

**CITY OF UNION CITY
NEW JERSEY**

REPORT OF AUDIT

**FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017**



**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, 2018

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the City of Union City, New Jersey (the “City”), which comprise the comparative balance sheets – regulatory basis, of each fund and the general fixed assets as of June 30, 2018 and 2017, the related comparative statements of operations and changes in fund balance – regulatory basis of the current fund for the years then ended, the statement of revenues – regulatory basis and statement of appropriations – regulatory basis of the current fund, and the statement of change in fund balance – regulatory basis of the general capital fund, for the year ended June 30, 2018, 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”) as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

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

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

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

As described in Note 1, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to 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, 2018 and 2017, 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, 2018 and 2017, the operations and changes in fund balance – regulatory basis of the current fund for the years then ended, and the revenues – regulatory basis and appropriations – regulatory basis of the current fund and the changes in fund balance – regulatory basis of the general capital fund, for the year ended June 30, 2018, in accordance with 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, 2019 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 this missing information.

Other Information

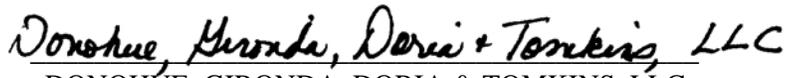
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information and supplementary data sections listed in the table of contents are presented for purposes of additional analysis as 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.

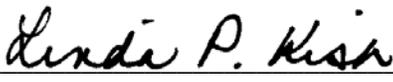
The supplementary information, supplementary data, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, and notes to the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, supplementary data, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, and notes to the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 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, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants


LINDA P. KISH
Registered Municipal Accountant #487

Bayonne, New Jersey
December 28, 2018

REPORT OF AUDIT

FINANCIAL SECTION
CURRENT FUND

CITY OF UNION CITY
JUNE 30, 2018

EXHIBIT A

**CITY OF UNION CITY
CURRENT FUND
JUNE 30, 2018 AND 2017**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	A-4	\$ 8,020,601	\$ 9,681,240
Change Fund	Unchanged	830	830
		<u>8,021,431</u>	<u>9,682,070</u>
Grants Receivable	A-25	<u>3,609,043</u>	<u>4,637,590</u>
Receivables and Other Assets with Full Reserves:			
Taxes Receivable	A-7	41,211	48,996
Property Acquired for Taxes at Assessed Valuations	A-9	171,900	171,900
Revenue Accounts Receivable	A-10	3,215,822	672,929
Tax Title Liens Receivable	A-13	57,114	47,690
Other Receivables	A-14	631,788	730,590
Interfunds Receivable:			
Due from Other Trust Fund	A-11	-	2,507
Due from Animal Control Trust	A-11	-	3,420
	A	<u>4,117,835</u>	<u>1,678,032</u>
Deferred Charges:			
Emergency Authorizations (N.J.S. 40A:4-47)		-	42,169
Special Emergency Authorizations (N.J.S. 40A:4-53)		1,732,769	1,979,933
Cancellation of Grant Receivables		2,458,806	-
Overexpenditures		10,331,304	-
State of Emergency - Snow Storms		638,029	-
	A-23	<u>15,160,908</u>	<u>2,022,102</u>
Total Assets		<u>\$ 30,909,217</u>	<u>\$ 18,019,794</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT A

**CITY OF UNION CITY
CURRENT FUND
JUNE 30, 2018 AND 2017**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves	A-3, A-15	\$ 322,370	\$ 341,006
Tax Overpayments	A-8	44,431	31,283
Reserve for Liquor License Retirement	A-17	12,800	16,600
Prepaid Taxes	A-18	255,884	147,433
Local School District Taxes Payable	A-19	4,625,591	-
Accounts Payable	A-21	-	97,254
Reserve for Encumbrances	A-22	9,278,126	4,505,026
Reserve for Appropriated Grants	A-26	2,274,726	1,005,818
Due to General Capital Fund	A-11	6,121,502	-
Due to Other Trust Fund	A-11	78,277	-
Intergovernmental Payables:			
Due to State of NJ - Sr. Citizens' & Veterans'	A-12	51,159	42,644
Other	A-16	19,229	1,609,315
Note Payable	A-24	-	640,000
		<u>23,084,095</u>	<u>8,436,379</u>
Reserve for Receivables	Above	<u>4,117,835</u>	<u>1,678,032</u>
Total Liabilities and Reserves		27,201,930	10,114,411
Fund Balance	A-1	<u>3,707,287</u>	<u>7,905,383</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 30,909,217</u>	<u>\$ 18,019,794</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 AND 2017**

