

**CITY OF UNION CITY
NEW JERSEY**

REPORT OF AUDIT

**FOR THE YEARS ENDED
JUNE 30, 2015 AND 2014**



**DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC**

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

CITY OF UNION CITY

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REPORT OF AUDIT

FINANCIAL SECTION

CITY OF UNION CITY
JUNE 30, 2015

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Board of Commissioners
City of Union City, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the City of Union City, New Jersey (the “City”), which comprise the comparative balance sheet – regulatory basis, of each fund and account group as of June 30, 2015 and 2014, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis and statement of appropriations – regulatory basis, of the Current Fund, and the related statement of change in fund balance – regulatory basis, of the General Capital Fund, for the years then ended, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

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 reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). 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 misstatement, whether due to error or fraud.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division. 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 in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of June 30, 2015 and 2014, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and account group of the City as of June 30, 2015 and 2014, the Current Fund's respective operations and changes in fund balance – regulatory basis, revenues – regulatory basis and appropriations – regulatory basis, and the General Capital Fund's changes in fund balance – regulatory basis, for the years then ended, on the basis of the financial reporting provisions of the Division as described in Note 1.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information section and schedule of expenditures of other financial assistance are presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information and general section are presented for purposes of additional analysis as required by the Division. The schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and N.J. Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively. The supplementary information, accompanying information section, general section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are also not required parts of the basic financial statements.

The supplementary information, accompanying information section, general section, schedule of expenditures of federal awards and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 information, accompanying information section, general section, schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of expenditures of other financial assistance has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Emphasis of Matter

As described in Note 10, the City is the recipient of State Aid that is material to the City as appropriated in the City's fiscal year 2016 budget. Minimum conditions on receipt of this aid are set forth in a Memorandum of Understanding with the Director of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016 on our consideration of the City's internal control over financial reporting and 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 the 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's internal control over financial reporting and compliance.

Donohue, Gironde, Doria & Tomkins, LLC

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



FREDERICK J. TOMKINS

Registered Municipal Accountant #327

Bayonne, New Jersey
March 15, 2016

REPORT OF AUDIT

FINANCIAL SECTION
CURRENT FUND

CITY OF UNION CITY
JUNE 30, 2015

EXHIBIT A

**THE CITY OF UNION CITY
CURRENT FUND
JUNE 30, 2015 AND 2014**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	A-4	\$ 18,617,392	\$ 10,034,962
Change Fund	Unchanged	830	830
		<u>18,618,222</u>	<u>10,035,792</u>
Other Assets:			
Revenue Accounts Receivable	A-10	549,735	6,777,364
Grants Receivable	A-25	9,293,062	9,104,876
		<u>9,842,797</u>	<u>15,882,240</u>
Deferred Charges	A-23	3,268,720	3,571,384
		<u>3,268,720</u>	<u>3,571,384</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	301,915	187,172
Property Acquired for Taxes at Assessed Valuation	A-9	171,900	171,900
Tax Title Liens Receivable	A-13	104,293	81,018
Other Receivables	A-14	16,931	18,361
Interfunds Receivable:			
Due from General Capital Fund	A-11	-	2,352,471
Due from Other Trust Fund	A-11	612,137	332,267
Due from Public Defender Trust Fund	A-11	6,200	-
Due from Dog License Trust	A-11	7,862	172
	A	<u>1,221,238</u>	<u>3,143,361</u>
Total Assets		<u>\$ 32,950,977</u>	<u>\$ 32,632,777</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT A

**THE CITY OF UNION CITY
CURRENT FUND
JUNE 30, 2015 AND 2014**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves	A-3, A-15	\$ 2,580,315	\$ 1,846,123
Tax Overpayments	A-8	27,212	36,155
Prepaid Taxes	A-18	170,629	93,263
Accounts Payable	A-21	103,408	543,504
Reserve for Encumbrances	A-22	1,739,995	3,996,417
Reserve for Unappropriated Grants	A-26	89,883	15,803
Reserve for Appropriated Grants	A-27	2,107,015	2,163,470
Reserve for Neighborhood Housing	A-28	1,824	1,824
Other Reserves	A-17	235,541	227,180
Local School District Taxes Payable	A-19	9,251,182	12,334,910
Intergovernmental Payables:			
Due to State of NJ - Sr. Citizens' & Veterans'	A-12	34,894	33,346
Other	A-16	1,776,774	2,428,867
Note Payable	A-24	1,920,000	2,560,000
Interfunds Payable:			
Due to Capital Fund	A-11	4,932,860	-
Due to CDA Trust Fund	A-11	294,459	123,533
		<u>25,265,991</u>	<u>26,404,395</u>
Reserve for Receivables	Above	<u>1,221,238</u>	<u>3,143,361</u>
Total Liabilities		26,487,229	29,547,756
Fund Balance	A-1	<u>6,463,748</u>	<u>3,085,021</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 32,950,977</u>	<u>\$ 32,632,777</u>

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND 2014**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS**

	Ref.	2015	2014
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Miscellaneous Revenue Anticipated	A-2	\$ 42,230,313	\$ 45,268,974
Receipts from Delinquent Taxes	A-2	110,090	74,121
Receipts from Current Taxes	A-2	98,343,777	99,643,523
Non-Budget Revenues	A-2	258,822	396,762
Unexpended Balances of Appropriations Cancelled	A-3	-	421,624
Other Credits to Income:			
Dog License Fund - Statutory Excess	A-11	4,802	2,755
Public Defender Trust Fund - Accounts Payable Cancelled	A-11	5,800	-
Unexpended Balance of Appropriation Reserves	A-15	374,538	706,448
Cancellation of Other Reserves	A-17	43,640	-
Grants Receivable Adjustments	A-25	-	479,552
Grants Appropriated Reprogrammed	A-27	716,892	13,800
Interfunds Returned	A-11	3,389,557	123,533
Total Income		<u>145,478,231</u>	<u>147,131,092</u>
<u>EXPENDITURES</u>			
Budget Appropriations	A-3	109,760,981	111,626,821
Local School District Taxes	A-2, A-19	15,418,637	15,418,637
County Taxes	A-2, A-20	15,771,847	16,413,178
Expenditures without Appropriations - 1 Year	A-23	232,845	14,000
Expenditures without Appropriations - 5 Year	A-23	-	208,214
Overexpenditures of Grants	A-4	-	17,477
Refunds of Prior Year Taxes	A-7	29,713	171,875
Tax Judgements on Prior Year Taxes	A-8	47,385	16,349
Interfund Advances Originating in Current Year	A-11	626,199	2,659,657
Other Receivable Cancelled	A-10	167,606	85,841
Grants Receivable Cancelled	A-25	747,508	-
Total Expenditures		<u>142,802,721</u>	<u>146,632,049</u>
Excess in Revenue		<u>2,675,510</u>	<u>499,043</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Special Emergency - 1 Year	A-23	232,845	14,000
Special Emergency - 5 Year	A-23	470,372	208,214
Change in Appropriation Reserve Balance	A-23	-	17,477
		<u>703,217</u>	<u>239,691</u>
Statutory Excess to Fund Balance		3,378,727	738,734
Fund Balance, Beginning of Year	A	<u>3,085,021</u>	<u>2,346,287</u>
Fund Balance, End of Year	A	<u>\$ 6,463,748</u>	<u>\$ 3,085,021</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT A-2

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Budget	Realized	Excess or (Deficit)
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	A-10	\$ 222,750	\$ 195,065	\$ (27,685)
Other	A-10	134,900	116,780	(18,120)
Fees and Permits	A-10	169,245	205,872	36,627
Fines and Costs:				
Municipal Court	A-10	2,612,000	2,578,134	(33,866)
Interest and Costs on Taxes	A-10	440,690	478,836	38,146
Interest on Investments and Deposits	A-10	34,600	20,390	(14,210)
Wedding Fees	A-10	31,800	36,545	4,745
Cable Franchise Fees	A-10	230,400	128,404	(101,996)
Payment in Lieu of Taxes				
Union Plaza Apartments	A-10	249,660	281,913	32,253
Union City Renaissance Urban Renewal	A-10	8,444	19,255	10,811
Palisade Urban Renewal Assoc.	A-10	31,636	23,418	(8,218)
Holy Rosary	A-10	28,904	28,903	(1)
Horizon Heights	A-10	12,787	12,787	-
Serv Properties	A-10	4,554	3,147	(1,407)
Suede Promotions	A-10	20,000	20,000	-
Total Local Revenues		<u>4,232,370</u>	<u>4,149,449</u>	<u>(82,921)</u>
State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Aid	A-10	4,208,405	4,208,405	-
Energy Receipts Taxes	A-10	9,541,757	9,541,757	-
Transitional Aid	A-10	17,900,000	17,900,000	-
Total State Aid Without Offsetting Appropriations		<u>31,650,162</u>	<u>31,650,162</u>	<u>-</u>
Dedicated Uniform Construction Code Fees Offset with Appropriations				
Uniform Construction Code Fees	A-10	1,222,359	1,040,343	(182,016)
Special Items of Revenue - Interlocal Service Agreements				
Union City Board of Education:				
Lease Recreational Center	A-10	300,000	300,000	-
Solid Waste Removal	A-10	360,000	360,000	-
47th Street Pool	A-10	136,000	136,000	-
Off Duty Police Officers	A-10	100,000	107,814	7,814
Police Services	A-10	655,000	655,000	-
Snow Removal	A-10	100,000	100,000	-
School Crossing Guards	A-10	951,971	951,971	-
Total Special Items of Revenue - Interlocal Service Agreements		<u>2,602,971</u>	<u>2,610,785</u>	<u>7,814</u>
Special Items of Revenue - Public and Private Revenues				
Summer Food Program		173,311	173,311	-
Drug Free Community		26,000	26,000	-
Emergency Management Performance Grant		5,000	5,000	-
Reserve for Grants Unappropriated:				
Hudson County Open Space -Washington Park Improvements		12,435	12,435	-
Alcohol Education		3,368	3,368	-
Alcohol Education-Jr. Police Academy		6,000	6,000	-
Byrne Justice Assistance Grant		27,769	27,769	-
New Jersey Department of Transportation -				
Summit Avenue Section 4		599,815	599,815	-
Summit Avenue Section 3 (Discretionary Aid)		350,000	350,000	-
Summit Avenue Section 3 (Municipal Aid)		98,470	98,470	-
Total Special Items of Revenue - Public and Private Revenues	A-25	<u>1,302,168</u>	<u>1,302,168</u>	<u>-</u>

EXHIBIT A-2

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Budget	Realized	Excess or (Deficit)
Special Items of Revenue - Other				
North Hudson Community Action Health Center Lease	A-10	\$ 106,560	\$ 106,560	\$ -
Emergency Medical Services	A-10	750,000	877,660	127,660
Prior Year Grant-Deferred Charge Pedestrian Safety FY14	A-10	14,000	14,000	-
Five Year Abatement Program	A-10	454,985	479,186	24,201
Total Special Items of Revenue - Other		<u>1,325,545</u>	<u>1,477,406</u>	<u>151,861</u>
Total Miscellaneous Revenues	A-1	42,335,575	42,230,313	(105,262)
Receipts From Delinquent Taxes	A-1, A-7	<u>117,021</u>	<u>110,090</u>	<u>(6,931)</u>
Subtotal General Revenues and Fund Balance Anticipated		<u>42,452,596</u>	<u>42,340,403</u>	<u>(112,193)</u>
Amount to Be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes		\$ 65,853,795	\$ 66,169,075	\$ 315,280
Addition to Local District School Tax		-	-	-
Minimum Library Tax		984,218	984,218	-
Total Amount to Be Raised by Taxes for Support of Municipal Budget	Below, A-7	<u>66,838,013</u>	<u>67,153,293</u>	<u>315,280</u>
Non-Budget Revenues	Below, A-1, A-4	-	258,822	258,822
Total General Revenues	A-3	<u>\$ 109,290,609</u>	<u>\$ 109,752,518</u>	<u>\$ 461,909</u>
			Below	
ANALYSIS OF REALIZED REVENUE				
Allocation of Current Taxes				
Revenue from Collections	A-7	\$ 96,914,313		
Add: Reserve for Uncollected Taxes	A-3	<u>1,429,464</u>		
	A-1	98,343,777		
Less:				
Allocated to School Taxes	A-1, A-19	15,418,637		
Allocated to County Taxes	A-1, A-20	<u>15,771,847</u>		
Amount for Support of Municipal Budget	Above		\$ 67,153,293	
Receipts from Delinquent Taxes				
Delinquent Tax Collections	A-1, A-7		110,090	
Miscellaneous Revenues Anticipated				
Public and Private Revenues	A-10	40,928,145		
Revenues Appropriated 40A:4-87	A-25	676,353		
	A-25	<u>625,815</u>		
	A-1		42,230,313	
ANALYSIS OF NON-BUDGET REVENUE				
Miscellaneous Refunds		36,536		
31st Street Parking Lot		5,820		
Election Fees		1,150		
Police Administrative Fees		5,197		
State Aid - Local Enforcement Agency Rebates		51,484		
Motor Vehicle Inspection Fines		3,089		
Copy of Reports		12,328		
Fire Reports		38,275		
Senior Citizens' and Veterans' Deduction Administration Fee		1,241		
Prior Year Grant Receivables Cancelled		40,520		
Non-budgeted Interlocal Receipts		10,531		
Non-budgeted PILOTS		101		
Bus Shelter Rent		2,500		
Other Miscellaneous Receipts-Housing Authority		<u>50,050</u>		
	Above, A-1		<u>258,822</u>	
	Above		<u>\$ 109,752,518</u>	

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2015	Total for SFY 2015 as Modified by all Transfers	Expended SFY 2015		
				Paid or Charged	Cancelled	Reserved
Operations within "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS						
Director's Office						
Salaries and Wages		\$ 99,800	\$ 110,086	\$ 110,082	\$ -	\$ 4
Other Expenses		4,000	3,910	3,910	-	-
Municipal Court						
Salaries and Wages		1,054,250	1,123,219	1,123,219	-	-
Other Expenses		222,000	230,147	222,450	-	7,697
Public Defender						
Salaries and Wages		50,000	50,000	50,000	-	-
Senior Citizens						
Salaries and Wages		100,000	100,173	100,173	-	-
Other Expenses		35,000	25,000	22,721	-	2,279
Hispanic/Cultural Affairs						
Other Expenses		97,000	80,253	77,664	-	2,589
North Hudson Council of Mayors						
Other Expenses		88,676	88,676	52,865	-	35,811
Municipal Land Use Law (NJS 40:55D-1)						
Regional Planning Board						
Salaries and Wages		13,500	12,501	12,500	-	1
Other Expenses		20,000	24,277	23,594	-	683
Continuous Planning Program		29,000	33,500	28,872	-	4,628
Veterans Affairs						
Salaries and Wages		3,500	-	-	-	-
Other Expenses		500	-	-	-	-
Celebration of Public Events						
Other Expenses		86,000	86,000	85,971	-	29
Total Department of Public Affairs		<u>1,903,226</u>	<u>1,967,742</u>	<u>1,914,021</u>	<u>-</u>	<u>53,721</u>
Detail:						
Salaries and Wages		1,321,050	1,395,979	1,395,974	-	5
Other Expenses		582,176	571,763	518,047	-	53,716
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages		115,000	124,283	124,283	-	-
Other Expenses		5,000	5,040	5,040	-	-
City Clerk's Office						
Salaries and Wages		305,000	298,520	298,518	-	2
Other Expenses		93,000	99,015	96,311	-	2,704
Treasurer's Office						
Salaries and Wages		552,310	649,645	649,642	-	3
Other Expenses		380,000	466,500	437,434	-	29,066
Assessment of Taxes						
Salaries and Wages		232,100	226,100	225,958	-	142
Other Expenses		67,000	47,865	47,865	-	-
Collection of Taxes						
Salaries and Wages		308,000	320,808	320,807	-	1
Other Expenses		35,000	19,905	19,904	-	1
Central Purchasing						
Salaries and Wages		92,000	104,219	104,219	-	-
Other Expenses		8,000	9,228	8,349	-	879
Rent Control Board						
Salaries and Wages		199,000	203,651	203,651	-	-
Other Expenses		35,000	8,489	8,488	-	1
Insurance						
General Liability		1,875,000	1,811,953	1,811,952	-	1
Workers Compensation		1,629,480	1,629,480	1,612,146	-	17,334
Employee Group Health		17,265,000	16,653,657	16,331,461	-	322,196

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2015	Total for SFY 2015 as Modified by all Transfers	Expended SFY 2015		
				Paid or Charged	Cancelled	Reserved
DEPARTMENT OF REVENUE AND FINANCE						
(Continued)						
Tax Searches						
Salaries and Wages		\$ 5,000	\$ 5,001	\$ 5,000	\$ -	\$ 1
Other Expenses		1,000	-	-	-	-
Elections						
Salaries and Wages		29,000	3,250	3,250	-	-
Other Expenses		117,000	49,708	49,708	-	-
Membership NJ League of Municipalities						
Other Expenses		4,000	4,000	3,953	-	47
Annual Audit						
Other Expenses		70,000	70,000	19,199	-	50,801
Tax Sale Costs						
Other Expenses		15,000	3,000	3,000	-	-
Postage-All Departments						
Other Expenses		204,000	202,888	202,888	-	-
Data Processing						
Other Expenses		50,000	53,950	50,749	-	3,201
Day Care Center						
Other Expenses		260,000	260,000	260,000	-	-
CDA Operations						
Salaries and Wages		375,000	171,270	171,270	-	-
Total Department of Revenue and Finance		24,325,890	23,501,425	23,075,045	-	426,380
Detail:						
Salaries and Wages		2,212,410	2,106,747	2,106,598	-	149
Other Expenses		22,113,480	21,394,678	20,968,447	-	426,231
DEPARTMENT OF PUBLIC SAFETY						
Director's Office						
Salaries and Wages		197,700	214,891	214,890	-	1
Other Expenses		55,000	52,185	52,185	-	-
Weddings						
Salaries and Wages		35,000	37,200	37,200	-	-
Legal Department						
Salaries and Wages		10,000	10,001	10,000	-	1
Other Expenses		1,357,000	1,257,000	1,227,468	-	29,532
Police Department						
Salaries and Wages		17,298,616	18,074,794	18,074,594	-	200
Overtime		916,000	912,476	912,475	-	1
Other Expenses		475,000	495,300	477,625	-	17,675
Traffic Signs and Signal Maintenance						
Other Expenses		121,000	24,500	24,491	-	9
Emergency Management Services						
Salaries and Wages		30,240	28,040	28,000	-	40
Other Expenses		5,000	2,823	2,822	-	1
Emergency Medical Services						
Salaries and Wages		1,148,000	1,269,063	1,269,063	-	-
Other Expenses		90,000	71,314	71,313	-	1
Life Hazard Use Fee-Uniform Fire Safety						
Salaries and Wages		161,200	158,455	158,454	-	1
Other Expenses		10,000	8,760	8,759	-	1
Contribution to Union City Redevelopment Agency		121,000	121,000	121,000	-	-
Board of Health						
Salaries and Wages		254,000	259,176	259,176	-	-
Other Expenses		110,000	84,069	84,069	-	-
Divisions of Inspections						
Other Expenses		3,500	-	-	-	-
Welfare						
Relocation Assistance		60,000	58,375	50,045	-	8,330

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2015	Total for SFY 2015 as Modified by all Transfers	Expended SFY 2015		
				Paid or Charged	Cancelled	Reserved
DEPARTMENT OF PUBLIC SAFETY						
(Continued)						
School Crossing Guards						
Salaries and Wages		\$ 960,000	\$ 1,060,610	\$ 1,060,609	\$ -	\$ 1
Other Expenses		13,000	1,900	1,891	-	9
Total Department of Public Safety		<u>23,431,256</u>	<u>24,201,932</u>	<u>24,146,129</u>	<u>-</u>	<u>55,803</u>
Detail:						
Salaries and Wages		21,010,756	22,024,706	22,024,461	-	245
Other Expenses		2,420,500	2,177,226	2,121,668	-	55,558
DEPARTMENT OF PUBLIC WORKS						
Director's Office						
Salaries and Wages		109,000	106,540	106,539	-	1
Other Expenses		3,000	13,571	13,570	-	1
Street Cleaning						
Salaries and Wages		2,525,000	2,836,056	2,836,055	-	1
Other Expenses		265,000	320,436	320,435	-	1
Streets Repairs and Maintenance						
Other Expenses		95,000	66,841	66,841	-	-
Snow Removal						
Salaries and Wages		146,000	76,337	76,337	-	-
Other Expenses		221,700	128,906	128,906	-	-
Board of Adjustment						
Salaries and Wages		13,265	12,501	12,500	-	1
Other Expenses		50,000	54,300	47,940	-	6,360
Solid Waste Disposal						
Salaries and Wages		1,250,000	1,323,503	1,323,502	-	1
Other Expenses		4,035,000	4,035,000	4,032,475	-	2,525
Recycling Program						
Other Expenses		45,000	80,200	5,911	-	74,289
Public Assistance						
Other Expenses		75,000	75,000	74,960	-	40
Engineering Services						
Other Expenses		300,000	377,519	312,111	-	65,408
Total Department of Public Works		<u>9,132,965</u>	<u>9,506,710</u>	<u>9,358,082</u>	<u>-</u>	<u>148,628</u>
Detail:						
Salaries and Wages		4,043,265	4,354,937	4,354,933	-	4
Other Expenses		5,089,700	5,151,773	5,003,149	-	148,624
DEPARTMENT OF PARKS AND PUBLIC PROPERTY						
Director's Office						
Salaries and Wages		86,000	54,789	54,788	-	1
Other Expenses		4,000	4,750	4,644	-	106
Parks and Playgrounds						
Salaries and Wages		259,000	229,200	220,857	-	8,343
Other Expenses		255,000	258,960	220,484	-	38,476
Public Buildings and Grounds						
Salaries and Wages		975,000	901,081	901,080	-	1
Other Expenses		490,000	538,712	538,712	-	-
Recreation						
Salaries and Wages		450,000	653,962	653,961	-	1
Other Expenses		340,000	248,416	248,416	-	-

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2015	Total for SFY 2015 as Modified by all Transfers	Expended SFY 2015		
				Paid or Charged	Cancelled	Reserved
DEPARTMENT OF PARKS AND PUBLIC PROPERTY						
(Continued)						
Interlocal Municipal Service Agreements						
47th Street Pool		\$ 136,000	\$ 136,000	\$ 136,000	\$ -	\$ -
Recreation Center Lease		300,000	300,000	300,000	-	-
Total Department of Parks and Public Property		<u>3,295,000</u>	<u>3,325,870</u>	<u>3,278,942</u>	<u>-</u>	<u>46,928</u>
Detail:						
Salaries and Wages		1,770,000	1,839,032	1,830,686	-	8,346
Other Expenses		<u>1,525,000</u>	<u>1,486,838</u>	<u>1,448,256</u>	<u>-</u>	<u>38,582</u>
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code Officials:						
Salaries and Wages		793,639	795,016	795,016	-	-
Other Expenses		269,720	297,598	282,917	-	14,681
Sub-Code Officials:						
Plumbing Inspector						
Salaries and Wages		15,000	-	-	-	-
Other Expenses		1,000	-	-	-	-
Electrical Inspector						
Salaries and Wages		45,000	36,250	36,250	-	-
Other Expenses		1,500	-	-	-	-
Elevator Inspector						
Other Expenses		60,000	31,569	31,569	-	-
Fire Inspector						
Salaries and Wages		35,000	32,626	32,626	-	-
Other Expenses		1,500	-	-	-	-
Total Uniform Construction Code		<u>1,222,359</u>	<u>1,193,059</u>	<u>1,178,378</u>	<u>-</u>	<u>14,681</u>
Detail:						
Salaries and Wages		888,639	863,892	863,892	-	-
Other Expenses		<u>333,720</u>	<u>329,167</u>	<u>314,486</u>	<u>-</u>	<u>14,681</u>
UNCLASSIFIED						
Retirement Benefits		225,000	-	-	-	-
Gasoline		415,000	415,000	390,157	-	24,843
Telephone		200,000	51,517	51,516	-	1
Electricity		705,000	705,000	702,762	-	2,238
Water		96,000	86,000	80,963	-	5,037
Natural Gas		250,000	225,000	222,309	-	2,691
Street Lighting		870,000	825,000	823,619	-	1,381
Salary Adjustment		1,806,345	1,806,345	1,806,343	-	2
Sewer		65,000	67,500	54,771	-	12,729
Fire Hydrants		255,000	303,000	240,162	-	62,838
Printing-All Departments		300,000	353,000	292,860	-	60,140
Photocopying		45,000	45,000	39,742	-	5,258
Fleet Maintenance & Repairs		600,000	765,000	732,087	-	32,913
Total Unclassified		<u>5,832,345</u>	<u>5,647,362</u>	<u>5,437,291</u>	<u>-</u>	<u>210,071</u>
Detail:						
Salaries and Wages		1,806,345	1,806,345	1,806,343	-	2
Other Expenses		<u>4,026,000</u>	<u>3,841,017</u>	<u>3,630,948</u>	<u>-</u>	<u>210,069</u>
TOTAL OPERATIONS WITHIN "CAPS"		<u>69,143,041</u>	<u>69,344,100</u>	<u>68,387,888</u>	<u>-</u>	<u>956,212</u>
Detail:						
Salaries and Wages		33,052,465	34,391,638	34,382,887	-	8,751
Other Expenses		<u>36,090,576</u>	<u>34,952,462</u>	<u>34,005,001</u>	<u>-</u>	<u>947,461</u>

