

**CITY OF UNION CITY**  
COUNTY OF HUDSON, STATE OF NEW JERSEY

**REPORT OF AUDIT**

FOR THE YEARS ENDED  
JUNE 30, 2020 AND 2019



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

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

**CITY OF UNION CITY**  
**AUDIT OF FINANCIAL STATEMENTS**  
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CITY OF UNION CITY

REPORT OF AUDIT

**FINANCIAL SECTION**

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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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 General Fixed Assets as of June 30, 2020 and 2019, 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 changes in Fund Balance – regulatory basis, of the General Capital Fund, for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial 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 fraud or error.

### ***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 City'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 City'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 meet 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 above 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, 2020 and 2019, and the changes in its financial position for the years then ended.

***Unmodified Opinion on Regulatory Basis Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and General Fixed Assets of the City as of June 30, 2020 and 2019, the Current Fund’s respective operations and changes in fund balance – regulatory basis, revenues – regulatory basis and appropriations – regulatory basis, the General Capital Fund’s changes in fund balance – regulatory basis, for the years then ended, in accordance with the financial reporting provisions of the Division as described in Note 1.

***Emphasis of a Matter – Dependence on Transitional Aid***

As described in Note 14, the City is the recipient of Transitional Aid, the amount of which is material to funding the operations of the City. This aid is anticipated in the City’s fiscal year ending June 30, 2021 budget. Minimum conditions on receipt of this aid are set forth in a Memorandum of Understanding with the Division. Our opinion on the basic financial statements is not affected by the receipt of Transitional Aid by the City.

***Emphasis of a Matter – COVID 19***

As described more fully in Note 22, the President of the United States issued a Major Disaster Declaration for the State of New Jersey March 24, 2020 and the Governor of the State of New Jersey signed a series of Executive Orders declaring a State of Emergency and Public Health Emergency in the State of New Jersey. Given the uncertainty of the situation, the duration and extent of any disruption and effect of the City’s operations and related financial impact cannot be reasonably estimated at this time. Our opinion on the basic financial statements is not affected by this matter.

***Other Matters***

***Management Discussion and Analysis***

Management has omitted the management 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, but is not required by the financial reporting provisions of the Division. 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 supplementary information and statistical sections listed in the table of contents are presented for purposes of additional analysis as required by the Division and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, the schedule of expenditures of state financial assistance, and the notes to the schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* 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, and are also not a required part of the basic financial statements.

The supplementary information, statistical section, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, and notes to the schedules of expenditures of federal awards and 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, supplementary data, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, and notes to the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, 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*  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

*Mark Bednarz*  
MARK W. BEDNARZ  
RMA No. 547

Bayonne, New Jersey  
December 22, 2020

CITY OF UNION CITY

REPORT OF AUDIT

**FINANCIAL SECTION:  
CURRENT FUND FINANCIAL STATEMENTS**

CITY OF UNION CITY  
CURRENT FUND  
JUNE 30, 2020 AND 2019

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Ref.	2020	2019
<u>Assets</u>			
Cash and Cash Equivalents	A-4	\$ 13,464,660	\$ 9,846,777
Change Fund		830	830
		<u>13,465,490</u>	<u>9,847,607</u>
Intergovernmental Receivable:			
Due from FEMA: COVID Reimbursement	A-9	146,438	-
Due from County of Hudson: CARES Act	A-9	691,338	-
Due from Union City Board of Education	A-10	3,628,465	-
Due from State of NJ: Senior & Veteran Deductions	A-12	34,646	40,158
Due from Union City Gilmore School	A-14	9,877	-
State and Federal Grants Receivable	A-25	7,431,356	4,598,248
		<u>11,942,120</u>	<u>4,638,406</u>
Receivables and Other Assets with Full Reserves:			
Taxes Receivable	A-7	1,600,742	33,430
Tax Title Liens Receivable	A-13	23,678	66,445
Revenue Accounts Receivable	A-10	39,188	2,010,466
Interfunds Receivable	A-11	-	1,089,640
Other Receivables	A-14	1,229,520	957,364
		<u>2,893,128</u>	<u>4,157,345</u>
Deferred Charges:			
Emergency Authorizations (N.J.S. 40A:4-47)		6,050,000	6,050,000
Special Emergency Authorizations (N.J.S. 40A:4-53)		3,064,736	2,745,510
Cancellation of Grant Receivables		1,496,756	1,995,676
Overexpenditures		3,081,669	3,230,151
Health Insurance & Solid Waste Removal (COVID)		5,476,657	-
	A-23	<u>19,169,818</u>	<u>14,021,337</u>
Total Assets		<u>\$ 47,470,556</u>	<u>\$ 32,664,695</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
JUNE 30, 2020 AND 2019**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3, A-15	\$ 912,296	\$ 515,966
Tax Overpayments	A-8	12,571	18,135
Intergovernmental Payables	A-16	16,451	238,348
Reserve for Liquor License Retirement	A-17	9,705	25,675
Prepaid Taxes	A-18	200,085	164,720
Local School District Taxes Payable	A-19	10,793,046	6,167,455
Accounts Payable	A-21	18,120	49,380
Reserve for Encumbrances	A-22	15,120,869	7,326,656
Special Emergency Notes Payable	A-24	8,246,407	8,795,510
Reserve for Appropriated Grants	A-26	6,821,476	2,150,821
Reserve for Unappropriated Grants	A-27	84,097	-
		<u>42,235,123</u>	<u>25,452,666</u>
Reserve for Receivables		<u>2,893,128</u>	<u>4,157,345</u>
Total Liabilities and Reserves		45,128,251	29,610,011
Fund Balance	A-1	<u>2,342,305</u>	<u>3,054,684</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 47,470,556</u>	<u>\$ 32,664,695</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND 2019**

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

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-1	\$ 2,037,735	\$ 2,700,000
Miscellaneous Revenue Anticipated	A-2	61,265,707	66,183,998
Receipts from Delinquent Taxes	A-2	71,516	63,840
Receipts from Current Taxes	A-2	109,095,185	107,708,078
Non-Budget Revenues	A-2	229,599	499,887
Other Credits to Income:			
Revenue Accounts Receivable of Prior Year	A-10	2,010,466	3,215,822
Other Receivables Returned	A-14	957,364	631,788
Unexpended Balance of Appropriation Reserves	A-15	143,881	384,744
Cancellation of Accounts Payable	A-21	41,447	-
Dog License Fund - Statutory Excess	A-11	4,739	6,522
Adjustment to Sr. Citizen & Veteran Deductions		-	95,394
Additional Emergency for Loan Issuance Costs		-	50,000
Adjustment to Prior Year Deferred Charges Balance		-	35,790
Grant Adjustment		-	24,579
Total Income		175,857,639	181,600,442
<u>Expenditures</u>			
Budget Appropriations:			
Appropriations within "CAPS"			
Salaries and Wages		37,370,014	37,849,895
Other Expenses		51,230,475	44,686,311
Deferred Charges and Statutory Expenditures		12,967,209	14,276,923
Appropriations excluded from "CAPS"			
Operations			
Salaries and Wages		-	40,164
Other Expenses		31,307,401	28,767,063
Capital Improvements		800,000	400,000
Debt Service		11,749,365	10,956,150
Deferred Charges		1,048,023	7,136,949
Reserve for Uncollected Taxes		1,081,876	1,168,125
	A-3	147,554,363	145,281,580

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND 2019**

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

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Expenditures (continued)</u>			
Local School District Taxes	A-2, A-19	\$ 15,418,637	\$ 15,418,637
County Taxes	A-2, A-20	18,053,081	17,531,646
Other Receivable Advances	A-14	1,229,520	957,364
Refund of Prior Year Revenue	A-4	133,193	55,272
Revenue Accounts Receivable Cancelled	A-10	120,000	-
Due County for Added and Omitted Taxes	A-2, A-20	85,385	151,269
Revenue Accounts Receivable of Current Year	A-10	39,188	2,010,466
Other Receivables Cancelled	A-14	17,138	-
Refund of Revenue	A-21	2,050	-
Adjust Tax Sale Premium	A-11	-	1,265,051
Interfund Advances Originating in Current Year	A-11	-	1,089,640
Grants Receivable Cancelled	A-25	-	34,762
State Audit of Tax Deductions	A-12	-	250
Total Expenditures		<u>182,652,555</u>	<u>183,795,937</u>
Deficit in Revenue		<u>6,794,916</u>	<u>2,195,495</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Special Emergencies	A-23	868,329	1,012,741
Emergency Authorizations	A-23	5,476,657	-
Overexpenditures	A-23	<u>1,775,286</u>	<u>3,230,151</u>
Statutory Excess to Fund Balance		1,325,356	2,047,397
Fund Balance, Beginning of Year	A	<u>3,054,684</u>	<u>3,707,287</u>
		4,380,040	5,754,684
Decreased by Utilized as Anticipated Revenue	A-1	<u>2,037,735</u>	<u>2,700,000</u>
Fund Balance, End of Year	A	<u>\$ 2,342,305</u>	<u>\$ 3,054,684</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 2,037,735	\$ -	\$ 2,037,735	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	158,450	-	65,799	(92,651)
Other	152,500	-	112,522	(39,978)
Fees and Permits	506,415	-	305,479	(200,936)
Fines and Costs - Municipal Court	2,385,011	-	1,873,649	(511,362)
Police Details Administrative Fee	21,180	-	92,193	71,013
Interest and Costs on Taxes	253,351	-	214,625	(38,726)
Interest on Investments and Deposits	291,833	-	224,249	(67,584)
Wedding Fees	36,220	-	27,048	(9,172)
Public Telephone Commissions	143,406	-	137,000	(6,406)
Cable Franchise Fees	299,874	-	282,667	(17,207)
Payment in Lieu of Taxes:				
Union Plaza Apartments	352,063	-	352,063	-
Palisade Urban Renewal Assoc.	34,827	-	-	(34,827)
Holy Rosary	29,136	-	31,594	2,458
Horizon Heights	13,515	-	13,515	-
Serv Properties	4,009	-	4,009	-
Suede Promotions	20,000	-	20,000	-
Monastery Redevelopment Group LLC	35,823	-	36,179	356
Total Local Revenues	<u>4,737,613</u>	<u>-</u>	<u>3,792,591</u>	<u>(945,022)</u>
State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Aid	10,246,429	-	10,246,429	-
Energy Receipts Taxes	12,503,733	-	12,503,733	-
Transitional Aid	19,500,000	-	19,500,000	-
Total State Aid Without Offsetting Appropriations	<u>42,250,162</u>	<u>-</u>	<u>42,250,162</u>	<u>-</u>
Dedicated Uniform Construction Code Fees Offset with Appropriations				
Uniform Construction Code Fees	<u>1,910,590</u>	<u>-</u>	<u>1,271,408</u>	<u>(639,182)</u>
Special Items of Revenue - Shared Service Agreements				
Union City Board of Education:				
Lease Recreational Center	400,000	-	400,000	-
Solid Waste Removal	485,928	-	485,928	-
47th Street Pool	136,000	-	136,000	-
Off Duty Police Officers	100,000	-	100,000	-
Police Services	753,417	-	744,869	(8,548)
Police Services - SLEO	818,600	-	376,118	(442,482)
Snow Removal	100,000	-	-	(100,000)
School Crossing Guards	2,012,644	-	2,012,644	-
Total Special Items of Revenue - Shared Service Agreements	<u>4,806,589</u>	<u>-</u>	<u>4,255,559</u>	<u>(551,030)</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues (continued):				
Special Items of Revenue - Public and Private Revenues				
Target Corp. Soccer Grant	\$ 1,000	\$ -	\$ 1,000	\$ -
DOT - Palisade Ave	3,100,000	-	3,100,000	-
Municipal Road Aid	250,000	-	250,000	-
Urban Road Aid	193,878	-	193,878	-
Recycling Tonnage Grant	95,936	-	95,936	-
Bulletproof Vest	11,522	-	11,522	-
Pedestrian Safety	30,000	-	30,000	-
Body Armor Replacement Fund	15,021	-	15,021	-
Municipal Alliance	57,412	-	57,412	-
Drug Free Community Coalition	125,000	-	125,000	-
Distracted Driving	5,500	-	5,500	-
County Open Space - Peru Park	500,000	-	500,000	-
County Open Space - FF Park	250,000	-	250,000	-
DOT - 35th St., Phase I	470,897	-	470,897	-
DOT - 35th St., Phase II	190,000	-	190,000	-
Green Acres - 44th Street	675,000	-	675,000	-
Drive Sober Crackdown	5,500	-	5,500	-
Alcohol Education and Rehab	-	1,167	1,167	-
EMS Stimulus Grant-COVID 19	-	21,914	21,914	-
	<u>5,976,666</u>	<u>23,081</u>	<u>5,999,747</u>	<u>-</u>
Total Special Items of Revenue - Public and Private Revenues	<u>5,976,666</u>	<u>23,081</u>	<u>5,999,747</u>	<u>-</u>
Special Items of Revenue - Other				
North Hudson Community Action Center Lease	106,560	-	106,560	-
Capital Surplus	300,000	-	300,000	-
Interfund - Trust Fund	1,089,640	-	1,089,640	-
Emergency Medical Services	1,175,260	-	1,001,337	(173,923)
Reserve for Debt Service	146,629	-	146,629	-
Five Year Abatement Program	1,013,655	-	1,052,074	38,419
Total Special Items of Revenue - Other	<u>3,831,744</u>	<u>-</u>	<u>3,696,240</u>	<u>(135,504)</u>
Total Miscellaneous Revenues	63,513,364	23,081	61,265,707	(2,270,738)
Receipts From Delinquent Taxes	<u>45,680</u>	<u>-</u>	<u>71,516</u>	<u>25,836</u>
Subtotal General Revenues	<u>65,596,779</u>	<u>23,081</u>	<u>63,374,958</u>	<u>(2,244,902)</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>Budget as Adopted</u>	<u>N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to Be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	\$ 73,063,173	\$ -	\$ 74,180,016	\$ 1,116,843
Minimum Library Tax	<u>1,358,066</u>	<u>-</u>	<u>1,358,066</u>	<u>-</u>
Total Amount to Be Raised by Taxes for Support of Municipal Budget	<u>74,421,239</u>	<u>-</u>	<u>75,538,082</u>	<u>1,116,843</u>
Total Budget Revenues	140,018,018	23,081	138,913,040	(1,128,059)
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>229,599</u>	<u>229,599</u>
Total General Revenues	<u>\$ 140,018,018</u>	<u>\$ 23,081</u>	<u>\$ 139,142,639</u>	<u>\$ (898,460)</u>
	A-3	A-3		
Analysis of Revenue Realized				
Allocation of Current Taxes				
Revenue from Collections	A-7	\$ 108,013,309		
Add: Reserve for Uncollected Taxes	A-3	<u>1,081,876</u>		
	A-1	109,095,185		
Less: Allocated to School Taxes	A-1, A-19	15,418,637		
Allocated to County Taxes	A-1, A-20	<u>18,138,466</u>		
Amount for Support of Municipal Budget			\$ 75,538,082	
Receipts from Delinquent Taxes				
Delinquent Tax Collections	A-7	22,492		
Tax Title Lien Collections	A-13	<u>49,024</u>		
	A-1		71,516	
Miscellaneous Revenues Anticipated				
Accrued Revenues	A-10	55,265,960		
Grant Revenue - As Adopted	A-25	5,976,666		
Grant Revenue - Added by NJSA 40A:4-87	A-25	<u>23,081</u>		
	A-1		61,265,707	
Surplus Anticipated	A-1		<u>2,037,735</u>	
Total Budget Revenues Anticipated			<u>\$ 138,913,040</u>	
Analysis of Non-Budget Revenue				
LEA Rebate			\$ 78,241	
Fire Permits			76,564	
Copies			31,360	
Union City Renaissance Urban Renewal			14,213	
Miscellaneous			12,050	
Fire Reports			8,151	
31st Street Parking Lot			4,905	
Bus Shelter Rent			2,500	
2% Admin payment-Sr Citizen/Vets			808	
Homestead Rebate			407	
Motor Vehicle Inspection Fines			<u>400</u>	
		A-1, A-4	<u>\$ 229,599</u>	

See Accompanying Notes to the Financial Statements.

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Cancelled	Over Expended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
(A) Operations - Within "CAPS"							
Department of Public Affairs:							
Director's Office							
Salaries and Wages	\$ 140,000	\$ 151,399	\$ 151,399	\$ -	\$ -	\$ -	\$ -
Other Expenses	8,000	3,946	3,946	-	-	-	-
Municipal Court							
Salaries and Wages	1,400,000	1,292,142	1,292,142	-	-	-	-
Other Expenses	300,000	243,278	243,278	-	-	-	-
Public Defender							
Other Expenses	50,000	58,550	58,550	-	-	-	-
Senior Citizens							
Salaries and Wages	190,000	384,000	383,728	-	272	-	-
Other Expenses	35,000	89,797	89,761	36	-	-	-
Hispanic/Cultural Affairs							
Other Expenses	80,000	31,992	31,992	-	-	-	-
North Hudson Council of Mayors							
Other Expenses	100,000	100,000	88,674	-	11,326	-	-
Municipal Land Use Law (NJS 40:55D-1)							
Regional Planning Board							
Salaries and Wages	16,001	16,501	16,501	-	-	-	-
Other Expenses	25,000	21,883	21,858	25	-	-	-
Continuous Planning Program	76,000	69,749	60,675	9,074	-	-	-
Veterans Affairs							
Salaries and Wages	10,000	-	-	-	-	-	-
Celebration of Public Events							
Other Expenses	155,000	130,045	130,045	-	-	-	-
Department of Revenue and Finance:							
Director's Office							
Salaries and Wages	32,000	16,145	16,145	-	-	-	-
Other Expenses	2,000	489	489	-	-	-	-
City Clerk's Office							
Salaries and Wages	366,000	357,037	357,037	-	-	-	-
Other Expenses	143,000	121,304	115,135	6,169	-	-	-
Treasurer's Office							
Salaries and Wages	600,000	512,202	509,450	-	2,752	-	-
Other Expenses	635,000	719,633	673,796	45,837	-	-	-
Assessment of Taxes							
Salaries and Wages	260,000	269,172	269,172	-	-	-	-
Other Expenses	10,000	22,257	(156,931)	179,188	-	-	-
Collection of Taxes							
Salaries and Wages	310,000	298,215	298,215	-	-	-	-
Other Expenses	29,000	20,415	17,398	3,017	-	-	-
Central Purchasing							
Salaries and Wages	80,000	63,469	63,469	-	-	-	-
Other Expenses	5,000	11,904	10,978	926	-	-	-
Rent Control Board							
Salaries and Wages	295,000	340,274	340,274	-	-	-	-
Other Expenses	58,000	59,647	55,191	4,456	-	-	-
Insurance							
General Liability	2,000,000	1,994,780	1,969,780	25,000	-	-	-
Workers Compensation	2,300,000	2,307,975	2,282,740	20,000	5,235	-	-
Employee Group Health	19,799,272	19,799,272	18,822,009	536,953	440,310	-	-
Tax Searches							
Salaries and Wages	5,001	5,001	5,001	-	-	-	-
Other Expenses	250	250	-	-	250	-	-
Elections							
Salaries and Wages	5,000	-	-	-	-	-	-
Other Expenses	200,000	126,846	124,359	2,487	-	-	-

See Accompanying Notes to the Financial Statements.

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Cancelled	Over Expended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
(A) Operations - Within "CAPS"							
Membership NJ League of Municipalities							
Other Expenses	\$ 5,000	\$ 5,000	\$ 4,935	\$ -	\$ 65	\$ -	\$ -
Annual Audit							
Other Expenses	125,000	125,000	-	-	125,000	-	-
Tax Sale Costs							
Other Expenses	3,000	3,000	-	-	3,000	-	-
Postage-All Departments							
Other Expenses	290,000	290,000	356,316	-	-	-	66,316
Data Processing							
Other Expenses	33,000	25,893	25,893	-	-	-	-
Day Care Center							
Other Expenses	260,000	260,000	260,000	-	-	-	-
Department of Public Safety:							
Director's Office							
Salaries and Wages	370,000	346,705	346,705	-	-	-	-
Other Expenses	180,000	156,548	149,678	6,870	-	-	-
Weddings							
Salaries and Wages	38,000	26,700	26,700	-	-	-	-
Legal Department							
Salaries and Wages	100,000	115,253	115,253	-	-	-	-
Tenant Advocacy	5,500	3,903	3,903	-	-	-	-
Other Expenses	1,400,000	1,482,738	1,422,100	60,516	122	-	-
Police Department							
Salaries and Wages	21,700,000	21,897,378	22,330,262	-	-	-	432,884
Overtime	975,000	927,514	927,514	-	-	-	-
Other Expenses	1,100,000	1,013,908	721,641	292,267	-	-	-
Traffic Signs and Safety							
Other Expenses	70,000	70,000	35,000	-	35,000	-	-
Emergency Management Services							
Salaries and Wages	38,000	33,500	33,500	-	-	-	-
Other Expenses	5,500	5,500	(158,756)	164,256	-	-	-
Emergency Medical Services							
Salaries and Wages	1,700,000	1,700,000	1,884,548	-	-	-	184,548
Other Expenses	135,000	127,346	106,556	20,790	-	-	-
Life Hazard Use Fee-Uniform Fire Safety							
Salaries and Wages	155,000	117,607	117,607	-	-	-	-
Other Expenses	23,000	8,975	8,975	-	-	-	-
Contribution to UCRA	126,000	126,000	126,000	-	-	-	-
Board of Health							
Salaries and Wages	348,000	362,602	362,602	-	-	-	-
Other Expenses	115,000	139,670	139,171	499	-	-	-
Welfare							
Relocation Assistance	200,000	247,232	241,282	5,950	-	-	-
Department of Public Works:							
Director's Office							
Salaries and Wages	165,000	108,372	108,372	-	-	-	-
Other Expenses	35,000	24,905	11,138	13,767	-	-	-
Department of Public Works:							
Street Cleaning							
Salaries and Wages	3,250,000	3,270,456	3,260,573	-	9,883	-	-
Other Expenses	200,000	168,764	162,914	5,850	-	-	-
Streets Repairs and Maintenance							
Other Expenses	155,000	240,755	179,154	61,601	-	-	-
Snow Removal							
Salaries and Wages	49,000	7,041	7,041	-	-	-	-
Other Expenses	200,000	75,223	75,223	-	-	-	-
Board of Adjustment							
Salaries and Wages	16,000	16,000	15,500	-	500	-	-
Other Expenses	39,000	67,707	51,737	15,970	-	-	-

See Accompanying Notes to the Financial Statements.

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Cancelled	Over Expended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
(A) Operations - Within "CAPS"							
Solid Waste Disposal							
Salaries and Wages	\$ 1,485,000	\$ 1,360,583	\$ 1,353,429	\$ -	\$ 7,154	\$ -	\$ -
Other Expenses	4,900,000	4,900,000	4,595,770	304,230	-	-	-
Engineering Services							
Other Expenses	715,000	715,000	1,256,294	-	-	-	541,294
Public Assistance							
Other Expenses	150,000	275,626	273,626	2,000	-	-	-
Department of Parks and Public Property:							
Director's Office							
Salaries and Wages	160,000	173,122	173,122	-	-	-	-
Other Expenses	3,200	1,630	1,630	-	-	-	-
Parks and Playgrounds							
Other Expenses	740,000	597,009	563,129	33,880	-	-	-
Public Buildings and Grounds							
Salaries and Wages	1,175,000	1,048,827	1,048,827	-	-	-	-
Other Expenses	700,000	583,547	582,732	815	-	-	-
Recreation							
Salaries and Wages	715,000	489,638	489,638	-	-	-	-
Other Expenses	240,000	377,912	351,674	13,737	12,501	-	-
Uniform Construction Code:							
State Uniform Construction Code Officials:							
Salaries and Wages	935,000	998,230	988,350	-	9,880	-	-
Other Expenses	255,000	392,791	391,296	1,495	-	-	-
Sub-Code Officials:							
Electrical Inspector							
Salaries and Wages	37,000	37,750	37,750	-	-	-	-
Fire Inspector							
Salaries and Wages	125,000	125,000	125,000	-	-	-	-
Other Expenses	1,500	46,151	44,046	2,105	-	-	-
Unclassified:							
Retirement Benefits	200,000	-	-	-	-	-	-
Gasoline	541,000	541,000	478,939	35,000	27,061	-	-
Telephone	320,000	320,000	307,812	-	12,188	-	-
Electricity	1,200,000	1,957,516	1,957,516	-	-	-	-
Water	285,000	285,000	54,581	203,878	26,541	-	-
Natural Gas	75,000	75,000	75,000	-	-	-	-
Street Lighting	800,000	800,000	800,000	-	-	-	-
Sewer	95,000	95,000	-	20,740	74,260	-	-
Fire Hydrants	182,000	182,000	100,685	-	81,315	-	-
Printing-All Departments	525,000	562,140	562,140	-	-	-	-
Photocopying	45,000	53,225	53,225	-	-	-	-
Fleet Maintenance & Repairs	800,000	800,000	688,689	111,311	-	-	-
Emergency Authorization - COVID							
Health Insurance	-	4,220,759	4,220,759	-	-	-	-
Solid Waste Removal	-	1,255,898	1,255,898	-	-	-	-
Special Emergency Authorization							
Tax Map	-	194,500	194,500	-	-	-	-
Retirement Benefits	-	673,829	673,829	-	-	-	-
Total Operations within "CAPS"	80,733,224	87,375,447	85,505,179	2,210,695	884,615	-	1,225,042
Detail:							
Salaries and Wages	37,445,002	36,752,582	37,339,573	-	30,441	-	617,432
Other Expenses	43,288,222	50,622,865	48,165,606	2,210,695	854,174	-	607,610

See Accompanying Notes to the Financial Statements.

