>	<u>\$ 138,473,620</u>	<u>\$ 1,288,589</u>

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

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

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

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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

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

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

**Investment Valuation**

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

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

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The CPFPPF system is 64.5 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 47.93 percent and \$22.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 47.1 percent and \$22.4 billion, respectively.

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress (Continued)**

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPF (3.80%) and (b) changes to projected salary increases of 2.15-4.40 percent based on age for PERS and 2.60-9.48 percent based on age for PFRS.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 6.92% for PERS and 5.50% for DCRP of employee's annual compensation.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2016 for CPFPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC) (Continued)**

During the fiscal years ended June 30, 2016, 2015 and 2014, 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:

Year Ended June 30	CPFPF	PFRS	PERS	DCRP
2016	\$ 19,839	\$ 6,284,140	\$ 1,367,600	\$ 1,233
2015	3,514	5,936,717	1,344,159	13,946
2014	25,490	6,084,141	1,218,149	9,255

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

**Public Employees Retirement System (PERS)**

At June 30, 2016 and 2015, the City had a liability of \$35,708,670 and \$30,527,381, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July, 2014 and 2013, respectively. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the City's proportionate share was .15907 percent, which was a decrease of .00398 percent from its proportionate share measured as of June 30, 2014 of .16305 percent.

For the fiscal years ended June 30, 2016 and 2015, the pension system has determined the City's pension expense to be \$2,217,660 and \$1,578,502, respectively, for PERS based on the actuarial valuation which is less than the actual contribution made by the City of \$1,367,600 and \$1,344,159, respectively. At June 30, 2016 and 2015, 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:

	2016		2015	
	<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	\$ 851,883			
Changes of Assumptions	3,834,826		\$ 959,945	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 574,127		\$ 1,819,266
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	40,009	631,712	49,021	-
Total	<u>\$ 4,726,718</u>	<u>\$ 1,205,839</u>	<u>\$ 1,008,966</u>	<u>\$ 1,819,266</u>

**CITY OF PASSAIC  
 NOTES TO THE FINANCIAL STATEMENTS  
 FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**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)**

At June 30, 2016 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:

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 621,353
2018	621,353
2019	621,353
2020	1,076,170
2021	<u>580,650</u>
	<u>\$ 3,520,879</u>

***Actuarial Assumptions***

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40% Based on Age	2.15-4.40% Based on Age
Thereafter	3.15-5.40% Based on Age	3.15-5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 2015 and 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**CITY OF PASSAIC  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</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>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

***Discount Rate***

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

<u>Fiscal Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**CITY OF PASSAIC  
 NOTES TO THE FINANCIAL STATEMENTS  
 FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**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:

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

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Sensitivity of Net Pension Liability**

The following presents the City's proportionate share of the PERS net pension liability as of June 30, 2016 calculated using the discount rate of 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 44,381,508</u>	<u>\$ 35,708,670</u>	<u>\$ 28,437,426</u>

The sensitivity analysis was based on the proportionate share of the City's net pension liability at June 30, 2015. A sensitivity analysis specific to the City's net pension liability was not provided by the pension system.

**Pension Plan Fiduciary Net Position**

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

**CITY OF PASSAIC  
NOTES TO THE FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

At June 30, 2016 and 2015, the City had a liability of \$128,771,309 and \$97,228,747, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013 respectively. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the City's proportionate share was .77310 percent, which was an increase of .00016 percent from its proportionate share measured as of June 30, 2014 of .77294 percent.

For the fiscal year ended June 30, 2016 and 2015, the pension system has determined the City pension expense to be \$10,968,905 and \$6,546,565, respectively for PFRS based on the actuarial valuation which is more than the actual contribution made by the City of \$6,284,140 and \$5,936,717, respectively. At June 30, 2016 and 2015, 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:

	<u>2016</u>		<u>2015</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		\$ 1,110,693		
Changes of Assumptions	\$ 23,774,382		\$ 3,650,297	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		2,241,151		\$ 9,921,867
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>2,256,264</u>	<u>2,874,069</u>	<u>2,149,340</u>	<u>2,936,821</u>
Total	<u>\$ 26,030,646</u>	<u>\$ 6,225,913</u>	<u>\$ 5,799,637</u>	<u>\$ 12,858,688</u>

At June 30, 2016 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:

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 3,756,868
2018	3,756,868
2019	3,756,868
2020	6,237,335
2021	<u>2,296,794</u>
	<u>\$ 19,804,733</u>

**CITY OF PASSAIC  
 NOTES TO THE FINANCIAL STATEMENTS  
 FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was tolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**CITY OF PASSAIC  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</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>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

***Discount Rate***

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

<u>Fiscal Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**CITY OF PASSAIC  
 NOTES TO THE FINANCIAL STATEMENTS  
 FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

*Discount Rate (Continued)*

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

**PFRS**

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2015 calculated using the discount rate of 5.79%, as well as what the Borough’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 (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	<b>Decrease (4.79%)</b>	<b>Discount Rate (5.79%)</b>	<b>Increase (6.79%)</b>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$169,761,467</u>	<u>\$ 128,771,309</u>	<u>\$ 95,347,498</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**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 determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At June 30, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$11,292,811 and \$10,469,902, respectively. For the fiscal years ended June 30, 2016 and 2015, 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 \$1,408,615 and \$1,326,584, respectively, which is more than the actual contributions the State made on behalf of the City of \$587,849 and \$434,740, respectively. 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](http://www.state.nj.us/treasury/pensions).

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the City. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2014 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contribution**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$173.9 million for 10,355 eligible retired members for Fiscal Year 2015. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$44.3 million in Fiscal Year 2015 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the fiscal years ended June 30, 2016, 2015 and 2014 were \$7,433,559, \$6,883,986 and \$6,379,890, respectively, which equaled the required contributions for each year.

**NOTE 14 RISK MANAGEMENT**

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

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 14 RISK MANAGEMENT (Continued)**

The City has established a workman's compensation benefit plan for its employees and a general liability plan of the City. Transactions related to the plans are accounted for in the Other Trust Fund. The City contributes to fund the entire cost of the plan. Claims are paid directly by the plan with any excess benefit being reimbursed through a Re-Insurance Agreement with Specialty Claims Management, LLC and D&H Alternative Risk Solutions. The City has not created a liability for loss reserves for claims incurred which were unpaid at June 30, 2016 and 2015. In addition, the City has not created a liability for reserves for any potential unreported losses which have taken place but in which the City has not received notices or report of losses. The effect on the financial statements from these omissions could not be determined, but is probably material. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the City under existing reinsurance agreements. As of June 30, 2016 and 2015 the City has available in the Other Trust Fund \$1,448,023 and \$1,055,258, 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 June 30, 2016 and 2015. Amounts claimed have not yet been determined. The City is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the City does not recognize a liability, if any, until these cases have been adjudicated. The City expects such amounts, if any, could be material. As of June 30, 2016 and 2015, the City reserved \$2,727,390 and \$2,131,568, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of June 30, 2016 and 2015, significant amounts of grant expenditure have not been audited by the various grantor agencies but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

**Overlapping Debt**

1. City is a contracting municipality with the North Jersey District Water Supply Commission – Wanaque North Project (NJDWSC - North). As such, it is entitled to 11% of the water supplied by the NJDWSC - North, and is liable for 11% of the annual operating charges, including debt service, of the NJDWSC - North. The total debt of NJDWSC - North as of June 30, 2016 and 2015 was \$25,574,344 and \$19,581,146, respectively, of which the City the Passaic's share was \$2,813,178 and \$2,153,926, respectively. The operating charges from NJDWSC – North are defrayed by water rates established by the Passaic Valley Water Commission.

**CITY OF PASSAIC  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 15 CONTINGENT LIABILITIES (Continued)**

**Overlapping Debt (Continued)**

2. The City owns a portion of the Passaic Valley Water Commission (PVWC). The bonds of the PVWC are secured by water revenues derived from water rate charges by the PVWC. In the event the PVWC funds are inadequate to make principal and interest payments on the bonds, the PVWC is required to adjust its rates to produce amounts sufficient to cover debt service. PVWC had \$119,188,838 and \$131,352,330 of debt outstanding as of June 30, 2016 and 2015, respectively, of which the City of Passaic's share was \$34,052,251 and \$37,527,361, respectively.
3. The City's obligations with respect to debt issued for facilities of PVWC and NJDWSC are not joint and are several with the contracting municipalities. Therefore, the City's contingent liability cannot increase as a result of nonpayment by any other contracting party.
4. The City may also be responsible for its share of County debt, Passaic County Utilities Authority debt and the PVSC debt. The County is repaid through taxes and the PVSC debt is repaid through sewer service charges.

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

The City is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016 and 2015, the City has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 SUBSEQUENT EVENTS**

**State Fiscal Year to Calendar Year Reversion**

During the fiscal year ended June 30, 2016 the City applied for and was granted approval from the Local Finance Board to revert from the state fiscal year to a calendar year commencing on January 1, 2017.

Effective July 1, 2016 the City will operate under a transition year which represents the six month period between the last fiscal year closing of June 30, 2016 and the beginning of the new calendar year, January 1, 2017.

**CURRENT FUND**

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

Balance, June 30, 2015		\$ 15,251,931
Increased by Receipts:		
Tax Collector	\$ 100,503,526	
Revenue Accounts Receivable	20,315,935	
Nonbudget Revenue	882,724	
Petty Cash Fund	1,050	
Due from State of New Jersey - Senior Citizen/Veterans Deductions	106,286	
Special Emergency Note	1,380,000	
Receipts from the Parking Authority	713,612	
Receipts from the Redevelopment Authority	25,231	
Receipts for Grant Fund	46,467	
Receipts from Animal Control Fund	683	
Receipts from Other Trust Fund	596,020	
Receipts for Other Trust Fund	13,730	
Receipts from General Capital Fund	65	
Receipts from Sewer Utility Operating Fund	4,651	
Receipts from Sewer Utility Capital Fund	106,000	
Fees Payable	443,329	
	<u>125,139,309</u>	
		140,391,240
Decreased by Disbursements:		
2016 Budget Appropriations	76,791,763	
2015 Appropriation Reserves	317,018	
Petty Cash Fund	1,050	
Encumbrances Payable	1,244,572	
County Taxes	23,243,544	
Local School Taxes	16,818,577	
Tax Overpayments	500	
Special Emergency Note	2,200,000	
Payments made for Parking Authority	35,977	
Payments for Redevelopment Authority	33,040	
Payment for Other Trust Fund	1,388,556	
Payments for Home Investment Program Fund	317,280	
Payments for Sewer Utility Operating Fund	130,519	
Payments to Sewer Utility Operating Fund	700,000	
Fees Payable	431,372	
Reserve for Tax Appeals	904,178	
Reserve for Revaluation Program	571,917	
	<u>125,129,863</u>	
Balance, June 30, 2016		<u>\$ 15,261,377</u>

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

Balance, June 30, 2015		\$ 687,846
Increased by:		
Grants Receivable	\$ 3,116,646	
Receipts for Other Trust Fund	119,450	
Receipts for Home Investment Program Fund	68,315	
Reserve for Program Income	403,801	
Unappropriated Grant Reserves	<u>163,402</u>	
		<u>3,871,614</u>
		4,559,460
Decreased by:		
Payments to Other Trust Fund	136,928	
Payments to Home Investment Program Fund	34,748	
Reserve for Program Income	88,948	
Appropriated Grant Reserves	<u>3,980,144</u>	
		<u>4,240,768</u>
Balance, June 30, 2016		<u>\$ 318,692</u>

**SCHEDULE OF TAX COLLECTOR'S CASH**

Increased by:		
Taxes Receivable	\$ 99,173,123	
Tax Title Liens Receivable	135,002	
Interest and Cost on Taxes	241,763	
Payment in Lieu of Taxes	706,850	
Prepaid Taxes	<u>246,788</u>	
		\$ 100,503,526
Decreased by:		
Payment to Treasurer		<u>\$ 100,503,526</u>

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

Balance, June 30, 2015		\$ <u>2,800</u>
Balance, June 30, 2016		\$ <u>2,800</u>

**SCHEDULE OF CASH - PETTY CASH FUND**

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

**STATEMENT OF DUE FROM CURRENT FUND  
GRANT FUND**

Balance, June 30, 2015		\$ 304,059
Increased by:		
2016 Budget Appropriation for Grants:		
Appropriated Grants	\$ 5,047,712	
Deferred Charges - Grant Expenditures Without Appropriations	<u>882,399</u>	
		\$ 5,930,111
Grant Fund Receipts Deposited in Current Fund		46,467
Grant Receivables Cancelled to Operations		<u>6,475</u>
		<u>5,983,053</u>
		6,287,112
Decreased By:		
Grants Receivable Anticipated as 2016 Budget Revenue	5,357,333	
Unappropriated Grants Anticipated as 2016 Budget Revenue	572,778	
Appropriated Grants Cancelled to Operations	<u>16,402</u>	
		<u>5,946,513</u>
Balance, June 30, 2016		\$ <u>340,599</u>

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

Balance, June 30, 2015		\$ 63,761
Increased by:		
Senior Citizens/Veterans Deductions Per Tax Duplicate	\$ 116,125	
Deductions Allowed by Tax Collector - SFY 2016	<u>2,250</u>	
		<u>118,375</u>
		182,136
Decreased by:		
Cash Received from State	106,286	
Deductions Disallowed by Tax Collector - SFY 2016	<u>19,664</u>	
		<u>125,950</u>
Balance, June 30, 2016		<u>\$ 56,186</u>

EXHIBIT A-11

**STATEMENT OF DUE FROM PARKING AUTHORITY**

Balance, June 30, 2015		\$ 28,820
Increased by:		
Anticipated as Current Fund Revenue-Interlocal Agreement	\$ 653,000	
Payments Made for Parking Authority	<u>35,977</u>	
		<u>688,977</u>
		717,797
Decreased by:		
Cash Receipts		<u>713,612</u>
Balance, June 30, 2016		<u>\$ 4,185</u>