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2015	Total for SFY 2015 as Modified by all Transfers	Expended SFY 2015		
				Paid or Charged	Cancelled	Reserved
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Prior Year Bills		\$ 341,685	\$ 341,685	\$ 341,685	\$ -	\$ -
Overexpenditures		45,727	45,727	45,727	-	-
Grant receivable write-off		252,000	252,000	252,000	-	-
Expenditures without Appropriations	A-10	14,000	14,000	14,000	-	-
Statutory Expenditures - Contributions to:						
Social Security System (O.A.S.I.)		1,500,000	1,603,487	1,603,487	-	-
Police and Fire Retirement System		4,200,000	4,193,655	4,193,654	-	1
Public Employees Retirement System		1,305,000	1,305,000	1,305,000	-	-
Consolidated Police and Firemen's Pension Fund		84,579	78,924	78,711	-	213
Unemployment Insurance		130,000	(12,000)	(12,213)	-	213
PERS Delayed Enrollment		88,357	78,657	78,586	-	71
PFRS Delayed Enrollment-Parking Authority		178,004	-	-	-	-
Defined Contribution Retirement Plan		105,000	142,158	142,158	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"		8,244,352	8,043,293	8,042,795	-	498
Total General Appropriations for Municipal Purposes Within "CAPS"		77,387,393	77,387,393	76,430,683	-	956,710
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library		984,218	984,218	815,668	-	168,550
Contribution to North Hudson Fire & Rescue Joint Meeting		17,500,000	17,500,000	16,134,791	-	1,365,209
Total Other Operations Excluded from "CAPS"		18,484,218	18,484,218	16,950,459	-	1,533,759
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Union City Board of Education						
Solid Waste Removal		360,000	360,000	360,000	-	-
Off Duty Police Officers		100,000	100,000	100,000	-	-
Snow Removal		100,000	100,000	10,154	-	89,846
Police Services		655,000	655,000	655,000	-	-
Total Interlocal Municipal Service Agreements		1,215,000	1,215,000	1,125,154	-	89,846
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Summer Food Program		173,311	173,311	173,311	-	-
Emergency Management Performance Grant		10,000	10,000	10,000	-	-
Reserve for Grants Unappropriated:						
Hudson County Open Space-						
Washington St. Park Improvements		12,435	12,435	12,435	-	-
Alcohol Education		3,368	3,368	3,368	-	-
Drug Free Community		26,000	26,000	26,000	-	-
Byrne Justice Assistance Grant		27,769	27,769	27,769	-	-
Municipal Alliance		14,353	14,353	14,353	-	-
Municipal Alliance-Jr. Police Academy		6,000	6,000	6,000	-	-
New Jersey Department of Transportation -						
Summit Avenue Section 3 (Discretionary Aid)		350,000	350,000	350,000	-	-
Summit Avenue Section 3 (Urban Aid)		98,470	98,470	98,470	-	-
Summit Avenue Section 4 (Urban Aid)		599,815	599,815	599,815	-	-
Total Public and Private Programs Offset by Revenue		1,321,521	1,321,521	1,321,521	-	-
Total Operations Excluded from "CAPS"		21,020,739	21,020,739	19,397,134	-	1,623,605
Detail						
Salaries and Wages		-	-	-	-	-
Other Expenses		21,020,739	21,020,739	19,397,134	-	1,623,605

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2015	Total for SFY 2015 as Modified by all Transfers	Expended SFY 2015		
				Paid or Charged	Cancelled	Reserved
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"						
Capital Improvement Fund		\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -
Total Capital Improvements Excluded from "CAPS"		<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"						
Payment of Bond Principal		2,582,108	2,582,108	2,582,108	-	-
Payment of Bond Anticipation Notes & Capital Notes		1,207,918	1,207,918	1,207,918	-	-
Interest on Bonds		2,857,842	2,857,842	2,857,842	-	-
Interest on Notes		228,703	228,703	228,703	-	-
Parking Authority Debt		270,200	270,200	270,200	-	-
Hudson County Improvement Authority:						
Fire Dept Assets - Principal		744,263	744,263	744,263	-	-
Fire Dept Assets - Interest		647,245	647,245	647,245	-	-
Green Trust Loan Program:						
Swimming Pool Improvements		49,747	49,747	49,747	-	-
17th Street Park Improvements		4,352	4,352	4,352	-	-
44th Street Playground		9,740	9,740	9,740	-	-
Ellsworth and 23rd Street		78,674	78,674	78,674	-	-
38th Street Park		10,856	10,856	10,856	-	-
Leggerio Park		21,365	21,365	21,365	-	-
Total Municipal Debt Service Excluded from "CAPS"		<u>8,713,013</u>	<u>8,713,013</u>	<u>8,713,013</u>	<u>-</u>	<u>-</u>
DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"						
Special Emergency Authorizations - 5 years (N.J.S. 40A:4-55)		640,000	640,000	640,000	-	-
Special Emergency Authorizations - 5 years (N.J.S. 40A:4-55)		-	470,372	470,372	-	-
Total Deferred Charges-Municipal-Excluded from "CAPS"		<u>640,000</u>	<u>1,110,372</u>	<u>1,110,372</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>30,473,752</u>	<u>30,944,124</u>	<u>29,320,519</u>	<u>-</u>	<u>1,623,605</u>
Total General Appropriations Excluded from "CAPS"		<u>30,473,752</u>	<u>30,944,124</u>	<u>29,320,519</u>	<u>-</u>	<u>1,623,605</u>
Subtotal General Appropriations		107,861,145	108,331,517	105,751,202	-	2,580,315
Reserve for Uncollected Taxes		<u>1,429,464</u>	<u>1,429,464</u>	<u>1,429,464</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS		<u>\$ 109,290,609</u>	<u>\$ 109,760,981</u>	<u>\$ 107,180,666</u>	<u>\$ -</u>	<u>\$ 2,580,315</u>
	Ref.	A-2	A-1	Below	A-1	A
Reserve for Uncollected Taxes	A-2			\$ 1,429,464		
Cash Disbursements	A-4			101,248,815		
Capital Improvement Fund	A-11			100,000		
Grants Appropriated	A-27			1,302,168		
Grants Appropriated - City Match	A-27			19,353		
Transfer to Reserve for Encumbrances	A-22			1,317,082		
Special Emergency Authorizations - 5 years (N.J.S. 40A:4-55)	A-23			470,372		
Deferred Charges	A-23			1,293,412		
	Above			<u>\$ 107,180,666</u>		

REPORT OF AUDIT

FINANCIAL SECTION
TRUST FUNDS

CITY OF UNION CITY
JUNE 30, 2015

EXHIBIT B

**THE CITY OF UNION CITY
TRUST FUNDS
JUNE 30, 2015 AND 2014**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>			
Dog License Fund			
Cash and Cash Equivalents	B-1	\$ 18,786	\$ 12,652
Total Dog License Fund		<u>18,786</u>	<u>12,652</u>
Other Trust Fund			
Cash and Cash Equivalents	B-5	8,607,450	6,663,334
Due from Property Owners	B-6	69,797	51,029
Due from General Capital Fund	B-7	218,090	18,090
Total Other Trust Fund		<u>8,895,337</u>	<u>6,732,453</u>
Community Development Agency Fund			
Cash and Cash Equivalents	B-11	1,014	519
Due from HUD CDA Grant	B-12	81,623	47,237
Due from Current Fund	B-15	294,459	123,533
Total Community Development Agency Fund		<u>377,096</u>	<u>171,289</u>
Public Defender Trust Fund			
Cash and Cash Equivalents	B-16	27,343	20,270
Total Public Defender Trust Fund		<u>27,343</u>	<u>20,270</u>
Total Assets		<u>\$ 9,318,562</u>	<u>\$ 6,936,664</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT B

**THE CITY OF UNION CITY
TRUST FUNDS
JUNE 30, 2015 AND 2014**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Dog License Fund			
Due to State of New Jersey	B-2	\$ 3,554	\$ 4,019
Reserve for Dog License Expenditures	B-3	7,370	8,461
Due to Current Fund	B-4	7,862	172
Total Dog License Fund		<u>18,786</u>	<u>12,652</u>
Other Trust Fund			
Reserve for Other Trust Activities	B-8	7,077,508	5,638,210
Due to Current fund	B-9	612,137	332,228
Reserve for Encumbrances Payable	B-10	1,205,692	762,015
Total Other Trust Fund		<u>8,895,337</u>	<u>6,732,453</u>
Community Development Agency Fund			
Reserve for Community Development Block Grant	B-14	377,096	171,289
Total Community Development Agency Fund		<u>377,096</u>	<u>171,289</u>
Public Defender Trust Fund			
Reserve for Public Defender Trust Expenditures	B-17	21,143	14,470
Do to Current Fund	B-18	6,200	-
Accounts Payable	B-19	-	5,800
Total Public Defender Trust Fund		<u>27,343</u>	<u>20,270</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,318,562</u>	<u>\$ 6,936,664</u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION
GENERAL CAPITAL FUND

CITY OF UNION CITY
JUNE 30, 2015

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
JUNE 30, 2015 AND 2014**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
ASSETS AND DEFERRED CHARGES			
Cash and Cash Equivalents	C-2, C-3	\$ 84	\$ 84
Due from State of New Jersey - Green Acres Trust Grant	C-15	780,000	780,000
Due from County of Hudson	C-16	25,000	25,000
Due from Current Fund	C-13	4,932,860	-
Deferred Charges to Future Taxation:			
Funded	C-5	53,195,345	56,667,280
Unfunded	C-4	<u>62,480,824</u>	<u>28,681,824</u>
Total Assets and Deferred Charges		<u>\$ 121,414,113</u>	<u>\$ 86,154,188</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Capital Improvement Fund	C-6	\$ 111,763	\$ 311,763
Improvement Authorizations:			
Funded	C-7	607,298	322,877
Unfunded	C-7	18,129,855	2,086,471
General Serial Bonds	C-8	41,569,784	44,151,892
Capital Lease Payable - HCIA	C-9	10,135,356	10,879,619
Green Acres Loan	C-10	1,490,205	1,635,769
Bond Anticipation Notes	C-11	36,987,000	20,828,000
Encumbrances Payable	C-12	12,009,423	3,513,496
Due to Current Fund	C-13	-	2,388,970
Due to Other Trust Fund	C-17	218,090	18,090
Fund Balance	C-1	<u>155,339</u>	<u>17,241</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 121,414,113</u>	<u>\$ 86,154,188</u>
Bonds and Notes Authorized But Not Issued	C-14	<u>\$ 25,493,824</u>	<u>\$ 7,853,824</u>

See Accompanying Notes to the Financial Statements.

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, June 30, 2014	C	\$ 17,241
Increased by:		
Premium on Note Sale	C-13	<u>138,098</u>
Balance, June 30, 2015	C	<u><u>\$ 155,339</u></u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION
FIXED ASSETS

CITY OF UNION CITY
JUNE 30, 2015

**THE CITY OF UNION CITY
FIXED ASSET GROUP OF ACCOUNTS
JUNE 30, 2015 AND 2014**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>FIXED ASSETS</u>			
Land		\$ 11,228,900	\$ 11,228,900
Buildings and Improvements		52,142,817	49,374,852
Furniture and Fixtures		69,871	69,871
Machinery, Equipment and Other		<u>8,084,996</u>	<u>7,734,596</u>
	D-1	<u>\$ 71,526,584</u>	<u>\$ 68,408,219</u>
<u>RESERVE</u>			
Reserve for Fixed Assets	D-2	<u>\$ 71,526,584</u>	<u>\$ 68,408,219</u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION
NOTES TO THE
FINANCIAL STATEMENTS

CITY OF UNION CITY
JUNE 30, 2015

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Union City (the “City”) is organized as a Commission under the provisions of N.J.S.A. 40:70-1. Five members comprise the City Board of Commissioners and serve in both administrative and legislative capacities. The Commissioners are elected at-large by voters of the City and serve four year concurrent terms beginning the third Tuesday of May following their election. The Mayor is elected by Board of Commissioners for a four year term. The Mayor presides over the Board of Commissioners, but has no veto power. Each commissioner acts as the director of one of the five major departments of the City. There is no single chief executive.

The financial statements of the City include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the City do not include the operations of the Municipal Library, the not-for-profit Union City Day Care Center, the Union City Housing Authority, the Union City Board of Education, Union City Redevelopment Agency, and the Union City Parking Authority.

Governmental Accounting Standards Board (“GASB”) Statement 14 establishes criteria to be used to determine which component units should be included in the financial statements of the primary government (the City). The State of New Jersey, Department of Community Affairs, Division of Local Government Services (the “Division”) requires the financial statements of the City to be reported separately from its component units. If the provisions of GASB No. 14 had been complied with, the following financial statements of the component units would have been discretely presented with the financial statements of the City, the primary government:

Union City Board of Education

Union City Parking Authority

Union City Public Library

Union City Redevelopment Agency

Union City Housing Authority

Audit reports of the component units are available at the offices of each of the respective component units.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund categories to be used by general purpose 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 financial statements of the City have been prepared in conformity with accounting principles and practices prescribed by the Division, which differ from GAAP. The principles and practices prescribed by the Division 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 the following separate funds and account group, which differ from the fund structure required by GAAP.

DESCRIPTION OF FUNDS

The accounts of the City are maintained in accordance with the Division's principles of fund accounting. The Division's principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The General Fixed Assets account group, on the other hand, is a financial reporting device designed to provide accountability for certain fixed assets and the investment in those fixed assets that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Current Fund – is used to account for all resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund – is used to account for receipts, custodianship and disbursements of dedicated revenues in accordance with the purpose for which each reserve was created.

General Capital Fund – is used to account for receipts and disbursements of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund or other funds. Bonds, notes and loans payable are recorded in this fund, offset by deferred charges to future taxation.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DESCRIPTION OF FUNDS (Continued)

General Fixed Assets – is not a separate fund type, but is used to account for fixed assets required in general governmental operations.

BASIS OF ACCOUNTING

The City prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than GAAP. The current financial resources focus and modified accrual basis of accounting is generally followed with significant exceptions which are explained as follows:

Revenues – Revenues are realized when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal revenue sharing funds and other Federal and State grants are realized as revenue when anticipated in the budget. Receivables for property taxes and other amounts that are due to the City are recorded with offsetting reserves on the balance sheet of the Current Fund. Such amounts are not recorded as revenue until collected. Accordingly, no provision has been made to estimate that portion of receivables that are uncollectible. Taxes and payments in lieu of taxes collected in advance are recorded as cash liabilities in the financial statements. GAAP requires revenues to be recognized in the accounting period when they become measurable and available and in certain instances reduced by an allowance for doubtful accounts.

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is required to provide assurance that cash collected for taxes in the current year will provide sufficient cash flow to meet expected obligations. The minimum amount of Reserve for Uncollected Taxes is determined on the percentage of collections experienced in the immediate preceding year, unless allowable alternative methods are utilized. A Reserve for Uncollected Taxes is not established under GAAP.

Expenditures – Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Appropriation reserves covering unexpended appropriation balances are automatically created at the end of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriations for principal and interest payments on general capital indebtedness are provided on the cash basis. GAAP requires expenditures in the current (or general) fund, to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt, which should be recognized when due.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Encumbrances – Encumbrances are contractual orders outstanding at year end reported as expenditures through the establishment of an encumbrance payable. Outstanding encumbrances at year end are reported as a cash liability in the financial statements. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – Appropriations are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Transfers are allowed between certain line items during the first three months of the fiscal year. Lapsed appropriation reserves are recorded as other credits to income. Appropriation Reserves do not exist under GAAP.

Interfunds - Advances from the current fund are reported as interfunds receivable with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfunds receivable in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Property Acquired for Taxes – Property Acquired for Taxes is recorded in the current fund at the assessed valuation when the property was acquired and is subsequently updated for revaluations. The value of the property is fully reserved. GAAP requires such property to be recorded as a fixed asset at market value on the date of acquisition.

Deferred Charges to Future Taxation (Funded and Unfunded) - Upon the authorization of general capital projects, the City establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized costs of capital projects. The City may levy taxes on all taxable property within the City to repay the debt. Annually, the City raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced. GAAP does not require the establishment of deferred charges to future taxation.

Improvement Authorizations – Improvement Authorizations in the general capital fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the current fund. GAAP does not recognize these amounts as liabilities.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Compensated Absences and Post-Employment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources to be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

General Fixed Assets - Accounting for Governmental Fixed Assets as promulgated by the Division differs in certain respects from GAAP, and requires the inclusion of a statement of general fixed assets as part of the City's basic financial statements.

Fixed assets used in governmental operations (general fixed assets) are accounted for in an account group identified as "General Fixed Assets" and are not included within the records of any fund types. Purchases from these funds for fixed assets are recorded as expenditures within the fund. Public domain (infrastructure) general fixed assets consisting of certain improvements, other than improvements to buildings, such as improvements to roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, are not capitalized. All fixed assets, except land, are valued at historical cost or estimated historical cost if actual historical cost is not available. Expenditures for construction in progress are recorded in the Capital Fund against authorizations under which the project was approved until such time as the construction is completed and put into operation.

The City is required to maintain a subsidiary ledger of detailed records of fixed assets and to provide property management standards to control fixed assets. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than five years and an acquisition cost of \$5,000 or more per unit. The City has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

No depreciation has been provided in the financial statements.

GAAP requires the recording of infrastructure assets and requires capital assets be depreciated over their estimated useful life unless they are either inexhaustible or are infrastructure assets reported using the modified approach.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Long-Term Obligations - General long-term debt is recognized as a liability of the General Capital Fund for the full principal amount.

Reserves (Other than Reserve for Receivables) - Reserves, other than reserve for receivables, are considered liabilities, and not as a reservation of fund balance.

Reserves for Receivables – Receivables of the City, with the exception of certain intergovernmental receivables, are offset on the balance sheet with a credit that is created to preserve the revenue recognition basis required by the Division’s accounting policies. The reserve delays the recognition of these revenues until they are received in cash.

Advertising Costs - Advertising costs are charged against the appropriate budget line as they occur. The City does not engage in direct-response advertising.

Sale of Municipal Assets - The proceeds of the sale of municipal assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

Fund Balance - Fund equity represented on the financial statements consists solely of Fund Balance, which is not further categorized with respect to reservations (portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use) or designations (plans for future use of financial resources).

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Investments - New Jersey governmental units are required to deposit public funds in a public depository. Public depositories are defined by statutes as any state or federally chartered bank, savings bank or an association located in New Jersey or a state or federally chartered bank, savings bank or an association located in another state with a branch office in New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation (“FDIC”) and which receives or holds public funds on deposit, but does not include deposits held by the State of New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Cash and Investments (Continued)

The City is also required to annually adopt a cash management plan and to deposit or invest its funds pursuant to the cash management plan. The cash management plan adopted by the City requires it to deposit funds as permitted in N.J.S.A 40:5-15.1, so long as the funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey and requires all public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

Cash Equivalents include certificate of deposits with a maturity date of less than three (3) months.

Also see Note 2 - Cash and Cash Equivalents and Investments.

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 Division in accordance with the Local Budget Law. Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements. The budgetary requirements herein outlined are applicable to only the Current Fund, and not the Trust Fund, Capital Fund or the General Fixed Assets account group. However, statutes require the City to adopt annually a six-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

The City must adhere to procedures for adoption of its annual budget as established by the Division. These procedures include statutory deadlines of: August 20 for introduction and approval and September 20 for adoption. These dates are subject to extension by the Division by approval of the Local Finance Board. Appropriations within the adopted budget cannot be modified until the final two months of the year at which time transfers between certain line items are allowed. Transfers from appropriations excluded from "CAPS" are prohibited unless they are between debt service appropriations. Under certain circumstances emergency authorizations and insertions of items of revenue and appropriation are allowed by authorization of the governing body, subject to approval of the Division.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Budgets and Budgetary Accounting (Continued)

The City must prepare its budgets in compliance with applicable laws capping the amounts by which both the budgeted appropriations and tax levy can be increased. A description of both “CAPS” follows:

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the City is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the “cost of living adjustment” (COLA), whichever is less. The COLA is calculated based on the traditional Federal government inflation calculation. The City can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap spending to 3.5%, upon passage of a COLA Rate Ordinance.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A 40A:4-45.44 through 45.47. It establishes limits on the increase in the total City amount to be raised by taxation (tax levy). The core of the levy cap formula is a 2% increase to the previous year’s amount to be raised by taxation, net of any applicable cap base adjustments and emergency or special emergency appropriations.

Financial Statements - The GASB Codification also requires the financial statements of a governmental unit presented in the general purpose financial statements to be in accordance with GAAP. The City presents financial statements which are required by the Division and which differ from the financial statements required by GAAP. These financial statements are listed in the table of contents.

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

Reclassifications – Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year’s format. These reclassifications had no effect on fund balance and changes in fund balance.

Reconciliation of Accounting Basis – As described throughout Note A, substantial differences exist between GAAP and the budgetary basis prescribed by the Division. Reconciliation between the two would not be meaningful or informative and therefore is not provided herein.

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

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

DEPOSITS

All bank deposits and investments as of the balance sheet date are classified as to credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- (a) Uncollateralized.
- (b) Collateralized with securities held by the pledging financial institution.
- (c) Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the City’s name.

All bank deposits as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act (“GUDPA”) or are on deposit with the New Jersey Cash Management Fund or the New Jersey Asset & Rebate Management Program (“NJARM”).

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2015 and 2014, none of the City’s bank balances of \$29,560,425 and \$18,322,032, respectively, was exposed to custodial credit risk.

As of June 30, 2015 and 2014, the City’s deposits and investments are summarized as follows:

	<u>2015</u>	<u>2014</u>
Insured - FDIC	\$ 621,161	\$ 839,847
Insured - GUDPA	27,614,475	16,157,828
NJARM	867,569	867,429
NJ Cash Management Fund	<u>457,220</u>	<u>456,928</u>
Total	<u>\$ 29,560,425</u>	<u>\$ 18,322,032</u>

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

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS

New Jersey statutes permit the City to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- Government money market mutual funds.
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor
- Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units.
- Local government investment pools.
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281 (C.52:18A-90.4).
- Agreements for the repurchase of fully collateralized securities if (a) the underlying securities are permitted investments pursuant to the first and third bullets on the preceding page, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015 and 2014, the City's investments are recorded in the financial statements and have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the financial statements.

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.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. The City only deposits funds in money market funds, the NJ Cash Management Fund, or the NJARM Program.

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

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Custodial credit risk 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 in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either:

- a. The counterparty or
- b. The counterparty's trust department or agent but not in the City's name

Foreign currency risk is the risk that changes in exchange rates will adversely affect investments. The City does not have investments denominated in foreign currency.

At June 30, 2015 the City's investments were not exposed to custodial credit risk or foreign currency risk.

GASB Statement No. 40 requires that the City disclose the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The City is exempt from this requirement because all its investments at June 30, 2015 are invested in money market funds, the NJ Cash Management Fund, or the NJARM Program.

New Jersey Cash Management Fund

All investments in the New Jersey Cash Management Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the Other-than-State participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. The City does not own specific identifiable securities, but instead has a net realizable interest in the joint value of the fund. As of June 30, 2015 and 2014, the City had a balance of \$457,220 and \$456,928, respectively, in the New Jersey Cash Management Fund.

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

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

NJARM Program

The NJARM Program is a financial services organization created and run exclusively for New Jersey municipalities, authorities, schools and other local and regional governmental type entities. The Program was designed to help achieve excellence in the governmental unit's investment program. Created as a joint trust investment under the Interlocal Services Act, NJARM provides participants with investment and arbitrage rebate compliance services for both bond proceeds and general operating funds. The program is a means for local governments in the State to invest collectively the proceeds of taxable and tax-exempt borrowings and other funds on hand. As of June 30, 2015 and 2014, the City has a balance of \$867,569 and \$867,429, respectively, in the NJARM Program.

NOTE 3. TAXES RECEIVABLE, TAX TITLE LIENS

In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable and tax title liens are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

During fiscal year ended June 30, 2015 the City collected \$89,519 from delinquent taxes which represented 47.83% of the delinquent balances at June 30, 2014. For the fiscal year ended June 30, 2014, the City collected \$268,190 from delinquent taxes which represented 44.26% of the delinquent balances at June 30, 2013.

NOTE 4. PROPERTY TAX CALENDAR

Property tax revenues are collected in quarterly installments due August 1, November 1, February 1, and May 1. Property taxes unpaid on October 1 of the fiscal year following their final due date are subject to tax sale in accordance with the statutes. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budget of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenue to be recognized when they are available and measurable, reduced by an allowance for doubtful accounts.

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

NOTE 4. PROPERTY TAX CALENDAR (Continued)

School Taxes

The City is responsible for levying, collecting and remitting school taxes for the Union City Board of Education. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30.

County Taxes

The City is responsible for levying, collecting and remitting county taxes for the County of Hudson. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, Operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Prepaid Taxes

Taxes collected in advance are recorded as cash liabilities in the financial statements. As of June 30, 2015 and 2014, the City's prepaid taxes were \$170,629 and \$93,263, respectively.

NOTE 5. LONG-TERM DEBT

SUMMARY OF MUNICIPAL DEBT

The Local Bond Law, N.J.S.A. 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All 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, shall mature and be paid off within ten years of original date financed by the issuance of bonds.

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

NOTE 5. LONG-TERM DEBT (Continued)

SUMMARY OF MUNICIPAL DEBT (Continued)

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance June 30, 2014	Bonds and Notes			Balance June 30, 2015
		Authorized	Issued/ (Unissued)	Paid	
General Bonds and Notes	\$ 64,979,892	\$ -	\$ 36,987,000	\$23,410,108	\$ 78,556,784
Bonds Issued by Another					
Public Body and Guaranteed					
by Municipalities	1,793,700	-	-	189,590	1,604,110
Green Acres Loans	1,635,769	-	-	145,564	1,490,205
HCIA Capital Leases	10,879,619	-	-	744,263	10,135,356
Authorized but Not Issued	7,853,824	35,000,000	(17,360,000)	-	25,493,824
Total	<u>\$ 87,142,804</u>	<u>\$35,000,000</u>	<u>\$ 19,627,000</u>	<u>\$24,489,525</u>	<u>\$117,280,279</u>

The repayment schedule of annual debt service principal and interest for the next five years, and five-year increments there-after, for bonded debt issued and outstanding as of June 30, 2015 is as follows:

Fiscal Year Ending	General Bonds		HCIA Lease		Green Acres Trust Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,521,251	\$ 2,922,956	\$ 791,092	\$ 596,659	\$ 161,064	\$ 29,003
2017	2,455,108	2,940,130	924,893	548,558	154,513	25,813
2018	2,088,425	3,299,569	995,138	493,075	78,550	23,101
2019	3,760,000	1,645,907	1,050,329	433,283	69,218	21,577
2020	3,945,000	1,454,657	1,125,593	369,879	70,610	20,186
2021-2025	18,140,000	4,442,360	5,248,308	744,396	374,924	79,061
2026-2030	4,190,000	2,269,063	-	-	414,147	39,836
2031-2034	4,470,000	583,437	-	-	167,179	6,659

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

NOTE 5. LONG-TERM DEBT (Continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

This summarized statement of debt condition which is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 3.11%. The Equalized Valuation Basis of the City at June 30, 2015 is \$3,062,490,245.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 107,144,923	\$ 11,910,000	\$ 95,234,923

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

3-1/2% of Equalized Valuation Basis	\$ 107,187,159
Net Debt	95,234,923
Remaining Borrowing Power	\$ 11,952,236

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

NOTE 5. LONG-TERM DEBT (Continued)

GENERAL SERIAL BONDS PAYABLE

The city issues bonds to fund various capital projects. Bonds Payable consists of the following:

<u>Fiscal Year Ending</u>	<u>Total Payments</u>	<u>ERI Pension Bonds Principal</u>	<u>2007 Refunding Issue Principal</u>
2016	\$ 2,521,250	\$ 725,000	\$ 1,796,250
2017	2,455,109	825,000	1,630,109
2018	2,088,425	15,000	2,073,425
2019	3,760,000	30,000	3,730,000
2020	3,945,000	100,000	3,845,000
2021	4,150,000	165,000	3,985,000
2022	4,350,000	225,000	4,125,000
2023	4,540,000	315,000	4,225,000
2024	4,625,000	375,000	4,250,000
2025	475,000	475,000	-
2026	575,000	575,000	-
2027	690,000	690,000	-
2028	825,000	825,000	-
2029	975,000	975,000	-
2030	1,125,000	1,125,000	-
2031	1,300,000	1,300,000	-
2032	1,475,000	1,475,000	-
2033	1,695,000	1,695,000	-
	<u>\$ 41,569,784</u>	<u>\$ 11,910,000</u>	<u>\$ 29,659,784</u>

The 2007 Refunding Issue Bonds refunded \$8,690,000 of the City's outstanding obligations securing bonds issued by the Hudson County Improvement Authority; \$15,506,000 of the 2006 General Improvement Bonds; \$3,510,000 of the 1997 Refunding Issue; and \$1,430,000 of the ERI Pension Bonds.