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

	Ref.	2018	2017
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1	\$ 4,423,487	\$ 2,847,216
Miscellaneous Revenue Anticipated	A-2	46,092,736	45,220,217
Receipts from Delinquent Taxes	A-2	35,167	32,649
Receipts from Current Taxes	A-2	104,668,028	103,853,211
Non-Budget Revenues	A-2	294,354	744,456
Other Credits to Income:			
Prior Year Revenue Account Receivable	A-10	-	130,331
Dog License Fund - Statutory Excess	A-11	2,656	3,093
Interfunds Returned	A-11	5,927	280,729
Other Receivables Returned	A-14	730,590	454,624
Unexpended Balance of Appropriation Reserves	A-15	327,892	213,491
Cancellation of Payable		-	10,931
Cancellation of Reserve		-	1,824
Total Income		<u>156,580,837</u>	<u>153,792,772</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Appropriations within "CAPS"			
Salaries and Wages		38,282,010	37,187,578
Other Expenses		47,355,854	36,945,983
Deferred Charges and Statutory Expenditures		8,949,093	9,513,786
Appropriations excluded from "CAPS"			
Other Expenses		24,012,353	21,237,198
Capital Improvements		800,000	400,000
Debt Service		10,644,789	8,759,674
Deferred Charges		1,350,918	1,612,536
Reserve for Uncollected Taxes		1,098,373	1,177,038
Special Emergencies		<u>1,371,584</u>	<u>397,848</u>
Local School District Taxes	A-3	133,864,974	117,231,641
County Taxes	A-2, A-19	15,418,637	15,418,637
Tax Judgements on Prior Year Taxes	A-2, A-20	17,676,676	18,966,486
Interfund Advances Originating in Current Year	A-8	-	323,094
Other Receivable Advances	A-11	-	5,927
Other Receivables Cancelled	A-14	631,788	730,590
Total Expenditures	A-14	<u>167,593,123</u>	<u>152,676,375</u>
Excess in Revenue		<u>(11,012,286)</u>	<u>1,116,397</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 AND 2017**

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

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Special Emergencies	A-23	\$ 1,371,584	\$ 397,848
Overexpenditures	A-23	9,866,093	-
		<u>11,237,677</u>	<u>397,848</u>
Statutory Excess to Fund Balance		225,391	1,514,245
Fund Balance, Beginning of Year	A	<u>7,905,383</u>	<u>9,238,354</u>
		8,130,774	10,752,599
Decreased by Utilized as Anticipated Revenue	A-1	<u>4,423,487</u>	<u>2,847,216</u>
Fund Balance, End of Year	A	<u>\$ 3,707,287</u>	<u>\$ 7,905,383</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT A-2