EXHIBIT A-12

**STATEMENT OF DUE FROM REDEVELOPMENT AUTHORITY**

Balance, June 30, 2015		\$ 25,231
Increased by:		
Payments Made for Redevelopment Authority		<u>33,040</u>
		58,271
Decreased by:		
Cash Receipts		<u>25,231</u>
Balance, June 30, 2016		<u>\$ 33,040</u>

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

Fiscal Year Ended	Balance, June 30, 2015	SFY 2016 Levy	Senior Citizens and Veterans Deductions Disallowed	Collections SFY 2015	Collections SFY 2016	Senior Citizens and Veterans Deductions Allowed	Transferred to Tax Title Liens	Cancelled	Balance, June 30, 2016
June 30, 2009	\$ 5,732								\$ 5,732
June 30, 2010	2								2
June 30, 2011	7								7
June 30, 2012	7								7
June 30, 2013	21								21
June 30, 2014	885								885
June 30, 2015	<u>25,599</u>	-	-	-	\$ 21,735	-	-	-	<u>3,864</u>
	32,253	-	-	-	21,735	-	-	-	10,518
June 30, 2016	<u>-</u>	<u>\$ 100,554,217</u>	<u>\$ 19,664</u>	<u>\$ 365,516</u>	<u>99,151,388</u>	<u>\$ 118,375</u>	<u>\$ 203,774</u>	<u>\$ 693,281</u>	<u>41,547</u>
	<u>\$ 32,253</u>	<u>\$ 100,554,217</u>	<u>\$ 19,664</u>	<u>\$ 365,516</u>	<u>\$ 99,173,123</u>	<u>\$ 118,375</u>	<u>\$ 203,774</u>	<u>\$ 693,281</u>	<u>\$ 52,065</u>
Tax Yield:									
General Purpose Tax			\$ 100,491,548						
Added Taxes			<u>62,669</u>						
				<u>\$ 100,554,217</u>					
Tax Levy:									
Local District School Tax Levy			\$ 16,818,577						
County Taxes:									
County Tax - General		\$ 22,928,145							
County Tax Open Space		300,997							
County Tax - Added/Omitted		<u>14,402</u>							
			23,243,544						
Local Tax for Municipal Purposes		60,357,277							
Minimum Library Tax		1,007,399							
Add Additional Tax Levied		<u>(872,580)</u>							
			<u>60,492,096</u>						
				<u>\$ 100,554,217</u>					

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

Balance, June 30, 2015		\$ 436,669
Increased by:		
Interest and Costs from Tax Sale	\$ 4,740	
Transfers from Taxes Receivable	<u>203,774</u>	
		<u>208,514</u>
		645,183
Decreased by:		
Receipts		<u>135,002</u>
Balance, June 30, 2016		<u>\$ 510,181</u>

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

	<u>Balance,</u> <u>June 30, 2015</u>	<u>Accrued</u>	<u>Collected</u>		<u>Balance,</u> <u>June 30, 2016</u>
			<u>Treasurer</u>	<u>Tax Collector</u>	
Licenses					
Alcoholic Beverages		\$ 147,468	\$ 147,468		
Other		36,501	36,501		
Fees and Permits					
Construction Code Official		867,294	867,294		
Other		45,626	45,626		
Fines and Costs					
Municipal Court	\$ 167,815	2,504,314	2,484,979		\$ 187,150
Interest on Investments and Deposits		41,374	41,374		
Police Record Bureau		33,493	33,493		
Ambulance Billing		303,998	303,998		
Energy Receipts Tax		8,494,614	8,494,614		
Consolidated Municipal Property Tax Relief Aid		4,050,868	4,050,868		
Interest and Costs on Taxes		241,763		\$ 241,763	
Board of Education - Security Watch		2,650,000	2,650,000		
Board of Education - Security Watch - Prior Year		417,201	417,201		
Cable Franchise Fee		-	458,255		
Housing Authority Police Program		326,662	326,662		
Fire Billings - Insurance Reimbursements	191,925	53,900	12,507		233,318
Restitution - Jose M Cabre	1,495		1,495		
Overpayment - Rafael Morera	5,818				5,818
Miscellaneous - Due from Merchant Services	5,520	4,282			9,802
Payment in Lieu of Taxes:					
St. Mary's Reise Corp.				165,669	
Chestnut Housing Phase 1				81,250	
Jack Parker Associates				306,900	
YMCA - River Road				30,000	
Garden Howe				42,718	
Highview Terrace	-	-	-	80,313	-
	<u>\$ 372,573</u>	<u>\$ 20,219,358</u>	<u>\$ 20,372,335</u>	<u>\$ 948,613</u>	<u>\$ 436,088</u>
			Cash Receipts	\$ 948,613	
			Due from General Capital Fund	131	
			Due from Other Trust Fund	56,269	
			<u>\$ 20,372,335</u>	<u>\$ 948,613</u>	

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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance June 30, 2015</u>	<u>Reduced in 2016</u>	<u>Balance June 30, 2016</u>
9/21/2010	Terminal Leave Pay	\$ 600,000	\$ 120,000	\$ 120,000	\$ 120,000	
8/2/2011	Sick/Vacation - Terminal Pay	700,000	140,000	280,000	140,000	\$ 140,000
1/24/2012	Sick/Vacation - Terminal Pay	800,000	160,000	320,000	160,000	160,000
3/5/2013	Preparation of Tax Map	600,000	120,000	360,000	120,000	240,000
4/29/2014	Tax Revaluation Program	1,400,000	280,000	<u>1,120,000</u>	<u>280,000</u>	<u>840,000</u>
				<u>\$ 2,200,000</u>	<u>\$ 820,000</u>	<u>\$ 1,380,000</u>

**CITY OF PASSAIC  
STATEMENT OF TAX OVERPAYMENTS**

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

**STATEMENT OF PREPAID TAXES**

Balance, June 30, 2015	\$ 365,516
Increased by:	
Cash Receipts	<u>246,788</u>
	612,304
Decreased by:	
Applied to SFY 2016 Taxes Receivable	<u>365,516</u>
Balance, June 30, 2016	<u>\$ 246,788</u>

**STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

Balance, June 30, 2015	\$ 2,200,000
Increased by:	
Cash Receipts	<u>1,380,000</u>
	3,580,000
Decreased by:	
Cash Disbursements	<u>2,200,000</u>
Balance, June 30, 2016	<u>\$ 1,380,000</u>

CITY OF PASSAIC  
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, June 30, 2015	Encumbrances Cancelled	Balance After Modifications	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT					
DEPARTMENT OF ADMINISTRATION					
Office of Business Administration					
Other Expenses	\$ 13,861	\$ 118	\$ 13,979		\$ 13,979
Mayor and Council					
Salaries and Wages	3,010		3,010		3,010
Other Expenses	5,489	402	5,891		5,891
City Clerk					
Other Expenses	16,918		16,918	\$ 16,659	259
Human Resources					
Salaries and Wages	14,531		14,531		14,531
Other Expenses	1,490		1,490		1,490
Financial Administration-Treasurer's Office					
Salaries and Wages	13,805		13,805		13,805
Other Expenses	7,312		7,312	6,112	1,200
Annual Audit					
Other Expenses	1,000	2,389	3,389		3,389
Revenue Administration					
Salaries and Wages	767		767		767
Other Expenses	162		162	145	17
Tax Assessment Administration					
Salaries and Wages	9,620		9,620		9,620
Other Expenses	1,880	1,225	3,105		3,105
Legal Services					
Other Expenses	43,500	20,231	63,731		63,731
Office of Engineer					
Other Expenses	4,459		4,459	1,865	2,594
Planning and Economic Development					
Salaries and Wages	16,513		16,513		16,513
Other Expenses	983		983		983
Division of Housing					
Salaries and Wages	4,975		4,975		4,975
Other Expenses	73		73	15	58
Planning Board					
Other Expenses	2,718		2,718	230	2,488
Board of Adjustment					
Other Expenses	4,678		4,678	354	4,324
Rent Leveling Board					
Salaries and Wages	1		1		1
Other Expenses	200	1,752	1,952		1,952
Insurance					
Liability Insurance	161,532		161,532		161,532
Workmen's Compensation	42,319		42,319		42,319
Employee Group Insurance	402,977		402,977	402,977	-
Health Benefit Waiver	200		200		200
DEPARTMENT OF PUBLIC WORKS					
Streets and Road Maintenance					
Salaries & Wages	167,904		167,904		167,904
Other Expenses	767	1,725	2,492	-	2,492
Solid Waste Collection					
Other Expenses					
Garbage Removal Contractual	64,269	45,746	110,015		110,015
Building and Grounds					
Other Expenses	6,786	7,630	14,416		14,416
Vehicle Maintenance					
Salaries & Wages	28,862		28,862		28,862
Other Expenses	518	2,181	2,699		2,699

CITY OF PASSAIC  
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, June 30, <u>2015</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>DEPARTMENT OF PUBLIC SAFETY</b>					
Police Department					
Salaries and Wages	\$ 1,101,109		\$ 1,101,109		\$ 1,101,109
Other Expenses	8,580		8,580	\$ 7,340	1,240
BOE Security Watch and Res. Officer	175,634		175,634	5,984	169,650
Fire Department					
Salaries and Wages	184,735		184,735		184,735
Other Expenses	11,153		11,153	581	10,572
Municipal Court					
Other Expenses	8,861		8,861	1,555	7,306
Office of Emergency Management					
Salaries and Wages	21,762		21,762		21,762
Other Expenses	1,353		1,353	660	693
Prosecutor 's Office					
Other Expenses	57,218	\$ 59,949	117,167		117,167
Public Defender					
Other Expenses	7,100	650	7,750		7,750
Passaic Parking Authority					
Salaries and Wages	32,149		32,149		32,149
Other Expenses	42,606		42,606		42,606
<b>DEPARTMENT OF HUMAN RESOURCES</b>					
Division of Health					
Salaries & Wages	16,630		16,630		16,630
Other Expenses	2,500	10,439	12,939		12,939
Animal Regulation					
Salaries & Wages	3,465		3,465		3,465
Other Expenses	1,895	689	2,584		2,584
<b>DEPARTMENT OF PARKS AND RECREATION</b>					
Division of Recreation					
Salaries & Wages	6,612	50	6,662		6,662
Other Expenses	2,255	11,852	14,107		14,107
Senior Citizens					
Salaries & Wages	10,602		10,602		10,602
Other Expenses	4,723		4,723	1,110	3,613
Handicapped Recreation					
Salaries & Wages	3,993		3,993		3,993
Other Expenses	1,102		1,102	1,006	96
Maintenance of Parks					
Salaries & Wages	21,674		21,674		21,674
Other Expenses	7,535		7,535	412	7,123
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Celebration of Public Events	1		1		1
<b>UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUES</b>					
Division of Code Enforcement					
Other Expenses	28,946		28,946		28,946

CITY OF PASSAIC  
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, June 30, <u>2015</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
UNCLASSIFIED					
Utilities:					
Electricity	\$ 155,994		\$ 155,994	\$ 60,330	\$ 95,664
Telephone and Telegraph	23,565		23,565	5,011	18,554
Street Lighting	174,903		174,903	116,331	58,572
Gasoline	139,497	\$ 20,465	159,962		159,962
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Tipping Tax	11,879		11,879	9,106	2,773
Tipping Fees	240,740		240,740	57,803	182,937
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	103,105		103,105		103,105
PERS	28,433		28,433		28,433
PFRS	6,092		6,092	6,092	-
Pension for Widows	1,900		1,900		1,900
Consolidated Police and Firemen's Pension Fund	21,977		21,977	20,270	1,707
Deferred Compensation Retirement Plan	4,054		4,054		4,054
GENERAL APPROPRIATIONS - ALL OTHER OPERATIONS EXCLUDED FROM "CAPS"					
Employee Group Insurance	164,006		164,006	271	163,735
Matching Funds for Grants	60,000		60,000		60,000
Judgements	2,000	-	2,000	-	2,000
	<u>\$ 3,946,417</u>	<u>\$ 187,493</u>	<u>\$ 4,133,910</u>	<u>\$ 722,219</u>	<u>\$ 3,411,691</u>
				Cash Disbursements	\$ 317,018
				Transferred to Other Trust Fund - Health Benefit Insurance	400,000
				Transferred to Accounts Payable	5,201
				<u>\$ 722,219</u>	

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

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

**STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:	
Levy	
General County	\$ 22,928,145
County Open Space Preservation	300,997
County Added/Omitted Taxes	<u>14,402</u>
	\$ 23,243,544
Decreased by:	
Cash Disbursed	<u>23,243,544</u>

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, June 30, 2015	\$ 1,432,065
Increased by:	
Transferred from Budget Appropriations	<u>1,077,116</u>
	2,509,181
Decreased by:	
Payments	\$ 1,244,572
Cancelled Encumbrances Restored to Appropriation Reserves	<u>187,493</u>
	<u>1,432,065</u>
Balance, June 30, 2016	<u>\$ 1,077,116</u>

**CITY OF PASSAIC  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, June 30, 2015	\$ 39,589
Increased by:	
Transfer from SFY 2015 Appropriations	<u>5,201</u>
Balance, June 30, 2016	<u>\$ 44,790</u>

**STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, June 30, 2015	\$ 2,131,568
Increased by:	
Transferred from 2016 Tax Collections	<u>1,500,000</u>
	3,631,568
Decreased by:	
Cash Payments	<u>904,178</u>
Balance, June 30, 2016	<u>\$ 2,727,390</u>

**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, June 30, <u>2015</u>	<u>Cash Receipts</u>	Realized as Current Fund <u>Revenue</u>	Balance, June 30, <u>2016</u>
Allowance for Grant Reimbursement	\$ 706			\$ 706
Downtown Merchants - Shared Services	25,310		\$ 25,310	-
PILOT - Housing Authority	<u>157,429</u>	<u>-</u>	<u>105,000</u>	<u>52,429</u>
	<u>\$ 183,445</u>	<u>\$ -</u>	<u>\$ 130,310</u>	<u>\$ 53,135</u>