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Cancelled	Over Expended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
Deferred Charges and Statutory Expenditures -							
Deferred Charges - Municipal Within "CAPS"							
Overexpenditures	\$ 3,230,151	\$ 3,230,151	\$ 3,230,151	\$ -	\$ -	\$ -	\$ -
Statutory Expenditures - Contributions to:							
PERS	1,721,374	1,721,374	-	1,721,374	-	-	-
Social Security System	2,000,000	1,870,601	1,869,750	-	851	-	-
Consolidated Police and Firemen Pension Fund	30,448	30,448	30,448	-	-	-	-
PFRS	5,831,904	5,690,677	(154,293)	5,831,904	13,066	-	-
Unemployment Insurance	160,000	160,000	137,764	22,236	-	-	-
DCRP	295,000	263,958	263,958	-	-	-	-
	<u>13,268,877</u>	<u>12,967,209</u>	<u>5,377,778</u>	<u>7,575,514</u>	<u>13,917</u>	<u>-</u>	<u>-</u>
Total Appropriations for Municipal Purposes within "CAPS"	<u>94,002,101</u>	<u>100,342,656</u>	<u>90,882,957</u>	<u>9,786,209</u>	<u>898,532</u>	<u>-</u>	<u>1,225,042</u>
Other Operations Excluded from "CAPS"							
Free Public Library	1,358,066	1,358,066	1,301,126	50,019	6,921	-	-
North Hudson Fire & Rescue	19,000,000	19,000,000	15,857,216	3,135,941	6,843	-	-
	<u>20,358,066</u>	<u>20,358,066</u>	<u>17,158,342</u>	<u>3,185,960</u>	<u>13,764</u>	<u>-</u>	<u>-</u>
Shared Service Agreements:							
Union City Board of Education							
Solid Waste Removal	485,928	485,928	485,928	-	-	-	-
47th Street Pool	136,000	136,000	136,000	-	-	-	-
Recreation Center Lease	400,000	400,000	400,000	-	-	-	-
Snow Removal	100,000	100,000	-	-	-	100,000	-
Off Duty Police Officers	100,000	100,000	100,000	-	-	-	-
SLEO III Police Officers	818,600	818,600	376,118	-	-	442,482	-
Police Services	753,417	753,417	744,870	-	-	8,547	-
School Crossing Guards	2,012,644	2,017,075	2,567,019	300	-	-	550,244
Total Shared Service Agreements	<u>4,806,589</u>	<u>4,811,020</u>	<u>4,809,935</u>	<u>300</u>	<u>-</u>	<u>551,029</u>	<u>550,244</u>
Public and Private Programs Offset by Revenue:							
Target Corp. Soccer Grant	1,000	1,000	1,000	-	-	-	-
DOT - Palisade Ave	3,100,000	3,100,000	3,100,000	-	-	-	-
Municipal Road Aid	250,000	250,000	250,000	-	-	-	-
Urban Road Aid	193,878	193,878	193,878	-	-	-	-
Recycling Tonnage Grant	95,936	95,936	95,936	-	-	-	-
Bulletproof Vest	11,522	11,522	11,522	-	-	-	-
Pedestrian Safty	30,000	30,000	30,000	-	-	-	-
Body Armor Replacement Fund	15,021	15,021	15,021	-	-	-	-
Municipal Alliance	57,412	57,412	57,412	-	-	-	-
Municipal Alliance - Match	14,353	14,353	14,353	-	-	-	-
Drug Free Community Coalition	125,000	125,000	125,000	-	-	-	-
Drug Free - Match	125,000	125,000	125,000	-	-	-	-
Distracted Driving	5,500	5,500	5,500	-	-	-	-
County Open Space - Peru Park	500,000	500,000	500,000	-	-	-	-
County Open Space - FF Park	250,000	250,000	250,000	-	-	-	-
DOT - 35th St., Phase I	470,897	470,897	470,897	-	-	-	-
DOT - 35th St., Phase II	190,000	190,000	190,000	-	-	-	-
Green Acres - 44th Street	675,000	675,000	675,000	-	-	-	-
Drive Sober Crackdown	5,500	5,500	5,500	-	-	-	-
Alcohol Education and Rehab	-	1,167	1,167	-	-	-	-
EMS Stimulus Grant-COVID 19	-	21,914	21,914	-	-	-	-
	<u>6,116,019</u>	<u>6,139,100</u>	<u>6,139,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CA"	<u>31,280,674</u>	<u>31,308,186</u>	<u>28,107,377</u>	<u>3,186,260</u>	<u>13,764</u>	<u>551,029</u>	<u>550,244</u>
Other Operations Excluded from "CAPS"							
Detail:							
Other Expenses	<u>31,280,674</u>	<u>31,308,186</u>	<u>28,107,377</u>	<u>3,186,260</u>	<u>13,764</u>	<u>551,029</u>	<u>550,244</u>

See Accompanying Notes to the Financial Statements.

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended				Over Expended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled	
Capital Improvements Excluded from "CAPS":							
Capital Improvement Fund	\$ 800,000	\$ 800,000	\$ 800,000	\$ -	\$ -	\$ -	\$ -
Municipal Debt Service Excluded from "CAPS":							
Payment of Bond Principal	4,220,000	4,220,000	4,220,000	-	-	-	-
Bond Anticipation Notes	2,042,746	2,042,746	2,006,896	-	-	35,850	-
Interest on Bonds	1,693,826	1,693,826	1,693,826	-	-	-	-
Interest on Notes	1,639,482	1,639,482	1,634,120	-	-	5,362	-
Interest on Special Emergency Notes:							
Retirement Liabilities	41,594	41,594	41,594	-	-	-	-
Health Insurance	96,093	96,093	96,093	-	-	-	-
Hudson County Improvement Authority:							
Fire Dept Assets - Principal	1,125,593	1,125,593	1,104,020	21,448	-	125	-
Fire Dept Assets - Interest	370,740	370,740	362,318	-	-	8,422	-
Capital Lease:							
Ambulance	125,877	125,877	125,877	-	-	-	-
Street Sweeper	47,118	47,118	47,118	-	-	-	-
Packer Lease	42,449	42,449	36,229	-	-	6,220	-
Swimming Pool	49,747	49,747	49,747	-	-	-	-
17th Street Park	4,353	4,353	4,353	-	-	-	-
Leggerio Park	36,697	36,697	36,697	-	-	-	-
Parking Authority Debt	269,029	269,029	269,029	-	-	-	-
	<u>11,805,344</u>	<u>11,805,344</u>	<u>11,727,917</u>	<u>21,448</u>	<u>-</u>	<u>55,979</u>	<u>-</u>
Deferred Charges - Municipal - Excluded from "CAPS":							
Grant receivable write-off	498,920	498,920	498,920	-	-	-	-
Emergency Authorizations	549,103	549,103	549,103	-	-	-	-
	<u>1,048,023</u>	<u>1,048,023</u>	<u>1,048,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"	<u>44,934,041</u>	<u>44,961,553</u>	<u>41,683,317</u>	<u>3,207,708</u>	<u>13,764</u>	<u>607,008</u>	<u>550,244</u>
Subtotal General Appropriations	138,936,142	145,304,209	132,566,274	12,993,917	912,296	607,008	1,775,286
Reserve for Uncollected Taxes	1,081,876	1,081,876	1,081,876	-	-	-	-
Total General Appropriations	<u>\$ 140,018,018</u>	<u>\$ 146,386,085</u>	<u>\$ 133,648,150</u>	<u>\$ 12,993,917</u>	<u>\$ 912,296</u>	<u>\$ 607,008</u>	<u>\$ 1,775,286</u>
				A-22	A		A-23
Adopted Budget	A-2	\$ 140,018,018	\$ 116,675,057	A-4	Cash Disbursements		
Added by NJSA 40A:4-87	A-2	23,081	1,081,876	A-2	Reserve for Uncollected Taxes		
Special Emergencies	A-23	<u>6,344,986</u>	800,000	A-11	Capital Improvement Fund		
		146,386,085	5,913,825	A-10	Qualified Bonds Paid by State		
Add: Overexpended	A-23	1,775,286	5,999,747	A-26	Grants Appropriated		
Less: Cancelled		607,008	139,353	A-26	Grants Appropriated - City Match		
	A-1	<u>\$ 147,554,363</u>	3,729,071	A-23	Deferred Charges		
			(690,779)	A-14	Budget Reimbursements		
			<u>\$ 133,648,150</u>				

See Accompanying Notes to the Financial Statements.

CITY OF UNION CITY

REPORT OF AUDIT

**FINANCIAL SECTION:  
TRUST FUND FINANCIAL STATEMENTS**

**CITY OF UNION CITY  
TRUST FUNDS  
JUNE 30, 2020 AND 2019**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	Ref.	2020	2019
<u>ASSETS</u>			
Animal Control Trust Fund			
Cash and Cash Equivalents	B-1	\$ 10,449	\$ 11,538
Other Trust Fund			
Cash and Cash Equivalents	B-5	7,367,283	8,640,957
Account Receivables	B-6	877,797	1,199,160
Total Other Trust Fund		<u>8,245,080</u>	<u>9,840,117</u>
Community Development Agency Fund			
Cash and Cash Equivalents	B-10	3,845	6,465
Due from HUD Community Development Block Grant	B-11	1,256,103	939,039
Total Community Development Agency Fund		<u>1,259,948</u>	<u>945,504</u>
Public Defender Trust Fund			
Cash and Cash Equivalents	B-15	8,275	4,983
Total Public Defender Trust Fund		<u>8,275</u>	<u>4,983</u>
Total Assets		<u>\$ 9,523,752</u>	<u>\$ 10,802,142</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Trust Fund			
Due to the State of New Jersey	B-2	\$ 10	\$ 243
Reserve for Animal Control Trust Fund Expenditures	B-3	10,439	11,295
Total Animal Control Trust Fund		<u>10,449</u>	<u>11,538</u>
Other Trust Fund			
Reserve for Other Trust Fund Activity	B-8	7,820,127	8,000,775
Due to Current Fund	B-7	-	1,089,640
Reserve for Encumbrances Payable	B-9	424,953	749,702
Total Other Trust Fund		<u>8,245,080</u>	<u>9,840,117</u>
Community Development Agency Fund			
Reserve for Community Development Block Grant	B-13	1,259,948	945,504
Total Community Development Agency Fund		<u>1,259,948</u>	<u>945,504</u>
Public Defender Trust Fund			
Reserve for Public Defender Trust Expenditures	B-16	8,275	4,983
Total Public Defender Trust Fund		<u>8,275</u>	<u>4,983</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,523,752</u>	<u>\$ 10,802,142</u>

See Accompanying Notes to the Financial Statements.

CITY OF UNION CITY

REPORT OF AUDIT

**FINANCIAL SECTION:  
GENERAL CAPITAL FUND  
FINANCIAL STATEMENTS**

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
JUNE 30, 2020 AND 2019**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2, C-3	\$ 7,869,348	\$ 2,442,798
Due from State of New Jersey			
Green Acres Trust Grant	C-6	-	470,000
Deferred Charges to Future Taxation:			
Funded	C-4	40,618,683	45,901,447
Unfunded	C-5	65,429,457	67,436,355
Total Assets and Deferred Charges		<u>\$ 113,917,488</u>	<u>\$ 116,250,600</u>
<u>Liabilities and Reserves</u>			
Capital Improvement Fund	C-8	\$ 31,964	\$ 212,327
Improvement Authorizations:			
Funded	C-9	901,988	301,892
Unfunded	C-9	7,484,198	12,843,974
Encumbrances Payable	C-10	5,078,059	2,692,046
General Serial Bonds	C-11	33,695,000	37,915,000
Capital Lease Payable	C-16	719,124	585,685
Capital Lease Payable - HCIA	C-12	5,248,310	6,373,903
Green Acres Loans Payable	C-13	956,249	1,026,859
Bond Anticipation Notes	C-14	59,077,593	53,464,491
Reserve for Retirement of Debt Service	C-15	316,707	463,336
		<u>113,509,192</u>	<u>115,879,513</u>
Fund Balance	C-1	<u>408,296</u>	<u>371,087</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 113,917,488</u>	<u>\$ 116,250,600</u>
Bonds and Notes Authorized But Not Issued	C-17	<u>\$ 6,351,864</u>	<u>\$ 13,971,864</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS**

Balance, June 30, 2019	<u>Ref.</u> C	\$ 371,087
Increased by:		
Premium on HCIA Note Sales		
Series 2020A		\$ 151,094
Series 2020B		<u>20,771</u>
	C-7	171,865
Series 2020C	C-2	<u>165,344</u>
		<u>337,209</u>
		708,296
Decreased by:		
Anticipated as Revenue in Current Budget	C-7	<u>300,000</u>
Balance, June 30, 2020	C	<u><u>\$ 408,296</u></u>

See Accompanying Notes to the Financial Statements.

CITY OF UNION CITY

REPORT OF AUDIT

**FINANCIAL SECTION:  
GENERAL FIXED ASSETS  
FINANCIAL STATEMENTS**

**CITY OF UNION CITY  
GENERAL FIXED ASSETS  
JUNE 30, 2019 AND 2018**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>			
Land		\$ 11,229,400	\$ 11,229,400
Buildings and Improvements		59,396,816	57,855,360
Machinery, Equipment and Other		<u>13,189,299</u>	<u>12,370,026</u>
Total Assets	D-1	<u>\$ 83,815,515</u>	<u>\$ 81,454,786</u>
<u>LIABILITIES AND RESERVES</u>			
Investment in General Fixed Assets		<u>\$ 83,815,515</u>	<u>\$ 81,454,786</u>
Total Liabilities and Reserves	D-2	<u>\$ 83,815,515</u>	<u>\$ 81,454,786</u>

See Accompanying Notes to the Financial Statements.

CITY OF UNION CITY

REPORT OF AUDIT

**FINANCIAL SECTION:  
NOTES TO FINANCIAL STATEMENTS**

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The City of Union City (the “City”) is organized as a Commission form of government 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 the 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. The Governmental Accounting Standards Board (“GASB”) establishes criteria to be used to determine which component units should be included in the financial statements of the primary government (the City). If the provisions of GASB had been complied with, the financial statements of the Union City Day Care Center (a non-profit organization), the Union City Board of Education, the Union City Housing Authority, the Union City Parking Authority, the Union City Public Library, and the Union City Redevelopment Agency would be discretely presented as component units within the City’s financial statements. However, 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. Accordingly, the financial statements of the City do not include the operations of these entities.

**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.

**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 the Trust Fund. Bonds, notes and loans payable are recorded in this fund, offset by deferred charges to future taxation.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Trust Funds** – are used to account for receipts, custodianship and disbursements of dedicated revenues in accordance with the purpose for which each reserve was created, subject to available cash in each individual trust fund reserve established pursuant to applicable state statutes or as an agent for individuals and other governmental agencies. The City has the following Trust Funds:

Animal Control Trust Fund – is used to account for fees collected from dog and cat licenses and expenditures which are regulated by N.J.S.A 4:19-15.11.

Other Trust Funds – is used to account for the assets and resources held by the City in a trustee or agent capacity. Included in this fund are monies collected and disbursed for the purposes of: insurance proceeds, Council on Affordable Housing, tax sale redemption and premiums, escrow accounts, the parking offenses adjudication act, public defender fees, forfeitures, elevator inspections, fire victims assistance funds, recreation program proceeds, storm recovery trust, tree planning programs and donations of various sorts and the outside employment of off-duty police officers whereas fees are charged contractors for the use of police officers and vehicles and police officer overtime is then paid from these contractor's fees.

Community Development Agency Fund – is used to account for the assets and resources held by the City in a trustee or agent capacity, the source of which is United States Housing and Urban Development grant awards such for the Community Development Block Grant program.

Public Defender Trust Fund – is used to account for public defender fees and the costs of providing public defender services as necessary.

**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.

**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.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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.

**Inventories of Supplies** - The cost of inventories of supplies are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the balance sheets of the Current, Trust or General Capital Funds. GAAP requires the cost of inventories to be reported as a current asset 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.

**Improvement Authorizations** – Improvement Authorizations in the General Capital Fund represent the unexpended balance of an ordinance appropriation. GAAP does not recognize unexpended balances of ordinances as liabilities.

**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 Fund budget. In addition, deferred charges may result from operating activities and are required to be raised by future taxation either in the succeeding year, within 3 years or within five years, dependent on the statutory authority applicable to such charges. As the funds are raised by taxation, the deferred charges are reduced. GAAP does not require the establishment of deferred charges to future taxation.

**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 fund and the remaining obligations be recorded as long-term obligations.

**Net Pension and Net OPEB Liabilities** - Had generally accepted accounting principles been followed, the City’s share of its actuarially determined net pension liabilities for the Public Employees Retirement System (“PERS”), Police and Fire Retirement System (“PFRS”) and other post-employment benefit plans would be required to be accrued on the City’s balance sheet. Accounting practices prescribed by the Division of Local Government Services only require note disclosure of these liabilities and related actuarial information. The City appropriates annually the amounts required to be paid in any fiscal year in that year’s budget its share of PERS and PFRS obligations.

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

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Reserves (Other than Reserve for Receivables)** - Reserves, other than reserve for receivables, are considered liabilities, and not 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.

**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** - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

**General Fixed Assets** - Accounting for Governmental Fixed Assets as promulgated by the Division 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 the various funds for general fixed assets are recorded as expenditures within the respective fund. Public domain (infrastructure) 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 General Capital Fund against authorizations under which the project was approved until such time as the construction is completed and put into operation. Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

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.

In accordance with the accounting principles prescribed by the Division, no depreciation has been provided for 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.

**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 and New Jersey Asset and Rebate Management Program (“NJARM”). N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal 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.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City is 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 40A: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.

**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, General Fixed Assets or Capital Fund, except to the extent that 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 10 for introduction and approval and September 20 for adoption. These dates are subject to extension by the Division with 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 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 “CAP” laws follows:

- 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.
- 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 requires the financial statements of a governmental unit presented in its general purpose financial statements to be in accordance with GAAP. The City presents the financial statements required by the Division, 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.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 1, substantial differences exist between GAAP and the regulatory basis prescribed by the Division. Reconciliation between the two would not be meaningful or informative and therefore is not provided herein.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk** is the risk that in the event of a bank failure, the City’s cash deposits may not be returned to it or the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City’s name and are held by either the counterparty or its trust department or agent, but not in the City’s name. To minimize custodial credit risk, 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 invested in deposits with the New Jersey Cash Management Fund or the New Jersey Asset & Rebate Management Program (“NJARM”). As of June 30, 2019, and 2018, 81% of the City’s investments and deposits were held in one financial institution. The remaining funds were distributed among three financial institutions and investment pools. 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.

	2020	2019
FDIC Insured Deposits	\$ 500,000	\$ 500,000
GUDPA Insured Deposits	29,539,268	19,327,328
Government Investment Pools		
Maturities less than One Year		
NJ Asset & Rebate Management Program	916,388	903,171
NJ Cash Management Fund	484,748	477,444
Total Investments and Deposits	\$ 31,440,404	\$ 21,207,943

**Foreign Currency Risk** is the risk that changes in exchange rates will adversely affect deposits and deposits. None of the City’s deposits and investments as of June 30, 2020 and 2019 are known to be held in foreign currency.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy regarding the management of credit risk.

**Concentration of Credit Risk** - The City places no formal limit on the amount it may invest in any one issuer. New Jersey Statutes limit municipal investments to those specified and summarily identified in the following paragraph.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

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 Finance Notice 2017-24 further authorizes local governments, such as the City, to invest in notes issued by New Jersey municipalities, counties, fire districts and boards of education without prior Division approval, so long as such investments are incorporated into a cash management plan.
  - Debt obligations from the following local government entities are statutorily authorized to be incorporated into a cash management plan without being subject to a 397-day maturity limit: Parking Authorities, Sewerage and Utilities Authorities, County Improvement Authorities, Pollution control Financing Authority, certain Water Commissions, Municipal Port Authorities, Municipal Shared Service Energy Authority as well as bonds issued pursuant to the Local Redevelopment.
- ◆ Local government investment pools.
- ◆ Deposits with the State of New Jersey Cash Management Fund.
- ◆ 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 by statute and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

GASB 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, 2020 and 2019 are invested in the NJ Cash Management Fund, or the NJARM Program, which are both classified as Government Investment Pools with maturity periods of less than one year.

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, 2020 and 2019, the City has a balance of \$916,388 and \$903,171, respectively, in the NJARM Program.

All investments in the **New Jersey Cash Management Fund** are governed by the regulations of the State of New Jersey Division of Investment, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. Although the Division of Investment has never suffered a default of principal or interest on any short-term security held within the New Jersey Cash Management Fund due to the bankruptcy of a securities issuer, it has established a reserve as additional protection for the Other-than-State participants. In addition to the Division of Investment 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 of the New Jersey Cash Management Fund, but instead has a net realizable interest in the joint value of the fund. As of June 30, 2020 and 2019, the City had a balance of \$484,748 and \$477,444, respectively, in the New Jersey Cash Management Fund.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 3. PROPERTY TAXES**

In accordance with the accounting principles prescribed by the Division, receivables for property taxes and tax title liens 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. Since delinquent taxes and tax title liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires such revenue to be recognized when they are available and measurable, reduced by an allowance for doubtful accounts.

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. Chapter 99 of the Public Laws of 1997 of the State of New Jersey authorized any municipality to have an accelerated tax sale. An accelerated tax sale permits a municipality to have a tax sale when property taxes are unpaid after the 11<sup>th</sup> day of the 11<sup>th</sup> month of each fiscal year. The City conducted an accelerated tax sale in the years ended June 30, 2020 and 2019. The true tax collection rate, including the proceeds of the accelerated tax sales for the years ended June 30, 2020 and 2019 was 98.86% and 99.39%, respectively. The underlying tax collection rate for the years ended June 30, 2020 and 2019 was 98.28% and 98.49%, respectively.

During fiscal year ended June 30, 2020 the City collected \$71,516 from delinquent taxes which represented 71.61% of the delinquent balances at June 30, 2019. For the fiscal year ended June 30, 2019, the City collected \$63,840 from delinquent taxes which represented 64.93% of the delinquent balances at June 30, 2018.

Taxes collected in advance are recorded as cash liabilities in the financial statements. As of June 30, 2020 and 2019, the City's prepaid taxes were \$200,085 and \$164,720, respectively.

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 following entities:

Union City Board of Education - 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 school district for the period from July 1 to June 30.

County of Hudson - The City is responsible for levying, collecting and remitting county taxes for the County of Hudson. Operations is charged for the amount due to 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.

**NOTE 4. 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. The term of bond anticipation notes, which are issued to temporarily finance capital projects, 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. On or before the third anniversary date of the original note through the tenth anniversary date, a payment of an amount at least equal to the first legally payable installment must be paid or retired.

The City has received loans and capital leases to fund various capital projects. Repayment terms, which are set by the lender, cannot exceed the statutory period of usefulness as established by the Local Bond Law.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4. LONG-TERM DEBT (Continued)**

The City's debt is summarized as follows:

	2020	2019
Issued:		
General Bonds	\$ 33,695,000	\$ 37,915,000
HCIA Lease	5,248,310	6,373,903
Green Acres	956,249	1,026,859
Capital Leases	719,124	585,685
BANS	59,077,593	53,464,491
Bonds, notes and loans	99,696,276	99,365,938
Authorized by not Issued:		
Bonds and notes	6,351,864	13,971,864
 Total Issued and Authorized but not Issued	 \$ 106,048,140	 \$ 113,337,802

A detail of bonds, notes and loans issued and outstanding follows:

	2020	2019
\$15,735,000 ERI Pension Bonds of 2002 due in annual installments of \$15,000 to \$1,695,000 through January 2033, bearing interest at 5.375% - 6.250%	\$ 10,215,000	\$ 10,315,000
\$10,300,000 General Obligation Bonds of 2016 due in annual installments of \$540,000 to \$890,000 through July 2030, bearing interest at 2.5% - 3.0%	8,490,000	9,135,000
\$18,805,000 Refunding Bonds of 2018 due in annual installments of \$340,000 to \$3,875,000 through November 2023, bearing interest at 4% - 5%	14,990,000	18,465,000
\$4,766,625 HCIA Capital Leases of 2004 due in annual installments of \$150,525 to \$585,375 through January 2024, bearing interest at 5.33%	2,090,625	2,542,200
\$2,396,693 HCIA Capital Leases of 2006 due in annual installments of \$71,918 to \$122,093 through January 2024, bearing interest at 4.0% - 5.4%	898,135	1,098,835
\$5,071,020 HCIA Capital Leases of 2011 due in annual installments of \$97,005 to \$449,903 through March 2024, bearing interest at 5.3% - 8.0%	2,259,550	2,732,868
\$800,000 Green Trust Loan of 2011 due in annual installments of \$33,915 to \$48,525 through March 2031, bearing interest at 2%	469,038	508,806

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 4. LONG-TERM DEBT (continued)**

Continuation of bonds, notes and loans issued and outstanding:

	2020	2019
\$70,000 Green Trust Loan of 2011 due in annual installments of \$2,968 to \$4,246 through March 2031, bearing interest at 2%	\$ 41,041	\$ 44,521
\$590,143 Green Trust Loan of 2014 due in annual installments of \$12,447 to \$36,155 through February 2034, bearing interest at 2%	446,170	473,532
\$217,330 Capital Lease of 2016 due in annual installments of \$11,688 to \$45,854 through July 2021, bearing interest at 3.12%	57,543	101,992
\$293,814 Capital Lease of 2016 due in annual installments of \$55,109 to \$62,533 through January 2021, bearing interest at 3.21%	62,533	123,122
\$278,884 Capital Lease of 2017 due in annual installments of \$52,264 to \$59,404 through May 2022, bearing interest at 3.25%	116,936	172,656
\$187,915 Capital Lease of 2018 due in annual installments of \$35,169 to \$40,671 through August 2023, bearing interest at 4.37% (impaired FY2020)	-	187,915
\$289,970 Capital Lease of 2019 due in annual installments of \$53,878 to \$62,262 through July 2024, bearing interest at 3.68%	289,970	-
\$192,142 Capital Lease of 2019 due in annual installments of \$61,733 to \$66,390 through July 2022, bearing interest at 3.70%	192,142	-
\$53,464,491 Bond Anticipation Notes issued FY 2019 and due FY 2020, bearing interest at 3.0% - 3.5%	59,077,593	53,464,491
Total Debt Issued and Outstanding	\$ 99,696,276	\$ 99,365,938

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 4. LONG-TERM DEBT (continued)**

The changes in debt for the years ended June 30, 2020 and 2019 are as follows:

	Balance June 30, 2019	Authorized	Issued/ (Cancelled)	Paid	Balance June 30, 2020
Short-Term:					
Bond Anticipation Notes	\$ 53,464,491	\$ -	\$ 7,620,000	\$ 2,006,898	\$ 59,077,593
Long-Term:					
General Bonds	37,915,000	-	-	4,220,000	33,695,000
Capital Leases	6,959,588	-	482,112	1,474,266	5,967,434
Green Acres Loans	1,026,859	-	-	70,610	956,249
Authorized but Not Issued	13,971,864	-	(7,620,000)	-	6,351,864
<b>Total</b>	<b>\$ 113,337,802</b>	<b>\$ -</b>	<b>\$ 482,112</b>	<b>\$ 7,771,774</b>	<b>\$ 106,048,140</b>

  

	Balance June 30, 2018	Authorized	Issued/ (Cancelled)	Paid	Balance June 30, 2019
Short-Term:					
Bond Anticipation Notes	\$ 54,750,617	\$ -	\$ 53,464,491	\$ 54,750,617	\$ 53,464,491
Long-Term:					
General Bonds and Notes	42,300,000	-	-	4,385,000	37,915,000
Capital Leases	7,977,759	-	187,915	1,206,086	6,959,588
Green Acres Loans	1,096,077	-	-	69,218	1,026,859
Authorized but Not Issued	13,660,100	10,311,764	(10,000,000)	-	13,971,864
<b>Total</b>	<b>\$ 119,784,553</b>	<b>\$ 10,311,764</b>	<b>\$ 43,652,406</b>	<b>\$ 60,410,921</b>	<b>\$ 113,337,802</b>

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, 2020 is as follows:

Year Ending June 30,	General Bonds		Capital Leases		Green Acres Trust Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 4,400,000	\$ 1,512,388	\$ 1,465,661	\$ 326,475	\$ 72,030	\$ 18,767	\$ 7,795,320
2022	4,615,000	1,303,200	1,455,384	243,775	73,479	17,320	7,708,158
2023	4,850,000	1,083,325	1,472,345	158,820	74,955	15,842	7,655,287
2024	4,975,000	853,138	1,511,783	70,306	76,462	14,335	7,501,024
2025	1,220,000	714,451	62,261	2,293	77,997	12,798	2,089,799
2026-2030	8,275,000	2,686,888	-	-	414,147	39,836	11,415,871
2031-2034	5,360,000	596,787	-	-	167,179	6,659	6,130,625
	<b>\$ 33,695,000</b>	<b>\$ 8,750,176</b>	<b>\$ 5,967,434</b>	<b>\$ 801,669</b>	<b>\$ 956,249</b>	<b>\$ 125,557</b>	<b>\$ 50,296,083</b>

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 4. LONG-TERM DEBT (continued)**

BONDS ISSUED, AND AUTHORIZED BUT NOT ISSUED, BY ANOTHER PUBLIC ENTITY AND GUARANTEED BY THE CITY

**UNION CITY BOARD OF EDUCATION**

In May 2018 the Union City Board of Education issued Hudson County Improvement Authority Lease Revenue Bonds, the proceeds of which are being used in connection with the construction of a parking deck adjacent to a Union City Board of Education school building. These bonds are guaranteed by the City. At June 30, 2020 and 2019, \$10,605,000 and \$11,020,000, respectively, of these bonds were outstanding. Principal amounts are due in annual installments ranging from \$375,000 to \$3,930,000 through June 2037, and bear interest at rates ranging from 3.76% to 5.00%. As guarantor, the City's responsibility is limited to the extent of the amounts outstanding in the event of a default. The City does not expect to be responsible for any of the debt service payments on the bonds.