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

NOTE 5. LONG-TERM DEBT (Continued)

LOANS AND CAPITAL LEASES PAYABLE

The city receives loans and capital leases in order to fund various capital projects. Loans and Capital Leases Payable consisted of the following:

Fiscal Year Ending	Green Acres Loans Principal	Hudson County Improvement Authority Lease Payments			
		Total Payments	Cost of Facilities NHRFR Series 2004 Principal	2011 A&B Fire Dept. Assets Principal	N. Hudson Reg. Fire & Rescue Series 2006A&B Principal
2016	\$ 161,064	\$ 791,093	\$ 267,600	\$ 165,578	\$ 357,915
2017	154,513	924,893	367,950	173,940	383,003
2018	78,550	995,138	401,400	182,303	411,435
2019	69,218	1,050,330	418,125	190,665	441,540
2020	70,610	1,125,593	451,575	200,700	473,318
2021	72,030	1,184,131	468,300	209,063	506,768
2022	73,479	1,264,410	501,750	219,097	543,563
2023	74,955	1,348,036	535,200	229,133	583,703
2024	76,462	1,451,732	585,375	240,841	625,516
2025	77,997	-	-	-	-
2026	79,566	-	-	-	-
2027	81,165	-	-	-	-
2028	82,797	-	-	-	-
2029	84,461	-	-	-	-
2030	86,158	-	-	-	-
2031	60,840	-	-	-	-
2032	34,743	-	-	-	-
2033	35,441	-	-	-	-
2034	36,155	-	-	-	-
	<u>\$1,490,204</u>	<u>\$10,135,356</u>	<u>\$ 3,997,275</u>	<u>\$1,811,320</u>	<u>\$ 4,326,761</u>

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

NOTE 5. LONG-TERM DEBT (Continued)

NOTES PAYABLE

The term of bond anticipation notes cannot exceed one year, but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid or permanently financed no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note and through to the tenth anniversary date, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued, be paid or retired.

SCHOOL DISTRICT

At June 30, 2015 and 2014, the amount of authorized and unissued school indebtedness was \$0 each year.

NOTE 6. FUND BALANCE APPROPRIATED

Fund balances at June 30, 2014 and 2013, respectively, which were appropriated and included as anticipated revenue in their own respective funds for the years ending June 30, 2015 and 2014 budgets, respectively, were \$0 and \$0. Fund balance at June 30, 2015 of \$1,357,173 is included as anticipated revenue in the June 30, 2016 budget.

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION

STATE-MANAGED PENSION PLANS

Substantially all full-time City employees participate in the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System of NJ (PFRS). The PERS and PFRS systems are cost-sharing multiple-employer contributory defined benefit retirement systems sponsored and administered by the State of New Jersey, Department of Treasury, Division of Pensions and Benefits.

The PERS was established in January 1955 under provisions of N.J.S.A. 43:15A and provides coverage to substantially all full time employees of the City provided the employee is not a member of another State administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service

The PFRS was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and state firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

The cost of living increase for PERS and PFRS 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 PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated. The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the PERS and PFRS. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Significant Legislation

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

Chapter 78's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age from age 55 to 65 for Tier 5 members.
- The eligible age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent final compensation after 30 or more years of service.
- It increases in active member contribution rates for PERS active members from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; For fiscal year 2012, the member contribution rates will increase in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements – PERS

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. The full normal employee contribution rate became 5.5% of annual compensation, effective July 1, 2007 for most PERS state employees and effective July 1, 2008 for PERS local employees, based on Chapter 103, P.L. 2007. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) is 8.5% of base salary effective July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in fiscal year 2013. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. For fiscal year 2012, the member contribution rate increased in October 2011. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and non-contributory death benefits.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers to contribute 50% of the normal and accrued liability contribution amounts certified by PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100% of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

Contribution Requirements – PERS (Continued)

The City and employees' contributions to PERS normal pension, non-contributory group life insurance (NCGI) and early retirement incentive (ERI) for the past three years were as follows:

Three-Year Trend Information

Public Employees Retirement System (PERS)						
City Contribution						
Year Ended June 30,	Pension			Non- Contributory	Early Retirement	Employee Contributions
	Amount	Percentage of Covered Payroll	Deferral	Life Insurane	Incentive	
2015	\$ 1,304,210	13.01%	\$ 64,275	\$ 69,802	\$ 139,545	\$ 693,888
2014	1,249,089	13.20%	62,831	17,503	139,545	646,434
2013	1,145,652	9.95%	61,009	68,186	139,768	638,848

PERS Pension Liabilities and Pension Expense Related to Pensions:

At June 30, 2015 the City's net pension liability for PERS was \$26,895,416.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion 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 entities, actuarially determined. At June 30, 2014, the City's PERS proportion was .1436511061%, which was an increase of .00473387% from its proportion measured as of June 30, 2013.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

PERS Pension Liabilities and Pension Expense Related to Pensions: (Continued)

Actuarial Assumptions

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

Inflation rate	3.01%
Salary increases: 2012-2021	2.15 – 4.40%
Thereafter	3.15 5.40% Based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. 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, 2008 to June 30, 2011.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2014 are summarized in the following table:

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

PERS Pension Liabilities and Pension Expense Related to Pensions: (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.5%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made based on the average of the last five years of condition made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

PERS Pension Liabilities and Pension Expense Related to Pensions: (Continued)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability as of June 30, 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (4.39%)</u>	<u>Current Discount Rate (5.39%)</u>	<u>1% Increase (6.39%)</u>
City's proportionate share of PERS net pension liability	\$ 31,766,615	\$ 26,895,416	\$ 22,810,168

Pension Plan fiduciary net position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

Contribution Requirements – PFRS

The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and non-contributory death benefits. Members contribute at a uniform rate of 8.5% of base salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 8.5% to 10% in October 2011.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

Contribution Requirements – PFRS (Continued)

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers to contribute 50% of the normal and accrued liability contribution amounts certified by PFRS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100% of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PFRS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The City and employees' contributions to PFRS normal pension, NCGI and ERI for the past three years were as follows:

Three-Year Trend Information

Police and Firemen's Retirement System (PFRS)						
City Contribution						
Year Ended June 30,	Pension			Non-	Early	Employee
	Amount	Percentage of Covered Payroll	Deferral	Contributory Life Insurance	Retirement Incentive	Contributions
2015	\$ 4,161,543	25.70%	\$ 291,178	\$ 172,132	\$ 32,953	\$ 1,619,408
2014	4,460,504	28.20%	285,489	152,303	31,994	1,644,713
2013	4,159,235	23.00%	278,086	171,772	30,789	1,537,230

PFRS Pension Liabilities and Pension Expense Related to Pensions:

At June 30, 2015 the City's net pension liability for PFRS was \$62,847,322.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

PFRS Pension Liabilities and Pension Expense Related to Pensions: (Continued)

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion 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 entities, actuarially determined. At June 30, 2014, the City's PFRS proportion was .4996180897%, which was an decrease of .0682475042% from its proportion measured as of June 30, 2013.

Actuarial Assumptions

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

Inflation rate	3.01%
Salary increases: 2012-2021	3.95 – 8.62%
Thereafter	4.95 – 9.62% Based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables with adjustments for mortality improvements from the base year of 2011 based on Projections Scale AA. 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.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

PFRS Pension Liabilities and Pension Expense Related to Pensions: (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.5%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 6.32% and 6.45% as of June 30, 2014 and 2013, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made

**THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

PFRS Pension Liabilities and Pension Expense Related to Pensions: (Continued)

Discount Rate (Continued)

based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability as of June 30, 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(5.32%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.32%)</u>	<u>1%</u> <u>Increase</u> <u>(7.32%)</u>
City's proportionate share of PERS net pension liability	\$82,924,106	\$62,847,322	\$46,262,432

Pension Plan fiduciary net position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

**THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

Vesting and Benefit Provisions – PERS

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

For Tier 1 members, retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit, as defined, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for earnings on their contributions at 2% per annum. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living adjustment (COLA) increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The COLA increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions. Pursuant to the provisions of Chapter 78, P.L. 2011, COLA increases are suspended for all current and future retirees of all retirement systems. No further COLA increases will be granted. The law does not reduce any COLA increases that have already been added to retiree benefits.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

Vesting and Benefit Provisions – PERS (Continued)

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and prior to November 2, 2008 (Tier 2 members) and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55. Also, this law provided that the amount of compensation for Tier 2 members used for employer and member contributions and benefits under the PERS cannot exceed the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008 and on or before May 21, 2010 (Tier 3 members). It also increased the minimum annual compensation required for membership eligibility for new Tier 3 members from \$1,500 to \$7,500 in addition to amending the early retirement reduction formula for Tier 3 members retiring with 25 years of service to 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS hired after May 21, 2010 (Tier 4 and Tier 5 members) from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for these members of PERS to 1/60 from 1/55, and it provided that the retirement allowance for these members be calculated using the average annual compensation for the last five years of service instead of the last three years of service. Tier 4 and Tier 5 members of PERS no longer receive pension service credit from more than one employer. Pension service credit is earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for Tier 4 and Tier 5 members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members are eligible for a service retirement benefit at age 65.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

Vesting and Benefit Provisions – PFRS

The vesting and benefit provisions are set by N.J.S.A. 43:16A and 43:3B. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service. The annual benefit under special retirement is 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is therefore 70% of final compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, the annual benefit under special retirement for members enrolled after June 28, 2011 (Tier 3 members), is 60% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is therefore 65% of final compensation.

Widow/widowers of members retired since December 18, 1967 receive 50% of the retiree's final compensation. The minimum annual widow/widower's benefits of an accidental disability retiree prior to December 18, 1967 and of all retirees since December 18, 1967 is \$4,500.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions providing no survivor death benefits are payable.

Eligible retirees receiving monthly benefits are entitled to cost-of-living adjustment (COLA) increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The COLA increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions. Pursuant to the provisions of Chapter 78, P.L. 2011, COLA increases are suspended for all current and future retirees of all retirement systems. No further COLA increases will be granted. The law does not reduce any COLA increases that have already been added to retiree benefits.

**THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS (Continued)

Vesting and Benefit Provisions – PFRS (Continued)

Pursuant to Chapter 1, P.L. 2010, for new members of PFRS hired after May 21, 2010 (Tier 2 members), this law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and required the pension to be calculated using a three year average annual compensation instead of the last year's salary.

DEFINED CONTRIBUTION RETIREMENT PROGRAM

The Defined Contribution Retirement Program (the "DCRP"), was established July 1, 2007, under the provisions of Chapters 92 and 103, P.L. 2007. Individuals eligible for membership in the DCRP include local officials who are elected or appointed on or after July 1, 2007; and employees enrolled in the PERS on or after July 1, 2007 who earn in excess established "maximum compensation" limits.

A local elected official is any individual who holds elected public office. Officials elected on or after July 1, 2007 will only be enrolled in DCRP. Elected officials already enrolled in PERS prior to July 1, 2007 based on elected office will remain a PERS member while serving that same elected office. Any break in service or election to a different elected office will automatically enroll the elected official in DCRP. If a retired member of another State-administered retirement system is elected to office, that elected official can choose to either continue receiving retirement benefits from the former employment or suspend such benefits and participate in DCRP.

A local appointed official is any individual appointed by the governor, including those requiring advice and consent of the Senate, or an individual appointed in a similar manner by the governing body of a local public entity. On or after July 1, 2007, a newly appointed official who does not have an existing PERS account will only be enrolled in the DCRP. Appointed officials already enrolled in PERS prior to July 1, 2007 will remain a PERS member while serving that same appointed office.

An appointed official is permitted to join or remain in PERS if that appointed official holds a professional license or certificate to perform and is serving in any of the following capacities: Certified Health Officer, Tax Collector, Chief Financial Officer, Construction Code Official, Qualified Purchasing Agent, Tax Assessor, Municipal Planner, Registered Municipal Clerk, Licensed Uniform Subcode Inspector Principal/Certified Public Works Manager.

**THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Additional minimum DCRP eligibility criteria for a newly elected or appointed official are the same as for a PERS position. However, in the case of DCRP, eligible officials can irrevocable waiver their participation when earning less than \$5,000 annually. Eligible PERS members are enrolled in the DCRP when annual salary exceeds the maximum compensation limit. This may occur upon enrollment into the PERS when an annual base salary is reported on the enrollment application that will exceed the maximum compensation; or when a PERS member's annual salary is increased to where it will exceed the maximum compensation and it is reported by the employer to the Division of Pensions and benefits.

Enrolled members contribute 5.5% of the base salary to a tax-deferred investment account established with Prudential Financial, which administers the DCRP for the Division of Pensions and Benefits. Members enrolled due to income levels in excess of maximum compensation limits only contribute based on that amount in excess. Member contributions are matched by a 3% employer contribution.

Newly eligible and enrolled members that have existing DCRP accounts or are active or vested members of another State-administered retirement system are immediately vested in DCRP. Conversely, those officials not qualifying for immediate vesting in DCRP will become fully vested upon commencement of their third year of membership. In such case there is no eligible third year of membership, all employee and employer contributions will be refunded to the appropriate contributing parties.

DCRP members may elect to receive all or a portion of the account in a lump-sum distribution, or as a fixed term or life annuity. There is no minimum retirement age under the DCRP. Any distributions of mandatory contributions will automatically render the member retired. Lump-sum cash distributions to members under the age of 55 are limited to the member's contributions and earnings. Employer matching contributions and earnings are only available after the age of 55. A member may begin collecting an annuity or take a cash distribution at any time after termination of employment, but will no longer be eligible to participate in any State-administered retirement system upon a return to public employment in New Jersey.

DCRP members are covered by employer-paid life insurance, payable to their designated beneficiaries, in the amount of 1½ times the annual base salary on which DCRP contributions were based. This benefit continues for up to two years if on an approved leave of absence without pay for personal illness. Life insurance may also be available to members upon retirement at an amount reduced to 3/16 of the annual base salary on which DCRP contributions were based who qualify by being 60 or older with 10 years of participation in DCRP or any age with 25 years of participation. In the case of members enrolled due to

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

income levels in excess of maximum compensation limits, years of participation in either scenario would also include participation in PERS.

DCRP members are eligible employer-paid long-term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during the 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid so long the member remains disabled or until the age of 70. Benefits terminate should the member begin receiving retirement annuity payments. As of June 30, 2015, the City has 238 employees who were DCRP Members.

NOTE 8. COMPENSATED ABSENCES

Under the existing union contracts and policy of the City, certain employees are allowed to accumulate unused vacation and sick pay over the life of their working careers. In addition, certain employees are also entitled to accrue 7.5 terminal leave days for every year of service. These compensated absences and terminal leave may be taken as time off or paid at a later date and at an agreed upon rate. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The City appropriates, annually, the amounts required to be paid in any fiscal year in that year's budget and no liability is accrued at June 30, 2015 and 2014.

As of June 30, 2015 and 2014 the total accumulated compensated absence liability was \$4,057,415 and \$6,154,336, respectively. In addition, as of June 30, 2015 and 2014 the terminal leave liability was \$2,652,068 and \$3,410,841.

NOTE 9. TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey and the Hudson County Board of Taxation requesting a reduction of assessments for various years. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from current tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

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

NOTE 10. TRANSITIONAL AID CONDITIONS

The City receives a substantial amount of financial support from the State of New Jersey in the form of Transitional Aid to Localities (Transitional Aid). P.L. 2013, c.77 and P.L. 2011, c.144 condition Transitional Aid on conditions, requirements, orders and oversight that the Director of the Division of Local Government Services (the "Director") deems necessary including, but not limited to, requiring approval by the Director of personnel action, professional services and related contracts, payment in lieu of tax agreements, acceptance of grants from State, federal or other organizations, and the creation of new or expanded public services. The minimum conditions on the receipt of the Transitional Aid are set forth by a Memorandum of Understanding with the Director.

The Transitional Aid to the City from the State is material to the total revenue the City needs for operations.

NOTE 11. CONTINGENT LIABILITIES

The City participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. The state and federal grants received and expended in fiscal year June 30, 2015 were subject to the Single Audit Act Amendments of 1996 and State of New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the City's annual audit.

In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of June 30, 2015, the City does not believe that any material liabilities will result from such audits.

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

PROPERTY AND LIABILITY INSURANCE

The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

NOTE 12. RISK MANAGEMENT (Continued)

SELF-INSURANCE PROGRAM

In 1984 the City established a self-insured workers' compensation obligation program in accordance with the New Jersey Statute Chapter 40:10. The City dissolved this self-insured workers' compensation obligation program in 2009 for a fully insured plan through the New Jersey Intergovernmental Insurance Fund. The City, however, still has exposure for claims from the prior self-insured worker's compensation obligation program. The latest available information states that at December 31, 2015 and 2014, the City's exposure for claims incurred under its obligation to provide workers' compensation insurance amounted to approximately \$177,425 and \$377,555, respectively (information is not available as of June 30, 2015 and 2014).

CONTINGENT LIABILITIES

The City is a party defendant in some lawsuits, none of which are 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.

FEDERAL AND STATE AWARDS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures 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 any of the individual governmental funds or the overall financial position of the City.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances remained on the balance sheets of the fund financial statements at June 30, 2015. The interfund balances are the result of revenues earned in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in a cash overdraft position. The City expects to liquidate all interfund balances within one year.

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

NOTE 14. DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plan, which is administered by Valic, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 15. POST RETIREMENT BENEFITS

The City of Union City provides lifetime medical benefits to City employees who were hired prior to October 28, 2013 and who retire under the following conditions:

- After twenty-five years of membership in a state or locally administered retirement system.
- After fifteen years or more of service and are age 62 or older.
- Upon a disability retirement, if eligible.

For anyone hired after October 28, 2013, the City of Union City provides lifetime medical benefits to City employees who retire under the following conditions:

- After twenty-five years of membership in a state or locally administered retirement system.
- After fifteen years or more of service and are age 65 or older.
- Upon a disability retirement, if eligible.

Retiree Contributions

Current retirees, dependents and survivors are not required to contribute toward the cost of the postretirement medical and prescription drug coverage. All costs are paid 100% by the City. Any employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits cost as set forth in P.L. 2011 c. 78 (Chapter 78). The retiree contributions are based on a percentage of the postretirement healthcare, phased-in over a four-year period, which vary based on healthcare coverage tier and amount of PERS or PFRS pension amounts.

As of June 30, 2015 and 2014, the City had 363 and 366 employees, respectively, who were eligible.

The City is self-insured and accounts for post-retirement health costs on a pay-as-you-go basis. Expenditures during the year ended June 30, 2015 and 2014 were \$7,026,933 and \$6,134,190, respectively.

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

NOTE 15. POST RETIREMENT BENEFITS (Continued)

In accordance with GAAP and accrual accounting principles, the costs associated with post-employment healthcare benefits (“OPEB”), generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 the cost of OPEB is recognized in the year when the employee services are received, the accumulated liability (as calculated on a triennial basis) is reported from prior years and provides information useful in assessing potential demands on cash flows. Recognition of the liability accumulated from prior years is phased in over 25 years, commencing with the current 2012 liability.

As of June 30, 2015, the Actuarial Accrued Liability is \$211,447,796 for retirees and \$83,974,862 for active employees for a total accrued liability of \$295,422,658. Under the GASB accounting standard, the Annual Required Contribution (“ARC”) is \$22,494,355 for the year ending June 30, 2015 assuming a 25 year amortization of the Unfunded Actuarial Accrued Liability. The Net OPEB Obligation is \$94,809,062 as of June 30, 2015.

NOTE 16. NEW JERSEY INTERGOVERNMENTAL INSURANCE FUND

The City entered into a three year agreement to participate in the New Jersey Intergovernmental Insurance Fund (“NJIIIF”) from January 1, 2016 through December 31, 2018. The NJIIIF was established in 1997 as a self-insured property and casualty insurance program for New Jersey Municipalities. Initially, it began with 14 members and currently has approximately 40.

The Commissioners of NJIIIF arrange through their insurance professionals the pooled purchase of insurance utilizing high deductibles and self-insured retentions. The participants share in each other’s losses through the funding of claims under these deductibles.

The program is administered by Governmental Risk Management Associates of Old Bridge, New Jersey. The Underwriting Manager is Arthur J. Gallagher Associates of Wayne, New Jersey. The City is represented by their Risk Management Consultant, Beckerman & Company of Colonia, New Jersey.

NOTE 17. NORTH HUDSON SEWERAGE AUTHORITY

During October, 1996, the West New York Municipal Utilities Authority (WNYMUA) was acquired by the Hoboken - Union City - Weehawken Sewerage Authority (HUCWSA), and together, these entities were consolidated to create the North Hudson Sewerage Authority (NHSA). The acquisition was executed through the issuance and sale of \$104,945,000 Sewer Revenue Bonds, Series 1996, issued by the NHSA on October 15, 1997.

**THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 17. NORTH HUDSON SEWERAGE AUTHORITY (Continued)

In connection with the creation of the NHSA, a service agreement between the City (together with the Hudson County municipalities of Hoboken, West New York and Weehawken) and the NHSA was executed. The related obligation of the City with respect to the current service agreement pertains to service charges and annual charges, as described below:

Service Charges

The NHSA will charge to users of its system, service charges, pursuant to the service agreement, with respect to all sewage treated or disposed of by the NHSA and for all use and services of its system, in accordance with the New Jersey Sewerage Authorities Law, Ch. 138, L. 1946, and in a manner consistent with the submission relied upon by the United States Environmental Protection Agency (EPA) and the New Jersey Department of Environmental Protection (NJDEP) in issuing a federal grant or in such other manner that the EPA and the NJDEP approve. Such service charges shall be established at rates estimated to be sufficient to provide for all amounts necessary to pay or provide for the expenses of operation and maintenance of the NHSA's system and the principal and interest on any and all bonds as they become due, to maintain the amounts required to be held on deposit in the sinking fund and the bond reserve fund and to comply in all respects with the terms and provisions of the general bond resolution, provided, however, that the NHSA may charge service charges which are less than sufficient to comply with the requirements referred to above if each of the municipalities gives its written consent to such lesser service charges.

Annual Charges

Annual charges are based upon application of a formula which is explained in the next two paragraphs. If, but only if, the application of the formula yields a positive dollar amount for any fiscal year during which the service agreement is in effect, the City shall be obligated to pay to the NHSA its allocable share of such positive dollar amount as an annual charge. Such annual charges shall be the excess, if any of the amount determined by the items in the first paragraph following, less the amount determined by the items in the second paragraph following to determine the excess, if any.

The sum of all of the amounts reasonably expected by the NHSA to be expended in the fiscal year of the NHSA (1) to pay or provide for the expenses of construction, acquisition, operation and maintenance of its system, as well as administrative and other expenses of the NHSA related to its system prior to placing the system in operation, and the principal of and interest on all bonds as the same become due; (2) to maintain such reserves or sinking funds as may be required by the terms of the contract of the NHSA or any bond resolution, or as may be deemed necessary by the NHSA; and (3) to comply in all respects with the terms of the general bond resolution adopted by the HUCWSA on April 24, 1989, as amended, and the New Jersey Sewerage Authorities Law.

**THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 17. NORTH HUDSON SEWERAGE AUTHORITY (Continued)

Annual Charges (Continued)

The sum of the following amounts to the extent available to be used to pay or provide for the amounts described in the preceding paragraph: (1) service charges collected by the NHSA; (2) the proceeds of bonds received by or for account of the NHSA with respect to its system; (3) the proceeds of insurance awards received by or for account of the NHSA with respect to its system; (4) contributions received by or for account of the NHSA with respect to its system and not under any circumstances repayable by the NHSA until after the payment in full of all other obligations of the NHSA including its bonds, original or refunding or both, or (5) any other funds on hand or available therefor.

Annual charges, if any, are assessed to and payable by the City in the same percentage as the most recent determination by the NHSA of the allocation of the annual flow among the municipalities. The most recent determination by the NHSA of the allocation of the annual flow is as follows: (i) Hoboken 27%, (ii) Union City 32%, (iii) Weehawken 10% and (iv) West New York 31%.

On or before January 1 of each fiscal year, the NHSA will make an estimate of the amount of the annual charges, if any, which will become payable by the City for such fiscal year. On or before February 15 of each fiscal year, the City will pay to the NHSA the amount of any annual charges not paid relating to any prior fiscal year. The City will pay to the NHSA that part of the estimated amount of the annual charges for the current fiscal year in four equal installments on March 1, June 1, September 1, and November 1 of such fiscal year. No amounts were due from the City for the fiscal years ended June 30, 2015 and 2014. The NHSA estimates that no amounts will be due from the City for fiscal year ending June 30, 2016.