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

STATEMENT OF REVENUES - REGULATORY BASIS

Ref.	Budget as Adopted	N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 4,423,487	\$ -	\$ 4,423,487	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	193,546	-	189,144	(4,402)
Other	97,754	-	123,823	26,069
Fees and Permits	390,473	-	418,396	27,923
Fines and Costs - Municipal Court	2,881,662	-	2,768,422	(113,240)
Police Details Administrative Fee	28,388	-	21,780	(6,608)
Interest and Costs on Taxes	361,790	-	325,164	(36,626)
Interest on Investments and Deposits	45,195	-	117,692	72,497
Wedding Fees	53,274	-	38,725	(14,549)
Cable Franchise Fees	318,790	-	312,802	(5,988)
Public Telephone Commissions	161,504	-	154,240	(7,264)
Payment in Lieu of Taxes:				
Monastery Redevelopment Group LLC	24,595	-	49,189	24,594
Union Plaza Apartments	289,774	-	330,765	40,991
Union City Renaissance Urban Renewal	10,654	-	10,050	(604)
Palisade Urban Renewal Assoc.	35,690	-	-	(35,690)
Holy Rosary	29,445	-	29,162	(283)
Horizon Heights	15,188	-	16,930	1,742
Serv Properties	3,874	-	3,813	(61)
Suede Promotions	20,000	-	10,000	(10,000)
Total Local Revenues	4,961,596	-	4,920,097	(41,499)
State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Aid	12,759,612	-	12,759,612	-
Energy Receipts Taxes	9,990,550	-	9,990,550	-
Transitional Aid	10,000,000	-	10,000,000	-
Total State Aid Without Offsetting Appropriations	32,750,162	-	32,750,162	-
Dedicated Uniform Construction Code Fees Offset with Appropriations				
Uniform Construction Code Fees	1,915,422	-	1,634,967	(280,455)
Special Items of Revenue - Shared Service Agreements				
Union City Board of Education:				
Lease Recreational Center	362,500	-	175,000	(187,500)
Solid Waste Removal	485,928	-	846,474	360,546
47th Street Pool	136,000	-	113,333	(22,667)
Off Duty Police Officers	100,000	-	100,000	-
Police Services	760,875	-	-	(760,875)
Police Services - SLEO	501,600	-	-	(501,600)
Snow Removal	100,000	-	-	(100,000)
School Crossing Guards	1,588,188	-	-	(1,588,188)
Total Special Items of Revenue - Shared Service Agreements	4,035,091	-	1,234,807	(2,800,284)

See Accompanying Notes to the Financial Statements.

EXHIBIT A-2

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	\$ -	\$ 6,005	\$ 6,005	\$ -
Body Armor Replacement Fund	13,275	-	13,275	-
Clean Communities	-	83,553	83,553	-
Click It or Ticket	-	5,500	5,500	-
Drug Free Communities	125,000	-	125,000	-
Distracted Driving - Holiday Crackdown	-	5,500	5,500	-
Distracted Driving - U Text U Drive	-	6,600	6,600	-
Drunk Driving Enforcement	-	20,850	20,850	-
Green Acres Reservoir	1,000,000	-	1,000,000	-
History Partnership Program	7,500	2,500	10,000	-
Kerrigan Avenue	950,000	-	950,000	-
Municipal Alliance on Alcoholism and Drug Abuse	57,412	-	57,412	-
Pedestrian Safety	-	20,000	20,000	-
Recycling Tonnage	102,228	-	102,228	-
Total Special Items of Revenue - Public and Private Revenues	2,255,415	150,508	2,405,923	-
Special Items of Revenue - Other				
North Hudson Community Action Center Lease	106,560	-	115,360	8,800
Emergency Medical Services	1,180,271	-	1,106,494	(73,777)
Five Year Abatement Program	687,855	-	817,151	129,296
Reserve for Debt Service	307,775	-	307,775	-
Other Trust Fund	2,507	-	2,507	-
Dog License Fund	3,420	-	3,420	-
Capital Fund	800,000	-	800,000	-
Total Special Items of Revenue - Other	3,088,388	-	3,152,707	64,319
Total Miscellaneous Revenues	49,006,074	150,508	46,098,663	(3,057,919)
Receipts From Delinquent Taxes	32,649	-	35,167	2,518
General Revenues and Fund Balance Anticipated	53,462,210	150,508	50,557,317	(3,055,401)
Amount to Be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	68,162,330	-	70,385,438	2,223,108
Minimum Library Tax	1,187,277	-	1,187,277	-
Total Amount to Be Raised by Taxes for Support of Municipal Budget	69,349,607	-	71,572,715	2,223,108
Non-Budget Revenues	-	-	294,354	294,354
Total General Revenues	\$ 122,811,817	\$ 150,508	\$ 122,424,386	\$ (537,939)
	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, 2018**