**UNION CITY PARKING AUTHORITY**

At June 30, 2020 and 2019, \$512,700 and \$751,700, respectively, of All Points Public Funding, LLC bonds issued in the name of the Union City Parking Authority (the "Authority") and guaranteed by the City were outstanding. These City guaranteed bonds were issued to construct a parking deck located within the City. Principal amounts are due in annual installments ranging from \$136,600 to \$262,300 through August 2021, and bear interest at 4.75%.

During the years ended June 30, 2020 and 2019 the City budgeted for and paid on behalf of the Authority, \$269,029 and \$269,325 of principal and interest on these City guaranteed bonds. The City expects to budget and make the following payments on behalf of the Authority:

Year Ending	Principal	Interest	Total
2021	\$ 250,400	\$ 18,407	\$ 268,807
2022	262,300	6,230	268,530
	\$ 512,700	\$ 24,637	\$ 537,337

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

At June 30, 2020 the equalized valuation basis of the City was \$4,093,560,695. The summarized statement of debt condition, which was prepared in accordance with the required method of setting up the Annual Debt Statement, indicated a statutory net debt of 2.195%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ -	\$ -	\$ -
General Debt	111,198,406	21,332,700	89,865,706
	\$ 111,198,406	\$ 21,332,700	\$ 89,865,706

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

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ -	\$ -	\$ -
General Debt	111,198,406	21,332,700	89,865,706
	\$ 111,198,406	\$ 21,332,700	\$ 89,865,706

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4. LONG-TERM DEBT (continued)**

At June 30, 2019 the equalized valuation basis of the City was \$3,823,094,865. The summarized statement of debt condition, which was prepared in accordance with the required method of setting up the Annual Debt Statement, indicated a statutory net debt of 2.53%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ -	\$ -	\$ -
General Debt	107,129,915	10,315,000	96,814,915
	\$ 107,129,915	\$ 10,315,000	\$ 96,814,915

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

3-1/2% of Equalized Valuation Basis	\$ 133,808,320
Net Debt	96,814,915
Remaining Borrowing Power	\$ 36,993,405

**NOTE 5. FUND BALANCE APPROPRIATED**

Fund balance of the City consists of cash surplus and non-cash surplus. The City can anticipate fund balance to support its budget of the succeeding year, however, the use of non-cash surplus is subject to the prior written consent of the Division. Fund balances at June 30, 2020 and 2019 appropriated and included as anticipated revenue in the succeeding year's budget were as follows:

Year	Fund Balance June 30,	Utilized in Budget of Succeeding Year
2020	\$ 2,342,305	\$ 2,000,000 *
2019	3,054,684	2,037,735

\* As of the date of this audit, the fiscal year 2020 budget has been introduced but not adopted

**NOTE 6. RETIREMENT SYSTEMS**

Substantially all City employees participate in the State of New Jersey, Public Employees Retirement System (PERS), Police and Fireman's Retirement System of New Jersey (PFRS) or the Defined Contribution Retirement Program (DCRP).

**STATE-MANAGED PENSION PLANS – PERS**

The PERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits. For additional information about PERS, please refer to Division of Pension and Benefit's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6. RETIREMENT SYSTEMS (continued)**

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Net Pension Liability**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The Division does not require the City to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources or collective pension expense, however, disclosure of such amounts is required.

Although the Division of Pensions and Benefits administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan. The allocation percentages for each group of the plan as of June 30, 2019 and 2018 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2019 and 2018. At June 30, 2019 and 2018, the City's net pension liability for PERS, including the City's proportionate share, was as follows:

Year Ended June 30,	Proportionate Share		Net Pension Liability
	Rate	Change	
2019	0.15522%	0.00004%	\$ 27,968,153
2018	0.15518%	0.00143%	\$ 30,554,948

**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, 2019 and 2018, calculated using discount rates of 6.28% and 5.66%, respectively, as well the City's proportionate share of the net pension liability if calculated using discount rates that are 1% lower or 1% higher than the current rate:

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6. RETIREMENT SYSTEMS (continued)**

	2018		2019	
	Rate	Amount	Rate	Amount
1% Decrease	4.66%	\$ 38,419,327	5.28%	\$ 35,328,322
Current Discount Rate	5.66%	30,554,948	6.28%	27,968,153
1% Increase	6.66%	23,957,237	7.28%	21,766,168

**Actuarial Assumptions**

The total pension liability for the June 30, 2019 and June 30, 2018 measurement dates were determined by actuarial valuations as of July 1, 2018 and 2017, respectively, which were rolled forward to June 30, 2019 and 2018, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

Measurement Date of	Inflation Rate	Salary Increases		Investment Rate of Return
		Through 2026	Thereafter	
June 30, 2019	Price- 2.75% Wage- 3.25%	2.00-6.00% Based on Years of Service	3.00-7.00%	7.00%
June 30, 2018	2.25%	1.65-4.15% Based on Age	2.65-5.15%	7.00%

*Mortality* - For the June 30, 2019 Measurement Date, preretirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

For the June 30, 2018 Measurement Date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants (set back two years for males and seven years for females). In addition, the tables provided for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

The actuarial assumptions used in both the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements will be.)

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6. RETIREMENT SYSTEMS (continued)**

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 and 2018) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS target asset allocations as of June 30, 2019 and 2018 are summarized in the following table:

June 30, 2018			June 30, 2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%	Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.50%	1.00%	Cash Equivalents	5.00%	2.00%
U.S. Treasuries	3.00%	1.87%	U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	3.78%	Investment Grade Credit	10.00%	4.25%
High Yield	2.50%	6.82%	High Yield	2.00%	5.37%
Global Diversified Credit	5.00%	7.10%	Private Credit	6.00%	7.92%
Credit Oriented Hedge Funds	1.00%	6.60%	Real Assets	2.50%	9.31%
Debt Related Private Equity	2.00%	10.63%	Real Estate	7.50%	8.33%
Debt Related Real Estate	1.00%	6.61%	U.S. Equity	28.00%	8.26%
Private Real Asset	2.50%	11.83%	Non-U.S. Developed Markets Equity	12.50%	9.00%
Equity Related Real Estate	6.25%	9.23%	Emerging Market Equities	6.50%	11.37%
U.S. Equity	30.00%	8.19%	Private Equity	12.00%	10.85%
Non-U.S. Developed Markets Equity	11.50%	9.00%			
Emerging Market Equity	6.50%	11.64%			
Buyouts / Venture Capital	8.25%	13.08%			

*Discount Rate* - The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% as of June 30, 2019 and 2018, respectively, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, 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 at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year for each of the June 30, 2019 and June 30, 2018 measurement dates. Local employers contributed 100% of their 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 2057 and 2046 as of June 30, 2019 and 2018, respectively. Therefore, the longterm expected rate of return on plan investments was applied to projected benefit payments through 2057 and 2046 as of June 30, 2019 and 2018, respectively, and the municipal bond rate was applied to projected benefit payments after those dates in determining the total pension liability.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 6. RETIREMENT SYSTEMS (continued)**

**Deferred Outflows and Inflows of Resources**

The following are the City's deferred outflows of resources and deferred inflows of resources for the years ended June 30, 2019 and 2018:

	June 30, 2018			June 30, 2019		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow/ (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow/ (Inflow)
Changes of Assumptions	\$ 5,034,949	\$ 9,769,847	\$ (4,734,898)	\$ 2,792,723	\$ 9,707,657	\$ (6,914,934)
Difference Between Expected and Actual Experience	582,687	157,551	425,136	501,992	123,551	378,441
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	286,607	(286,607)	-	441,488	(441,488)
Changes in Proportion	1,798,038	142,120	1,655,918	1,143,071	59,494	1,083,577
	<u>\$ 7,415,674</u>	<u>\$ 10,356,125</u>	<u>\$ (2,940,451)</u>	<u>\$ 4,437,786</u>	<u>\$ 10,332,190</u>	<u>\$ (5,894,404)</u>

Amounts reported at June 30, 2019 as net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2020	\$ (682,185)
2021	(2,212,997)
2022	(1,976,077)
2023	(927,870)
2024	(95,274)
	<u>\$ (5,894,404)</u>

**Contribution Policy**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. Members contribute at a uniform rate pursuant to the provisions of Chapter 78, P.L. 2011.

Members contribution rates were 7.34% effective July 1, 2017 and 7.50% effective July 1, 2018 and 2019. Member contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the City and its employees for the previous three years are as follows:

Year Ended June 30,	Base Wages Subject to Contributions	City Contribution		Employee Contribution	
		Amount Paid or Charged	As a Percentage of Base Wages	Amount Contributed	As a Percentage of Base Wages
2020	\$ 10,724,915	\$ 1,721,374	16.05%	\$ 804,371	7.50%
2019	10,645,395	1,755,036	16.49%	798,405	7.50%
2018	10,967,673	1,645,476	15.00%	805,027	7.34%

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 6. RETIREMENT SYSTEMS (continued)**

**STATE-MANAGED PENSION PLANS – PFRS**

The PFRS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits. For additional information about PFRS, please refer to Division of Pension and Benefit’s Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after 4 years of service. The following represents the membership tiers for PERS:

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

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

**Net Pension Liability**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PFRS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The Division does not require the City to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources or collective pension expense, however, disclosure of such amounts is required.

Although the Division of Pensions and Benefits administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan. The allocation percentages for each group of the plan as of June 30, 2019 and 2018 are based on the ratio of each employer’s contributions to total employer contributions of the group for the fiscal years ended June 30, 2019 and 2018.

Under N.J.S.A. 43:16A-15 the City is responsible for its own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the City under this legislation are considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the City does not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability to report in the financial statements of the City related to this legislation. However, the City must disclose the State’s total proportionate share of the collective net pension liability that is associated with the City.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 6. RETIREMENT SYSTEMS (continued)**

At June 30, 2019 and 2018, the City's net pension liability for PFRS, including the special funding situation described above and the City's proportionate share, was as follows:

Year Ended June 30,	City (employer)		Net Pension Liability	State of N.J.	Total
	Proportionate Share			(nonemployer)	
	Rate	Change		On-Behalf of City	
2019	0.54383%	-0.00674%	\$ 66,553,179	\$ 10,508,873	\$ 77,062,052
2018	0.55057%	0.03630%	\$ 74,501,116	\$ 10,119,745	\$ 84,620,861

**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, 2019 and 2018, calculated using discount rates of 6.85% and 6.51%, respectively, as well the City's proportionate share of the net pension liability if calculated using discount rates that are 1% lower or 1% higher than the current rate:

	2018		2019	
	Rate	Amount	Rate	Amount
1% Decrease	5.51%	\$ 99,710,499	5.85%	\$ 89,955,646
Current Discount Rate	6.51%	74,501,116	6.85%	66,553,179
1% Increase	7.51%	53,707,967	7.85%	47,184,266

**Actuarial Assumptions**

The total pension liability for the June 30, 2019 and June 30, 2018 measurement dates were determined by actuarial valuations as of July 1, 2018 and 2017, respectively, which were rolled forward to June 30, 2019 and 2018, respectively. These actuarial valuations used the following actuarial assumptions:

Measurement Date of	Inflation Rate	Salary Increases		Investment
		Through 2026	Thereafter	Rate of Return
June 30, 2019	Price- 2.75% Wage- 3.25%	3.25-15.25% Based on Years of Service	3.25-15.25%	7.00%
June 30, 2018	2.25%	2.10-8.98% Based on Age	3.10-9.98%	7.00%

*Mortality* – For the June 30, 2019 Measurement Date, preretirement mortality rates were based on the Pub-2010 Safety Employee Mortality table with a 105.6% adjustment for males and 102.5 adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 6. RETIREMENT SYSTEMS (continued)**

For the June 30, 2018 Measurement Date, preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale 88 and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale 88 and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 and 2018) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PFRS target asset allocations as of June 30, 2019 and 2018 are summarized in the following table:

June 30, 2018			June 30, 2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%	Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.50%	1.00%	Cash Equivalents	5.00%	2.00%
U.S. Treasuries	3.00%	1.87%	U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	3.78%	Investment Grade Credit	10.00%	4.25%
High Yield	2.50%	6.82%	High Yield	2.00%	5.37%
Global Diversified Credit	5.00%	7.10%	Private Credit	6.00%	7.92%
Credit Oriented Hedge Funds	1.00%	6.60%	Real Assets	2.50%	9.31%
Debt Related Private Equity	2.00%	10.63%	Real Estate	7.50%	8.33%
Debt Related Real Estate	1.00%	6.61%	U.S. Equity	28.00%	8.26%
Private Real Asset	2.50%	11.83%	Non-U.S. Developed Markets Equity	12.50%	9.00%
Equity Related Real Estate	6.25%	9.23%	Emerging Market Equities	6.50%	11.37%
U.S. Equity	30.00%	8.19%	Private Equity	12.00%	10.85%
Non-U.S. Developed Markets Equity	11.50%	9.00%			
Emerging Market Equity	6.50%	11.64%			
Buyouts / Venture Capital	8.25%	13.08%			

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6. RETIREMENT SYSTEMS (continued)**

*Discount Rate* - The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and 2018, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% as of June 30, 2019 and 2018, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, 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 at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in most recent fiscal year. 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 2076 and 2062 as of June 30, 2019 and 2018, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076 and 2062 as of June 30, 2019 and 2018, respectively, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Deferred Outflows and Inflows of Resources**

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the years ended June 30, 2019 and 2018:

	June 30, 2018			June 30, 2019		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow/ (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow/ (Inflow)
Changes of Assumptions	\$ 6,394,918	\$ 19,093,350	\$ (12,698,432)	\$ 2,280,474	\$ 21,509,378	\$ (19,228,904)
Difference Between Expected and Actual Experience	757,952	308,303	449,649	561,794	421,360	140,434
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	407,589	(407,589)	-	901,774	(901,774)
Changes in Proportion	5,324,433	1,901,413	3,423,020	3,840,264	1,199,054	2,641,210
	<u>\$ 12,477,303</u>	<u>\$ 21,710,655</u>	<u>\$ (9,233,352)</u>	<u>\$ 6,682,532</u>	<u>\$ 24,031,566</u>	<u>\$ (17,349,034)</u>

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

Year Ended June 30,	
2020	\$ (3,028,095)
2021	(6,356,454)
2022	(4,501,701)
2023	(2,219,033)
2024	(1,243,751)
	<u>\$ (17,349,034)</u>

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 6. RETIREMENT SYSTEMS (continued)**

**Contribution Policy**

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. Members contribute at a uniform rate pursuant to the provisions of Chapter 78, P.L. 2011. Members contributed at a rate of 10%. Member contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the City and its employees for the previous three years are as follows:

Year Ended June 30,	Base Wages Subject to Contributions	City Contribution		Employee Contribution	
		Amount Paid or Charged	As a Percentage of Base Wages	Amount Contributed	As a Percentage of Base Wages
2020	\$ 19,768,984	\$ 5,831,904	29.50%	\$ 1,976,897	10.00%
2019	18,815,568	5,718,615	30.39%	1,881,557	10.00%
2018	18,183,869	5,067,455	27.87%	1,818,387	10.00%

**PERS AND PERS FIDUCIARY NET POSITION**

The State of New Jersey issues publicly available financial reports that include the financial statements, required supplementary information, as well as detailed information about the fiduciary net position of the PERS and PFRS. These financial statements were prepared in accordance with accounting principles generally accepted in the United States. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**STATE-MANAGED PENSION PLANS – DEFERRAL**

Legislation known as Chapter 19 of the Public Laws of 2009 was enacted and effective on March 17, 2009 allowing for an adjustment in the contributions the City was required to make to the PERS and PFRS during the year ended June 30, 2009. Under this legislation, local governments were given the option to defer exactly 50% of their required pension contribution as certified by the State of New Jersey, Division of Pensions and Benefits or pay the full amount of the required contribution for the year ended June 30, 2009.

The City elected the 50% deferral. Under the terms of the pension deferral the City was obligated to commence repayment of the entire deferral in 15 amortized annual installments, commencing with the year ended June 30, 2012. These payments are added to the regular pension bills. Payments made during the years ended June 30, 2020 and 2019, inclusive of principal and interest, were \$367,847 and \$365,797, respectively. The payment due for the pension deferral, inclusive of principal and interest, in the year ended June 30, 2021 is \$368,321.

**DEFINED CONTRIBUTION RETIREMENT PROGRAM**

The Defined Contribution Retirement Plan (DCRP), established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010, is a multiple employer defined contribution plan administered by the State of New Jersey, Division of Pensions and Benefits.

The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Individuals eligible for membership in the DCRP include (a) state or local officials elected or appointed to new office on or after July 1, 2007, (b) employees enrolled in PERS on or after July 1, 2007 or PFRS after May 21, 2010 who earn salary in excess of established maximum compensation limit and (c) employees otherwise eligible for PERS on or after November 2, 2008 or PFRS after May 21, 2010 that earn below the minimum PERS or PFRS salary but more than \$5,000 annually.

**CITY OF UNION CITY  
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**NOTE 6. RETIREMENT SYSTEMS (continued)**

State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary. Vesting occurs upon commencement of the third year of membership. Should the vesting period not be reached, contributions will be refunded to the appropriate contributing parties. Employer matching contributions and earnings are only available after the age of 55. Distributions render the member retired and ineligible for future participation in any State-administered plans. Otherwise, distributions are available at any time as lump sum, fixed term or life annuity.

Members are covered by employer-paid life insurance in the amount of 1 ½ times the annual base salary on which DCRP contributions was based. Members are also eligible for 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 until the age of 70 so long as the member remains disabled and has not begun receiving retirement annuity payments.

**NOTE 7. DEFERRED COMPENSATION PLAN (Unaudited)**

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 and AXA Equitable, is a tax-deferred supplemental retirement program that allows City employees to contribute a portion of their salaries, before federal taxes, to a retirement account. Contributions are made through payroll deductions, and individuals are 100% vested.

Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the individual contributors and are not subject to the claims of the City's general creditors.

**NOTE 8. OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description and Benefits Provided**

The City administers a single-employer, defined benefit post-employment health insurance plan for its eligible retirees, spouses and dependents.

In accordance with City ordinances, contracts and/or policies, the City provides lifetime medical benefits which include medical, prescription drug, dental and vision benefits, and reimbursement of the Medicare Part B premiums, 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 system.
- After fifteen years or more of service and are age 62 or older.
- Upon a disability retirement, if eligible.

For employees hired after October 28, 2013, the City provides lifetime medical benefits which include medical, prescription drug, dental and vision benefits, and reimbursement of the Medicare Part B premiums, 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.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Plan Membership**

Plan membership data applicable to years ended June 30, 2020, 2019 and 2018 were as follows:

	2020	2019	2018
Active employees	346	430	315
Retirees	388	366	403
	734	796	718

**Retiree Contributions**

P.L. 2011 c.78 sets forth contribution rates for retirees of the State and local employers, such as the City. Contributions to the plan are not required for current and future retirees with twenty or more years of creditable service with the PERS or PFRS as of June 28, 2011. Any employee who retires with less than twenty years of creditable service with the PERS or PFRS as of June 28, 2011 are required to contribute toward the cost of their postemployment benefits. Contributions are based on a percentage of postemployment health care premiums, which vary based on healthcare coverage tier and pension benefit amounts.

**Funding Policy**

At June 30, 2020 and 2019, the plan was unfunded. In accordance with the regulatory basis of accounting prescribed by the Division, payments for benefits are contributed by the City on a pay-as-you-go basis. For the years ended June 30, 2020, 2019 and 2018 the City contributed \$12,780,000, \$12,615,000, and \$12,063,484, respectively.

Under GASB 75 the City would recognize the cost of other postemployment benefits (OPEB) in the year when the employee services are received and report the accumulated liability for OPEB on the face of its financial statements. Under the regulatory basis of accounting prescribed by the Division, the City is not required to recognize the cost of OPEB in the year when the employee services were received or report the accumulated liability on the face of its financial statements. However, disclosure of such amounts is required.

**Net OPEB Obligation**

The Total OPEB Liability as of June 30, 2020 based on a discount rate of 2.20% and the Entry Age Normal cost method is \$423,214,114, which includes liabilities for retirees and actives of \$276,862,928 and \$146,351,186, respectively. The components of the net OPEB liability of the City at June 30, 2020 and 2019 were as follows:

	2020	2019
Total OPEB liability	\$ 423,214,114	\$ 411,065,085
OPEB Plan fiduciary net position	-	-
Net OPEB liability	\$ 423,214,114	\$ 411,065,085
Plan Fiduciary Net Position as a Percentage of total OPEB liability	0.00%	0.00%

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the City's net OPEB liability as of June 30, 2020 and 2019, respectively, as well what the City's net OPEB liability would be if it were calculated using a discount rate 1% lower and 1% higher than the current discount rate of 2.20% and 3.75%, respectively:

	2020	2018
1% Decrease	\$ 508,842,135	\$ 472,570,696
Current Discount Rate	423,214,114	400,183,940
1% Increase	357,536,919	343,305,635

\* Information not available

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the City's net OPEB liability as of June 30, 2020 and 2019, respectively, as well what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate 1% lower and 1% higher than the current healthcare cost trend rate of 2.20% and 3.75%, respectively:

	2020	2019
1% Decrease	\$ 350,985,673	\$ 337,856,222
Current Healthcare Cost Trend Rate	423,214,114	400,183,940
1% Increase	518,896,006	480,699,677

\* Information not available

**Actuarial Assumptions**

The total 2020 OPEB liability was determined by an actuarial valuation as of June 30, 2020. The 2019 liability was based on an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018, the measurement date. The following actuarial assumptions applied to all periods in the measurements:

	2020	2019
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Salary increase	3% per year	3% per year
Discount rate	2.20%	3.75%
Healthcare cost trend rates		
Pre-65		
Year 1 trend	5.50%	5.80%
Ultimate trend	Decreasing 0.10% to 0.20% per year to an ultimate rate of 4.50% for 2026 and later years	Decreasing 0.10% per year to an ultimate rate of 5.00% for 2022 and later years
Post-65		
Year 1 trend	4.50%	4.50%
Ultimate trend	4.50%	4.50%
Mortality: Pre-Retirement .....	RP-2014 Headcount Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2017	RP-2014 Headcount Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2017
Mortality: Post-Retirement .....	RP-2014 Headcount-Weighted Healthy Annuitant Male / Female Mortality Projected with Scale MP-2017.	RP-2014 Headcount-Weighted Healthy Annuitant Male / Female Mortality Projected with Scale MP-2017.
Mortality: Disabled .....	RP-2014 Headcount-Weighted Disabled Retiree Male / Female Mortality Projected with Scale MP-2017.	RP-2014 Headcount-Weighted Disabled Retiree Male / Female Mortality Projected with Scale MP-2017.