NOTE 18. NORTH HUDSON REGIONAL FIRE AND RESCUE

Background of the Agreement

On October 1, 1998, the Hudson County municipalities of North Bergen, Union City, Weehawken and West New York had formed the Agreement in order to form a joint meeting pursuant to the Consolidated Municipal Services Act, N.J.S.A. 40:48B-1 et seq. (the "Act"). The entity created by the formation of this joint meeting is known as the North Hudson Regional Fire and Rescue (the "NHRFR"), which is a public body, corporate and politic, constituting a political subdivision of the State of New Jersey, having all powers and authorities permitted by the Act. The purpose of the NHRFR is to provide for the joint operation of fire protection, rescue and emergency services, and other related governmental services.

**THE CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 18. NORTH HUDSON REGIONAL FIRE AND RESCUE (Continued)

Background of the Agreement (Continued)

On December 30, 1998, another Hudson County municipality, the Town of Guttenberg, duly adopted a resolution approving it to officially enter into the Agreement, and Guttenberg was admitted to participate in the NHRFR.

The term of the Agreement expires September 30, 2023, but may be subject to earlier termination pursuant to the Act. The operations of the NHRFR commenced on January 1, 1999. The NHRFR is governed by a five member management committee, consisting of one representative from each municipality, and this committee may appoint one or two executive director(s), and other such officers, employees and counsel as it deems necessary. A municipality's admission to or withdrawal from the NHRFR requires four votes from the management committee.

Required Contributions by the City

The City adopted an ordinance on September 30, 1998, authorizing the sale, lease transfer, conveyance or other disposition of and improvement of real and personal property to the NHRFR, pursuant to New Jersey Statutes.

As of June 30, 2015 and 2014, the City contributed \$16,923,657 and \$17,800,000, respectively, to the NHRFR. This annual contribution is based on each of the four original participating municipalities' applicable share of the combined fiscal year 1998 fire budgets of those four municipalities. The combined fiscal year 1998 fire budgets of those four municipalities totaled \$29,121,874. Since Guttenberg entered after this allocation was decided on, it contributes an alternatively determined amount. This share is subject to an increase based on the percentage of increase of the total fire and rescue related appropriations over the base year (SFY 1998) of the four original participating municipalities. Guttenberg's allocation is subject to this rate increase, but is not subject to the matter described below regarding a redetermination of the allocation formula. The Agreement also contains provisions for a growth value adjustment to be made in calendar year 2001, in which the budget balance allocation formula described above is redetermined. This redetermined allocation is based upon a factor entitled "Growth Percentage". This factor is determined by expressing "Growth Value" as a percentage of the total of all equalized values of the four original participating municipalities. Growth value is determined by taking the aggregate assessed value of all new construction in the City from July 1, 1997 through June 30, 2000, and deducting from that the aggregate assessed value of all demolition. If the resulting amount is negative, the growth value is expressed as zero.

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

NOTE 18. NORTH HUDSON REGIONAL FIRE AND RESCUE (Continued)

Required Contributions by the City (Continued)

With respect to the redetermined allocation formula, the Agreement expressly states:

“Starting with the NHRFR fiscal year budget for January 1, 2001 through December 31, 2001, allocations of the Budget Balance among the Original Parties shall be subject to two (2) separate calculations, as follows:

FIRST, the Budget Balance shall be multiplied by the Total Growth Percentage, and the product so determined shall be allocated among the Original Parties in ratio to their respective Individual Growth Percentages; and

SECOND, there shall be subtracted from the Budget Balance determined in FIRST above, and the remainder of the Budget Balance amount shall be allocated among the Original Parties based on their respective Base Year Percentages.”

Guarantee of Debt

On January 25, 2005 the Hudson County Improvement Authority issued \$8,565,000 in Lease Revenue Bonds Series 2005, consisting of \$4,510,000 Tax-Exempt Lease Revenue Bonds, Series 2005A and \$4,055,000 Taxable Lease Revenue Bonds, Series 2005B. These Series 2005 Bonds were issued to finance certain costs associated with the facilities leased to and utilized by the NHRFR. The Series 2005 Bonds are payable and secured by revenues of the Authority, which are derived from the lease of the Facilities to NHRFR. The lease payments, which are allocated among the municipalities participating in the NHRFR are sufficient to pay the debt service on the Series 2005 Bonds. As additional security, each of the municipalities participating in the NHRFR unconditionally guaranteed their percentage share of debt service on each series of the Series 2005 Bonds. In the event that a municipalities’ percentage share of revenues is not sufficient to pay its percentage share of debt service, the municipality is obligated to levy *ad valorem* taxes upon all taxable property within its jurisdiction without limitation as to rate or amount in order to make such payments.

NOTE 19. CLEARING ACCOUNT

The City maintains a claims account, or a cash clearing account, from which bills are paid for all funds.

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

NOTE 20. FIXED ASSETS

The City had the following investment balance and activity in general fixed assets as of and for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Land	\$ 11,228,900	\$ -	\$ -	\$ 11,228,900
Buildings and Improvements	49,374,852	2,767,965	-	52,142,817
Furniture and Fixtures	69,871	-	-	69,871
Machinery and Equipment	7,734,596	350,400	-	8,084,996
	<u>\$ 68,408,219</u>	<u>\$3,118,365</u>	<u>\$ -</u>	<u>\$ 71,526,584</u>

In accordance with accounting practices prescribed by the Division, and as further discussed in Note 1, no depreciation has been provided for, and fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

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

NOTE 21. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. As of June 30, 2015, the following deferred charges are shown on the balance sheets of the Current Fund:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Increased by:</u> <u>Adjustments to</u> <u>Income before</u> <u>Fund Balance</u>	<u>Decreased by:</u> <u>Budget</u> <u>Appropriations</u>	<u>Balance</u> <u>June 30, 2015</u>
Expenditures without Appropriations:				
Current Fund				
Other Expenses	\$ 18,782	\$ -	\$ 18,782	\$ -
Salaries and Wages Balance Adjustment	554	-	554	-
Grant Fund				
Pedestrian Safety Grant	14,000	-	14,000	-
Overexpended Appropriation Reserve:				
Other Expenses	208,214	(54,154)	26,391	127,669
Overexpended Grant Fund:				
Municipal Alliance Grant	17,477	-	-	17,477
State of Emergency Relating to Snow Storms	-	232,845	-	232,845
Prior Year Bills	-	341,685	341,685	-
Cancelled Grants Receivable	752,357	-	252,000	500,357
Retirement Benefits (5 Years Future Taxation)	<u>2,560,000</u>	<u>470,372</u>	<u>640,000</u>	<u>2,390,372</u>
	<u>\$ 3,571,384</u>	<u>\$ 990,748</u>	<u>\$ 1,293,412</u>	<u>\$ 3,268,720</u>

NOTE 22. RELATED PARTY TRANSACTIONS

One of the City's CDBG grant subrecipients is a theater that was founded by one of the City's commissioners. The amount is not material to the financial statements.

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

NOTE 22. RELATED PARTY TRANSACTIONS (Continued)

Other Shared Service Agreements

The City has agreements with the Union City Board of Education (the “Board”) in which the City is to receive reimbursement for the lease of the recreation center, snow removal, solid waste pick up, special resource officer, crossing guards, off duty police officers and pool expenses. During the year ended June 30, 2015 and 2014, the City received \$4,403,953 and \$209,772, respectively, for such reimbursements. As of June 30, 2015 and 2014, the City has receivables from the Board of \$316,590 and \$2,277,364, respectively, for prior year accrued budget revenues. This receivable is part of the revenue accounts receivable identified on the balance sheet and has been fully reserved. As described in Note 1, the Board of Ed is considered a component unit of the City.

Union City Board of Education

The Union City Board of Education is a Type I School District, therefore, bonds and notes authorized by the Board of Education are general obligations of the City and are reported on the balance sheet of the City’s General Capital Fund and are accordingly included in the summary of municipal debt. The City budgets the principal and interest payments of the Board of Education’s obligations as they become due. These obligations are funded by the City through an amount to be raised by taxation called “addition to local district school tax”, less any regular school debt service aid received from the State of New Jersey. For the year ended June 30, 2015 and 2014, the City’s budget included the following debt service requirements of the Board of Education and corresponding anticipated revenues (no amounts were required to be budgeted in the year ended June 30, 2015):

	Year Ended	
	June 30, 2015	June 30, 2014
Debt Service Requirements of the Board of Education:		
Payment of Bond Principal	\$ -	\$ 2,320,000
Interest on Bonds	-	74,240
	-	2,394,240
Less: Applicable Revenues Anticipated		
Regular School Debt Service Aid	-	1,427,475
Prior Year Board of Education Reimbursement	-	-
	-	1,427,475
Balance for Support of Board of Education:		
Addition to Local District School Tax	\$ -	\$ 966,765

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

NOTE 23. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 29, 2016, the date which the financial statements were available to be issued. The following material subsequent events have been noted:

Issuance of Notes

On July 6, 2015, the City sold a note through the HCIA pooled note financing program in the amount of \$7,000,000 at an interest rate of 2.00%.

On November 12, 2015, the City sold a note through the HCIA pooled note financing program in the amount of \$28,822,000 at an interest rate of 1.75%.

Capital Ordinances

On July 27, 2015, the City adopted bond ordinance 2015-7 appropriating funds for school additions and renovations in the amount of \$38,000,000, authorizing the issuance of school bonds or notes in the same amount. On October 20, 2015, the City adopted an ordinance cancelling certain unfunded appropriations balances provided for school district projects totaling \$28,000,000. The balance of Ordinance 2015-7 is now \$10,000,000.

On November 4, 2015, the City adopted a capital improvement ordinance to provide funding for police surveillance cameras in the amount of \$100,000.

Other

On September 15, 2015, the City entered into a five year lease agreement with the 400-38th Street Corp. for the use of the premises located at 400-38th Street, Suite 303, Union City, NJ. The City has the need to lease the premises as additional space for the Union City Police Department. The lease shall commence on October 1, 2015 and end on September 30, 2020. There is a five year option to renew.

REPORT OF AUDIT

SUPPLEMENTARY
INFORMATION SECTION
CURRENT FUND

CITY OF UNION CITY
JUNE 30, 2015

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance, June 30, 2014	A		\$ 10,034,962
Increased by Receipts:			
Miscellaneous Revenues Not Anticipated	A-2	\$ 258,822	
Petty Cash	A-5	2,000	
Tax Collector	A-6	104,793,367	
Revenue Accounts Receivable	A-10	39,396,838	
Interfunds	A-11	18,563,798	
State of New Jersey - Veterans and Senior Citizens Deductions	A-12	62,048	
Tax Title Liens	A-13	20,571	
Other Receivables	A-14	1,925	
Other Liabilities	A-16	1,356,000	
Other Reserves	A-17	12,675	
Prior Year Bills-Deferred Charges	A-23	54,154	
Note Payable	A-24	1,920,000	
Grants Receivable	A-25	350,671	
Reserve for Grants - Unappropriated	A-26	89,883	
		<u>166,882,752</u>	
			<u>176,917,714</u>
Decreased by Disbursements:			
Appropriations	A-3	101,248,815	
Petty Cash	A-5	2,000	
Tax Overpayments	A-8	267,380	
Interfunds	A-11	11,490,699	
Other Receivables	A-14	1,925	
Appropriation Reserves	A-15	1,289,763	
Other Liabilities	A-16	2,008,093	
Other Reserves	A-17	37,658	
Local School District Taxes Payable	A-19	18,502,365	
County Taxes Payable	A-20	15,771,847	
Accounts Payable	A-21	543,504	
Reserve for Encumbrances	A-22	3,996,417	
Deferred Charges	A-23	341,685	
Notes Payable	A-24	2,560,000	
Grants Appropriated	A-27	238,171	
		<u>158,300,322</u>	
Balance, June 30, 2015	A		<u>\$ 18,617,392</u>

EXHIBIT A-5

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF PETTY CASH

	<u>Ref.</u>	
Balance, June 30, 2014		\$ -
Increased by:		
Cash Receipts	A-4	<u>2,000</u>
		2,000
Decreased by:		
Cash Disbursements	A-4	<u>2,000</u>
		-
Balance, June 30, 2015		<u><u>\$ -</u></u>

EXHIBIT A-6

SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>		
Balance, June 30, 2014			\$ -
Increased by:			
Operating Fund:			
Taxes Receivable	A-7	\$ 96,850,069	
Tax Overpayments	A-8	211,052	
Revenue Accounts Receivable	A-10	7,591,330	
Prepaid Taxes	A-18	<u>170,629</u>	
			<u>104,823,080</u>
			104,823,080
Decreased by:			
Payments to Treasurer	A-4	104,793,367	
Tax Refunds	A-7	<u>29,713</u>	
			<u>104,823,080</u>
Balance, June 30, 2015			<u><u>\$ -</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF TAXES RECEIVABLE

Year	Balance June 30, 2014	Added and Omitted Taxes	2015 Tax Levy	2013-2014 Collections	2014-2015		Senior Citizens and Veterans Deductions	Transferred to Tax Title Liens	Adjustments/ Cancellations	Balance June 30, 2015
					Collections	(Refunds)				
2013-2014	\$ 187,172	\$ -	\$ -	\$ -	\$ 89,519	\$ (29,713)	\$ -	\$ 43,846	\$ 67,667	\$ 15,853
	187,172	-	-	-	89,519	(29,713)	-	43,846	67,667	15,853
2014-2015	-	329,767	96,802,941	93,263	96,760,550	-	60,500	-	(67,667)	286,062
	\$ 187,172	\$ 329,767	\$ 96,802,941	\$ 93,263	\$ 96,850,069	\$ (29,713)	\$ 60,500	\$ 43,846	\$ -	\$ 301,915
<u>Ref.</u>	A	Below	Below	A-18	A-6	A-6	A-12	A-13	Reserve	A
		<u>Ref.</u>								
Levy 2014-2015		Above	\$ 96,802,941						Delinquent	Current
Added Taxes		Above	329,767							
Total Municipal Levy		Below	\$ 97,132,708							
<u>Tax Levy</u>										
Local District School Tax		A-19	\$ 15,418,637				Senior Citizens' and Veterans' Deductions			60,500
County Taxes		A-20	15,717,713							
Due to County for Added Taxes		A-20	54,134							
				\$ 31,190,484			Tax Title Liens		20,571	-
Amount to be Raised by Taxes		A-2	66,838,013						\$ 80,377	\$ 96,914,313
Adjustment to Added Assessments			(895,789)					<u>Ref.</u>	Below	A-2
				65,942,224						
		Above		\$ 97,132,708			Refunds of Prior Year Taxes	A-1	\$ (29,713)	
							Receipts from Delinquent Taxes	A-2	110,090	
								Above	\$ 80,377	

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance, June 30, 2014	A		\$ 36,155
Increased by:			
Tax Judgements on Prior Year Taxes	A-1	\$ 47,385	
Cash Collections	A-6	<u>211,052</u>	
			<u>258,437</u>
			294,592
Decreased by:			
Cash Disbursements	A-4		<u>267,380</u>
Balance, June 30, 2015	A		<u><u>\$ 27,212</u></u>

**SCHEDULE OF FORECLOSED PROPERTY
AT ASSESSED VALUATIONS**

	<u>Ref.</u>		
Balance, June 30, 2014	A		<u><u>\$ 171,900</u></u>
Balance, June 30, 2015	A		<u><u>\$ 171,900</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance	Accrued	Collections		Cancelled	Balance
		June 30, 2014	in 2014-2015	Collector	Treasurer		June 30, 2015
Licenses:							
Alcoholic Beverage	A-2	\$ -	\$ 195,065	\$ 195,065	\$ -	\$ -	\$ -
Other	A-2	-	116,780	116,780	-	-	-
Fees and Permits	A-2	-	205,872	205,872	-	-	-
Fines and Costs:							
Municipal Court	A-2	-	2,578,134	2,061,231	283,758	-	233,145
Interest and Costs on Taxes	A-2	-	478,836	478,836	-	-	-
Interest on Investments and Deposits	A-2	-	20,390	-	20,390	-	-
Wedding Fees	A-2	-	36,545	36,545	-	-	-
Cable Franchise Fees	A-2	-	128,404	128,404	-	-	-
Payment in Lieu of Taxes							
Union Plaza Apartments	A-2	-	281,913	281,913	-	-	-
Union City Renaissance Urban Renewal	A-2	-	19,255	19,255	-	-	-
Palisade Urban Renewal Assoc.	A-2	-	23,418	23,418	-	-	-
Holy Rosary	A-2	-	28,903	28,903	-	-	-
Horizon Heights	A-2	-	12,787	12,787	-	-	-
Serv Properties	A-2	-	3,147	3,147	-	-	-
Suede Promotions	A-2	-	20,000	20,000	-	-	-
Consolidated Municipal Property Tax Relief Aid	A-2	-	4,208,405	-	4,208,405	-	-
Energy Receipts Taxes	A-2	-	9,541,757	-	9,541,757	-	-
Additional State School Aid	A-2	-	-	-	-	-	-
Transitional Aid	A-2	4,500,000	17,900,000	-	22,400,000	-	-
Uniform Construction Code Fees	A-2	-	1,040,343	1,040,343	-	-	-
Union City Board of Education:							
Lease Recreational Center	A-2	300,000	300,000	150,000	300,000	-	150,000
Solid Waste Removal	A-2	360,000	360,000	359,454	359,453	1,093	-
47th Street Pool	A-2	22,667	136,000	-	22,667	-	136,000
Off Duty Police Officers	A-2	17,720	107,814	-	125,534	-	-
Snow Removal	A-2	20,437	100,000	-	-	89,847	30,590
Police Services	A-2	604,569	655,000	-	1,182,903	76,666	-
School Crossing Guards	A-2	951,971	951,971	951,971	951,971	-	-
Prior Year Grant - Pedestrian Safety Grant	A-2	-	14,000	14,000	-	-	-
North Hudson Community Action Health Center Lease	A-2	-	106,560	106,560	-	-	-
Emergency Medical Services	A-2	-	877,660	877,660	-	-	-
Five Year Abatement Program	A-2	-	479,186	479,186	-	-	-
		<u>\$ 6,777,364</u>	<u>\$ 40,928,145</u>	<u>\$ 7,591,330</u>	<u>\$ 39,396,838</u>	<u>\$ 167,606</u>	<u>\$ 549,735</u>
	<u>Ref.</u>	A	A-2	A-6	A-4	A-1	A

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF INTERFUNDS RECEIVABLE/(PAYABLE)

	Ref.	Total	General Capital Fund	Other Trust Fund	Public Defender Trust Fund	Dog Licenses Trust Fund	CDA Trust Fund
Balance, June 30, 2014							
Receivable	A	\$ 2,684,910	\$ 2,352,471	\$ 332,267	\$ -	\$ 172	\$ -
Payable	A	(123,533)	-	-	-	-	(123,533)
		<u>2,561,377</u>	<u>2,352,471</u>	<u>332,267</u>	<u>-</u>	<u>172</u>	<u>(123,533)</u>
Increased by:							
Statutory Excess	A-1	4,802	-	-	-	4,802	-
Accounts Payable Cancelled	A-1	5,800	-	-	5,800	-	-
Cash Disbursements	A-4	11,490,699	10,276,267	279,870	6,600	2,888	925,074
Revenue Accounts Receivable	A-10	-	-	-	-	-	-
Transferred Deferred Charges	A-23	-	-	-	-	-	-
		<u>11,501,301</u>	<u>10,276,267</u>	<u>279,870</u>	<u>12,400</u>	<u>7,690</u>	<u>925,074</u>
Decreased by:							
Anticipated Revenue	A-2, A-10	-	-	-	-	-	-
Charges to 2015 Appropriations	A-3	100,000	100,000	-	-	-	-
Cash Receipts	A-4	18,563,798	17,461,598	-	6,200	-	1,096,000
Charges to 2014 Appropriation Reserves	A-15	-	-	-	-	-	-
Transfer Other Liability - Due to Parking Authority	A-16	-	-	-	-	-	-
		<u>18,663,798</u>	<u>17,561,598</u>	<u>-</u>	<u>6,200</u>	<u>-</u>	<u>1,096,000</u>
Balance, June 30, 2015							
Receivable	A	626,199	-	612,137	6,200	7,862	-
Payable	A	(5,227,319)	(4,932,860)	-	-	-	(294,459)
		<u>\$ (4,601,120)</u>	<u>\$ (4,932,860)</u>	<u>\$ 612,137</u>	<u>\$ 6,200</u>	<u>\$ 7,862</u>	<u>\$ (294,459)</u>
Interfund Returned	A-1	\$ 3,389,557	\$ 3,095,098	\$ -	\$ -	-	294,459
Interfund Advanced	A-1	626,199	-	612,137	6,200	7,862	-

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF DUE TO THE STATE OF NEW JERSEY
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

	<u>Ref.</u>		
Balance, June 30, 2014	A		\$ 33,346
Increased by:			
Senior Citizens' and Veterans' Deductions			
Disallowed by Tax Collector (Net)	Below	\$ 5,500	
Cash Receipts	A-4	<u>62,048</u>	
			<u>67,548</u>
			100,894
Decreased by:			
Senior Citizens' and Veterans' Deductions			
Per Tax Billings (Net)	Below	65,750	
Senior Citizens' and Veterans' Deductions			
Allowed by Tax Collector (Net)	Below	<u>250</u>	
			<u>66,000</u>
Balance, June 30, 2015	A		<u><u>\$ 34,894</u></u>

Analysis of State's Share of Senior Citizens' and Veterans' Deductions

Senior Citizens' and Veterans' Deductions (Net):			
Per Tax Billings	Above	\$ 65,750	
Allowed by Tax Collector	Above	250	
Disallowed by Tax Collector	Above	<u>(5,500)</u>	
	A-7		<u><u>\$ 60,500</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance, June 30, 2014	A	\$ 81,018
Increased by:		
Transfer from Taxes Receivable	A-7	<u>43,846</u>
		124,864
Decreased by:		
Cash Receipts	A-4	<u>20,571</u>
Balance, June 30, 2015	A	<u><u>\$ 104,293</u></u>

THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE OF OTHER RECEIVABLES

	<u>Balance June 30, 2014</u>	<u>Cash Disbursements</u>	<u>Transfer from FY14 Appropriation Reserves</u>	<u>Cash Receipts</u>	<u>Balance June 30, 2015</u>
Due from Redevelopment Agency	\$ 18,361	\$ -	\$ 1,430		\$ 16,931
Due from City Employee	<u>-</u>	<u>1,925</u>	<u>-</u>	<u>1,925</u>	<u>-</u>
Total Other Receivables	<u>\$ 18,361</u>	<u>\$ 1,925</u>	<u>\$ 1,430</u>	<u>\$ 1,925</u>	<u>\$ 16,931</u>
<u>Ref.</u>	<u>A</u>	<u>A-4</u>	<u>A-15</u>	<u>A-4</u>	<u>A</u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
STATEMENT OF APPROPRIATION RESERVES**

Expenditures	Ref.	Balance June 30, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations within "CAPS"					
DEPARTMENT OF PUBLIC AFFAIRS					
Director's Office					
Salaries and Wages		\$ 628	\$ 628	\$ -	\$ 628
Other Expenses		652	952	800	152
Municipal Court					
Salaries and Wages		4,584	1	-	1
Other Expenses		115	32,324	26,639	5,685
Public Defender					
Other Expenses		50	14,800	14,800	-
Senior Citizens					
Salaries and Wages		507	7	-	7
Other Expenses		10,984	4,529	4,366	163
Hispanic/Cultural Affairs					
Other Expenses		5	5,991	2,684	3,307
North Hudson Council of Mayors					
Other Expenses		8,841	25,895	17,053	8,842
Municipal Land Use Law (NJS 40:55D-1)					
Regional Planning Board					
Salaries and Wages		600	600	-	600
Other Expenses		384	4,171	4,169	2
Continuous Planning Program		1,245	2,401	2,400	1
Veterans Affairs					
Salaries and Wages		1,854	1	-	1
Other Expenses		500	-	-	-
Celebration of Public Events					
Other Expenses		87	5,092	4,153	939
Total Department of Public Affairs		<u>31,036</u>	<u>97,392</u>	<u>77,064</u>	<u>20,328</u>
Detail:					
Salaries and Wages		8,173	1,237	-	1,237
Other Expenses		<u>22,863</u>	<u>96,155</u>	<u>77,064</u>	<u>19,091</u>
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office					
Other Expenses		27	27	-	27
City Clerk's Office					
Salaries and Wages		2,137	-	-	-
Other Expenses		11,983	11,120	10,705	415
Treasurer's Office					
Salaries and Wages		1,398	1	-	1
Other Expenses		13,890	42,173	42,072	101
Assessment of Taxes					
Salaries and Wages		1,390	90	-	90
Other Expenses		3,335	2,035	322	1,713
Collection of Taxes					
Other Expenses		23,674	5,674	5,518	156
Central Purchasing					
Salaries and Wages		5,838	1	-	1
Other Expenses		213	213	(176)	389
Rent Control Board					
Salaries and Wages		498	1	-	1
Other Expenses		11,481	34,006	33,983	23

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
STATEMENT OF APPROPRIATION RESERVES**

Expenditures	Ref.	Balance June 30, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
DEPARTMENT OF REVENUE AND FINANCE					
(Continued)					
Insurance					
General Liability		\$ 48,463	\$ 1,463	\$ 526	\$ 937
Workers Compensation		4,954	4,954	591	4,363
Employee Group Health		310,332	2,332	(364)	2,696
Tax Searches					
Salaries and Wages		300	1	-	1
Other Expenses		100	-	-	-
Elections					
Salaries and Wages		16,417	17	-	17
Other Expenses		277	18,695	17,151	1,544
Membership NJ League of Municipalities					
Other Expenses		114	-	-	-
Annual Audit					
Other Expenses		70,000	70,000	69,400	600
Postage-All Departments					
Other Expenses		4,038	6,247	5,907	340
Data Processing					
Other Expenses		737	-	(1,590)	1,590
CDA Operations					
Salaries and Wages		1	1	-	1
Total Department of Revenue and Finance		<u>531,597</u>	<u>199,051</u>	<u>184,045</u>	<u>15,006</u>
Detail:					
Salaries and Wages		27,979	112	-	112
Other Expenses		503,618	198,939	184,045	14,894
DEPARTMENT OF PUBLIC SAFETY					
Director's Office					
Salaries and Wages		2,356	6	-	6
Other Expenses		1,207	3,807	2,998	809
Weddings					
Salaries and Wages		350	350	-	350
Legal Department					
Salaries and Wages		1,000	1	-	1
Other Expenses		20,558	26,366	(7,437)	33,803
Police Department					
Salaries and Wages		1	1	-	1
Other Expenses		-	28,100	2,655	25,445
Traffic Signs and Safety					
Other Expenses		330	52,023	52,022	1
Emergency Management Services					
Salaries and Wages		1	1	1	-
Other Expenses		15	15	(3,300)	3,315
Emergency Medical Services					
Salaries and Wages		1	1	-	1
Other Expenses		10,458	2,003	(407)	2,410
Life Hazard Use Fee-Uniform Fire Safety					
Salaries and Wages		1,417	17	-	17
Other Expenses		2,899	199	97	102
Contribution to Union City Redevelopment Agency		1,812	1,812	1,812	-