**CITY OF PASSAIC  
STATEMENT OF FEES PAYABLE**

	Balance, June 30, 2015	Receipts	Payments	Balance, June 30, 2016
Construction Code Training Fees	\$ 8,964	\$ 40,730	\$ 38,561	\$ 11,133
Burial Fees	280	435	500	215
Bail Bond Forfeiture Fees	81,534	87,583	18,607	150,510
Ambulance Billing Fees	59,123	314,581	373,704	-
	<u>\$ 149,901</u>	<u>\$ 443,329</u>	<u>\$ 431,372</u>	<u>\$ 161,858</u>

EXHIBIT A-28

**STATEMENT OF RESERVE FOR PENSION CONTRIBUTIONS**

Balance, June 30, 2015	<u>\$ 1,931,755</u>
Balance, June 30, 2016	<u>\$ 1,931,755</u>

EXHIBIT A-29

**STATEMENT OF RESERVE FOR REVALUATION PROGRAM**

Balance, June 30, 2015	\$ 1,301,193
Decreased by:	
Cash Disbursements	<u>571,917</u>
Balance, June 30, 2016	<u>\$ 729,276</u>

EXHIBIT A-30

**STATEMENT OF DUE TO STATE OF NEW JERSEY - GRANT OVERPAYMENTS**

Increased by:	
Grant Overpayments Charged to Operations	<u>\$ 57,906</u>
Balance, June 30, 2016	<u>\$ 57,906</u>

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

	Balance, June 30, <u>2015</u>	Revenue <u>Accrued</u>	Cash <u>Received</u>	<u>Cancellations</u>	Balance, June 30, <u>2016</u>
NJ DCA: Lead Intervention 04	\$ 181,860				\$ 181,860
NJ DOT: Main Ave Streetscape	3,629				3,629
Open Space 08 - Parks Rehabilitation	34				34
JAIBG07:St House + Match	84				84
Addiction Services	2,270				2,270
Advanced Traffic	29,900		\$ 29,900		-
Walk Safe - 2012	6,835		188		6,647
Byrne Memorial - 2010	45,359				45,359
Walk Safe 2011	1,700				1,700
Municipal Alliance - 2011	22		22		-
Cancer Assessment - 2012	3,000				3,000
Women Infant Children - 2012	4,413				4,413
Department of Transportation - 8th Street - 2013	100,774		51,861		48,913
Summer Food Program - 2013	244,494			\$ 244,494	-
Municipal Alliance - 2013	3		3		-
WIC - 2013	14,720				14,720
Cancer Assessment - 2013	28,300				28,300
Childhood Lead Paint - 2013	18				18
Green Acres 2010: Christopher Columbus	900,000				900,000
Byrne Memorial - 2011	5,603				5,603
Click It or Ticket - 2012	1,350				1,350
Municipal Alliance on Alcoholism and Drug Abuse - 2012	35		35		-
Open Space - 2011 - Christopher Columbus	6,667		6,667		-
Byrne Memorial - 2012	127,551		127,371		180
Summer Employment - 2013	2				2
Byrne Memorial - 2013	223,632		78,577		145,055
Click It or Ticket - 2014	227				227
Forestry Management - 2013	3,000				3,000
Summer Food Program - 2014	289,542			289,542	-
Highlands Council Transfer Development Rights	36,001				36,001
WIC - 2014	37,546				37,546
Walk Safe - 2014	52				52
Co (CDBG) Disaster Recovery 2013	1,668,818		120,418		1,548,400
JABG 2013	20,165				20,165
Open Space 12: Christopher Columbus Park	200,000		32,733		167,267
Open Space 13: Pulaski Park Ph II	210,618		210,618		-
Ryan White I	48,979		48,979		-
NJDOT: 8th Street - 2014	250,000		250,000		-
HOPWA - 2014	75,000		75,000		-
Walk Safe - 2015	4,843		4,843		-
Market Streetscape Enhancement	750,000				750,000
Green Acres MacDonald Brook	100,000				100,000
Byrne Memorial - 2014	246,078				246,078
Click It or Ticket - 2015	4,000		4,000		-
Childhood Lead Paint - 2015	40,340		40,340		-
Drive Sober or Get Pulled Over - 2015	100				100
Summer Food Service - 2015	375,995		139,595	236,400	-
High Drunk Traffic Youth Empowerment	1				1
Juvenile Accountability - Station House Adjustment	19,762		19,762		-
Municipal Alliance - 2015	14,200		14,200		-

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

	Balance, June 30, <u>2015</u>	Revenue <u>Accrued</u>	Cash <u>Received</u>	<u>Cancellations</u>	Balance, June 30, <u>2016</u>
Open Space - Pulaski Park - 2015	\$ 141,750		\$ 43,478		\$ 98,272
Open Space - 3rd World Memorial - 2015	141,750		135,810		5,940
DOT Various Street Projects - 2015	353,273		264,955		88,318
Childhood Lead Prevention - 2016		\$ 159,250	118,309		40,941
Click It or Ticket - 2016		5,000			5,000
Dig In Community Garden - 2016		2,500			2,500
Downtown Merchant Summer Employment - 2016		32,000	25,309		6,691
Drive Sober or Get Pulled Over - 2016		5,000	5,000		-
Drive Sober Holiday Crackdown - 2016		5,000	4,900		100
Safe and Secure Grant - 2015		67,500	67,500		-
Safe and Secure Grant - 2016		90,000			90,000
Juvenile Accountability - Station House Adjustment		10,000	8,522		1,478
WIC - 2015		502,131	502,131		-
WIC - 2016		1,045,311	282,169		763,142
NJ Highway Walk Safe - 2016		8,000	8,000		-
Ryan White - 2016		208,805	32,932		175,873
Ryan White - 2016		143,303	38,992	\$ 48,236	56,075
HOPWA - 2016		90,000			90,000
Open Space - 3rd Ward Park - 2016		550,000			550,000
Green Acres - McDonald Brook Project		1,100,000			1,100,000
High Drug Traffic Empowerment		2,160	2,160		-
DOT Various Street Projects - 2016		353,273			353,273
Byrne Memorial - 2016		217,459			217,459
Municipal Alliance - 2016		39,478	9,594		29,884
Municipal Alliance - 2015		49,348	48,022		1,326
DOT 8th Street Project - 2016		116,950	25,213		91,737
FEMA - Assistance to Firefighters - 2016		152,728	152,728		-
Body Armor - 2016		13,213	13,213		-
Recreation Opport. For Individuals w/ Disab. - 2016		19,860			19,860
OEM - Hazard Mitigation - Generators - 2016		250,000			250,000
Drunk Driving Enforcement Fund - 2016		28,629	28,629		-
Clean Communities - 2016	-	90,435	90,435	-	-
	<u>\$ 6,964,295</u>	<u>\$ 5,357,333</u>	<u>\$ 3,163,113</u>	<u>\$ 818,672</u>	<u>\$ 8,339,843</u>
Due to Current Fund		\$ 5,357,333			
Cash Receipts			\$ 3,116,646		
Due from Current Fund			46,467	\$ 6,475	
Reserve for Appropriated Grants		-	-	812,197	
		<u>\$ 5,357,333</u>	<u>\$ 3,163,113</u>	<u>\$ 818,672</u>	

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

	Balance		Increased by:			Balance	
	June 30, 2015		Budget	Cash	Cancelled	June 30, 2016	
	Encumbered	Reserved	Appropriation	Disbursements		Transfers	Encumbered
Relocation Assistance Program		\$ 4,890					\$ 4,890
Relocation Assistance Program - City Match		5,435					5,435
Columbia Ave/Green Acres/UPAR		3,721					3,721
Byrne Memorial Justice - 2005		377					377
Booster Seat - 2008		1,227					1,227
NJ Comprehensive Cancer Awareness - 2009		613					613
Ryan White Title I - 2008	\$ 100					\$ 100	-
NJDCA - Lead Intervention - 2004		149,440					149,440
Passaic County - Open Space - 2008		4					4
NJDOT - Transportation Trust - Howel/Lincoln/St. Francis		61,555					61,555
Domestic Violence - 2006		1,397					1,397
Emergency Tel 07: Communications - 911 Grant		2,829					2,829
Emergency Tel 08: Communications - 911 Grant		3,888					3,888
Hepatitis B Inoculation - 2008		9					9
Municipal Alliance 2008		11					11
Municipal Alliance 2009		297					297
Summer Food 2009		11,957					11,957
DCA Neighborhood Preservation Program		2,689					2,689
Pedestrian Safety Grant - Division of Highway Traffic Safety		510					510
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA		29					29
Municipal Alliance on Alcoholism and Drug Abuse		18					18
Public Health Priority Funding							-
Energy Efficiency & Conservation Block Grant - US Dept. of Energy		12,196					12,196
NJDOA-Summer Food Program - 2010		10,489					10,489
Byrne Memorial - 2010	5,033						5,033
Cancer Assessment Grant - 2011		17					17
Over the Limit - Under Arrest - 2011		2,000					2,000
Urban Enterprise Zone - Marketing 2011		28,597					28,597
Emergency Preparedness Grant - 2011		6					6
Clean Communities Program - 2010		367					367

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

	Balance June 30, 2015		Increased by:			Balance June 30, 2016	
	<u>Encumbered</u>	<u>Reserved</u>	<u>Budget Appropriation</u>	<u>Cash Disbursements</u>	<u>Transfers</u>	<u>Cancelled</u>	<u>Encumbered</u> <u>Reserved</u>
Station House - 2010		\$ 100		\$ 100			
Summer Food Grant - 2011		1,688					\$ 1,688
Pedestrian Safety Grant - 2011		300					300
Neighborhood Crime Prevention - 2011		66					66
Municipal Alliance on Alcoholism and Drug Abuse - 2011		10					10
Advanced Traffic Grant	\$ 106,342			106,342			-
Housing Opportunity HOPWA Grant - 2010		1,346					1,346
Edward Byrne Memorial - 2011	5,604						5,604
Baseball Tomorrow - 2011		279					279
Cancer Assessment - 2012		105					105
Clean Communities - 2012		304					304
Fire Safer - 2012		3,305					3,305
Green Acres 2010: Christopher Columbus	27,500	79,308		28,275			78,533
JAIBG - 2010		13					13
Municipal Alliance on Alcoholism and Drug Abuse - 2012		597					597
Open Space - 2011 - Christopher Columbus	6,667			6,667			-
Ryan White I - 2013		6,440					6,440
Ryan White I - 2012		29,417					29,417
Summer Employment - 2012		45					45
Summer Food - 2012		45,368					45,368
Walk Safe - 2012		1,185					1,185
Recycling Tonnage Grant - 2011		28,659					28,659
Urban Enterprise Zone - Signage Improvement		189,760					189,760
Urban Enterprise Zone - Revolving Loan II		659,885		250,000			409,885
Women Infant Children - 2012		60					60
Neighborhood Crime Prevention - 2013		49					49
Department of Transportation - 8th Street - 2013		48,912					48,912

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

	Balance		Increased by:				Balance	
	June 30, 2015		Budget	Cash	Transfers	Cancelled	June 30, 2016	
	Encumbered	Reserved	Appropriation	Disbursements			Encumbered	Reserved
Body Armor Grant - 2012		\$ 282					\$ 282	
Summer Food Program - 2013		266,418				\$ 266,418	-	
Municipal Alliance - 2013		910					910	
Ryan White I - 2014		225					225	
WIC - 2013		10,221					10,221	
Clean Communities - 2013		184					184	
Byrne Memorial - 2012	\$ 105,863	3,298		\$ 108,581			580	
Hep Inoculation - 2013		476					476	
Body Armor - 2013		3,467		921			2,546	
Byrne Memorial - 2013	167,274	7,150		35,163		\$ 139,261	-	
Clean Community - 2014		16,825		6,148			10,677	
Click It or Ticket - 2014		200					200	
Childhood Lead - 2014	868	3,649					4,517	
Disaster Recovery - 2013		1,538,400		5,464		1,532,936	-	
Drive Sober - 2014		1,300		1,300			-	
DOT: 8th Street - SFY 2014	242,100			242,100			-	
Forest Management - 2013	4,200	1,800		4,200			1,800	
Hepatitis Inoculation - 2014	374	533		374			533	
HOPWA - 2012	-	43,039		41,288			1,751	
Juvenile Accountability - 2013	754	198		952			-	
Open Space - Christopher Columbus Park - 2012	20,833	179,167		32,733			167,267	
Open Space - Pulaski Park Phase II - 2013	57,700			57,700			-	
Recreation Opportunity - 2013		4,000					4,000	
Recycling Tonnage - 2013	2,993	23,133		3,048			23,078	
Recycling Tonnage - 2014	97,142			97,142			-	
Summer Food 2014	279	275,150		279		275,150	-	
Housing Opportunity - 2011 (HOPWA)		1,435					1,435	
Summer Employment - 2013		212					212	
Sr. Transportation - 2013		15,420					15,420	
Highlands Council Transfer Development Rights	17,193	15,000					17,193	