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources**

The OPEB expense and deferred outflows and deferred inflows of resources at June 30, 2020 and 2019 were as follows:

	2020	2019
Employer service cost	\$ 8,662,700	\$ 8,410,389
Recognition of changes in TOL due to assumption changes and actuarial experience	153,233	-
Interest cost	15,500,167	15,085,756
OPEB expense	\$ 24,316,100	\$ 23,496,145
Deferred Inflows of Resources:		
Differences between expected and actual demographic experience Changes of assumptions	\$ (11,025,873)	\$ -
Deferred Outflows of Resources		
Net difference between projected and actual investment performance Employer contributions subsequent to the measurement date	11,638,802	-
	\$ 612,929	\$ -

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (continued)**

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2021	\$ 153,233
2022	153,233
2023	153,233
2024	153,230
2025	-
Thereafter	-
	<u>\$ 612,929</u>

**Changes in Net OPEB Liability and Related Ratios**

The following table shows the changes to the City's net OPEB liability to the plan and related ratios as of June 30, 2020 and 2019:

	2020	2019
Total OPEB liability - beginning of year	\$ 411,065,085	\$ 400,183,940
Service Cost	8,662,700	8,410,389
Interest Cost	15,500,167	15,085,756
Contributions made	(12,780,000)	(12,615,000)
Actuarial assumption changes	14,548,503	-
Actuarial demographic (gain) or loss	(13,782,341)	-
Total OPEB liability - end of year	<u>\$ 423,214,114</u>	<u>\$ 411,065,085</u>
Plan fiduciary net position - beginning of year	\$ -	\$ -
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - end of year	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - end of year	<u>\$ 423,214,114</u>	<u>\$ 411,065,085</u>
Funded ratio	<u>0.00%</u>	<u>0.00%</u>
Covered payroll	\$ 30,493,899	\$ 29,460,963
Net OPEB liability as a percentage of covered payroll	1388%	1395%

**Participation in State Health Benefits Plan – Special Funding Situation**

**Plan Description** – The City has 164 members of the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, with a special funding situation administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (continued)**

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Funding Policy** – Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

**Special Funding Situation**

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the City does not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. The State’s share of the net OPEB liability as of June 30, 2019 and 201 associated with the City is \$31,509,859 and \$35,862,582, respectively, which represents 170 and 164 plan members, respectively, constituting 0.570240% and 0.57714%, respectively, of the State’s total proportionate share of the net OPEB liability.

**NOTE 9. FIXED ASSETS**

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 had the following investment balance and activity in general fixed assets as of and for the years ended June 30, 2020 and 2019:

	Balance			Balance		
	June 30, 2019	Additions	Deletions	June 30, 2020		
Land	\$ 11,229,400	\$ -	\$ -	\$ 11,229,400		
Buildings & Improvements	57,855,060	1,541,456	-	59,396,516		
Machinery & Equipment	12,370,026	919,805	100,532	13,189,299		
	<u>\$ 81,454,486</u>	<u>\$ 2,461,261</u>	<u>\$ 100,532</u>	<u>\$ 83,815,215</u>		

	Balance			Balance		
	June 30, 2018	Additions	Deletions	June 30, 2019		
Land	\$ 11,229,400	\$ -	\$ -	\$ 11,229,400		
Buildings & Improvements	55,718,007	2,137,053	-	57,855,060		
Machinery & Equipment	12,052,674	332,452	15,100	12,370,026		
	<u>\$ 79,000,081</u>	<u>\$ 2,469,505</u>	<u>\$ 15,100</u>	<u>\$ 81,454,486</u>		

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 10. DEFERRED CHARGES**

Certain expenditures are required to be deferred to budgets of succeeding years. Budget over-expenditures are required to be raised in the next year's budget. The City has received permission to budget payment of the \$6,050,000 budget deficit emergency authorization over a period of 5 years, beginning in October, 2020. All other deferred charges are funded as required by statute. At June 30, 2020 and 2019, deferred charges shown on the balance sheets of the Current Fund are as follows:

	Balance June 30, 2019	Results of Current Year	Budget Appropriations	Balance June 30, 2020	2021 Budget Appropriation As Introduced	Balance to Succeeding Budgets
Overexpenditures - Current Fund	\$ 3,230,151	\$ 3,081,669	\$ 3,230,151	\$ 3,081,669	\$ 3,081,669	\$ -
Cancelled Grants Receivable	1,995,676	-	498,920	1,496,756	498,920	997,836
Emergency Authorizations	6,050,000	5,476,657	-	11,526,657	811,563	10,715,094
Special Emergency Authorizations (40A:4-53)						
Tax Map	-	194,500	-	194,500	38,900	155,600
Retirement Benefits	2,745,510	673,829	549,103	2,870,236	683,869	2,186,367
	<u>\$ 14,021,337</u>	<u>\$ 9,426,655</u>	<u>\$ 4,278,174</u>	<u>\$ 19,169,818</u>	<u>\$ 5,114,921</u>	<u>\$ 14,054,897</u>

  

	Balance June 30, 2018	Results of Current Year	Budget Appropriations	Balance June 30, 2019	2020 Budget Appropriation	Balance to Succeeding Budgets
Overexpenditures - Current Fund	\$ 10,331,304	\$ 3,230,151	\$ 10,331,304	\$ 3,230,151	\$ 3,230,151	\$ -
State of Emergency Relating to Snow Storms	638,029	-	638,029	-	-	-
Cancelled Grants Receivable	2,458,806	35,790	498,920	1,995,676	498,920	1,496,756
Emergency Authorizations	-	6,050,000	-	6,050,000	-	6,050,000
Special Emergency Authorizations (40A:4-53)						
Retirement Benefits	1,732,769	1,012,741	-	2,745,510	549,102	2,196,408
	<u>\$ 15,160,908</u>	<u>\$ 10,328,682</u>	<u>\$ 11,468,253</u>	<u>\$ 14,021,337</u>	<u>\$ 4,278,173</u>	<u>\$ 9,743,164</u>

**NOTE 11. PAYMENT IN LIEU OF TAXES**

The City has entered into payment in lieu of taxes (PILOT) agreements with local entities to provide property tax abatements through certain programs authorized by State statutes. These programs include the Long Term Tax Exemption Law (N.J.S.A. 40A:20 et seq) and the Five-year Exemption and Abatement Law (N.J.S.A. 40A:21 et seq). The City has granted these property tax abatements to foster the development of affordable housing within the City. Under the abatement agreements, taxes are generally calculated and billed at an amount of 6% - 15% of the entities net rental income.

In addition, the City has entered into PILOT agreements with local entities whose exemption from all or part of its tax assessment is authorized by N.J.S.A. 54:4-3.3 Exemptions of public property, N.J.S.A. 54:4-3.6 Tax exempt property, and N.J.S.A. 54:4-4 Certain municipal land extending into another county.

For the year ended June 30, 2020 and 2019 the City collected \$457,360 and \$480,095, respectively, in PILOT agreements, and abated property taxes totaling \$2,050,603 and \$1,960,015, respectively, in accordance with the terms of the individual abatement agreements.

**NOTE 12. 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.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 13. 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 if hired before October 28, 2013, and 5 terminal leave days for every year of service if hired after October 28, 2013. These compensated absences and terminal leave may be taken as time off or paid at a later date 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 amount required to be paid in that year's budget and no liability is accrued at June 30, 2020 and 2019. As of June 30, 2020, and 2019 the total accumulated compensated absence liability was \$11,803,589 and \$11,636,678, respectively. In addition, as of June 30, 2020 and 2019 the terminal leave liability was \$3,729,499 and \$4,004,808, respectively.

**NOTE 14. TRANSITIONAL AID**

The City is a recipient of State Aid. During the years ended June 30, 2020 and 2019, State Aid accounted for 30% and 34%, respectively, of the City's realized general revenues as identified in Exhibit A-2. Included in this aid is 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 requirements, orders and oversight that the Director of the Division (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. For the years ended June 30, 2020 and 2019, the City received \$19,500,000 and \$20,000,000, respectively, in Transitional Aid from the State of New Jersey. During the year ended June 30, 2019, the City also received an additional "State Loan" of \$6,000,000 approved by the Division as an item of revenue in the City's Current Fund budget. This loan is to be repaid over a period of five years, beginning in October, 2020, and is reflected as a deferred charge and loan payable in the City's Current Fund.

**NOTE 15. CONTINGENT LIABILITIES**

The City is a defendant in a number of lawsuits, none of which are unusual for a municipality of its size and scope of operation. The City is also engaged in activities, such as police protection and public works construction, which could result in future litigation with possible significant monetary exposure to the City. Because many lawsuits are still in the discovery stage, the City's Attorneys are unable to determine the probability of a successful defense to them at this time. In the opinion of the City's Attorneys the potential claims against the City not covered by insurance policies would not materially affect the financial condition of the City. Counsel has noted a matter of litigation concerning alleged undervalued award to a Condemnee for a certain property. Plaintiff is seeking the payment of \$1,600,000. The trial, originally scheduled for November 30, 2020, as been adjourned.

The City participates in several federal, state and local 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 federal and state grants received and expended in fiscal year June 30, 2020 and 2019 were subject to the Uniform Guidance and State of New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the City's annual audit. In addition, the federal, state and local grant programs are also subject to compliance and financial audits by the grantor agencies or their representatives. As of June 30, 2020, the City does not believe that any material liabilities will result from such audits.

**NOTE 16. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances remained on the balance sheets of the fund financial statements at 2019. 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 liquidated all interfund balances by June 30, 2020.

**CITY OF UNION CITY  
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**NOTE 17. 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.

Workers Compensation - 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. During the years ended June 30, 2020 and 2019, the City paid workers compensation claims of \$572,358 and \$660,504, respectively.

Health Benefits - The City provides health insurance coverage to eligible employees through a self-insured program. Coverage is available through Horizon Blue Cross Blue Shield New Jersey, and the program is administered through a third party administrator. The City records expenditures for health insurance claims on a pay-as-you-go basis. At June 30, 2020 and 2019, the City estimated \$3,289,365 and \$3,738,965, respectively, in health insurance claims were incurred but not reported based on a 3 month run out period. In accordance with the regulatory basis of accounting prescribed by the Division, no amount for claims incurred but not reported have been recorded in the financial statements as of June 30, 2020 and 2019.

New Jersey Intergovernmental Insurance Fund - The City entered into an agreement to participate in the New Jersey Intergovernmental Insurance Fund ("NJIF") from January 1, 2019 through December 31, 2021. The NJIF 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 23 members. The Commissioners of NJIF 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 co-administered by John Serapiglia of Polaris Galaxy Group, Hasbrouck Heights, New Jersey, and Eric J. Nemeth, P.C of Morristown, New Jersey.

**NOTE 18. NORTH HUDSON SEWERAGE AUTHORITY**

The City has entered into a service agreement with the North Hudson Sewerage Authority, (the "NHSA") to provide sewerage services to City residents. The NHSA also provides sewerage services to the communities of Hoboken, Weehawken, and West New York, through separate service agreements. The obligation of the City with respect to its current service agreement pertains to service charges and annual charges attributable to the City, as described below:

**Service Charges** - The NHSA charges users of its system with respect to all sewage treated or disposed of by the NHSA 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 are established at rates estimated to be sufficient to provide for all amounts necessary to 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 its 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 constituent municipalities gives its written consent to such lesser service charges. For the years ended June 30, 2020 and 2019, the rates charged for sewer services were sufficient to comply with the requirements referred to above.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 18. NORTH HUDSON SEWERAGE AUTHORITY (continued)**

**Annual Charges** - Annual charges are based upon the application of a formula. 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. 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 constituent municipalities. The most recent determination by the NHSA of the allocation of the annual flow is as follows: Union City 35%, Hoboken 30%, West New York 27%, and Weehawken 8%.

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. 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. There were no amounts due from the City for the fiscal years ended June 30, 2020 and 2019. The NHSA estimates that no amounts will be due from the City for fiscal year ending June 30, 2021.

**NOTE 19. NORTH HUDSON REGIONAL FIRE AND RESCUE**

On October 1, 1998, the municipalities of North Bergen, Union City, Weehawken and West New York formed an Agreement in order to establish a joint meeting pursuant to the Consolidated Municipal Services Act, N.J.S.A. 40:48B-1 et seq. (the "Act"). The term of the Agreement expires September 30, 2023, but may be subject to earlier termination pursuant to the Act. The entity created by the formation of this joint meeting is known as the North Hudson Regional Fire and Rescue (the "NHRFR"). On December 30, 1998, the Town of Guttenberg was admitted to participate in the NHRFR. 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 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 NHRFR is supported principally by annual contributions from its constituent municipalities. The City's allocable share is based on each of the four original participating municipalities' applicable share of the combined fiscal year 1998 fire budgets. Since Guttenberg was admitted after this allocation was decided on, it contributes at an alternatively determined amount. The annual contribution share is subject to an increase based on the percentage of increase of the total fire and rescue related appropriations over the base year. For the years ended June 30, 2020 and 2019, the City contributed \$18,993,157 and \$18,815,389, respectively, to the NHRFR.

**Guarantee of Debt** - As of December 31, 2019 and 2018 the NHRFR had the following capital debt outstanding:

	December 31, 2019	December 31, 2018
Capital Lease Payable	\$ 6,755,000	\$ 8,369,464
Revenue Lease Payable	10,885,000	13,185,257
Loan Payable	3,076,918	3,567,812
	<u>\$ 20,716,918</u>	<u>\$ 25,122,533</u>

This capital debt is payable and secured by revenues of the NHRFR. As additional security, each of the municipalities participating in the NHRFR unconditionally guaranteed their percentage share of debt service on the capital debt. 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. For the years ended June 30, 2019 and 2018 the City was not required to contribute any amount above its percentage share of debt service for the capital debt.

**CITY OF UNION CITY  
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**NOTE 20. CLEARING ACCOUNT**

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

**NOTE 21. RELATED PARTY TRANSACTIONS**

**The Grace Theatre Workshop, Inc.**

The Grace Theatre Workshop, Inc. (“Grace Theatre”) receives CDBG funding passed through the City. Grace Theatre was founded by one of the City’s commissioners. The amount of CDBG funding passed through to Grace Theatre for the years ended June 30, 20120 and 2019 were not material to the financial statements.

**Union City Board of Education**

The Union City Board of Education (the “Board”) is a Type I School District, therefore, bonds and notes authorized by the Board 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’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 years ended June 30, 2020 and 2019, no amounts were required to be budgeted.

During the year ended June 30, 2019, the City cancelled \$10,000,000 of bonds were authorized but not issued for an addition and renovations at the Gilmore School which was approved during the year ended June 30, 2018. No additional Board bonds or notes were authorized or issued during the years ended June 30, 2020 and 2019.

The City has agreements with 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 years ended June 30, 2020 and 2019, the City received \$2,336,112 and \$5,294,811, respectively, for such reimbursements. As of June 30, 2020 and 2019, the City has receivables from the Board of \$3,628,465 and \$1,729,018, respectively, for prior year accrued budget revenues. As described in Note 1, the Board is considered a component unit of the City.

**NOTE 22. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 22, 2020, the date which the financial statements were available to be issued. The following material subsequent events have been noted:

On August 18, 2020, the City adopted an ordinance appropriating the sum of \$275,000 for the replacement of street lights and related improvements to be funded from the capital improvement fund.

On November 24, 2020, the City adopted an ordinance authorizing a special emergency appropriation pursuant to N.J.S.A. 40A:4-53(h) for the payment of contractually required severance liabilities in the amount of \$673,829.

On November 24, 2020, the City adopted an ordinance authorizing a special emergency appropriation pursuant to N.J.S.A. 40A:4-53(a) for the preparation of an approved tax map in the amount of \$194,500.

On December 22, 2020, the City is holding a public hearing to adopt an ordinance authorizing a special emergency appropriation pursuant to N.J.S.A. 40A:4-53(l) and N.J.S.A. 40A:4-53(m) for costs and expenses related to the COVID-19 Pandemic in the amount of \$5,476,657 and lost revenues resulting from the COVID-19 Pandemic in the amount of \$1,726,143, for a total emergency of \$7,202,800.

**CITY OF UNION CITY  
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**NOTE 22. SUBSEQUENT EVENTS (continued)**

On December 22, 2020, the City is holding a public hearing to adopt ordinance appropriating the sums of \$120,000 for the completion of various sidewalk repairs and \$175,000 for the completion of roadway repaving and repairs. Both ordinances are to be funded from the capital improvement fund.

The City sold notes through the HCIA pooled note financing program, Series 2020 C-1, dated September 3, 2020 in the amount of \$22,440,000 at an interest rate of 1.50%, and Series 2020 C-2, also dated September 3, 2020, in the amount of \$4,840,000 at a interest rate he 2020 C-1A notes, issued in the amount of \$7,620,000, mature September 2, 2021, while the 2020 C-1B notes, issued in the amount of \$14,820,000, mature February 19, 2021. The notes were issued to roll over the remaining portion of the HCIA Series 2019 C-1 notes issued September 3, 2019 and the 2019 emergency note issued in September 20, 2019 and to finance certain road, park and municipal building improvements, the acquisition of property and equipment, various capital improvements and the funding of a special emergency for a 2019 deficit.

On or around December 30, 2020, the City expect to close on approximately \$44,590,000 of Qualified General Improvement Bonds, Series 2021, consisting of \$37,845,000 tax-exempt bonds and \$6,745,000 of taxable bonds. The City will use the proceeds of the tax-exempt bonds to permanently finance the 2020A-1 Note and the 2020C-1B Note and will use the proceeds of the taxable bonds to permanently finance the 2020A-2 Note.

COVID-19 State of Emergency

On January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency for the United States in response to COVID-19. On March 9, 2020, the Governor of the State of New Jersey issued Executive Order No. 103 (the "Order") declaring a State of Emergency and Public Health Emergency across all 21 counties in New Jersey. Within the Order, the Governor declares the continuous delivery of services at the County and Municipal levels to be essential. The President of the United States issued an Emergency Declaration (EM-3451) for the State of New Jersey on March 13, 2020, which was subsequently upgraded to a Major Disaster Declaration (DR-4488) on March 24, 2020. On April 7, 2020, the Governor signed Executive Order No. 119 extending the State of Emergency and Public Health Emergency an additional 30 days. This order further states "the spread of COVID-19 has greatly strained the resources and capabilities of county and municipal governments, including public health agencies, that provide essential services for containing and mitigating the spread of contagious diseases..."

As a result of this Public Health Emergency, the City has and will incur additional costs of providing public health, safety and welfare services to City residents, as well as a reduction in revenues for fines, costs, interest, fees and permits. Such effects on the results of operations for the fiscal year ended June 30, 2021 are presumed to be material and include an application to the Division of Local Government Services for the approval of a special emergency authorization in the amount of \$7,202,800 for estimated lost revenues, costs and expenses resulting from the pandemic pursuant to special State legislation. This special emergency, if approved, will allow the City to fund that amount of pandemic-related costs over a five-year period beginning in 2022. New Jersey statutes allow for expenditures resulting from a state of emergency to be treated as an exception to Budget Cap Laws, therefore the ability of the County to fund such costs through taxation, if necessary, would appear to not be limited by such Cap Laws. During the year ended June 30, 2020, the City applied for \$146,438 in FEMA Public Assistance Program funding and \$2,516,700 in Coronavirus Aid, Relief and Economic Security Act (CARES) Act funding from the County of Hudson, the pass-through entity for the Federal distribution of monies under the CARES Act. Subsequent to June 30, 2020, the City is expecting to receive an additional \$7,978,375 in CARES Act funding, consisting of \$3,406,430 in reimbursements and the remainder for small business and rental assistance programs. As the pandemic is expected to continue into 2021 for an indeterminable amount of time and extent, it is not possible, as of the date of this report, to provide an estimate of the total effect of the pandemic on the City's operations.

CITY OF UNION CITY

REPORT OF AUDIT

**SUPPLEMENTARY DATA SECTION**

CITY OF UNION CITY

REPORT OF AUDIT

**SUPPLEMENTARY DATA SECTION:  
CURRENT FUND SCHEDULES**

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>		
Balance, June 30, 2019	A		\$ 9,846,777
Increased by Receipts:			
Miscellaneous Revenues Not Anticipated	A-2	\$ 229,599	
Petty Cash	A-5	400	
Tax Collector	A-6	115,996,441	
Revenue Accounts Receivable	A-10	38,720,557	
Interfunds	A-11	22,531,835	
Veterans and Sr. Citizens Deductions	A-12	40,158	
Other Receivables	A-14	401,138	
CARES Act Share of Covid Costs	A-9	1,825,362	
Liquor License Retirement	A-17	4,030	
Special Emergency Notes Payable	A-24	8,246,407	
Grants Receivable	A-25	2,813,680	
Unappropriated Grants	A-27	<u>84,097</u>	
			<u>190,893,704</u>
			200,740,481
Decreased by Disbursements:			
Refund of Prior Year Revenue	A-1	133,193	
Appropriations	A-3	116,675,057	
Petty Cash	A-5	400	
Tax Overpayments	A-8	51,812	
Interfunds	A-11	21,790,827	
Other Receivables	A-14	9,530	
FEMA Share of COVID Costs	A-9	146,438	
CARES Act Share of Covid Costs	A-9	2,516,700	
Appropriation Reserves	A-15	5,574,674	
Other Intergovernmental Payables	A-16	768,424	
Liquor License Retirement	A-17	20,000	
Local School District Taxes Payable	A-19	10,793,046	
County Taxes Payable	A-20	18,138,466	
Accounts Payable	A-21	7,933	
Special Emergency Notes Payable	A-24	8,246,407	
Grants Appropriated	A-26	<u>2,402,914</u>	
			<u>187,275,821</u>
Balance, June 30, 2020	A		<u>\$ 13,464,660</u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF PETTY CASH**

	<u>Ref.</u>	
Balance, June 30, 2019		\$ -
Increased by:		
Cash Receipts	A-4	400
		400
Decreased by:		
Cash Disbursements	A-4	400
		400
Balance, June 30, 2020		\$ -

**EXHIBIT A-6**

**SCHEDULE OF CASH - TAX COLLECTOR**

	<u>Ref.</u>	
Balance, June 30, 2019		\$ -
Increased by:		
Operating Fund:		
Taxes Receivable	A-7	\$ 107,836,435
Tax Overpayments	A-8	46,248
Revenue Accounts Receivable	A-10	7,318,122
Tax Title Liens Receivable	A-13	49,024
Other Intergovernmental Payables	A-16	546,527
Prepaid Taxes	A-18	200,085
		115,996,441
		115,996,441
Decreased by:		
Payments to Treasurer	A-4	115,996,441
		115,996,441
Balance, June 30, 2020		\$ -

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance June 30, 2019	Added Taxes	2020 Tax Levy	Collections		Senior Citizens and Veterans Deductions	Transferred to Tax Title Liens	Cancellations	Balance June 30, 2020
				2018-2019	2019-2020				
2019 and prior	\$ 33,430	\$ -	\$ -	\$ -	\$ 22,492	\$ -	\$ -	\$ 10,188	\$ 750
2020	-	172,827	109,252,437	164,720	107,813,943	34,646	6,257	(194,294)	1,599,992
	<u>\$ 33,430</u>	<u>\$ 172,827</u>	<u>\$ 109,252,437</u>	<u>\$ 164,720</u>	<u>\$ 107,836,435</u>	<u>\$ 34,646</u>	<u>\$ 6,257</u>	<u>\$ (184,106)</u>	<u>\$ 1,600,742</u>
	A			A-18	A-2, A-6	A-12	A-13		A
<b>Analysis of Property Tax Levy:</b>									
Tax Yield:									
General Purpose Tax			\$ 108,999,093						Current
Added Taxes (N.J.S.A. 54:4-63.1 et. seq.)			511,695					\$ 22,492	\$ 107,813,943
Reduction due to Tax Appeals			109,510,788					-	164,720
			258,350					-	34,646
			<u>\$ 109,252,438</u>					<u>\$ 22,492</u>	<u>\$ 108,013,309</u>
								A-2	A-2
<b>Tax Levy</b>									
Local District School Tax		A-19	\$ 15,418,637						
County Taxes		A-20	17,625,494						
County Open Space Taxes		A-20	427,587						
Due to County for Added Taxes		A-20	85,385						
Amount to be Raised by Taxes		A-2	74,421,239						
Regional Efficiency Aid Program (REAP)			1,899,424						
Added and Omitted Assessments			419,830						
Difference to Levy as Assessed			(786,808)						
			<u>\$ 109,510,788</u>						

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF TAX OVERPAYMENTS**

Balance, June 30, 2019	<u>Ref.</u> A	\$ 18,135
Increased by:		
Cash Collections	A-6	46,248
		<u>64,383</u>
Decreased by:		
Cash Disbursements	A-4	51,812
		<u>51,812</u>
Balance, June 30, 2020	A	<u>\$ 12,571</u>