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
STATEMENT OF APPROPRIATION RESERVES**

Expenditures	Ref.	Balance June 30, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
DEPARTMENT OF PUBLIC SAFETY					
(Continued)					
Board of Health					
Salaries and Wages		\$ 810	\$ 595	\$ 594	\$ 1
Other Expenses		4,256	256	(295)	551
Divisions of Inspections					
Other Expenses		3,972	72	-	72
Welfare					
Relocation Assistance		2,724	2,724	(7,356)	10,080
School Crossing Guards					
Salaries and Wages		8,453	(322)	(326)	4
Other Expenses		27	(183)	(183)	-
Total Department of Public Safety		<u>62,647</u>	<u>117,844</u>	<u>40,875</u>	<u>76,969</u>
Detail:					
Salaries and Wages		14,389	650	269	381
Other Expenses		<u>48,258</u>	<u>114,470</u>	<u>47,962</u>	<u>66,508</u>
DEPARTMENT OF PUBLIC WORKS					
Director's Office					
Salaries and Wages		1,301	1,301	-	1,301
Other Expenses		21	561	560	1
Street Cleaning					
Other Expenses		295	970	287	683
Streets Repairs and Maintenance					
Other Expenses		3,582	3,582	(1,201)	4,783
Snow Removal					
Salaries and Wages		11,507	7	-	7
Other Expenses		16,448	4,644	1,061	3,583
Board of Adjustment					
Other Expenses		39,451	4,113	3,313	800
Solid Waste Disposal					
Other Expenses		237,553	646,478	646,477	1
Recycling Program					
Other Expenses		31,001	31,001	27,373	3,628
Public Assistance					
Other Expenses		2,847	13,115	1,846	11,269
Engineering Services					
Other Expenses		17,930	96,301	75,149	21,152
Total Department of Public Works		<u>361,936</u>	<u>802,073</u>	<u>754,865</u>	<u>47,208</u>
Detail:					
Salaries and Wages		12,808	1,308	-	1,308
Other Expenses		<u>349,128</u>	<u>800,765</u>	<u>754,865</u>	<u>45,900</u>
DEPARTMENT OF PARKS AND PUBLIC PROPERTY					
Director's Office					
Salaries and Wages		24	4	-	4
Other Expenses		1,064	10,279	10,278	1
Parks and Playgrounds					
Salaries and Wages		9,200	-	-	-
Other Expenses		1,420	31,620	31,215	405
Public Buildings and Grounds					
Other Expenses		95	45,295	35,270	10,025

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
STATEMENT OF APPROPRIATION RESERVES**

Expenditures	Ref.	Balance June 30, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
DEPARTMENT OF PARKS AND PUBLIC PROPERTY					
(Continued)					
Recreation					
Salaries and Wages		\$ 99,760	\$ 10	\$ -	\$ 10
Other Expenses		323	34,160	28,060	6,100
47th Street Pool		40,009	40,009	-	40,009
Total Department of Parks and Public Property		<u>151,895</u>	<u>161,377</u>	<u>104,823</u>	<u>56,554</u>
Detail:					
Salaries and Wages		108,984	14	-	14
Other Expenses		<u>42,911</u>	<u>161,363</u>	<u>104,823</u>	<u>56,540</u>
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code Officials:					
Salaries and Wages		31,450	17,983	-	17,983
Other Expenses		6,489	38,573	38,132	441
Sub-Code Officials:					
Plumbing Inspector					
Salaries and Wages		15,000	7,383	-	7,383
Other Expenses		1,500	1,500	-	1,500
Electrical Inspector					
Salaries and Wages		4,827	4,827	-	4,827
Elevator Inspector					
Other Expenses		11,736	736	-	736
Fire Inspector					
Salaries and Wages		5,415	5,415	-	5,415
Other Expenses		-	-	-	-
Total Uniform Construction Code		<u>76,417</u>	<u>76,417</u>	<u>38,132</u>	<u>38,285</u>
Detail:					
Salaries and Wages		56,692	35,608	-	35,608
Other Expenses		<u>19,725</u>	<u>40,809</u>	<u>38,132</u>	<u>2,677</u>
UNCLASSIFIED					
Retirement Benefits		28,551	1	-	1
Gasoline		31,809	101,020	101,018	2
Telephone		538	18,208	17,623	585
Electricity		27,346	27,346	21,177	6,169
Water		19,355	19,355	9,075	10,280
Natural Gas		50,633	25,633	29	25,604
Street Lighting		2,891	2,891	-	2,891
Sewer		6,690	6,690	-	6,690
Fire Hydrants		10,810	24,020	24,018	2
Printing-All Departments		18,347	8,347	-	8,347
Photocopying		4,693	2,387	2,294	93
Fleet Maintenance & Repairs		7,954	35,723	5,998	29,725
Total Unclassified		<u>209,617</u>	<u>271,621</u>	<u>181,232</u>	<u>90,389</u>
Detail:					
Other Expenses		<u>209,617</u>	<u>271,621</u>	<u>181,232</u>	<u>90,389</u>
TOTAL OPERATIONS WITHIN "CAPS"		<u>1,425,145</u>	<u>1,725,775</u>	<u>1,381,036</u>	<u>344,739</u>
Detail					
Salaries and Wages		229,025	38,929	269	38,660
Other Expenses		<u>1,196,120</u>	<u>1,684,122</u>	<u>1,388,123</u>	<u>295,999</u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures - Contributions to:					
Public Employees Retirement System		\$ 1	\$ 1	\$ -	\$ 1
Consolidated Police and Firemen's Pension Fund		1	1	-	1
Unemployment Insurance		44,883	12,253	12,251	2
Defined Contribution Retirement Plan		1	1	-	1
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"		<u>44,886</u>	<u>12,256</u>	<u>12,251</u>	<u>5</u>
Total General Appropriations for Municipal Purposes Within "CAPS"		<u>1,470,031</u>	<u>1,738,031</u>	<u>1,393,287</u>	<u>344,744</u>
OTHER OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library		78,298	78,298	78,298	-
Contribution to North Hudson Fire & Rescue Joint Meeting		268,470	470	-	470
Total Other Operations Excluded from "CAPS"		<u>346,768</u>	<u>78,768</u>	<u>78,298</u>	<u>470</u>
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Union City Board of Education					
Off Duty Police Officers		17,720	17,720	-	17,720
Total Interlocal Municipal Service Agreements		<u>17,720</u>	<u>17,720</u>	<u>-</u>	<u>17,720</u>
Total Operations Excluded from "CAPS"		<u>364,488</u>	<u>96,488</u>	<u>78,298</u>	<u>18,190</u>
Detail					
Other Expenses		<u>364,488</u>	<u>96,488</u>	<u>78,298</u>	<u>18,190</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
41st Street Sewer and Street Repair		11,604	11,604	-	11,604
		<u>11,604</u>	<u>11,604</u>	<u>-</u>	<u>11,604</u>
TOTAL GENERAL APPROPRIATIONS		<u>\$ 1,846,123</u>	<u>\$ 1,846,123</u>	<u>\$ 1,471,585</u>	<u>\$ 374,538</u>
	Ref.	A		Below	A-1
Cash Disbursements	A-4			\$ 1,289,763	
Due from Union City Redevelopment Agency	A-14			1,430	
Maintenance of Free Public Library	A-17			76,984	
Transfer to Accounts Payable	A-21			<u>103,408</u>	
	Above			<u>\$ 1,471,585</u>	

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF OTHER INTERGOVERNMENTAL LIABILITIES

	<u>Balance June 30, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2015</u>
Due to:				
North Hudson Sewerage Authority	\$ 2,401,451	\$ 1,319,808	\$ 1,961,592	\$ 1,759,667
NJ Construction Code Fees	<u>27,416</u>	<u>36,192</u>	<u>46,501</u>	<u>17,107</u>
	<u>\$ 2,428,867</u>	<u>\$ 1,356,000</u>	<u>\$ 2,008,093</u>	<u>\$ 1,776,774</u>
<u>Ref.</u>	A	A-4	A-4	A

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF OTHER RESERVES

	<u>Balance June 30, 2014</u>	<u>Increased by</u>	<u>Decreased by</u>	<u>Balance June 30, 2015</u>	
Liquor License Retirement and Escrow	\$ 40,830	\$ 12,675	\$ 15,000	\$ 38,505	
Library Bills	83,341	76,984	-	160,325	
Outside Lien Holder	2,022	-	-	2,022	
COAH Security Deposit	34,689	-	-	34,689	
Reserve for Prior Year Bills	21,196	-	21,196	-	
Reserve for Parking Authority Surcharge	45,102	-	45,102	-	
	<u>\$ 227,180</u>	<u>\$ 89,659</u>	<u>\$ 81,298</u>	<u>\$ 235,541</u>	
	<u>Ref.</u>	A	Below	Below	A
Cash Receipts	A-4		\$ 12,675	\$ -	
Cash Disbursements	A-4		-	37,658	
Charges to 2014 Appropriation Reserves	A-15		76,984	-	
Budget Operations	A-1		-	43,640	
	Above		<u>\$ 89,659</u>	<u>\$ 81,298</u>	

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, June 30, 2014	A	\$ 93,263
Increased by:		
Cash Collections	A-6	<u>170,629</u>
		263,892
Decreased by:		
Applied to 2015 Taxes	A-7	<u>93,263</u>
Balance, June 30, 2015	A	<u><u>\$ 170,629</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	Ref.	
Balance, June 30, 2014	A	\$ 12,334,910
Increased by:		
Levy School Year	A-1, A-2, A-7	<u>15,418,637</u> 27,753,547
Decreased by:		
Cash Disbursements	A-4	<u>18,502,365</u>
Balance, June 30, 2015	A	<u><u>\$ 9,251,182</u></u>

SCHEDULE OF COUNTY TAXES PAYABLE

	Ref.		
Balance, June 30, 2014	A		\$ -
Increased by:			
County Taxes	A-7	\$ 15,717,713	
Added Taxes	A-7	<u>54,134</u>	
	A-1, A-2		<u>15,771,847</u> 15,771,847
Decreased by:			
Cash Disbursements	A-4		<u>15,771,847</u>
Balance, June 30, 2015	A		<u><u>\$ -</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2014	A	\$ 543,504
Increased by:		
Charges to Appropriation Reserves	A-15	<u>103,408</u>
		646,912
Decreased by:		
Cash Disbursements	A-4	<u>543,504</u>
Balance, June 30, 2015	A	<u><u>\$ 103,408</u></u>

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>		
Balance, June 30, 2014	A		\$ 3,996,417
Increased by:			
Charges to 2014 Appropriations	A-3	\$ 1,317,082	
Grants Appropriated	A-27	<u>422,913</u>	
			<u>1,739,995</u>
			5,736,412
Decreased by:			
Cash Disbursements	A-4		<u>3,996,417</u>
Balance, June 30, 2015	A		<u><u>\$ 1,739,995</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF DEFERRED CHARGES

	<u>Balance June 30, 2014</u>	<u>Increased by: Adjustments to Income before Fund Balance</u>	<u>Decreased by: Budget Appropriations</u>	<u>Balance June 30, 2015</u>
Expenditures without Appropriations:				
Current Fund				
Other Expenses	\$ 18,782	\$ -	\$ 18,782	\$ -
Salaries and Wages Balance Adjustment	554	-	554	-
Grant Fund				
Pedestrian Safety Grant	14,000	-	14,000	-
Overexpended Trust Fund Reserve:				
Other Expenses	208,214	(54,154)	26,391	127,669
Overexpended Grant Fund:				
Municipal Alliance Grant	17,477	-	-	17,477
State of Emergency Related to Snow Storms	-	232,845	-	232,845
Prior Year Bills	-	341,685	341,685	-
Cancelled Grants Receivable	752,357	-	252,000	500,357
Retirement Benefits (5 Years Future Taxation)	<u>2,560,000</u>	<u>470,372</u>	<u>640,000</u>	<u>2,390,372</u>
	<u>\$ 3,571,384</u>	<u>\$ 990,748</u>	<u>\$ 1,293,412</u>	<u>\$ 3,268,720</u>
	<u>Ref.</u>	A	Below	A-3
Special Emergencies - 1 Year	A-1		\$ 232,845	
Special Emergencies - 5 Years	A-1, A-3		470,372	
Change in Appropriation Reserve Balance	A-4		(54,154)	
Prior Year Bills-Cash Disbursed	A-4		<u>341,685</u>	
	Above		<u>\$ 990,748</u>	

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF NOTE PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2014	A	\$ 2,560,000
Increased by:		
Cash Receipts	A-4	<u>1,920,000</u>
		4,480,000
Decreased by:		
Cash Disbursement	A-4	<u>2,560,000</u>
Balance, June 30, 2015	A	<u><u>\$ 1,920,000</u></u>

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF GRANTS RECEIVABLE

	Balance June 30, 2014	SFY 2015 Budget Revenue Realized	Received	Transfer from Unappropriated Reserve	Reprogrammed/ Cancelled	Balance June 30, 2015
STATE GRANTS						
NJ Department of Transportation						
Transportation Trust Fund:						
West Street - Phase III FY13 Discretionary Aid	\$ 201,509	\$ -	\$ -	\$ -	\$ -	\$ 201,509
West Street - Phase III FY13 Municipal Aid	137,967					137,967
West Street - Phase III FY13 Urban Aid	99,090					99,090
Summit Avenue Section 3	260,000		82,883			177,117
Summit Avenue Section 3 - FY15 Discretionary Aid		350,000				350,000
Summit Avenue Section 3 - FY15 Urban Aid		98,470				98,470
Summit Avenue Section 4 - FY15 Discretionary Aid		200,000				200,000
Summit Avenue Section 4 - FY15 Municipal Aid		399,815				399,815
NJ Department of Environmental Protection:						
Statewide Livable Communities Aid -						
Municipal Owned Historic Buildings	50,000				(50,000)	-
Green Acres Trust Fund Grant - Reservoir Purchase	650,000					650,000
NJ Administrative Office of the Courts:						
Alcohol Education	-	3,368		3,368		-
Alcohol Education-Jr. Police Academy		6,000				6,000
NJ Office of Emergency Management:						
Emergency Management Grant	5,000				(5,000)	-
Emergency Management Grant		5,000				5,000
NJ Department of Treasury:						
Passed through County of Hudson:						
Municipal Alliance on Alcoholism and Drug Abuse 10	13,082				(13,082)	-
Municipal Alliance on Alcoholism and Drug Abuse 11	39,019				(39,019)	-
Municipal Alliance on Alcoholism and Drug Abuse 12	6,002				(6,002)	-
Municipal Alliance on Alcoholism and Drug Abuse 14	33,172		33,172			-
Municipal Alliance on Alcoholism and Drug Abuse 15	57,412		46,300			11,112
PORT AUTHORITY OF NEW YORK AND NEW JERSEY GRANTS						
Various Street Improvements	500,000					500,000
Various Street Improvements	2,862,395					2,862,395
COUNTY OF HUDSON GRANTS						
Open Space Trust Fund:						
Ellsworth Park Improvements	500,000					500,000
Washington Park Improvements	-	12,435		12,435		-
15th Street Library Glass	35,000					35,000
Doric Park (Firemen's Memorial Park)	400,000					400,000
Drug Free Community	-	26,000	13,000			13,000
FEDERAL GRANTS						
US Department of Agriculture:						
Passed through State of NJ Department of Agriculture:						
Summer Food Program FY14	126,588					126,588
Summer Food Program FY15		173,311	171,316			1,995
U.S. Department of Health and Human Services:						
Strengthening Union City Families	375,818				(375,818)	-
U.S. Department of Labor:						
Summer Youth Program	197,175					197,175
U.S. Department of Justice:						
Bulletproof Vest Partnership Program	2,641					2,641
Bulletproof Vest Partnership Program	1,462					1,462
Community Oriented Policing Services (COPS) -						
Secure Our Schools	31,966				(31,966)	-
Secure Our Schools	58,025				(58,025)	-
Law Technology Project	158,925					158,925
ARRA - Hiring Recovery Program	6,612					6,612
Passed through State of NJ Department of Law and Public Safety:						
Passed through County of Hudson:						
Byrne Justice Assistance Program	27,424				(27,424)	-
Byrne Justice Assistance Program	30,851					30,851
Byrne Justice Assistance Program		27,769				27,769

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance June 30, 2014</u>	<u>SFY 2015 Budget Revenue Realized</u>	<u>Received</u>	<u>Transfer from Unappropriated Reserve</u>	<u>Reprogrammed/ Cancelled</u>	<u>Balance June 30, 2015</u>
FEDERAL GRANTS (Continued)						
U.S. Department of Transportation:						
State Aid Highway Project -						
Resurface Street -						
Central Avenue	\$ 35,593	\$ -	\$ -	\$ -	\$ (35,593)	-
Central Avenue	30,579				(30,579)	-
Transportation Trust Fund	652,403					652,403
Passed through State of NJ Department of Law and Public Safety:						
Click It or Ticket	4,000		4,000			-
Distracted Driving Crackdown	5,000					5,000
Passed through State of NJ Department of Transportation:						
Discretionary Program	64,000	-	-		-	64,000
Purchase of Senior Citizen Van	125,000	-	-		-	125,000
Purchase of Ambulance	75,000	-	-		(75,000)	-
FEDERAL GRANTS (Continued)						
U.S. Department of Transportation: (Continued)						
Passed through State of NJ Department of Transportation: (Continued)						
29th Street Improvements	20,862	-	-		-	20,862
25th Street Improvements	100,000	-	-		-	100,000
Central Avenue	49,246	-	-		-	49,246
Various Streets	63,388	-	-		-	63,388
Various Streets	243,434	-	-		-	243,434
Signal Improvement Project	87,013	-	-		-	87,013
Mountain Road	280,800	-	-		-	280,800
Mountain Road	308,653	-	-		-	308,653
U.S. Department of Energy:						
ARRA - Energy Efficiency & Conservation Block Grant	92,770	-		-	-	92,770
Total Grants	<u>\$ 9,104,876</u>	<u>\$ 1,302,168</u>	<u>\$ 350,671</u>	<u>\$ 15,803</u>	<u>\$ (747,508)</u>	<u>\$ 9,293,062</u>
	<u>Ref.</u>					
	A	Below	A-4	A-26	A-1	A
Budget Appropriations	A-2	\$ 676,353				
Revenues added by N.J.S. 40A:4-87	A-2	625,815				
	Above	<u>\$ 1,302,168</u>				

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	<u>Balance June 30, 2014</u>	<u>Transferred to Budget</u>	<u>Cash Receipts</u>	<u>Balance June 30, 2015</u>
STATE GRANTS:				
NJ Administrative Office of the Courts:				
Alcohol Education	\$ 3,368	\$ 3,368	\$ -	\$ -
NJ Department of Environmental Protection:				
Clean Communities	-		89,883	89,883
Total State Grants	<u>3,368</u>	<u>3,368</u>	<u>89,883</u>	<u>89,883</u>
HUDSON COUNTY GRANT:				
Open Space Trust Fund:				
Washington Park Improvements	<u>12,435</u>	<u>12,435</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,803</u>	<u>\$ 15,803</u>	<u>\$ 89,883</u>	<u>\$ 89,883</u>
<u>Ref.</u>	A	A-25	A-4	A

EXHIBIT A-27

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	Year	Balance June 30, 2014	City Match	Transferred from 2015		Reprogrammed/ Cancelled	Balance June 30, 2015
				Budget Appropriations	Expended		
STATE GRANTS							
NJ Department of Transportation							
Transportation Trust Fund:							
West Street - Phase II	2011 - 2012	\$ 47,380	\$ -	\$ -	\$ 13,430	\$ -	\$ 33,950
West Street - Phase III FY13 Urban Aid	2013 - 2015	90	-	-	-	-	90
West Street - Phase III FY13 Discretionary Aid	2013 - 2015	164,176	-	-	10,079	-	154,097
Summit Avenue Section 3 - Municipal Aid	2014 - 2015	260,000	-	-	-	-	260,000
Summit Avenue Section 3 - Discretionary Aid	2014 - 2015	-	-	350,000	-	-	350,000
Summit Avenue Section 3 - Urban Aid	2014 - 2015	-	-	98,470	-	-	98,470
Summit Avenue Section 4 - Discretionary Aid	2014 - 2015	-	-	399,815	-	-	399,815
Summit Avenue Section 4 - Municipal Aid	2014 - 2015	-	-	200,000	-	-	200,000
NJ Office of Emergency Management:							
Emergency Management Grant	2015	-	5,000	5,000	-	-	10,000
NJ Department of Law and Public Safety:							
NJ Division of Criminal Justice:							
Body Armor Fund	2009 - 2010	497	-	-	-	497	-
Body Armor Fund	2011 - 2012	17	-	-	-	17	-
Body Armor Fund	2012 - 2013	588	-	-	-	588	-
NJ Department of Environmental Protection:							
Tree Planting Grant	2012 - 2013	-	-	-	(500)	-	500
Clean Communities Challenge Grant	2013 - 2014	78,686	-	-	78,357	-	329
Statewide Livable Communities:							
Historic Buildings	2004 - 2005	50,000	-	-	-	50,000	-
Recycling Tonnage	2011 - 2012	66,289	-	-	66,289	-	-
NJ Administrative Office of the Courts:							
Alcoholic Education	2010 - 2011	1,142	-	-	-	-	1,142
Alcoholic Education	2012 - 2013	4,170	-	-	-	-	4,170
Alcoholic Education	2013 - 2014	2,216	-	-	-	-	2,216
Alcoholic Education	2013 - 2014	-	-	3,368	-	-	3,368
Alcohol Education-Jr. Police Academy	2014 - 2015	-	-	6,000	5,978	-	22
NJ Department of Treasury:							
NJ Division of Motor Vehicles:							
Drunk Driving Enforcement Fund	2011 - 2012	5,963	-	-	(142)	5,963	142
Drunk Driving Enforcement Fund	2013 - 2014	7,995	-	-	-	-	7,995
Municipal Alliance to Prevent Alcoholism and Drug Abuse	2013	171	-	-	-	171	-
Municipal Alliance to Prevent Alcoholism and Drug Abuse	2014	297	-	-	(515)	297	515
Municipal Alliance to Prevent Alcoholism and Drug Abuse	2015	57,412	-	-	53,412	-	4,000
Municipal Alliance to Prevent Alcoholism and Drug Abuse	2016	-	14,353	-	4,188	-	10,165
Total State Grants		<u>747,089</u>	<u>19,353</u>	<u>1,062,653</u>	<u>230,576</u>	<u>57,533</u>	<u>1,540,986</u>
COUNTY OF HUDSON GRANTS							
Open Space Trust Fund							
Ellsworth Park Improvements	2014 - 2016	500,000	-	-	133,575	-	366,425
Drug Free Community	2015	-	-	26,000	20,500	-	5,500
Washington Park Improvements	2014	-	-	12,435	-	-	12,435
15th St Library	2008	35,000	-	-	-	35,000	-
Total County Grants		<u>535,000</u>	<u>-</u>	<u>38,435</u>	<u>154,075</u>	<u>35,000</u>	<u>384,360</u>
FEDERAL GRANTS							
U.S. Department of Agriculture:							
Passed through NJ Department of Agriculture:							
Summer Food Program FY14	2013 - 2014	13,582	-	-	-	13,582	-
Summer Food Program FY15	2014 - 2015	-	-	173,311	168,577	-	4,734
U.S. Department of Health and Human Services:							
Strengthening Union City Families	2010 - 2011	136,304	-	-	-	136,304	-
Strengthening Union City Families	2011 - 2012	129,586	-	-	-	129,586	-
U.S. Department of Justice:							
Passed through State of NJ Department of Law and Public Safety:							
Community Oriented Policing Services (COPS):							
Secure Our Schools	2010 - 2011	152,841	-	-	-	152,841	-
Law Technology Project	2010 - 2011	150,973	-	-	83,542	(7,622)	75,053
ARRA - Hiring Recovery Program	2009 - 2010	207,881	-	-	-	207,881	-
Passed through State of NJ Department of Law and Public Safety:							
Passed through County of Hudson:							
Byrne Justice Assistance Grant	2015	-	-	27,769	10,940	-	16,829
Byrne Justice Assistance Grant	2014	6,253	-	-	6,253	-	-
Byrne Justice Assistance Grant	2013	4,663	-	-	4,663	-	-

EXHIBIT A-27

**THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	Year	Balance June 30, 2014	Transferred from 2015			Reprogrammed/ Cancelled	Balance June 30, 2015
			City Match	Budget Appropriations	Expended		
U.S. Department of Transportation:							
Passed through NJ Department of Transportation:							
Highway Planning and Construction -							
Metropolitan Planning Organization -							
Mountain Road	2011 - 2012	\$ 5,589	\$ -	\$ -	\$ -	\$ 5,589	\$ -
Mountain Road	2012 - 2013	-	-	-	2,458	(13,802)	11,344
Passed through State of NJ Department of Law and Public Safety:							
Click-it or Ticket	2013 -2014	-	-	-	-	-	-
Distracted Driving Crackdown	2014	-	-	-	-	-	-
U.S. Department of Energy:							
ARRA - Energy Efficiency & Conservation Block Grant	2009 - 2010	73,709	-	-	-	-	73,709
Total Federal Grants		<u>881,381</u>	<u>-</u>	<u>201,080</u>	<u>276,433</u>	<u>624,359</u>	<u>181,669</u>
Total		<u>\$ 2,163,470</u>	<u>\$ 19,353</u>	<u>\$ 1,302,168</u>	<u>\$ 661,084</u>	<u>\$ 716,892</u>	<u>\$ 2,107,015</u>
	Ref.	A	A-3	A-3	Below	A-1	A
Cash Disbursements	A-4				\$ 238,171		
Reserve for Encumbrances	A-22				<u>422,913</u>		
	Above				<u>\$ 661,084</u>		