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

	Balance June 30, 2015		Increased by:			Balance June 30, 2016		
	Encumbered	Reserved	Budget Appropriation	Cash Disbursements	Transfers	Cancelled	Encumbered	Reserved
Urban Enterprise Zone - Administration Salaries and Wages - 2014		\$ 4,966		\$ 3,456	\$ (1,510)			
Urban Enterprise Zone - Administration Commodities - 2014		6,952		6,940			\$ 12	
WIC - 2014		30,031					30,031	
Walk Safe - 2014		552					552	
Summer Food - 2015		375,995		153,602		\$ 222,393	-	
Stationhouse Adj. - 2015	\$ 1,000	18,054	\$ 10,000	28,568			\$ 450	36
Walk Safe - 2015		6,770						6,770
Ryan White - 2015	32,359	67,710				16,402		83,667
Open Space - 3rd World Memorial - 2015	61,800			61,800				-
Open Space - Pulaski Park - 2015	70,531	71,219		116,066			25,684	-
Mayor's Wellness - 2015		14,140		14,000				140
DOT Market Streetscape Enhancement		750,000						750,000
Multi Culture - 2015		700						700
HOPWA - 2015	8,420	34,639		19,516				23,543
Hep Inoculation - 2015		5,000		967			70	3,963
Distracted Driving Crackdown - 2015		50						50
Drive Sober - 2015		7,500		3,700				3,800
Childhood Lead Paint - 2015	883	2,158		580				2,461
Clean Communities - 2015		79,122		20,919				58,203
DOT Various Street Improvements - 2015	353,273			353,273				-
Green Acres - 2014 - MacDonald's Brook		100,000					100,000	-
Safe & Secure Communities		48,750						48,750
Byrne Memorial - 2015	165,855	80,223		30,843			174,790	40,445
High Drug Traffic Youth Empowerment		2,132		1,226				906
Drunk Driving - 2014 - Enforcement		7,415						7,415
Municipal Alliance - 2015		29,608		28,585			1,023	-
UEZA - Project Graffiti - 2015		106,136		53,583	(52,553)			-
UEZA - Project Clean Sweep - 2015		212,538		141,252	(71,286)			-
UEZA - S&W - 2015				84,777	108,924			24,147
UEZA - Commodities - 2015	364				16,425		90	16,699
UEZA - Dundee Canal Redevelopment		10,062		2,050				8,012
Junior Tennis - 2014		760		160				600
Alcohol Ed. - 2014	1,318	3,099		2,900				1,517
DOT Various Street Improvements - 2016			353,273					353,273
Municipal Alliance - 2016			39,478	32,672			4,794	2,012

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

	Balance June 30, 2015		Increased by:			Balance June 30, 2016		
	Encumbered	Reserved	Budget Appropriation	Cash Disbursements	Transfers	Cancelled	Encumbered	Reserved
Alcohol Ed. - 2015			\$ 24,339	\$ 15,575				\$ 8,764
Drunk Driving Enforcement Fund - 2016			28,629					28,629
Body Armor - 2016			13,213					13,213
Byrne Memorial - 2016			217,459					217,459
Clean Communities - 2016			90,435					90,435
Click It or Ticket - 2016			5,000	5,000				-
Childhood Lead Paint - 2016			159,250	134,430			\$ 2,353	22,467
Drunk Driving Enforcement - 2015			23,356	2,625			1,038	19,693
Dig In Community Garden - 2016			2,500					2,500
Downtown Merchant Summer Employment - 2016			32,000	19,446				12,554
Drive Sober - 2015			5,000					5,000
Drive Sober - 2016			5,000	4,850				150
FEMA - Assistance to Firefighters - 2016			152,728	151,417				1,311
Green Acres - McDonald Brook - 2016			1,100,000	35,650			162,500	901,850
High Drug Traffic Youth Empowerment - 2016			2,160					2,160
HOPWA - 2016			90,000	49,832			6,063	34,105
Municipal Alliance - 2015			10,193	1,229				8,964
OEM - Hazard Mitigation - Generators - 2016			250,000					250,000
Open Space - 3rd Ward Park - 2016			550,000				459,604	90,396
Recreation Opportunity - 2016			19,860	10,000				9,860
Ryan White - 2016			208,805	160,569		\$ 48,236		-
Ryan White			143,303	22,733			9,370	111,200
Safe & Secure Communities - 2015			90,000	90,000				-
Safe & Secure Communities - 2016			90,000	38,077				51,923
WIC - 2015			278,420	273,707				4,713
WIC - 2016			1,045,311	766,792			9,935	268,584
Walk Safe - 2016			8,000	8,000				-
	<u>\$ 1,564,622</u>	<u>\$ 5,890,142</u>	<u>\$ 5,047,712</u>	<u>\$ 3,980,144</u>	<u>\$ -</u>	<u>\$ 828,599</u>	<u>\$ 2,647,254</u>	<u>\$ 5,046,479</u>

Due from Current Fund	\$ 5,047,712	
Grants Receivable		\$ 812,197
Due to Current Fund	-	16,402
	<u>\$ 5,047,712</u>	<u>\$ 828,599</u>

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

Balance, June 30, 2015	\$ 882,399
Decreased by:	
Raised in SFY 2016 Budget - Due from Current Fund	<u>\$ 882,399</u>

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

	Balance June 30, <u>2015</u>	Cash <u>Receipts</u>	Realized as Current Fund <u>Revenue</u>	Balance June 30, <u>2016</u>
Alcohol Education - 2015	\$ 24,339		\$ 24,339	
UEZA Programs	326,791			\$ 326,791
Body Armor 2014	12,900			12,900
Drunk Driving - 2015	23,356		23,356	-
Mayor's Wellness	1,000			1,000
Safe & Secure	22,500		22,500	-
Recycling Tonnage - 2014	97,842	\$ 97,374		195,216
JABG - 2014	19,741			19,741
Woman, Infant, Children	502,583		502,583	-
Sr. Trans - 2014	44,982	60,402		105,384
Hep. Inoculation - 2015		4,926		4,926
Multicultural - 2015	-	700		700
	<u>\$ 1,076,034</u>	<u>\$ 163,402</u>	<u>\$ 572,778</u>	<u>\$ 666,658</u>
Due to Current Fund			<u>\$ 572,778</u>	

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

Balance, June 30, 2015	\$ 170,873
Increased by:	
Cash Receipts	<u>403,801</u>
	574,674
Decreased by:	
Cash Disbursements	<u>88,948</u>
Balance, June 30, 2016	<u>\$ 485,726</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, June 30, 2015	\$ 46,965	\$ 9,909,825	\$ 91,645	\$ 129,371
Increased by:				
Animal Licenses	12,629			
Adoption Fees/Late Fees	15,789			
Due State of New Jersey	2,682			
Current Fund Receipts		56,269		
Miscellaneous Reserves and Deposits Received from Current Fund		62,756,106		
Received from Grant Fund		136,928		34,748
Program Income			63	
HUD - CDBG Program Allotments			1,942,729	
HUD - HOME Program Allotments				970,739
HUD - HOME Loan Program Receipts	-	-	-	65,328
	<u>31,100</u>	<u>62,949,303</u>	<u>1,942,792</u>	<u>1,070,815</u>
	<u>78,065</u>	<u>72,859,128</u>	<u>2,034,437</u>	<u>1,200,186</u>
Decreased by:				
Due State of New Jersey	2,605			
Animal Control Expenditures	37,555			
Miscellaneous Reserves and Deposits		62,146,328		
Encumbrances Payable	2,395			
HUD-CDBG Program Expenditures			1,943,301	
Payments to Current Fund	683	596,020		
HUD - Home Investment Program Expenditures	-	-	-	904,312
	<u>43,238</u>	<u>62,742,348</u>	<u>1,943,301</u>	<u>904,312</u>
Balance, June 30, 2016	<u>\$ 34,827</u>	<u>\$ 10,116,780</u>	<u>\$ 91,136</u>	<u>\$ 295,874</u>

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

Balance, June 30, 2015	\$ 17
Increased by:	
Cash Receipts	<u>2,682</u>
	2,699
Decreased by:	
Cash Disbursed	<u>2,605</u>
Balance, June 30, 2016	<u>\$ 94</u>

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

Balance, June 30, 2015	\$ 43,870
Increased by:	
Dog/Cat Licenses	\$ 12,629
Adoption Fees/Late Fees	<u>15,789</u>
	<u>28,418</u>
	72,288
Decreased by:	
Cash Disbursements	37,555
Encumbrances Payable	<u>6,012</u>
	<u>43,567</u>
Balance, June 30, 2016	<u>\$ 28,721</u>

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

Balance, June 30, 2015	\$ 683
Decreased by:	
Payments to Current Fund	<u>\$ 683</u>

**STATEMENT OF ENCUMBRANCES PAYABLE  
ANIMAL CONTROL FUND**

Balance, June 30, 2015	\$ 2,395
Increased by:	
Charges to Reserve for Expenditures	<u>6,012</u>
	8,407
Decreased by:	
Cash Disbursements	<u>2,395</u>
Balance, June 30, 2016	<u>\$ 6,012</u>

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

Balance, June 30, 2015		\$ 1,291,544
Increased by:		
Other Trust Fund Expenditures Paid by Current Fund	\$ 1,388,556	
Current Fund Receipts Deposited in Other Trust Fund	<u>56,269</u>	
		<u>1,444,825</u>
		\$ 2,736,369
Decreased by:		
Payments to Current Fund	596,020	
Other Trust Reserves and Deposits:		
Receipts Deposited in Current Fund	\$ 13,730	
2015 Appropriation Reserves	400,000	
2016 Budget Appropriations	<u>1,200,000</u>	
		<u>1,613,730</u>
		<u>2,209,750</u>
Balance, June 30, 2016		<u>\$ 526,619</u>

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

Balance, June 30, 2015		\$ 136,442
Increased by:		
Other Trust Fund Receipts Deposited in the Grant Fund		<u>119,450</u>
		255,892
Decreased by:		
Receipts from Grant Fund		<u>136,928</u>
Balance, June 30, 2016		<u>\$ 118,964</u>

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

	Balance, June 30, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2016</u>
Marriage License Fees	\$ 12,937	\$ 11,550	\$ 11,250	\$ 13,237
Payroll Deductions/Pension/ Salary Deposits	235,089	51,372,216	51,300,768	306,537
Police Funds	49,523	33,402	48,017	34,908
Police Off Duty Fees	75,315	810,751	723,149	162,917
Demolition & Performance Bond Deposits	95,848	3,050	8,000	90,898
Tax Redemption Deposits	94,263	2,779,104	2,758,382	114,985
Developers Housing Escrow Deposits	261,372	135,175	98,097	298,450
Zoning Developers Escrow	72,033	56,725	51,505	77,253
Planning Developers Escrow	11,539	9,850	14,442	6,947
Primary General Election Deposits	11,387	37,439	41,339	7,487
Elevator Inspection Fees	140,100	82,430	75,701	146,829
Fire Permits and Fines	33,675	9,490	8,140	35,025
Fire Line Safety Reg.	274,596	402,709	461,664	215,641
Fire Dedicated Funds	5,201	4,745	9,351	595
Fire Prevention Security	970			970
Unemployment Compensation Insurance	422,666	450,098	210,632	662,132
Self-Insurance General Liability Claims	498,242	1,965,735	1,525,410	938,567
Self Insurance Workman's Compensation Claims	557,016	2,974,260	3,021,820	509,456
Parking Offenses Adjudication Act Fees	937	24,610	5,825	19,722
Municipal Alliance Fund Raiser - Donations	170		170	-
Tax Sale Premium Deposits	3,853,950	2,399,300	2,477,700	3,775,550
Festival Performance Bonds	71,381	23,792	24,694	70,479
Recreation - Donations	21,960	124,458	102,219	44,199
Recreation Official Fee	9,472			9,472
Recreation Team Ceremony Fees	129			129
EMS Facility	523			523
Multi Cultural Affair - Donations	8,057	4,600	12,657	-
Animal Control - Donations	5,955	800		6,755
Relocation Assistance-Donations	2,313	3,417	3,417	2,313
Senior Citizen - Donations	8,765	5,303	5,104	8,964
Substance Abuse - Donations	109			109
Nextel Rebanding Escrow Deposit	10,239			10,239
Affordable Housing - Reserve	30,662			30,662
Regional Contribution Agreement	65,752	35	210	65,577
Police and Firemen's Retirement Pension	279			279
Health Benefit Insurance	1,188,851	400,000	2,800	1,586,051
Tax Map Assessor Emergency	214,570		3,671	210,899
Developers Performance Bond	20,000			20,000
Accumulated Sick and Vacation	245,455		245,405	50
Drug Court Substance Abuse	62,995	298,597	260,557	101,035
NJ ACH Death Certificate	73,271	12,640		85,911
Festival Expense	430	480	480	430
Substance Abuse - NJ Medical Assistance Program	3,195	4,756	4,230	3,721
Storm Recovery		30,000		30,000
Flexible Spending Deposits	3,531	17,769	18,078	3,222
	<u>\$ 8,754,723</u>	<u>\$ 64,489,286</u>	<u>\$ 63,534,884</u>	<u>\$ 9,709,125</u>
Cash Receipts		\$ 62,756,106		
Cash Disbursed			\$ 62,146,328	
Due from Grant Fund		119,450		
Due from/to Current Fund		<u>1,613,730</u>	<u>1,388,556</u>	
		<u>\$ 64,489,286</u>	<u>\$ 63,534,884</u>	

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

Balance, June 30, 2015		\$ 2,033,528
Increased by:		
Program Allotment - Year 41	\$ 1,619,376	
Program Reallocation - Year 41	107,396	
Emergency Solutions Grant	<u>143,619</u>	
		<u>1,870,391</u>
		3,903,919
Decreased by:		
Cash Receipts		<u>1,942,729</u>
Balance, June 30, 2016		<u>\$ 1,961,190</u>
	CDBG	\$ 1,870,012
	Emergency Solutions Grant	<u>91,178</u>
		<u>\$ 1,961,190</u>

EXHIBIT B-10

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

Balance, June 30, 2015		\$ 2,176,004
Increased by:		
Program Income		\$ 63
Program Allotment - Year 41	\$ 1,619,376	
Program Reallocation - Year 41	107,396	
Emergency Solutions Grant	<u>143,619</u>	
		<u>1,870,391</u>
		<u>1,870,454</u>
		4,046,458
Decreased by:		
Cash Disbursements for CDBG Expenditures		<u>1,943,301</u>
Balance, June 30, 2016		<u>\$ 2,103,157</u>
	<u>Analysis of Balance - June 30, 2016</u>	
	Program Income - Unappropriated	\$ 36,845
	Program Years Appropriated Reserves	1,976,816
	Emergency Solutions Grant	<u>89,496</u>
		<u>\$ 2,103,157</u>

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

Balance, June 30, 2015	\$ 1,213,758
Increased by:	
Grant Allotments	
Current Year Allotment - Year 41	<u>548,603</u>
	1,762,361
Decreased by:	
Cash Receipts - HUD	<u>970,739</u>
Balance, June 30, 2016	<u>\$ 791,622</u>

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

Balance, June 30, 2015	\$ <u>155,454</u>
Balance, June 30, 2016	<u>\$ 155,454</u>

