

**CITY OF UNION CITY  
NEW JERSEY**

**REPORT OF AUDIT**

**FOR THE YEARS ENDED  
JUNE 30, 2017 AND 2016**



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

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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REPORT OF AUDIT

FINANCIAL SECTION

CITY OF UNION CITY  
JUNE 30, 2017

# 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 the general fixed assets as of June 30, 2017 and 2016, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis and statement of appropriations – regulatory basis, of the Current Fund, and the related statement of change in fund balance – regulatory basis, of the General Capital Fund, for the years then ended, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### ***Auditor’s Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 comply with the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of June 30, 2017 and 2016, or the changes in its financial position for the years then ended.

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and the general fixed assets of the City as of June 30, 2017 and 2016, the Current Fund's respective operations and changes in fund balance – regulatory basis, revenues – regulatory basis and appropriations – regulatory basis, and the General Capital Fund's changes in fund balance – regulatory basis, for the years then ended, on the basis of the financial reporting provisions of the Division as described in Note 1.

### ***Emphasis of Matter Regarding 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, 2018 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.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information and supplementary data 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, supplementary data, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, notes to the schedules of expenditures of federal awards and state financial assistance, and schedule of expenditures of other 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, notes to the schedules of expenditures of federal awards and state financial assistance, and schedule of expenditures of other 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 January 26, 2018 on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

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

*Linda P. Kish*  
LINDA P. KISH  
Registered Municipal Accountant #487

Bayonne, New Jersey  
January 26, 2018

REPORT OF AUDIT

FINANCIAL SECTION  
CURRENT FUND

CITY OF UNION CITY  
JUNE 30, 2017

**EXHIBIT A**

**CITY OF UNION CITY  
CURRENT FUND  
JUNE 30, 2017 AND 2016**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	A-4	\$ 9,681,240	\$ 7,807,398
Change Fund	Unchanged	830	830
		<u>9,682,070</u>	<u>7,808,228</u>
Grants Receivable	A-25	<u>4,637,590</u>	<u>7,047,290</u>
Receivables and Other Assets with Full Reserves:			
Taxes Receivable	A-7	48,996	58,995
Property Acquired for Taxes at Assessed Valuations	A-9	171,900	171,900
Revenue Accounts Receivable	A-10	672,929	1,236,649
Tax Title Liens Receivable	A-13	47,690	38,554
Other Receivables	A-14	730,590	454,624
Interfunds Receivable:			
Due from General Capital Fund	A-11	-	255,388
Due from Other Trust Fund	A-11	2,507	16,925
Due from Animal Control Trust	A-11	3,420	7,902
Due from CDA Trust	A-11	-	514
	A	<u>1,678,032</u>	<u>2,241,451</u>
Deferred Charges:			
Emergency Authorizations (N.J.S. 40A:4-47)		42,169	2,010,276
Special Emergency Authorizations (N.J.S. 40A:4-53)		1,979,933	2,533,838
	A-23	<u>2,022,102</u>	<u>4,544,114</u>
Total Assets		<u>\$ 18,019,794</u>	<u>\$ 21,641,083</u>

See Accompanying Notes to the Financial Statements.

**EXHIBIT A**

**CITY OF UNION CITY  
CURRENT FUND  
JUNE 30, 2017 AND 2016**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Appropriation Reserves	A-3, A-15	\$ 341,006	\$ 683,860
Tax Overpayments	A-8	31,283	18,944
Prepaid Taxes	A-18	147,433	233,260
Accounts Payable	A-21	97,254	276,167
Reserve for Encumbrances	A-22	4,505,026	1,901,538
Reserve for Unappropriated Grants	A-26	-	19,530
Reserve for Appropriated Grants	A-27	1,005,818	2,173,325
Reserve for Neighborhood Housing	A-28	-	1,824
Other Reserves	A-17	16,600	205,314
Local School District Taxes Payable	A-19	-	1,541,864
Intergovernmental Payables:			
Due to State of NJ - Sr. Citizens' & Veterans'	A-12	42,644	39,373
Other	A-16	1,609,315	1,786,279
Note Payable	A-24	640,000	1,280,000
		<u>8,436,379</u>	<u>10,161,278</u>
Reserve for Receivables	Above	<u>1,678,032</u>	<u>2,241,451</u>
Total Liabilities and Reserves		10,114,411	12,402,729
Fund Balance	A-1	<u>7,905,383</u>	<u>9,238,354</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 18,019,794</u>	<u>\$ 21,641,083</u>

See Accompanying Notes to the Financial Statements.

## EXHIBIT A-1

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017 AND 2016**

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

	Ref.	2017	2016
<b><u>REVENUE AND OTHER INCOME REALIZED</u></b>			
Fund Balance Utilized	A-1	\$ 2,847,216	\$ 1,633,800
Miscellaneous Revenue Anticipated	A-2	45,220,217	47,228,308
Receipts from Delinquent Taxes	A-2	32,649	357,453
Receipts from Current Taxes	A-2	103,853,211	103,413,900
Non-Budget Revenues	A-2	744,456	970,286
Other Credits to Income:			
Prior Year Revenue Account Receivable	A-10	130,331	-
Dog License Fund - Statutory Excess	A-11	3,093	4,782
Interfunds Returned	A-11	280,729	14,062
Other Receivables	A-14	454,624	-
Unexpended Balance of Appropriation Reserves	A-15	213,491	339,023
Cancellation of Payable	A-16	10,931	-
Cancellation of Reserve	A-28	1,824	-
Grants Appropriated Cancelled		-	78,443
Cancellation of Other Reserves		-	36,711
Accounts Payable Cancelled		-	16,320
Correct Prior Year Grant Award		-	920,269
Total Income		<u>153,792,772</u>	<u>155,013,357</u>
<b><u>EXPENDITURES</u></b>			
Budget Appropriations:			
Appropriations within "CAPS"			
Salaries and Wages		37,187,578	35,082,479
Other Expenses		36,945,983	37,102,953
Deferred Charges and Statutory Expenditures		9,513,786	8,400,405
Appropriations excluded from "CAPS"			
Other Expenses		21,237,198	22,676,552
Capital Improvements		400,000	100,000
Debt Service		8,759,674	8,798,855
Deferred Charges		1,612,536	966,920
Reserve for Uncollected Taxes		1,177,038	1,352,427
Special Emergencies		397,848	1,580,493
	A-3	<u>117,231,641</u>	<u>116,061,084</u>
Local School District Taxes	A-2, A-19	15,418,637	15,418,637
County Taxes	A-2, A-20	18,966,486	17,693,344
Tax Judgements on Prior Year Taxes	A-8	323,094	205,368
Interfund Advances Originating in Current Year	A-11	5,927	280,729
Other Receivables	A-14	730,590	-
Grants Receivable Cancelled		-	851,940
Overexpenditures		-	1,058,967
Other Receivable Cancelled		-	1,674,342
Total Expenditures		<u>152,676,375</u>	<u>153,244,411</u>
Excess in Revenue		<u>1,116,397</u>	<u>1,768,946</u>

See Accompanying Notes to the Financial Statements.

## EXHIBIT A-1

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017 AND 2016**

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

	Ref.	2017	2016
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Special Emergency - 1 Year	A-23	\$ 42,169	\$ 702,952
Special Emergency - 5 Years	A-23	355,679	877,541
Overexpenditures	A-23	-	1,058,967
		<u>397,848</u>	<u>2,639,460</u>
Statutory Excess to Fund Balance		1,514,245	4,408,406
Fund Balance, Beginning of Year	A	9,238,354	6,463,748
		<u>10,752,599</u>	<u>10,872,154</u>
Decreased by Utilized as Anticipated Revenue	A-1	<u>2,847,216</u>	<u>1,633,800</u>
Fund Balance, End of Year	A	<u>\$ 7,905,383</u>	<u>\$ 9,238,354</u>

See Accompanying Notes to the Financial Statements.

## EXHIBIT A-2

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF REVENUES - REGULATORY BASIS**

Ref.	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 2,847,216	\$ -	\$ 2,847,216	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	229,224	-	193,546	(35,678)
Other	119,302	-	97,775	(21,527)
Fees and Permits	256,739	-	244,021	(12,718)
Fines and Costs - Municipal Court	2,666,808	-	2,881,663	214,855
Interest and Costs on Taxes	432,550	-	361,790	(70,760)
Interest on Investments and Deposits	34,955	-	45,196	10,241
Wedding Fees	47,385	-	53,274	5,889
Cable Franchise Fees	320,340	-	318,790	(1,550)
Public Telephone Commissions	161,504	-	161,504	-
Payment in Lieu of Taxes				
Monastery Redevelopment Group LLC	9,948	-	12,974	3,026
Union Plaza Apartments	278,065	-	289,774	11,709
Union City Renaissance Urban Renewal	10,898	-	10,898	-
Palisade Urban Renewal Assoc.	34,826	-	35,690	864
Holy Rosary	29,728	-	28,532	(1,196)
Horizon Heights	13,446	-	14,307	861
Serv Properties	4,070	-	4,070	-
Suede Promotions	20,000	-	25,000	5,000
Total Local Revenues	<u>4,669,788</u>	<u>-</u>	<u>4,778,804</u>	<u>109,016</u>
State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Aid	12,918,907	-	12,918,907	-
Energy Receipts Taxes	9,831,255	-	9,831,255	-
Transitional Aid	8,700,000	-	8,700,000	-
Total State Aid Without Offsetting Appropriations	<u>31,450,162</u>	<u>-</u>	<u>31,450,162</u>	<u>-</u>
Dedicated Uniform Construction Code Fees Offset with Appropriations				
Uniform Construction Code Fees	<u>1,793,010</u>	<u>-</u>	<u>1,915,423</u>	<u>122,413</u>
Special Items of Revenue - Shared Service Agreements				
Union City Board of Education:				
Lease Recreational Center	325,000	-	650,000	325,000
Solid Waste Removal	360,000	-	359,454	(546)
47th Street Pool	136,000	-	272,000	136,000
Off Duty Police Officers	100,000	-	100,000	-
Police Services	737,657	-	737,657	-
Snow Removal	100,000	-	-	(100,000)
School Crossing Guards	1,268,460	-	1,268,460	-
Total Special Items of Revenue - Shared Service Agreements	<u>3,027,117</u>	<u>-</u>	<u>3,387,571</u>	<u>360,454</u>

See Accompanying Notes to the Financial Statements.

## EXHIBIT A-2

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Special Items of Revenue - Public and Private Revenues					
Alcohol Education		\$ -	\$ 11,131	\$ 11,131	\$ -
Body Armor Replacement Fund		13,572	-	13,572	-
Byrne Justice Assistance Program		26,157	-	26,157	-
Clean Communities		-	87,271	87,271	-
Click It or Ticket		-	5,500	5,500	-
Drug Free Communities		125,000	-	125,000	-
Distracted Driving - Holiday Crackdown		5,000	-	5,000	-
Drive Sober or Get Pulled Over		5,000	-	5,000	-
Drunk Driving Enforcement		46,664	-	46,664	-
Green Communities		2,250	-	2,250	-
Kerrigan Avenue		-	337,582	337,582	-
Municipal Alliance on Alcoholism and Drug Abuse		57,412	-	57,412	-
Veterans Park		-	35,000	35,000	-
Reserve for Grants Unappropriated:				-	
Alcohol Education		6,406	-	6,406	-
Recycling Tonnage		13,124	-	13,124	-
Total Special Items of Revenue - Public and Private Revenues		<u>300,585</u>	<u>476,484</u>	<u>777,069</u>	<u>-</u>
Special Items of Revenue - Other					
North Hudson Community Action Center Lease		106,560	-	88,800	(17,760)
Emergency Medical Services		926,500	-	1,180,271	253,771
FEMA Proceeds		474,620	-	474,620	-
Five Year Abatement Program		682,165	-	882,223	200,058
Reserve for Debt Service		285,274	-	285,274	-
Other Trust Fund		3,811	-	17,439	13,628
Dog License Fund		4,736	-	7,902	3,166
Capital Fund		1,021,000	-	255,388	(765,612)
Total Special Items of Revenue - Other		<u>3,504,666</u>	<u>-</u>	<u>3,191,917</u>	<u>(312,749)</u>
Total Miscellaneous Revenues		44,745,328	476,484	45,500,946	279,134
Receipts From Delinquent Taxes		<u>223,627</u>	<u>-</u>	<u>32,649</u>	<u>(190,978)</u>
General Revenues and Fund Balance Anticipated		<u>47,816,171</u>	<u>476,484</u>	<u>48,380,811</u>	<u>88,156</u>
Amount to Be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes		67,512,330	-	68,337,879	825,549
Minimum Library Tax		1,130,209	-	1,130,209	-
Total Amount to Be Raised by Taxes for Support of Municipal Budget	A-7	<u>68,642,539</u>	<u>-</u>	<u>69,468,088</u>	<u>825,549</u>
Non-Budget Revenues		<u>-</u>	<u>-</u>	<u>744,456</u>	<u>744,456</u>
Total General Revenues		<u>\$ 116,458,710</u>	<u>\$ 476,484</u>	<u>\$ 118,593,355</u>	<u>\$ 1,658,161</u>
		A-3	A-3	Below	

See Accompanying Notes to the Financial Statements.

## EXHIBIT A-2

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Analysis of Revenue Realized					
Allocation of Current Taxes					
Revenue from Collections	A-7		\$ 102,676,173		
Add: Reserve for Uncollected Taxes	A-3		<u>1,177,038</u>		
	A-1		103,853,211		
Less:					
Allocated to School Taxes	A-1, A-19		15,418,637		
Allocated to County Taxes	A-1, A-20		<u>18,966,486</u>		
Amount for Support of Municipal Budget	Above			\$ 69,468,088	
Receipts from Delinquent Taxes					
Delinquent Tax Collections	A-1, A-7			32,649	
Miscellaneous Revenues Anticipated					
Reserve for Debt Service	A-10		44,157,874		
Grant Revenue	A-11		285,274		
	A-25		<u>777,069</u>		
	A-1			45,220,217	
Interfund Receivable	A-11			280,729	
Surplus Anticipated	A-1			2,847,216	
Analysis of Non-Budget Revenue					
Sale of Assets			6,843		
Close out of Trust Accounts			193,221		
Lien Forclosure			10,000		
31st Street Parking Lot			5,470		
Motor Vehicle Inspection Fines			800		
LEA Rebate			57,654		
Miscellaneous			132,606		
Tax Sale Premium forfeited			800		
Fire Reports			48,473		
Copies			18,310		
Bus Shelter Rent			2,500		
Administrative Fee			1,135		
Void checks			11,867		
Close out of Escrow Funds			214,684		
Superstorm Sandy			11,705		
City Share Police Details			<u>28,388</u>		
	A-1, A-4			<u>744,456</u>	
				<u>\$ 118,593,355</u>	
				Above	

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Expenditures	Appropriations		Paid or		Expended	
	Adopted Budget	Budget After Modification	Charged	Cancelled	Reserved	
Operations within "CAPS":						
Department of Public Affairs:						
Director's Office						
Salaries and Wages	\$ 137,066	\$ 141,981	\$ 141,980	\$ -	\$ -	1
Other Expenses	8,000	8,371	8,371	-	-	-
Municipal Court						
Salaries and Wages	1,190,735	1,229,159	1,229,158	-	-	1
Other Expenses	226,000	220,538	220,537	-	-	1
Public Defender						
Other Expenses	75,000	61,200	61,200	-	-	-
Senior Citizens						
Salaries and Wages	98,800	124,979	124,979	-	-	-
Other Expenses	25,000	24,600	23,529	-	-	1,071
Hispanic/Cultural Affairs						
Other Expenses	102,000	105,510	105,510	-	-	-
North Hudson Council of Mayors						
Other Expenses	85,000	85,000	73,328	-	-	11,672
Municipal Land Use Law (NJS 40:55D-1)						
Regional Planning Board						
Salaries and Wages	13,500	14,000	14,000	-	-	-
Other Expenses	23,000	12,748	12,748	-	-	-
Continuous Planning Program						
Celebration of Public Events	64,000	55,464	55,463	-	-	1
Other Expenses	91,000	114,299	114,298	-	-	1

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Expenditures	Appropriations		Expended	
	Adopted Budget	Budget After Modification	Paid or Charged	Cancelled Reserved
Operations within "CAPS" (Continued):				
Department of Revenue and Finance:				
Director's Office				
Salaries and Wages	\$ 51,080	\$ 56,805	\$ 56,805	\$ -
Other Expenses	5,000	2,024	2,024	-
City Clerk's Office				
Salaries and Wages	220,300	203,137	203,136	1
Other Expenses	99,000	100,146	100,146	-
Treasurer's Office				
Salaries and Wages	739,000	694,508	694,507	1
Other Expenses	525,000	613,986	613,986	-
Assessment of Taxes				
Salaries and Wages	309,200	298,427	298,427	-
Other Expenses	34,000	26,347	26,347	-
Collection of Taxes				
Salaries and Wages	325,500	323,584	323,583	1
Other Expenses	35,000	28,859	28,708	151
Central Purchasing				
Salaries and Wages	257,200	238,927	238,926	1
Other Expenses	7,500	6,612	6,612	-
Rent Control Board				
Salaries and Wages	322,786	322,791	322,790	1
Other Expenses	15,000	16,102	16,101	1
Insurance				
General Liability	1,800,000	1,817,698	1,817,698	-
Workers Compensation	2,400,000	2,500,144	2,498,351	1,793
Employee Group Health	17,223,467	15,694,682	15,634,978	59,704

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Expenditures	Appropriations		Expended		
	Adopted Budget	Budget After Modification	Paid or Charged	Cancelled	Reserved
Operations within "CAPS" (Continued):					
Department of Revenue and Finance (Continued):					
Tax Searches					
Salaries and Wages	\$ 5,001	\$ 5,001	\$ 5,000	\$ -	\$ 1
Other Expenses	500	262	262	-	-
Elections					
Salaries and Wages	25,000	2,645	2,644	-	1
Other Expenses	80,000	35,238	35,238	-	-
Membership NJ League of Municipalities					
Other Expenses	4,140	4,140	4,140	-	-
Annual Audit					
Other Expenses	95,000	95,000	-	-	95,000
Tax Sale Costs					
Other Expenses	5,000	131	130	-	1
Postage-All Departments					
Other Expenses	267,000	299,359	299,359	-	-
Data Processing					
Other Expenses	80,000	60,818	59,367	-	1,451
Day Care Center					
Other Expenses	260,000	260,000	260,000	-	-
Department of Public Safety:					
Director's Office					
Salaries and Wages	340,108	314,923	314,923	-	-
Other Expenses	125,000	144,362	144,362	-	-
Weddings					
Salaries and Wages	48,100	53,771	53,771	-	-

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Expenditures	Appropriations		Expended	
	Adopted Budget	Budget After Modification	Paid or Charged	Cancelled Reserved
Operations within "CAPS" (Continued):				
Department of Public Safety (Continued):				
Legal Department				
Salaries and Wages	\$ 386	\$ 386	\$ 385	\$ 1
Other Expenses	1,100,000	974,258	974,257	1
Police Department				
Salaries and Wages	19,665,000	20,667,655	20,667,655	-
Overtime	1,045,000	1,051,711	1,051,711	-
Other Expenses	700,000	675,795	636,025	39,770
Traffic Signs and Signal Maintenance				
Other Expenses	20,000	47,698	47,698	-
Emergency Management Services				
Salaries and Wages	30,200	24,385	24,385	-
Other Expenses	3,000	3,615	3,614	1
Emergency Medical Services				
Salaries and Wages	1,268,210	1,388,099	1,388,099	-
Other Expenses	115,000	136,569	136,510	59
Life Hazard Use Fee-Uniform Fire Safety				
Salaries and Wages	163,280	175,199	175,199	-
Other Expenses	12,000	13,445	13,445	-
Contribution to Union City Redevelopment Agency	126,000	126,000	126,000	-
Board of Health				
Salaries and Wages	373,000	352,901	352,901	-
Other Expenses	87,000	83,025	83,024	1
Divisions of Inspections				
Other Expenses	1,500	1,540	1,539	1

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Expenditures	Appropriations		Expended	
	Adopted Budget	Budget After Modification	Paid or Charged	Cancelled Reserved
Operations within "CAPS" (Continued):				
Department of Public Safety (Continued):				
Welfare	\$ 50,000	\$ 101,845	\$ 72,534	\$ - 29,311
Relocation Assistance				
Interlocal Municipal Service Agreements				
School Crossing Guards				
Salaries and Wages	1,265,960	1,328,837	1,328,837	-
Other Expenses	2,500	11,787	11,786	1
Department of Public Works:				
Director's Office				
Salaries and Wages	110,000	115,666	115,666	-
Other Expenses	54,400	18,721	18,720	1
Street Cleaning				
Salaries and Wages	2,300,000	2,918,582	2,918,581	1
Other Expenses	240,000	211,795	211,133	662
Streets Repairs and Maintenance				
Other Expenses	67,000	75,232	75,232	-
Snow Removal				
Salaries and Wages	55,000	16,560	16,559	1
Other Expenses	180,000	276,397	276,397	-
Board of Adjustment				
Salaries and Wages	14,000	14,000	14,000	-
Other Expenses	50,000	49,545	49,544	1
Solid Waste Disposal				
Salaries and Wages	1,562,320	1,771,063	1,771,062	1
Other Expenses	4,630,000	4,689,341	4,689,341	-