THE CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE OF RESERVE FOR NEIGHBORHOOD HOUSING

	<u>Ref.</u>	
Balance, June 30, 2014	A	\$ 1,824
Balance, June 30, 2015	A	<u>\$ 1,824</u>

REPORT OF AUDIT

SUPPLEMENTARY
INFORMATION SECTION
TRUST FUNDS

CITY OF UNION CITY
JUNE 30, 2015

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF CASH AND CASH EQUIVALENTS - DOG LICENSE FUND

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 12,652
Increased by:			
Sale of Dog Licenses - State	B-2	\$ 1,102	
Sale of Dog Licenses - City	B-3	4,363	
Sale of Dog Licenses - Late Fees	B-3	580	
Due to Current Fund	B-4	<u>89</u>	
			<u>6,134</u>
Balance, June 30, 2015	B		<u><u>\$ 18,786</u></u>

SCHEDULE OF DUE TO THE STATE OF NEW JERSEY - DOG LICENSE FUND

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 4,019
Increased by:			
State Fees Collected:			
Cash Receipts	B-1		<u>1,102</u>
			5,121
Decreased by:			
Transmitted to State - by Current Fund	B-4		<u>1,567</u>
Balance, June 30, 2015	B		<u><u>\$ 3,554</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF RESERVE FOR DOG LICENSE FUND EXPENDITURES

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 8,461
Increased by:			
Cash Receipts - Dog Licenses	B-1	\$ 4,363	
Cash Receipts - Late Fees	B-1	<u>580</u>	
			<u>4,943</u>
			13,404
Decreased by:			
Expenditures Paid by Current Fund	B-4	1,232	
Statutory Excess	B-4	<u>4,802</u>	
			<u>6,034</u>
Balance, June 30, 2015	B		<u><u>\$ 7,370</u></u>

LICENSE FEES COLLECTED

2013	\$	3,875	
2014		<u>3,495</u>	
			<u><u>\$ 7,370</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF DUE TO CURRENT FUND - DOG LICENSE FUND

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 172
Increased by:			
Transmitted to State	B-2	\$ 1,567	
Reserve for Expenditures	B-3	1,232	
Statutory Excess	B-3	4,802	
Due to Current	B-1	<u>89</u>	
			<u>7,690</u>
Balance, June 30, 2015	B		<u><u>\$ 7,862</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF CASH AND CASH EQUIVALENTS - OTHER TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 6,663,334
Increased by Cash Receipts:			
Reserve for Other Trust Fund Activity	B-8	\$ 7,164,015	
Due to Current Fund	B-9	<u>13,259,283</u>	
			<u>20,423,298</u>
			27,086,632
Decreased by Cash Disbursements:			
Reserve for Other Trust Fund Activity	B-9	13,699,596	
Due to Current Fund	B-8	<u>4,779,586</u>	
			<u>18,479,182</u>
Balance, June 30, 2015	B		<u><u>\$ 8,607,450</u></u>

SCHEDULE OF DUE FROM PROPERTY OWNERS - OTHER TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 51,029
Increased by:			
Reserve for Other Trust Fund Activity	B-8		<u>18,768</u>
Balance, June 30, 2015	B		<u><u>\$ 69,797</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF DUE FROM GENERAL CAPITAL FUND - OTHER TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2014	B	\$ 18,090
Increased by:		
Reserve for Other Trust Fund Activity - Received in General Capital Fund	B-8	<u>200,000</u>
Balance, June 30, 2015	B	<u><u>\$ 218,090</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF RESERVE FOR OTHER TRUST FUND ACTIVITY

	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015
Accumulated Absences Trust	\$ 37,495	\$ -	\$ -	\$ 37,495
Bankruptcy for Tax Collector	257	-	-	257
Battered Wives	9,490	12,852	12,224	10,118
COAH	146,353	126,384	7,425	265,312
Court Bails	13,955	-	-	13,955
DARE Donations	1,845	-	-	1,845
DEA	109,194	-	57,933	51,261
Developer's Escrow	55,962	174,760	-	230,722
Disposal of Forfeited Property-HCLET	64,975	29,544	53,115	41,404
Fire Victims Fund	8,221	420	6,075	2,566
Hardship Fees - Rent Control	624	-	-	624
Insurance Proceeds	19,793	7,514	14,330	12,977
Outside Lien Holders - New	640,471	136	60,984	579,623
Outside Lien Holders - Old	127	-	-	127
Parking Authority Surcharge	7,383	355,181	128,404	234,160
P.O.A.A	17,424	68,056	79,200	6,280
Police Details	(221,727)	901,399	833,731	(154,059)
Premium of Tax Lien Sale	4,511,810	5,371,900	4,367,597	5,516,113
Prisoners' Property	13,077	-	-	13,077
Recycling Funds	51,140	-	-	51,140
Relocation Program	900	-	-	900
Reserve for EMS	-	196,917	196,917	-
Snow Removal Trust	370	-	-	370
Soccer Program	8,971	63,563	60,654	11,880
State Health Benefits	82,088	757	82,845	-
State Unemployment Insurance	23,675	-	-	23,675
Swimming Pool	3,133	3,500	2,041	4,592
Tenants Accounting Escrow	200	-	-	200
Tree Donation	500	-	-	500
Trust Company for Journal	750	-	-	750
Disposal of Forfeited Property	15,684	295	10	15,969
Guaranty Milling Paving	-	20,000	20,000	-
Peer Review	12,490	15,000	-	27,490
Tank Removal	-	10,000	-	10,000
Vehicle Share Police Detail	-	64,605	-	64,605
Workers' Compensation	1,580	-	-	1,580
	<u>\$ 5,638,210</u>	<u>\$ 7,422,783</u>	<u>\$ 5,983,485</u>	<u>\$ 7,077,508</u>
	<u>Ref.</u>	B	Below	Below
Cash Receipts	B-5		\$ 7,164,015	
Due from Property Owners	B-6		18,768	
Received in General Capital Fund	B-7		200,000	
Received in Current Fund	B-9		40,000	
Transfer from Current Fund	B-9		-	
	Above		<u>\$ 7,422,783</u>	
Cash Disbursements	B-5		\$ 4,779,586	
Expenditures Paid by Current Fund	B-9		-	
Prior Year Encumbrance Cancelled	B-10		(1,793)	
Encumbrances Payable	B-10		<u>1,205,692</u>	
	Above		<u>\$ 5,983,485</u>	

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF DUE TO CURRENT FUND - OTHER TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 332,228
Increased by:			
Cash Receipts	B-5	\$ 13,259,283	
Encumbrances Paid	B-10	<u>760,222</u>	
			<u>14,019,505</u>
			14,351,733
Decreased by:			
Reserve for Other Trust Fund Activity			
Received in Current Fund	B-8	40,000	
Due to Current Fund	B-5	<u>13,699,596</u>	
			<u>13,739,596</u>
Balance, June 30, 2015	B		<u><u>\$ 612,137</u></u>

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE - OTHER TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 762,015
Increased by:			
Reserve for Other Trust Fund Activity	B-8		<u>1,205,692</u>
			1,967,707
Decreased by:			
Encumbrances Cancelled	B-8	\$ 1,793	
Reserve for Other Trust Fund Activity	B-9	<u>760,222</u>	
			<u>762,015</u>
Balance, June 30, 2015	B		<u><u>\$ 1,205,692</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF CASH AND CASH EQUIVALENTS - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 519
Increased by Cash Receipts:			
Due from HUD CDBG Grant	B-12	\$ 1,067,878	
Reserve for Program Income	B-13	<u>28,617</u>	
			<u>1,096,495</u>
			1,097,014
Decreased by Cash Disbursements:			
Due from Current Fund	B-15		<u>1,096,000</u>
Balance, June 30, 2015	B		<u><u>\$ 1,014</u></u>

SCHEDULE OF DUE FROM HUD CDBG GRANT - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 47,237
Increased by:			
New Grant Authorization	B-14		<u>1,102,264</u>
			1,149,501
Decreased by:			
Cash Receipts	B-11		<u>1,067,878</u>
Balance, June 30, 2015	B		<u><u>\$ 81,623</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF RESERVE FOR PROGRAM INCOME - CDA FUND

	<u>Ref.</u>	
Balance, June 30, 2014		\$ -
Increased by:		
Cash Receipts	B-11	28,617
		<u>28,617</u>
Decreased by:		
Reserve for Expenditures	B-14	28,617
		<u>28,617</u>
Balance, June 30, 2015		<u><u>\$ -</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT
BLOCK GRANT - CDA FUND**

	<u>Ref.</u>		
Balance, June 30, 2014	B		\$ 171,289
Increased by:			
New Grant Authorization	B-12	\$ 1,102,264	
Reserve for Program Income	B-13	<u>28,617</u>	
			<u>1,130,881</u>
			1,302,170
Decreased by:			
Expenditures Paid by Current Fund	B-15		<u>925,074</u>
Balance, June 30, 2015	B		<u><u>\$ 377,096</u></u>

SCHEDULE OF DUE FROM CURRENT FUND - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2013	B		\$ 123,533
Increased by:			
Cash Disbursements	B-11		<u>1,096,000</u>
			1,219,533
Decreased by:			
Expenditures Paid by Current Fund	B-14		<u>925,074</u>
Balance, June 30, 2014	B		<u><u>\$ 294,459</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF CASH AND CASH EQUIVALENTS -
PUBLIC DEFENDER TRUST FUND**

	<u>Ref.</u>	
Balance, June 30, 2014	B	\$ 20,270
Increased by Cash Receipts:		
Reserve for Expenditures	B-17	<u>13,273</u>
		33,543
Decreased by Cash Disbursements:		
Due to Current Fund	B-18	<u>6,200</u>
Balance, June 30, 2015	B	<u><u>\$ 27,343</u></u>

**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER
TRUST EXPENDITURES**

	<u>Ref.</u>	
Balance, June 30, 2014	B	\$ 14,470
Increased by:		
Received in Current Fund	B-16	<u>13,273</u>
		27,743
Decreased by:		
Paid by Current Fund	B-18	<u>6,600</u>
Balance, June 30, 2015	B	<u><u>\$ 21,143</u></u>

**THE CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF DUE TO CURRENT FUND -
PUBLIC DEFENDER TRUST FUND**

	<u>Ref.</u>		
Balance, June 30, 2014	B	\$	-
Increased by:			
Accounts Payable	B-19	\$	5,800
Reserve for Expenditures - Paid by Current Fund	B-17		<u>6,600</u>
			12,400
Decreased by:			
Received in Current Fund	B-16		<u>6,200</u>
Balance, June 30, 2015	B	\$	<u><u>6,200</u></u>

**SCHEDULE OF ACCOUNTS PAYABLE -
PUBLIC DEFENDER TRUST FUND**

	<u>Ref.</u>		
Balance, June 30, 2014	B	\$	5,800
Decreased by:			
Due to Current Fund	B-18		<u>5,800</u>
Balance, June 30, 2015	B	\$	<u><u>-</u></u>

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INFORMATION SECTION
GENERAL CAPITAL FUND

CITY OF UNION CITY
JUNE 30, 2015

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF CASH AND CASH EQUIVALENTS

	<u>Ref.</u>	
Balance, June 30, 2014	C	\$ <u>84</u>
Balance, June 30, 2015	C	\$ <u>84</u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ANALYSIS OF CASH AND CASH EQUIVALENTS

Improvement Authorizations	Ref.	Balance June 30, 2014	Cash Receipts	Cash Disbursements	Transfers		Balance June 30, 2015
					To	From	
Fund Balance	C-1	\$ 17,241	\$ -	\$ -	\$ 138,098	\$ -	\$ 155,339
Capital Improvement Fund	C-6	311,763	-	-	100,000	300,000	111,763
Encumbrances Payable	C-12	3,513,496	-	-	12,009,423	3,513,496	12,009,423
Due to Current Fund	C-13	2,388,970	-	-	10,276,268	17,598,098	(4,932,860)
Due from State of NJ - Green Trust	C-15	(780,000)	-	-	-	-	(780,000)
Due from County of Hudson	C-16	(25,000)	-	-	-	-	(25,000)
Due to Other Trust Fund	C-17	18,090	-	-	200,000	-	218,090
Improvement Authorizations:							
Improvement to Ellsworth Park		(4,824)	-	-	-	-	(4,824)
Traffic Lights		63,495	-	-	-	-	63,495
17th Street Park		6,423	-	-	-	(708)	7,131
Reconstruction of Roof at Jose Marti Park		4,810	-	-	-	-	4,810
Street Improvements - Broadway and Park Avenue		37,506	-	-	-	-	37,506
Reconstruct New York Ave		1,857	-	-	-	(7,698)	9,555
Ellsworth Park Improvement		34,337	-	-	-	3,758	30,579
Leggerio Park Improvements		113,626	-	-	-	-	113,626
Traffic Signals and Sidewalks		56,464	-	-	-	-	56,464
Various Police Equipment		1,007,128	-	-	-	639,412	367,716
Improvements to City Parks		11,433	-	-	-	(2,450)	13,883
Installation of Computer Equipment		4,290	-	-	-	-	4,290
Summit Avenue		55,124	-	-	-	46,066	9,058
Washington Park		(4,623,484)	-	-	-	83,696	(4,707,180)
Reconstruction Various Streets		(595,538)	-	-	-	81,880	(677,418)
Leggeiro Music Park Improvements		313,595	-	-	-	2,709	310,886
Various Capital Improvements		(1,930,718)	-	-	-	-	(1,930,718)
Various Capital Improvements/Acquisition of							
Various Capital Equipment		-	-	-	17,360,000	18,112,660	(752,660)
Reconstruction/Repaving of Summit Avenue		-	-	-	300,000	12,870	287,130
		<u>\$ 84</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,383,789</u>	<u>\$ 40,383,789</u>	<u>\$ 84</u>
	Ref.	C			contra	contra	C

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Purpose	Balance June 30, 2014	2015 Authorizations	Bond Anticipation Notes	Balance June 30, 2015
Ellisworth Park Improvements	\$ 4,824	\$ -	\$ -	\$ 4,824
17th Street Park	330,000	-	12,000	318,000
Traffic Light Improvements	659,403	-	28,149	631,254
24th Street Park Improvements	405,720	-	17,320	388,400
Construction of New Parking Deck	1,504,940	-	64,245	1,440,695
Construction of Doric Water Park	5,079,174	-	216,827	4,862,347
Construction of 39th Street Skate Park	282,176	-	12,046	270,130
Reconstruction of Roof at Jose Marti Park	94,059	-	4,015	90,044
Street Improvements - Broadway and Park Ave.	2,445,528	-	104,398	2,341,130
Reconstruct New York Ave	2,579,250	-	103,880	2,475,370
Ellsworth Park Improvement	2,579,250	-	103,880	2,475,370
Reconstruct 34th Street	237,500	-	11,130	226,370
44th and 45th St Park Improvements	109,250	-	3,710	105,540
DPW Roof Reconstruction	313,500	-	14,840	298,660
Leggerio Park Improvements	655,500	-	29,680	625,820
Traffic Signals and Sidewalks	247,000	-	11,130	235,870
Pave Bergenline Avenue	80,750	-	3,710	77,040
Various Police Equipment	1,045,000	-	48,230	996,770
Reconstruct Ambulance Building Roof	133,000	-	7,420	125,580
Improvements to City Parks	270,750	-	11,130	259,620
Reconstruct 15th Street	318,250	-	14,840	303,410
Reconstruct 16th Street	156,000	-	7,420	148,580
Installation of Computer Equipment	95,000	-	11,000	84,000
Tax Refunding Ordinance	330,000	-	110,000	220,000
Summit Avenue	250,000	-	250,000	-
Supplemental Funding - Amphitheater	627,000	-	-	627,000
Washington Park	4,959,000	-	-	4,959,000
Reconstruction Various Streets	950,000	-	-	950,000
Various Capital Improvements	1,940,000	-	-	1,940,000
Various Capital Improvements and Acquisition of Various Capital Equipment	-	35,000,000	-	35,000,000
	<u>\$ 28,681,824</u>	<u>\$ 35,000,000</u>	<u>\$ 1,201,000</u>	<u>\$ 62,480,824</u>
Ref.	C	C-7, C-15	C-11	C

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>		
Balance, June 30, 2014	C		\$ 56,667,280
Decreased by:			
General Serial Bonds Payment	C-8	2,582,108	
HCIA Lease Payment	C-9	744,263	
Green Acres Loan Payment	C-10	<u>145,564</u>	
			<u>3,471,935</u>
Balance, June 30, 2015	C		<u><u>\$ 53,195,345</u></u>

THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, June 30, 2014	C	\$ 311,763
Increased by:		
2015 Budget Appropriation	C-13	<u>100,000</u>
		411,763
Decreased by:		
Improvement Authorizations	C-7	<u>300,000</u>
Balance, June 30, 2015	C	<u><u>\$ 111,763</u></u>

THE CITY OF UNION CITY
 GENERAL CAPITAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Original Amount	Balance, June 30, 2014		2015 Authorizations	Paid or Charged	(Cancelled)/ Reappropriated	Balance, June 30, 2015	
		Funded	Unfunded				Funded	Unfunded
Traffic Lights	\$ 2,000,000	\$ -	\$ 63,495	\$ -	\$ -	\$ -	\$ -	\$ 63,495
17th Street Park	610,000	-	6,423	-	(708)	-	-	7,131
Reconstruction of Roof at Jose Marti Park	90,000	-	4,810	-	-	-	-	4,810
Street Improvements - Broadway and Park Avenue	2,782,000	-	37,506	-	-	-	-	37,506
Reconstruct New York Ave	2,715,000	-	1,857	-	(7,698)	-	-	9,555
Ellsworth Park Improvement	2,715,000	-	34,337	-	3,758	-	-	30,579
Leggerio Park Improvements	690,000	-	113,626	-	-	-	-	113,626
Traffic Signals and Sidewalks	260,000	-	56,464	-	-	-	-	56,464
Various Police Equipment	1,100,000	-	1,007,128	-	639,412	-	-	367,716
Improvements to City Parks	285,000	-	11,433	-	(2,450)	-	-	13,883
Installation of Computer Equipment	100,000	-	4,290	-	-	-	-	4,290
Summit Avenue	750,000	-	55,124	-	46,066	-	-	9,058
New York Avenue Reconstruction	1,300,000	-	-	-	-	-	-	-
Washington Park	5,508,000	-	335,516	-	83,696	-	-	251,820
Reconstruction Various Streets	1,000,000	-	354,462	-	81,880	-	-	272,582
Leggeiro Music Park Improvements	1,470,286	313,595	-	-	2,709	-	310,886	-
Various Capital Improvements	1,940,000	9,282	-	-	-	-	9,282	-
Various Capital Improvements/Acquisition of Various Capital Equipment	35,000,000	-	-	35,000,000	18,112,660	-	-	16,887,340
Reconstruction/Repaving of Summit Avenue	300,000	-	-	300,000	12,870	-	287,130	-
		<u>\$ 322,877</u>	<u>\$ 2,086,471</u>	<u>\$ 35,300,000</u>	<u>\$ 18,972,195</u>	<u>\$ -</u>	<u>\$ 607,298</u>	<u>\$ 18,129,855</u>
	<u>Ref.</u>	<u>C</u>	<u>C</u>	<u>Below</u>	<u>Below</u>		<u>C</u>	<u>C</u>
Deferred Charges to Future Taxation - Unfunded	C-4			\$ 35,000,000	\$ -	-		
Capital Improvement Fund	C-6			300,000	-	-		
Paid by Current Fund	C-13			-	10,276,268			
Encumbrances Payable	C-12			-	12,009,423			
Encumbrances Payable - Prior Year Reversals	C-12			-	(3,513,496)			
Due to Other Trust Fund	C-17			-	200,000			
	Above			<u>\$ 35,300,000</u>	<u>\$ 18,972,195</u>			

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Amount	Maturities of Bonds Outstanding June 30, 2015		Interest Rate %	Balance June 30, 2014	Decrease	Balance June 30, 2015
			Date	Amount				
ERI Pension Bonds	12/15/02	\$ 15,735,000	1/1/2016	\$ 725,000	5.375	\$ 12,575,000	\$ 665,000	\$ 11,910,000
			1/1/2017	825,000	5.375			
			1/1/2018	15,000	6.250			
			1/1/2019	30,000	6.250			
			1/1/2020	100,000	6.250			
			1/1/2021	165,000	6.250			
			1/1/2022	225,000	6.250			
			1/1/2023	315,000	6.250			
			1/1/2024	375,000	6.250			
			1/1/2025	475,000	6.250			
			1/1/2026	575,000	6.250			
			1/1/2027	690,000	6.250			
			1/1/2028	825,000	6.250			
			1/1/2029	975,000	6.250			
			1/1/2030	1,125,000	6.250			
			1/1/2031	1,300,000	6.250			
1/1/2032	1,475,000	6.250						
1/1/2033	1,695,000	6.250						
2007A Refunding	02/07/07	24,305,000	11/1/2017	145,000	4.000	24,305,000	-	24,305,000
			11/1/2018	3,730,000	5.000			
			11/1/2019	3,845,000	5.000			
			11/1/2020	3,985,000	5.000			
			11/1/2021	4,125,000	4.000			
			11/1/2022	4,225,000	4.125			
			11/1/2023	4,250,000	4.125			

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Amount	Maturities of Bonds Outstanding June 30, 2015		Interest Rate %	Balance June 30, 2014	Decrease	Balance June 30, 2015
			Date	Amount				
2007B Refunding	02/07/07	\$ 9,325,000	11/1/2015	\$ 1,796,251	5.520			
			11/1/2016	1,630,109	5.560			
			11/1/2017	1,928,425	5.590	\$ 7,271,892	\$ 1,917,108	\$ 5,354,784
						\$ 44,151,892	\$ 2,582,108	\$ 41,569,784
					<u>Ref.</u>	<u>C</u>	<u>C-5</u>	<u>C</u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF CAPITAL LEASE PAYABLE - HCIA

	<u>Ref.</u>	
Balance, June 30, 2014	C	\$ 10,879,619
Decreased by:		
Loan Payment	C-5	<u>744,263</u>
Balance, June 30, 2015	C	<u><u>\$ 10,135,356</u></u>

Analysis of Capital Lease Payments

Fiscal Year	Cost of Facilities NHRFR	Regional Fire and Rescue		Fire Dept Equipment NHRFR		Total
	Series 2004	2006 Series A	2006 Series B	2011 Series A	2011 Series B	
2016	\$ 267,600	\$ 86,970	\$ 78,608	\$ 113,730	\$ 244,185	\$ 791,093
2017	367,950	91,987	81,953	120,420	262,583	924,893
2018	401,400	95,333	86,970	127,110	284,325	995,138
2019	418,125	98,677	91,988	133,800	307,740	1,050,330
2020	451,575	103,695	97,005	142,163	331,155	1,125,593
2021	468,300	107,040	102,023	148,853	357,915	1,184,131
2022	501,750	112,057	107,040	157,215	386,348	1,264,410
2023	535,200	117,075	112,058	167,250	416,453	1,348,036
2024	585,375	122,093	118,748	175,613	449,903	1,451,732
	<u><u>\$ 3,997,275</u></u>	<u><u>\$ 934,927</u></u>	<u><u>\$ 876,393</u></u>	<u><u>\$ 1,286,154</u></u>	<u><u>\$ 3,040,607</u></u>	<u><u>\$ 10,135,356</u></u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF GREEN ACRES LOANS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2014	C	\$ 1,635,769
Decreased by:		
Loan Payment	C-5	145,564
Balance, June 30, 2015	C	\$ 1,490,205

Analysis of Repayment of Loan and Interest

Fiscal Year	Interest	Principal
2016	\$ 29,003	\$ 161,065
2017	25,813	154,513
2018	23,102	78,550
2019	21,577	69,218
2020	20,186	70,610
2021	18,767	72,030
2022	17,320	73,479
2023	15,842	74,955
2024	14,335	76,462
2025	12,798	77,997
2026	11,231	79,566
2027	9,632	81,165
2028	7,999	82,797
2029	6,336	84,461
2030	4,638	86,158
2031	2,906	60,840
2032	1,954	34,743
2033	1,256	35,441
2034	543	36,154
	\$ 245,238	\$ 1,490,205

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Original Issue Amount	Date of		Interest Rate %	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015
		Issue	Maturity					
Traffic Light Improvements	\$ 772,000	12/10/13	12/10/14	1.00	\$ 659,403	\$ -	\$ 659,403	\$ -
24th Street Park Improvements	475,000	12/10/13	12/10/14	1.00	405,720	-	405,720	-
Construction of New Parking Deck	1,700,000	12/10/13	12/10/14	1.00	1,504,940	-	1,504,940	-
Construction of Doric Water Park	6,150,000	12/10/13	12/10/14	1.00	5,079,174	-	5,079,174	-
Reconstruction of 39th Street Skate Park	290,000	12/10/13	12/10/14	1.00	282,176	-	282,176	-
Reconstruction of roof at Jose Marti Park	90,000	12/10/13	12/10/14	1.00	94,059	-	94,059	-
Street Improvements - Broadway and Park Avenue	2,782,000	12/10/13	12/10/14	1.00	2,445,528	-	2,445,528	-
Supplemental Funding Amphitheater	627,000	12/10/13	12/10/14	1.00	627,000	-	627,000	-
17th Street Park	330,000	05/13/14	05/13/15	1.00	330,000	-	330,000	-
Summit Avenue	750,000	05/13/14	05/13/15	1.00	250,000	-	250,000	-
Reconstruct New York Ave	2,579,250	05/13/14	05/13/15	1.00	2,579,250	-	2,579,250	-
Ellsworth Park Improvement	2,579,250	05/13/14	05/13/15	1.00	2,579,250	-	2,579,250	-
Reconstruct 34th Street	237,500	05/13/14	05/13/15	1.00	237,500	-	237,500	-
44th and 45th St Park Improvements	109,250	05/13/14	05/13/15	1.00	109,250	-	109,250	-
DPW Roof Reconstruction	313,500	05/13/14	05/13/15	1.00	313,500	-	313,500	-
Leggerio Park Improvements	655,500	05/13/14	05/13/15	1.00	655,500	-	655,500	-
Traffic Signals, Sidewalks	247,000	05/13/14	05/13/15	1.00	247,000	-	247,000	-
Pave Bergenline Avenue	80,750	05/13/14	05/13/15	1.00	80,750	-	80,750	-
Various Equipment Police	1,045,000	05/13/14	05/13/15	1.00	1,045,000	-	1,045,000	-
Reconstruct Roof Amb Building	133,000	05/13/14	05/13/15	1.00	133,000	-	133,000	-
Improvements to City Parks	270,750	05/13/14	05/13/15	1.00	270,750	-	270,750	-
Reconstruct 15th Street	318,250	05/13/14	05/13/15	1.00	318,250	-	318,250	-
Reconstruct 16th Street	156,750	05/13/14	05/13/15	1.00	156,000	-	156,000	-