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Budget as Adopted</u>	<u>N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Analysis of Revenue Realized					
Allocation of Current Taxes					
Revenue from Collections	A-7		\$ 103,569,655		
Add: Reserve for Uncollected Taxes	A-3		1,098,373		
	A-1		<u>104,668,028</u>		
Less:					
Allocated to School Taxes	A-1, A-19		15,418,637		
Allocated to County Taxes	A-1, A-20		<u>17,676,676</u>		
Amount for Support of Municipal Budget	Above			\$ 71,572,715	
Receipts from Delinquent Taxes					
Delinquent Tax Collections	A-1, A-7			35,167	
Miscellaneous Revenues Anticipated					
Reserve for Debt Service	A-10		42,579,038		
Capital Surplus	A-11		307,775		
Grant Revenue	A-11		800,000		
	A-25		<u>2,405,923</u>		
	A-1			46,092,736	
Interfund Receivable	A-11			5,927	
Surplus Anticipated	A-1			4,423,487	
Analysis of Non-Budget Revenue					
Sale of Assets			28,485		
31st Street Parking Lot			6,630		
Motor Vehicle Inspection Fines			1,075		
LEA Rebate			62,386		
Tax Sale Premium forfeited			1,000		
Fire Reports			59,867		
Copies			19,739		
Bus Shelter Rent			2,500		
Medicare Reimbursements			66,523		
Miscellaneous			46,149		
	A-1, A-4			<u>294,354</u>	
				<u>\$ 122,424,386</u>	
				Above	

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Appropriations		Expended		Cancelled
	Adopted Budget	Budget After Modification	Paid or Charged	Reserved	
Operations within "CAPS":					
Department of Public Affairs:					
Director's Office					
Salaries and Wages	\$ 134,500	\$ 118,570	\$ 118,570	\$ -	\$ -
Other Expenses	8,300	6,537	6,537	-	-
Municipal Court					
Salaries and Wages	1,255,000	1,275,486	1,275,486	-	-
Other Expenses	222,000	304,937	304,937	-	-
Public Defender					
Other Expenses	61,200	57,000	56,400	600	-
Veterans Affairs					
Other Expenses	10,000	-	-	-	-
Senior Citizens					
Salaries and Wages	150,000	134,511	134,511	-	-
Other Expenses	24,000	36,167	36,167	-	-
Hispanic/Cultural Affairs					
Other Expenses	102,000	119,390	119,390	-	-
North Hudson Council of Mayors					
Other Expenses	100,000	99,173	99,173	-	-
Municipal Land Use Law (NJS 40:55D-1)					
Regional Planning Board					
Salaries and Wages	14,000	15,500	15,500	-	-
Other Expenses	59,000	54,439	54,439	-	-
Continuous Planning Program	59,250	49,141	37,457	11,684	-
Celebration of Public Events					
Other Expenses	96,000	97,530	97,530	-	-
Department of Revenue and Finance:					
Director's Office					
Salaries and Wages	50,555	54,201	54,201	-	-
Other Expenses	3,000	2,266	2,266	-	-
City Clerk's Office					
Salaries and Wages	230,000	275,654	275,654	-	-
Other Expenses	114,000	144,235	144,235	-	-
Treasurer's Office					
Salaries and Wages	683,000	608,535	605,785	2,750	-
Other Expenses	615,000	658,976	658,976	-	-
Assessment of Taxes					
Salaries and Wages	259,350	285,240	285,240	-	-
Other Expenses	27,000	22,614	22,614	-	-
Collection of Taxes					
Salaries and Wages	330,000	328,152	328,152	-	-
Other Expenses	29,000	32,193	32,193	-	-
Central Purchasing					
Salaries and Wages	215,000	195,030	195,030	-	-
Other Expenses	11,500	11,738	11,738	-	-
Rent Control Board					
Salaries and Wages	277,000	300,535	300,535	-	-
Other Expenses	16,000	32,400	32,400	-	-
Insurance					
General Liability	1,730,000	1,730,000	1,865,632	(135,632)	-
Workers Compensation	2,350,000	2,090,198	2,068,458	21,740	-
Employee Group Health	16,169,284	16,169,284	24,053,857	(7,884,573)	-