Analysis of Balance

Business and Housing Loans	\$ <u>155,454</u>
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**STATEMENT OF MORTGAGE RECEIVABLE  
HOME INVESTMENT PROGRAM FUND**

Balance, June 30, 2015	\$ <u>455,237</u>
Balance, June 30, 2016	<u>\$ 455,237</u>

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

Balance, June 30, 2015	<u>\$ 8,122</u>
Balance, June 30, 2016	<u>\$ 8,122</u>

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

Balance, June 30, 2015	<u>\$ 96,501</u>
Balance, June 30, 2016	<u>\$ 96,501</u>

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

Increased by:	
Receipts Deposited in Grant Fund	<u>\$ 68,315</u>
Decreased by:	
Receipts from Grant Fund	<u>34,748</u>
Balance, June 30, 2016	<u>\$ 33,567</u>

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

Balance, June 30, 2015		\$ 168,862
Increased by:		
Payments Made by Current Fund		<u>317,280</u>
Balance, June 30, 2016		<u>\$ 486,142</u>

EXHIBIT B-18

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

Balance, June 30, 2015		\$ 1,174,267
Increased by:		
Grant Allotments		
Current Year Allotment - Year 40	\$ 548,603	
Program Income - Loan Program		
Cash Receipts	\$ 65,328	
Due from Grant Fund	<u>68,315</u>	
		<u>133,643</u>
		<u>682,246</u>
		1,856,513
Decreased by:		
Cash Disbursements for Home Program Expenditures:		
Grant Allotment	\$ 766,560	
Program Income	<u>137,752</u>	
		904,312
Home Program Expenditures Made by Current Fund		
Grant Allotment	<u>317,280</u>	
		<u>1,221,592</u>
Balance, June 30, 2016		<u>\$ 634,921</u>

Analysis of Balance - June 30, 2016

Program Income - Unappropriated		\$ 38,251
Program Years Appropriated Reserves		<u>596,670</u>
		<u>\$ 634,921</u>

**GENERAL CAPITAL FUND**

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

Balance, June 30, 2015		\$	443,649
Increased by Receipts:			
Grants and Loans Receivables	\$	972,936	
Interest Earned		131	
Budget Appropriation			
Capital Improvement Fund		200,000	
Bond Anticipation Notes		<u>4,285,000</u>	
			<u>5,458,067</u>
			5,901,716
Decreased by Disbursements:			
Payments to Current Fund		65	
Improvement Authorizations		47,749	
Encumbrances Payable		<u>134,880</u>	
			<u>182,694</u>
Balance, June 30, 2016		\$	<u><u>5,719,022</u></u>

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

		Balance June 30, <u>2016</u>
Fund Balance		\$ 97,067
Capital Improvement Fund		206,499
Grants/Loans Receivable		(263,532)
Encumbrances Payable		183,683
Due from Grant Fund		(486)
Due to Current Fund		124,509
Reserve for Curb and Sidewalk Improvements		5,000
Excess Note Proceeds		336,389
Improvement Authorizations		
<u>Ord. No.</u>	<u>Improvement Description</u>	
1036-88	Various Improvements	(2,075)
1542-02/ 1784-08	Various Improvements	236,103
1587-03	Various Improvements	43,762
1643-04	Various Improvements - Pulaski Park	(92,540)
1675-05	Various Park Improvements	12,259
1935-13	Various Capital Improvements	53,421
2040-16	Various Capital Improvements	297,910
2050-16	Various Capital Improvements	<u>4,481,053</u>
		 <u>\$ 5,719,022</u>

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

Ord. No.	Grantor Agency	Balance	Receipts	Balance	Balance Pledged to	
		June 30, 2015		June 30, 2016	Improvement Authorizations	Reserve
<u>Loans</u>						
1643-04	Green Acres Trust - Pulaski Park (RC Field)	\$ 250,000	\$ 157,460	\$ 92,540		\$ 92,540
1839-10	Green Acres Trust - Pulaski Park	<u>500,000</u>	<u>329,008</u>	<u>170,992</u>	-	<u>170,992</u>
	Total Loans	<u>750,000</u>	<u>486,468</u>	<u>263,532</u>	-	<u>263,532</u>
<u>Grants</u>						
1643-04	Green Acres Trust - Pulaski Park (RC Field)	250,000	157,460	92,540	\$ 92,540	
1839-10	Green Acres Trust - Pulaski Park	<u>500,000</u>	<u>329,008</u>	<u>170,992</u>	<u>170,992</u>	-
	Total Grants	<u>750,000</u>	<u>486,468</u>	<u>263,532</u>	<u>263,532</u>	-
	Grand Total	<u>\$ 1,500,000</u>	<u>\$ 972,936</u>	<u>\$ 527,064</u>	<u>\$ 263,532</u>	<u>\$ 263,532</u>

**STATEMENT OF DUE TO CURRENT FUND**

Balance, June 30, 2015	\$ 65
Increased by:	
Anticipated as Current Fund Revenue - Reserve for Payment of Debt	\$ 124,378
Interest Earned	<u>131</u>
	<u>124,509</u>
	124,574
Decreased by:	
Payments to Current Fund	<u>65</u>
Balance, June 30, 2016	<u>\$ 124,509</u>

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, June 30, 2015	\$ 11,404,430
Increased by:	
Loans Issued	<u>486,468</u>
	11,890,898
Decreased by:	
Payment of Bonds - Budget Appropriation	\$ 2,155,000
Payment of Loans- Budget Appropriation	<u>71,278</u>
	<u>2,226,278</u>
Balance, June 30, 2016	<u>\$ 9,664,620</u>



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

Balance, June 30, 2015	\$ <u>486</u>
Balance, June 30, 2016	\$ <u>486</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, June 30, 2015	\$ 221,499
Increased by:	
Cash Receipt - 2016 Budget Appropriation	<u>200,000</u>
	421,499
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>215,000</u>
Balance, June 30, 2016	<u>\$ 206,499</u>

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, June 30, 2015	\$ 134,880
Increased by:	
Charges to Improvement Authorizations	<u>183,683</u>
	318,563
Decreased by:	
Payments	<u>134,880</u>
Balance, June 30, 2016	<u>\$ 183,683</u>

**CITY OF PASSAIC  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Balance, June 30, 2015		2016 Authorizations			Expended	Cancelled	Balance, June 30, 2016	
		Funded	Unfunded	Capital Fund Balance	Capital Improvement Fund	Deferred Charges Unfunded			Funded	Unfunded
1413-97	Various Improvements	\$ 83						\$ 83		
1494-00	Removal of Underground Storage Tanks	893						893		
1508-01	Various Improvements	28,189						28,189		
1542-02 / 1784-08	Various Improvements	592,441	\$ 82				\$ 180,289	176,131	\$ 236,103	
1587-03	Various Improvements	118,153					14,381	60,010	43,762	
1623-04	Various Park Improvements	3,897						3,897		
1675-05/1442-98	Various Park Improvements - Supplemental	12,259							12,259	
1697-06	Rail Property Easement	22,356						22,356		
1746-07	Acquisition of Vehicles and Equipment	11,829						11,829		
1769-08	Building Acquisition / Improvements	25,767	581					26,348		
1868-11	Replacement of City's Telephone System		15,383				9,735	5,648		
1917-12	Acquisition of a Fire Apparatus Pumper		1,733					1,733		
1922-12	Acquisition of Property and Recreational Imprvts	29,493						29,493		
1935-13	Various Capital Improvements		54,359				938		\$ 53,421	
1944-13	Acquisition of DPW Equipment	39,291					52	39,239		
2040-16	Various Capital Improvements			\$ 305,000			7,090		297,910	
2050-16	Various Capital Improvements	-	-	-	\$ 215,000	\$ 4,285,000	18,947	-	196,053	4,285,000
		<u>\$ 884,651</u>	<u>\$ 72,138</u>	<u>\$ 305,000</u>	<u>\$ 215,000</u>	<u>\$ 4,285,000</u>	<u>\$ 231,432</u>	<u>\$ 405,849</u>	<u>\$ 786,087</u>	<u>\$ 4,338,421</u>
							Cash Disbursements	\$ 47,749		
							Encumbrances Payable	183,683		
								<u>\$ 231,432</u>		
							Fund Balance	\$ 397,805		
							Deferred Charges - Unfunded	8,044		
								<u>\$ 405,849</u>		

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

001

Ord. No.	Improvement Description	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, June 30, 2015	Increased	Decreased	Balance, June 30, 2016
1839-10	Improvements to Pulaski Park	\$ 500,000	6/27/2014	6/26/2015 6/24/2016	6/25/2016 6/23/2017	0.55% 1.10%	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
1865-11	Acquisition of Ambulance	118,750	6/27/2014	6/26/2015 6/24/2016	6/25/2016 6/23/2017	0.55% 1.10%	118,750	118,750	118,750	118,750
1868-11	Replacement of City's Telephone System	237,500	6/27/2014	6/26/2015 6/24/2016	6/25/2016 6/23/2017	0.55% 1.10%	237,500	237,500	237,500	237,500
1917-12	Acquisition of Fire Apparatus	166,250	6/27/2014	6/26/2015 6/24/2016	6/25/2016 6/23/2017	0.55% 1.10%	166,250	166,250	166,250	166,250
1935-13	Various Capital Improvements	1,235,000	6/27/2014	6/26/2015 6/24/2016	6/25/2016 6/23/2017	0.55% 1.10%	1,235,000	1,235,000	1,235,000	1,235,000
2050-16	Various Capital Improvements	4,285,000	6/24/2016	6/24/2016	6/23/2017	1.10%	-	4,285,000	-	4,285,000
							<u>\$ 2,257,500</u>	<u>\$ 6,542,500</u>	<u>\$ 2,257,500</u>	<u>\$ 6,542,500</u>
								\$ 4,285,000		
								<u>2,257,500</u>	<u>\$ 2,257,500</u>	
								<u>\$ 6,542,500</u>	<u>\$ 2,257,500</u>	

Issued for Cash  
Renewal

**CITY OF PASSAIC  
STATEMENT OF BONDS PAYABLE**

<u>Purpose.</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, June 30, 2016</u>		<u>Interest Rate</u>	<u>Balance, June 30, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
General Obligation Bonds	8/5/2010	\$ 7,249,000	8/1/2016	\$ 250,000	3.25%				
			8/1/2017	250,000	3.25%				
			8/1/2018	675,000	3.25%				
			8/1/2019	675,000	3.25%				
			8/1/2020	675,000	3.25%				
			8/1/2021	675,000	3.50%				
			8/1/2022	675,000	3.50%				
			8/1/2023	675,000	3.50%				
			8/1/2024	700,000	3.50%				
			8/1/2025	700,000	3.75%				
			8/1/2026	699,000	4.00%	\$ 6,949,000		\$ 300,000	\$ 6,649,000
ERIP Pension Refunding Bonds	5/2/2013	\$ 3,930,000	2/1/2017	1,115,000	2.146%	2,135,000		1,020,000	1,115,000
General Obligation Refunding Bond	5/2/2013	3,385,000	5/1/2017	850,000	4.00%	<u>1,685,000</u>	-	<u>835,000</u>	<u>850,000</u>
						<u>\$ 10,769,000</u>	<u>\$ -</u>	<u>\$ 2,155,000</u>	<u>\$ 8,614,000</u>
Paid by Budget Appropriation								<u>\$ 2,155,000</u>	
Analysis of Balance:									
								General Serial Bonds	\$ 7,499,000
								Early Retirement Incentive Pension Refunding Bonds	<u>1,115,000</u>
								<u>\$ 8,614,000</u>	

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

Balance, June 30, 2015	\$ 635,430
Increased by:	
Loans Issued	<u>486,468</u>
	1,121,898
Decreased by:	
Paid by Budget Appropriation	<u>71,278</u>
Balance, June 30, 2016	<u>\$ 1,050,620</u>

Ord. No.	<u>Description</u>	
1442-98/1622-04/ 1675-05	Dundee Island Field Rehabilitation	\$ 173,340
1442-98/1474-99/ 1622-04/1675-05	Third Ward Park Improvements	257,512
1442-98/1474-99/ 1622-04/1675-05	Hughes Lake	119,429
1655-05	Pulaski Park Renovation	13,871
1643-04	Roberto Clemente Field Improvements	157,460
1839-10	Pulaski Park Improvements	<u>329,008</u>
		<u>\$ 1,050,620</u>

**STATEMENT OF RESERVE FOR CURB AND SIDEWALK IMPROVEMENTS**

Balance, June 30, 2015	<u>\$ 5,000</u>
Balance, June 30, 2016	<u>\$ 5,000</u>

**STATEMENT OF RESERVE FOR DEBT SERVICE**

Balance, June 30, 2015	\$ 124,378
Decreased by:	
Anticipated as Current Fund Revenue - Due to Current Fund	<u>\$ 124,378</u>

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

Ord. No.	Description	Balance June 30, 2015	2016 Authorizations	Authorizations Cancelled	Loans Issued	Notes Issued	Balance June 30, 2016
1036-88	Various Improvements	\$ 2,075					\$ 2,075
1643-04	Various Improvements - Pulaski Park (R.C. Field)	250,000			\$ 157,460		92,540
1769-08	Acquisition of Tractor Drawn Aerial & Equipment	581		\$ 581			
1784-08	Various Improvements	82		82			
2050-16	Various Capital Improvements	-	\$ 4,285,000	-	-	\$ 4,285,000	-
		<u>\$ 252,738</u>	<u>\$ 4,285,000</u>	<u>\$ 663</u>	<u>\$ 157,460</u>	<u>\$ 4,285,000</u>	<u>\$ 94,615</u>

**SEWER UTILITY FUND**

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

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, June 30, 2015	\$ 672,278	\$ 113,477
Increased by Receipts:		
Sewer Rents Received	\$ 5,110,843	
Other Accounts Receivable	131,691	
Due from Passaic Valley Water Commission	3,243	
Non-Budget Revenue	32,234	
Received from Current Fund	<u>700,000</u>	<u>-</u>
	<u>5,978,011</u>	<u>-</u>
	6,650,289	113,477
Decreased by Disbursements:		
Budget Appropriations	5,168,793	
2015 Appropriation Reserves	6,448	
Interest on Bonds	31,951	
Improvement Authorizations		\$ 550
Encumbrances Payable	85,250	367
Payments made to Current Fund	<u>4,651</u>	<u>106,000</u>
	<u>5,297,093</u>	<u>106,917</u>
Balance, June 30, 2016	<u>\$ 1,353,196</u>	<u>\$ 6,560</u>