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Original Issue Amount	Date of		Interest Rate %	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015
		Issue	Maturity					
Installation of Computer Equipment	\$ 95,000	05/13/14	05/13/15	1.00	\$ 95,000	\$ -	\$ 95,000	\$ -
Tax Refunding Ordinance	550,000	05/13/14	05/13/15	1.00	330,000	-	330,000	-
Traffic Light Improvements	772,000	11/25/14	11/25/15	1.00	-	631,254	-	631,254
24th Street Park Improvements	475,000	11/25/14	11/25/15	1.00	-	388,400	-	388,400
Construction of New Parking Deck	1,700,000	11/25/14	11/25/15	1.00	-	1,440,695	-	1,440,695
Construction of Doric Water Park	6,150,000	11/25/14	11/25/15	1.00	-	4,862,347	-	4,862,347
Reconstruction of 39th Street Skate Park	290,000	11/25/14	11/25/15	1.00	-	270,130	-	270,130
Reconstruction of roof at Jose Marti Park	90,000	11/25/14	11/25/15	1.00	-	90,044	-	90,044
Street Improvements - Broadway and Park Avenue	2,782,000	11/25/14	11/25/15	1.00	-	2,341,130	-	2,341,130
Supplemental Funding Amphitheater	627,000	11/25/14	11/25/15	1.00	-	627,000	-	627,000
17th Street Park	330,000	04/29/15	04/29/16	1.00	-	318,000	-	318,000
Reconstruct New York Ave	2,579,250	04/29/15	04/29/16	1.00	-	2,475,370	-	2,475,370
Ellsworth Park Improvement	2,579,250	04/29/15	04/29/16	1.00	-	2,475,370	-	2,475,370
Reconstruct 34th Street	237,500	04/29/15	04/29/16	1.00	-	226,370	-	226,370
44th and 45th St Park Improvements	109,250	04/29/15	04/29/16	1.00	-	105,540	-	105,540
DPW Roof Reconstruction	313,500	04/29/15	04/29/16	1.00	-	298,660	-	298,660
Leggerio Park Improvements	655,500	04/29/15	04/29/16	1.00	-	625,820	-	625,820
Traffic Signals, Sidewalks	247,000	04/29/15	04/29/16	1.00	-	235,870	-	235,870
Pave Bergenline Avenue	80,750	04/29/15	04/29/16	1.00	-	77,040	-	77,040
Various Equipment Police	1,045,000	04/29/15	04/29/16	1.00	-	996,770	-	996,770
Reconstruct Roof Amb Building	133,000	04/29/15	04/29/16	1.00	-	125,580	-	125,580
Improvements to City Parks	270,750	04/29/15	04/29/16	1.00	-	259,620	-	259,620

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Original Issue Amount	Date of		Interest Rate %	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015
		Issue	Maturity					
Reconstruct 15th Street	\$ 318,250	04/29/15	04/29/16	1.00	\$ -	\$ 303,410	\$ -	\$ 303,410
Reconstruct 16th Street	156,750	04/29/15	04/29/16	1.00	-	148,580	-	148,580
Installation of Computer Equipment	95,000	04/29/15	04/29/16	1.00	-	84,000	-	84,000
Tax Refunding Ordinance	550,000	04/29/15	04/29/16	1.00	-	220,000	-	220,000
Various Capital Improvements/Acquisition of Various Capital Equipment	17,360,000	11/25/14	11/25/15	1.00	-	17,360,000		17,360,000
					<u>\$ 20,828,000</u>	<u>\$ 36,987,000</u>	<u>\$ 20,828,000</u>	<u>\$ 36,987,000</u>
				<u>Ref.</u>	<u>C</u>	<u>Below</u>	<u>Below</u>	<u>C</u>
Bonds and Notes Authorized Not Issued				Contra		\$ 19,627,000	\$ 19,627,000	
Deferred Charges to Future Taxation - Unfunded				C-13, C-14		17,360,000	-	
				C-4		-	1,201,000	
				Above		<u>\$ 36,987,000</u>	<u>\$ 20,828,000</u>	

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2014	C	\$ 3,513,496
Increased by:		
Charges to Improvement Authorizations	C-7	12,009,423
		<u>15,522,919</u>
Decreased by:		
Reverse Prior Year Balance	C-7	3,513,496
		<u>3,513,496</u>
Balance, June 30, 2015	C	<u><u>\$ 12,009,423</u></u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF DUE FROM/TO CURRENT FUND

	<u>Ref.</u>		
Balance, June 30, 2014 (Due To)	C		\$ 2,388,970
Increased by:			
Charges to Improvement Authorizations	C-7		<u>10,276,268</u>
			12,665,238
Decreased by:			
Capital Surplus	C-1	\$ 138,098	
Capital Improvement Fund	C-6	100,000	
Bond Anticipation Notes	C-11	<u>17,360,000</u>	
			<u>17,598,098</u>
Balance, June 30, 2015 (Due From)	C		<u>\$ (4,932,860)</u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Improvement Description</u>	<u>Balance June 30, 2014</u>	<u>2015 Authorized</u>	<u>Debt Issued</u>	<u>Balance June 30, 2015</u>
Improvement to Ellsworth Park	\$ 4,824	\$ -	\$ -	\$ 4,824
Washington Park	4,959,000	-	-	4,959,000
Reconstruction Various Streets	950,000	-	-	950,000
Various Capital Improvements	1,940,000	-	-	1,940,000
Various Capital Improvements/Acquisition of Various Capital Equipment	-	35,000,000	17,360,000	17,640,000
	<u>\$ 7,853,824</u>	<u>\$ 35,000,000</u>	<u>\$ 17,360,000</u>	<u>\$ 25,493,824</u>
<u>Ref.</u>	C	C-4	C-11	C

THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE OF DUE FROM STATE OF NEW JERSEY - GREEN ACRES TRUST GRANT

	<u>Ref.</u>	
Balance, June 30, 2014	C	<u>\$ 780,000</u>
Balance, June 30, 2015	C	<u><u>\$ 780,000</u></u>

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF DUE FROM COUNTY OF HUDSON

	<u>Balance June 30, 2014</u>	<u>Balance June 30, 2015</u>
Community Development Block Grant - Leggeiro Park Improvements	<u>\$ 25,000</u>	<u>\$ 25,000</u>
	<u>\$ 25,000</u>	<u>\$ 25,000</u>
<u>Ref.</u>	C	C

**THE CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF DUE TO OTHER TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2014	C	\$ 18,090
Increased by:		
Charges to Improvement Authorizations	C-7	<u>200,000</u>
Balance, June 30, 2015	C	<u>\$ 218,090</u>

REPORT OF AUDIT

SUPPLEMENTARY
INFORMATION SECTION
FIXED ASSETS

CITY OF UNION CITY
JUNE 30, 2015

**THE CITY OF UNION CITY
FIXED ASSET GROUP OF ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF FIXED ASSETS - ACQUISITIONS AND DISPOSALS

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Land	\$ 11,228,900	\$ -	\$ -	\$ 11,228,900
Buildings and Improvements	49,374,852	2,767,965	-	52,142,817
Furniture and Fixtures	69,871	-	-	69,871
Machinery and Equipment	7,734,596	350,400	-	8,084,996
	<u>\$ 68,408,219</u>	<u>\$ 3,118,365</u>	<u>\$ -</u>	<u>\$ 71,526,584</u>
<u>Ref.</u>	D	D-2	D-2	D

**THE CITY OF UNION CITY
FIXED ASSET GROUP OF ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF RESERVE FOR FIXED ASSETS

Balance, June 30, 2014	<u>Ref.</u> D	\$ 68,408,219
Increased by:		
Additions	D-1	<u>3,118,365</u>
Balance, June 30, 2015	D	<u>\$ 71,526,584</u>

REPORT OF AUDIT

ACCOMPANYING
INFORMATION SECTION

CITY OF UNION CITY
JUNE 30, 2015

THE CITY OF UNION CITY

SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	June 30, 2015		June 30, 2014	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Miscellaneous Revenue Anticipated	\$ 42,230,313	29.03%	\$ 45,268,974	30.77%
Receipts from Delinquent Taxes	110,090	0.08%	74,121	0.05%
Receipts from Current Taxes	98,343,777	67.60%	99,643,523	67.71%
Other Credits to Income	4,794,051	3.30%	2,144,474	1.46%
Total Income	145,478,231	100.01%	147,131,092	99.99%
Expenditures:				
Budget Appropriations	109,760,981	76.86%	111,626,821	76.13%
School and County Taxes	31,190,484	21.84%	31,831,815	21.71%
Other	1,851,256	1.30%	3,173,413	2.16%
Total Expenditures	142,802,721	100.00%	146,632,049	100.00%
Excess in Revenue	2,675,510		499,043	
Adjustments to Income before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year				
Special Emergency - 1 Year	232,845		-	
Special Emergency - 5 Years	470,372		-	
Expenditures without Appropriations	-		14,000	
Overexpenditure of Appropriation Reserves	-		208,214	
Overexpenditure of Grants	-		17,477	
	703,217		239,691	
Statutory Excess to Fund Balance	3,378,727		738,734	
Fund Balance, Beginning of Year	3,085,021		2,346,287	
Fu: Fund Balance, End of Year	\$ 6,463,748		\$ 3,085,021	

THE CITY OF UNION CITY
SCHEDULE OF TAX RATE INFORMATION
FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Tax Rate</u>	<u>Municipal</u>	<u>County Taxes</u>	<u>Local School Taxes</u>
2015	6.771	4.572	1.155	1.044
2014	6.624	4.503	1.082	1.039
2013	6.545	4.320	1.124	1.101
2012	6.401	4.137	1.167	1.097
2011	6.189	3.997	1.090	1.102

THE CITY OF UNION CITY
SCHEDULE OF TAX LEVIES AND COLLECTIONS
FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percent Collected</u>
2015	\$ 97,132,708	\$ 97,003,832	99.867%
2014	98,180,964	98,178,007	99.997%
2013	97,092,453	95,328,494	98.183%
2012	95,065,168	93,847,126	98.719%
2011	90,217,685	88,452,521	98.043%

THE CITY OF UNION CITY
SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS
FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percent of Tax Levy</u>
2015	\$ 104,293	\$ 301,915	\$ 406,208	0.42%
2014	81,018	187,172	268,190	0.27%
2013	56,989	110,490	167,479	0.17%
2012	64,515	96,647	161,162	0.17%
2011	633,478	53,582	687,060	0.76%

THE CITY OF UNION CITY
SCHEDULE OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION
FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Amount</u>
2015	\$ 171,900
2014	171,900
2013	171,900
2012	171,900
2011	171,900

THE CITY OF UNION CITY
SCHEDULE OF FUND BALANCES
FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
June 30, 2015	\$ 6,463,748	\$ 1,357,173
June 30, 2014	3,085,021	-
June 30, 2013	2,346,287	-
June 30, 2012	2,152,431	-
June 30, 2011	2,152,431	1,065,000

THE CITY OF UNION CITY

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>Name</u>	<u>Title</u>	<u>Bond</u>
Brian P. Stack	Mayor and Commissioner - Public Safety	
Lucio P. Fernandez	Commissioner - Public Affairs	
Celin Valdivia	Commissioner - Parks and Public Property	
Tilo E. Rivas	Commissioner - Public Works	
Maryury A. Martinetti	Commissioner - Revenue and Finance	
Dominick Cantatore	Acting City Clerk (<i>Effective January 27, 2014</i>)	
Donald Scarinci	Corporation Counsel	
Sonia Schulman	Tax Collector	\$1,000,000
Lilia A. Munoz	Judge	\$1,000,000
Sixto L. Macias	Judge	\$1,000,000
Gustav John Schlaier	Court Director	\$1,000,000
Douglas Gutch	Treasurer	\$1,000,000
Susan M. Colditz	Acting Chief Financial Officer (<i>Effective April 1, 2014</i>)	\$1,000,000

There was a Public Employees Dishonesty Blanket Position Bond with individual coverage of \$1,000,000 for all employees, issued by Fidelity and Deposit Company of Maryland.

REPORT OF AUDIT

SINGLE AUDIT SECTION

CITY OF UNION CITY
JUNE 30, 2015

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

Matthew A. Donohue, CPA
Robert A. Gironda, CPA
Robert G. Doria, CPA (N.J. & N.Y.)
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Mark W. Bednarz, CPA, RMA
Jason R. Gironda, CPA

INDEPENDENT AUDITOR'S 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*

The Honorable Mayor and
Members of the Board of Commissioners
City of Union City, 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 "Division"), the accompanying financial statements – regulatory basis of the City of Union City, New Jersey (the "City"), which comprise the comparative balance sheet – regulatory basis, of each fund and account group as of June 30, 2015 and 2014, and the related comparative statement of operations and changes in fund balance – regulatory basis, of each fund, and the statement of revenues – regulatory basis – and statement of appropriations – regulatory basis, of the Current Fund, for the years then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 15, 2016.

As described in Note 1, the City prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, Findings *FS15-01* and *FS15-02*, to be material weaknesses.

A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted additional instances of deficiencies and noncompliance which are required to be reported under audit requirements prescribed by the Division, and which are described in the accompanying comments and recommendations section of this report.

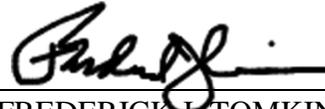
The City's Response to Findings

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donohue, Gironde, Doria & Tomkins, LLC
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
March 15, 2016

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Mayor and
Members of the Board of Commissioners
City of Union City, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the City of Union City, New Jersey's (the City's) compliance with the types of compliance requirements described in the *U.S. OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal 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 and U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and U.S. OMB Circular A-133 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 program occurred. An audit includes examining, on a test basis, evidence about the City'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 program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City 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 programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings SA2015-01 through SA2015-05. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133, 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'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 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 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

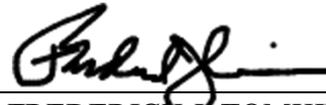
requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items SA2015-01 through SA2015-05, that we consider to be material weaknesses.

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

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. OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Donohue, Gironde, Doria & Tomkins, LLC
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
March 15, 2016

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

Federal Department and Program	State Account Number/ Grant Number	Federal CFDA Number	Grant Period		Grant Award	Program Amount/ Funds Received	Funds Available June 30, 2014	Current Year Appropriations	Current Year Disbursements and Charges	Program Income/ Reprogrammed/ Cancellations/ Transfers	Funds Available June 30, 2015	Cumulative Expenditures
			From	To								
U.S. Department of Agriculture:												
Passed through State of NJ Department of Agriculture:												
** Summer Food Program	10-3350-100-033(034)	10.559	07/01/14	06/30/15	\$ 173,311	\$ 171,317	\$ -	\$ 173,311	\$ 168,577	\$ -	\$ 4,734	\$ 168,577
Summer Food Program	10-3350-100-033(034)	10.559	07/01/13	06/30/14	151,770	-	13,582	-	-	(13,582)	-	138,188
Total U.S. Department of Agriculture						171,317	13,582	173,311	168,577	(13,582)	4,734	
U.S. Department of Housing and Urban Development:												
Passed through the County of Hudson:												
Community Development Block Grant:												
Leggerio Park Improvements	*	14.218	07/01/13	06/30/14	25,000	-	25,000	-	-	-	25,000	-
** Community Development Block Grant	B-14-MC-34-0119	14.218	07/01/14	06/30/15	1,102,264	434,599	-	1,102,264	887,156	105,879	320,987	887,156
** Community Development Block Grant	B-13-MC-34-0119	14.218	07/01/13	06/30/14	1,057,585	431,984	171,289	-	82,614	(22,379)	66,296	968,910
** Community Development Block Grant	B-12-MC-34-0119	14.218	07/01/12	06/30/13	868,776	128,745	-	-	16,860	56,633	39,773	885,636
** Community Development Block Grant	B-11-MC-34-0119	14.218	07/01/11	06/30/12	1,269,275	69,152	-	-	-	16,359	16,359	1,269,275
** Community Development Block Grant	B-10-MC-34-0119	14.218	07/01/10	06/30/11	1,509,650	3,400	-	-	8,987	30,240	21,253	1,518,637
** Community Development Block Grant	B-09-MC-34-0119	14.218	07/01/09	06/30/10	1,380,565	-	-	-	-	19,863	19,863	1,380,565
** Community Development Block Grant	B-97-MC-34-0119	14.218	07/01/97	06/30/98	*	-	-	-	-	2,878	2,878	-
Total U.S. Department of Housing and Urban Development						1,067,880	196,289	1,102,264	995,617	209,473	512,409	
U.S. Department of Justice:												
Community Oriented Policing Services (COPS) -												
Secure Our Schools	2010CKWX0724	16.710	06/01/10	06/30/11	152,841	-	152,841	-	-	(152,841)	-	-
Law Technology Project	2010CKWX0054	16.710	06/01/10	06/30/11	300,000	-	150,973	-	83,542	7,622	75,053	232,569
ARRA - Hiring Recovery Program	2009RKWX0629	16.710	06/01/09	11/30/10	2,209,264	-	207,881	-	-	(207,881)	-	2,001,383
Total Community Oriented Policing Services (COPS)						-	511,695	-	83,542	(353,100)	75,053	
Passed through State of NJ Department of Law and Public Safety:												
Passed through the County of Hudson:												
Edward Byrne Memorial Justice Assistance Grant Program	100-066-1020-157	16.738	01/01/15	12/31/15	27,769	-	-	27,769	10,940	-	16,829	10,940
Edward Byrne Memorial Justice Assistance Grant Program	100-066-1020-157	16.738	01/01/14	12/31/14	27,424	-	6,253	-	6,253	-	-	27,424
Edward Byrne Memorial Justice Assistance Grant Program	100-066-1020-157	16.738	01/01/13	12/31/13	30,851	-	4,663	-	4,663	-	-	30,851
Total Edward Byrne Memorial Justice Assistance Grant Program						-	10,916	27,769	21,856	-	16,829	
Total U.S. Department of Justice						-	522,611	27,769	105,398	(353,100)	91,882	
U.S. Department of Transportation:												
Passed through State of NJ Department of Transportation:												
Highway Planning and Construction -												
Metropolitan Planning Organization -												
Mountain Road	78-6300-480-***	20.205	07/01/12	06/30/13	308,653	-	-	-	2,458	13,802	11,344	311,111
Mountain Road	78-6300-480-***	20.205	07/01/11	06/30/12	280,800	-	5,589	-	-	(5,589)	-	275,211
Total Highway Planning and Construction						-	5,589	-	2,458	8,213	11,344	
Passed through State of NJ Division of Highway Traffic Safety:												
Click-it or Ticket	66-1160-100-113	20.602	05/19/14	06/01/14	4,000	4,000	-	-	-	-	-	4,000
Total Pass through State of NJ Division of Highway Traffic Safety						4,000	-	-	-	-	-	
Total U.S. Department of Transportation						4,000	5,589	-	2,458	8,213	11,344	
U.S. Department of Energy:												
ARRA - Energy Efficiency & Conservation Block Grant	DE-FOA-0000013	81.128	07/01/09	06/30/10	521,600	-	73,709	-	-	-	73,709	447,891
Total U.S. Department of Energy						-	73,709	-	-	-	73,709	
U.S. Department of Health and Human Services:												
Substance Abuse and Mental Health Administration:												
Strengthening Union City Families	1U79SM060322-01	93.243	09/30/11	09/29/12	1,363,281	-	129,586	-	-	(129,586)	-	1,233,695
Strengthening Union City Families	1U79SM060322-01	93.243	09/30/10	09/29/11	1,379,660	-	136,304	-	-	(136,304)	-	1,243,356
Total U.S. Department of Health and Human Services						-	265,890	-	-	(265,890)	-	
TOTAL FEDERAL AWARDS						\$ 1,243,197	\$ 1,077,670	\$ 1,303,344	\$ 1,272,050	\$ (414,886)	\$ 694,078	

* - Information not available

** - Denotes Major Program

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

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

State Department and Program	State Account Number/ Grant Number	Grant Period		Grant Award	Amount/ Funds Received	Funds Available June 30, 2014	Current Year Appropriations	Current Year Disbursements and Charges	Reprogrammed/ Cancellation/ Transfers	Funds Available June 30, 2015	Cumulative Expenditures
		From	To								
NJ Department of Environmental Protection:											
Clean Communities (Municipality Road Mileage)	42-4900-765-004	07/01/13	06/30/14	\$ 78,877	\$ -	\$ 78,685	\$ -	\$ 78,357	\$ -	\$ 328	\$ -
Total Clean Communities (Municipality Road Mileage)					-	78,685	-	78,357	-	328	-
Statewide Livable Communities Aid - Municipal owned Historic Buildings	4875-542-042-4875-001	07/01/04	06/30/05	50,000	-	50,000	-	-	(50,000)	-	-
Recycling Tonnage	42-4900-752-001	07/01/11	06/30/12	85,221	-	66,289	-	66,289	-	-	-
Total Recycling Tonnage					-	66,289	-	66,289	-	-	-
Tree Planting Grant	*	07/01/12	06/30/13	500	-	-	-	(500)	-	500	-
Total NJ Department of Environmental Protection					-	194,974	-	144,146	(50,000)	828	-
NJ Department of Treasury:											
NJ Division of Motor Vehicles:											
Drunk Driving Enforcement Fund	6400-100-078-6400-000-YYY	07/01/13	06/30/14	15,748	-	7,995	-	-	-	7,995	7,753
Drunk Driving Enforcement Fund	6400-100-078-6400-000-YYY	07/01/12	06/30/13	6,600	-	5,963	-	(142)	(5,963)	142	495
Total Drunk Driving Enforcement Fund					-	13,958	-	(142)	(5,963)	8,137	
Passed through the County of Hudson:											
Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-C001-004	07/01/14	06/30/15	57,412	46,300	57,412	-	53,412	-	4,000	53,412
Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-C001-004	01/01/14	06/30/14	33,172	33,172	297	-	(515)	(297)	515	32,360
Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-C001-004	01/01/13	12/31/13	66,345	-	171	-	-	(171)	-	66,174
Total Municipal Alliance to Prevent Alcoholism and Drug Abuse					79,472	57,880	-	52,897	(468)	4,515	
Total NJ Department of Treasury					79,472	71,838	-	52,755	(6,431)	12,652	
NJ Department of Law and Public Safety:											
Body Armor Replacement Fund	66-1020-718-001	07/01/12	06/30/13	14,073	-	588	-	-	(588)	-	13,485
Body Armor Replacement Fund	66-1020-718-001	07/01/11	06/30/12	4,290	-	17	-	-	(17)	-	4,273
Body Armor Replacement Fund	66-1020-718-001	07/01/09	06/30/10	9,284	-	497	-	-	(497)	-	8,787
Total Body Armor Replacement Fund					-	1,102	-	-	(1,102)	-	
NJ Office of Emergency Management:											
Emergency Management Grant		07/01/14	06/30/15	5,000	-	-	5,000	-	-	5,000	-
Total NJ Department of Law and Public Safety					-	1,102	5,000	-	(1,102)	5,000	
NJ Department of Transportation:											
West Street - Phase II	78-630-480-AK	07/01/11	06/30/12	281,322	-	47,380	-	13,430	-	33,950	247,372
West Street - Section 3-FY13 Discretionary Aid	13-480-078-6320-ALD-6010	07/01/13	06/30/15	650,000	-	164,176	-	10,079	-	154,097	495,903
West Street - Section 3-FY13 Urban Aid	13-480-078-6320-ALJ-6010	07/01/13	06/30/15	99,090	-	90	-	-	-	90	99,000
Summit Avenue Section 3-Municipal Aid	14-480-078-6320-ALW-6010	05/21/14	11/21/15	260,000	82,883	260,000	-	-	-	260,000	-
Summit Avenue Section 3-Urban Aid	14-480-078-6320-ALS-6010	05/21/14	11/21/15	98,470	-	-	98,470	-	-	98,470	-
Summit Avenue Section 3-Discretionary Aid	14-480-078-6320-ALM-6010	12/10/14	*	350,000	-	-	350,000	-	-	350,000	-
Summit Avenue Section 4-Discretionary Aid	15-480-078-6320-ALX-6010	06/18/15	*	200,000	-	-	200,000	-	-	200,000	-
Summit Avenue Section 4-Municipal Aid	15-480-078-6320-AL5-6010	05/06/15	*	300,000	-	-	300,000	-	-	300,000	-
Summit Avenue Section 4-Urban Aid	15-480-078-6320-AL2-6010	05/06/15	*	99,815	-	-	99,815	-	-	99,815	-
Total NJ Department of Transportation					82,883	471,646	1,048,285	23,509	-	1,496,422	
NJ Administrative Office of the Courts:											
Alcohol Education and Rehabilitation	*	07/01/14	06/30/15	3,368	-	-	3,368	-	-	3,368	-
Alcohol Education and Rehabilitation - Jr. Police Academy	*	07/01/14	06/30/15	6,000	-	-	6,000	5,978	-	22	5,978
Alcohol Education and Rehabilitation	98-9735-760-001	07/01/13	06/30/14	2,217	-	2,217	-	-	-	2,217	-
Alcohol Education and Rehabilitation	98-9735-760-001	07/01/12	06/30/13	5,395	-	4,170	-	-	-	4,170	1,225
Alcohol Education and Rehabilitation	98-9735-760-001	07/01/10	06/30/11	3,167	-	1,142	-	-	-	1,142	2,025
Total NJ Administrative Office of the Courts					-	7,529	9,368	5,978	-	10,919	
TOTAL STATE AWARDS					\$ 162,355	\$ 747,089	\$ 1,062,653	\$ 226,388	\$ (57,533)	\$ 1,525,821	

* - Information not available

**THE CITY OF UNION CITY
SCHEDULE OF EXPENDITURES OF OTHER FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Local Department and Program	Grant Number	Grant Period		Grant Award	Program Amount/ Funds Received	Funds Available June 30, 2014	Current Year Appropriations	Current Year Disbursements and Charges	Program Income/ Reprogrammed/ Cancellation/ Transfers/ Adj	Funds Available June 30, 2015	Cumulative Expenditures
		From	To								
County of Hudson Grants:											
County of Hudson Open Space Trust Grants:											
Ellsworth Park Improvements	PI-02-14	9/30/2014	9/28/2016	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ 133,575	\$ -	\$ 366,425	\$ 133,575
Washington Park Improvements	PI-16-10	12/21/10	12/20/13	12,435	-	-	12,435	-	-	12,435	-
Drug Free Community	*	*	*	26,000	13,000	-	26,000	20,500	-	5,500	20,500
Michael Leggerio Park (Formerly 38th Street Amphitheater)	PI-01-06	1/1/2007	12/31/07	325,000	-	-	-	-	-	-	325,000
15th Street Library	*	07/01/12	06/30/13	35,000	-	35,000	-	-	(35,000)	-	35,000
Total County of Hudson Open Space Trust Fund					<u>13,000</u>	<u>535,000</u>	<u>38,435</u>	<u>154,075</u>	<u>(35,000)</u>	<u>384,360</u>	
Capital Fund Grants:											
TOTAL OTHER FINANCIAL ASSISTANCE					<u>\$ 13,000</u>	<u>\$ 535,000</u>	<u>\$ 38,435</u>	<u>\$ 154,075</u>	<u>\$ (35,000)</u>	<u>\$ 384,360</u>	

* - Information not available

** - Denotes Major Program

**THE CITY OF UNION CITY
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE` 30, 2015**

A. BASIS OF ACCOUNTING

The accounting policies of the City of Union City, New Jersey (the “City”) conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). 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 federal awards and state financial assistance through the following accounting practices which differ from those required by accounting principles generally accepted in the United States of America.