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Appropriations		Expended		Cancelled
	Adopted Budget	Budget After Modification	Paid or Charged	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	262	-	-	-	-
Elections					
Salaries and Wages	20,000	5,106	5,106	-	-
Other Expenses	70,000	202,127	196,536	5,591	-
Membership NJ League of Municipalities					
Other Expenses	4,270	4,270	4,270	-	-
Annual Audit					
Other Expenses	95,000	85,950	85,950	-	-
Tax Sale Costs					
Other Expenses	3,500	-	-	-	-
Postage-All Departments					
Other Expenses	300,000	304,110	304,110	-	-
Data Processing					
Other Expenses	60,000	29,733	29,733	-	-
Day Care Center					
Other Expenses	260,000	260,000	260,000	-	-
Department of Public Safety:					
Director's Office					
Salaries and Wages	300,000	317,813	317,813	-	-
Other Expenses	140,000	180,892	177,642	3,250	-
Weddings					
Salaries and Wages	53,771	39,813	39,813	-	-
Legal Department					
Salaries and Wages	80,000	-	-	-	-
Other Expenses	1,069,514	1,069,514	1,239,011	(169,497)	-
Police Department					
Salaries and Wages	21,000,000	21,013,200	21,005,597	7,603	-
Overtime	1,065,000	971,152	971,152	-	-
Other Expenses	1,000,000	1,083,728	1,082,388	1,340	-
Traffic Signs and Signal Maintenance					
Other Expenses	70,000	70,000	70,000	-	-
Emergency Management Services					
Salaries and Wages	28,500	32,346	32,346	-	-
Other Expenses	3,500	2,823	2,823	-	-
Emergency Medical Services					
Salaries and Wages	1,345,000	1,542,617	1,542,617	-	-
Other Expenses	136,000	115,120	115,120	-	-
Life Hazard Use Fee-Uniform Fire Safety					
Salaries and Wages	182,000	182,671	182,671	-	-
Other Expenses	12,000	11,034	11,034	-	-
Contribution to Union City Redevelopment Agency	126,000	126,000	126,000	-	-
Board of Health					
Salaries and Wages	262,000	293,508	293,508	-	-
Other Expenses	180,000	73,623	73,623	-	-
Divisions of Inspections					
Other Expenses	1,540	-	-	-	-
Welfare					
Relocation Assistance	75,000	87,607	87,607	-	-