EXHIBIT D-6

**ANALYSIS OF SEWER CAPITAL CASH**

Excess Note Proceeds	\$ 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, June 30, 2016	<u>\$ 6,560</u>

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

Balance, June 30, 2015		\$ 961,107
Increased by:		
Sewer Rents Levied - Net		<u>5,160,834</u>
		6,121,941
Decreased by:		
Sewer Rents Collected:		
Receipts from Passaic Valley Water Commission	\$ 5,110,843	
Due From Passaic Valley Water Commission	<u>24,163</u>	
	\$ 5,135,006	
Cancelled Balances		<u>114,771</u>
		<u>5,249,777</u>
Balance, June 30, 2016		<u>\$ 872,164</u>

EXHIBIT D-8

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

Balance, June 30, 2015		\$ 41,287
Increased by:		
St. Marys Sewer Rents Levied - Net		<u>133,113</u>
		174,400
Decreased by:		
Cash Receipts		<u>131,691</u>
Balance, June 30, 2016		<u>\$ 42,709</u>

EXHIBIT D-9

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

Balance, June 30, 2015		\$ 3,243
Increased by:		
Rents Due from SFY 2016 Collections		<u>24,163</u>
		27,406
Decreased by:		
Cash Receipts		<u>3,243</u>
Balance, June 30, 2016		<u>\$ 24,163</u>

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

	Balance, June 30, 2015	Additions by:		Balance, June 30, 2016
		Budget Capital Outlay	Ordinance	
Sanitary Sewer System	\$ 5,564,366	\$ 13,058	\$ 550	\$ 5,577,974
Sewer Jet Cleaning Truck	185,000			185,000
T.V. Camera Truck	125,000	-	-	125,000
	<u>\$ 5,874,366</u>	<u>\$ 13,058</u>	<u>\$ 550</u>	<u>\$ 5,887,974</u>

EXHIBIT D-11

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

Ordinance Number	Description	Balance, June 30, 2015	SFY 2016 Authorizations		Balance, June 30, 2016
			Deferred Reserve for Amortization	Costs to Fixed Capital	
1667-05	Various Sewer Improvements	\$ 11,384			\$ 11,384
1698-06	Various Sewer Improvements	11,613			11,613
1822-10	Various Sewer Improvements	12,217		\$ 250	11,967
1871-11	Various Sewer Improvements	13,957			13,957
1913-12	Various Sewer Improvements	1,137		300	837
2032-15	Improvements and Repairs to Sewer Pipes	-	\$ 35,766	-	\$ 35,766
		<u>\$ 50,308</u>	<u>\$ 35,766</u>	<u>\$ 550</u>	<u>\$ 49,758</u>

EXHIBIT D-12

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

Balance, June 30, 2015		\$ 4,651
Increased by:		
Cash Receipts from Current Fund	\$ 700,000	
Payments Made by Current Fund for Sewer Utility Operating Fund Budget	<u>130,519</u>	
		<u>830,519</u>
		835,170
Decreased by:		
Payments to Current Fund		<u>4,651</u>
Balance, June 30, 2016		<u>\$ 830,519</u>

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

Balance, June 30, 2015		\$ 93,250
Increased by:		
Charges to Budget Appropriations		<u>10,327</u>
		103,577
Decreased by:		
Cancelled Encumbrances Restored to Appropriation Reserves	\$ 8,000	
Cash Disbursed	<u>85,250</u>	
		<u>93,250</u>
Balance, June 30, 2016		<u>\$ 10,327</u>

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

Balance, June 30, 2015		\$ 106,000
Decreased by:		
Payments made to Current Fund		<u>\$ 106,000</u>

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

Balance, June 30, 2015		\$ 13,875
Increased by:		
Charges to Budget Appropriations		
Interest on Bonds		<u>30,826</u>
		44,701
Decreased by:		
Interest Paid		<u>31,951</u>
Balance, June 30, 2016		<u>\$ 12,750</u>

**CITY OF PASSAIC  
STATEMENT OF 2015 APPROPRIATION RESERVES  
SEWER UTILITY OPERATING FUND**

	Balance June 30, <u>2015</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING					
Other Expenses		\$ 8,000	\$ 8,000		\$ 8,000
Sewer Treatment Expenses	\$ 51,690		51,690		51,690
Sewer Maintenance Fee - Contractual	<u>15,259</u>	<u>-</u>	<u>15,259</u>	<u>\$ 6,448</u>	<u>8,811</u>
	<u>\$ 66,949</u>	<u>\$ 8,000</u>	<u>\$ 74,949</u>	<u>\$ 6,448</u>	<u>\$ 68,501</u>

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

Balance, June 30, 2015	\$ 367
Decreased by:	
Cash Disbursements	<u>\$ 367</u>

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

Ordinance Number	Description	Ordinance Amount	Balance June 30, 2015		SFY 2016 Authorizations		Balance June 30, 2016		
			Funded	Unfunded	Fund Balance	Expended	Authorizations Cancelled	Funded	Unfunded
1667-05	Various Sewer Improvements	\$ 280,000	\$ 11,384				\$ 11,384		
1698-06	Various Sewer Improvements	280,000	11,405	\$ 208			11,613		
1822-10	Various Sewer Improvements	280,000	12,217		\$ 250		11,967		
1871-11	Various Sewer Improvements	280,000		13,957			13,957		
1913-12	Various Sewer Improvements	400,000		1,137		300	837		
2032-15	Improvements and Repairs to Sewer Pipes	35,766	-	-	\$ 35,766	-	-	\$ 35,766	
			<u>\$ 35,006</u>	<u>\$ 15,302</u>	<u>\$ 35,766</u>	<u>\$ 550</u>	<u>\$ 49,758</u>	<u>\$ 35,766</u>	<u>\$ -</u>
	Cash Disbursements					<u>\$ 550</u>			

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

Balance, June 30, 2015		\$ 4,209,460
Increased by:		
Paid by Operating Budget:		
Serial Bonds	\$ 90,000	
Capital Outlay - Operating Budget	13,058	
Transfer From Deferred Reserve for Amortization	<u>250</u>	
		<u>103,308</u>
Balance, June 30, 2016		<u>\$ 4,312,768</u>

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

Balance, June 30, 2015		\$ 35,006
Increased by:		
Fixed Capital Authorized		<u>35,766</u>
		70,772
Decreased by:		
Transferred to Reserve for Amortization - Fixed Capital	\$ 250	
Authorizations Cancelled to Fund Balance	<u>34,756</u>	
		<u>35,006</u>
Balance, June 30, 2016		<u>\$ 35,766</u>

**Analysis of Balance - June 30, 2016**

<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**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2016</u>		<u>Interest Rate</u>	<u>Balance, June 30, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
Sewer Bonds of 2010	7/27/2010	\$ 1,266,000	8/1/2016	90,000	3.25%				
			8/1/2017	90,000	3.25%				
			8/1/2018	90,000	3.25%				;
			8/1/2019	90,000	3.25%				
			8/1/2020	90,000	3.25%				
			8/1/2021	90,000	3.50%				
			8/1/2022	90,000	3.50%				
			8/1/2023	90,000	3.50%				
			8/1/2024	90,000	3.50%				
			8/1/2025	90,000	3.75%	\$ 990,000	-	\$ 90,000	\$ 900,000
						<u>\$ 990,000</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 900,000</u>
								<u>\$ 90,000</u>	
			Paid by Budget Appropriation					<u>\$ 90,000</u>	

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

Ord. No.	<u>Improvement Description</u>	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, June 30, 2015	<u>Increased</u>	<u>Decreased</u>	Balance, June 30, 2016
1871-11	Various Sewer Improvements	\$ 266,000	6/27/2014	6/26/2015 6/24/2016	6/25/2016 6/23/2017	0.55% 1.10%	\$ 266,000	\$ 266,000	\$ 266,000	\$ 266,000
1913-12	Various Sewer Improvements	380,000	6/27/2014	6/26/2015 6/24/2016	6/25/2016 6/23/2017	0.55% 1.10%	380,000 -	380,000	380,000 -	380,000
							<u>\$ 646,000</u>	<u>\$ 646,000</u>	<u>\$ 646,000</u>	<u>\$ 646,000</u>
						Renewals		<u>\$ 646,000</u>	<u>\$ 646,000</u>	

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, June 30, <u>2015</u>	Authorizations <u>Cancelled</u>	Balance, June 30, <u>2016</u>
1611-04	Various Sewer Improvements	\$ 44,000		\$ 44,000
1698-06	Various Sewer Improvements	<u>208</u>	<u>\$ 208</u>	<u>-</u>
		<u>\$ 44,208</u>	<u>\$ 208</u>	<u>\$ 44,000</u>

**CITY OF PASSAIC**

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**PART II**

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the City of Passaic, as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2016. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited General Fixed Assets Account Group financial statements.

#### **Internal Control over Financial Reporting**

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a material weakness.

**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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

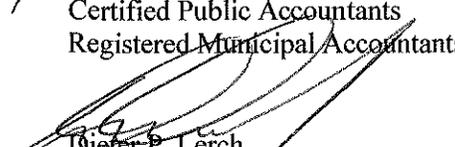
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the City of Passaic in Part III of this report of audit entitled; “Letter of Comments and Recommendations”.

**City of Passaic’s Responses to Findings**

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

**Purpose of this Report**

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

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants  
  
Dieter P. Lerch  
Registered Municipal Accountant  
RMA Number CS00398

Fair Lawn, New Jersey  
December 30, 2016



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
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ROBERT AMPONSAH, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the City Council  
City of Passaic  
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 City of Passaic's major federal and state programs for the year ended June 30, 2016. 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 the compliance with federal and state statutes, regulations, contracts, 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 (CFR) 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 June 30, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003. Our opinion on each major federal and state program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

Management of the City of Passaic is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Passaic's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003 that we consider to be material weaknesses.

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

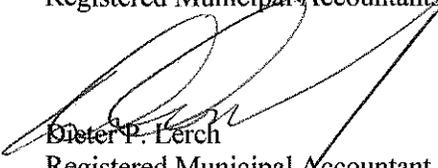
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements - regulatory basis of the City of Passaic as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued our report thereon dated December 30, 2016, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained a modified opinion on those financial statements prepared and presented in accordance with the regulatory basis of accounting because of the presentation of the unaudited General Fixed Assets Account Group financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance and schedule expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.



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



Dieter P. Lerch  
Registered Municipal Accountant  
RMA Number CS00398

Fair Lawn, New Jersey  
December 30, 2016

CITY OF PASSAIC  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grant Program	CFDA Number	State Acct. Number	Grant Award Amount	Grant Receipts	Balance, June 30, 2015	Revenue Realized	Local Match	Program Income	Expenditures	(Cancelled)/ Adjustment	Balance, June 30, 2016	Cumulative Expended
U.S. Department of Health and Human Services												
Ryan White Title I - 2016	93.924	N/A	\$ 208,805			\$ 208,805			\$ 160,569	\$ (48,236)		\$ 208,805
Ryan White Title I - 2016	93.924	N/A	143,303	\$ 32,932		143,303			22,733		\$ 120,570	22,733
Ryan White Title I - 2015	93.924	N/A	152,343	48,979	\$ 67,710					15,957	83,667	68,676
Ryan White Title I - 2014	93.924	N/A	58,098		225						225	57,873
Ryan White Title I - 2013	93.924	N/A	169,787		6,440						6,440	163,347
Ryan White Title I - 2012	93.924	N/A	174,774		29,417						29,417	145,357
Ryan White Title I - 2008	93.924	N/A	172,274		100						100	172,174
Department of Parks And Recreation												
Columbia Park/UPAR/Green Acres	15.919	N/A			3,721						3,721	
U.S. Department of Community Affairs - (Pass through State Dept of Community Affairs - Housing Services)												
Neighborhood Preservation	14.000	022-8020-100-017-12	2,437,775		2,689						2,689	2,205,086
U.S. Department of Health - (Pass through State Division of Family Health Services)												
Women, Infants, and Children-2016	10.557	046-4220-100-113-16	1,045,311	282,169		1,045,311			766,792		278,519	766,792
Women, Infants, and Children-2015	10.557	046-4220-100-113-15	278,420	278,420		278,420			273,707		4,713	273,707
Women, Infants, and Children-2014	10.557	046-4220-100-113-14	949,520	223,711	30,031						30,031	919,489
Women, Infants, and Children-2013	10.557	046-4220-100-113-13	837,516		10,221						10,221	827,295
Women, Infants, and Children-2012	10.557	046-4220-100-113-12	779,507		60						60	779,447
U.S. Department of Agriculture - (Pass through State Division of Food and Nutrition)												
15 Summer Food Program	10.559	010-3350-100-033-15	375,996	139,596	375,996				153,602	(222,394)	-	375,996
14 Summer Food Program	10.559	010-3350-100-033-14	408,604		275,429				279	(275,150)	-	408,604
13 Summer Food Program	10.559	010-3350-100-033-13	430,559		266,418					(266,418)	-	430,559
12 Summer Food Program	10.559	010-3350-100-033-12	404,678		45,368						45,368	171,556
11 Summer Food Program	10.559	010-3350-100-033-11	458,147		1,688						1,688	456,459
10 Summer Food Program	10.559	010-3350-100-033-10	287,527		10,489						10,489	277,038
09 Summer Food Program	10.559	010-3350-100-033-09	369,547		11,957						11,957	357,590
U.S. Department of Justice												
Neighborhood Crime Prevention	16.710	N/A	54,104		66						66	54,038
Neighborhood Crime Prevention	16.710	N/A	33,274		49						49	33,225
Pass through Dept of Law and Public Safety-Division of Criminal Justice:												
Byrne Memorial Justice Asst. 2016	16.738	066-1020-100-364-16	217,459			217,459					217,459	-
Byrne Memorial Justice Asst. 2015	16.738	066-1020-100-364-15	246,078		246,078				30,843		215,235	30,843
Byrne Memorial Justice Asst. 2014	16.738	066-1020-100-364-14	223,632	78,577	174,424				35,163		139,261	84,371
Byrne Memorial Justice Asst. 2012	16.738	066-1020-100-364-12	232,746	127,371	109,161				108,581		580	232,166
Byrne Memorial Justice Asst. 2011	16.738	066-1020-100-364-11	284,032		5,604						5,604	278,428
Byrne Memorial Justice Asst. 2010	16.738	066-1020-100-364-10	362,938		5,033						5,033	357,905
Byrne Memorial Justice Asst. 2009	16.738	066-1020-100-364-09	378,650		29						29	378,621
Byrne Memorial Justice Asst. 2006	16.738	066-1020-100-364-06	355,820		377						377	355,443