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended	
	Adopted Budget	Budget After Modification	Paid or Charged	Cancelled Reserved
Operations within "CAPS" (Continued):				
Department of Public Works (Continued):				
Recycling Program				
Other Expenses	\$ 485,000	\$ 143,637	\$ 143,636	\$ -
Public Assistance				
Other Expenses	102,000	78,949	78,948	-
Engineering Services				
Other Expenses	315,000	439,847	439,847	-
Interlocal Municipal Service Agreements				
Snow Removal	100,000	100,000	-	100,000
Department of Parks and Public Property:				
Director's Office				
Salaries and Wages	110,500	110,500	110,500	-
Other Expenses	3,000	384	383	-
Parks and Playgrounds				
Salaries and Wages	184,080	144,668	144,668	-
Other Expenses	415,000	494,702	494,702	-
Public Buildings and Grounds				
Salaries and Wages	889,300	936,108	936,108	-
Other Expenses	600,000	665,036	665,035	-
Recreation				
Salaries and Wages	699,000	741,933	741,933	-
Other Expenses	346,500	158,234	145,820	12,414
Interlocal Municipal Service Agreements				
47th Street Pool	136,000	136,000	136,000	-
Recreation Center Lease	325,000	325,000	325,000	-

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended	
	Adopted Budget	Budget After Modification	Paid or Charged	Cancelled Reserved
Operations within "CAPS" (Continued):				
Uniform Construction Code:				
State Uniform Construction Code Officials:				
Salaries and Wages	\$ 855,225	\$ 877,436	\$ 877,435	\$ - 1
Other Expenses	315,000	386,506	386,505	- 1
Sub-Code Officials:				
Electrical Inspector				
Salaries and Wages	36,300	36,250	36,250	- -
Elevator Inspector				
Other Expenses	25,000	35,840	35,839	- 1
Fire Inspector				
Salaries and Wages	35,000	30,001	30,000	- 1
Other Expenses	500	1,872	1,871	- 1
Unclassified:				
Retirement Benefits	200,000	-	-	- -
Gasoline	350,000	375,851	375,850	- 1
Telephone	235,000	239,177	239,177	- -
Electricity	900,000	759,646	758,920	- 726
Water	100,000	99,833	93,010	- 6,823
Natural Gas	170,000	189,964	189,964	- -
Street Lighting	1,500,000	1,425,141	1,425,139	- 2
Sewer	67,000	52,032	52,031	- 1
Fire Hydrants	300,000	291,081	266,813	- 24,268
Printing-All Departments	375,000	451,252	451,252	- -
Photocopying	44,000	44,953	44,952	- 1

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended	
	Adopted Budget	Budget After Modification	Paid or Charged	Cancelled Reserved
Expenditures				
Operations within "CAPS" (Continued):				
Unclassified (Continued):				
Fleet Maintenance & Repairs	\$ 730,000	\$ 721,798	\$ 721,798	\$ -
Total Operations within "CAPS"	74,082,144	74,233,561	73,848,647	100,000 284,914
Detail:				
Salaries and Wages	35,306,137	37,287,578	37,187,563	100,000 15
Other Expenses	38,776,007	36,945,983	36,661,084	- 284,899
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"				
Overexpenditures	772,960	772,960	772,960	- -
Grant receivable write-off	248,357	248,357	248,357	- -
Expenditures without Appropriations	286,007	286,007	286,007	- -
Statutory Expenditures - Contributions to:				
Social Security System (O.A.S.I.)	1,635,000	1,723,956	1,723,956	- -
Police and Fire Retirement System	4,522,923	4,523,837	4,523,836	- 1
Police and Fire Retirement System - Retroactive	16,494	16,494	16,494	- -
Public Employees Retirement System	1,536,765	1,536,765	1,536,765	- -
Public Employees Retirement System - Retroactive	1,961	1,961	1,961	- -
Consolidated Police and Firemen's Pension Fund	30,736	30,736	30,736	- -
Unemployment Insurance	381,000	184,387	184,386	- 1
PERS Delayed Enrollment	83,000	67,015	67,014	- 1
Defined Contribution Retirement Plan	150,000	121,311	121,311	- -
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	9,665,203	9,513,786	9,513,783	- 3

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Expenditures	Appropriations		Paid or Charged	Expended	
	Adopted Budget	Budget After Modification		Cancelled	Reserved
Total General Appropriations for Municipal Purposes within "CAPS"	\$ 83,747,347	\$ 83,747,347	\$ 83,362,430	\$ 100,000	\$ 284,917
Other Operations Excluded from "CAPS"					
Maintenance of Free Public Library	1,130,209	1,130,209	1,074,120	-	56,089
Contribution to North Hudson Fire & Rescue	17,990,660	17,990,660	17,990,660	-	-
Total Other Operations Excluded from "CAPS"	19,120,869	19,120,869	19,064,780	-	56,089
Shared Service Agreements:					
Union City Board of Education	100,000	100,000	100,000	-	-
Off Duty Police Officers	737,657	737,657	737,657	-	-
Police Services					
Solid Waste Removal	360,000	360,000	360,000	-	-
Total Shared Service Agreements	1,197,657	1,197,657	1,197,657	-	-
Public and Private Programs Offset by Revenue:					
Recycling Tonnage Grant	13,124	13,124	13,124	-	-
Drunk Driving Enforcement fund	46,664	46,664	46,664	-	-
Green Communities - NJ Forestry Grant	2,250	2,250	2,250	-	-
Green Communities - NJ Forestry Grant - Match	2,250	2,250	2,250	-	-
Alcohol Education	6,406	6,406	6,406	-	-
Alcohol Education and Rehabilitation	-	11,131	11,131	-	-
Body Armor Replacement Fund	13,572	13,572	13,572	-	-
Municipal Alliance	57,412	57,412	57,412	-	-
Municipal Alliance - Match	14,353	14,353	14,353	-	-
Click it or Ticket	-	5,500	5,500	-	-
Distracted Driving Crackdown	5,000	5,000	5,000	-	-

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Expenditures	Appropriations		Expended		
	Adopted Budget	Budget After Modification	Paid or Charged	Cancelled	Reserved
Public and Private Programs Offset by Revenue (Continued):					
Drive Sober or Get Pulled Over	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -
NJ Department of Transportation - Kerrigan Ave	-	337,582	337,582	-	-
Clean Communities	-	87,271	87,271	-	-
Drug Free Community Coalition	125,000	125,000	125,000	-	-
Drug Free Community Coalition - Match	125,000	125,000	125,000	-	-
Veterans Park	-	35,000	35,000	-	-
Byrne Justice Assistance Program	26,157	26,157	26,157	-	-
Total Public and Private Programs Offset by Revenue	442,188	918,672	918,672	-	-
Total Operations Excluded from "CAPS"	20,760,714	21,237,198	21,181,109	-	56,089
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	20,760,714	21,237,198	21,181,109	-	56,089
Capital Improvements Excluded from "CAPS":					
Capital Improvement Fund	400,000	400,000	400,000	-	-
Total Capital Improvements Excluded from "CAPS"	400,000	400,000	400,000	-	-
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	2,455,109	2,455,109	2,455,109	-	-
Payment of Bond Anticipation Notes & Capital Notes	504,000	504,000	504,000	-	-
Interest on Bonds	2,940,129	2,940,129	2,940,129	-	-
Interest on Notes	835,005	835,004	833,603	1,401	-
Parking Authority Debt	269,831	269,831	269,831	-	-

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended	
	Adopted Budget	Budget After Modification		Cancelled	Reserved
<b>Expenditures</b>					
Municipal Debt Service Excluded from "CAPS" (Continued):					
Hudson County Improvement Authority:					
Fire Dept Assets - Principal	\$ 924,894	\$ 924,894	\$ 924,894	\$ -	\$ -
Fire Dept Assets - Interest	551,902	551,902	551,902	-	-
Green Trust Loan Program:					
Swimming Pool Improvements	49,747	49,747	49,747	-	-
17th Street Park Improvements	4,353	4,353	4,353	-	-
Ellsworth and 23rd Street	78,673	78,674	78,674	-	-
38th Street Park	10,856	10,856	10,856	-	-
Leggerio Park	36,697	36,697	36,697	-	-
Capital Lease:					
Ambulance - Principal	55,109	55,109	55,109	-	-
Ambulance - Interest	9,431	9,431	9,431	-	-
Street Sweeper - Principal	30,484	30,484	30,484	-	-
Street Sweeper - Interest	4,855	4,855	4,855	-	-
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>8,761,075</b>	<b>8,761,075</b>	<b>8,759,674</b>	<b>1,401</b>	<b>-</b>
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorizations - 5 years	909,584	909,584	909,584	-	-
Special Emergency Authorizations - 3 years	702,952	702,952	702,952	-	-
<b>Total Deferred Charges - Municipal - Excluded from "CAPS"</b>	<b>1,612,536</b>	<b>1,612,536</b>	<b>1,612,536</b>	<b>-</b>	<b>-</b>
<b>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</b>	<b>31,534,325</b>	<b>32,010,809</b>	<b>31,953,319</b>	<b>1,401</b>	<b>56,089</b>
<b>Total General Appropriations Excluded from "CAPS"</b>	<b>31,534,325</b>	<b>32,010,809</b>	<b>31,953,319</b>	<b>1,401</b>	<b>56,089</b>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		
Expenditures	Adopted Budget	Budget After Modification	Paid or Charged	Cancelled	Reserved
Subtotal General Appropriations	\$ 115,281,672	\$ 115,758,156	\$ 115,315,749	\$ 101,401	\$ 341,006
Reserve for Uncollected Taxes	1,177,038	1,177,038	1,177,038	-	-
Total General Appropriations	\$ 116,458,710	\$ 116,935,194	\$ 116,492,787	\$ 101,401	\$ 341,006
	Ref. <u>A-2, Below</u>	Below	Below	Below	A
Adopted Budget	Above \$ 116,458,710				
Added by NJSA 40A:4-87	476,484				
Special Emergencies	Above \$ 116,935,194				
Cancelled	A-23 397,848	(101,401)			
	A-1 \$ 117,231,641				
Reserve for Uncollected Taxes	A-2 \$ 1,177,038		\$ 1,177,038		
Cash Disbursements	A-4 108,846,197		108,846,197		
Capital Improvement Fund	A-11 400,000		400,000		
Other Receivables	A-14 (344,655)		(344,655)		
Grants Appropriated	A-27 777,069		777,069		
Grants Appropriated - City Match	A-27 141,603		141,603		
Transfer to Reserve for Encumbrances	A-22 2,575,675		2,575,675		
Deferred Charges	A-23 2,919,860		2,919,860		
			\$ 116,492,787		
			Above		

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION  
TRUST FUNDS

CITY OF UNION CITY  
JUNE 30, 2017

**CITY OF UNION CITY  
TRUST FUNDS  
JUNE 30, 2017 AND 2016**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>			
Animal Control Trust Fund			
Cash and Cash Equivalents	B-1	\$ 15,009	\$ 16,698
Total Animal Control Trust Fund		<u>15,009</u>	<u>16,698</u>
Other Trust Fund			
Cash and Cash Equivalents	B-6	8,480,101	9,463,981
Various Receivables	B-7	418,495	44,690
Due from General Capital Fund	B-8	-	218,090
Due from Animal Control Trust Fund	B-9	-	30
Total Other Trust Fund		<u>8,898,596</u>	<u>9,726,791</u>
Community Development Agency Fund			
Cash and Cash Equivalents	B-13	10,400	2,030
Due from HUD Community Development Block Grant	B-14	1,899,595	631,203
Total Community Development Agency Fund		<u>1,909,995</u>	<u>633,233</u>
Public Defender Trust Fund			
Cash and Cash Equivalents	B-18	283	3,678
Total Public Defender Trust Fund		<u>283</u>	<u>3,678</u>
Total Assets		<u>\$ 10,823,883</u>	<u>\$ 10,380,400</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
TRUST FUNDS  
JUNE 30, 2017 AND 2016**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Trust Fund			
Due to the State of New Jersey	B-2	\$ 254	\$ 328
Reserve for Animal Control Trust Fund Expenditures	B-3	11,335	8,438
Due to Current Fund	B-4	3,420	7,902
Due to Other Trust Fund	B-5	-	30
Total Animal Control Trust Fund		<u>15,009</u>	<u>16,698</u>
Other Trust Fund			
Reserve for Other Trust Fund Activity	B-10	6,812,186	8,010,111
Due to Current Fund	B-11	2,507	16,925
Reserve for Encumbrances Payable	B-12	2,083,903	1,699,755
Total Other Trust Fund		<u>8,898,596</u>	<u>9,726,791</u>
Community Development Agency Fund			
Reserve for Community Development Block Grant	B-16	1,909,995	632,719
Due to Current Fund	B-17	-	514
Total Community Development Agency Fund		<u>1,909,995</u>	<u>633,233</u>
Public Defender Trust Fund			
Reserve for Public Defender Trust Expenditures	B-19	283	3,678
Total Public Defender Trust Fund		<u>283</u>	<u>3,678</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,823,883</u>	<u>\$ 10,380,400</u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION  
GENERAL CAPITAL FUND

CITY OF UNION CITY  
JUNE 30, 2017

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
JUNE 30, 2017 AND 2016**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS AND DEFERRED CHARGES</b>			
Cash and Cash Equivalents	C-2, C-3	\$ 3,798,694	\$ 84
Due from State of New Jersey			
Green Acres Trust Grant	C-6	1,250,000	780,000
Due from County of Hudson	C-7	500,000	-
Deferred Charges to Future Taxation:			
Funded	C-4	57,191,858	49,721,937
Unfunded	C-5	62,713,217	71,507,824
 Total Assets and Deferred Charges		 <u>\$ 125,453,769</u>	 <u>\$ 122,009,845</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Capital Improvement Fund	C-8	\$ 14,438	\$ 111,763
Improvement Authorizations:			
Funded	C-9	1,105,908	247,626
Unfunded	C-9	13,531,973	19,387,698
Encumbrances Payable	C-10	4,375,468	7,849,996
General Serial Bonds	C-11	46,893,424	39,048,533
Capital Lease Payable	C-18	704,435	-
Capital Lease Payable - HCIA	C-12	8,419,370	9,344,263
Green Acres Loan	C-13	1,174,629	1,329,141
Bond Anticipation Notes	C-14	47,818,117	43,014,000
Reserve for Retirement of Debt Service	C-15	548,812	588,910
Due to Current Fund	C-16	-	255,388
Due to Other Trust Fund	C-17	-	218,090
Fund Balance	C-1	867,195	614,437
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 125,453,769</u>	 <u>\$ 122,009,845</u>
 Bonds and Notes Authorized But Not Issued	C-19	 <u>\$ 14,895,100</u>	 <u>\$ 28,493,824</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>	
Balance, June 30, 2016	C	\$ 614,437
Increased by:		
Premium on Note Sale	C-2	<u>252,758</u>
Balance, June 30, 2017	C	<u><u>\$ 867,195</u></u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION  
GENERAL FIXED ASSETS

CITY OF UNION CITY  
JUNE 30, 2017

**CITY OF UNION CITY  
GENERAL FIXED ASSETS  
JUNE 30, 2017 AND 2016**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Land		\$ 11,229,400	\$ 11,229,400
Buildings and Improvements		54,572,245	53,490,824
Machinery, Equipment and Other		<u>12,194,892</u>	<u>12,471,775</u>
Total Assets	D-1	<u>\$ 77,996,537</u>	<u>\$ 77,191,999</u>
<u>LIABILITIES AND RESERVES</u>			
Investment in General Fixed Assets		<u>\$ 77,996,537</u>	<u>\$ 77,191,999</u>
Total Liabilities and Reserves	D-2	<u>\$ 77,996,537</u>	<u>\$ 77,191,999</u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION  
NOTES TO THE  
FINANCIAL STATEMENTS

CITY OF UNION CITY  
JUNE 30, 2017

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**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. Accordingly, the financial statements of the City do not include the operations of the Municipal Library, the not-for-profit Union City Day Care Center, the Union City Housing Authority, the Union City Board of Education, the Union City Redevelopment Agency, and the Union City Parking Authority.

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

Union City Board of Education

Union City Parking Authority

Union City Public Library

Union City Redevelopment Agency

Union City Housing Authority

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**BASIS OF PRESENTATION**

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund categories to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the City have been prepared in conformity with accounting principles and practices prescribed by the Division, which differ from GAAP. The principles and practices prescribed by the Division are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through the following separate funds and account group, which differ from the fund structure required by GAAP.

**DESCRIPTION OF FUNDS**

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

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

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

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**DESCRIPTION OF FUNDS (Continued)**

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

**BASIS OF ACCOUNTING**

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

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

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

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**BASIS OF ACCOUNTING (Continued)**

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

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

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

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

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

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

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**BASIS OF ACCOUNTING (Continued)**

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

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

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

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

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

No depreciation has been provided in the financial statements.

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**BASIS OF ACCOUNTING (Continued)**

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

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

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

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

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

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

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

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**BASIS OF ACCOUNTING (Continued)**

**Cash and Investments (Continued)**

The City is also required to annually adopt a cash management plan and to deposit or invest its funds pursuant to the cash management plan. The cash management plan adopted by the City requires it to deposit funds as permitted in N.J.S.A 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.

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

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

**Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the Division in accordance with the Local Budget Law. Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements. The budgetary requirements herein outlined are applicable to only the Current Fund, and not the Trust Fund, Capital Fund or the General Fixed Assets account group. However, statutes require the City to adopt annually a six-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

The City must adhere to procedures for adoption of its annual budget as established by the Division. These procedures include statutory deadlines of: August 10 for introduction and approval and September 20 for adoption. These dates are subject to extension by the Division by approval of the Local Finance Board. Appropriations within the adopted budget cannot be modified until the final two months of the year at which time transfers between certain line items are allowed. Transfers from appropriations excluded from "CAPS" are prohibited unless they are between debt service appropriations. Under certain circumstances emergency authorizations and insertions of items of revenue and appropriation are allowed by authorization of the governing body, subject to approval of the Division.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**BASIS OF ACCOUNTING (Continued)**

**Budgets and Budgetary Accounting (Continued)**

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

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

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

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

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

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

**Reconciliation of Accounting Basis** – As described throughout Note 1, substantial differences exist between GAAP and the budgetary basis prescribed by the Division. Reconciliation between the two would not be meaningful or informative and therefore is not provided herein.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**DEPOSITS**

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

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

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

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2017 and 2016, none of the City’s bank balances of \$22,393,918 and \$18,192,316, respectively, was exposed to custodial credit risk.

The City’s deposits and investments at June 30, 2017 and 2016 are summarized in the following table. As of June 30, 2017 and 2016, 85% and 81%, respectively, of the City’s deposits were with one financial institution, and 15% and 19%, respectively, of the City’s deposits were distributed among three financial institutions.

	<u>2017</u>	<u>2016</u>
Insured - FDIC	\$ 500,000	\$ 621,161
Insured - GUDPA	20,559,948	16,243,775
NJARM	873,098	869,046
NJ Cash Management Fund	<u>460,872</u>	<u>458,334</u>
Total	<u>\$ 22,393,918</u>	<u>\$ 18,192,316</u>

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**INVESTMENTS**

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

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

As of June 30, 2017 and 2016, the City's investments are recorded in the financial statements and have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the financial statements.

**Interest Rate Risk**

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

**Concentration of Credit Risk**

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**INVESTMENTS (Continued)**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either:

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

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

At June 30, 2017 the City's investments were not exposed to custodial credit risk or foreign currency risk.

GASB Statement No. 40 requires that the City disclose the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The City is exempt from this requirement because all its investments at June 30, 2017 are invested in money market funds, the NJ Cash Management Fund, or the NJARM Program.

**New Jersey Cash Management Fund**

All investments in the New Jersey Cash Management Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the Other-than-State participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. The City does not own specific identifiable securities, but instead has a net realizable interest in the joint value of the fund. As of June 30, 2017 and 2016, the City had a balance of \$460,872 and \$458,334, respectively, in the New Jersey Cash Management Fund.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**INVESTMENTS (Continued)**

NJARM Program

The NJARM Program is a financial services organization created and run exclusively for New Jersey municipalities, authorities, schools and other local and regional governmental type entities. The Program was designed to help achieve excellence in the governmental unit's investment program. Created as a joint trust investment under the Interlocal Services Act, NJARM provides participants with investment and arbitrage rebate compliance services for both bond proceeds and general operating funds. The program is a means for local governments in the State to invest collectively the proceeds of taxable and tax-exempt borrowings and other funds on hand. As of June 30, 2017 and 2016, the City has a balance of \$873,098 and \$869,046, respectively, in the NJARM Program.

**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, 2017 and 2016. The true tax collection rate, including the proceeds of the accelerated tax sales for the years ended June 30, 2017 and 2016 was 99.93% and 99.92%, respectively. The underlying tax collection rate for the years ended June 30, 2017 and 2016 was 99.06% and 98.85%, respectively.