**EXHIBIT A-9**

**SCHEDULE OF DUE FROM OTHER GOVERNMENTS FOR SHARE OF COVID COSTS**

	<u>Ref.</u>	<u>FEMA</u>	<u>CARES Act</u>
Balance, June 30, 2019	A	\$ -	\$ -
Increased by:			
COVID Costs	A-4	146,438	2,516,700
		<u>146,438</u>	<u>2,516,700</u>
Decreased by:			
Cash Receipts	A-4	-	1,825,362
		<u>-</u>	<u>1,825,362</u>
Balance, June 30, 2020	A	<u>\$ 146,438</u>	<u>\$ 691,338</u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance		Collections				Balance	
	June 30, 2019	Accruals	Collector	Treasurer	Other	Cancelled	June 30, 2020	
Licenses:								
Alcoholic Beverage	\$ -	\$ 65,799	\$ 65,799	\$ -	\$ -	\$ -	\$ -	
Other	-	112,522	112,522	-	-	-	-	
Fees and Permits	-	305,479	305,479	-	-	-	-	
Fines and Costs Municipal Court	208,299	1,873,649	2,049,220	-	-	-	32,728	
Police Details Administrative Fee	2,459	92,193	92,201	-	-	-	2,451	
Interest and Costs on Taxes	-	214,625	214,625	-	-	-	-	
Interest on Investments and Deposits	-	224,249	-	224,249	-	-	-	
Wedding Fees	-	27,048	27,048	-	-	-	-	
Public Telephone Commissions	-	137,000	137,000	-	-	-	-	
Cable Franchise Fees	-	282,667	282,667	-	-	-	-	
Payment in Lieu of Taxes								
Union Plaza Apartments	-	352,063	352,063	-	-	-	-	
Palisade Urban Renewal Assoc.	70,690	-	70,690	-	-	-	-	
Holy Rosary	-	31,594	31,594	-	-	-	-	
Horizon Heights	-	13,515	13,515	-	-	-	-	
Serv Properties	-	4,009	-	-	-	-	4,009	
Suede Promotions	-	20,000	20,000	-	-	-	-	
Monastery Red. Group LLC	-	36,179	36,179	-	-	-	-	
Consolidated Municipal								
Property Tax Relief Aid	-	10,246,429	-	4,332,604	5,913,825	-	-	
Energy Receipts Taxes	-	12,503,733	-	12,503,733	-	-	-	
Transitional Aid	-	19,500,000	-	19,500,000	-	-	-	
Uniform Construction Code Fees	-	1,271,408	1,271,408	-	-	-	-	
Union City Board of Education:								
Lease Recreational Center	-	400,000	400,000	-	-	-	-	
Solid Waste Removal	-	485,928	-	-	-	-	485,928	
47th Street Pool	-	136,000	136,000	-	-	-	-	
Off Duty Police Officers	33,730	100,000	124,824	-	-	-	8,906	
Police Services	-	744,869	-	-	-	-	744,869	
Police Services - SLEO	-	376,118	-	-	-	-	376,118	
School Crossing Guards	1,695,288	2,012,644	1,575,288	-	-	120,000	2,012,644	
North Hudson Community								
Action Health Center Lease	-	106,560	-	106,560	-	-	-	
Capital Surplus	-	300,000	-	-	300,000	-	-	
Interfund - Trust Fund	-	1,089,640	-	-	1,089,640	-	-	
Emergency Medical Services	-	1,001,337	-	1,001,337	-	-	-	
Reserve for Debt Service	-	146,629	-	-	146,629	-	-	
Five Year Abatement Program	-	1,052,074	-	1,052,074	-	-	-	
	<u>\$ 2,010,466</u>	<u>\$ 55,265,960</u>	<u>\$ 7,318,122</u>	<u>\$ 38,720,557</u>	<u>\$ 7,450,094</u>	<u>\$ 120,000</u>	<u>\$ 3,667,653</u>	
	A, A-1	A-2	A-6	A-4	A-3	A-1		
				Intergovernmental Receivable		A	\$ 3,628,465	
				Revenue Accounts Receivable		A, A-1	39,188	
							<u>\$ 3,667,653</u>	
		Qualified Bonds Paid By State		A-3	\$ 5,913,825			
		Interfunds		A-11	1,389,640			
					<u>\$ 7,303,465</u>			

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF INTERFUNDS ACTIVITY**

	<u>Ref.</u>	<u>Total</u>	<u>General Capital Fund</u>	<u>Other Trust Fund</u>	<u>Public Defender Trust Fund</u>	<u>Animal Control Trust Fund</u>	<u>CDA Trust Fund</u>
Increased by:							
Statutory Excess	A-1	\$ 4,739	\$ -	\$ -	\$ -	\$ 4,739	\$ -
Anticipated in Budget							
Reserve for Debt Service	A-10	146,629	146,629	-	-	-	-
Capital Fund Balance	A-10	300,000	300,000	-	-	-	-
Cash Disbursements	A-4	<u>21,790,827</u>	<u>15,010,283</u>	<u>6,039,902</u>	<u>3,600</u>	<u>1,472</u>	<u>735,570</u>
		<u>22,242,195</u>	<u>15,456,912</u>	<u>6,039,902</u>	<u>3,600</u>	<u>6,211</u>	<u>735,570</u>
Decreased by:							
Appropriations Due to Funds:							
Capital Improvement Fund	A-3	800,000	800,000	-	-	-	-
Cash Receipts	A-4	<u>22,531,835</u>	<u>14,656,912</u>	<u>7,129,542</u>	<u>3,600</u>	<u>6,211</u>	<u>735,570</u>
		<u>23,331,835</u>	<u>15,456,912</u>	<u>7,129,542</u>	<u>3,600</u>	<u>6,211</u>	<u>735,570</u>
Net Change in Interfunds		(1,089,640)	-	(1,089,640)	-	-	-
Balance, June 30, 2019							
Interfunds Receivable	A, A-10	<u>1,089,640</u>	<u>-</u>	<u>1,089,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30, 2020		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

	<u>Ref.</u>		
Increased by:			
Senior Citizen and Veteran Deductions Per Tax Billings		\$ 38,750	
Senior Citizen and Veteran Deductions Allowed by Tax Collector		<u>1,750</u>	
			\$ 40,500
Decreased by:			
Senior Citizen and Veteran Deductions Disallowed by Tax Collector (Net)		3,854	
Disallowed by Sate Audit of Deductions		<u>2,000</u>	
			<u>5,854</u>
State Share of Senior Citizen and Veteran Deductions	A-7		<u>34,646</u>
Cash Receipts	A-4		<u>40,158</u>
Net Change in Senior Citizen and Veteran Deductions			(5,512)
Balance, June 30, 2019			
Receivable	A		<u>40,158</u>
Balance, June 30, 2020			
Receivable	A		<u><u>\$ 34,646</u></u>

**EXHIBIT A-13**

**SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

	<u>Ref.</u>		
Balance, June 30, 2019	A		\$ 66,445
Increased by:			
Transfer from Taxes Receivable	A-7		<u>6,257</u>
			72,702
Decreased by:			
Cash Collections	A-2, A-6		<u>49,024</u>
Balance, June 30, 2020	A		<u><u>\$ 23,678</u></u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF OTHER RECEIVABLES**

	Balance June 30, 2019	Increased by:		Decreased by:		Balance June 30, 2020
		Budget Reimbursements	Cash Disbursements	Cancelled	Cash Receipts	
Due from:						
Hague Overpayment	\$ -	\$ -	\$ 9,530	\$ -	\$ 3,177	\$ 6,353
Union City Parking Authority	833,928	597,436	-	-	291,663	1,139,701
Federal Garnishment	17,138	-	-	17,138	-	-
Employee	2,952	-	-	-	2,952	-
Stop Loss Premiums	103,346	83,466	-	-	103,346	83,466
Gilmore School UCC	-	9,877	-	-	-	9,877
	<u>\$ 957,364</u>	<u>\$ 690,779</u>	<u>\$ 9,530</u>	<u>\$ 17,138</u>	<u>\$ 401,138</u>	<u>\$ 1,239,397</u>
	A, A1	A-3	A-4	A-1	A-4	
			Intergovernmental Receivable		A	\$ 9,877
			Other Receivables		A, A-1	<u>1,229,520</u>
						<u>\$ 1,239,397</u>

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SCHEDULE OF APPROPRIATION RESERVES

	Balance, June 30, 2019		Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over Expended
	Reserved	Encumbered					
Operations within "CAPS":							
Department of Public Affairs:							
Director's Office							
Other Expenses	\$ -	\$ 150	\$ 150	\$ 150	\$ -	\$ -	\$ -
Municipal Court							
Other Expenses	-	6,260	10,860	10,860	-	-	-
Public Defender							
Other Expenses	-	1,800	1,800	-	-	1,800	-
Senior Citizens							
Other Expenses	-	390	390	-	-	390	-
Hispanic/Cultural Affairs							
Other Expenses	-	924	924	924	-	-	-
Municipal Land Use Law (NJS 40:55D-1)							
Regional Planning Board							
Other Expenses	-	12,010	817	817	-	-	-
Continuous Planning Program	-	13,752	13,752	8,256	-	5,496	-
Celebration of Public Events							
Other Expenses	33,511	5,525	39,036	23,812	-	15,224	-
Department of Revenue and Finance:							
City Clerk's Office							
Other Expenses	-	8,887	8,887	8,093	-	794	-
Treasurer's Office							
Salaries and Wages	2,750	-	-	-	-	-	-
Other Expenses	-	58,979	58,979	55,680	-	3,299	-
Assessment of Taxes							
Other Expenses	-	550	550	550	-	-	-
Collection of Taxes							
Other Expenses	-	5,706	5,706	5,706	-	-	-
Rent Control Board							
Other Expenses	-	12,321	12,321	9,101	-	3,220	-
Insurance							
General Liability	-	13,075	13,075	5,000	8,075	-	-
Workers Compensation	-	-	27,780	27,780	-	-	-
Employee Group Health	-	509,663	509,663	500,039	6,502	3,122	-
Elections							
Other Expenses	-	46,595	44,295	44,295	-	-	-
Membership NJ League of Municipalities							
Other Expenses	-	115	115	115	-	-	-
Annual Audit							
Other Expenses	-	104,770	109,490	109,490	-	-	-
Postage-All Departments							
Other Expenses	-	24,225	2,225	2,225	-	-	-
Data Processing							
Other Expenses	-	2,725	2,725	1,106	-	1,619	-
Day Care Center							
Other Expenses	130,000	-	130,000	130,000	-	-	-
Department of Public Safety:							
Director's Office							
Other Expenses	-	28,793	17,126	17,115	-	11	-
Legal Department							
Other Expenses	-	212,223	225,255	250,958	-	-	25,703
Police Department							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	-	247,684	237,814	222,350	3	15,461	-
Department of Public Safety (continued):							
Traffic Signs and Safety							
Other Expenses	-	17,620	17,620	17,620	-	-	-
Emergency Medical Services							
Salaries and Wages	-	-	(2,950)	(2,950)	-	-	-
Other Expenses	-	8,285	8,285	8,272	-	13	-
Life Hazard Use Fee-Uniform Fire Safety							
Other Expenses	-	146	146	146	-	-	-
Board of Health							
Other Expenses	-	23,485	23,485	22,378	-	1,107	-

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SCHEDULE OF APPROPRIATION RESERVES

	Balance, June 30, 2019		Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over Expended
	Reserved	Encumbered					
Department of Public Safety (continued):							
Welfare							
Relocation Assistance	\$ -	\$ -	\$ 81	\$ 81	\$ -	\$ -	\$ -
Interlocal Municipal Service Agreements							
School Crossing Guards							
Other Expenses	-	-	-	(449)	-	449	-
Department of Public Works:							
Director's Office							
Other Expenses	-	1,437	1,437	1,437	-	-	-
Street Cleaning							
Salaries and Wages	-	-	(3,079)	(3,079)	-	-	-
Other Expenses	-	1,503	1,503	557	-	946	-
Streets Repairs and Maintenance							
Other Expenses	-	18,735	18,735	17,951	-	784	-
Board of Adjustment							
Other Expenses	-	6,475	6,475	6,063	-	412	-
Solid Waste Disposal							
Other Expenses	-	529,310	529,310	1,708,484	-	-	1,179,174
Public Assistance							
Other Expenses	-	16,794	16,794	16,794	-	-	-
Department of Parks and Public Property:							
Director's Office							
Salaries & Wages	10,895	-	-	-	-	-	-
Other Expenses	-	169	169	169	-	-	-
Parks and Playgrounds							
Other Expenses	-	143,335	56,785	45,100	-	11,685	-
Public Buildings and Grounds							
Other Expenses	-	20,520	20,520	16,964	1,490	2,066	-
Recreation							
Other Expenses	-	30,298	30,298	29,518	-	780	-
Uniform Construction Code:							
State Uniform Construction Code Officials:							
Salaries & Wages	25,570	-	-	-	-	-	-
Other Expenses	-	4,654	164,339	164,338	-	1	-
Unclassified:							
Telephone	-	1,140	1,140	948	-	192	-
Electricity	-	29,768	29,768	29,725	-	43	-
Water	-	8,554	8,554	4,480	-	4,074	-
Natural Gas	-	34	34	34	-	-	-
Street Lighting	-	539	539	-	-	539	-
Sewer	-	2,210	2,210	2,210	-	-	-
Fire Hydrants	-	87,375	87,375	64,366	-	23,009	-
Printing-All Departments	-	1,395	1,395	1,045	-	350	-
Photocopying	-	1,157	1,157	289	-	868	-
Fleet Maintenance & Repairs	-	51,150	51,150	45,203	-	5,947	-
Deferred Charges and Statutory Expenditures							
Prior Year Bills	-	-	-	101,506	-	-	101,506
Statutory Expenditures - Contributions to:							
Social Security System (O.A.S.I.)	-	-	(14,479)	(14,479)	-	-	-
Unemployment Insurance	-	25,000	18,405	18,405	-	-	-
Other Operations Excluded from "CAPS"							
Maintenance of Free Public Library	273,060	7,219	280,279	280,279	-	-	-
Contribution to North Hudson							
Fire & Rescue	40,180	1,556,847	1,597,027	1,556,847	-	40,180	-
Total General Appropriations	\$ 515,966	\$ 3,912,276	\$ 4,428,242	\$ 5,574,674	\$ 16,070	\$ 143,881	\$ 1,306,383
	A	A-22		A-4	A-21	A-1	A-23

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF OTHER INTERGOVERNMENTAL PAYABLES**

	<u>Balance</u> <u>June 30, 2019</u>	<u>Increased by:</u> <u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Due to:				
Union City Parking Authority	\$ 50,473	\$ 505,849	\$ 556,322	\$ -
Union City Library	163,058	-	163,058	-
Prepaid Health Benefits	-	1,250	-	1,250
State of New Jersey:				
Training Fees	18,017	28,103	34,694	11,426
Marriage License Fees	6,800	11,325	14,350	3,775
	<u>\$ 238,348</u>	<u>\$ 546,527</u>	<u>\$ 768,424</u>	<u>\$ 16,451</u>
	A	A-6	A-4	A

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF RESERVE FOR LIQUOR LICENSE RETIREMENT**

Balance, June 30, 2019	<u>Ref.</u> A	\$ 25,675
Increased by:		
Cash Receipts	A-4	4,030
		<u>29,705</u>
Decreased by:		
Cash Disbursements	A-4	20,000
		<u>20,000</u>
Balance, June 30, 2020	A	<u>\$ 9,705</u>

**EXHIBIT A-18**

**SCHEDULE OF PREPAID TAXES**

Balance, June 30, 2019	<u>Ref.</u> A	\$ 164,720
Increased by:		
Cash Collections	A-6	200,085
		<u>364,805</u>
Decreased by:		
Applied to 2019 Taxes	A-7	164,720
		<u>164,720</u>
Balance, June 30, 2020	A	<u>\$ 200,085</u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE**

Balance, June 30, 2019	<u>Ref.</u> A		\$ 6,167,455
Increased by:			
Levy School Year	A-1, A-2, A-7		15,418,637
			<u>21,586,092</u>
Decreased by:			
Cash Disbursements	A-4		<u>10,793,046</u>
Balance, June 30, 2020	A		<u><u>\$ 10,793,046</u></u>

**EXHIBIT A-20**

**SCHEDULE OF COUNTY TAXES PAYABLE**

Balance, June 30, 2019	<u>Ref.</u>		\$ -
Increased by:			
County Taxes	A-7	\$ 17,625,494	
County Open Space Taxes	A-7	<u>427,587</u>	
Added Taxes	A-1	18,053,081	
	A-1, A-7	<u>85,385</u>	
	A-2		<u>18,138,466</u>
			18,138,466
Decreased by:			
Cash Disbursements	A-4		<u>18,138,466</u>
Balance, June 30, 2020			<u><u>\$ -</u></u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF ACCOUNTS PAYABLE**

Balance, June 30, 2019	<u>Ref.</u> A		\$ 49,380
Increased by:			
Charges to Appropriation Reserves	A-15	\$ 16,070	
Refund of Revenues	A-1	<u>2,050</u>	
			<u>18,120</u>
			67,500
Decreased by:			
Cancelled	A-1	41,447	
Cash Disbursements	A-4	<u>7,933</u>	
			<u>49,380</u>
Balance, June 30, 2020	A		<u><u>\$ 18,120</u></u>

**EXHIBIT A-22**

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

Balance, June 30, 2019	<u>Ref.</u> A		\$ 7,326,656
Increased by:			
Current Year Appropriations	A-3	\$ 12,993,917	
Grants Appropriated	A-26	<u>2,126,952</u>	
			<u>15,120,869</u>
			22,447,525
Decreased by:			
Appropriation Reserves	A-15	3,912,276	
Grants Appropriated	A-26	<u>3,414,380</u>	
			<u>7,326,656</u>
Balance, June 30, 2020	A		<u><u>\$ 15,120,869</u></u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF DEFERRED CHARGES**

	Original Amount	Balance June 30, 2019	Increased by:		Budget Appropriations	Balance June 30, 2020
			Overexpended	Emergencies		
Overexpenditures - Current Fund:						
Appropriation Reserves	\$ 465,211	\$ -	\$ -	\$ -	\$ -	\$ -
Appropriation Reserves	1,306,383	-	1,306,383	-	-	1,306,383
Budget Appropriations	3,230,151	3,230,151	-	-	3,230,151	-
Budget Appropriations	1,775,286	-	1,775,286	-	-	1,775,286
Emergency Authorizations (40A:4-46)						
Budget Deficit (Ord. 2019-14)	6,050,000	6,050,000	-	-	-	6,050,000
Health Insuranc						
2020 (June 23, 2020)	4,220,759	-	-	4,220,759	-	4,220,759
Solid Waste Removal (COVID)						
2020 (June 23, 2020)	1,255,898	-	-	1,255,898	-	1,255,898
Special Emergency Authorizations (NJSA 40A:4-53.a)						
Preparation of Tax Map						
2020 (April 16, 2020)	194,500	-	-	194,500	-	194,500
Special Emergency Authorizations (NJSA 40A:4-53.h)						
Cancellation of Grants Receivable						
2018 (Aug. 2, 2017)	1,516,296	1,213,036	-	-	303,260	909,776
2019 (2019-R-63)	978,300	782,640	-	-	195,660	586,980
Special Emergency Authorizations (NJSA 40A:4-53.h)						
Contractually Required Severance Liabilities						
2015 (Ord. 2018-38)	188,147	188,147	-	-	37,629	150,518
2016 (Ord. 2018-38)	284,543	284,543	-	-	56,909	227,634
2017 (Ord. 2018-38)	526,524	526,524	-	-	105,305	421,219
2018 (Ord. 2018-38)	733,555	733,555	-	-	146,711	586,844
2019 (Ord. 2018-37)	1,012,741	1,012,741	-	-	202,549	810,192
2020 (Reso. June 23, 2020)	673,829	-	-	673,829	-	673,829
		<u>\$ 14,021,337</u>	<u>\$ 3,081,669</u>	<u>\$ 6,344,986</u>	<u>\$ 4,278,174</u>	<u>\$ 19,169,818</u>
		A		A-3		A
		A-15	1,306,383	A-24	\$ 549,103	
		A-3	1,775,286	A-3	3,729,071	
			<u>\$ 3,081,669</u>		<u>\$ 4,278,174</u>	

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018  
SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE**

Ordinance Number	Original		Date of Issue	Amount	Maturity Date	Interest Rate	Balance June 30, 2019	Notes Issued	Decreased by:		Balance June 30, 2020	
	Date of Issue	Amount							Notes Refunded	Paid by Budget Appropriation		
<b>Budget Deficit State Loan</b>												
General Obligation Emergency Note, Series 2019 (Bank of America)												
2019-14	06/24/2019	\$ 6,050,000	06/24/2019	6,050,000	10/03/2019	2.500%	\$ 6,050,000	-	\$ 6,050,000	\$ -	\$ -	
2019-14	06/24/2019	6,050,000	09/20/2019	6,050,000	09/18/2020	3.000%	-	6,050,000	-	-	6,050,000	
<b>Contractually Required Severance Liabilities</b>												
Series 2019A-2 (Federally Taxable) (HCIA Local Unit Loan Program)												
2018-37	12/12/2014	1,012,741	03/07/2019	1,012,741	03/06/2020	3.500%	1,012,741	-	810,192	202,549	-	
2018-38	10/10/2018	1,732,769	03/07/2019	1,732,769	03/06/2020	3.500%	1,732,769	-	1,386,215	346,554	-	
Series 2020A-2 (Federally Taxable) (HCIA Local Unit Loan Program)												
2018-37	12/12/2014	1,012,741	02/20/2020	1,012,741	02/19/2021	2.500%	-	810,192	-	-	810,192	
2018-38	10/10/2018	1,732,769	02/20/2020	1,732,769	02/19/2021	2.500%	-	1,386,215	-	-	1,386,215	
							<u>\$ 8,795,510</u>	<u>\$ 8,246,407</u>	<u>\$ 8,246,407</u>	<u>\$ 549,103</u>	<u>\$ 8,246,407</u>	
							A	A-4	A-4	A-23	A	
							Ref.					

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SCHEDULE OF GRANTS RECEIVABLE

Budget Year	Balance June 30, 2019	Anticipated in Budget		Received	Cancelled	Balance June 30, 2020
		As Adopted	As Added by 40A:4-87			
<b><u>FEDERAL GRANTS</u></b>						
U.S. Department of Health and Human Services:						
Drug Free Community						
2020	\$ -	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ -
2019	34,143	-	-	34,143	-	-
EMS Stimulus Grant-COVID 19						
2020	-	-	21,914	21,914	-	-
U.S. Department of Justice:						
Bulletproof Vest Partnership Program						
2017	15,168	-	-	11,505	3,663	-
2018	11,062	-	-	(1)	-	11,063
2020	-	11,522	-	-	-	11,522
Passed through NJ Department of Law and Public Safety:						
Pedestrian Safety						
2020	-	30,000	-	-	-	30,000
2019	30,000	-	-	28,000	2,000	-
U.S. Department of Transportation:						
Passed through NJ Department of Law and Public Safety:						
Drive Sober or Get Pulled Over Holiday Crackdown						
2020	-	5,500	-	4,950	550	-
2020	-	5,500	-	5,500	-	-
Total Federal	\$ 90,373	\$ 177,522	\$ 21,914	\$ 231,011	\$ 6,213	\$ 52,585

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SCHEDULE OF GRANTS RECEIVABLE

Budget Year	Balance June 30, 2019	Anticipated in Budget		Received	Cancelled	Balance June 30, 2020
		As Adopted	As Added by 40A:4-87			
<b>STATE GRANTS</b>						
NJ Department of Transportation Transportation Trust Fund:						
2019 Various Streets - FY 19 Municipal Aid						
2020	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
2019 Various Streets - FY 19 Urban Aid						
2020	-	193,878	-	-	-	193,878
Palisade Ave Section 2 - FY20 Local Aid Infrastructure Fund						
2016	-	3,100,000	-	-	-	3,100,000
Summit Avenue Section 5 - FY 16 Municipal Aid						
2016	340,000	-	-	340,000	-	-
Summit Avenue Section 5 - FY 16 Urban Aid						
2016	99,815	-	-	99,815	-	-
Kerrigan Avenue - LAIF Discretionary Funds						
2018	709,127	-	-	-	146,833	562,294
2018 Various Streets - FY 18 Municipal Aid						
2019	250,000	-	-	50,087	199,913	-
2018 Various Streets - FY 18 Urban Aid						
2019	193,650	-	-	127,500	-	66,150
Palisade Ave Section 1 - FY 19 LAIF						
2019	2,400,000	-	-	1,800,000	-	600,000
35th Street Phase 1 - FY20 Municipal Aid						
2020	-	470,897	-	-	-	470,897
35th Street Phase 2 - FY20 Municipal Aid						
2020	-	190,000	-	-	-	190,000
NJ Department of Law and Public Safety:						
NJ Division of Criminal Justice:						
Body Armor Fund						
2020	-	15,021	-	15,021	-	-
NJ Department of Environmental Protection:						
Green Acres Trust Fund Grant - 44th St Acquisition						
2020	-	675,000	-	-	-	675,000
Recycling Tonnage						
2020	-	95,936	-	95,936	-	-
NJ Administrative Office of the Courts:						
Alcohol Education, Rehabilitation and Enforcement Fund						
2020	-	-	1,167	1,167	-	-
NJ Department of Treasury:						
Passed through County of Hudson:						
Municipal Alliance on Alcoholism and Drug Abuse						
2020	-	57,412	-	36,260	-	21,152
2019	15,008	-	-	15,008	-	-
Total State	\$ 4,007,600	\$ 5,048,144	\$ 1,167	\$ 2,580,794	\$ 346,746	\$ 6,129,371

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF GRANTS RECEIVABLE**

Budget Year	Balance June 30, 2019	Anticipated in Budget		Received	Cancelled	Balance June 30, 2020
		As Adopted	As Added by 40A:4-87			
<b><u>COUNTY GRANTS</u></b>						
County of Hudson:						
History Partnership Program - Union City Documentary						
2017	\$ 1,875	\$ -	\$ -	\$ -	\$ -	\$ 1,875
History Partnership Program - Union City Museum						
2018	2,500	-	-	-	-	2,500
History Partnership Program - Otis Davis Documentary						
2019	875	-	-	875	-	-
Open Space Trust Fund:						
38th Street Playground Improvements						
2019	187,025	-	-	-	-	187,025
Washington Park Improvements Phase II						
2019	308,000	-	-	-	-	308,000
Peru Park (24th St Playground) Improvements						
2020	-	500,000	-	-	-	500,000
Firefighters Memorial Park Improvements						
2020	-	250,000	-	-	-	250,000
Total County	500,275	750,000	-	875	-	1,249,400
<b><u>OTHER GRANTS</u></b>						
Target Soccer Grant						
2020	-	1,000	-	1,000	-	-
Total Other	-	1,000	-	1,000	-	-
	<u>\$ 4,598,248</u>	<u>\$ 5,976,666</u>	<u>\$ 23,081</u>	<u>\$ 2,813,680</u>	<u>\$ 352,959</u>	<u>\$ 7,431,356</u>
<u>Ref.</u>	A	A-2	A-2	A-4	A-26	A