**CITY OF PASSAIC  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grant Program	CFDA Number	State Acct Number	Grant Award Amount	Grant Receipts	Balance, June 30, 2015	Revenue Realized	Local Match	Program Income	Expenditures	(Cancelled)/ Adjustment	Balance, June 30, 2015	Cumulative Expended
U.S. Department of Homeland Security (Passed through State Department of Law and Public Safety)												
Fire Safer Program	97.083	N/A	\$ 1,530,304		\$ 3,305						\$ 3,305	\$ 1,526,999
Assistance to Firefighters - FEMA	97.044	N/A	152,728			\$ 152,728			\$ 151,417		1,311	151,417
Public Assistance Grant - FEMA												
Hurricane Irene	97.036	066-1200-100-A57	785			785			785		-	785
Severe Snowstorm - March 2010	97.036	066-1200-100-A70	79,343			79,343			79,343		-	79,343
Severe Snowstorm - October 2011	97.036	066-1200-100-A77	19,065			19,065			19,065		-	19,065
U.S. Department of Transportation - (Pass through State Depart of Transportation - Local Municipal Aid)												
Highway Planning and Construction Program	20.205											
Transportation Trust - Howel/Lincoln/St. Francis		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)	20.616	066-1160-100-057-XX	5,000	4,900		5,000			4,850		150	4,850
Drunk Driver Prevention (Drive Sober)	20.616	066-1160-100-057-XX	5,000	5,000		5,000					5,000	-
Drunk Driver Prevention (Drive Sober)	20.616	066-1160-100-057-XX	7,500		7,500				3,700		3,800	3,700
Drunk Driver Prevention (Drive Sober)	20.616	066-1160-100-057-XX	9,400		2,000						2,000	7,400
Click It or Ticket - Seat Belt Campaign	20.609	066-1160-100-146-XX	5,000			5,000			5,000		-	5,000
Click It or Ticket - Seat Belt Campaign	20.616	066-1160-100-146-XX	4,000	4,000	200						200	3,800
Drunk Driver Prevention (Drive Sober)	20.616	066-1160-100-057-14	12,800		1,300				1,300		-	12,700
Pedestrian Safety Grant	20.609	066-1160-100-146-XX	17,000		300						300	16,700
Pedestrian Safety Grant	20.609	066-1160-100-146-XX	18,000		510						510	17,490
Distracted Driving Crackdown	20.616	N/A	5,000		50						50	4,950
Booster Seat Enforcement Grant	20.613	N/A	20,000		1,227						1,227	18,773
U.S. Department of Energy												
Energy Efficiency & Conserv. Bl. Grant	81.128	N/A	613,800		12,166					\$ 30	12,196	601,604
U.S. Department of Housing and Urban Development												
CDBG Entitlement Grants	14.218	N/A	1,726,772		2,152,681	1,726,772		\$ 63	1,865,855		2,013,661	1,865,855
Emergency Solutions Grant	14.000	N/A	143,619		23,323	143,619			77,446		89,496	77,446
Disaster Recovery Grant	14.269	N/A	2,040,000	120,418	1,538,400				5,464		1,532,936	507,064
Relocation Assistance Program	14.000	N/A			4,890					5,435	10,325	
Urban Development Action Grant	14.000	N/A			8,122					(8,122)	-	
Home Investment Partnership Program	14.239	N/A	548,603		1,174,267	548,603	-	133,643	1,221,592	-	634,921	1,221,592
					<u>\$ 6,670,576</u>	<u>\$ 4,579,213</u>	<u>\$ -</u>	<u>\$ 133,706</u>	<u>\$ 4,988,086</u>	<u>\$ (798,898)</u>	<u>\$ 5,596,511</u>	

N/A - Not Applicable

CITY OF PASSAIC  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>State Grant Program</u>	<u>Account Numbers</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Balance, June 30, 2015</u>	<u>Revenue Realized</u>	<u>Local Match</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, June 30, 2016</u>	<u>Cumulative Expended</u>
Department of Community Affairs											
Clean Communities Grant	042-4900-765-004-16	2016	\$ 90,435			\$ 90,435				\$ 90,435	-
Clean Communities Grant	042-4900-765-004-15	2015	79,122		\$ 79,122			\$ 20,919		58,203	\$ 20,919
Clean Communities Grant	042-4900-765-004-14	2014	65,072		16,825			6,148		10,677	54,395
Clean Communities Grant	042-4900-765-004-13	2013	69,402		184					184	69,218
Clean Communities Grant	042-4900-765-004-12	2012	59,112		304					304	58,808
Clean Communities Grant	042-4900-765-004-10	2010	63,927		367					367	63,560
Lead Intervention	022-8020-076-022750	2004	531,600		149,440					149,440	382,160
Recreation Opportunity	022-8050-100-035-13	2015	19,860			19,860		10,000		9,860	10,000
Recreation Opportunity	022-8050-100-035-13	2013	24,000		4,000					4,000	20,000
Domestic Violence Training Program	N/A	2006	3,000		1,397					1,397	1,603
Recycling Tonnage	042-4900-752-001-14	2014	99,373		26,126			3,048		23,078	76,295
Recycling Tonnage	042-4900-752-001-12	2012	97,518		28,659					28,659	68,859
Summer Employment	N/A	2013	19,400		212					212	19,188
Summer Employment	N/A	2012	19,400		45					45	19,355
Department of Health											
Alcohol Education and Rehabilitation	760-046-4240-001	2015	24,339			24,339		15,575		8,764	15,575
Alcohol Education and Rehabilitation	760-046-4240-001	2014	17,724		4,417			2,900		1,517	16,207
Childhood Lead Poisoning Prevention	16-348-CHS-L-0	2016	159,250	118,309		159,250		134,430		24,820	134,430
Childhood Lead Poisoning Prevention	15-348-CHS-L-0	2015	159,250	40,340	3,041			580		2,461	156,789
Childhood Lead Poisoning Prevention	14-348-CHS-L-0	2014	159,250		4,517					4,517	154,733
Passed Thru County of Passaic											
Municipal Alliance	N/A	2016	10,193			10,193		1,230		8,963	1,230
Municipal Alliance	N/A	2015	39,478	14,200		39,478		32,672		6,806	32,672
Municipal Alliance	N/A	2014	29,608		29,608			28,585		1,023	28,585
Municipal Alliance	N/A	2013	74,418	3	910					910	73,508
Municipal Alliance	N/A	2012	41,903	35	597					597	41,306
Municipal Alliance	N/A	2011	52,048	22	10					10	52,038
Municipal Alliance	N/A	2010	55,800		18					18	55,782
Municipal Alliance	N/A	2009	55,800		297					297	55,503
Municipal Alliance	N/A	2008	46,300		11					11	46,289
Sr. Citizen & Disabled Resident Transport	N/A	2013	60,402		15,420					15,420	44,982
Cancer Control and Prevention Grant	09-32-CCC-L-1	2008	65,000		613					613	64,387
Cancer Assessment - 2011	11-32-CCC-L-1	2011	65,000		17					17	64,983
Cancer Assessment - 2012	12-32-CCC-L-1	2012	52,407		105					105	52,302
Multi Cultural	N/A	2015	700		700					700	-
Multi Cultural	N/A	2009	2,000		650				(650)	-	2,000

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

<u>State Grant Program</u>	<u>Account Numbers</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Balance, June 30, 2014</u>	<u>Revenue Realized</u>	<u>Local Match</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, June 30, 2015</u>	<u>Cumulative Expended</u>
Department of Law and Public Safety											
Drunk Driving Enforcement	1110-448-031020-22	2016	\$ 28,629			\$ 28,629				\$ 28,629	-
Drunk Driving Enforcement	1110-448-031020-22	2015	23,356			23,356		\$ 2,624		20,732	\$ 2,624
Drunk Driving Enforcement	1110-448-031020-22	2014	17,669		\$ 7,415					7,415	10,254
Body Armor Replacement	066-1020-718-001-11	2016	13,213			13,213				13,213	-
Body Armor Replacement	066-1020-718-001-11	2013	17,282		3,467			921		2,546	14,736
Body Armor Replacement	066-1020-718-001-11	2012	13,022		282					282	12,740
Department of Law and Public Safety											
Safe and Secure	066-1020-100-232-16	2016	90,000			90,000		38,077		51,923	38,077
Safe and Secure	066-1020-100-232-15	2015	90,000	67,500		90,000		90,000		-	90,000
Safe and Secure	066-1020-100-232-14	2014	90,000		48,750					48,750	41,250
Juvenile Acct. Incen. Bl Grant (Station House)	JAIBG-16-01-02	2015	19,792	28,284	19,054	10,000		28,568		486	19,306
Juvenile Acct. Incentive Block Grant	JAIBG-16-01-02	2014	20,165		952			952		-	20,165
Juvenile Acct. Incentive Block Grant	JAIBG-16-01-02	2012	30,328		13					13	30,315
Juvenile Acct. Incentive Block Grant	JAIBG-16-01-02	2010	32,000		100					100	31,900
Walk Safe Passaic	066-1160-100-131-16	2016	8,000	8,000		8,000		8,000		-	8,000
Walk Safe Passaic	066-1160-100-131-15	2015	16,000	4,842	6,770					6,770	9,230
Walk Safe Passaic	066-1160-100-131-14	2014	15,000		552					552	14,448
Walk Safe Passaic	066-1160-100-131-12	2012	16,000	188	1,185					1,185	14,815
Department of Commerce and Economic Development											
Urban Enterprise Zone Assistance Fund (UEZ)	2830-763-250-XXX-50										
15 - Administration - Salaries and Wages	UEZA	2015	108,924					84,777	\$ 108,924	24,147	84,777
15 - Administration - Commodities	UEZA	2015	16,425					136	16,425	16,289	136
15 - Graffiti Eradication	UEZA	2015	70,187		106,136			53,583	(52,553)	-	70,187
15 - Clean Sweep	UEZA	2015	185,539		212,538			141,252	(71,286)	-	185,539
15 - Dundee Canal Redevelopment	UEZA	2015	15,000		10,062			2,050		8,012	6,988
15 - Downtown Merchants - Youth Corps	UEZA	2015	32,000	25,309		32,000		19,446		12,554	19,446
14 - Administration - Salaries and Wages	UEZA	2014	105,490		4,966			3,456	(1,510)	-	105,490
14 - Administration - Commodities	UEZA	2014	123,615		6,952			6,940		12	123,603
12 - Signage Improvement	UEZA	2012	200,000		189,760					189,760	10,240
12 - Revolving Loan	UEZA	2012	1,000,000		659,885			250,000		409,885	590,115
11 - Marketing	UEZA	2011	76,000		28,597					28,597	47,403
Department of Transportation											
Transp. Trust - Various St Imp - 2016	078-6320-480-XXX	2016	353,273			353,273				353,273	-
Transportation Trust - 8th Street	078-6320-480-XXX	2015	359,050	250,000	-			109,050	109,050	-	359,050
Transportation Trust - 8th Street	078-6320-480-ALL/ALG	2013	309,160	51,861	48,912					48,912	260,248
Transportation Trust - Market Streetscape Enhance	078-6320-480-XXX-XX	2014	750,000		750,000					750,000	-
Transp. Trust - Various St Imp - 2015	078-6320-480-XXX-XX	2014	353,273	264,955	353,273			353,273		-	-
Advanced Traffic Grant	078-6320-480-ACL	2011	119,600	29,900	106,342			106,342		-	119,600

CITY OF PASSAIC  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, June 30, 2015	Realized	Match	Expended	Adjustments	Balance, June 30, 2016	Cumulative Expended
Other State Departments											
Hepatitis B Inoculation	046-4230-100-241-15	2015	\$ 5,000		\$ 5,000			\$ 968		\$ 4,032	\$ 968
Hepatitis B Inoculation	046-4230-100-241-14	2014	5,000		907			374		533	4,467
Hepatitis B Inoculation	046-4230-100-241-13	2013	700		476					476	224
Hepatitis B Inoculation	046-4230-100-241-08	2008	5,000		9					9	4,991
Emergency Telecommunication	2034-100-082-SBE7-050-UOAB-6120	2008	579,761		3,888					3,888	575,873
Emergency Telecommunication	2034-100-082-SBE7-050-UOAB-6120	2007	68,000		2,829					2,829	65,171
Housing Opportunity Grant	N/A	2016	90,000			\$ 90,000		49,831		40,169	49,831
Housing Opportunity Grant	N/A	2015	75,000		43,059			19,517		23,542	51,458
Housing Opportunity Grant	N/A	2014	100,000	75,000	43,039			41,288		1,751	98,249
Housing Opportunity Grant	N/A	2013	100,000		1,434					1,434	98,566
Housing Opportunity Grant	N/A	2012	144,908		1,346					1,346	143,562
Emergency Preparedness Grant	N/A	2011	10,000		6					6	9,994
Baseball Tomorrow	N/A	2012	95,597		279					279	95,318
Highlands Council Transfer Development	N/A	2014	40,000		32,193			17,193		15,000	25,000
Junior Tennis	N/A	2014	2,000		760			160		600	1,400
High Drug Traffic Youth Empowerment	N/A	2016	2,160			2,160				2,160	-
High Drug Traffic Youth Empowerment	N/A	2015	2,708		2,132			1,226		906	1,802
NJ Office of Emergency Management											
Hazard Mitigation Grant		2016	250,000			250,000				250,000	-
Department of Environmental Protection											
Forestry Management		2014	6,000		6,000			4,200		1,800	4,200
Green Trust Grant - MacDonalds Brook	4800-533-852000-60	2016	1,100,000			1,100,000		35,650		1,064,350	35,650
Green Trust Grant - MacDonalds Brook	4800-533-852000-60	2014	100,000		100,000					100,000	-
Green Trust Grant - Christopher Columbus	4800-533-852000-60	2012	900,000		106,808			28,275		78,533	821,467
					\$ 3,283,740	\$ 2,434,186	\$ -	\$ 1,754,216	\$ 108,400	\$ 4,072,110	