During fiscal year ended June 30, 2017 the City collected \$32,649 from delinquent taxes which represented 55.34% of the delinquent balances at June 30, 2016. For the fiscal year ended June 30, 2016, the City collected \$282,228 from delinquent taxes which represented 93.48% of the delinquent balances at June 30, 2015.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 3. PROPERTY TAXES (Continued)**

Taxes collected in advance are recorded as cash liabilities in the financial statements. As of June 30, 2017 and 2016, the City's prepaid taxes were \$147,433 and \$233,260, 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 entities that follow:

**School Taxes**

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

**County Taxes**

The City is responsible for levying, collecting and remitting county taxes for the County of Hudson. Operations is charged for the amount due 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  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**SUMMARY OF MUNICIPAL DEBT (Continued)**

The City's debt is summarized as follows:

	2017	2016
Issued:		
Bonds, notes and loans	\$ 105,009,974	\$ 92,735,938
Authorized by not Issued:		
Bonds and notes	14,895,100	28,493,824
Total Issued and Authorized but not Issued	\$ 119,905,074	\$ 121,229,762
\$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%	\$ 10,360,000	\$ 11,185,000
\$24,305,000 Refunding Bonds of 2007 due in annual installments of \$145,000 to \$4,250,000 through November 2023, bearing interest at 4.0% - 5.0%	24,305,000	24,305,000
\$9,325,000 Refunding Bonds of 2007 due in annual installments of \$1,630,109 to \$2,053,107 through November 2017, bearing interest at 5.56% - 5.59%	1,928,424	3,558,533
\$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%	10,300,000	-
\$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%	3,361,725	3,729,675
\$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%	1,471,802	1,645,743

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**SUMMARY OF MUNICIPAL DEBT (Continued)**

\$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%	\$ 3,585,843	\$ 3,968,846
\$115,309 Green Trust Loan of 2006 due in annual installments of \$8,593 to \$10,695 through June 2018, bearing interest at 2%	10,695	21,180
\$709,857 Green Trust Loan of 2007 due in annual installments of \$64,799 to \$77,509 through June 2017, bearing interest at 2%	-	77,509
\$800,000 Green Trust Loan of 2011 due in annual installments of \$33,915 to \$48,525 through September 2030, bearing interest at 2%	586,006	623,470
\$70,000 Green Trust Loan of 2011 due in annual installments of \$2,968 to \$4,246 through September 2030, bearing interest at 2%	51,276	54,554
\$590,143 Green Trust Loan of 2014 due in annual installments of \$12,447 to \$36,155 through February 2034, bearing interest at 2%	526,652	552,428
\$217,330 Capital Lease of 2016 due in annual installments of \$11,688 to \$45,854 through July 2021, bearing interest at 3.12%	186,846	-
\$293,814 Capital Lease of 2016 due in annual installments of \$55,109 to \$62,533 through January 2021, bearing interest at 3.21%	238,705	-
\$278,884 Capital Lease of 2017 due in annual installments of \$52,264 to \$59,404 through May 2022, bearing interest at 3.25%	278,884	-

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**SUMMARY OF MUNICIPAL DEBT (Continued)**

\$43,014,000 Bond Anticipation Notes issued FY 2016 and due FY 2017, bearing interest at 1.75% - 2.25%	\$	-	\$ 43,014,000
\$47,818,117 Bond Anticipation Notes issued FY 2017 and due FY 2018, bearing interest at 2.0% - 2.5%		47,818,117	-
Total Debt Issued and Outstanding		<u>\$ 105,009,974</u>	<u>\$ 92,735,938</u>

The changes in debt for the years ended June 30, 2017 and 2016 are as follows:

	Balance June 30, 2016	Authorized	Issued/ (Cancelled)	Paid	Balance June 30, 2017
Short-Term:					
Bond Anticipation Notes	\$ 43,014,000	\$ -	\$ 47,818,117	\$ 43,014,000	\$ 47,818,117
Long-Term:					
General Bonds and Notes	39,048,533	-	10,300,000	2,455,109	46,893,424
Capital Leases	9,344,263	-	790,028	1,010,487	9,123,804
Green Acres Loans	1,329,142	-	-	154,513	1,174,629
Authorized but Not Issued	28,493,824	2,023,500	(15,622,224)	-	14,895,100
Total	<u>\$ 121,229,762</u>	<u>\$ 2,023,500</u>	<u>\$ 43,285,921</u>	<u>\$ 46,634,108</u>	<u>\$ 119,905,074</u>

	Balance June 30, 2015	Authorized	Issued/ (Cancelled)	Paid	Balance June 30, 2016
Short-Term:					
Bond Anticipation Notes	\$ 36,987,000	\$ -	\$ 43,014,000	\$ 36,987,000	\$ 43,014,000
Long-Term:					
General Bonds	41,569,784	-	-	2,521,251	39,048,533
Capital Leases	10,135,356	-	-	791,093	9,344,263
Green Acres Loans	1,490,206	-	-	161,064	1,329,142
Authorized but Not Issued	25,493,824	10,000,000	(7,000,000)	-	28,493,824
Total	<u>\$ 115,676,170</u>	<u>\$ 10,000,000</u>	<u>\$ 36,014,000</u>	<u>\$ 40,460,408</u>	<u>\$ 121,229,762</u>

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**SUMMARY OF MUNICIPAL DEBT (Continued)**

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, 2017 is as follows:

Year Ending	General Bonds		Capital Leases		Green Acres Trust Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 2,628,424	\$ 3,618,064	\$ 1,146,048	\$ 517,692	\$ 78,550	\$ 23,101	\$ 8,011,879
2019	4,385,000	1,891,920	1,206,087	452,199	69,218	21,577	8,026,000
2020	4,590,000	1,684,795	1,286,350	382,979	70,610	20,186	8,034,920
2021	4,810,000	1,466,482	1,350,051	308,681	72,030	18,767	8,026,010
2022	5,030,000	1,257,294	1,335,503	230,252	73,479	17,320	7,943,848
2023-2027	14,645,000	3,890,796	2,799,766	215,527	390,145	63,838	22,005,072
2028-2032	9,110,000	1,901,589	-	-	348,999	23,834	11,384,421
2033-2037	1,695,000	105,937	-	-	71,596	1,799	1,874,332
	<u>\$ 46,893,424</u>	<u>\$ 15,816,876</u>	<u>\$ 9,123,805</u>	<u>\$ 2,107,329</u>	<u>\$ 1,174,629</u>	<u>\$ 190,420</u>	<u>\$ 75,306,482</u>

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

**UNION CITY BOARD OF EDUCATION**

In April 2017 the City passed a Guaranty Ordinance which guaranteed Lease Revenue Bonds in an amount not to exceed \$15,000,000 to be issued by the Hudson County Improvement Authority in the name of the Union City Board of Education. These City Guaranteed Lease Revenue Bonds will be issued in connection with the construction of a parking deck adjacent to a Union City Board of Education school building. As guarantor, the City's responsibility is limited to the extent of the amounts outstanding in the event of a default. At June 30, 2017 the City Guaranteed Lease Revenue Bonds have not yet been issued.

**UNION CITY PARKING AUTHORITY**

At June 30, 2017 and 2016, \$1,197,700 and \$1,405,700, 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%.

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

**BONDS ISSUED, AND AUTHORIZED BUT NOT ISSUED, BY ANOTHER PUBLIC BODY AND GUARANTEED BY THE CITY (Continued)**

UNION CITY PARKING AUTHORITY (Continued)

During the years ended June 30, 2017 and 2016 the City budgeted for and paid on behalf of the Authority, \$269,831 and \$269,985 of principal and interest on these City guaranteed bonds. The City expects to budget and make the following payments on behalf of the Authority for the next five years:

Year Ending	Principal	Interest	Total
2018	\$ 217,800	\$ 51,718	\$ 269,518
2019	228,200	41,126	269,326
2020	239,000	30,030	269,030
2021	250,400	18,407	268,807
2022	262,300	6,230	268,530
	<u>\$ 1,197,700</u>	<u>\$ 147,511</u>	<u>\$ 1,345,211</u>

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

At June 30, 2017 the equalized valuation basis of the City was \$3,369,532,486. 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 2.72%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 10,000,000	\$ 10,000,000	\$ -
General Debt	116,978,970	25,360,000	91,618,970
	<u>\$ 126,978,970</u>	<u>\$ 35,360,000</u>	<u>\$ 91,618,970</u>

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT  
(Continued)**

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

3-1/2% of Equalized Valuation Basis	\$ 117,933,637
Net Debt	91,618,970
Remaining Borrowing Power	\$ 26,314,667

At June 30, 2016 the equalized valuation basis of the City was \$3,166,509,827. 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 2.91%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 10,000,000	\$ 10,000,000	\$ -
General Debt	103,291,198	11,185,000	92,106,198
	\$ 113,291,198	\$ 21,185,000	\$ 92,106,198

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

3-1/2% of Equalized Valuation Basis	\$ 110,827,844
Net Debt	92,106,198
Remaining Borrowing Power	\$ 18,721,646

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**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, 2017 and 2016 appropriated and included as anticipated revenue in the succeeding year's budget were as follows:

<u>Year</u>	<u>Fund Balance June 30,</u>	<u>Utilized in Budget of Succeeding Year</u>
2017	\$ 7,905,383	\$ 4,423,487
2016	9,238,354	2,847,216

**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.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**STATE-MANAGED PENSION PLANS – PERS (Continued)**

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, 2016 and 2015 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2016 and 2015.

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

**STATE-MANAGED PENSION PLANS – PERS (Continued)**

At June 30, 2016 and 2015, the City’s net pension liability for PERS, including the City’s proportionate share, was as follows:

Year Ended <u>June 30,</u>	Proportionate Share		Net Pension <u>Liability</u>
	<u>Rate</u>	<u>Change</u>	
2016	0.14992%	0.00872%	\$ 44,400,808
2015	0.14120%	-0.00245%	31,695,649

**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, 2016 and 2015, calculated using a discount rate of 3.98% and 4.90% as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2016		2015	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
1% Decrease	2.98%	\$ 54,408,008	3.90%	\$ 39,393,814
Current Discount Rate	3.98%	44,400,808	4.90%	31,695,649
1% Increase	4.98%	36,138,997	5.90%	25,241,563

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 and June 30, 2015 measurement dates were determined by actuarial valuations as of July 1, 2015 and 2014, respectively, which were rolled forward to June 30, 2016 and 2015, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

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

**STATE-MANAGED PENSION PLANS – PERS (Continued)**

	For Measurement Date of:	
	June 30, 2016	June 30, 2015
Inflation Rate	3.08%	3.04%
Salary Increases:		
Through 2026	1.65-4.15% based on age	2.15-4.40% based on age
Thereafter	2.65-5.15% based on age	3.15-5.40% based on age
Investment Rate of Return	7.65%	7.90%

*Mortality* - For the June 30, 2016 and 2015 Measurement Dates, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% and 7.90% at June 30, 2016 and 2015) 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.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**STATE-MANAGED PENSION PLANS – PERS (Continued)**

Best estimates of arithmetic rates of return for each major asset class included in PERS target asset allocations as of June 30, 2016 and 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	5.00%	5.00%	0.87%	1.04%
U.S. Treasuries	1.50%	1.75%	1.74%	1.64%
Investment Grade Credit	8.00%	10.00%	1.79%	1.79%
Mortgages	2.00%	2.10%	1.67%	1.62%
High Yield Bonds	2.00%	2.00%	4.56%	4.03%
Inflation-Indexed Bonds	1.50%	1.50%	3.44%	3.25%
Broad U.S. Equities	26.00%	27.25%	8.53%	8.52%
Developed Foreign Equities	13.25%	12.00%	6.83%	6.88%
Emerging Market Equities	6.50%	6.40%	9.95%	10.00%
Private Equity	9.00%	9.25%	12.40%	12.41%
Hedge Funds / Absolute Return	12.50%	12.00%	4.68%	4.72%
Real Estate (Property)	2.00%	2.00%	6.91%	6.83%
Commodities	0.50%	1.00%	5.45%	5.32%
Global Debt ex U.S.	5.00%	3.50%	-0.25%	-0.40%
REIT	5.25%	4.25%	5.63%	5.12%

*Discount Rate* - The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**STATE-MANAGED PENSION PLANS – PERS (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, 2016 and 2015:

	June 30, 2016			June 30, 2015		
	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	\$ 9,197,476	\$ -	\$ 9,197,476	\$ 3,403,860	\$ -	\$ 3,403,860
Difference Between Expected and Actual Experience	825,720	-	825,720	756,147	-	756,147
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,693,043		1,693,043	-	509,605	(509,605)
Changes in Proportion	1,904,353	307,371	1,596,982	623,762	389,997	233,765
	\$ 13,620,592	\$ 307,371	\$ 13,313,221	\$ 4,783,769	\$ 899,602	\$ 3,884,167

Amounts reported at June 30, 2016 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,	
2017	\$ 2,997,351
2018	2,997,351
2019	3,472,532
2020	2,917,434
2021	928,553
	\$ 13,313,221

**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.

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

**STATE-MANAGED PENSION PLANS – PERS (Continued)**

**Contribution Policy (Continued)**

Members contribution rates were 6.92% effective July 1, 2014, 7.06% effective July 1, 2015, and 7.20% effective July 1, 2016. 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
2017	\$ 9,625,811	\$ 1,538,726	15.99%	\$ 693,058	7.20%
2016	10,259,026	1,418,125	13.82%	724,218	7.06%
2015	10,027,291	1,304,210	13.01%	693,888	6.92%

**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.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. 43:16A. 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

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

**STATE-MANAGED PENSION PLANS – PFRS (Continued)**

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, 2016 and 2015 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2016 and 2015.

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, 2017 AND 2016**

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

**STATE-MANAGED PENSION PLANS – PFRS (Continued)**

At June 30, 2016 and 2015, 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 Rate	Change		(nonemployer) On-Behalf of City	
2016	0.51427%	0.01954%	\$ 98,239,356	\$ 8,249,669	\$ 106,489,025
2015	0.49473%	-0.00489%	82,405,429	7,226,680	89,632,109

**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, 2016 and 2015, calculated using a discount rate of 5.55% and 5.79% as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2016		2015	
	Rate	Amount	Rate	Amount
1% Decrease	4.55%	\$ 126,672,446	4.79%	\$ 108,636,517
Current Discount Rate	5.55%	98,239,356	5.79%	82,405,429
1% Increase	6.55%	75,053,881	6.79%	61,016,320

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 and June 30, 2015 measurement dates were determined by actuarial valuations as of July 1, 2015 and 2014, respectively, which were rolled forward to June 30, 2016 and 2015, respectively.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**STATE-MANAGED PENSION PLANS – PFRS (Continued)**

These actuarial valuations used the following actuarial assumptions:

	For Measurement Date of:	
	June 30, 2016	June 30, 2015
Inflation Rate	3.08%	3.04%
Salary Increases:		
Through 2016	2.10-8.98% based on age	2.60-9.48% based on age
Thereafter	3.10-9.98% based on age	3.60-10.48% based on age
Investment Rate of Return	7.65%	7.90%

*Mortality* - For the June 30, 2016 and 2015 Measurement Dates, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% and 7.90% at June 30, 2016 and 2015) 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.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

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

**STATE-MANAGED PENSION PLANS – PFRS (Continued)**

Best estimates of arithmetic rates of return for each major asset class included in PFRS target asset allocations as of June 30, 2016 and 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected</u>	
	<u>June 30,</u>		<u>Real Rate of Return</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	5.00%	5.00%	0.87%	1.04%
U.S. Treasuries	1.50%	1.75%	1.74%	1.64%
Investment Grade Credit	8.00%	10.00%	1.79%	1.79%
Mortgages	2.00%	2.10%	1.67%	1.62%
High Yield Bonds	2.00%	2.00%	4.56%	4.03%
Inflation-Indexed Bonds	1.50%	1.50%	3.44%	3.25%
Broad U.S. Equities	26.00%	27.25%	8.53%	8.52%
Developed Foreign Equities	13.25%	12.00%	6.83%	6.88%
Emerging Market Equities	6.50%	6.40%	9.95%	10.00%
Private Equity	9.00%	9.25%	12.40%	12.41%
Hedge Funds / Absolute Return	12.50%	12.00%	4.68%	4.72%
Real Estate (Property)	2.00%	2.00%	6.91%	6.83%
Commodities	0.50%	1.00%	5.45%	5.32%
Global Debt ex U.S.	5.00%	3.50%	-0.25%	-0.40%
REIT	5.25%	4.25%	5.63%	5.12%

*Discount Rate* - The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 average of the last five years of contributions made in relation to the last five years of actuarially determined contributions.

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

**STATE-MANAGED PENSION PLANS – PFRS (Continued)**

Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**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, 2016 and 2015:

	June 30, 2016			June 30, 2015		
	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	\$ 13,606,958	\$ -	\$ 13,606,958	\$ 15,214,089	\$ -	\$ 15,214,089
Difference Between Expected and Actual Experience	-	643,973	(643,973)	-	710,773	(710,773)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,883,434		6,883,434	-	1,434,194	(1,434,194)
Changes in Proportion	2,247,660	5,078,915	(2,831,255)	-	6,667,666	(6,667,666)
	\$ 22,738,052	\$ 5,722,888	\$ 17,015,164	\$ 15,214,089	\$ 8,812,633	\$ 6,401,456

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 <u>June 30,</u>	
2017	\$ 4,073,020
2018	4,073,020
2019	5,487,951
2020	3,245,213
2021	135,960
	\$ 17,015,164

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

**STATE-MANAGED PENSION PLANS – PFRS (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	Base Wages Subject to <u>Contributions</u>	City Contribution		Employee Contribution	
		Amount Paid or <u>Charged</u>	As a Percentage of <u>Base Wages</u>	Amount <u>Contributed</u>	As a Percentage of <u>Base Wages</u>
2017	\$ 18,059,217	\$ 4,539,330	25.14%	\$ 1,805,922	10.00%
2016	16,894,358	4,347,433	25.73%	1,689,436	10.00%
2015	16,194,082	4,161,543	25.70%	1,619,408	10.00%

**PERS AND PFRS 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 that local employers, such as the City, must make to the PERS and PFRS during the year ended June 30, 2009.

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

**STATE-MANAGED PENSION PLANS – DEFERRAL (Continued)**

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, 2017 and 2016, inclusive of principal and interest, were \$360,272 and \$356,716, respectively. The payment due for the pension deferral, inclusive of principal and interest, in the year ended June 30, 2018 is \$364,090.

**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.

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.

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

**DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)**

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.

For the years ended June 30, 2017 and 2016 pension expense related to the employer-paid life insurance and employer paid long-term disability coverage benefits under the DCRP were \$121,311 and \$140,125, respectively.

Contributions to the DCRP 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
2017	\$ 4,405,557	\$ 132,167	3.00%	\$ 242,306	5.50%
2016	4,226,489	126,795	3.00%	232,457	5.50%
2015	3,929,314	117,879	3.00%	216,112	5.50%

**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, 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.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. POST RETIREMENT BENEFITS**

**Plan Description**

The City provides a postemployment healthcare plan for its eligible retirees, spouses and dependents. The plan is a single-employer defined healthcare plan administered by the City.

In accordance with City ordinances, contracts and/or policies, the City provides lifetime medical benefits to City employees who were hired prior to October 28, 2013 and who retire under the following conditions:

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

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

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

**Funding Policy**

The required contribution is funded on a pay-as-you-go basis. For the years ended June 30, 2017, 2016 and 2015 the City contributed \$9,723,141, \$8,740,324 and \$7,026,933, respectively.

Under GASB Statements 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City would recognize the cost of other post-employment benefits in the year when the employee services are received, report the accumulated liability from prior years, and provide information useful in assessing potential demands on the City's future cash flows. The accumulated liability from prior years is phased in over the 30 year period beginning the year ended June 30, 2008. Under the regulatory accounting basis prescribed by the Division, the City is not required to recognize the cost of other post-employment benefits in the year when the employee services were received, or report the accumulated liability from prior years in its financial statements, however, disclosure of such amounts is required.

**Retiree Contributions**

Chapter 78, P.L. 2011 (Chapter 78), effective June 28, 2011, established contribution rates for retirees of the State and local employers, such as the City.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. POST RETIREMENT BENEFITS (Continued)**

**Retiree Contributions (Continued)**

Contributions to the plan are not required for current and future retirees with twenty years or more service at June 28, 2011 (the City pays 100% of the benefit cost).

Contribution rates for current and future retirees who were hired prior to June 28, 2011, but had less than twenty years of service at June 28, 2011, will have their contribution phased in over a four year period. Employees hired on or after June 28, 2011 will have their contribution rate set at the highest four year level. Contributions are based on salary level and pension benefit amounts.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the years ended June 30, 2017 and 2016, the amount actually contributed to the plan, and the changes to the City's net OPEB obligation to the plan.

	2017	2016
Annual Required Contribution	\$ 26,308,748	\$ 23,187,849
Interest on Net OPEB Obligation	4,533,484	3,792,362
Adjustment to Annual Required Contribution	2,557,210	288,144
Annual OPEB Cost (Expense)	\$ 33,399,442	\$ 27,268,355
Net OPEB Obligation - Beginning of Year	\$ 113,337,093	\$ 94,809,062
Annual OPEB Cost (Expense)	33,399,442	27,268,355
Contributions Made	(9,723,141)	(8,740,324)
Increase in Net OPEB Obligation	23,676,301	18,528,031
Net OPEB Obligation - End of Year	\$ 137,013,394	\$ 113,337,093

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. POST RETIREMENT BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

The City's annual OPEB costs, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligation for the years ended June 30, 2017, 2016 and 2015 were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 33,399,442	29%	\$ 137,013,394
2016	27,268,355	32%	113,337,093
2015	22,494,355	30%	94,809,062

**Funding Status and Funding Progress**

At June 30, 2017, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$363,428,072, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$363,428,072.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actual Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/16	\$ -	\$ 363,428,072	\$ 363,428,072	0%	\$ 37,187,563	977%
7/1/15	-	312,530,768	312,530,768	0%	35,037,153	892%
7/1/14	-	303,672,561	303,672,561	0%	34,382,887	883%

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 8. POST RETIREMENT BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

The actuarial assumptions used to value the City's post-employment benefits are of three types, economic, medical and demographic.

*Economic assumptions* - include the discount rate, or rate of return on investments, and health care cost trend rates and account for changes in the costs of benefits over time and the time value of money. The actuarial valuation assumes the City will continue to pay for benefits on a pay-as-you-go basis and continue to not fund the plan. The discount rate used, 4.0%, is based on the rate of return of the City's general assets, since there are no plan assets. The Year 1 health care cost trend rate used was 9.0%, while the Ultimate Trend health care cost rate was 5.0%, and the grading per year was 1.0%.

*Medical assumptions* - the valuation projects healthcare costs for employees who remain in the City with coverage after retirement. Based on the data provided for the valuation, which includes claim information for covered retirees, the valuation calculated per capital costs for the retired group under 65 and the retired group age 65 and older. Retirees generally become eligible for Medicare at age 65.

*Demographic assumptions* - include the following rates: mortality, retirement, withdrawal and disability. Ancillary demographic assumptions included the age of female spouses, coverage rates and participation rates.

The initial unfunded actuarial accrued liability is being amortized over thirty years on a level dollar open basis.