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS**

Budget Year	Balance, June 30, 2019		Increased by:			Decreased by:			Balance, June 30, 2020	
	Reserved	Encumbered	City Match	Current Year Awards	Paid or Charged	Cancelled	Encumbered	Reserved		
<b>FEDERAL GRANTS</b>										
U.S. Department of Health and Human Services:										
Drug Free Community										
2019	\$ 8,268	\$ 37,749	\$ -	\$ -	\$ 46,017	\$ -	\$ -	\$ -	-	
2020	-	-	-	125,000	85,481	-	26,550	12,969	-	
Drug Free Community - Local Match										
2019	30,000	-	-	-	30,000	-	-	-	-	
2020	-	-	125,000	-	95,000	-	-	30,000	-	
EMS Stimulus Grant - COVID-19										
2020	-	-	-	21,914	10,066	-	9,358	2,490	-	
U.S. Department of Justice:										
Bulletproof Vest Partnership Program										
2017	-	11,062	-	-	4,874	-	6,188	-	-	
2018	13,371	1,797	-	-	11,505	3,663	-	-	-	
2020	-	-	-	11,522	1,313	-	9,044	1,165	-	
Passed through NJ Department of Law and Public Safety:										
Pedestrian Safety Grant										
2019	13,525	-	-	-	11,525	2,000	-	-	-	
2020	-	-	-	30,000	15,675	-	-	14,325	-	
U.S. Department of Transportation:										
Passed through NJ Department of Law and Public Safety										
Drive Sober or Get Pulled Over Holiday Crackdown										
2020	-	-	-	5,500	4,950	550	-	-	-	
2020	-	-	-	5,500	5,500	-	-	-	-	
Federal Total	65,164	50,608	125,000	199,436	321,906	6,213	51,140	60,949	-	

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS**

Budget Year	Balance, June 30, 2019		Increased by:			Decreased by:			Balance, June 30, 2020	
	Reserved	Encumbered	City Match	Current Year Awards	Paid or Charged	Cancelled	Encumbered	Reserved		
<b>STATE GRANTS</b>										
NJ Department of Transportation										
Transportation Trust Fund:										
Kerrigan Avenue - LAIF Discretionary Funds										
2018	\$ 106,898	\$ 93,403	\$ -	\$ -	\$ 53,468	\$ 146,833	\$ -	\$ -	\$ -	
Various Streets 2018 - FY 18 Municipal Aid										
2018	206,867	19,379	-	-	26,333	199,913	-	-	-	
Various Streets Municipal Aid										
2020	-	-	-	250,000	-	-	-	-	250,000	
Palisade Ave										
2020	-	-	-	3,100,000	-	-	-	-	3,100,000	
Urban Aid - Roads										
2020	-	-	-	193,878	-	-	-	-	193,878	
Palisade Ave Sec 1 - FY19 Local Aid Infrastructure										
2019	98,034	2,214,456	-	-	1,389,053	-	923,437	-	-	
35th St Phase 1 - FY20 Municipal Aid										
2020	-	-	-	470,897	-	-	-	-	470,897	
35th St Phase 2 - FY20 Municipal Aid										
2020	-	-	-	190,000	-	-	-	-	190,000	
NJ Department of Law and Public Safety:										
NJ Division of Criminal Justice:										
Body Armor Fund										
2020	-	-	-	15,021	-	-	-	6,349	8,672	
2017	-	10,151	-	-	10,151	-	-	-	-	
2018	16,425	-	-	-	7,542	-	-	8,883	-	
NJ Department of Environmental Protection:										
Clean Communities										
2019	93,257	-	-	-	93,257	-	-	-	-	

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS**

Budget Year	Balance, June 30, 2019		Increased by:		Current Year Awards	Paid or Charged	Decreased by:		Balance, June 30, 2020	
	Reserved	Encumbered	City Match				Cancelled	Encumbered	Reserved	
<b>STATE GRANTS (continued)</b>										
NJ Division of Highway Traffic Safety:										
Drunk Driving Enforcement Fund										
2018	\$ 13,933	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 13,933
2017	13,560	-	-	-	-	8,430	-	-	385	4,745
Green Acres - Reservoir Purchase										
2018	1,000,000	-	-	-	-	-	-	-	-	1,000,000
2016	-	973,839	-	-	-	268,594	-	-	705,245	-
Green Acres - 44th St Acquisition										
2020	-	-	-	-	675,000	-	-	-	-	675,000
Recycling Tonnage Grant										
2019	2,381	40,000	-	-	-	42,381	-	-	-	-
2020	-	-	-	-	95,936	4,912	-	-	11,160	79,864
NJ Administrative Office of the Courts:										
Alcohol Education										
2013	794	418	-	-	-	38	-	-	635	539
2014	2,216	-	-	-	-	-	-	-	-	2,216
2014	3,368	-	-	-	-	-	-	-	-	3,368
2016	1,120	-	-	-	-	-	-	-	-	1,120
2017	6,406	-	-	-	-	-	-	-	-	6,406
2017	11,131	-	-	-	-	-	-	-	-	11,131
2018	6,005	-	-	-	-	-	-	-	-	6,005
2019	3,295	-	-	-	-	-	-	-	-	3,295
2020	-	-	-	-	1,167	-	-	-	-	1,167

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS**

Budget Year	Balance, June 30, 2019		Increased by:		Decreased by:		Balance, June 30, 2020	
	Reserved	Encumbered	City Match	Current Year Awards	Paid or Charged	Cancelled	Encumbered	Reserved
<b><u>STATE GRANTS (continued)</u></b>								
NJ Department of Treasury: Passed through County of Hudson:								
Municipal Alliance								
2019	\$ -	\$ 10,563	\$ -	\$ -	\$ 10,563	\$ -	\$ -	\$ -
2020	-	-	-	57,412	45,911	-	1,815	9,686
NJ Department of Treasury: Passed through County of Hudson:								
Municipal Alliance - Match								
2019	-	353	-	-	353	-	-	-
2020	-	-	14,353	-	9,400	-	-	4,953
State Total	1,585,690	3,362,562	14,353	5,049,311	1,970,386	346,746	1,657,909	6,036,875
<b><u>OTHER GRANTS</u></b>								
Target Corporation Soccer Grant								
2020	-	-	-	1,000	-	-	-	1,000
Other Total	-	-	-	1,000	-	-	-	1,000

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS**

Budget Year	Balance, June 30, 2019		Increased by:		Decreased by:		Balance, June 30, 2020	
	Reserved	Encumbered	City Match	Current Year Awards	Paid or Charged	Cancelled	Encumbered	Reserved
<b><u>HUDSON COUNTY GRANTS</u></b>								
History Partnership Program - UC Museum								
2018	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500
History Partnership Program - Otis Davis Documentary								
2019	2,442	-	-	-	-	-	-	2,442
Open Space Trust Fund								
38th Street Playground Improvements								
2019	187,025	-	-	-	-	-	-	187,025
Washington Park Improvements Phase II								
2019	308,000	-	-	-	110,622	-	166,693	30,685
Ellsworth Park Improvements								
2014	-	1,210	-	-	-	-	1,210	-
Firefighters Memorial Park Improvements								
2020	-	-	-	250,000	-	-	250,000	-
Peru Park (24th St Playground) Improvements								
2020	-	-	-	500,000	-	-	-	500,000
County Total	499,967	1,210	-	750,000	110,622	-	417,903	722,652
Ref:	\$ 2,150,821	\$ 3,414,380	\$ 139,353	\$ 5,999,747	\$ 2,402,914	\$ 352,959	\$ 2,126,952	\$ 6,821,476
	A	A-22	A-3	A-3	A-4	A-25	A-22	A

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF RESERVE FOR UNAPPROPRIATED GRANTS**

	<u>Balance June 30, 2019</u>	<u>Cash Receipts</u>	<u>Balance June 30, 2020</u>
STATE GRANTS:			
NJ Department of Environmental Protection:			
Clean Communities	\$ -	\$ 84,097	\$ 84,097
	<u>\$ -</u>	<u>\$ 84,097</u>	<u>\$ 84,097</u>
Ref.	A	A-4	A

CITY OF UNION CITY

REPORT OF AUDIT

**SUPPLEMENTARY DATA SECTION:  
TRUST FUND SCHEDULES**

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF CASH AND CASH EQUIVALENTS - ANIMAL CONTROL TRUST FUND**

Balance, June 30, 2019	<u>Ref.</u> B		\$ 11,538
Increased by:			
Sale of Dog Licenses - State	B-2	\$ 833	
Sale of Dog Licenses - City	B-3	3,802	
Sale of Dog Licenses - Late Fees	B-3	<u>480</u>	
			<u>5,115</u>
			16,653
Decreased by:			
Due to Current Fund	B-4		<u>6,204</u>
Balance, June 30, 2020	B		<u><u>\$ 10,449</u></u>

**EXHIBIT B-2**

**SCHEDULE OF DUE TO THE STATE OF NEW JERSEY -  
ANIMAL CONTROL TRUST FUND**

Balance, June 30, 2019	<u>Ref.</u> B		\$ 243
Increased by:			
State Fees Collected:			
Pilot Clinic Funds		\$ 70	
Registration Fees		352	
Population Control Fees		<u>411</u>	
	B-1		<u>833</u>
			1,076
Decreased by:			
Transmitted to State	B-4		<u>1,066</u>
Balance, June 30, 2020	B		<u><u>\$ 10</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF RESERVE FOR ANIMAL CONTROL  
TRUST FUND EXPENDITURES**

	<u>Ref.</u>		
Balance, June 30, 2019	B		\$ 11,295
Increased by:			
Cash Receipts - Dog Licenses	B-1	\$ 3,802	
Miscellaneous	B-4	7	
Cash Receipts - Late Fees	B-1	480	
			4,289
			15,584
Decreased by:			
Cash Disbursements	B-4	406	
Statutory Excess	B-4	4,739	
			5,145
Balance, June 30, 2020	B		\$ 10,439

**LICENSE FEES COLLECTED**

2018	\$	4,978
2019		5,461
	\$	10,439

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF INTERFUNDS - ANIMAL CONTROL FUND**

	<u>Ref.</u>	<u>Due To / From Current Fund</u>
Increased by:		
Cash Disbursed by Current Fund for:		
State Fees Paid	B-2	\$ 1,066
Expenditures from Reserves	B-3	406
Statutory Excess	B-3	4,739
		<u>6,211</u>
Decreased by:		
Miscellaneous	B-3	7
Cash Disbursed	B-1	6,204
		<u>6,211</u>
Balance, June 30, 2019	B	<u>-</u>
Balance, June 30, 2020	B	<u><u>-</u></u>

**EXHIBIT B-5**

**SCHEDULE OF CASH AND CASH EQUIVALENTS - OTHER TRUST FUND**

Balance, June 30, 2019	<u>Ref.</u> B	\$ 8,640,957
Increased by Cash Receipts:		
Other Trust Fund Reserves	B-8	9,190,908
		<u>17,831,865</u>
Decreased by Cash Disbursements:		
Due to Current Fund	B-7	\$ 7,129,542
Other Trust Fund Reserves	B-8	<u>3,335,040</u>
		<u>10,464,582</u>
Balance, June 30, 2020	B	<u><u>\$ 7,367,283</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF ACCOUNT RECEIVABLES - OTHER TRUST FUND**

	<u>Ref.</u>	<u>Due from Contractors</u>
Balance, June 30, 2019	B	\$ 1,199,160
Increased by Cash Receipts:		
Other Trust Fund Reserves	B-8	877,797
		<u>2,076,957</u>
Decreased by Cash Disbursements:		
Other Trust Fund Reserves	B-8	1,199,160
		<u>1,199,160</u>
Balance, June 30, 2020	B	<u>\$ 877,797</u>

## EXHIBIT B-7

**SCHEDULE OF INTERFUNDS - OTHER TRUST FUND**

	<u>Ref.</u>	<u>Due To / From Current Fund</u>
Increased by:		
Cash Disbursements	B-5	\$ 7,129,542
Decreased by:		
Private Duty Reimbursements		2,212,911
Other Budget Credits		34,825
Anticipated Revenue - Interest		226
Expenditures Paid by Current Fund		3,791,940
	B-8	<u>6,039,902</u>
Net Change in Interfunds		1,089,640
Balance, June 30, 2019	B	
Interfunds Payable		<u>1,089,640</u>
Balance, June 30, 2020	B	<u>\$ -</u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF OTHER TRUST FUND RESERVES**

	Balance, June 30, 2019		Increase	Decrease	Balance, June 30, 2020	
	Reserved	Encumbered			Encumbered	Reserved
Ambulance Donations	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ 300
COAH	1,997,341	24,750	98,919	595,625	-	1,525,385
DARE Donations	1,845	-	-	-	-	1,845
DEA - Federal Equitable Sharing	85,927	-	76,383	68,006	38,817	55,487
Disposal of Forfeited Property	15,969	-	1,215	-	-	17,184
Reserve for Forfeited Property:						
HCLET	54,352	-	45,033	31,359	-	68,026
Prisoners' Property	25,341	-	-	-	-	25,341
Elevator Inspections	10,941	15,814	42,697	57,776	8,270	3,406
Escrow Deposits	1,454,748	-	1,883,730	1,147,972	-	2,190,506
Feral Cat Program Donations	882	-	3,878	4,119	-	641
Fire Victims Assistance	215	-	353	215	-	353
Insurance Proceeds	65,300	52,586	20,560	115,658	-	22,788
Outside Lien Holders	123,248	298,985	1,928,458	2,215,888	42,706	92,097
P.O.A.A	138,307	12,060	57,152	33,619	-	173,900
Police Donations	1,059	-	-	-	-	1,059
Police Special Detail	-	-	3,403,889	3,403,889	-	-
Premium of Tax Lien Sale	3,989,900	341,700	2,294,400	2,760,500	334,800	3,530,700
Recreation - Baseball, Basketball	67	-	-	67	-	-
Recreation - Senior Citizens Trips	7,275	600	14,386	19,539	360	2,362
Recreation - Soccer Program	26,123	3,207	107,639	75,400	-	61,569
Recreation - Soccer - Umpire Fees	445	-	6,225	6,230	-	440
Recreation - Swimming Pool	-	-	3,660	980	-	2,680
Recreation - Softball	-	-	310	155	-	155
Recreation - Baseball	-	-	972	635	-	337
Recreation - Basketball	-	-	4,520	2,060	-	2,460
Recreation - Volleyball	-	-	3,181	945	-	2,236
Recreation - Flag Football	-	-	3,405	-	-	3,405
Recreation - Football	-	-	115	-	-	115
Recreation - Track	-	-	2,390	2,290	-	100
Recreation - T-Ball/Baseball/Softball	-	-	6,295	-	-	6,295
Storm Recovery Trust	370	-	-	-	-	370
Tree Planting Program	820	-	20	-	-	840
Fire Prevention Penalties Trust	-	-	58,987	31,242	-	27,745
	<u>\$ 8,000,775</u>	<u>\$ 749,702</u>	<u>\$ 10,068,772</u>	<u>\$ 10,574,169</u>	<u>\$ 424,953</u>	<u>\$ 7,820,127</u>
	B	B-9			B-9	B
Cash Activity		B-5	\$ 9,190,908	\$ 3,335,040		
Account Transfer		contra	67	67		
Due from Contractors		B-6	877,797	1,199,160		
Interfund - Current Fund		B-7	-	6,039,902		
			<u>\$ 10,068,772</u>	<u>\$ 10,574,169</u>		

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE - OTHER TRUST FUND**

Balance, June 30, 2019	<u>Ref.</u> B	\$ 749,702
Increased by:		
Reserve for Other Trust Fund Activity	B-8	424,953
		<u>1,174,655</u>
Decreased by:		
Encumbrances Paid	B-8	749,702
Balance, June 30, 2020	B	<u>\$ 424,953</u>

## EXHIBIT B-10

**SCHEDULE OF CASH AND CASH EQUIVALENTS - CDA FUND**

Balance, June 30, 2019	<u>Ref.</u> B	\$ 6,465
Increased by Cash Receipts:		
Due from HUD CDBG	B-11	\$ 711,500
Reserve for Program Income	B-12	<u>21,450</u>
		<u>732,950</u>
		739,415
Decreased by Cash Disbursements:		
Due to Current Fund	B-14	<u>735,570</u>
Balance, June 30, 2020	B	<u>\$ 3,845</u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF DUE FROM HUD COMMUNITY DEVELOPMENT BLOCK GRANT - CDA FUND**

Balance, June 30, 2019	<u>Ref.</u> B		\$ 939,039
Increased by:			
New Grant Authorization	B-13	\$ 1,019,605	
City Reimbursement of Ineligible Activities	B-13	<u>8,959</u>	
			<u>1,028,564</u>
			1,967,603
Decreased by:			
Cash Receipts	B-10		<u>711,500</u>
Balance, June 30, 2020	B		<u><u>\$ 1,256,103</u></u>

## EXHIBIT B-12

**SCHEDULE OF RESERVE FOR PROGRAM INCOME - CDA FUND**

Balance, June 30, 2019	<u>Ref.</u>		\$ -
Increased by:			
Cash Receipts	B-10		<u>21,450</u>
			21,450
Decreased by:			
Reserve for Expenditures	B-13		<u>21,450</u>
Balance, June 30, 2020			<u><u>\$ -</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

	<u>Ref.</u>		
Balance, June 30, 2019	B		\$ 945,504
Increased by:			
New Grant Authorization	B-11	\$ 1,019,605	
Reallocated Funding	B-11	8,959	
Reserve for Program Income	B-12	<u>21,450</u>	
			<u>1,050,014</u>
			1,995,518
Decreased by:			
Expenditures Paid by Current Fund	B-14		<u>735,570</u>
Balance, June 30, 2020	B		<u><u>\$ 1,259,948</u></u>

**EXHIBIT B-14**

**SCHEDULE OF INTERFUNDS - CDA FUND**

	<u>Ref.</u>	<u>Due To / From Current Fund</u>
Balance, June 30, 2019		\$ -
Increased by:		
Expenditures Paid by Current Fund	B-13	<u>735,570</u>
		735,570
Decreased by:		
Cash Disbursements	B-10	<u>735,570</u>
Balance, June 30, 2020		<u><u>\$ -</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Balance, June 30, 2019	<u>Ref.</u> B	\$ 4,983
Increased by Cash Receipts:		
Reserve for Expenditures	B-16	<u>6,892</u>
		11,875
Decreased by Cash Disbursements:		
Due to Current Fund	B-17	<u>3,600</u>
Balance, June 30, 2020	B	<u><u>\$ 8,275</u></u>

## EXHIBIT B-16

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

Balance, June 30, 2019	<u>Ref.</u> B	\$ 4,983
Increased by:		
Cash Receipts	B-15	<u>6,892</u>
		11,875
Decreased by:		
Paid by Current Fund	B-17	<u>3,600</u>
Balance, June 30, 2020	B	<u><u>\$ 8,275</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF INTERFUNDS - PUBLIC DEFENDER TRUST FUND**

	<u>Ref.</u>	<u>Current Fund</u>
Increased by:		
Cash Disbursements	B-5	\$ 3,600
Decreased by:		
Expenditures Paid by Current Fund	B-16	3,600
Balance, June 30, 2020	B	\$ -

CITY OF UNION CITY

REPORT OF AUDIT

**SUPPLEMENTARY DATA SECTION:  
GENERAL CAPITAL FUND SCHEDULES**

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF CASH AND CASH EQUIVALENTS**

Balance, June 30, 2019	<u>Ref.</u> C		\$	2,442,798
Increased by:				
Premium on Note Sales	C-1	\$ 165,344		
Green Acres Trust Grant	C-6	470,000		
Due from Current Fund	C-7	<u>11,656,253</u>		
	C-3	12,291,597		
Proceeds of Bond Anticipation Note Principal	C-3, C-14	7,620,000		
				<u>19,911,597</u>
				22,354,395
Decreased by:				
	C-7	<u>14,485,047</u>		
				<u>14,485,047</u>
Balance, June 30, 2020	C		\$	<u><u>7,869,348</u></u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance June 30, 2019	Receipts		Disbursements		Transfers		Balance, June 30, 2020	
		Miscellaneous	Bonds and Notes Issued	Improvement Authorizations	Miscellaneous	From			To
Fund Balance	\$ 371,087	\$ 165,344	\$ -	\$ -	\$ -	\$ 300,000	\$ 171,865	\$ 408,296	
Capital Improvement Fund	212,327	-	-	-	-	980,363	800,000	31,964	
Encumbrances Payable	2,692,046	-	-	-	-	2,692,046	5,078,059	5,078,059	
Reserve for Debt Service	463,336	-	-	-	-	146,629	-	316,707	
Due from New Jersey Green Acres Trust	(470,000)	470,000	-	-	-	-	-	-	
Due from Current Fund	-	11,656,253	-	(3,354,030)	14,485,047	971,865	446,629	-	
<b>Improvement Authorizations:</b>									
14-2011 Pave Bergenline Ave	14,213	-	-	-	-	-	-	14,213	
08-2013 Washington Park	127,604	-	-	34,534	-	-	-	93,070	
01-2014 Various Capital Improvements	(739,350)	-	739,000	181,616	-	441,070	240,748	(382,288)	
02-2014 Reconstruction of Summit Avenue	26,946	-	-	-	-	-	-	26,946	
2017-10 Improvements to 17th Street	26,206	-	-	49,562	-	-	41,699	18,343	
2017-10 Improvements to Veterans Park	(598,500)	-	598,500	-	-	-	-	-	
2017-06 Improvements to 47th St Firehouse	256	-	-	-	-	-	-	256	
2017-13 Improvements to City Parks	-	-	-	-	-	33,620	33,620	-	
2017-18 Various Capital Improvements	3,013,464	-	-	1,147,575	-	1,404,568	771,162	1,232,483	
2017-19 Various Park Improvements	199,690	-	-	25,391	-	47,365	-	126,934	
2017-26 Acquisition of Real Property	(1,282,500)	-	1,282,500	-	-	-	-	-	
2018-22 Outdoor Security System	-	-	-	124,894	-	-	124,894	-	
2018-32 Various Road/Bridge Repairs	75,000	-	-	5,700	-	67,045	-	2,255	
2018-36 Various Capital Improvements	(1,689,027)	-	5,000,000	1,713,242	-	2,921,141	1,479,923	156,513	
2019-17 Lead Water Service Replacement	-	-	-	40,378	-	-	200,000	159,622	
2019-21 Computer Equipment	-	-	-	30,363	-	-	30,363	-	
2020-05 Various Capital Improvements	-	-	-	775	-	163,250	750,000	585,975	
	\$ 2,442,798	\$ 12,291,597	\$ 7,620,000	\$ -	\$ 14,485,047	\$ 10,168,962	\$ 10,168,962	\$ 7,869,348	
	C	C-2	C-2, C-14		C-2			C	

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Balance, June 30, 2019	<u>Ref.</u> C	\$ 45,901,447
Increased by:		
Capital Lease Issued	C-16	<u>482,112</u>
		46,383,559
Decreased by:		
General Serial Bond Payment	C-11	\$ 4,220,000
Capital Lease Payment - HCIA	C-12	1,125,593
Capital Lease Payment		
Insurance Proceeds	C-16	163,965
Budget Appropriation	C-16	184,708
Green Acres Loan Payment	C-13	<u>70,610</u>
		<u>5,764,876</u>
Balance, June 30, 2020	C	<u>\$ 40,618,683</u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Purpose	Balance June 30, 2019	Increased by:		Decreased by:		Balance June 30, 2020	Bond		Analysis of Ending Balance	
		Current Year Authorizations	Note Funded by Budget Appropriation	Anticipation Notes	Non-Financed Improvement Authorizations		Expended	Unexpended		
17th Street Park	\$ 270,000	\$ -	\$ 12,000	\$ 258,000	\$ -	\$ -	\$ 258,000	\$ -	\$ -	\$ -
Various Capital Improvements	6,870,000	-	371,000	6,499,000	-	-	6,499,000	-	-	-
Installation of Computer Equipment	39,150	-	11,150	28,000	-	-	28,000	-	-	-
Washington Park	4,959,000	-	263,370	4,695,630	-	-	4,695,630	-	-	-
Reconstruction Various Streets	950,000	-	50,100	899,900	-	-	899,900	-	-	-
Various Capital Improvements	1,930,441	-	88,847	1,841,594	-	-	1,841,594	-	-	-
Various Capital Improvements	33,100,000	-	1,210,431	31,889,569	-	-	30,849,469	1,040,100	-	-
Improvements to 17th Street	1,425,000	-	-	1,425,000	-	-	1,425,000	-	-	-
Improvements to Veterans Park	598,500	-	-	598,500	-	-	598,500	-	-	-
Various Capital Improvements	5,700,000	-	-	5,700,000	-	-	5,700,000	-	-	-
Acquisition of Real Property	1,282,500	-	-	1,282,500	-	-	1,282,500	-	-	-
Various Capital Improvements	10,311,764	-	-	10,311,764	-	-	5,000,000	-	-	5,311,764
	<u>\$ 67,436,355</u>	<u>\$ -</u>	<u>\$ 2,006,898</u>	<u>\$ 65,429,457</u>	<u>\$ 59,077,593</u>	<u>\$ 1,040,100</u>	<u>\$ 5,311,764</u>	<u>\$ -</u>	<u>\$ 5,311,764</u>	<u>\$ -</u>
	<u>C</u>	<u>C-9, C-17</u>	<u>C-14, C-17</u>	<u>C</u>						
Ref.										
Improvement Authorizations - Unfunded										\$ 7,484,198
Less Unexpended Proceeds:										
Pave Bergenline Ave										14,213
Washington Park										93,070
Various Capital Improvements										657,812
Improvements to 17th Street										18,343
Various Capital Improvements										1,232,483
Various Capital Improvements										156,513
										<u>\$ 5,311,764</u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Balance, June 30, 2019	<u>Ref.</u> C	\$ 470,000
Decreased by:		
Cash Receipts	C-2	<u>470,000</u>
Balance, June 30, 2020	C	<u><u>\$ -</u></u>