N/A - Not Available

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

**CITY OF PASSAIC  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2016**

**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	\$ 2,160,219	\$ 2,434,186	\$ 4,594,405
Community Development Grant Fund	1,870,391		1,870,391
Home Loan Program Fund	<u>548,603</u>	<u>-</u>	<u>548,603</u>
	<u>\$ 4,579,213</u>	<u>\$ 2,434,186</u>	<u>\$ 7,013,399</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**CITY OF PASSAIC  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2016**

**NOTE 5 STATE LOANS OUTSTANDING**

The City's state loans outstanding at June 30, 2016, 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	\$ 173,340
Third Ward Park Improvements	257,512
Hughes Lake Rehabilitation	119,429
Pulaski Park Renovation	13,871
Roberto Clemente Field Improvements	157,460
Pulaski Park Improvements	<u>329,008</u>
	<u>\$ 1,050,620</u>



**CITY OF PASSAIC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*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?        yes   X   no
- L) Type of auditors' report on compliance for major programs: Unmodified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified?   X   yes        no
- 2) Were significant deficiencies identified that were  
        not considered to be material weaknesses?        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?   X   yes        no
- O) Identification of major programs:

GMIS Number(s)	Name of State Program
2830-763-250XXX-50	Dept. of Commerce & Economic Develop.
	Urban Enterprise Zone Ass't Fund.
078-6320-480-ALL/ALG/XXX	Department of Transportation
	Transportation Trust

**CITY OF PASSAIC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part 2 – Schedule of Financial Statement Findings*

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

**Finding 2016-001**

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

**Criteria or specific requirement:**

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

**Condition:**

Fixed assets accounting records have not been updated since 1991.

**Context:**

Fixed asset records are not currently maintained in accordance with NJAC. Balances reported for fixed assets was \$91,441,474 at June 30, 2016.

**Effect:**

The auditors' report on the June 30, 2016 financial statements is modified with respect to the General Fixed Assets Account Group.

**Cause:**

See condition.

**Recommendation:**

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

**Views of Responsible Officials and Planned Corrective Action Plan:**

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*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**

**Finding 2016-002**

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

**Federal program information:**

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

**Criteria or specific requirement:**

Federal Grant Compliance Supplement

**Condition:**

Fixed assets accounting records have not been updated since 1991.

**Questioned Costs:**

Unknown.

**Context:**

Fixed asset records are not currently maintained in accordance with NJAC. Balances reported for fixed assets was \$91,441,474 at June 30, 2015.

**Effect:**

Noncompliance with federal grant compliance requirements.

**Cause:**

See Condition.

**Recommendation:**

The City maintain a fixed assets accounting and reporting system.

**Views of Responsible Officials and Planned Corrective Action Plan:**

See Finding 2016-001.

**CITY OF PASSAIC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*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 STATE AWARDS**

**Finding 2016-003**

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

**State program information:**

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

**Criteria or specific requirement:**

State Grant Compliance Supplement.

**Condition:**

Fixed asset accounting records have not been updated since 1991.

**Questioned Costs:**

Unknown.

**Context:**

Fixed asset records are not currently maintained in accordance with NJAC. Balances reported for fixed assets was \$91,441,474 at June 30, 2015.

**Effect:**

Noncompliance with state grant compliance requirements.

**Cause:**

See Condition.

**Recommendation:**

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

**Views of Responsible Officials and Planned Corrective Action Plan:**

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

**CITY OF PASSAIC  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**

**FINDING 2015-001, 2015-004, and 2015-006**

Fixed assets accounting records have not been updated since 1991.

**Current Status**

See Finding 2016-001, 2016-002 and 2016-003.

**FINDING 2015-002 and 2015-005**

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

**Current Status**

Corrective action has been taken.

**FINDING 2015-003**

**Condition:**

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

**Current Status**

Corrective action has been taken.

**CITY OF PASSAIC**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FISCAL YEAR ENDED JUNE 30, 2016**

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

	Fiscal Year 2016		Fiscal Year 2015	
	Amount	Percent	Amount	Percent
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,520,000	1.14 %	\$ 1,330,000	1.04 %
Miscellaneous - From Other Than Local				
Property Tax Levies	29,041,471	21.81	25,767,142	20.19
Collection of Delinquent Taxes and Tax Title Liens	156,737	0.12	412,089	0.32
Collection of Current Tax Levy	98,115,615	73.68	97,712,250	76.56
Other Credits to Income	4,324,336	3.25	2,403,080	1.88
<b>Total Income</b>	<u>133,158,159</u>	<u>100.00</u> %	<u>127,624,561</u>	<u>100.00</u> %
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	89,123,222	68.28 %	84,794,452	67.18 %
County Taxes	23,243,544	17.81	23,212,635	18.39
Local School Taxes	16,818,577	12.88	16,818,577	13.32
Other Expenditures	1,339,782	1.03	1,403,287	1.11
<b>Total Expenditures</b>	<u>130,525,125</u>	<u>100.00</u> %	<u>126,228,951</u>	<u>100.00</u> %
Excess in Revenue	2,633,034		1,395,610	
Fund Balance, Beginning of Year	<u>3,532,484</u>		<u>3,466,874</u>	
	6,165,518		4,862,484	
Decreased by:				
Utilization as Anticipated Revenue	<u>1,520,000</u>		<u>1,330,000</u>	
<b>Fund Balance, End of Year</b>	<u>\$ 4,645,518</u>		<u>\$ 3,532,484</u>	

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

	Fiscal Year 2016			Fiscal Year 2015		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED						
Fund Balance Anticipated	\$ 127,000	2.31	%			
Collection of Sewer Rents	5,266,697	95.86		\$ 5,245,643	95.99	%
Non-Budget Revenues	32,234	0.58		2,819	0.05	
Other Credits to Income	<u>68,501</u>	<u>1.25</u>		<u>216,519</u>	<u>3.96</u>	
 Total Income	 <u>5,494,432</u>	 <u>100.00</u>	 %	 <u>5,464,981</u>	 <u>99.95</u>	 %
EXPENDITURES						
Budget Expenditures						
Operating	5,210,000	97.00	%	5,039,490	97.52	%
Capital Improvements	37,000	0.69		-	-	
Debt Service	<u>124,369</u>	<u>2.31</u>		<u>128,276</u>	<u>2.48</u>	
 Total Expenditures	 <u>5,371,369</u>	 <u>100.00</u>	 %	 <u>5,167,766</u>	 <u>100.00</u>	 %
Excess in Revenues	123,063			297,215		
Fund Balance, Beginning of Year	<u>496,796</u>			<u>199,581</u>		
	619,859			496,796		
Decreased by:						
Utilization as Anticipated Revenue	<u>127,000</u>			<u>-</u>		
Fund Balance, End of Year	<u>\$ 492,859</u>			<u>\$ 496,796</u>		

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$3.368</u>	<u>\$7.573</u>	<u>\$7.434</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$2.044	\$4.569	\$4.448
County	.775	1.738	1.716
Local School	.549	1.266	1.270

Assessed Valuation

2016	<u>\$3,065,013,700</u>	
2015		<u>\$ 1,328,633,000</u>
2014		<u>\$ 1,331,213,900</u>

The City undertook a revaluation of real property which became effective in 2016.

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

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

<u>Fiscal Year Ended</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
June 30, 2016	\$ 100,554,217	\$ 99,615,615	99.07%
June 30, 2015	100,241,561	99,212,250	98.97%
June 30, 2014	99,020,597	98,298,628	99.27%

**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>
2016	\$ 510,181	\$ 10,518	\$ 520,699	0.52%
2015	436,669	32,253	468,922	0.47%
2014	411,725	221,475	633,200	0.64%

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

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

<u>Year</u>	<u>Amount</u>
2016	\$ -0-
2015	-0-
2014	-0-

**COMPARISON OF SEWER UTILITY LEVIES**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(A)</u>	<u>Percentage of Collection</u>
2016	\$ 5,293,947	\$ 5,266,697	99.49%
2015	4,819,184	5,245,643	108.85%
2014	5,273,377	5,240,558	99.38%

(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	2016	\$4,645,518	\$ 900,000 (A)
	2015	3,532,484	1,520,000
	2014	3,466,874	1,330,000
	2013	2,821,253	1,330,000
	2012	2,507,688	1,330,000
Sewer Utility	2016	\$492,859	\$130,980 (A)
	2015	496,796	127,000
	2014	199,581	-
	2013	52,844	-
	2012	52,844	-

(A) Represents amounts anticipated in the six month transition year budget from July 1, 2016 to December 31, 2016.

**CITY OF PASSAIC  
OFFICIALS IN OFFICE AND SURETY BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

**CITY OF PASSAIC  
GENERAL COMMENTS**

**Current Year Findings**

Our audit of the Other Trust Fund revealed several reserve account balances that were not supported by detailed trial balances. It is recommended that detailed trial balances be maintained in the Other Trust Fund for tax and escrow reserves.

Our audit of the municipal court bank reconciliations revealed numerous miscellaneous bank reconciling items. It is recommended that miscellaneous bank reconciling items on the municipal court bank reconciliations be reviewed and cleared of record.

Our audit of the Recreation Department revealed that all fees collected were not deposited into the Current Fund bank account. It is recommended that all fees collected by the Recreation be turned over to the Treasurer and deposited into the Current Fund bank account.

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

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

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

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

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

- |   |                              |
|---|------------------------------|
| Christopher Columbus Park Lighting System | Office Supplies              |
| 2016 Freight lines                        | Resurface Crescent Ave.      |
| Resurface Passaic St. and Factory St.     | Pulaski Park Lighting        |
| Memorial Park Sports Lighting             | Solid Waste Tipping Fees     |
| Collection of Garbage and Bulky Waste     | Recyclable Materials         |
| Recreation Equipment and Supplies         | Roof Structure Memorial Park |

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

**CITY OF PASSAIC  
GENERAL COMMENTS**

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

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

Our examination of expenditures did not reveal any payments, contracts or agreements in excess of \$29,000 "for the performance of any work or the furnishing or hiring of any materials or supplies," for which bids had not been previously sought by public advertisement or where a resolution had not been previously adopted under the provisions of N.J.S.A. 40A:11-6.

**Collection of Interest of Delinquent Taxes and Assessments**

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

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

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

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

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

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held June 14, 2016.

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

**CITY OF PASSAIC  
RECOMMENDATIONS**

It is recommended that:

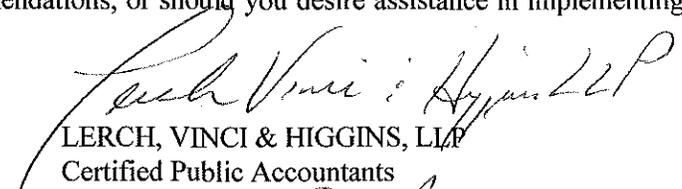
- \* 1. The City maintain a fixed assets accounting and reporting system in accordance with NJ Administrative Code.
- 2. Detailed trial balances be maintained in the Other Trust Fund for tax and escrow reserves.
- 3. Miscellaneous bank reconciling items on the municipal court bank reconciliations be reviewed and cleared of record.
- 4. All fees collected by the Recreation Department be turned over to the Treasurer and deposited into the Current Fund bank account.

\* \* \* \* \*

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

**City of Passaic**  
**Corrective Action Plan**

**Fiscal Year 2016 Findings:**

1. **Description:** City maintain a fixed assets accounting and reporting system in accordance with NJ Administrative Code.

**Corrective Action:** In 2015, City has taken inventory of all department assets as part of the City's 5 year Capital Plan & Vehicle/equipment replacement schedule. Since then, city has maintained fixed asset listings in house. I have spoken to DLGS staff regarding our challenges and what we have accomplished so far. We are on board with our Auditor's recommendation of maintaining a comprehensive "Fixed Asset accounting and reporting system". City is in the process of putting funding together to move forward.

**Implementation:** Process has already started.

2. **Description:** Detail Trial balance be maintained in the Other Trust Fund for Tax and Escrow Reserves.

**Corrective Action:** Both Tax office and Planning & Zoning Office have been notified of this and both Tax office (tax premiums only) & Planning & Zoning office have already started to keep detailed record of all the receipts and disbursements as per auditor's recommendations.

**Implementation:** Effective immediately

3. **Description:** Miscellaneous bank reconciling items on the municipal court bank reconciliations be reviewed and cleared of record.

**Corrective Action:** Court has been advised of the same and they have started the process of clearing the stale dated checks.

**Implementation:** Effective immediately

4. **Description:** All fees collected by Recreation department be turned over to the Treasurer and deposited into Current Fund bank account.

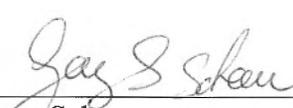
**Corrective Action:** Rec department had new employee who was not aware of the statutory requirements. This was discovered after employee resigned from work. Department of Recreation has taken action immediately by implementing written procedure and monitoring this closely.

**Implementation:** Corrective measures have been implemented.

Prepared By: Vidya R. Nayak, Director of Finance

Accepted By: Mayor and Council  
Regular Meeting held February 21, 2017

Certified By:

  
Gary Schaer  
Council President

  
City Clerk  
Amada C. Curling