The actuarial cost method utilized for the City's actuarial valuation is the Projected Unit Credit method, which is an acceptable method under GASB Statement 45. Under this method, the service cost is determined for each active employee as the Actuarial Present Value of benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each individual's service between date of hire and date of full benefit eligibility.

The asset valuation method is not applicable, as the plan is currently unfunded.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**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, 2017 and 2016:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Land	\$ 11,229,400	\$ -	\$ -	\$ 11,229,400
Buildings and Improvements	53,490,824	1,842,745	761,324	54,572,245
Machinery, Equipment and Other	12,471,775	1,995,658	2,272,541	12,194,892
	<u>\$ 77,191,999</u>	<u>\$ 3,838,403</u>	<u>\$ 3,033,865</u>	<u>\$ 77,996,537</u>

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 11,228,900	\$ 500	\$ -	\$ 11,229,400
Buildings and Improvements	52,142,817	1,348,007	-	53,490,824
Machinery, Equipment and Other	8,154,867	4,316,908	-	12,471,775
	<u>\$ 71,526,584</u>	<u>\$ 5,665,415</u>	<u>\$ -</u>	<u>\$ 77,191,999</u>

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 10. DEFERRED CHARGES**

Certain expenditures are required to be deferred to budgets of succeeding years. As of June 30, 2017 and 2016, the following deferred charges are shown on the balance sheets of the Current Fund:

	Balance June 30, 2016	Results of Current Year	Budget Appropriations	Balance June 30, 2017	FY 2018 Budget Appropriation	Balance to Succeeding Budgets
Overexpenditures - Current Fund	\$ 1,058,967	\$ -	\$ 1,058,967	\$ -	\$ -	\$ -
State of Emergency Relating to Snow Storms	702,952		702,952	-	-	-
Cancelled Grants Receivable	248,357		248,357	-	-	-
Special Emergency Authorizations (40A:4-53)	2,533,838	355,679	909,584	1,979,933	980,719	999,214
Retirement Benefits						
Emergency Authorizations		42,169		42,169	42,169	-
	<u>\$ 4,544,114</u>	<u>\$ 397,848</u>	<u>\$ 2,919,860</u>	<u>\$ 2,022,102</u>	<u>\$ 1,022,888</u>	<u>\$ 999,214</u>

	Balance June 30, 2015	Results of Current Year	Budget Appropriations	Balance June 30, 2016	FY 2017 Budget Appropriation	Balance to Succeeding Budgets
Overexpenditures - Current Fund	\$ -	\$ 1,058,967	\$ -	\$ 1,058,967	\$ 1,058,967	\$ -
Overexpenditures - Trust Fund	127,669	-	127,669	-	-	-
Overexpenditures - Grant Fund	17,477	-	17,477	-	-	-
State of Emergency Relating to Snow Storms	232,845	702,952	232,845	702,952	702,952	-
Cancelled Grants Receivable	500,357	-	252,000	248,357	248,357	-
Special Emergency Authorizations (40A:4-53)						
Retirement Benefits	2,390,372	877,541	734,075	2,533,838	909,584	1,624,254
	<u>\$ 3,268,720</u>	<u>\$ 2,639,460</u>	<u>\$ 1,364,066</u>	<u>\$ 4,544,114</u>	<u>\$ 2,919,860</u>	<u>\$ 1,624,254</u>

**NOTE 11. TAX ABATEMENTS**

The City provides property tax abatements to local entities 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 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.

For the year ended June 30, 2017 and 2016 the City billed \$434,218 and \$402,923, respectively, in PILOT agreements, and abated property taxes totaling \$2,076,387 and \$2,102,591, respectively, in accordance with the terms of the individual abatement agreements.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**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.

**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 and at an agreed upon rate. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The City appropriates, annually, the amounts required to be paid in any fiscal year in that year's budget and no liability is accrued at June 30, 2017 and 2016.

As of June 30, 2017 and 2016 the total accumulated compensated absence liability was \$6,602,462 and \$6,593,871, respectively. In addition, as of June 30, 2017 and 2016 the terminal leave liability was \$3,623,687 and \$2,237,490, respectively.

**NOTE 14. TRANSITIONAL AID CONDITIONS**

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

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**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.

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, 2017 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, 2017, the City does not believe that any material liabilities will result from such audits.

**NOTE 16. 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.

**SELF-INSURANCE PROGRAM**

In 1984 the City established a self-insured workers' compensation obligation program in accordance with the New Jersey Statute Chapter 40:10. The City dissolved this self-insured workers' compensation obligation program in 2009 for a fully insured plan through the New Jersey Intergovernmental Insurance Fund. The City, however, still has exposure for claims from the prior self-insured worker's compensation obligation program. The latest available information states that at December 31, 2017 and 2016, the City's exposure for claims incurred under its obligation to provide workers' compensation insurance amounted to approximately \$1,333,766 and \$1,993,157, respectively (information is not available as of June 30, 2017 and 2016).

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 16. RISK MANAGEMENT (Continued)**

**NEW JERSEY INTERGOVERNMENTAL INSURANCE FUND**

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

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

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

**NOTE 17. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances remained on the balance sheets of the fund financial statements at June 30, 2017. The interfund balances are the result of revenues earned in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in a cash overdraft position. The City expects to liquidate all interfund balances within one year.

**NOTE 18. NORTH HUDSON SEWERAGE AUTHORITY**

During October, 1996, the West New York Municipal Utilities Authority was acquired by the Hoboken-Union City-Weehawken Sewerage Authority (HUCWSA), and together, these entities were consolidated to create the North Hudson Sewerage Authority (NHSA). The acquisition was executed through the sale of \$104,945,000 Sewer Revenue Bonds, Series 1996, issued by the NHSA on October 15, 1997. In connection with the creation of the NHSA, a service agreement between the City (together with the municipalities of Hoboken, West New York and Weehawken) and the NHSA was executed. The related obligation of the City with respect to the current service agreement pertains to service charges and annual charges, as described below:

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 18. NORTH HUDSON SEWERAGE AUTHORITY (Continued)**

**Service Charges**

The NHSA charges users of its system, pursuant to the service agreement, 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 the general bond resolution, provided, however, that the NHSA may charge service charges which are less than sufficient to comply with the requirements referred to above if each of the municipalities gives its written consent to such lesser service charges.

**Annual Charges**

Annual charges are based upon application of a formula which is explained in the next two paragraphs. If the application of the formula yields a positive dollar amount for any fiscal year during which the service agreement is in effect, the City shall be obligated to pay to the NHSA its allocable share of such positive dollar amount as an annual charge. Such annual charges shall be the excess, if any of the amount determined by the items in the first paragraph, less the amount determined by the items in the second paragraph to determine the excess, if any. The sum of all of the amounts reasonably expected by the NHSA to be expended in the fiscal year of the NHSA (1) to pay or provide for the expenses of construction, acquisition, operation and maintenance of its system, as well as administrative and other expenses of the NHSA related to its system, and the principal of and interest on all bonds as the same become due; (2) to maintain such reserves or sinking funds as may be required by the terms of the contract of the NHSA or any bond resolution, or as may be deemed necessary by the NHSA; and (3) to comply in all respects with the terms of the general bond resolution adopted by the HUCWSA on April 24, 1989, as amended, and the New Jersey Sewerage Authorities Law.

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 18. NORTH HUDSON SEWERAGE AUTHORITY (Continued)**

**Annual Charges (Continued)**

Annual charges, if any, are assessed to and payable by the City in the same percentage as the most recent determination by the NHTA of the allocation of the annual flow among the municipalities. The most recent determination by the NHTA of the allocation of the annual flow is as follows: Hoboken 30%, Union City 35%, Weehawken 8% and West New York 27%.

On or before January 1 of each fiscal year, the NHTA will make an estimate of the amount of the annual charges, if any, which will become payable by the City for such fiscal year. On or before February 15 of each fiscal year, the City will pay to the NHTA the amount of any annual charges not paid relating to any prior fiscal year. The City will pay to the NHTA that part of the estimated amount of the annual charges for the current fiscal year in four equal installments on March 1, June 1, September 1, and November 1 of such fiscal year. No amounts were due from the City for the fiscal years ended June 30, 2017 and 2016. The NHTA estimates that no amounts will be due from the City for fiscal year ending June 30, 2018.

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

**Background of the Agreement**

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

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

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 19. NORTH HUDSON REGIONAL FIRE AND RESCUE (Continued)**

**Required Contributions by the City**

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

As of June 30, 2017 and 2016, the City contributed \$17,990,600 and \$17,962,735, respectively, to the NHRFR. This annual contribution is based on each of the four original participating municipalities' applicable share of the combined fiscal year 1998 fire budgets of those four municipalities. The combined fiscal year 1998 fire budgets of those four municipalities totaled \$29,121,874. Since Guttenberg entered after this allocation was decided on, it contributes an alternatively determined amount. This share is subject to an increase based on the percentage of increase of the total fire and rescue related appropriations over the base year (SFY 1998) of the four original participating municipalities. Guttenberg's allocation is subject to this rate increase, but is not subject to the matter described below regarding a redetermination of the allocation formula. The Agreement also contains provisions for a growth value adjustment which was made in calendar year 2001, in which the budget balance allocation formula described above was redetermined. This redetermined allocation is based upon a factor entitled "Growth Percentage".

This factor is determined by expressing "Growth Value" as a percentage of the total of all equalized values of the four original participating municipalities. Growth value is determined by taking the aggregate assessed value of all new construction in the City from July 1, 1997 through June 30, 2000, and deducting from that the aggregate assessed value of all demolition. If the resulting amount is negative, the growth value is expressed as zero.

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

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

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

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

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 19. NORTH HUDSON REGIONAL FIRE AND RESCUE (Continued)**

**Guarantee of Debt**

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

**NOTE 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**

One of the City's CDBG sub recipients is a theater that was founded by one of the City's commissioners. The amount is 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, 2017 and 2016, no amounts were required to be budgeted.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 21. RELATED PARTY TRANSACTIONS (Continued)**

**Union City Board of Education (Continued)**

During the year ended June 30, 2017 no Board bonds or notes were authorized or issued. During the year ended June 30, 2016, \$10,000,000 of bonds were authorized but not issued for an addition and renovations at the Gilmore School.

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 year ended June 30, 2017 and 2016, the City received \$3,517,902 and \$2,271,590, respectively, for such reimbursements. As of June 30, 2017 and 2016, the City has receivables from the Board of \$360,546 and \$951,331, respectively, for prior year accrued budget revenues. This receivable is part of the revenue accounts receivable identified on the balance sheet and has been fully reserved. As described in Note 1, the Board is considered a component unit of the City.

**NOTE 22. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 26, 2018, the date which the financial statements were available to be issued. The following material subsequent events have been noted:

In September 2017 the City issued \$18,805,000 of General Obligation Refunding Bonds, Series 2017 at interest rates ranging from 4% to 5%, maturing November 1, 2017 through November 1, 2023. The bonds were issued to refund and redeem the City's General Obligation Refunding Bonds, Series 2007A maturing on November 1, 2019 through 2023.

In September 2017 the City adopted a bond ordinance appropriating \$245,000 from the Capital Improvement Fund for various improvements to City parks and recreational areas.

In October 2017, the City sold a note through the HCIA pooled note financing program, Series 2017 C-1, in the amount of \$16,725,000 at an interest rate of 2.25%. The note is due October 18, 2018. The note was issued to roll over the remaining portion of the HCIA Series 2016 C note issued November 11, 2016.

In October 2017 the City adopted a bond ordinance appropriating \$6,000,000, and authorizing the issuance of \$5,700,000 of general obligation bonds or bond anticipation notes, for the completion of various capital improvements within the City.

**CITY OF UNION CITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 22. SUBSEQUENT EVENTS (Continued)**

In November 2017 the City adopted a bond ordinance appropriating \$1,350,000, and authorizing the issuance of \$1,282,500 of general obligation bonds or bond anticipation notes, for the acquisition of certain real property within the City.

REPORT OF AUDIT

SUPPLEMENTARY  
INFORMATION SECTION  
CURRENT FUND

CITY OF UNION CITY  
JUNE 30, 2017

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>		
Balance, June 30, 2016	A		\$ 7,807,398
Increased by Receipts:			
Miscellaneous Revenues Not Anticipated	A-2	\$ 744,456	
Petty Cash	A-5	2,000	
Tax Collector	A-6	114,387,864	
Revenue Accounts Receivable	A-10	34,121,272	
Interfunds	A-11	10,881,359	
State of New Jersey - Veterans and Senior Citizens Deductions	A-12	56,021	
Other Receivables	A-14	113,379	
Other Reserves	A-17	17,200	
Note Payable	A-24	640,000	
Grants Receivable	A-25	<u>3,166,639</u>	
			<u>164,130,190</u>
			171,937,588
Decreased by Disbursements:			
Appropriations	A-3	108,846,197	
Petty Cash	A-5	2,000	
Tax Overpayments	A-8	342,038	
Interfunds	A-11	10,762,880	
Appropriation Reserves	A-15	373,115	
Other Intergovernmental Payables	A-16	1,785,436	
Other Reserves	A-17	205,914	
Local School District Taxes Payable	A-19	16,960,501	
County Taxes Payable	A-20	18,966,486	
Accounts Payable	A-21	276,167	
Reserve for Encumbrances	A-22	918,235	
Deferred Charges	A-23	397,848	
Notes Payable	A-24	1,280,000	
Grants Appropriated	A-27	<u>1,139,531</u>	
			<u>162,256,348</u>
Balance, June 30, 2017	A		<u><u>\$ 9,681,240</u></u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF PETTY CASH**

	<u>Ref.</u>	
Balance, June 30, 2016		\$ -
Increased by:		
Cash Receipts	A-4	2,000
		<u>2,000</u>
Decreased by:		
Cash Disbursements	A-4	2,000
		<u>2,000</u>
Balance, June 30, 2017		<u><u>\$ -</u></u>

**SCHEDULE OF CASH - TAX COLLECTOR**

	<u>Ref.</u>	
Balance, June 30, 2016		\$ -
Increased by:		
Operating Fund:		
Taxes Receivable	A-7	\$ 102,422,812
Tax Overpayments	A-8	31,283
Revenue Accounts Receivable	A-10	10,166,933
Other Intergovernmental Payables	A-16	1,619,403
Prepaid Taxes	A-18	147,433
		<u>114,387,864</u>
		114,387,864
Decreased by:		
Payments to Treasurer	A-4	114,387,864
		<u>114,387,864</u>
Balance, June 30, 2017		<u><u>\$ -</u></u>



**EXHIBIT A-8**

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF TAX OVERPAYMENTS**

	<u>Ref.</u>		
Balance, June 30, 2016	A		\$ 18,944
Increased by:			
Tax Judgements on Prior Year Taxes	A-1	\$ 323,094	
Cash Collections	A-6	<u>31,283</u>	
			<u>354,377</u>
			373,321
Decreased by:			
Cash Disbursements	A-4		<u>342,038</u>
Balance, June 30, 2017	A		<u><u>\$ 31,283</u></u>

**EXHIBIT A-9**

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
AT ASSESSED VALUATIONS**

	<u>Ref.</u>		
Balance, June 30, 2017 and 2016	A		<u><u>\$ 171,900</u></u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance June 30, 2016	Accrued in 2016-2017	Collections		Balance June 30, 2017
			Collector	Treasurer	
Licenses:					
Alcoholic Beverage	\$ -	\$ 193,546	\$ 193,546	\$ -	\$ -
Other	-	97,775	97,775	-	-
Fees and Permits	-	244,021	244,021	-	-
Fines and Costs Municipal Court	285,318	2,890,968	2,881,663	-	294,623
Interest and Costs on Taxes	-	361,790	361,790	-	-
Interest on Investments and Deposits	-	45,196	-	45,196	-
Wedding Fees	-	53,274	53,274	-	-
Cable Franchise Fees	-	318,790	318,790	-	-
Public Telephone Commissions	-	161,504	161,504	-	-
Payment in Lieu of Taxes	-	-	-	-	-
Monastery Redevelopment Group LLC	-	12,974	12,974	-	-
Union Plaza Apartments	-	289,774	289,774	-	-
Union City Renaissance Urban Renewal	-	10,898	10,898	-	-
Palisade Urban Renewal Assoc.	-	35,690	35,690	-	-
Holy Rosary	-	28,532	28,532	-	-
Horizon Heights	-	14,307	14,307	-	-
Serv Properties	-	4,070	4,070	-	-
Suede Promotions	-	25,000	25,000	-	-
Consolidated Municipal Property Tax Relief Aid	-	12,918,907	-	12,918,907	-
Energy Receipts Taxes	-	9,831,255	-	9,831,255	-
Transitional Aid	-	8,700,000	-	8,700,000	-
Uniform Construction Code Fees	-	1,915,423	1,915,423	-	-

## EXHIBIT A-10

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance June 30, 2016	Accrued in 2016-2017	Collections		Balance June 30, 2017
			Collector	Treasurer	
Union City Board of Education:					
Lease Recreational Center	\$ 325,000	\$ 325,000	\$ 650,000	\$ -	\$ -
Solid Waste Removal	360,000	360,000	359,454	-	360,546
47th Street Pool	136,000	136,000	272,000	-	-
Off Duty Police Officers	-	100,000	100,000	-	-
Police Services	-	737,657	737,657	-	-
School Crossing Guards	-	1,268,460	1,268,460	-	-
Washington Street	130,331	-	130,331	-	-
North Hudson Community Action Health Center Lease	-	106,560	-	88,800	17,760
Emergency Medical Services	-	1,180,271	-	1,180,271	-
FEMA Proceeds	-	474,620	-	474,620	-
Five Year Abatement Program	-	882,223	-	882,223	-
	<u>\$ 1,236,649</u>	<u>\$ 43,724,485</u>	<u>\$ 10,166,933</u>	<u>\$ 34,121,272</u>	<u>\$ 672,929</u>
Ref.	A		A-2, A-6	A-2, A-4	A

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
SCHEDULE OF INTERFUNDS RECEIVABLE**

Ref.	Total	General				Public Defender Trust Fund	Dog Licenses Trust Fund	CDA Trust Fund
		Capital Fund	Other Trust Fund					
Balance, June 30, 2016	\$ 280,729	\$ 255,388	\$ 16,925	\$ -	\$ -	\$ 7,902	\$ 514	
Increased by:								
A-1 Statutory Excess	3,093	-	-	-	-	3,093	-	
A-2 Reserve for Debt Service	285,274	285,274	-	-	-	-	-	
A-4 Cash Disbursements	10,762,880		10,369,852	18,640	18,640	1,727	372,661	
	<u>11,051,247</u>	<u>285,274</u>	<u>10,369,852</u>	<u>18,640</u>	<u>18,640</u>	<u>4,820</u>	<u>372,661</u>	
Decreased by:								
A-3 Charges to 2017 Appropriations	400,000	400,000	-	-	-	-	-	
A-14 Other Receivables	44,690		44,690	-	-	-	-	
A-4 Cash Receipts	10,881,359	140,662	10,339,580	18,640	18,640	9,302	373,175	
	<u>11,326,049</u>	<u>540,662</u>	<u>10,384,270</u>	<u>18,640</u>	<u>18,640</u>	<u>9,302</u>	<u>373,175</u>	
Balance, June 30, 2017	\$ 5,927	\$ -	\$ 2,507	\$ -	\$ -	\$ 3,420	\$ -	
Interfund Returned	\$ 280,729	\$ 255,388	\$ 16,925	\$ -	\$ -	\$ 7,902	\$ 514	
Interfund Advanced	5,927	-	2,507	-	-	3,420	-	

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>		
Balance, June 30, 2016	A		\$ 39,373
Increased by:			
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector (Net)	Below	\$ 3,250	
Cash Receipts	A-4	<u>56,021</u>	
			<u>59,271</u>
			98,644
Decreased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billings (Net)	Below	55,750	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector (Net)	Below	<u>250</u>	
			<u>56,000</u>
Balance, June 30, 2017	A		<u><u>\$ 42,644</u></u>

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

Senior Citizens' and Veterans' Deductions (Net):			
Per Tax Billings	Above	\$ 55,750	
Allowed by Tax Collector	Above	250	
Disallowed by Tax Collector	Above	<u>(3,250)</u>	
	A-7		<u><u>\$ 52,750</u></u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

	<u>Ref.</u>	
Balance, June 30, 2016	A	\$ 38,554
Increased by:		
Transfer from Taxes Receivable	A-7	<u>9,269</u> 47,823
Decreased by:		
Canceled		<u>133</u>
Balance, June 30, 2017	A	<u><u>\$ 47,690</u></u>

CITY OF UNION CITY  
 CURRENT FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHEDULE OF OTHER RECEIVABLES

	Balance June 30, 2016	Transferred from Other Trust Fund	Budget Reimbursements	Cash Receipts	Balance June 30, 2017
Due from Redevelopment Agency	\$ 16,931	-	-	-	\$ 16,931
Due from Union City Board of Education	169,658	-	171,021	44,360	296,319
Due from Union City Parking Authority	268,035	-	160,309	35,696	392,648
Due from Employee	-	-	1,348	75	1,273
Due from Property Owners/Relocation Assistance	-	44,690	11,977	33,248	23,419
Total Other Receivables	\$ 454,624	\$ 44,690	\$ 344,655	\$ 113,379	\$ 730,590
Ref.	A, A1	A-11	A-3	A-4	A, A-1

## EXHIBIT A-15

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF APPROPRIATION RESERVES**

Expenditures	Balance June 30, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations within "CAPS":				
Department of Public Affairs:				
Director's Office	\$ 1	\$ 1,712	\$ 1,712	\$ -
Other Expenses				
Municipal Court	1	1	-	1
Salaries and Wages				
Other Expenses	-	13,850	13,849	1
Senior Citizens				
Salaries and Wages	1	1	-	1
Other Expenses	-	75	75	-
Hispanic/Cultural Affairs				
Other Expenses	1	3,355	2,019	1,336
Municipal Land Use Law (NJS 40:55D-1)				
Regional Planning Board				
Salaries and Wages	1	1	-	1
Other Expenses	-	-	-	-
Continuous Planning Program				
Celebration of Public Events	-	84	83	1
Other Expenses				
Department of Revenue and Finance:	-	4,165	3,890	275
City Clerk's Office				
Salaries and Wages	1	1	-	1
Other Expenses	1	3,134	678	2,456