## EXHIBIT C-7

**SCHEDULE OF DUE FROM CURRENT FUND**

Balance, June 30, 2019	<u>Ref.</u> C	\$ -
Increased by:		
Premiums Deposited to Current Fund	C-1	\$ 171,865
Cash Disbursements	C-2	14,485,047
Capital Improvement Fund	C-8	<u>800,000</u>
		<u>15,456,912</u>
		15,456,912
Decreased by:		
Anticipated as Revenue in Current Budget:		
Capital Surplus Anticipated in Budget	C-1	300,000
Reserve for Retirement of Debt Service	C-15	146,629
Cash Receipts	C-2	11,656,253
Improvement Authorizations Paid by Current	C-9	<u>3,354,030</u>
		<u>15,456,912</u>
Balance, June 30, 2020	C	<u><u>\$ -</u></u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance, June 30, 2019	C	\$ 212,327
Increased by:		
2019 Budget Appropriation	C-7	800,000
		<u>1,012,327</u>
Decreased by:		
Improvement Authorizations	C-9	980,363
		<u>980,363</u>
Balance, June 30, 2020	C	<u><u>\$ 31,964</u></u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Description	Original Amount	Balance, June 30, 2019		2020 Authorizations	Paid or Charged	Balance, June 30, 2020	
		Funded	Unfunded			Encumbered	Funded
Ord. 2011-14: Pave Bergenline Ave	\$ 992,000	\$ -	\$ 14,213	\$ -	\$ -	\$ -	\$ 14,213
Ord. 2013-08: Washington Park	5,508,000	-	127,604	-	34,534	-	93,070
Ord. 2014-01: Various Improvements and Acquisition of Capital Equipment	35,000,000	-	1,039,750	-	181,616	-	657,812
Ord. 2014-02: Reconstruction of Summit Ave	300,000	26,946	-	-	-	26,946	-
Ord. 2017-10: Improvements to 17th Street	1,500,000	-	26,206	-	49,562	-	18,343
Ord. 2017-06: 47th St. Firehouse Improvements	120,000	256	-	-	-	256	-
Ord. 2017-13: Improvements to City Parks	50,000	-	-	-	-	33,620	-
Ord. 2017-18: Various Capital Improvements	6,000,000	-	3,013,464	-	1,147,575	-	1,232,483
Ord. 2017-19: Various Park Improvements	245,000	199,690	-	-	25,391	-	-
Ord. 2018-22: Outdoor Security System	202,377	-	-	-	124,894	-	-
Ord. 2018-32: Various Road & Bridge Repairs	175,580	75,000	-	-	5,700	-	-
Ord. 2018-36: Various Improvements and Acquisition of Capital Equipment	10,311,764	-	8,622,737	-	1,713,242	2,921,141	5,468,277
Ord. 2019-17: Lead Water Service	200,000	-	-	200,000	40,378	-	159,622
Ord. 2019-21: Computer Equipment	30,363	-	-	30,363	30,363	-	-
Ord. 2020-05: Various Capital Improvements	750,000	-	-	750,000	775	163,250	585,975
<b>Ref.</b>		<b>\$ 301,892</b>	<b>\$ 12,843,974</b>	<b>\$ 980,363</b>	<b>\$ 3,354,030</b>	<b>\$ 5,078,059</b>	<b>\$ 901,988</b>
		<b>C</b>	<b>C</b>	<b>C-8</b>	<b>C-7</b>	<b>C-10</b>	<b>C</b>
							<b>\$ 7,484,198</b>
							<b>C</b>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF ENCUMBRANCES PAYABLE**

	<u>Ref.</u>	
Balance, June 30, 2019	C	\$ 2,692,046
Increased by:		
Charges to Improvement Authorizations	C-9	<u>5,078,059</u> 7,770,105
Decreased by:		
Reversal of Prior Year Balance	C-9	<u>2,692,046</u>
Balance, June 30, 2020	C	<u><u>\$ 5,078,059</u></u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Amount	Maturities of Bonds Outstanding June 30, 2020		Interest Rate %	Balance June 30, 2019	Decrease	Balance June 30, 2020
			Date	Amount				
ERI Pension Bonds	12/15/2002	\$ 15,735,000	01/01/2021	\$ 165,000	6.250	\$ 10,315,000	\$ 100,000	\$ 10,215,000
			01/01/2022	225,000	6.250			
			01/01/2023	315,000	6.250			
			01/01/2024	375,000	6.250			
			01/01/2025	475,000	6.250			
			01/01/2026	575,000	6.250			
			01/01/2027	690,000	6.250			
			01/01/2028	825,000	6.250			
			01/01/2029	975,000	6.250			
			01/01/2030	1,125,000	6.250			
			01/01/2031	1,300,000	6.250			
			01/01/2032	1,475,000	6.250			
			01/01/2033	1,695,000	6.250			
2016 General Obligation Bonds Obligation Bonds	10/27/2016	10,300,000	07/15/2020	660,000	2.500	9,135,000	645,000	8,490,000
			07/15/2021	680,000	2.500			
			07/15/2022	705,000	2.500			
			07/15/2023	725,000	2.500			
			07/15/2024	745,000	2.500			
			07/15/2025	770,000	2.500			
			07/15/2026	795,000	2.500			
			07/15/2027	815,000	2.500			
			07/15/2028	840,000	2.625			
			07/15/2029	865,000	3.000			
07/15/2030	890,000	3.000						
2018 Refunding Bonds	09/14/2017	18,805,000	11/01/2020	3,575,000	5.000	18,465,000	3,475,000	14,990,000
			11/01/2021	3,710,000	5.000			
			11/01/2022	3,830,000	5.000			
			11/01/2023	3,875,000	5.000			
						<u>\$ 37,915,000</u>	<u>\$ 4,220,000</u>	<u>\$ 33,695,000</u>
<u>Ref.</u>						C	C-4	C

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF CAPITAL LEASE PAYABLE - HCIA**

Purpose	Date of Issue	Original Amount	Maturities of Lease Obligations June 30, 2020		Interest Rate %	Balance June 30, 2019	Lease Payments	Balance June 30, 2020
			Date	Amount				
NHRFR 2004	01/13/04	\$ 4,766,625	1/1/2021	\$ 468,300	5.330	\$ 2,542,200	\$ 451,575	\$ 2,090,625
			1/1/2022	501,750	5.330			
			1/1/2023	535,200	5.330			
			1/1/2024	585,375	5.330			
NHRFR 2006 A	01/12/06	1,244,340	1/1/2021	107,040	4.125	561,961	103,695	458,266
			1/1/2022	112,058	4.125			
			1/1/2023	117,075	4.200			
			1/1/2024	122,093	4.200			
NHRFR 2006 B	01/12/06	1,152,353	1/1/2021	102,023	5.400	536,874	97,005	439,869
			1/1/2022	107,040	5.400			
			1/1/2023	112,058	5.400			
			1/1/2024	118,748	5.400			
NHRFR 2011 A	10/18/11	1,592,220	9/1/2020	148,853	5.700	791,094	142,163	648,931
			9/1/2021	157,215	5.700			
			9/1/2022	167,250	5.700			
			9/1/2023	175,613	5.700			
NHRFR 2011 B	10/18/11	3,478,800	9/1/2020	357,915	8.000	1,941,774	331,155	1,610,619
			9/1/2021	386,348	8.000			
			9/1/2022	416,453	8.000			
			9/1/2023	449,903	8.000			
						<u>\$ 6,373,903</u>	<u>\$ 1,125,593</u>	<u>\$ 5,248,310</u>
<u>Ref.</u>						C	C-4	C

CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SCHEDULE OF GREEN ACRES LOANS PAYABLE

Purpose	Date of Issue	Original Amount	Maturities of Loan Obligations		Interest Rate %	Balance June 30, 2019	Loan Payments	Balance June 30, 2020
			Date	Amount				
Swimming Pool Improvements	12/10/2010	\$ 800,000	09/10/2020	\$ 20,183	2.00	\$ 508,806	\$ 39,768	\$ 469,038
			03/10/2021	20,385	2.00			
			09/10/2021	20,589	2.00			
			03/10/2022	20,795	2.00			
			09/10/2022	21,002	2.00			
			03/10/2023	21,212	2.00			
			09/10/2023	21,425	2.00			
			03/10/2024	21,639	2.00			
			09/10/2024	21,855	2.00			
			03/10/2025	22,074	2.00			
			09/10/2025	22,295	2.00			
			03/10/2026	22,518	2.00			
			09/10/2026	22,743	2.00			
			03/10/2027	22,970	2.00			
			09/10/2027	23,200	2.00			
			03/10/2028	23,432	2.00			
			09/10/2028	23,666	2.00			
			03/10/2029	23,903	2.00			
			09/10/2029	24,142	2.00			
			03/10/2030	24,383	2.00			
09/10/2030	24,627	2.00						
17th Street Park Improvements	12/10/2010	70,000	09/10/2020	1,766	2.00	44,521	3,480	41,041
			03/10/2021	1,784	2.00			
			09/10/2021	1,802	2.00			
			03/10/2022	1,820	2.00			
			09/10/2022	1,837	2.00			
			03/10/2023	1,856	2.00			
			09/10/2023	1,875	2.00			
			03/10/2024	1,893	2.00			
			09/10/2024	1,912	2.00			
			03/10/2025	1,931	2.00			
			09/10/2025	1,951	2.00			
			03/10/2026	1,970	2.00			
			09/10/2026	1,990	2.00			
			03/10/2027	2,010	2.00			
			09/10/2027	2,030	2.00			
			03/10/2028	2,050	2.00			
			09/10/2028	2,071	2.00			
			03/10/2029	2,092	2.00			
			09/10/2029	2,112	2.00			
			03/10/2030	2,134	2.00			
09/10/2030	2,155	2.00						

CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SCHEDULE OF GREEN ACRES LOANS PAYABLE

Purpose	Date of Issue	Original Amount	Maturities of Loan Obligations		Interest Rate %	Balance June 30, 2019	Loan Payments	Balance June 30, 2020
			Date	Amount				
Park Avenue Playground	05/16/2014	\$ 590,143	08/16/2020	\$ 13,887	2.00	\$ 473,532	\$ 27,362	\$ 446,170
			02/16/2021	14,026	2.00			
			08/16/2021	14,166	2.00			
			02/16/2022	14,308	2.00			
			08/16/2022	14,451	2.00			
			02/16/2023	14,595	2.00			
			08/16/2023	14,741	2.00			
			02/16/2024	14,888	2.00			
			08/16/2024	15,037	2.00			
			02/16/2025	15,188	2.00			
			08/16/2025	15,340	2.00			
			02/16/2026	15,493	2.00			
			08/16/2026	15,648	2.00			
			02/16/2027	15,804	2.00			
			08/16/2027	15,962	2.00			
			02/16/2028	16,122	2.00			
			08/16/2028	16,283	2.00			
			02/16/2029	16,446	2.00			
			08/16/2029	16,611	2.00			
			02/16/2030	16,777	2.00			
			08/16/2030	16,944	2.00			
			02/16/2031	17,114	2.00			
			08/16/2031	17,285	2.00			
			02/16/2032	17,458	2.00			
			08/16/2032	17,633	2.00			
			02/16/2033	17,809	2.00			
			08/16/2033	17,987	2.00			
			02/16/2034	18,167	2.00			
						\$ 1,026,859	\$ 70,610	\$ 956,249
					Ref.	C	C-4	C

CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Original		Issue Date	Date of		Interest Rate	Balance June 30, 2019	Increased by:			Decreased by:			Balance June 30, 2020
		Issue Amount	Issue Date		Issue	Maturity			New Notes Issued	Notes Renewed	Notes Refunded	Principal Paydown			
HCIA Tax-Exempt Pooled Notes, Series 2018C-1															
2014-01	Various Capital Improvements/Acquisition of Various Capital Equipment	\$ 17,360,000	1/14/2019	10/18/18	10/03/19	3.00%	\$ 16,090,000	\$ -	\$ -	\$ 15,455,000	\$ -	\$ 635,000	\$ -	\$ -	\$ -
HCIA Tax-Exempt Pooled Notes, Series 2019C-1															
2014-01	Various Capital Improvements/Acquisition of Various Capital Equipment	17,360,000	1/14/2019	09/20/19	09/18/20	2.50%	-	-	15,455,000	-	-	-	-	-	15,455,000
2017-10	Various Capital Improvements/Acquisition of Various Capital Equipment	739,000	09/20/19	09/20/19	09/18/20	2.50%	-	-	739,000	-	-	-	-	-	739,000
2017-26	Improvements to 17th Street	598,500	09/20/19	09/20/19	09/18/20	2.50%	-	-	598,500	-	-	-	-	-	598,500
2018-36	Acquisition of Real Property	1,282,500	09/20/19	09/20/19	09/18/20	2.50%	-	-	1,282,500	-	-	-	-	-	1,282,500
	Various Improvements and Acquisition of Capital Equipment	5,000,000	09/20/19	09/20/19	09/18/20	2.50%	-	-	5,000,000	-	-	-	-	-	5,000,000
HCIA Tax-Exempt Pooled Notes, Series 2019A-1A															
2002-22	17th Street Park	330,000	06/12	03/21/19	03/06/20	3.00%	270,000	-	-	258,000	-	-	12,000	-	-
2011-14	Various Improvements	8,725,750	06/12	03/21/19	03/06/20	3.00%	6,870,000	-	-	6,499,000	-	-	371,000	-	-
2011-24	Installation of Computer Equipment	95,000	06/12	03/21/19	03/06/20	3.00%	39,150	-	-	28,000	-	-	11,150	-	-
2013-08	Reconstruction of Various Streets	729,950	03/17	03/21/19	03/06/20	3.00%	729,950	-	-	691,531	-	-	38,419	-	-
2014-01	Various Capital Improvements	7,650,400	03/17	03/21/19	05/01/20	3.00%	7,650,400	-	-	7,370,885	-	-	279,515	-	-
2014-01	Various Capital Improvements	1,092,500	03/18	03/21/19	03/06/20	3.00%	1,092,500	-	-	1,052,584	-	-	39,916	-	-
2017-10	Improvements to 17th Street	1,425,000	03/18	03/21/19	03/06/20	3.00%	1,425,000	-	-	1,425,000	-	-	-	-	-
2017-18	Various Capital Improvements	5,700,000	03/18	03/21/19	03/06/20	3.00%	5,700,000	-	-	5,700,000	-	-	-	-	-
HCIA Tax-Exempt Pooled Notes, Series 2020A-1															
2002-22	17th Street Park	330,000	06/12	02/20/20	02/19/21	2.00%	-	-	258,000	-	-	-	-	-	258,000
2011-14	Various Improvements	8,725,750	06/12	02/20/20	02/19/21	2.00%	-	-	6,499,000	-	-	-	-	-	6,499,000
2011-24	Installation of Computer Equipment	95,000	06/12	02/20/20	02/19/21	2.00%	-	-	28,000	-	-	-	-	-	28,000
2013-08	Reconstruction of Various Streets	729,950	03/17	02/20/20	02/19/21	2.00%	-	-	691,531	-	-	-	-	-	691,531
2014-01	Various Capital Improvements	7,650,400	03/17	02/20/20	02/19/21	2.00%	-	-	7,370,885	-	-	-	-	-	7,370,885
2014-01	Various Capital Improvements	1,092,500	03/18	02/20/20	02/19/21	2.00%	-	-	1,052,584	-	-	-	-	-	1,052,584
2017-10	Improvements to 17th Street	1,425,000	03/18	02/20/20	02/19/21	2.00%	-	-	1,425,000	-	-	-	-	-	1,425,000
2017-18	Various Capital Improvements	5,700,000	03/18	02/20/20	02/19/21	2.00%	-	-	5,700,000	-	-	-	-	-	5,700,000
HCIA Federally Taxable Pooled Notes, Series 2019A-2															
2013-08	Reconstruction of Various Streets	220,050	3/17/2019	3/21/2019	3/6/2020	3.50%	220,050	-	-	208,369	-	-	11,681	-	-
2013-08	Washington Park & Bergenline Ave	4,959,000	3/17/2019	3/21/2019	3/6/2020	3.50%	4,959,000	-	-	4,695,630	-	-	263,370	-	-
2013-11	Various Capital Improvements	1,930,717	3/17/2019	3/21/2019	3/6/2020	3.50%	1,930,441	-	-	1,841,594	-	-	88,847	-	-
HCIA Federally Taxable Pooled Notes, Series 2020A-2															
2013-08	Reconstruction of Various Streets	220,050	3/17/2019	02/20/20	02/19/21	2.50%	-	-	208,369	-	-	-	-	-	208,369
2013-08	Washington Park & Bergenline Ave	4,959,000	3/17/2019	02/20/20	02/19/21	2.50%	-	-	4,695,630	-	-	-	-	-	4,695,630
2013-11	Various Capital Improvements	1,930,717	3/17/2019	02/20/20	02/19/21	2.50%	-	-	1,841,594	-	-	-	-	-	1,841,594

CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Original		Date of Issue	Maturity	Interest Rate	Balance June 30, 2019	Increased by:		Decreased by:		Balance June 30, 2020
		Issue Amount	Issue Date					New Notes Issued	Notes Renewed	Notes Refunded	Principal Paydown	
HCIA Tax-Exempt Pooled Notes, Series 2019B-1 2014-01	Various Capital of Various Capital Equipment	\$ 7,000,000	01/14	03/21/19	05/22/20	3.00%	\$ 6,488,000	\$ -	\$ -	\$ 6,232,000	\$ 256,000	\$ -
HCIA Tax-Exempt Pooled Notes, Series 2020B-1 2014-01	Various Capital of Various Capital Equipment	7,000,000	01/14	05/12/20	05/11/21	2.50%	-	-	6,232,000	-	-	6,232,000
						Ref.	\$ 53,464,491	\$ 7,620,000	\$ 51,457,593	\$ 51,457,593	\$ 2,006,898	\$ 59,077,593
							C	C-2, C-3			C-5	C

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF RESERVE FOR RETIREMENT OF DEBT SERVICE**

	<u>Ref.</u>	
Balance, June 30, 2019	C	\$ 463,336
Decreased by:		
Anticipated as Revenue in Current Budget	C-7	<u>146,629</u>
Balance, June 30, 2020	C	<u><u>\$ 316,707</u></u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE OF CAPITAL LEASE PAYABLE**

Purpose	Date of Issue	Original Amount	Maturities of Lease Obligations June 30, 2020		Interest Rate %	Balance June 30, 2019	Increase	Decreased by:			Balance June 30, 2020
			Date	Amount				Insurance Proceeds	Budget Appropriation		
Ambulance	01/04/16	\$ 293,814	1/4/2021	\$ 62,533	3.21	\$ 123,122	\$ -	\$ -	\$ 60,589	\$ -	\$ 62,533
Ambulance	05/15/17	278,884	5/15/2021 5/15/2022	57,532 59,404	3.25 3.25	172,656	-	-	55,720	-	116,936
Ambulance	07/29/19	289,970	7/29/2020 7/29/2021 7/29/2022 7/29/2023 7/29/2024	53,878 55,861 57,918 60,051 62,262	3.68 3.68 3.68 3.68 3.68	-	289,970	-	-	-	289,970
Sanitation Truck	09/28/18	187,915	Asset Impaired Fiscal Year 2020 Remaining Balance Partially Funded by Insurance Proceeds			187,915	-	163,965	23,950	-	-
Sanitation Truck	09/20/19	192,142	9/20/2020 9/20/2021 9/20/2022	61,733 64,019 66,390	3.70 3.70 3.70	-	192,142	-	-	-	192,142
Street Sweeper	07/01/16	217,330	7/1/2020 10/1/2020 1/1/2021 4/1/2021 7/1/2021	11,330 11,419 11,508 11,598 11,688	3.12 3.12 3.12 3.12 3.12	101,992	-	-	44,449	-	57,543
					Ref.	\$ 585,685	\$ 482,112	\$ 163,965	\$ 184,708	\$ -	\$ 719,124
						C	C-4	C-4	C-4		C

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Improvement Description	Balance June 30, 2019	Debt Issued	Balance June 30, 2020
Various Capital Improvements/Acquisition of Various Capital Equipment	\$ 1,779,100	\$ 739,000	\$ 1,040,100
Gilmore School Addition/Renovations	-		-
Improvements to Veterans Park	598,500	598,500	-
Acquisition of Real Property	1,282,500	1,282,500	-
Various Capital Equipment and Improvements	10,311,764	5,000,000	5,311,764
	<u>\$ 13,971,864</u>	<u>\$ 7,620,000</u>	<u>\$ 6,351,864</u>
<u>Ref.</u>	C	C-14	C

CITY OF UNION CITY

REPORT OF AUDIT

**SUPPLEMENTARY DATA SECTION:  
GENERAL FIXED ASSETS SCHEDULES**

**CITY OF UNION CITY  
GENERAL FIXED ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF CHANGES IN FIXED ASSETS**

	Balance June 30, 2018	Additions	Dispositions	Balance June 30, 2019
Land	\$ 11,229,400	\$ -	\$ -	\$ 11,229,400
Buildings and Improvements	57,855,360	1,541,456	-	59,396,816
Machinery and Equipment	12,370,026	919,805	100,532	13,189,299
	<u>\$ 81,454,786</u>	<u>\$ 2,461,261</u>	<u>\$ 100,532</u>	<u>\$ 83,815,515</u>
<u>Ref.</u>	D	D-2	D-2	D

## EXHIBIT D-2

**SCHEDULE OF RESERVE FOR FIXED ASSETS**

Balance, June 30, 2018	<u>Ref.</u> D	\$ 81,454,786
Increased by:		
Additions	D-1	<u>2,461,261</u>
		83,916,047
Decreased by:		
Deletions	D-1	<u>100,532</u>
Balance, June 30, 2019	D	<u>\$ 83,815,515</u>

CITY OF UNION CITY

REPORT OF AUDIT

**SINGLE AUDIT SECTION**

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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## 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*

To 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 sheets – regulatory basis, of each fund and the general fixed assets as of June 30, 2020 and 2019 the related comparative statements of operations and changes in fund balance – regulatory basis of the current fund for the years then ended, the statement of revenues – regulatory basis and statement of appropriations – regulatory basis of the current fund, and the statement of change in fund balance – regulatory basis of the general capital fund, for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 22, 2020. The opinion to those financial statements is followed by an emphasis of matter paragraph regarding the City's dependence on Transitional Aid and the potential material impact on the City should the Transitional Aid be reduced, as well as an emphasis of matter paragraph matter regarding COVID 19.

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 special purpose framework 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 purpose 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.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2020-001 that we consider to be a material weakness.

### **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 is required to be reported under *Government Auditing Standards*.