The City, in accordance with the Division’s directives, fully realizes revenues and charges appropriations when grants are adopted by the governing body in the budget of its Current Fund. The revenues are charged and the receivable accounted for in the State and Federal grants fund. Appropriations are charged and the amount allotted for spending is accounted for as an appropriated reserve. Programs within the General Capital Fund and various Trust Funds (other than the State and Federal Grants Fund) are accounted for within the equivalent revenue accounts for those respective funds. Expenditures are measured from payments charged directly to specific grant programs.

Federal and State Awards provided to subrecipients are treated as expenditures when paid to the subrecipients.

B. REPORTING ENTITY

The City for purposes of the Supplementary Schedule of Expenditures of Federal, State and County Awards includes all the funds of the primary government as defined by GASB 14, *The Financial Reporting Entity*.

The City administers certain federal and state award programs through subrecipients. Those subrecipients are not considered part of the City’s reporting entity.

C. PASS-THROUGH AWARDS

The City receives certain federal awards from pass-through awards of the state. The amounts received are commingled by the state with other funds and cannot be separately identified. The total amount of such pass-through awards is included in the Supplementary Schedules of Expenditures of Awards and Financial Assistance.

**THE CITY OF UNION CITY
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE` 30, 2015**

D. LOCAL CONTRIBUTIONS

Local matching contributions are required by certain federal and state grants. The percentage of matching contributions varies with each program. Local matching contributions are raised in the Current Fund budget.

E. MONITORING OF SUBRECIPIENTS

Under the requirements of the Single Audit Act and State regulations, if the City, as a primary recipient, receives federal and state financial assistance and provides \$500,000 or more of such assistance to a subrecipient in a fiscal year, the City is responsible for determining that the expenditures of federal and state monies passed-through to subrecipients are utilized in accordance with applicable laws and regulations. Further, OMB Circular A-133 places other related responsibilities upon primary recipients. Those responsibilities may be discharged in any of several ways, including relying on independent audits performed by subrecipients.

Subrecipient audit reports for the fiscal year ended June 30, 2015, were reviewed and any findings and questioned costs were disclosed separately.

F. CONTINGENCIES

Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable laws and regulations. Federal and state grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors.

G. ADJUSTMENTS, TRANSFERS AND REPROGRAMMED FUNDS

Amounts reported in the accompanying schedules as “adjustments, transfers and reprogrammed funds” represent grant balances and prior year encumbrances that were cancelled and expended in the current year. These adjustments were made to conform with the modified accrual basis of accounting.

H. RELATIONSHIP TO FINANCIAL STATEMENTS – STATUTORY BASIS

Amounts reported in the accompanying schedules of expenditures agree with amounts reported in the City’s statutory basis financial statements. These amounts are reported in the Current Fund, General Capital Fund or CDA Trust Fund as follows:

**THE CITY OF UNION CITY
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

H. RELATIONSHIP TO FINANCIAL STATEMENTS—STATUTORY BASIS (continued)

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Funds Received:				
Current Fund:				
Grants Appropriated	\$ 175,317	\$ 162,355	\$ 13,000	\$ 350,672
Grants Unappropriated:				
Current Year	-	89,883	-	89,883
CDA Trust Fund	<u>1,067,880</u>	<u>-</u>	<u>-</u>	<u>1,067,880</u>
	<u>\$ 1,243,197</u>	<u>\$ 252,238</u>	<u>\$ 13,000</u>	<u>\$ 1,508,435</u>
 Expenditures:				
Current Fund:				
Grants Appropriated	\$ 276,433	\$ 226,388	\$ 154,075	\$ 656,896
CDA Trust Fund	<u>995,617</u>	<u>-</u>	<u>-</u>	<u>995,617</u>
	<u>\$ 1,272,050</u>	<u>\$ 226,388</u>	<u>\$ 154,075</u>	<u>\$ 1,652,513</u>

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

Section 1 - Summary of Auditors' Results

Financial Statement Section

	Unmodified - O.C.B.O.A.	
A) Type of Auditors Report Issued:	Adverse - G.A.A.P.	
<hr/>		
B) Internal Control over Financial Reporting:		
1) Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
2) Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
C) Noncompliance material to basic financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards Section

D) Internal Control over major programs:		
1) Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
2) Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
E) Type of auditor's report on compliance for major program	<hr/> Unmodified <hr/>	
F) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 [section 510(e)]?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
G) Identification of major programs:		

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
10.559	Summer Food Program
<hr/>	<hr/>

H) Dollar threshold used to distinguish between Type A and Type B Programs.	<hr/> \$300,000 <hr/>
I) Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

Section 1 - Summary of Auditors' Results

State Awards Section

J) Dollar threshold used to distinguish between Type A and Type B Programs.

N/A

K) Auditee qualified as low-risk auditee?

_____ Yes _____ No

L) Internal Control over major programs:

1) Material weakness(es) identified?

_____ Yes _____ No

2) Significant deficiency(ies) identified?

_____ Yes _____ None reported

M) Type of auditor's report on compliance for major programs:

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?

_____ Yes _____ No

O) Identification of major programs:

State Grant/Project Number(s)

Name of State Program

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

Section 2 – Financial Statement Findings

(This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Governmental Auditing Standards requires reporting in a Circular A-133 audit and New Jersey OMB 04-04. See paragraphs 13.15 and 13.35.)

FINDING FS2015-01

Material Weakness in Internal Control over Financial Reporting

Criteria: The City is responsible for reconciling bank account balances to the general ledger in a periodic or timely manner.

Condition: The City did not reconcile the developer's escrow trust bank account balance to the general ledger in a periodic and timely manner. This is a prior year finding not corrected as of June 30, 2009.

Context: The developer's escrow trust bank account was not reconciled to the general ledger at the date of the audit resulting in a net adjustment to the general ledger cash balance to agree to the bank statement.

Effect: There was no activity posted to the general ledger and discrepancies may have existed that may have otherwise been discovered if it had been reconciled to the bank balance.

Cause: The City has not reconciled the developer's escrow trust bank account balance to the general ledger in a periodic and timely manner.

Questioned Costs: None.

Recommendation: The City must reconcile the developer's escrow trust bank account balance to the general ledger in a periodic and timely manner.

Views of Responsible
Officials and Planned

Corrective Actions: The City has delegated responsibility to an individual in the finance department to reconcile the developer's escrow trust bank account balance to the general ledger in a periodic and timely manner.

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

FINDING FS2015-02

Material Weakness in Internal Control over Financial Reporting

Criteria: N.J.S.A. 40A:4-57 prohibits the overexpenditure of any trust fund reserves.

Condition: The City had \$154,059 in overexpenditures of police detail trust reserves.

Context: The City had overexpenditures.

Effect: Adjustments were necessary to the subsequent year's budget to provide for the overexpenditures.

Cause: The City was not properly monitoring the police detail trust reserve account.

Questioned Costs: None.

Recommendation: The City must review all expenditures prior to payment to ensure that there are sufficient funds in the account.

Views of Responsible
Officials and Planned

Corrective Actions: The City acknowledges this finding and will monitor all expenditures more diligently in the future.

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

Section 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs

(This section identifies the audit findings required to be reported by Section .510(a) of Circular A-133 and New Jersey OMB Circular 04-04.)

FINDING SA2015-01

Material Weakness in Internal Control Over Compliance – Special Tests and Provisions and Cash Management

Summer Food Program – CFDA 10.559

- Criteria: OMB Circular 0584 (section 0002), requires that accurate planning of meals by site is conducted, all associates are properly trained prior to the beginning of the program and daily site logs are accurately maintained as to the count of meals served and the site participant ethnic count.
- Condition: The City did not perform proper planning of meal counts, properly train associates or maintain accurate counts of meals and participant ethnic count.
- Context: Meal counts by site were not properly planned, proper training was not performed as observed by the NJ Department of Agriculture, nor were accurate counts of meals and participant ethnic counts maintained and therefore reimbursement requests may not be accurate.
- Effect: Inadequate planning, training and meal counts could cause loss and/or non-approval of reimbursements.
- Cause: The City did not have proper procedures in place to assure accurate planning of meals by site, training or accurate meal counts and site participant ethnic count.
- Questioned Costs: None.
- Recommendation: The City must establish procedures to assure that planning of meals by site, meal counts and site participant ethnic counts are accurately maintained. The City must provide the proper training to all associates prior to the beginning of the program.

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

FINDING SA2015-01 (Continued)

Summer Food Program – CFDA 10.559 (Continued)

Views of Responsible
Officials and Planned

Corrective Actions: The City will no longer be a recipient of the Summer Food Program grant. The Union City Board of Education will be the grant recipient in the future.

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

FINDING SA2015-02

Material Weakness in Internal Control Over Compliance – Special Tests and Provisions

Summer Food Program – CFDA 10.559

Criteria: OMB Circular 0584 (section 0002), requires that site visits are performed on a regular basis. Also, site monitor reviews must be performed during the first month of operation to observe the delivery, service and recordkeeping of each site. A monitoring report is required at the completion of the monitoring visit.

Condition: The City did not perform site visits on a regular basis nor did they perform the required monitoring visits during the first month of the program. Many sites had no record of any site visits or monitoring reports.

Context: Site visits are required to assure proper conditions are being met for the distribution of food.

Effect: Non-compliance with OMB Circular 0584 (section 0002).

Cause: The City did not perform or maintain the required records of site visits or monitoring visits.

Questioned Costs: None.

Recommendation: The City must perform the required site and monitoring visits and maintain accurate records of the visits.

Views of Responsible Officials and Planned

Corrective Actions: The City will no longer be a recipient of the Summer Food Program grant. The Union City Board of Education will be the grant recipient in the future.

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

FINDING SA2015-03

Material Weakness in Internal Control Over Compliance – Matching, Level of Effort and Earmarking

Summer Food Program – CFDA 10.559

Criteria: Federal regulations for the Summer Food Service Program requires one meal per child at each meal service. Also, sponsors may not claim meals in excess of their approved levels of meal service (ALMS).

Condition: A review of the site record forms indicated excessive leftovers. The review also indicated that the City served in excess of their approved level of meal service (ALMS).

Context: When there are excessive meals, sponsors are required to adjust the number of meals ordered. Also, if meals need to be adjusted during program operation, state approval must be given prior to the change.

Effect: Non-compliance with Federal Regulations. Also, meals claimed in excess of the ALMS will be deducted from the City’s reimbursement claim.

Cause: The City did not accurately monitor the number of meals needed to administer the program properly.

Questioned Costs: None.

Recommendation: The City must accurately monitor meals needed, served and claimed.

Views of Responsible Officials and Planned

Corrective Actions: The City will no longer be a recipient of the Summer Food Program grant. The Union City Board of Education will be the grant recipient in the future.

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

FINDING SA2015-04

Material Weakness in Internal Control Over Compliance – Matching, Level of Effort and Earmarking

Community Development Block Grant – CFDA 14.218

Criteria: Pursuant to the regulations delineated at 24CFR 570.902(a), the CDBG timeliness standard states that sixty (60) days prior to the end of its program year, a CDBG grantee may have no more than 1.5 times the amount of its last annual grant in its CDBG line of credit together with CDBG program income on hand.

Condition: The City’s timeliness standard was 1.87. To date, the City has failed to meet the timeliness standard for the past three years.

Context: The timeliness standard is helpful for keeping track of drawdown progress.

Effect: Failure to meet the 1.5 timeliness requirement at the time of the next 60-day ratio may result in a reduction of a future grant by 100 percent of the amount in excess of the 1.5 standard.

Cause: The City did not drawdown funds on a timely basis.

Questioned Costs: None.

Recommendation: The City should continue its internal monitoring to ensure that activities are moving steadily to completion so that final payment(s) can be made.

Views of Responsible Officials and Planned

Corrective Actions: The City has delegated responsibility to an individual who will oversee all CDBG drawdowns.

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

FINDING SA2015-05

Material Weakness in Internal Control Over Compliance - Financial Reporting

Community Development Block Grant – CFDA 14.218

Condition: The City did not submit quarterly reports for Fiscal Year 2014 or 2015.

Criteria: In accordance with 24 CFR 85.41(c), *Financial Reporting*, pursuant to 24 CFR 570.502(a)(15), HUD recipients and subrecipients shall submit an SF 425, Federal Financial Report, on a quarterly basis, reflecting the federal funds received, disbursed, ending balance(s) by program and related program income received and disbursed.

Cause: The City did not maintain internal controls to ensure timely and accurate submission of quarterly reports as required by HUD regulations.

Effect: The City is not in compliance with the CDBG regulations requiring submission of the Federal Financial Reports.

Recommendation: The City must submit, to HUD, a copy of the policies and procedures put into place to ensure timely and accurate submission of the SF 425 form and submit copies of the missing quarterly reports for FY 2014 and FY2015.

Views of Responsible
Officials and Planned

Corrective Actions: The City has delegated responsibility to an individual who will oversee all CDBG reporting.

**THE CITY OF UNION CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Financial Statement Findings

FINDING FS14-01

Condition: The City did not reconcile the developer's escrow balances to the general ledger in a periodic or timely manner.

Recommendation: The City must reconcile the developer's escrow trust bank account balances to the general ledger in a periodic and timely manner.

Status: This finding is repeated in finding *FS2015-01*.

FINDING FS14-02

Condition: The City had \$14,000 in expenditures without appropriations, \$208,214 in overexpenditures of appropriation reserves, \$17,477 in grant overexpenditures and \$221,727 in overexpenditures of police detail trust reserves.

Recommendation: The City must review all expenditures prior to payment to ensure that there are sufficient funds in the accounts.

Status: Recommendation has been adopted and is no longer a reportable finding.

FINDING SA14-01

Condition: The City did not perform proper planning of meal counts, properly train associates, maintain accurate counts of meals and participant ethnic count nor did they request reimbursement in a timely manner.

Recommendation: The City must establish procedures to assure that planning of meals by site, meal counts and site participant ethnic counts are accurately maintained and reimbursement requests are timely submitted. The City must provide the proper training to all associates prior to the beginning of the program.

**THE CITY OF UNION CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINDING SA14-01 (Continued)

Status: This finding is repeated in finding SA2015-01.

FINDING SA14-02

Condition: The City did not apply for the grant in a timely manner.

Recommendation: The City must establish procedures to assure that the application is filed by the deadline

Status: Recommendation has been adopted and is no longer a reportable finding.

FINDING SA14-03

Condition: The City had a resolution to bid, however, the contract was never formally accepted by resolution nor was the contract signed by the City.

Recommendation: The City must establish procedures to assure that the resolution and contract for the Summer Food Program are properly adopted and signed.

Status: Recommendation has been adopted and is no longer a reportable finding.

FINDING SA14-04

Condition: The City did not perform site visits on a regular basis. Many sites had no record of any site visits.

Recommendation: The City must perform the required site visits and maintain accurate records of the visits.

Status: This finding is repeated in finding SA2015-02.

**THE CITY OF UNION CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINDING SA14-05

Condition: As of May 2, 2014, the City's timeliness standard was 1.81 To date, the City has failed to meet the timeliness standard twice.

Recommendation: The City should continue its internal monitoring to ensure that activities are moving steadily to completion so that final payment(s) can be made.

Status: This finding is repeated in finding SA2015-03.

REPORT OF AUDIT

GENERAL COMMENTS

CITY OF UNION CITY
JUNE 30, 2015

**THE CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3 AND 11-4, ET SEQ.

N.J.S.A. 40A:11-3 states: “When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$36,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.”

N.J.S.A. 40A:11-4 states: “Every contract awarded by a contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law.”

The minutes indicate that bids were requested by public advertisement and contracts awarded for the following items:

- Ellsworth park Landscape Improvements-Phase II
- 3 Panasonic Toughbook Computers for Police Vehicles
- Emergency Equipment in 3 Police Vehicles
- Install Emergency Lighting on OEM Vehicles & Police Buses
- 2014 CDA Tree Planting Program
- 2014 CDA Sidewalk Program
- 2014 CDA Road Program
- Repairs of 4 Sweepers
- Repair Fire Alarm System in City Hall
- Medical Supplies for EMS 2014
- New Police Cars
- Poly Garbage Bags
- Wrestling Supplies and Equipment
- Remodel Police Command Center Radio Room
- IT Services
- Emergency Standby Snow Plowing/Removal Services
- 2015 Road Program Phase I
- Summit Ave Section 3 Road Improvements
- 2015 Road Program Phase II
- City Street Striping Program
- Landscape Maintenance Program for Parks
- Fuel for City Vehicles
- Purchase Heavy Duty Truck with Snow Plow
- Baseball and Softball Equipment
- Pool Maintenance Services
- Miscellaneous Pool Equipment
- Resurface Basketball Courts
- City-wide Tree Planting 2015
- Install Emergency Phone Tower & Call Box Station
- Wire Mesh Receptacles
- Purchase and Delivery of Chlorine Related Supplies
- Solid Waste & Receptacle Material Collection & Disposal
- Four Wheel Drive Police Service Vehicle
- Purchase of Salt Spreader Trucks
- Purchase of Broom Sweeper
- Summer Food Program
- 2015 Park Landscape Maintenance Program
- Decorative Street Light Planting Project

**THE CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500 “for the performance of any work, or for the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles,” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S.A. 40A:11-6.

**CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC
ADVERTISEMENT FOR BIDS PER N.J.S.A. 40A:11-5, et seq., 40A:11-6.1(b) AND
40A:11-12**

N.J.S.A. 40A:11-12 states: “Any contracting unit under this act [the City] may without advertising for bids, or having rejected all bids obtained pursuant to advertising therefore, purchase any goods or services under any contract or contracts for such goods or services entered into on behalf of the State by the Division of Purchase and Property in the Department of the Treasury.”

When utilizing state contracts, as the contracts are commonly referred to, the City is required to place its order with the vendor offering the lowest price, including delivery charges, that best meets the City’s requirements, and is also required to document such with specificity prior to placing the order.

N.J.S.A. 40A:11-5.1(a)(i) states: “Any contract the amount of which exceeds the bid threshold, may be negotiated and awarded by the governing body without public advertising for bids and bidding thereof and shall be awarded by resolution of the governing body if the subject matter thereof consists of professional services. The governing body shall in each instance state supporting reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in the official newspaper, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file and available for public inspection in the office of the clerk.”

There are additional exceptions noted in N.J.S.A. 40A:11-5, et seq., for contracts which may be negotiated and awarded by resolution of the governing body without public advertising for bids. The City has also awarded contracts under other exceptions noted in N.J.S.A. 40A:11-5 including:

- N.J.S.A. 40A:11-5.1(dd), the provision or performance of goods or services for the support or maintenance of proprietary computer hardware and software, except that this provision shall not be utilized to acquire or upgrade non-proprietary hardware or to acquire or update non-proprietary software;

**THE CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

- N.J.S.A. 40A:11-5.1(f), the supplying of any product or the rendering of any service by a public utility, which is subject to the jurisdiction of the Board of Public Utilities or the Federal Energy Regulatory Commission or its successor, in accordance with tariffs and schedules of charges made, charged or exacted, filed with the board or commission, and
- N.J.S.A. 40A:11-5.1(x) The printing of municipal ordinances or other services necessarily incurred in connection with the revision and codification of municipal ordinances.

CONTRACTS AND AGREEMENTS EXCEPTED FROM PUBLIC ADVERTISEMENT FOR BIDS PER N.J.S.A. 40A:11-5, et seq., 40A:11-6.1(b) AND 40A:11-12 (Continued)

N.J.S.A. 40A:11-6.1(b) states: “When in excess of the bid threshold, and after documented effort by the contracting agent [the City] to secure competitive quotations, a contract for extraordinary unspecifiable services may be awarded upon a determination in writing by the contracting agent that the solicitation of competitive quotations is impracticable. Any such contract shall be awarded by resolution of the governing body.”

N.J.S.A. 40A:11-5.1(a)(ii) further states: “The governing body shall in each instance state supporting reasons for its action in the resolution awarding each [extraordinary unspecifiable service] contract and reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed...a brief notice of the award of such contract.”

The notice shall be printed once, in the official newspaper, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file and available for public inspection in the office of the clerk.

EXPENDITURE LESS THAN THE BID THRESHOLD BUT 15% OR MORE OF THAT AMOUNT PER N.J.S.A. 40A:11-6.1

N.J.S.A. 40A:11-6.1 states, “For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, except for paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting unit agent shall award the contract after soliciting at least two competitive quotations, if practicable.” The City advised us that quotations were, for the most part, solicited for items, the cost of which is \$2,625 or more, within the terms of N.J.S.A. 40A:11-6.1.

**THE CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

COLLECTION OF INTEREST ON DELINQUENT TAXES

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes on or before the date when they would become delinquent.

The Governing body on the 20th day of May, 1980, adopted the following resolution authorizing interest to be charged on delinquent taxes.

“WHEREAS, the City of Union City is desirous of determining rates of interest to be charged for delinquent payment of taxes.

NOW THEREFORE, BE IT RESOLVED by the Mayor and the Board of Commissioners of the City of Union City as follows:

1. Pursuant to N.J.S.A. 54:4-67, the rate of interest to be charged for the non-payment of taxes on or before the date when they would become delinquent is hereby fixed at eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500 to be calculated from the date the tax was payable until the date of actual payment, provided however that no interest shall be charged if payment of any installment is made within the tenth (10th) calendar day following the date upon which the same becomes payable”.

It appears from the examination of the Collector’s records that interest was generally collected in accordance with the foregoing resolutions.

TAXES AND TAX TITLE LIENS

The taxes outstanding at June 30, 2015, included taxes from the fiscal years ended June 30, 2015 and 2014. The following comparison is made of the number of tax title liens receivable at June 30, 2015:

<u>Period Ended</u>	<u>Number of Liens</u>
June 30, 2015	7
June 30, 2014	8
June 30, 2013	6
June 30, 2012	8
June 30, 2011	12
June 30, 2010	9
June 30, 2009	0
June 30, 2008	0
June 30, 2007	0
June 30, 2006	0

**THE CITY OF UNION CITY
COMMENTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINDING 1: The City has advanced to, or borrowed, monies from various funds. This comment is repeated from the prior year.

Recommendation: Interfund advances should be avoided, if possible, and be settled prior to the year-end.

FINDING 2: In order to maintain a positive cash flow the City is not paying over to the School District the appropriation for local school purposes according to statutory deadlines. This comment is repeated from the prior year.

Recommendation: The City must pay over to the School District the appropriation for local school purposes according to statutory deadlines.

FINDING 3: During expenditure testing, there were many Business Registration Certificates (BRC's) and W-9's unavailable for review. There were also several vouchers that could not be located, several vendors that were not issued a 1099 and many purchase orders that did not have vendor certifications. This comment is repeated from the prior year.

Recommendation: The City should maintain all vouchers, vendor BRC's and W-9's on file and ready for audit review and assure 1099's are issued to all necessary vendors. Also, all PO's should have vendor certifications.

FINDING 4: During bid testing, there were 2 instance where vendors were paid over the \$36,000 bid threshold and no bid process or state contract was awarded. This comment is repeated from the prior year. Also, there was 1 bid package that was not available for review.

Recommendation: Every contract awarded by the City for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the City and to the lowest responsible bidder after public advertising for bids. Documentation of these procedures is to be made available for audit review for all bids and state contracts.

FINDING 5: There were a few instances where receipts were not being turned over to the tax collector and deposited within 48 hours.

Recommendation: All receipts should be deposited within 48 hours.

**THE CITY OF UNION CITY
COMMENTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINDING 6: The City's departments do not maintain receipt ledgers and do not reconcile permits/licenses to the tax collector's monthly reports. This comment is repeated from the prior year.

Recommendation: Every department must maintain a receipt ledger of permits/licenses issued and reconcile them to the tax collector report. If there are differences, they must be reconciled on a monthly basis.

FINDING 7: There is a possible investigation pending against a former Union City Community Development employee for misappropriation of federal funds.

Recommendation: The City should implement internal control procedures for awarding contracts to Community Development vendors.

FINDING 8: There are several old outstanding checks per the City's various bank reconciliations.

Recommendation: Old outstanding checks over one year old should be reviewed and cancelled, if necessary.

FINDING 9: The UCC annual reports were not submitted for the years 2014 or 2015.

Recommendation: The UCC annual reports must be submitted and certified annually.