## EXHIBIT A-15

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF APPROPRIATION RESERVES**

Expenditures	Balance June 30, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>Operations within "CAPS" (Continued):</b>				
<b>Department of Revenue and Finance (Continued):</b>				
Treasurer's Office	\$ 1	\$ 1	-	\$ 1
Salaries and Wages				
Other Expenses	395	29,059	27,878	1,181
Assessment of Taxes				
Salaries and Wages	1	1	-	1
Other Expenses	1	1	-	1
Collection of Taxes				
Other Expenses	1	4,916	4,915	1
Rent Control Board				
Other Expenses	1	32	31	1
Insurance				
General Liability	63	63	(32)	95
Workers Compensation	3,836	2,769	1,862	907
Employee Group Health	254,319	5,417	(1,447)	6,864
Tax Searches				
Salaries and Wages	1	1	-	1
Elections				
Other Expenses	1	30,201	30,200	1
Membership NJ League of Municipalities	47	47	-	47
Annual Audit				
Other Expenses	95,000	66,950	66,950	-
Postage-All Departments	32	32	-	32

## EXHIBIT A-15

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF APPROPRIATION RESERVES**

Expenditures	Balance June 30, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations within "CAPS" (Continued):				
Department of Revenue and Finance (Continued):				
Data Processing	\$ 2,881	\$ 190	\$ 190	\$ -
Other Expenses				
Department of Public Safety:				
Director's Office				
Other Expenses	1	1,105	1,104	1
Legal Department				
Salaries and Wages	1	1	-	1
Other Expenses	5,010	(21,773)	(24,449)	2,676
Police Department				
Salaries and Wages	-	-	(707)	707
Overtime	1	1	-	1
Other Expenses	28	19,445	(9,268)	28,713
Traffic Signs and Signal Maintenance				
Other Expenses	1	1,871	-	1,871
Emergency Management Services				
Salaries and Wages	1	1	-	1
Other Expenses	1	274	-	274
Emergency Medical Services				
Other Expenses	-	10,906	7,140	3,766
Life Hazard Use Fee-Uniform Fire Safety				
Salaries and Wages	1	1	-	1
Other Expenses	1	526	525	1

## EXHIBIT A-15

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF APPROPRIATION RESERVES**

Expenditures	Balance June 30, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations within "CAPS" (Continued):				
Department of Public Safety (Continued):				
Contribution to Union City Redevelopment Agency	\$ 1	\$ 1	-	\$ 1
Board of Health				
Salaries and Wages	1	1	-	1
Other Expenses	1	17,091	17,090	1
Welfare				
Relocation Assistance	-	7,800	7,800	-
School Crossing Guards				
Salaries and Wages	45,203	45,203	45,203	-
Department of Public Works:				
Director's Office				
Salaries and Wages	1	1	-	1
Other Expenses	1	1	-	1
Street Cleaning				
Salaries and Wages	1	1	-	1
Other Expenses	-	12,553	12,553	-
Streets Repairs and Maintenance				
Other Expenses	-	6,520	6,520	-
Snow Removal				
Other Expenses	73,000	-	-	-
Interlocal Agreement	100,000	100,000	-	100,000

## EXHIBIT A-15

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF APPROPRIATION RESERVES**

Expenditures	Balance June 30, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations within "CAPS" (Continued):				
Department of Public Works (Continued):				
Board of Adjustment				
Salaries and Wages	\$ 100	\$ 100	-	\$ 100
Other Expenses	-	-	-	-
Solid Waste Disposal				
Other Expenses	1	1	(630)	631
Public Assistance				
Other Expenses	1	31,772	30,772	1,000
Engineering Services				
Other Expenses	7,810	40,687	40,687	-
Department of Parks and Public Property:				
Director's Office				
Salaries and Wages	1	1	-	1
Other Expenses	1	1	-	1
Parks and Playgrounds				
Other Expenses	1	526	526	-
Public Buildings and Grounds				
Other Expenses	7,297	7,768	7,768	-
Recreation				
Salaries and Wages	1	1	-	1
Other Expenses	1,670	1,865	(1,210)	3,075

## EXHIBIT A-15

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF APPROPRIATION RESERVES**

Expenditures	Balance June 30, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations within "CAPS" (Continued):				
Uniform Construction Code:				
State Uniform Construction Code Officials:				
Salaries and Wages	\$ 1	\$ 1	-	\$ 1
Other Expenses	1	12,342	10,714	1,628
Sub-Code Officials:				
Fire Inspector				
Salaries and Wages	5	115	110	5
Unclassified:				
Telephone	-	3,330	3,330	-
Electricity	-	-	(6,546)	6,546
Water	1	18,568	18,567	1
Natural Gas	2	2	(78)	80
Street Lighting	1	1	1	-
Salary Adjustment	1	1	-	1
Fire Hydrants	24,246	24,246	24,245	1
Printing-All Departments	-	61,707	61,706	1
Photocopying	-	2,200	2,200	-
Fleet`	1,247	63,914	61,806	2,108
	<u>622,230</u>	<u>636,738</u>	<u>470,332</u>	<u>166,406</u>
Total Operations within "CAPS"				

## EXHIBIT A-15

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF APPROPRIATION RESERVES**

Expenditures	Balance June 30, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Detail:				
Salaries and Wages	\$ 45,326	\$ 45,436	\$ 44,606	\$ 830
Other Expenses	576,904	591,302	425,726	165,576
Deferred Charges and Statutory Expenditures - Municipal within "CAPS":				
Statutory Expenditures - Contributions to:				
Social Security System (O.A.S.I.)	412	412	-	412
Public Employees Retirement System	248	248	(124)	372
Unemployment Insurance	-	(14,508)	(23,544)	9,036
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	660	(13,848)	(23,668)	9,820
Total General Appropriations for Municipal Purposes within "CAPS"	622,890	622,890	446,664	176,226
Other Operations excluded from "CAPS":				
Maintenance of Free Public Library	23,705	23,705	23,705	-
North Hudson Fire & Rescue Joint Meeting	37,265	37,265	-	37,265
Total Other Operations Excluded from "CAPS"	60,970	60,970	23,705	37,265

**EXHIBIT A-15**

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF APPROPRIATION RESERVES**

Expenditures	Balance June 30, 2016	Balance After Transfers	Paid or Charged	Balance Lapsed
Detail:				
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Other Expenses	60,970	60,970	23,705	37,265
Total General Appropriations	<u>\$ 683,860</u>	<u>\$ 683,860</u>	<u>\$ 470,369</u>	<u>\$ 213,491</u>
	Ref. A		Below	A-1
Cash Disbursements			\$ 373,115	
Transfer to Accounts Payable			97,254	
			<u>\$ 470,369</u>	
			Above	

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHEDULE OF OTHER INTERGOVERNMENTAL PAYABLES

	<u>Balance</u> <u>June 30, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Due to:				
North Hudson Sewerage Authority	\$ 1,757,285	\$ 1,563,560	\$ 1,757,285	\$ 1,563,560
NJ Construction Code Fees	10,974	55,843	21,062	45,755
Union City Board of Education	<u>18,020</u>		<u>18,020</u>	<u>-</u>
	<u>\$ 1,786,279</u>	<u>\$ 1,619,403</u>	<u>\$ 1,796,367</u>	<u>\$ 1,609,315</u>
	<u>A</u>	<u>A-6</u>	<u>Below</u>	<u>A</u>
	<u>Ref.</u>			
Cash Disbursements			\$ 1,785,436	
Cancellation of Payable			<u>10,931</u>	
			<u>\$ 1,796,367</u>	
			<u>Above</u>	

CITY OF UNION CITY  
 CURRENT FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHEDULE OF OTHER RESERVES

	<u>Balance</u> June 30, 2016	<u>Increased by</u> Cash Receipts	<u>Decreased by</u> Cash Disbursements	<u>Balance</u> June 30, 2017
Liquor License Retirement and Escrow	\$ 26,405	\$ 17,200	\$ 27,005	\$ 16,600
Library Bills	<u>178,909</u>	<u>-</u>	<u>178,909</u>	<u>-</u>
Ref.	<u>\$ 205,314</u> A	<u>\$ 17,200</u> A-4	<u>\$ 205,914</u> A-4	<u>\$ 16,600</u> A

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF PREPAID TAXES**

	<u>Ref.</u>	
Balance, June 30, 2016	A	\$ 233,260
Increased by:		
Cash Collections	A-6	<u>147,433</u>
		380,693
Decreased by:		
Applied to 2017 Taxes	A-7	<u>233,260</u>
Balance, June 30, 2017	A	<u><u>\$ 147,433</u></u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE**

	<u>Ref.</u>	
Balance, June 30, 2016	A	\$ 1,541,864
Increased by:		
Levy School Year	A-1, A-2, A-7	15,418,637
		<u>16,960,501</u>
Decreased by:		
Cash Disbursements	A-4	16,960,501
		<u>16,960,501</u>
Balance, June 30, 2017	A	<u><u>\$ -</u></u>

**SCHEDULE OF COUNTY TAXES PAYABLE**

	<u>Ref.</u>	
Balance, June 30, 2016		\$ -
Increased by:		
County Taxes	A-7	\$18,851,873
Added Taxes	A-7	114,613
	A-1, A-2	<u>18,966,486</u>
		<u>18,966,486</u>
Decreased by:		
Cash Disbursements	A-4	18,966,486
		<u>18,966,486</u>
Balance, June 30, 2017		<u><u>\$ -</u></u>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF ACCOUNTS PAYABLE**

	<u>Ref.</u>	
Balance, June 30, 2016	A	\$ 276,167
Increased by:		
Charges to Appropriation Reserves	A-15	<u>97,254</u>
		373,421
Decreased by:		
Cash Disbursements	A-4	<u>276,167</u>
Balance, June 30, 2017	A	<u><u>\$ 97,254</u></u>

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

	<u>Ref.</u>		
Balance, June 30, 2016	A		\$ 1,901,538
Increased by:			
Charges to 2017 Appropriations	A-3	\$ 2,575,675	
Grants Appropriated	A-27	<u>1,929,351</u>	
			<u>4,505,026</u>
			6,406,564
Decreased by:			
Cash Disbursements	A-4	918,235	
Grants Appropriated	A-27	<u>983,303</u>	
			<u>1,901,538</u>
Balance, June 30, 2017	A		<u><u>\$ 4,505,026</u></u>

CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHEDULE OF DEFERRED CHARGES

	Balance June 30, 2016	Adjustments to Income before Fund Balance	Budget Appropriations	Balance June 30, 2017
Overexpenditures:				
Current Fund	\$ 1,058,967	-	\$ 1,058,967	\$ -
State of Emergency Related to Snow Storms	702,952	-	702,952	-
Cancelled Grants Receivable	248,357	-	248,357	-
Retirement Benefits (5 Years Future Taxation)	2,533,838	355,679	909,584	1,979,933
Emergency Appropriations	-	42,169	-	42,169
	\$ 4,544,114	\$ 397,848	\$ 2,919,860	\$ 2,022,102
<u>Ref.</u>	A	Below	A-3	A
Special Emergencies - 1 Year	\$ 42,169			
Special Emergencies - 5 Years	355,679			
	\$ 397,848	Above		

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF NOTE PAYABLE**

	<u>Ref.</u>	
Balance, June 30, 2016	A	\$ 1,280,000
Increased by:		
Cash Receipts	A-4	<u>640,000</u>
		1,920,000
Decreased by:		
Cash Disbursement	A-4	<u>1,280,000</u>
Balance, June 30, 2017	A	<u><u>\$ 640,000</u></u>

## EXHIBIT A-25

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF GRANTS RECEIVABLE**

	<b>Year</b>	<b>Balance June 30, 2016</b>	<b>2016 Budget Revenue Realized</b>	<b>Received</b>	<b>Transfer from Unappropriated Reserve</b>	<b>Cancelled</b>	<b>Balance June 30, 2017</b>
<b>FEDERAL GRANTS</b>							
U.S. Department of Health and Human Services:							
	2016	\$ 36,318	\$ -	\$ 36,318	\$ -	\$ -	\$ -
	2017	-	125,000	92,575	-	-	32,425
U.S. Department of Justice:							
	2004	2,641	-	-	-	-	2,641
	2011	1,462	-	-	-	-	1,462
Community Oriented Policing Services (COPS) - ARRA - Hiring Recovery Program							
	2010	6,612	-	-	-	-	6,612
Passed through State of NJ Department of Law and Public Safety: Passed through County of Hudson:							
	2015	27,769	-	27,424	-	-	345
	2016	24,579	-	-	-	-	24,579
	2017	-	26,157	-	-	-	26,157
U.S. Department of Transportation:							
	2001	652,403	-	-	-	-	652,403
Transportation Trust Fund							
Passed through State of NJ Department of Law and Public Safety:							
	2017	-	5,500	-	-	-	5,500
	2014	5,000	-	-	-	-	5,000
	2017	-	5,000	4,400	-	600	-
	2017	-	5,000	5,000	-	-	-
Passed through State of NJ Department of Transportation:							
	2005	64,000	-	-	-	-	64,000
	2008	20,862	-	-	-	-	20,862
	2008	100,000	-	-	-	-	100,000
	2009	49,246	-	-	-	-	49,246
	2009	63,388	-	-	-	-	63,388
	2010	243,434	-	-	-	-	243,434
	2010	87,013	-	-	-	-	87,013
<b>TOTAL FEDERAL GRANTS</b>							
		<b>1,384,727</b>	<b>166,657</b>	<b>165,717</b>	<b>-</b>	<b>600</b>	<b>1,385,067</b>

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF GRANTS RECEIVABLE**

	<b>Year</b>	<b>Balance June 30, 2016</b>	<b>2016 Budget Revenue Realized</b>	<b>Received</b>	<b>Transfer from Unappropriated Reserve</b>	<b>Cancelled</b>	<b>Balance June 30, 2017</b>
<b>STATE GRANTS</b>							
NJ Department of Transportation							
Transportation Trust Fund:							
West Street - Phase III FY13 Discretionary Aid	2013	\$ 201,509	\$ -	\$ -	-	\$ -	\$ 201,509
West Street - Phase III FY13 Municipal Aid	2013	137,967	-	-	-	-	137,967
West Street - Phase III FY13 Urban Aid	2013	99,090	-	-	-	-	99,090
Mountain Road	2013	280,800	-	230,939	-	-	49,861
Mountain Road	2013	308,653	-	308,653	-	-	-
Summit Avenue Section 3	2015	177,117	-	-	-	-	177,117
Summit Avenue Section 3 - FY15 Discretionary Aid	2015	350,000	-	-	-	-	350,000
Summit Avenue Section 3 - FY15 Urban Aid	2015	98,470	-	-	-	-	98,470
Summit Avenue Section 4 - FY15 Discretionary Aid	2015	200,000	-	-	-	-	200,000
Summit Avenue Section 4 - FY15 Municipal Aid	2015	399,815	-	-	-	-	399,815
Summit Avenue Section 4 - FY 16 Municipal Aid	2016	200,000	-	-	-	-	200,000
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	2017	-	337,582	-	-	-	337,582
NJ Department of Law and Public Safety:							
NJ Division of Criminal Justice:							
Body Armor Fund	2017	-	13,572	13,572	-	-	-
NJ Division of Highway Traffic Safety:							
Drunk Driving Enforcement Fund	2017	-	46,664	46,664	-	-	-
NJ Department of Environmental Protection:							
Clean Communities	2017	-	87,271	87,271	-	-	-
Green Acres Trust Fund Grant - Reservoir Purchase	2016	650,000	-	650,000	-	-	-
Green Acres Trust Fund Grant - Reservoir Purchase	2016	1,100,000	-	1,100,000	-	-	-
Green Communities	2017	-	2,250	-	-	-	2,250
Recycling Tonnage	2017	-	13,124	-	13,124	-	-
NJ Administrative Office of the Courts:							
Alcohol Education - Jr. Police Academy	2015	6,000	-	-	-	-	6,000
Alcohol Education, Rehabilitation and Enforcement Fund	2016	1,120	6,406	-	6,406	-	1,120
Alcohol Education, Rehabilitation and Enforcement Fund	2017	-	11,131	11,131	-	-	-

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF GRANTS RECEIVABLE**

STATE GRANTS (Continued)	Year	Balance June 30, 2016	2016 Budget Revenue Realized	Received	Transfer from Unappropriated Reserve	Cancelled	Balance June 30, 2017
NJ Department of Treasury: Passed through County of Hudson: Municipal Alliance on Alcoholism and Drug Abuse	2016	\$ 11,812	\$ -	\$ 11,812	\$ -	\$ -	\$ -
Municipal Alliance on Alcoholism and Drug Abuse	2017	-	57,412	40,880	-	-	16,532
<b>TOTAL STATE GRANTS</b>		<u>4,662,168</u>	<u>575,412</u>	<u>2,500,922</u>	<u>19,530</u>	<u>-</u>	<u>2,717,128</u>
<b>OTHER GRANTS</b>							
Port Authority of New York and New Jersey: Various Street Improvements	2011	500,000	-	-	-	-	500,000
Various Street Improvements	2013	395	-	-	-	-	395
County of Hudson: Open Space Trust Fund: Ellisworth Park Improvements	2014	500,000	-	500,000	-	-	-
Veterans Park Improvements	2017	-	35,000	-	-	-	35,000
<b>TOTAL OTHER GRANTS</b>		<u>1,000,395</u>	<u>35,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>535,395</u>
		<u>\$ 7,047,290</u>	<u>\$ 777,069</u>	<u>\$ 3,166,639</u>	<u>\$ 19,530</u>	<u>\$ 600</u>	<u>\$ 4,637,590</u>
Ref.		A	A-2	A-4	A-26	A-27	A

CITY OF UNION CITY  
 CURRENT FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHEDULE OF RESERVE FOR UNAPPROPRIATED GRANTS

	Balance June 30, 2016	Transferred to Grants Receivable	Balance June 30, 2017
STATE GRANTS:			
NJ Administrative Office of the Courts: Alcohol Education	\$ 6,406	\$ 6,406	-
NJ Department of Environmental Protection: Recycling Tonnage Grant	13,124	13,124	-
	\$ 19,530	\$ 19,530	-
	A	A-25	A
	Ref.		

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS**

Year	Balance June 30, 2016	City Match	Transferred from 2017 Budget Appropriations	Encumbrances June 30, 2016	Expended	Encumbrances June 30, 2017	Cancelled	Balance June 30, 2017
<b>FEDERAL GRANTS</b>								
U.S. Department of Health and Human Services:								
2015	\$ -	\$ -	\$ -	\$ 11,750	\$ 11,750	\$ -	\$ -	\$ -
2016	37,740	-	-	1,547	10,302	28,985	-	-
2016	28,250	-	-	3,750	32,000	-	-	-
2017	-	-	125,000	-	104,033	-	-	20,967
2017	-	125,000	-	-	95,000	-	-	30,000
U.S. Department of Justice:								
Passed through NJ Department of Law and Public Safety:								
2011	-	-	-	28,179	26,179	2,000	-	-
COPS Technology								
Passed through County of Hudson:								
2015	-	-	-	788	(2,409)	2,409	-	788
2016	24,579	-	-	-	20,512	-	-	4,067
2017	-	-	26,157	-	-	-	-	26,157
U.S. Department of Energy:								
2010	-	-	-	18,249	-	18,249	-	-
Energy Efficiency & Conservation Block Grant								
U.S. Department of Transportation:								
Passed through NJ Department of Law and Public Safety								
2017	-	-	5,500	-	5,500	-	-	-
2017	-	-	5,000	-	4,400	-	600	-
2017	-	-	5,000	-	5,000	-	-	-
<b>TOTAL FEDERAL GRANTS</b>								
	90,569	125,000	166,657	64,263	312,267	51,643	600	81,979
<b>STATE GRANTS</b>								
NJ Department of Transportation								
Transportation Trust Fund:								
2012	33,637	-	-	-	(1)	171	-	33,467
2015	90	-	-	-	-	-	-	90
2015	154,097	-	-	-	-	-	-	154,097
2013	11,344	-	-	-	-	-	-	11,344
2015	-	-	-	599,815	496,569	103,246	-	-
2016	148,244	-	-	51,756	-	51,756	-	148,244
2016	340,000	-	-	-	-	340,000	-	-
2016	99,815	-	-	-	-	99,815	-	-
2017	-	-	337,582	-	-	-	-	337,582
Kerrigan Avenue								
NJ Office of Emergency Management:								
2015	5,000	-	-	-	-	-	-	5,000
2015	5,000	-	-	-	-	-	-	5,000
Emergency Management Grant - Local Match								

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS**

Year	Balance June 30, 2016	City Match	Transferred from 2017 Budget Appropriations	Encumbrances June 30, 2016	Expended	Encumbrances June 30, 2017	Cancelled	Balance June 30, 2017
<b>STATE GRANTS (Continued)</b>								
NJ Department of Law and Public Safety:								
NJ Division of Criminal Justice:								
2016	\$ 14,645	\$ -	\$ -	\$ -	\$ 13,636	\$ -	\$ -	\$ 1,009
2017	-	-	13,572	-	-	-	-	13,572
NJ Division of Highway Traffic Safety:								
2012	142	-	-	-	-	-	-	142
2014	7,995	-	-	-	7,995	-	-	-
2017	-	-	46,664	-	105	-	-	46,559
NJ Department of Environmental Protection:								
2013	500	-	-	-	-	-	-	500
2016	138,176	-	-	-	124,261	13,911	-	4
2017	-	-	87,271	-	-	-	-	87,271
2013	-	-	-	157,174	-	157,174	-	-
2016	1,100,000	-	-	-	-	1,100,000	-	-
2017	-	-	2,250	-	-	-	-	2,250
2017	-	2,250	-	-	-	-	-	2,250
2017	-	-	13,124	-	13,124	-	-	-
NJ Administrative Office of the Courts:								
2011	1,142	-	-	-	-	-	-	1,142
2013	3,790	-	-	380	1,530	-	-	2,640
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
NJ Department of Treasury:								
Passed through County of Hudson:								
2016	-	-	-	3,000	3,000	-	-	-
2017	-	-	57,412	-	47,340	10,072	-	-
2017	-	14,353	-	-	14,000	353	-	-
<b>TOTAL STATE GRANTS</b>								
	2,070,321	16,603	575,412	812,125	721,559	1,876,498	-	876,404