We noted additional instances of 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 responses to the finding 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 the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*Donohue, Gironda, Doria + Tomkins*  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

*Mark Bednarz*  
MARK W. BEDNARZ  
RMA No. 547

Bayonne, New Jersey  
December 22, 2020

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

To 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 *OMB Compliance Supplement* and the *N.J. OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the City's major federal and state programs for the year ended June 30, 2020. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

### ***Unmodified Opinion on Each of the Other Major Federal and State Programs***

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 other major federal and state programs identified in the summary of auditor's results sections of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

## 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 each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Donohue, Gironda, Doria + Tomkins*  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

*Mark Bednarz*  
MARK W. BEDNARZ  
RMA No. 547

Bayonne, New Jersey  
December 22, 2020

**CITY OF UNION CITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal CFDA Number	See Also Note	Pass-through Identifier or FAIN	Program or Award Amount	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance at June 30, 2019		Current Year Appropriations	Grant Funds Expended	Program Income, Cancelled & Adjusted	Balance at June 30, 2020		Cumulative Expenditures	
							Funds Available	Encumbered				Funds Available	Encumbered		
<b>United States Department of Housing and Urban Development</b>															
CDBG Entitlement Grants Cluster															
Community Development Block Grant (CDBG)															
07/01/2019	--	06/30/2020	14,218	--	Direct Award \$ 1,019,605	\$ 302,308	\$ 98,457	--	\$ 1,019,605	\$ 308,103	\$ 15,894	\$ 291,415	\$ 435,981	\$ 907,622	
07/01/2018	--	06/30/2019	14,218	--	Direct Award 1,003,951	319,947	--	79,925	--	319,947	14,515	34,751	143,884	926,221	
07/01/2017	--	06/30/2018	14,218	--	Direct Award 925,671	70,439	--	181,986	--	70,439	--	219,221	25,311	1,016,942	
07/01/2016	--	03/16/5886	14,218	--	Direct Award 1,632,460	11,946	--	13,883	--	11,946	--	61,937	1,090	1,543,379	
07/01/2015	--	06/30/2016	14,218	--	Direct Award 1,102,264	6,860	--	6,860	--	6,860	--	25,108	21,250	1,000,796	
Total CFDA No. 14,218 and CDBG Entitlement Grants Cluster					7,111,500	98,457	282,654	1,019,605	717,295	30,409	632,432	627,516			
<b>Total United States Department of Housing and Urban Development</b>					\$ 7,111,500	\$ 98,457	\$ 282,654	\$ 1,019,605	\$ 717,295	\$ 30,409	\$ 632,432	\$ 627,516			
<b>United States Department of Justice</b>															
EMs Stimulus Grant - COVID-19															
4/1/2020	--	6/30/2020	16,034	--	Direct Award \$ 21,914	\$ 21,914	--	--	\$ 21,914	\$ 10,066	--	\$ 9,358	\$ 2,490	\$ 10,066	
Bulleproof Vest Partnership Program					11,522	--	--	11,522	--	1,313	--	9,044	1,165	1,313	
04/01/2019	--	08/31/2021	16,607	--	Direct Award 11,063	(1)	--	11,062	--	4,874	--	6,188	--	4,874	
04/01/2018	--	08/31/2020	16,607	--	Direct Award 15,168	11,505	--	11,505	--	11,505	(3,663)	--	--	11,505	
04/01/2017	--	08/31/2019	16,607	--	Direct Award 11,504	11,504	--	12,859	--	17,692	(3,663)	15,232	1,165		
Total CFDA No. 16,607					465	--	--	465	--	--	--	465	--	--	
Federal Equitable Sharing ongoing					16,922	--	--	--	--	--	--	--	465	--	--
<b>Total United States Department of Justice</b>					\$ 33,418	\$ --	\$ 13,836	\$ 33,436	\$ 27,758	\$ (3,663)	\$ 24,590	\$ 4,120			
<b>United States Department of Transportation</b>															
Highway Safety Cluster															
National Priority Safety Programs															
Non-Motorized Safety															
10/01/2018	--	09/30/2019	20,616	--	100-066-1160-163 30,000	28,000	--	13,525	--	11,525	(2,000)	--	--	28,000	
10/01/2019	--	09/30/2020	20,616	--	100-066-1160-163 30,000	--	--	--	30,000	15,675	--	--	14,325	15,675	
Section 405E Alcohol Drive Sober or Get Pulled Over Holiday Crackdown					11,000	10,450	--	--	11,000	10,450	(550)	--	--	10,450	
07/01/2019	--	06/30/2020	20,616	--	100-066-1160-165 11,000	38,450	--	13,525	--	41,000	(2,550)	--	14,325	10,450	
Total CFDA No. 20,616					\$ 38,450	\$ --	\$ 13,525	\$ 41,000	\$ 37,650	\$ (2,550)	\$ --	\$ 14,325			
<b>Total United States Department of Transportation and Highway Safety Cluster</b>					\$ 38,450	\$ --	\$ 13,525	\$ 41,000	\$ 37,650	\$ (2,550)	\$ --	\$ 14,325			
<b>United States Department of Treasury</b>															
Federal Equitable Sharing															
ongoing															
21,016	--	Direct Award	\$ 196,124	\$ 76,383	\$ --	\$ 85,462	\$ --	\$ 76,383	\$ 68,006	\$ --	\$ 38,817	\$ 55,022		102,285	
Coronavirus Relief Fund					2,517,130	1,825,362	--	--	2,517,130	2,517,130	--	--	--	2,517,130	
04/01/2020	--	*													
<b>Total United States Department of Treasury and CFDA 21,016</b>					\$ 1,901,745	\$ --	\$ 85,462	\$ 2,593,513	\$ 2,585,136	\$ --	\$ 38,817	\$ 55,022		2,517,130	

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

CITY OF UNION CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal CFDA Number	See Also Note	Pass-through Identifier or FAIN	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance at June 30, 2019		Current Year Appropriations	Grant Funds Expended	Program Income, Cancelled & Adjusted	Balance at June 30, 2020		Cumulative Expenditures	
						Funds Available	Encumbered				Encumbered	Funds Available		
<b>United States Department of Health and Human Services</b>														
Drug Free Community Programs														
09/30/2019 - 09/30/2020	--	H79SP020734	\$ 125,000	\$ 125,000	\$ -	\$ -	\$ -	\$ 125,000	\$ 85,481	\$ -	\$ 26,550	\$ 12,969	\$ 85,481	
FAIN:														
09/30/2018 - 09/30/2019	--	H79SP020734	125,000	34,143	-	8,268	37,749	-	46,017	-	-	-	124,640	
Total United States Department of Health and Human Services and CFDA 93.276				\$ 159,143	\$ -	\$ 8,268	\$ 37,749	\$ 125,000	\$ 131,498	\$ -	\$ 26,550	\$ 12,969		
TOTAL FEDERAL AWARDS				\$ 2,844,256	\$ 98,457	\$ 765,666	\$ 333,262	\$ 3,812,554	\$ 3,499,337	\$ 24,196	\$ 722,389	\$ 713,952		

**CITY OF UNION CITY**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Account Number (Program Code)	Program or Award Amount	Funds Received	Passed Through to Subscriptions	Balance at June 30, 2019		Current Year Appropriations	Grant Funds Expended	City Match Expended	Cancelled & Adjusted	Balance at June 30, 2020		Cumulative Expenditures
				Funds Available	Encumbered					Funds Available	Encumbered	
<b>NJ Department of Environmental Protection:</b>												
07/01/2018 - 06/30/2019	4900-765-004	\$ 93,257	\$ -	\$ 93,257	\$ -	\$ -	\$ 93,257	\$ -	\$ -	\$ -	\$ -	\$ 93,257
Total Clean Communities												
<b>Recycling Tonnage</b>												
07/01/2018 - 06/30/2019	100-042-4910	95,936	-	2,381	40,000	-	42,381	-	-	-	-	95,936
07/01/2019 - 06/30/2020	100-042-4910	95,936	-	-	-	95,936	4,912	-	-	11,160	79,864	4,912
Total Recycling Tonnage												
<b>Green Acres Trust:</b>												
07/01/2019 - 06/30/2020	* Green Acres - 44th St Acquisition	675,000	-	-	-	675,000	-	-	-	-	675,000	-
07/01/2019 - 06/30/2020	* Green Acres - Reservoir Purchase	1,100,000	-	-	973,839	-	268,594	-	-	705,245	-	394,755
09/01/2016 - 09/01/2017	100-072-4870-038	1,000,000	-	1,000,000	-	-	-	-	-	-	1,000,000	-
09/01/2017 - 09/01/2018	100-072-4870-038	1,000,000	-	1,000,000	973,839	675,000	268,594	-	-	705,245	1,675,000	-
Total Green Acres Trust:												
<b>Total NJ Department of Environmental Protection:</b>												
		\$ 95,936	\$ -	\$ 1,095,638	\$ 1,013,839	\$ 770,936	\$ 409,144	\$ -	\$ -	\$ 716,405	\$ 1,754,864	
<b>NJ Department of Treasury:</b>												
Passed through the County of Hudson:												
Municipal Alliance to Prevent Alcoholism and Drug Abuse												
07/01/2018 - 06/30/2019	100-082-000-004	\$ 57,412	\$ -	\$ -	\$ 10,563	\$ -	\$ 10,563	\$ -	\$ -	\$ -	\$ -	\$ 57,412
07/01/2019 - 06/30/2020	100-082-000-004	57,412	-	-	-	57,412	45,911	-	-	1,815	9,686	45,911
Total Municipal Alliance to Prevent Alcoholism and Drug Abuse												
<b>Total NJ Department of Treasury:</b>												
		\$ 51,268	\$ -	\$ -	\$ 10,563	\$ 57,412	\$ 56,474	\$ -	\$ -	\$ 1,815	\$ 9,686	
<b>NJ Department of Law and Public Safety:</b>												
Body Armor Replacement Fund												
07/01/2018 - 06/30/2019	66-1020-718-001	\$ 16,425	\$ -	\$ 16,425	\$ -	\$ -	\$ 7,542	\$ -	\$ -	\$ 8,883	\$ -	\$ 7,542
07/01/2017 - 06/30/2018	66-1020-718-001	13,275	-	-	10,151	-	10,151	-	-	-	-	13,275
07/01/2019 - 06/30/2020	66-1020-718-001	15,021	-	-	-	15,021	-	-	-	6,349	8,672	-
Total Body Armor Replacement Fund												
		\$ 15,021	\$ -	\$ 16,425	\$ 10,151	\$ 15,021	\$ 17,693	\$ -	\$ -	\$ 15,232	\$ 8,672	
NJ Division of Highway Traffic Safety:												
Drunk Driving Enforcement Fund												
07/01/2018 - 06/30/2019	6400-100-078-6400-000-YYY	\$ 13,933	\$ -	\$ 13,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,933	\$ -
07/01/2017 - 06/30/2018	6400-100-078-6400-000-YYY	20,850	-	-	-	-	8,430	-	-	385	4,745	15,720
Total Body Armor Replacement Fund												
		\$ 15,021	\$ -	\$ 43,918	\$ 10,151	\$ 15,021	\$ 26,123	\$ -	\$ -	\$ 15,617	\$ 27,350	

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**CITY OF UNION CITY**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Program or Award Amount	State Account Number (Program Code)	Funds Received	Passed Through to Subscriptions	Balance at June 30, 2019		Current Year Appropriations	Grant Funds Expended	City Match Expended	Cancelled & Adjusted	Balance at June 30, 2020		
				Funds Available	Encumbered					Funds Available	Encumbered	
<b>NJ Department of Transportation:</b>												
Summit Avenue Section 3-Municipal Aid												
	14-480-078-6320-ALW-6010	\$ 260,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Summit Avenue Section 4-Municipal, Discretionary Aid												
14-480-078-6320-AL2/AL5/ALX-6010												
	05/21/2014 - 11/21/2015	599,815	-	-	-	-	-	-	-	-	-	
Various Streets Municipal Aid												
	07/01/2019 - *	250,000	-	-	250,000	-	-	-	-	-	250,000	
Palisade Ave												
	07/01/2019 - *	3,100,000	-	-	3,100,000	-	-	-	-	-	3,100,000	
Urban Aid - Roads												
	07/01/2019 - *	193,878	-	-	193,878	-	-	-	-	-	193,878	
Various Streets - 2018 Municipal Aid												
	2018-480-078-6320-10-AM2	250,000	127,500	206,867	19,379	-	26,333	-	(199,913)	-	69,466	
Various Streets - 2018 Urban Aid												
	2018-480-078-6320-AM4-6010	193,650	50,087	-	-	-	-	-	-	-	-	
35th St Phase 1 - FY20 Municipal Aid												
	07/01/2019 - *	470,897	-	-	470,897	-	-	-	-	-	470,897	
35th St Phase 2 - FY20 Municipal Aid												
	07/01/2019 - *	190,000	-	-	190,000	-	-	-	-	-	190,000	
Kerrigan Avenue - Discretionary Funds												
	2012-480-078-6320-AK4-6010	950,000	-	106,898	93,403	-	53,468	-	(146,833)	-	896,570	
Palisade Avenue Sec 1 - FY 19 Local Aid Infrastructure												
	07/01/2018 - 06/30/2020	2,400,000	1,800,000	98,034	2,214,456	-	1,389,053	-	(923,437)	-	1,476,563	
<b>Total NJ Department of Transportation</b>												
		\$ 2,417,402	\$ -	\$ 411,799	\$ 2,327,238	\$ 4,204,775	\$ 1,468,854	\$ -	\$ (1,270,183)	\$ -	\$ 4,204,775	
<b>NJ Administrative Office of the Courts:</b>												
Alcohol Education and Rehabilitation												
	07/01/2018 - 06/30/2019	98-9735-760-001	\$ 3,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,295	
	07/01/2017 - 06/30/2018	98-9735-760-001	6,005	-	-	-	-	-	-	-	6,005	
	07/01/2016 - 06/30/2017	98-9735-760-001	6,406	-	-	-	-	-	-	-	6,406	
	07/01/2015 - 06/30/2016	98-9735-760-001	11,131	-	-	-	-	-	-	-	11,131	
	07/01/2014 - 06/30/2015	98-9735-760-001	1,120	-	-	-	-	-	-	-	1,120	
	07/01/2013 - 06/30/2014	98-9735-760-001	3,368	-	-	-	-	-	-	-	3,368	
	07/01/2012 - 06/30/2013	98-9735-760-001	2,216	-	-	-	-	-	-	-	2,216	
	07/01/2019 - 06/30/2020	98-9735-760-001	1,167	-	418	1,167	38	-	-	635	539	
<b>Total NJ Administrative Office of the Courts</b>												
		\$ 1,167	\$ -	\$ 34,335	\$ 418	\$ 1,167	\$ 38	\$ -	\$ -	\$ 635	\$ 35,247	
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>												
		\$ 2,580,794	\$ -	\$ 1,585,690	\$ 3,362,209	\$ 5,049,311	\$ 1,960,633	\$ -	\$ (1,270,183)	\$ 734,472	\$ 6,031,922	

\* Not Available

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

**FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE A. REPORTING ENTITY**

The City of Union City (the “City”), received and continues to participate in numerous federal award and state financial assistance programs, in the form of grant cost reimbursements and revenue sharing entitlements. The City is the reporting entity for the grant programs received. Administration of the grant programs is performed by the various departments of the City.

The City, for purposes of the schedules of expenditures of federal awards and state financial assistance, includes all of the primary government as defined criteria established by the Governmental Accounting Standards Board. The City administers certain federal and state award programs through subrecipients. Those subrecipients are not considered part of the City’s reporting entity.

**NOTE B. BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the City. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the Federal and State Schedules presents only a selected portion of the operations of the City, they are not intended to and do not present the financial position or changes in fund balance of the City.

**NOTE C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of 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.

In accordance with directives from the Division, the City fully realizes revenues and charges appropriations when grants are adopted by the governing body in the budget of its current fund. Grant revenues are realized and the amount awarded is accounted for as a receivable, and 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 are accounted for within the equivalent revenue accounts for those respective funds. Expenditures are measured from payments charged directly to specific grant programs.

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

*Indirect Costs* - The City is not utilizing the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CITY OF UNION CITY**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE D. CONTINGENCIES**

Entitlement to grant 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. Such contingencies are fully disclosed in the Notes to the Financial Statements.

**NOTE E. MONITORING OF SUB-RECIPIENTS**

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 \$750,000 or more of such assistance to a sub-recipient in a fiscal year, the City is responsible for determining that the expenditures of federal and state monies passed through to sub-recipients are utilized in accordance with applicable laws and regulations. Further, the Uniform Guidance places other related responsibilities upon the City. 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, 2020 were reviewed and findings and questioned costs, if any, were disclosed.

**NOTE F. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

The regulations and guidelines governing the preparation of federal and state financial reports vary by federal and state agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal and state financial reports do not necessarily agree with the amounts reported in the accompanying schedules of expenditures of federal awards and state financial assistance, which are prepared on the basis of accounting explained in Note B.

**NOTE G. PASS-THROUGH AWARDS AND COMMINGLED ASSISTANCE**

The City receives federal and state awards passed-through different levels of government. As a result, the individual sources of federal and state awards may be commingled and not always separately identifiable. In instances in which the federal amounts received are commingled by the state or other levels of government with other funds and cannot be separately identified, they are reported as federal expenditures. In instances in which the state amounts received are commingled by other levels of government, other than federal, and cannot be separately identified, they are reported as state expenditures. The following awards include both state and federal funding which are not separately identifiable, and which are reported on the schedule of expenditures of federal awards

**CITY OF UNION CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified-as prescribed by NJ DLGS Adverse-according to GAAP			
Internal Control over Financial Reporting:				
1) Material weakness(es) identified?	✓	Yes	Finding 2020-001	No
2) Significant deficiency(ies) identified?		Yes		✓ No
Noncompliance material to basic financial statements noted?		Yes		✓ No

Federal Awards

Internal Control over Major Federal Programs:				
1) Material weakness(es) identified?		Yes		✓ No
2) Significant deficiency(ies) identified?		Yes		✓ No

Type of auditor's report issued on compliance for major federal programs:  
Unmodified for all major federal programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes	✓	No
--	-----	---	----

Identification of major Federal Programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	- Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B Programs:	\$	750,000
Auditee qualified as low-risk auditee?	Yes	✓ No

State Financial Assistance

Internal control over state programs:				
1) Material weakness(es) identified?		Yes		✓ No
2) Significant deficiency(ies) identified?		Yes		✓ No

Type of auditor's report issued on compliance for major State programs:  
Unmodified for all major State programs.

Any audit findings disclosed that are required to be reported in accordance with NJ OMB 15-08, as amended?	Yes	✓	No
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Identification of major State programs

Program Code	Name of State Program
480-078-6300	- Department of Transportation

Dollar threshold used to distinguish between Type A and Type B Programs:	\$	750,000
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CITY OF UNION CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II - Schedule of Financial Statement Findings

*(This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting.)*

**Finding 2020-001**

*Material Weakness in Internal Control over Financial Reporting*

Criteria:	The New Jersey Local Budget Law, N.J.S.A. 40A:4-57, prohibits the expenditure of any moneys in the excess of the amount appropriated for such purposes.
Condition:	During the year ended June 30, 2020, the City expended \$1,775,286 in excess of the amounts appropriated in its fiscal year 2020 budget and \$1,306,383 in excess of amounts available in its appropriation reserves.
Context:	The City's 2020 subsidiary budget ledgers identified the over-expenditures as noted in Exhibits A-3 and A-15.
Effect:	Over-expenditures totaling \$3,081,669 have been included as an item of appropriation in the City's fiscal year 2021 budget. This appropriation is subject to the 1977 Appropriation Cap and 2010 Levy Cap.
Cause:	Bills for goods and services received by the City were in excess of amounts budgeted, and several line of salaries and wages were expended in excess of amounts budgeted. The City's internal controls are not effective as they relate to the timeliness of the determination of availability of funds prior to the ordering or payment of goods and services or incurring of salaries and wages. The over-expenditure of funds as appropriated is a repeat finding.
Questioned Costs:	None.
Recommendation:	The City should implement or strengthen procedures to determine the availability of funds prior to the ordering or payment of goods and services.

**Views of Responsible Officials of the City (unaudited):**

Due to unforeseen circumstances and the global pandemic, the City incurred some expenses that were not included in the original adopted budget.

**CITY OF UNION CITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Section III - Schedule of Federal Awards and State Financial Assistance  
Findings and Questioned Costs**

*(This section identifies audit findings required to be reported by the 2 CFR 200.516(a) and New Jersey OMB Circular 15-08.)*

None identified.

**CITY OF UNION CITY**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2020**

**Status of Prior Year Findings**

*(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 4 of Government Auditing Standards, 2 CFR 200.516(a) and New Jersey OMB Circular 15-08.)*

**Finding: 2019-001**

Material Weakness in Internal Control over Financial Reporting

Condition: During the year ended June 30, 2019, the City expended \$3,230,151 in excess of the amounts appropriated in its fiscal year 2019 budget for various purposes.

Current Year Status: The City has incurred over-expenditures of \$3,081,669 during fiscal year ended June 30, 2020. See Finding 2020-001.

CITY OF UNION CITY

REPORT OF AUDIT

**STATISTICAL SECTION**

(unaudited)

Table 1

**CITY OF UNION CITY  
STATISTICAL SECTION (UNAUDITED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

COMPARATIVE SCHEDULES OF OPERATIONS AND CHANGES IN FUND BALANCE-CURRENT FUND

	June 30, 2020		June 30, 2019	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Miscellaneous Revenue Anticipated	\$ 61,265,707	35.25%	\$ 66,183,998	36.99%
Receipts from Delinquent Taxes	71,516	0.04%	63,840	0.04%
Receipts from Current Taxes	109,095,185	62.76%	107,708,078	60.21%
Non-Budget Revenues	229,599	0.13%	499,887	0.28%
Other Credits to Income	3,157,897	1.82%	4,444,639	2.48%
	<u>173,819,904</u>	<u>100.00%</u>	<u>178,900,442</u>	<u>100.00%</u>
Expenditures:				
Budget Appropriations	147,554,363	80.78%	145,281,580	79.05%
School and County Taxes	33,557,103	18.37%	33,101,552	18.01%
Other Charges	1,541,089	0.84%	5,412,805	2.95%
	<u>182,652,555</u>	<u>100.00%</u>	<u>183,795,937</u>	<u>100.00%</u>
Change in Operations, net of Surplus Utilized	(8,832,651)		(4,895,495)	
Adjustments to Income: Deferred Charges of Budget of Succeeding Year(s)	8,120,272		4,242,892	
Fund Balance, July 1	<u>3,054,684</u>		<u>3,707,287</u>	
Fund Balance, June 30	<u>\$ 2,342,305</u>		<u>\$ 3,054,684</u>	

**Table 2**

**CITY OF UNION CITY  
STATISTICAL SECTION (UNAUDITED)**

FIVE-YEAR HISTORY OF TAX RATE AND APPORTIONMENT OF TAX RATE

Year Ended June 30,	Total Tax Rate	Municipal	County	Local School
2020	7.301	5.152	1.137	1.012
2019	7.103	4.898	1.185	1.020
2018	6.964	4.758	1.177	1.029
2017	6.904	4.675	1.195	1.034
2016	6.890	4.611	1.236	1.043

Rates are per \$100 of assessed valuation.

County Tax includes County Open Space

Municipal Tax includes Municipal Library Tax

**Table 3**

FIVE-YEAR HISTORY OF TAX LEVIES AND COLLECTIONS

Year Ended June 30,	Tax Levy	Collections	Collection Percentage
2020	\$ 109,252,437	\$ 108,013,309	98.87%
2019	107,198,009	106,539,953	99.39%
2018	103,660,978	103,569,655	99.91%
2017	102,743,844	102,676,173	99.93%
2016	102,268,869	102,184,881	99.92%

**Table 4**

FIVE-YEAR HISTORY OF DELINQUENT TAXES AND TAX TITLE LIENS

Year Ended June 30,	Liens	Delinquent Taxes	Total	Percent of Tax Levy
2020	\$ 23,678	\$ 1,600,742	\$ 1,624,420	1.49%
2019	66,445	33,430	99,875	0.09%
2018	57,114	41,211	98,325	0.09%
2017	47,690	48,996	96,686	0.09%
2016	38,554	58,995	97,549	0.10%

Table 5

CITY OF UNION CITY  
STATISTICAL SECTION (UNAUDITED)

FIVE-YEAR HISTORY OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

Year Ended June 30,	Amount
2020	\$ -
2019	-
2018	171,900
2017	171,900
2016	171,900

Table 6

FIVE-YEAR HISTORY OF FUND BALANCES - CURRENT FUND

Year Ended June 30,	Fund Balance	Utilized in Budget of Succeeding Year
2020	\$ 2,342,305	\$ 2,000,000 *
2019	3,054,684	2,037,735
2018	3,707,287	2,700,000
2017	7,905,383	4,423,487
2016	9,238,354	2,847,216

\* Per Introduced, but not adopted, budget.

**CITY OF UNION CITY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2020**

<u>Name</u>	<u>Title</u>	<u>Bond</u>
Brian P. Stack	Mayor and Commissioner - Public Safety	
Lucio P. Fernandez	Commissioner - Public Affairs	
Celin J. Valdivia	Commissioner - Parks and Recreation	
Wendy Grullon	Commissioner - Public Works	
Maryury A. Martinetti	Commissioner - Revenue and Finance	
Erin Knoedler	City Clerk	
Donald Scarinci	Corporation Counsel	
Sonia Schulman	Tax Collector	\$ 1,000,000
Lilia A. Munoz	Judge	\$ 1,000,000
Carlos H. Acosta, Jr.	Judge	\$ 1,000,000
Gustav John Schlaier	Court Director	\$ 1,000,000
Tammy Zucca	Chief Financial Officer	\$ 1,000,000
Tammy Zucca	Treasurer	\$ 1,000,000
Susan M. Colditz	Director of Finance	\$ 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.

**CITY OF UNION CITY  
GENERAL COMMENTS**

**JUNE 30, 2020**

**CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3 AND 40A: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 \$40,000. 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.” The City has not elected to increase its bid threshold to \$40,000.

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:

- HVAC System Improvements for City Hall
- Traffic Signals, 24th Street & Kerrigan Ave
- Sporting Equipment
- Snow Removal and Post Storm Services
- Traffic Paint & Supplies
- 2019 Road Repairs - Citywide Potholes
- 25th & 46th Street Improvements
- Drago Dog Park Improvement
- Palisade Ave Improvement Project, Section 2
- 2019 Roadway Improvements Program
- Washington Park Improvements
- Tree Trimming
- Wrestling Uniforms, Equipment & Supplies
- Milling & Paving of Various City Roads
- CDA Road Program (28th & 29th Streets)
- 2019 Street Sign Replacement Program
- Dog Waste Bags & Dispensers
- Peru Park Improvement Project
- 3rd Street & Manhattan Ave Improvement Project

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. We did note, however, instances where accumulated purchases from individual vendors totaled in excess of \$17,500 without public bidding or purchasing through a state contract.

**CITY OF UNION CITY  
GENERAL COMMENTS**

**JUNE 30, 2020**

**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:11-5.1(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;
- 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.

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:11-6.1(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.

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.

**CITY OF UNION CITY  
GENERAL COMMENTS**

**JUNE 30, 2020**

**EXPENDITURE LESS THAN 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.

**COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS**

Statutes provide the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes, or assessments on or before the date when they would become delinquent. The Governing body on 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, 2020 included taxes from the fiscal years ended June 30, 2020 and prior. The following comparison is made of the number of tax title liens receivable:

<u>Year Ended June 30,</u>	<u>Number of Liens</u>
2020	2
2019	3
2018	3
2017	3
2016	4
2015	7
2014	8
2013	6
2012	8
2011	12

**CITY OF UNION CITY  
GENERAL COMMENTS**

**JUNE 30, 2020**

**CHANGE ORDERS EXCEEDING 20 PERCENT OF ORIGINALLY AWARDED CONTRACT PRICE**

Change orders exceeding the originally awarded contract price by more than 20% are allowed only in limited instances. The authorization process requires a resolution of the governing body and an affidavit of publication for notice in an officially designated newspaper of the entity. The minutes indicate no change orders which exceeded 20% of the originally awarded contract during the fiscal year ended June 30, 2020:

NONE

**CITY OF UNION CITY  
COMMENTS AND RECOMMENDATIONS**

**JUNE 30, 2020**

**FINDING 2020-001:**

This finding is detailed in Section II – Schedule of Financial Statement Findings, found on page 117.

**FINDING 2020-002:**

N.J.S.A. 54:4-75 requires municipalities to pay to the Local School District the full amount of the school tax due for school purposes prior to the last day of the school year. The amount due to the Local School District as of June 30, 2020 was \$10,793,046. The total Local School District Tax Levy for the year ended June 30, 2020 was \$15,418,637.

Recommendation:           The City must pay the School District the full Tax Levy for local school purposes according to the statutory deadline.

**FINDING 2020-003:**

The City did not always require customers to pay for police details in advance as recommended by the Director of the Division of Local Governments Services in Local Finance Notice 2000-14.

Recommendation:           The City should collect funds from customers requesting outside employment of Police Officers in advance of the scheduled service date.

\*\*\*\*\*

**Status of Prior Years' Audit Recommendations**

A review was performed on all prior year's recommendations. With the exception of those findings repeated from the prior year, corrective action was taken on all prior year recommendations.

**Corrective Action**

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the governing body and submitted within 60 days from the date the audit is received.

**Schedule of Findings and Questioned Costs**

We noted certain other matters that we reported in the accompanying schedule of findings and questioned costs section of this report. Such matters are required to be reported under *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and N.J. OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

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