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS**

Year	Balance June 30, 2016	City Match	Transferred from 2017 Budget Appropriations	Encumbrances June 30, 2016	Expended	Encumbrances June 30, 2017	Cancelled	Balance June 30, 2017
2014	\$ -	\$ -	\$ -	\$ 1,210	\$ -	\$ 1,210	\$ -	\$ -
2014	12,435	-	-	-	-	-	-	12,435
2017	-	-	35,000	-	-	-	-	35,000
Total County of Hudson	12,435	-	35,000	1,210	-	1,210	-	47,435
Port Authority of New York and New Jersey Various Street Improvements	-	-	-	105,705	105,705	-	-	-
TOTAL OTHER GRANTS	12,435	-	35,000	106,915	105,705	1,210	-	47,435
Ref.	\$ 2,173,325	\$ 141,603	\$ 777,069	\$ 983,303	\$ 1,139,531	\$ 1,929,351	\$ 600	\$ 1,005,818
	A	A-3	A-3	A-22	A-4	A-22	A-25	A

**CITY OF UNION CITY  
CURRENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF RESERVE FOR NEIGHBORHOOD HOUSING**

	<u>Ref.</u>	
Balance, June 30, 2016	A	\$ 1,824
Decreased by:		
Cancellation of Reserve	A-1	<u>1,824</u>
Balance, June 30, 2017	A	<u><u>\$ -</u></u>

REPORT OF AUDIT

SUPPLEMENTARY  
INFORMATION SECTION  
TRUST FUNDS

CITY OF UNION CITY  
JUNE 30, 2017

**EXHIBIT B-1**

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 16,698
Increased by:			
Sale of Dog Licenses - State	B-2	\$ 1,325	
Sale of Dog Licenses - City	B-3	5,767	
Sale of Dog Licenses - Late Fees	B-3	<u>550</u>	
			<u>7,642</u>
			24,340
Decreased by:			
Due to Current Fund	B-4	9,301	
Due to Other Trust Fund	B-5	<u>30</u>	
			<u>9,331</u>
Balance, June 30, 2017	B		<u><u>\$ 15,009</u></u>

**EXHIBIT B-2**

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

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 328
Increased by:			
State Fees Collected:			
Cash Receipts	B-1		<u>1,325</u>
			1,653
Decreased by:			
Transmitted to State	B-4		<u>1,399</u>
Balance, June 30, 2017	B		<u><u>\$ 254</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 8,438
Increased by:			
Cash Receipts - Dog Licenses	B-1	\$ 5,767	
Cash Receipts - Late Fees	B-1	<u>550</u>	
			<u>6,317</u>
			14,755
Decreased by:			
Due to Current Fund	B-4	328	
Statutory Excess	B-4	<u>3,093</u>	
			<u>3,421</u>
Balance, June 30, 2017	B		<u><u>\$ 11,335</u></u>

**LICENSE FEES COLLECTED**

2015	\$	4,943
2016		<u>6,393</u>
	\$	<u><u>11,336</u></u>

**EXHIBIT B-4**

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL TRUST FUND**

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 7,902
Increased by:			
Transmitted to State	B-2	\$ 1,399	
Reserve for Expenditures	B-3	328	
Statutory Excess	B-3	<u>3,093</u>	
			<u>4,820</u>
			12,722
Decreased by:			
Cash Disbursements	B-1		<u>9,301</u>
Balance, June 30, 2017	B		<u><u>\$ 3,420</u></u>

**EXHIBIT B-5**

**SCHEDULE OF DUE TO OTHER TRUST FUND - ANIMAL CONTROL TRUST FUND**

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 30
Decreased by:			
Cash Disbursements	B-1		<u>30</u>
Balance, June 30, 2017	B		<u><u>\$ -</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 9,463,981
Increased by Cash Receipts:			
Due from General Capital Fund	B-8	\$ 218,090	
Due from Animal Control Trust Fund	B-9	30	
Reserve for Other Trust Fund Activity	B-10	<u>12,830,129</u>	
			<u>13,048,249</u>
			22,512,230
Decreased by Cash Disbursements:			
Reserve for Other Trust Fund Activity	B-10	3,692,549	
Due to Current Fund	B-11	<u>10,339,580</u>	
			<u>14,032,129</u>
Balance, June 30, 2017	B		<u><u>\$ 8,480,101</u></u>

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2017</u>
Due from Property Owners	\$ 44,690	\$ -	\$ 44,690	\$ -
Due from Contractors	<u>-</u>	<u>418,495</u>	<u>-</u>	<u>418,495</u>
	<u>\$ 44,690</u>	<u>\$418,495</u>	<u>\$ 44,690</u>	<u>\$ 418,495</u>
<u>Ref.</u>	B	B-10	B-11	B

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF DUE FROM GENERAL CAPITAL FUND - OTHER TRUST FUND**

	<u>Ref.</u>	
Balance, June 30, 2016	B	\$ 218,090
Decreased by:		
Cash Receipts	B-6	<u>218,090</u>
Balance, June 30, 2017	B	<u><u>\$ -</u></u>

**SCHEDULE OF DUE FROM ANIMAL CONTROL TRUST FUND  
OTHER TRUST FUND**

	<u>Ref.</u>	
Balance, June 30, 2016	B	\$ 30
Decreased by:		
Cash Receipts	B-6	<u>30</u>
Balance, June 30, 2017	B	<u><u>\$ -</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF OTHER TRUST FUND RESERVES**

	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
Accumulated Absences	\$ 37,495	\$ -	\$ -	\$ 37,495
Ambulance Donations	150	-	-	150
Bankruptcy for Tax Collector	257	-	257	-
Battered Wives	12,334	7,250	19,584	-
COAH	476,841	261,838	3,500	735,179
Court Bails	13,855	-	13,855	-
DARE Donations	1,845	-	-	1,845
DEA - Federal Equitable Sharing	611	4,778	(21,794)	27,183
Developer's Escrow	710,689	237,660	948,349	-
Developer's Escrow - Old	-	238,740	214,688	24,052
Disposal of Forfeited Property	15,969	-	-	15,969
Disposal of Forfeited Property-HCLET	85,433	26,313	70,469	41,277
Disposal of Forfeited Property - Prisoners' Property	13,077	12,486	2,643	22,920
Elevator Inspections	2,002	41,379	5,124	38,257
Escrow Deposits	-	688,556	19,292	669,264
Fire Victims Assistance	11	55,083	54,850	244
Hardship Fees - Rent Control	239	-	239	-
Insurance Proceeds	30,424	25,657	19,299	36,782
Outside Lien Holders - New	76,156	4,453,985	4,433,111	97,030
Outside Lien Holders - Old	127	-	127	-
Parking Authority Surcharge	-	22,785	22,785	-
Peer Review	27,490	-	27,490	-
P.O.A.A	65,968	57,749	52,732	70,985
Police Details	(55,275)	2,407,706	2,352,431	-
Premium of Tax Lien Sale	6,436,213	4,315,700	5,794,052	4,957,861
Recreation - Baseball, Basketball	-	34,562	34,320	242
Recreation - Senior Citizens Trips	463	17,185	15,121	2,527
Recreation - Soccer Program	15,914	88,610	76,493	28,031
Recreation - Soccer - Umpire Fees	-	21,195	21,100	95
Recreation - Swimming Pool	703	2,500	2,960	243
Recreation - Wrestling	1,365	420	-	1,785
Storm Recovery Trust	370	-	-	370
State Unemployment Insurance	23,675	39,964	63,639	-
Tenants Accounting Escrow	-	11,700	11,700	-
Tree Planting Program	820	-	-	820
Trust Company for Journal	750	-	750	-
Vehicle Share Police Detail	12,560	174,823	187,383	-
Workers' Compensation Insurance	1,580	-	-	1,580
	<u>\$ 8,010,111</u>	<u>\$ 13,248,624</u>	<u>\$ 14,446,549</u>	<u>\$ 6,812,186</u>
Ref.	B	Below	Below	B
Cash Receipts	B-6	\$ 12,830,129	\$ -	
Due from Contractors	B-7	418,495	-	
Cash Disbursements	B-6	-	3,692,549	
Expenditures Paid by Current Fund	B-11	-	8,670,097	
Encumbrances Payable	B-12	-	2,083,903	
		<u>\$ 13,248,624</u>	<u>\$ 14,446,549</u>	
		Above	Above	

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF DUE TO CURRENT FUND - OTHER TRUST FUND**

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 16,925
Increased by:			
Reserve for Other Trust Fund Activity -			
Paid by Current Fund	B-10	\$ 8,670,097	
Encumbrances Paid	B-12	<u>1,699,755</u>	
			<u>10,369,852</u>
			10,386,777
Decreased by:			
Cash Disbursements	B-6	10,339,580	
Due from Property Owners	B-7	<u>44,690</u>	
			<u>10,384,270</u>
Balance, June 30, 2017	B		<u><u>\$ 2,507</u></u>

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

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 1,699,755
Increased by:			
Reserve for Other Trust Fund Activity	B-10		<u>2,083,903</u>
			3,783,658
Decreased by:			
Encumbrances Paid	B-11		<u>1,699,755</u>
Balance, June 30, 2017	B		<u><u>\$ 2,083,903</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 2,030
Increased by Cash Receipts:			
Due from HUD CDBG	B-14	\$ 364,068	
Reserve for Program Income	B-15	<u>17,477</u>	
			<u>381,545</u>
			383,575
Decreased by Cash Disbursements:			
Due to Current Fund	B-17		<u>373,175</u>
Balance, June 30, 2017	B		<u><u>\$ 10,400</u></u>

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

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 631,203
Increased by:			
New Grant Authorization	B-16	\$ 1,042,684	
Reallocated Funding	B-16	<u>589,776</u>	
			<u>1,632,460</u>
			2,263,663
Decreased by:			
Cash Receipts	B-13		<u>364,068</u>
Balance, June 30, 2017	B		<u><u>\$ 1,899,595</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>	
Balance, June 30, 2016		\$ -
Increased by:		
Cash Receipts	B-13	17,477
		<u>17,477</u>
Decreased by:		
Reserve for Expenditures	B-16	17,477
		<u>17,477</u>
Balance, June 30, 2017		<u><u>\$ -</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 632,719
Increased by:			
New Grant Authorization	B-14	\$ 1,042,684	
Reallocated Funding	B-14	589,776	
Reserve for Program Income	B-15	<u>17,477</u>	
			<u>1,649,937</u>
			2,282,656
Decreased by:			
Expenditures Paid by Current Fund	B-17		<u>372,661</u>
Balance, June 30, 2017	B		<u><u>\$ 1,909,995</u></u>

**SCHEDULE OF DUE TO CURRENT FUND - CDA FUND**

	<u>Ref.</u>		
Balance, June 30, 2016	B		\$ 514
Increased by:			
Expenditures Paid by Current Fund	B-16		<u>372,661</u>
			373,175
Decreased by:			
Cash Disbursements	B-13		<u>373,175</u>
Balance, June 30, 2017	B		<u><u>\$ -</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>	
Balance, June 30, 2016	B	\$ 3,678
Increased by Cash Receipts:		
Reserve for Expenditures	B-19	<u>15,245</u>
		18,923
Decreased by Cash Disbursements:		
Due to Current Fund	B-20	<u>18,640</u>
Balance, June 30, 2017	B	<u><u>\$ 283</u></u>

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

	<u>Ref.</u>	
Balance, June 30, 2016	B	\$ 3,678
Increased by:		
Cash Receipts	B-18	<u>15,245</u>
		18,923
Decreased by:		
Paid by Current Fund	B-20	<u>18,640</u>
Balance, June 30, 2017	B	<u><u>\$ 283</u></u>

**CITY OF UNION CITY  
TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>	
Balance, June 30, 2016		\$ -
Increased by:		
Reserve for Expenditures -		
Paid by Current Fund	B-19	18,640
		<u>18,640</u>
Decreased by:		
Cash Disbursements	B-18	18,640
		<u>18,640</u>
Balance, June 30, 2017		<u><u>\$ -</u></u>

REPORT OF AUDIT

SUPPLEMENTARY  
INFORMATION SECTION  
GENERAL CAPITAL FUND

CITY OF UNION CITY  
JUNE 30, 2017

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF CASH AND CASH EQUIVALENTS**

	<u>Ref.</u>		
Balance, June 30, 2016	C		\$ 84
Increased by:			
Ellsworth Park Grant	C-15	\$ 245,176	
Ellsworth Park Grant	C-5	4,824	
Bonds Issued	C-5	118,000	
Premium on Note Sales	C-1	252,758	
Bond Anticipation Notes	C-14	<u>15,490,117</u>	
			<u>16,110,875</u>
			16,110,959
Decreased by:			
Due to Other Trust Fund	C-17	218,090	
Improvement Authorizations	C-9	11,953,513	
Due to Current Fund	C-16	<u>140,662</u>	
			<u>12,312,265</u>
Balance, June 30, 2017	C		<u>\$ 3,798,694</u>

**EXHIBIT C-3**

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<u>Balance June 30, 2017</u>
Fund Balance	\$ 867,195
Capital Improvement Fund	14,438
Encumbrances Payable	4,375,468
Reserve for Debt Service	548,812
Due from State of New Jersey Green Acres Trust	(1,250,000)
Due from County of Hudson	(500,000)
Improvement Authorizations:	
06-2006 Traffic Lights	63,495
22-2002 17th Street Park	7,131
40-2006 Reconstruction of Roof at Jose Marti Park	4,810
14-2011 Ellsworth Park Improvement	109,400
14-2011 Traffic Signals and Sidewalks	26,456
14-2011 Various Police Equipment	25,507
24-2011 Installation of Computer Equipment	4,290
13-2011 Summit Avenue	141
08-2013 Washington Park	110,747
08-2013 Reconstruction Various Streets	233,897
14-2011 New York Avenue	7,417
Various Capital Improvemets/Acquisition of	
01-2014 Various Capital Equipment	(949,328)
02-2014 Reconstruction/Repaving of Summit Avenue	44,413
2017-10 Improvements to 17th Street	(938,785)
2017-10 Improvements to Veterans Park	932,967
2017-06 Improvements to 47th St Firehouse	10,223
2017-13 Improvements to City Parks	50,000
	<u>\$ 3,798,694</u>
<u>Ref.</u>	C

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>		
Balance, June 30, 2016	C		\$ 49,721,937
Increased by:			
Bonds Issued	C-5, C-11	\$ 10,300,000	
Leases	C-18	<u>790,028</u>	
			<u>11,090,028</u>
			60,811,965
Decreased by:			
General Serial Bonds Payment	C-11	2,455,109	
Capital Lease Payment	C-18	85,593	
Capital Lease Payment - HCIA	C-12	924,893	
Green Acres Loan Payment	C-13	<u>154,512</u>	
			<u>3,620,107</u>
Balance, June 30, 2017	C		<u><u>\$ 57,191,858</u></u>

EXHIBIT C-5

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Purpose	Analysis of Balance - June 30, 2017									
	Balance June 30, 2016	2017 Authorizations	Deferred Charges to Future Taxation			Bond Anticipation Notes	Balance June 30, 2017	Bond Anticipation Notes	Expended	Unexpended Balance
			Funded	Other						
Ellisworth Park Improvements	\$ 4,824	\$ -	\$ -	\$ 4,824	\$ -	\$ -	\$ -	\$ -	\$ -	
17th Street Park	306,000	-	-	-	12,000	294,000	294,000	-	-	
Traffic Light Improvements	603,105	-	603,105	-	-	-	-	-	-	
24th Street Park Improvements	371,080	-	371,080	-	-	-	-	-	-	
Construction of New Parking Deck	1,376,450	-	1,376,450	-	-	-	-	-	-	
Construction of Doric Water Park	4,645,521	-	4,645,521	-	-	-	-	-	-	
Construction of 39th Street Skate Park	258,084	-	258,084	-	-	-	-	-	-	
Reconstruction of Roof at Jose Marti Park	86,028	-	86,028	-	-	-	-	-	-	
Street Improvements Broadway and Park	2,236,732	-	2,236,732	-	-	-	-	-	-	
Reconstruct New York Ave	2,371,490	-	-	-	103,880	2,267,610	2,267,610	-	-	
Ellisworth Park Improvement	2,371,490	-	-	-	103,880	2,267,610	2,267,610	-	-	
Reconstruct 34th Street	215,240	-	-	-	11,130	204,110	204,110	-	-	
44th and 45th St Park Improvements	101,830	-	-	-	3,710	98,120	98,120	-	-	
DPW Roof Reconstruction	283,820	-	-	-	14,840	268,980	268,980	-	-	
Leggerio Park Improvements	596,140	-	-	-	29,680	566,460	566,460	-	-	
Traffic Signals and Sidewalks	224,740	-	-	-	11,130	213,610	213,610	-	-	
Pave Bergenline Avenue	73,330	-	-	-	3,710	69,620	69,620	-	-	
Various Police Equipment	948,540	-	-	-	48,230	900,310	900,310	-	-	
Reconstruct Ambulance Building Roof	118,160	-	-	-	7,420	110,740	110,740	-	-	
Improvements to City Parks	248,490	-	-	-	11,130	237,360	237,360	-	-	
Reconstruct 15th Street	288,570	-	-	-	14,840	273,730	273,730	-	-	
Reconstruct 16th Street	141,160	-	-	-	7,420	133,740	133,740	-	-	
Installation of Computer Equipment	73,000	-	-	-	11,000	62,000	62,000	-	-	
Tax Refunding Ordinance	110,000	-	-	-	110,000	-	-	-	-	
Supplemental Funding - Amphitheater	605,000	-	605,000	-	-	-	-	-	-	
Washington Park	4,959,000	-	-	-	-	4,959,000	4,959,000	-	-	
Reconstruction Various Streets	950,000	-	-	-	-	950,000	950,000	-	-	
Various Capital Improvements	1,940,000	-	-	9,283	-	1,930,717	1,930,717	-	-	
Various Capital Improve/Acq of										
Various Capital Equipment	35,000,000	-	118,000	-	-	34,882,000	32,010,400	949,328	1,922,272	
Gilmore School	10,000,000	-	-	-	-	10,000,000	10,000,000	-	10,000,000	
Improvements to 17th Street	-	1,425,000	-	-	-	1,425,000	938,785	-	486,215	



**EXHIBIT C-6**

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>Ref.</u>	
Balance, June 30, 2016	C	\$ 780,000
Increased by:		
Improvements to Veterans Park	C-9	<u>470,000</u>
Balance, June 30, 2017	C	<u><u>\$ 1,250,000</u></u>

**EXHIBIT C-7**

**SCHEDULE OF DUE FROM COUNTY OF HUDSON**

	<u>Ref.</u>	
Balance, June 30, 2016	C	\$ -
Increased by:		
Improvements to Veterans Park	C-9	<u>500,000</u>
Balance, June 30, 2017	C	<u><u>\$ 500,000</u></u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance, June 30, 2016	C	\$ 111,763
Increased by:		
2017 Budget Appropriation	C-16	<u>400,000</u>
		511,763
Decreased by:		
Improvement Authorizations	C-9	<u>497,325</u>
Balance, June 30, 2017	C	<u><u>\$ 14,438</u></u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

	Original Amount	Balance, June 30, 2016		2017 Authorizations	2016 Encumbrances		Paid or Charged	2017 Encumbrances	Authorizations Cancelled	Balance, June 30, 2017	
		Funded	Unfunded		\$	\$				Funded	Unfunded
Traffic Lights	\$ 2,000,000	-	\$ 63,495	-	-	-	-	-	-	\$ 63,495	-
17th Street Park	610,000	-	7,131	-	-	-	-	-	-	-	7,131
Reconstruction of Roof at Jose Mari Park	90,000	-	4,810	-	-	-	-	-	-	4,810	-
Ellsworth Park Improvement	2,715,000	-	385,229	-	-	14,826	-	261,003	-	-	109,400
Traffic Signals and Sidewalks	260,000	-	-	-	29,835	-	-	3,379	-	-	26,456
Various Police Equipment	1,100,000	-	221,207	-	47,191	232,774	-	10,117	-	-	25,507
Improvements to City Parks	285,000	-	1,452	-	-	328	-	1,124	-	-	-
Leggerio Park Improvements	690,000	-	-	-	32,423	-	-	-	-	-	-
Pave Bergenline Ave	992,000	-	-	-	274,833	30,693	-	244,140	-	-	-
Installation of Computer Equipment	100,000	-	4,290	-	-	-	-	-	-	-	4,290
Summit Avenue	750,000	-	141	-	35,613	-	-	35,613	-	-	141
Washington Park	5,508,000	-	163,458	-	5,751	43,001	-	15,461	-	-	110,747
Reconstruction Various Streets	1,000,000	-	196,930	-	3,608	(36,986)	-	3,627	-	-	233,897
New York Avenue	2,715,000	-	-	-	-	(7,417)	-	-	-	-	7,417
Supplemental Funding - Amphitheater	660,000	-	-	-	35,272	35,272	-	-	-	-	-
Various Capital Improvements	1,940,000	-	9,283	-	-	-	-	-	9,283	-	-
Various Capital Improvements/Acquisition of Various Capital Equipment	35,000,000	-	8,330,272	-	7,326,288	11,198,283	-	2,536,005	-	-	1,922,272
Reconstruction/Repaving of Summit Ave	300,000	247,626	-	-	11,940	73,789	-	141,364	-	44,413	-
Yardley Steps Surveillance Cameras	100,000	-	-	-	47,242	47,242	-	-	-	-	-
Gilmore School Addition/Renovations	10,000,000	-	10,000,000	-	-	-	-	-	-	-	10,000,000
47th Street Firehouse	220,825	-	-	220,825	-	124,143	-	96,682	-	-	-
Improvements to 17th Street	1,500,000	-	-	1,500,000	-	3,791	-	1,009,994	-	-	486,215
Improvements to Veterans Park	1,600,000	-	-	1,600,000	-	51,784	-	16,749	-	932,967	598,500
Various Improvements to the 47th St Firehouse	120,000	-	-	120,000	-	109,567	-	210	-	10,223	-
Various Improvements to City Parks	50,000	-	-	50,000	-	-	-	-	-	50,000	-
		\$ 247,626	\$ 19,387,698	\$ 3,490,825	\$ 7,849,996	\$ 11,953,513	\$ 4,375,468		\$ 9,283	\$ 1,105,908	\$ 13,531,973
		C	C	Below	C-10	C-2	C-10		C-5	C	C

Ref. C-5 \$ 2,023,500  
 C-8 497,325  
 C-6 470,000  
 C-7 500,000

Deferred Charges to Future Taxation Unfunded  
 Capital Improvement Fund  
 Due from State of NJ Green Acres Trust Grant  
 Due from County of Hudson

\$ 3,490,825  
 Above

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF ENCUMBRANCES PAYABLE**

	<u>Ref.</u>	
Balance, June 30, 2016	C	\$7,849,996
Increased by:		
Charges to Improvement Authorizations	C-9	<u>4,375,468</u>
		12,225,464
Decreased by:		
Reverse Prior Year Balance	C-9	<u>7,849,996</u>
Balance, June 30, 2017	C	<u><u>\$4,375,468</u></u>

**EXHIBIT C-11**

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Amount	Maturities of Bonds Outstanding				Interest Rate %	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
			Date	Amount	June 30, 2017	Amount					
ERI Pension Bonds	12/15/02	\$15,735,000	1/1/2017	\$ 825,000	5.375						
			1/1/2018	15,000	6.250						
			1/1/2019	30,000	6.250						
			1/1/2020	100,000	6.250						
			1/1/2021	165,000	6.250						
			1/1/2022	225,000	6.250						
			1/1/2023	315,000	6.250						
			1/1/2024	375,000	6.250						
			1/1/2025	475,000	6.250						
			1/1/2026	575,000	6.250						
			1/1/2027	690,000	6.250						
			1/1/2028	825,000	6.250						
			1/1/2029	975,000	6.250						
		1/1/2030	1,125,000	6.250							
		1/1/2031	1,300,000	6.250							
		1/1/2032	1,475,000	6.250							
		1/1/2033	1,695,000	6.250		\$11,185,000	\$ -	\$ 825,000	\$ 10,360,000		
2007A Refunding	02/07/07	24,305,000	11/1/2017	145,000	4.000						
			11/1/2018	3,730,000	5.000						
			11/1/2019	3,845,000	5.000						
			11/1/2020	3,985,000	5.000						
			11/1/2021	4,125,000	4.000						
		11/1/2022	4,225,000	4.125							
		11/1/2023	4,250,000	4.125		24,305,000	-	-	24,305,000		

## EXHIBIT C-11

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Amount	Maturities of Bonds Outstanding			Interest Rate %	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
			Date	June 30, 2017	Amount					
2007B Refunding	02/07/07	\$ 9,325,000	11/1/2016	\$1,630,109		5.560				
			11/1/2017	1,928,424		5.590	\$ 3,558,533	\$ -	\$ 1,630,109	\$ 1,928,424
2016 General Obligatic 10/27/16		10,300,000	7/15/2017	540,000		2.500				
	7/15/2018		625,000		2.500					
	7/15/2019		645,000		2.500					
	7/15/2020		660,000		2.500					
	7/15/2021		680,000		2.500					
	7/15/2022		705,000		2.500					
	7/15/2023		725,000		2.500					
	7/15/2024		745,000		2.500					
	7/15/2025		770,000		2.500					
	7/15/2026		795,000		2.500					
	7/15/2027		815,000		2.500					
7/15/2028	840,000		2.625							
7/15/2029	865,000		3.000							
7/15/2030	890,000		3.000							
							10,300,000	-	10,300,000	
							\$39,048,533	\$10,300,000	\$2,455,109	\$ 46,893,424
							C	C-4	C	
							Ref.			

**EXHIBIT C-12**

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF CAPITAL LEASE PAYABLE - HCIA**

	<u>Ref.</u>	
Balance, June 30, 2016	C	\$ 9,344,263
Decreased by:		
Loan Payment	C-4	<u>924,893</u>
Balance, June 30, 2017	C	<u>\$ 8,419,370</u>

Analysis of Capital Lease Payments

Fiscal Year	Cost of Facilities NHRFR		Regional Fire and Rescue		Fire Dept Equipment NHRFR		Total
	Series 2004	2006 Series A	2006 Series B	2011 Series A	2011 Series B	Total	
2018	\$ 401,400	\$ 95,333	\$ 86,970	\$ 127,110	\$ 284,325	\$ 995,138	
2019	418,125	98,677	91,988	133,800	307,740	1,050,330	
2020	451,575	103,695	97,005	142,163	331,155	1,125,593	
2021	468,300	107,040	102,023	148,853	357,915	1,184,131	
2022	501,750	112,057	107,040	157,215	386,348	1,264,410	
2023	535,200	117,075	112,058	167,250	416,453	1,348,036	
2024	585,375	122,093	118,748	175,613	449,903	1,451,732	
	<u>\$ 3,361,725</u>	<u>\$ 755,970</u>	<u>\$ 715,832</u>	<u>\$ 1,052,004</u>	<u>\$ 2,533,839</u>	<u>\$ 8,419,370</u>	

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF GREEN ACRES LOANS PAYABLE**

	<u>Ref.</u>	
Balance, June 30, 2016	C	\$ 1,329,141
Decreased by:		
Loan Payment	C-4	<u>154,512</u>
Balance, June 30, 2017	C	<u><u>\$ 1,174,629</u></u>

Analysis of Repayment of Loan and Interest

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2018	\$ 23,102	\$ 78,550
2019	21,577	69,218
2020	20,186	70,610
2021	18,767	72,030
2022	17,320	73,479
2023	15,842	74,955
2024	14,335	76,462
2025	12,798	77,997
2026	11,231	79,566
2027	9,632	81,165
2028	7,999	82,797
2029	6,336	84,461
2030	4,638	86,158
2031	2,906	60,840
2032	1,954	34,743
2033	1,256	35,441
2034	543	36,154
	<u>\$ 190,421</u>	<u><u>\$ 1,174,629</u></u>

## EXHIBIT C-14

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Original Issue Amount	Original Issue Date	Date of		Interest Rate %	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
			Issue	Maturity					
Traffic Light Improvements	\$ 772,000	01/08	11/11/15	11/11/16	1.75	\$ 603,105	\$ -	\$ 603,105	\$ -
24th Street Park Improvements	475,000	01/08	11/11/15	11/11/16	1.75	371,080	-	371,080	-
Construction of New Parking Deck	1,700,000	01/08	11/11/15	11/11/16	1.75	1,376,450	-	1,376,450	-
Construction of Doric Water Park	6,150,000	01/08	11/11/15	11/11/16	1.75	4,645,521	-	4,645,521	-
Reconstruction of 39th Street Skate Park	290,000	01/08	11/11/15	11/11/16	1.75	258,084	-	258,084	-
Reconstruction of roof at Jose Marti Park	90,000	01/08	11/11/15	11/11/16	1.75	86,028	-	86,028	-
Street Improvements - Broadway and Park	2,782,000	01/08	11/11/15	11/11/16	1.75	2,236,732	-	2,236,732	-
Supplemental Funding Amphitheater	627,000	01/08	11/11/15	11/11/16	1.75	605,000	-	605,000	-
17th Street Park	330,000	06/12	04/19/17	04/05/18	2.25	306,000	294,000	306,000	294,000
Reconstruct New York Ave	2,579,250	06/12	04/19/17	04/05/18	2.25	2,371,490	2,267,610	2,371,490	2,267,610
Ellsworth Park Improvement	2,579,250	06/12	04/19/17	04/05/18	2.25	2,371,490	2,267,610	2,371,490	2,267,610
Reconstruct 34th Street	237,500	06/12	04/19/17	04/05/18	2.25	215,240	204,110	215,240	204,110
44th and 45th St Park Improvements	109,250	06/12	04/19/17	04/05/18	2.25	101,830	98,120	101,830	98,120
DPW Roof Reconstruction	313,500	06/12	04/19/17	04/05/18	2.25	283,820	268,980	283,820	268,980
Leggerio Park Improvements	655,500	06/12	04/19/17	04/05/18	2.25	596,140	566,460	596,140	566,460
Traffic Signals, Sidewalks	247,000	06/12	04/19/17	04/05/18	2.25	224,740	213,610	224,740	213,610
Pave Bergenline Avenue	80,750	06/12	04/19/17	04/05/18	2.25	73,330	69,620	73,330	69,620
Various Equipment Police	1,045,000	06/12	04/19/17	04/05/18	2.25	948,540	900,310	948,540	900,310
Reconstruct Roof Amb Building	133,000	06/12	04/19/17	04/05/18	2.25	118,160	110,740	118,160	110,740
Improvements to City Parks	270,750	06/12	04/19/17	04/05/18	2.25	248,490	237,360	248,490	237,360
Reconstruct 15th Street	318,250	06/12	04/19/17	04/05/18	2.25	288,570	273,730	288,570	273,730
Reconstruct 16th Street	156,750	06/12	04/19/17	04/05/18	2.25	141,160	133,740	141,160	133,740
Installation of Computer Equipment	95,000	06/12	04/19/17	04/05/18	2.25	73,000	62,000	73,000	62,000
Tax Refunding Ordinance	550,000	06/12	04/19/16	04/19/17	2.25	110,000	-	110,000	-
Various Capital Improvements/Acquisition of Various Capital Equipment	17,360,000	01/14	11/11/16	11/01/17	2.00	17,360,000	17,360,000	17,360,000	17,360,000
Various Capital Improvements/Acquisition of Various Capital Equipment	7,000,000	01/14	06/27/17	06/27/18	2.25	7,000,000	7,000,000	7,000,000	7,000,000
Various Capital Improvements/Acquisition of Various Capital Equipment	7,650,400	03/17	03/16/17	03/15/18	2.50	-	7,650,400	-	7,650,400
Various Capital Improvements	1,930,717	03/17	03/16/17	03/15/18	2.50	-	1,930,717	-	1,930,717

EXHIBIT C-14

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Original Issue Amount	Original Issue Date	Date of		Interest Rate %	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
			Issue	Maturity					
Reconstruction of Various Streets	\$ 950,000	03/17	03/16/17	03/15/18	2.50	\$ -	\$ 950,000	\$ -	\$ 950,000
Washington Park & Bergenline Ave	4,959,000	03/17	03/16/17	03/15/18	2.50	-	4,959,000	-	4,959,000
					<u>Ref.</u>	\$ 43,014,000	\$ 47,818,117	\$ 43,014,000	\$ 47,818,117
						C	Below	Below	C
Notes Issued					Contra		\$ 32,328,000	\$ 32,328,000	
Deferred Charges to Future Taxation - Unfunded					C-2, C-19		15,490,117	-	
General Serial Bonds					C-5		-	504,000	
					C-5		-	10,182,000	
							\$ 47,818,117	\$ 43,014,000	\$ 47,818,117
							Above	Above	Above

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	Ref.	
Balance, June 30, 2016	C	\$ 588,910
Increased by:		
Ellsworth Park Grant	C-2	245,176
		834,086
Decreased by:		
2017 Budget Anticipated Revenue	C-16	285,274
		285,274
Balance, June 30, 2017	C	\$ 548,812

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF DUE TO CURRENT FUND**

	<u>Ref.</u>	
Balance, June 30, 2016	C	\$ 255,388
Increased by:		
Reserve for Debt Service	C-15	285,274
		<u>540,662</u>
Decreased by:		
Cash Disbursements	C-2	\$ 140,662
Capital Improvement Fund	C-8	400,000
		<u>540,662</u>
Balance, June 30, 2017	C	<u><u>\$ -</u></u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF DUE TO OTHER TRUST FUND**

	<u>Ref.</u>	
Balance, June 30, 2016	C	\$ 218,090
Decreased by:		
Cash Disbursements	C-2	<u>218,090</u>
Balance, June 30, 2017	C	<u><u>\$ -</u></u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF CAPITAL LEASE PAYABLE**

	<u>Ref.</u>	
Increased by:		
2017 Leases	C-4	\$ 790,028
Decreased by:		
Loan Payment	C-4	<u>85,593</u>
Balance, June 30, 2017	C	<u><u>\$ 704,435</u></u>

Analysis of Capital Lease Payments

<u>Year</u>	<u>Ambulance 2016</u>	<u>Ambulance 2017</u>	<u>Street Sweeper 2016</u>	<u>Total</u>
2018	\$ 56,878	\$ 52,264	\$ 41,767	\$ 150,909
2019	58,704	53,964	43,087	155,755
2020	60,589	55,720	44,449	160,758
2021	62,534	57,532	45,854	165,920
2022	-	59,404	11,689	71,093
	<u>\$ 238,705</u>	<u>\$ 278,884</u>	<u>\$ 186,846</u>	<u>\$ 704,435</u>

**CITY OF UNION CITY  
GENERAL CAPITAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Improvement Description	Balance June 30, 2016	2017 Authorized	Cancelled	Grant	Debt Issued	Balance June 30, 2017
Improvement to Ellsworth Park	\$ 4,824	-	-	\$ 4,824	-	-
Washington Park	4,959,000	-	-	-	4,959,000	-
Reconstruction Various Streets	950,000	-	-	-	950,000	-
Various Capital Improvements	1,940,000	-	9,283	-	1,930,717	-
Various Capital Improvements/Acquisition of Various Capital Equipment	10,640,000	-	-	-	7,768,400	2,871,600
Gilmore School Addition/Renovations	10,000,000	-	-	-	-	10,000,000
Improvements to 17th Street	-	1,425,000	-	-	-	1,425,000
Improvements to Veterans Park	-	598,500	-	-	-	598,500
	<u>\$ 28,493,824</u>	<u>\$ 2,023,500</u>	<u>\$ 9,283</u>	<u>\$ 4,824</u>	<u>\$15,608,117</u>	<u>\$ 14,895,100</u>
Ref.	C	C-5	C-5	C-5	Below	C
Bond Anticipation Notes					\$15,490,117	
General Serial Bonds					118,000	
					<u>\$15,608,117</u>	
					Above	

REPORT OF AUDIT

SUPPLEMENTARY  
INFORMATION SECTION  
GENERAL FIXED ASSETS

CITY OF UNION CITY  
JUNE 30, 2017



**CITY OF UNION CITY  
 GENERAL FIXED ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF RESERVE FOR FIXED ASSETS**

Balance, June 30, 2016	<u>Ref.</u> D	\$ 77,191,999
Increased by:		
Additions	D-1	<u>3,838,403</u>
		81,030,402
Decreased by:		
Deletions	D-1	<u>3,033,865</u>
Balance, June 30, 2017	D	<u><u>\$ 77,996,537</u></u>

REPORT OF AUDIT

SINGLE AUDIT SECTION

CITY OF UNION CITY  
JUNE 30, 2017

# 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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the accompanying financial statements – regulatory basis of the City of Union City, New Jersey (the "City"), which comprise the comparative balance sheet – regulatory basis, of each fund and account group as of June 30, 2017 and 2016, and the related comparative statement of operations and changes in fund balance – regulatory basis, of each fund, and the statement of revenues – regulatory basis, and statement of appropriations – regulatory basis, of the Current Fund, for the years then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 26, 2018. The opinion to those financial statements is followed by an emphasis of matter paragraph regarding the City's dependence on Transition Aid and the potential material impact on the City should the Transitional Aid be reduced.

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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2017-001, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

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

### **The City's Response to Findings**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, Gironde, Doria + Tomkins, LLC*  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

*Linda P. Kish*  
LINDA P. KISH  
Registered Municipal Accountant #487

Bayonne, New Jersey  
January 26, 2018

# 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 UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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 *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, 2017. 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; and the audit requirements of 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*. 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.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and N.J. OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as Findings 2017-002 through 2017-003. Our opinion on each major federal and state program is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or 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

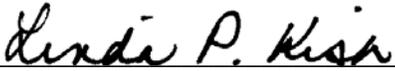
requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-002, that we consider to be a material weakness.

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

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

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

  
LINDA P. KISH  
Registered Municipal Accountant #487

Bayonne, New Jersey  
January 26, 2018



**CITY OF UNION CITY**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Department and Program	State Account Number/ Grant Number	Grant Period		Grant Award	Funds Received	Funds Available June 30, 2016	Current Year Appropriations	Disbursements and Charges	Funds Available June 30, 2017	Cumulative Expenditures
		From	To							
NI Department of Environmental Protection:										
Clean Communities	42-4900-765-004	07/01/16	06/30/17	\$ 87,271	\$ 87,271	-	\$ 87,271	\$ -	\$ 87,271	\$ -
Clean Communities	42-4900-765-004	07/01/15	06/30/16	102,724	-	102,724	-	-	-	102,724
Clean Communities	42-4900-765-004	07/01/14	06/30/15	89,883	-	35,452	-	21,537	13,915	75,968
Clean Communities	42-4900-765-004	07/01/13	06/30/14	78,877	-	-	-	-	-	78,877
Total Clean Communities				254,855	87,271	138,176	87,271	124,261	101,186	262,836
Green Communities	New Jersey Shade Tree	07/01/16	06/30/17	2,250	-	-	2,250	-	2,250	-
Recycling Tonnage	100-042-4910	07/01/16	06/30/17	13,124	13,124	-	13,124	13,124	-	13,124
Tree Planting Grant	*	07/01/12	06/30/13	500	-	500	-	-	500	-
Green Acres Trust:										
Reservoir Purchase	582-04-4800	07/01/12	06/30/13	650,000	650,000	157,174	-	-	157,174	492,826
Reservoir Purchase	14-100-072-4870-038	09/01/16	09/01/17	1,100,000	1,100,000	1,100,000	-	-	1,100,000	-
Veterans Park Improvements - Capital Fund	4800-DJ-2561-0910-01-033	06/20/16	04/07/17	470,000	-	-	470,000	51,784	418,216	51,784
Total Green Acres Grant				1,220,000	1,750,000	1,257,174	470,000	51,784	1,675,390	492,826
Total NJ Department of Environmental Protection				1,850,395	1,850,395	1,395,850	572,645	189,169	1,779,326	492,826
NI Department of Treasury:										
Passed through the County of Hudson:										
Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-C001-004	07/01/15	06/30/16	57,412	11,812	-	-	-	-	57,412
Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-C001-004	07/01/16	06/30/17	57,412	40,880	-	57,412	47,340	10,072	47,340
Total NJ Department of Treasury				114,824	52,692	-	57,412	47,340	10,072	104,752
NI Department of Law and Public Safety:										
Body Armor Replacement Fund	718-066-1020	07/01/16	06/30/17	13,572	13,572	-	13,572	-	13,572	-
Body Armor Replacement Fund	718-066-1020	07/01/15	06/30/16	14,645	-	14,645	-	13,636	1,009	13,636
Total Body Armor Replacement Fund				28,217	13,572	14,645	13,572	13,636	14,581	27,272
NI Division of Highway Traffic Safety:										
Drunk Driving Enforcement Fund	6400-100-078-6400-000-YYY	07/01/16	06/30/17	46,664	46,664	-	46,664	105	46,559	105
Drunk Driving Enforcement Fund	6400-100-078-6400-000-YYY	07/01/13	06/30/14	15,748	7,995	7,995	-	7,995	-	15,748
Drunk Driving Enforcement Fund	6400-100-078-6400-000-YYY	07/01/12	06/30/13	6,600	-	142	-	-	142	6,458
Total Drunk Driving Enforcement Fund				68,992	46,664	8,137	46,664	8,100	46,701	22,611
NI Office of Emergency Management:										
Emergency Management Grant	100-066-1200	07/01/14	06/30/15	5,000	-	5,000	-	-	5,000	-
Total NJ Department of Law and Public Safety				114,824	60,236	27,782	60,236	21,736	66,282	47,340

**CITY OF UNION CITY**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Department and Program	State Account Number/ Grant Number	Grant Period		Grant Award	Funds Received	Funds Available June 30, 2016	Current Year Appropriations	Disbursements and Charges	Funds Available June 30, 2017	Cumulative Expenditures
		From	To							
NJ Department of Transportation:										
West Street - Phase II	78-630-480-AK	07/01/11	06/30/12	\$ 281,322	\$ -	\$ 33,637	\$ -	(1)	\$ 33,638	\$ 247,684
West Street - Section 3-FY13 Discretionary Aid	13-480-078-6320-6010	07/01/13	06/30/15	650,000	-	154,097	-	-	154,097	495,903
West Street - Section 3-FY13 Urban Aid	13-480-078-6320-6010	07/01/13	06/30/15	99,090	-	90	-	-	90	99,000
Mountain Road	78-6300-480-***	07/01/12	06/30/13	589,453	539,592	11,344	-	-	11,344	578,109
Summit Avenue Section 3-Municipal Aid	14-480-078-6320-6010	05/21/14	11/21/15	260,000	-	-	-	-	-	260,000
Summit Avenue Section 4-Discretionary Aid	15-480-078-6320-6010	06/18/15	04/10/17	200,000	-	200,000	-	200,000	-	200,000
Summit Avenue Section 4-Municipal Aid	15-480-078-6320-6010	05/06/15	04/10/17	300,000	-	300,000	-	296,569	3,431	296,569
Summit Avenue Section 4-Urban Aid	15-480-078-6320-6010	05/06/15	04/10/17	99,815	-	99,815	-	-	99,815	-
Summit Avenue Section 5-Discretionary Aid	16-480-078-6320-6010	06/16/16	06/30/18	200,000	-	200,000	-	-	200,000	-
Summit Avenue Section 5-Municipal Aid	16-480-078-6320-6010	06/16/16	06/30/18	340,000	-	340,000	-	-	340,000	-
Summit Avenue Section 5 - Urban Aid	16-480-078-6320-6010	06/16/16	06/30/18	99,815	-	99,815	-	-	99,815	-
Kerrigan Avenue	17-480-078-6320-6010	08/03/17	05/17/19	337,582	-	-	337,582	-	337,582	-
Total NJ Department of Transportation					539,592	1,438,798	337,582	496,568	1,279,812	
NJ Administrative Office of the Courts:										
Alcohol Education and Rehabilitation	760-098-9735	07/01/16	06/30/17	6,406	6,406	-	6,406	-	6,406	-
Alcohol Education and Rehabilitation	760-098-9735	07/01/16	06/30/17	11,131	11,131	-	11,131	-	11,131	-
Alcohol Education and Rehabilitation	760-098-9735	07/01/15	06/30/16	1,120	-	1,120	-	-	1,120	-
Alcohol Education and Rehabilitation	760-098-9735	07/01/14	06/30/15	3,368	-	3,368	-	-	3,368	-
Alcohol Education and Rehabilitation	760-098-9735	07/01/13	06/30/14	2,216	-	2,216	-	-	2,216	-
Alcohol Education and Rehabilitation	760-098-9735	07/01/12	06/30/13	5,395	-	4,170	-	1,530	2,640	2,755
Alcohol Education and Rehabilitation	760-098-9735	07/01/10	06/30/11	3,167	-	1,142	-	-	1,142	2,025
Total NJ Administrative Office of the Courts					17,537	12,016	17,537	1,530	28,023	
TOTAL STATE AWARDS					\$ 2,520,452	\$ 2,874,446	\$ 1,045,412	\$ 756,343	\$ 3,163,515	

\* Information not available

**CITY OF UNION CITY**  
**SCHEDULE OF EXPENDITURES OF OTHER FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Local Department and Program	Grant Number	Grant Period		Grant Award	Program Amount/ Funds Received	Funds Available June 30, 2016	Current Year Appropriations	Current Year Disbursements and Charges	Funds Available June 30, 2017	Cumulative Expenditures
		From	To							
County of Hudson Open Space:										
Ellsworth Park Improvements	PI-02-14	9/30/2014	9/28/2016	\$ 500,000	\$ 500,000	\$ 1,210	\$ -	\$ -	\$ 1,210	\$ 498,790
Washington Park Improvements	PI-16-10	12/21/10	12/20/13	12,435	-	12,435	-	-	12,435	-
Veterans Park Improvements	HP-04-07	04/01/17	04/01/19	35,000	-	-	35,000	-	35,000	-
Veterans Park Improvements - Capital Fund	PI-09-17	09/28/17	09/27/19	500,000	-	-	500,000	-	500,000	-
Total County of Hudson Open Space					500,000	13,645	535,000	-	548,645	-
Port Authority of New York and New Jersey		07/01/12	06/30/13	2,862,395	-	105,705	-	105,705	-	2,862,395
<b>TOTAL OTHER FINANCIAL ASSISTANCE</b>					<u>\$ 500,000</u>	<u>\$ 119,350</u>	<u>\$ 535,000</u>	<u>\$ 105,705</u>	<u>\$ 548,645</u>	

**CITY OF UNION CITY  
NOTES TO SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Union City, New Jersey (the “City”) conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for federal awards and state financial assistance through the following accounting practices which differ from those required by accounting principles generally accepted in the United States of America.

The City, in accordance with the Division’s directives, fully realizes revenues and charges appropriations when grants are adopted by the governing body in the budget of its Current Fund. 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 (other than those accounted for in the Current Fund) are accounted for within the equivalent revenue accounts for those respective funds. Expenditures are measured from payments charged directly to specific grant programs.

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

Federal and state awards provided to subrecipients are treated as expenditures when paid to the subrecipients.

**B. REPORTING ENTITY**

The City for purposes of the schedules of expenditures of federal awards, expenditures of state financial assistance, and expenditures of other financial assistance, includes all the funds of the primary government as defined by 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.

**CITY OF UNION CITY  
NOTES TO SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**C. BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) includes the federal and state award activity of the City under programs of the federal and state government for the year ended June 30, 2017. 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 N.J. OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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 on the schedule of expenditures of state financial assistance. Because the Schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in fund balance of the City.

**D. PASS-THROUGH AWARDS**

The City receives certain federal awards from pass-through awards of the state. The amounts received are commingled by the state with other funds and cannot be separately identified. The total amount of such pass-through awards is included in the schedule of expenditures of state financial assistance.

**E. MONITORING OF SUBRECIPIENTS**

Under the requirements of the Single Audit Act and State regulations, if the City, as a primary recipient, receives federal and state financial assistance and provides \$750,000 or more of such assistance to a subrecipient in a fiscal year, the City is responsible for determining that the expenditures of federal and state monies passed-through to subrecipients are utilized in accordance with applicable laws and regulations. Further, Uniform Guidance places other related responsibilities upon primary recipients. Those responsibilities may be discharged in any of several ways, including relying on independent audits performed by subrecipients.

Subrecipient audit reports for the fiscal year ended June 30, 2017, were reviewed and any findings and questioned costs were disclosed separately.

**CITY OF UNION CITY  
NOTES TO SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**F. LOCAL CONTRIBUTIONS**

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

**G. CONTINGENCIES**

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

**CITY OF UNION CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section 1 - Summary of Auditor's Results*

Financial Statement Section

- |   |  |
|---|--|
| A) Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: | Unmodified - NJ DLGS special purpose framework<br>Adverse - GAAP<br><hr/>      |
| B) Internal Control over Financial Reporting:   |  |
| 1) Material weakness(es) identified?  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No            |
| 2) Significant deficiency(ies) identified?  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> None reported |
| C) Noncompliance material to basic financial statements noted?  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No            |

Federal Awards Section

- |   |  |
|---|--|
| D) Internal Control over major federal programs:  |  |
| 1) Material weakness(es) identified?  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No            |
| 2) Significant deficiency(ies) identified?  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported |
| E) Type of auditor's report issued on compliance for major federal programs                           | <hr/> Unmodified<br><hr/>  |
| F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No            |

G) Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
97.036	FEMA - Severe Winter Storm & Snow Storm 1/22/16

- |   |   |
|---|---|
| H) Dollar threshold used to distinguish between Type A and Type B Programs. | <hr/> \$750,000<br><hr/>  |
| I) Auditee qualified as low-risk auditee?                                   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

**CITY OF UNION CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section 1 - Summary of Auditor's Results*

State Awards Section

J) Dollar threshold used to distinguish between Type A and Type B Programs.		\$750,000		
K) Auditee qualified as low-risk auditee?	_____ Yes		_____ <input checked="" type="checkbox"/> No	
L) Internal Control over major state programs:				
1) Material weakness(es) identified?	_____ Yes		_____ <input checked="" type="checkbox"/> No	
2) Significant deficiency(ies) identified?	_____ Yes		_____ <input checked="" type="checkbox"/> None reported	
M) Type of auditor's report issued on compliance for major state programs:				_____ Unmodified
N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended?	_____ Yes		_____ <input checked="" type="checkbox"/> No	
O) Identification of major state programs:				
	<u>State Grant/Project Number(s)</u>		<u>Name of State Program</u>	
	480-078-6320-6010		NJ Department of Transportation	

**CITY OF UNION CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

***Section 2 – 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 2017-001**

*Significant Deficiency in Internal Control over Financial Reporting*

Criteria: Grant amounts due to the City should be requested as soon as practicable once the amounts are earned.

Condition: At June 30, 2017 the City had federal grants receivable from the U.S. Department of Transportation which have been inactive in excess of five years.

Context: A review of the Schedule of Grants Receivable indicates grant balances which have been inactive in excess of five years.

Effect: The City has aged receivable balances from the U.S. Department of Transportation grants in the Schedule of Grants Receivable. A review of the City's Schedule of Grant Reserves indicates no reserve balances to offset the receivables.

Cause: Grant reimbursement requests are not being submitted timely.

Recommendation: The City should investigate the dormant U.S. Department of Transportation receivable balances for proper follow-up or disposition.

Views of Responsible  
Officials and Planned

Corrective Actions: This issue was corrected by the City in the fiscal year ending June 30, 2018. The City reviewed its grant receivables from the U.S. Department of Treasury and has cancelled uncollectible amounts. The City will continue to work closely with the city engineer to ensure all grant reimbursement requests are submitted timely.

**CITY OF UNION CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section 3 – 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.)

**FINDING 2017-002**

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

**US Department of Housing and Urban Development (Direct Federal Funding)  
Community Development Block Grant – CFDA 14.218**

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

Condition: The City's timeliness standard was 1.88.

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

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

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

Questioned Costs: None.

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

Views of Responsible  
Officials and Planned

Corrective Actions: As of September 30, 2017 the City's timeliness standard was 0.95. This will be monitored closely in the future.

**CITY OF UNION CITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**FINDING 2017-003**

*Reportable Condition – Subrecipient Monitoring*

**US Department of Housing and Urban Development (Direct Federal Funding)  
Community Development Block Grant – CFDA 14.218**

Criteria: In accordance with CDBG regulations (24 CFR 570.501(b)), the grantee is responsible for ensuring that CDBG funds, including funds disbursed to subrecipients, are used in accordance with all program requirements.

Condition: Although there was evidence of informal monitoring, the City could not document compliance with the requirements for subrecipient monitoring in accordance with CDBG regulations.

Context: Formal procedures for subrecipient monitoring are necessary to ensure that funds disbursed are utilized in accordance with the terms of the subgrant agreement with the City.

Effect: Failure to monitor subrecipients may result in noncompliance with the terms of the subgrant agreements.

Cause: The City did not implement formal monitoring procedures for subrecipients.

Questioned Costs: None.

Recommendation: The City should review the Uniform guidance subrecipient monitoring procedures and implement these procedures to ensure subrecipient compliance with the terms of the subgrant agreement with the City.

Views of Responsible  
Officials and Planned

Corrective Actions: The City is currently implementing new procedures to provide for formal documentation of subrecipient monitoring.

**CITY OF UNION CITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND  
QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

(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.)

***Financial Statement Findings***

**FINDING 2016-001**

Condition: The City had \$55,275 in over-expenditures of police detail reserves. This has been a finding since fiscal year 2014.

Recommendation: The City should collect payments from contractors for police details before services are provided.

Status: This is no longer a reportable finding.

**FINDING 2016-002**

Condition: The City had \$286,007 of over-expenditures for police salaries and \$772,960 of over-expenditures for workers compensation insurance.

Recommendation: The City review all expenditures prior to payment to determine if there are sufficient funds budgeted and available for payment.

Status: This is no longer a reportable finding.

**FINDING 2016-003**

Condition: The City has grants receivable from Federal grants passed through the State of New Jersey Department of Transportation which have been inactive in excess of five years.

Recommendation: The City should investigate the dormant Department of Transportation receivable balances for proper follow-up or disposition.

Status: This finding is repeated in the current year as finding 2017-001.

**CITY OF UNION CITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND  
QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Federal Awards and State Financial Assistance Findings*

**FINDING 2016-004**

**U.S. Department of Agriculture, Passed through NJ State Department of Agriculture  
Summer Food Program – CFDA 10.559**

Condition: The City did not perform proper planning of meal counts, properly train associates or maintain accurate counts of meals and participant ethnic count. This has been a finding since fiscal year 2014.

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

Status: The City is no longer a recipient of this grant program.

**FINDING 2016-005**

**U.S. Department of Agriculture, Passed through NJ State Department of Agriculture  
Summer Food Program – CFDA 10.559**

Condition: The City did not perform site visits on a regular basis nor did they perform the required monitoring visits during the first month of the program. Many sites had no record of any site visits or monitoring reports. This has been a finding since fiscal year 2014.

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

Status: The City is no longer a recipient of this grant program.

**CITY OF UNION CITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND  
QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Federal Awards and State Financial Assistance Findings (Continued)*

**FINDING 2016-006**

**U.S. Department of Agriculture, Passed through NJ State Department of Agriculture  
Summer Food Program – CFDA 10.559**

Condition: A review of the site record forms indicated excessive leftovers. The review also indicated that the City served in excess of their approved level of meal service (ALMS). This has been a finding since fiscal year 2014.

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

Status: The City is no longer a recipient of this grant program.

**FINDING 2016-007**

**U.S. Department of Housing and Urban Development (Direct Federal Funding)  
Community Development Block Grant – CFDA 14.218**

Condition: Although there was evidence of informal monitoring, the City could not document compliance with the requirements for sub-recipient monitoring in accordance with CDBG regulations.

Recommendation: The City should review the Uniform guidance sub-recipient monitoring procedures and implement these procedures to ensure sub-recipient compliance with the terms of the sub-grant agreement with the City.

Status: This condition is repeated in the current year as finding 2017-003.

REPORT OF AUDIT

SUPPLEMENTARY DATA  
SECTION

CITY OF UNION CITY  
JUNE 30, 2017

CITY OF UNION CITY

SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	June 30, 2017		June 30, 2016	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Fund Balance Utilized	\$ 2,847,216	1.86%	\$ 1,633,800	1.05%
Miscellaneous Revenue Anticipated	45,220,217	29.47%	47,228,308	30.47%
Receipts from Delinquent Taxes	32,649	0.02%	357,453	0.23%
Receipts from Current Taxes	103,853,211	67.68%	103,413,900	66.71%
Other Credits to Income	1,486,856	0.97%	2,379,896	1.54%
Total Income	<u>153,440,149</u>	<u>100.00%</u>	<u>155,013,357</u>	<u>100.00%</u>
Expenditures:				
Budget Appropriations	116,935,194	76.77%	114,480,591	74.70%
School and County Taxes	34,385,123	22.57%	33,111,981	21.61%
Other	1,003,435	0.66%	5,651,839	3.69%
Total Expenditures	<u>152,323,752</u>	<u>100.00%</u>	<u>153,244,411</u>	<u>100.00%</u>
Excess in Revenue	1,116,397		1,768,946	
Adjustments to Income before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year				
Special Emergency - 1 Year	42,169		702,952	
Special Emergency - 5 Years	355,679		877,541	
Overexpenditures	-		1,058,967	
	<u>397,848</u>		<u>2,639,460</u>	
Statutory Excess to Fund Balance	1,514,245		4,408,406	
Fund Balance, Beginning of Year	<u>9,238,354</u>		<u>6,463,748</u>	
Decreased by Utilized as Anticipated Revenue	2,847,216		1,633,800	
Fund Balance, End of Year	<u>\$ 7,905,383</u>		<u>\$ 9,238,354</u>	

**CITY OF UNION CITY**

**SCHEDULE OF TAX RATE INFORMATION**

**FOR THE LAST FIVE FISCAL YEARS**

<u>Year</u>	<u>Tax Rate</u>	<u>Municipal</u>	<u>County Taxes</u>	<u>Local School Taxes</u>
2017	6.904	4.675	1.195	1.034
2016	6.890	4.611	1.236	1.043
2015	6.771	4.572	1.155	1.044
2014	6.624	4.503	1.082	1.039
2013	6.545	4.320	1.124	1.101

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percent Collected</u>
2017	\$ 102,743,844	\$ 102,676,173	99.934%
2016	102,268,869	102,184,881	99.918%
2015	97,132,708	97,003,832	99.867%
2014	98,180,964	98,178,007	99.997%
2013	97,092,453	95,328,494	98.183%

**CITY OF UNION CITY**

**SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS**

**FOR THE LAST FIVE FISCAL YEARS**

<u>Year</u>	<u>Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percent of Tax Levy</u>
2017	\$ 47,690	\$ 48,996	\$ 96,686	0.09%
2016	38,554	58,995	97,549	0.10%
2015	104,293	301,915	406,208	0.42%
2014	81,018	187,172	268,190	0.27%
2013	56,989	110,490	167,479	0.17%

**CITY OF UNION CITY**

**SCHEDULE OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

**FOR THE LAST FIVE FISCAL YEARS**

<u>Year</u>	<u>Amount</u>
2017	\$ 171,900
2016	171,900
2015	171,900
2014	171,900
2013	171,900

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

<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
June 30, 2017	\$ 7,905,383	\$ 4,423,487 *
June 30, 2016	9,238,354	2,847,216
June 30, 2015	6,463,748	1,633,800
June 30, 2014	3,085,021	-
June 30, 2013	2,346,287	-

\* As introduced

**CITY OF UNION CITY**  
**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

<u>Name</u>	<u>Title</u>	<u>Bond</u>
Brian P. Stack	Mayor and Commissioner - Public Safety	
Lucio P. Fernandez	Commissioner - Public Affairs	
Celin Valdivia	Commissioner - Parks and Public Property	
Tilo E. Rivas	Commissioner - Public Works	
Maryury A. Martinetti	Commissioner - Revenue and Finance	
Erin Knoedler	Deputy City Clerk	
Donald Scarinci	Corporation Counsel	
Sonia Schulman	Tax Collector	\$ 1,000,000
Lilia A. Munoz	Judge	\$ 1,000,000
Sixto L. Macias	Judge	\$ 1,000,000
Gustav John Schlaier	Court Director	\$ 1,000,000
Tammy Zucca	Chief Financial Officer ( <i>Effective January 1, 2017</i> )	\$ 1,000,000
Tammy Zucca	Treasurer	\$ 1,000,000
Susan M. Colditz	Director of Finance ( <i>Effective January 1, 2017</i> )	\$ 1,000,000

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

**CITY OF UNION CITY  
GENERAL COMMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

- 2016 Road Program Phase 1
- Computer System Administration for the Police Department
- 2016-2017 Webmaster Services
- 2016-2017 Arborist with Boulder Hill Tree & Excavating
- 2016 Baseball and Softball Equipment
- 2016-2017 Police Motorcycles
- 2016 Poly Garbage Bags
- 2016 Football Equipment, Supplies & Trophies
- Purchase of Police Vehicle Equipment
- Dog Waste Dispensers and Bags
- Recreation Physicals
- Soccer Uniforms and Equipment
- 2016 Citywide Sidewalk Repair Program
- 2016 Road Program Phase 2
- Purchase of Jeep Patriot Vehicles
- Police Car Washing Services
- Police Cameras
- 2016 Road Speed Bump Program
- 2016 CDA Roadway Improvements for Bergenline Avenue Section
- Snow Plowing/Snow Removal Services
- Preparation of a Forestry Management Plan
- Wrestling Equipment and Supplies
- Baseball and Softball Equipment for the Recreation Program
- 2017 Poly Garbage Bags

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.

**CITY OF UNION CITY  
GENERAL COMMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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.

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

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

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

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

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

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

**CITY OF UNION CITY  
GENERAL COMMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

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

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

**CITY OF UNION CITY  
GENERAL COMMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**COLLECTION OF INTEREST ON DELINQUENT TAXES**

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

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

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

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

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

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

**TAXES AND TAX TITLE LIENS**

The taxes outstanding at June 30, 2017, included taxes from the fiscal years ended June 30, 2017 and prior. The following comparison is made of the number of tax title liens receivable at June 30:

<b><u>Period Ended</u></b>	<b><u>Number of Liens</u></b>
June 30, 2017	3
June 30, 2016	4
June 30, 2015	7
June 30, 2014	8
June 30, 2013	6
June 30, 2012	8
June 30, 2011	12
June 30, 2010	9
June 30, 2009	0
June 30, 2008	0

**CITY OF UNION CITY  
COMMENTS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**FINDING 2:** The City's departments do not always maintain receipt ledgers and do not always reconcile permits/licenses to the tax collector's monthly reports. This comment is repeated from the prior year.

**Recommendation:** Every department must maintain a receipt ledger of permits/licenses issued and reconcile them to the tax collector report. If there are differences, they must be reconciled on a monthly basis. Each department should account for all receipt numbers issued in a sequential manner.

**FINDING 3:** The UCC annual report was not submitted for the year 2017. This comment has been repeated each year since 2014.

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

**FINDING 4:** There were instances noted where the application on file to support the senior citizen or veterans deduction for a particular property was that of a previous owner. Also, there was one instance noted where the date of birth was not filled in on the senior citizen deduction application, nor was there a copy of a birth certificate on file to support the senior citizen deduction.

**Recommendation:** All properties sold which have a senior citizen and/or veterans deduction must have the deduction removed. The new owner must apply for the senior citizen and/or veterans deduction if eligible. All applications must be properly completed and all information verified before the deduction is allowed.

**CITY OF UNION CITY  
COMMENTS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**FINDING 5:** There were instances noted where the Business Registration Certificate (BRC) on file for City vendors was issued by the State of New Jersey, Department of the Treasury after the end of the fiscal year. All businesses are required to have a valid BRC from the State of New Jersey, Department of the Treasury prior to conducting business in the State.

**Recommendation:** The City should institute procedures to ensure a BRC is on file with the City for all vendors prior to the City doing business with that vendor.

**FINDING 6:** There were instances noted where the purchase order was issued after the date of the invoice (items were ordered prior to the issuance of the purchase order). In one case, this resulted in a purchase order being charged to the wrong budget year.

**Recommendation:** The City should institute procedures to ensure that purchase orders are issued by the City prior to items being ordered from vendors.

**FINDING 7:** During bid testing, there were instances noted where vendors were paid over the \$17,500 bid threshold without public bidding or through the use of a state contract. This comment is repeated from the prior year.

**Recommendation:** To the extent possible, like purchases should be tracked to ensure the accumulation of those purchases does not exceed the bidding threshold.