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Appropriations		Expended		Cancelled
	Adopted Budget	Budget After Modification	Paid or Charged	Reserved	
Operations within "CAPS" (Continued):					
Department of Public Safety (Continued):					
Interlocal Municipal Service Agreements					
School Crossing Guards					
Salaries and Wages	\$ 1,468,188	\$ 1,468,188	\$ 1,823,216	\$ (355,028)	\$ -
Other Expenses	120,000	120,000	120,000	-	-
Department of Public Works:					
Director's Office					
Salaries and Wages	125,000	160,005	160,005	-	-
Other Expenses	19,000	17,348	17,348	-	-
Street Cleaning					
Salaries and Wages	2,900,000	3,195,063	3,195,063	-	-
Other Expenses	100,000	141,340	141,340	-	-
Streets Repairs and Maintenance					
Other Expenses	217,000	232,913	228,816	4,097	-
Snow Removal					
Salaries and Wages	40,000	-	-	-	-
Other Expenses	180,000	6,022	6,022	-	-
Board of Adjustment					
Salaries and Wages	16,250	15,500	15,500	-	-
Other Expenses	50,000	51,668	51,668	-	-
Solid Waste Disposal					
Salaries and Wages	1,755,030	1,613,962	1,613,962	-	-
Other Expenses	4,800,000	4,775,744	4,775,744	-	-
Recycling Program					
Other Expenses	200,000	-	-	-	-
Public Assistance					
Other Expenses	80,000	118,748	118,748	-	-
Engineering Services					
Other Expenses	415,000	415,000	608,856	(193,856)	-
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	142,656	142,656	-	-
Other Expenses	2,000	2,193	2,193	-	-
Parks and Playgrounds					
Salaries and Wages	150,000	-	-	-	-
Other Expenses	550,000	567,811	566,847	964	-
Public Buildings and Grounds					
Salaries and Wages	1,100,000	1,172,226	1,172,226	-	-
Other Expenses	725,000	734,338	734,195	143	-
Recreation					
Salaries and Wages	760,000	688,233	688,233	-	-
Other Expenses	150,000	150,000	343,312	(193,312)	-
Interlocal Municipal Service Agreements					
47th Street Pool	136,000	136,000	136,000	-	-
Recreation Center Lease	362,500	362,500	362,500	-	-

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Appropriations		Expended		Cancelled
	Adopted Budget	Budget After Modification	Paid or Charged	Reserved	
Operations within "CAPS" (Continued):					
Uniform Construction Code:					
State Uniform Construction Code Officials:					
Salaries and Wages	\$ 894,000	\$ 911,758	\$ 911,758	\$ -	\$ -
Other Expenses	385,000	331,690	283,032	48,658	-
Sub-Code Officials:					
Electrical Inspector					
Salaries and Wages	36,250	36,250	36,250	-	-
Elevator Inspector					
Other Expenses	40,000	-	-	-	-
Fire Inspector					
Salaries and Wages	30,000	30,000	30,000	-	-
Other Expenses	2,000	504	504	-	-
Unclassified:					
Retirement Benefits	200,000	-	-	-	-
Gasoline	375,000	375,000	475,489	(100,489)	-
Telephone	240,000	240,000	331,148	(91,148)	-
Electricity	806,000	836,891	836,324	567	-
Water	95,000	132,416	132,416	-	-
Natural Gas	190,000	195,822	195,822	-	-
Street Lighting	1,470,217	1,470,217	2,063,252	(593,035)	-
Sewer	60,000	70,147	70,147	-	-
Fire Hydrants	270,000	264,577	264,577	-	-
Printing-All Departments	400,000	400,000	528,322	(128,322)	-
Photocopying	45,000	39,651	39,651	-	-
Fleet Maintenance & Repairs	730,000	730,000	751,202	(21,202)	-
Total Operations within "CAPS"	76,252,732	75,871,771	85,528,877	(9,757,106)	100,000
Detail:					
Salaries and Wages	37,923,395	38,026,982	38,271,656	(344,674)	100,000
Other Expenses	38,329,337	37,844,789	47,257,221	(9,412,432)	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Overexpenditures	-	-	-	-	-
Grant receivable write-off	-	-	-	-	-
Expenditures without Appropriations	-	-	-	-	-
Statutory Expenditures - Contributions to:					
Social Security System (O.A.S.I.)	1,720,000	1,785,322	1,784,572	750	-
Police and Fire Retirement System	5,067,455	5,067,455	5,067,455	-	-
Police and Fire Retirement System - Retroactive	-	-	-	-	-
Public Employees Retirement System	1,645,476	1,645,476	1,645,476	-	-
Public Employees Retirement System - Retroactive	-	-	-	-	-
Consolidated Police and Firemen's Pension Fund	36,302	36,302	36,302	-	-
Unemployment Insurance	200,000	194,400	194,400	-	-
PERS Delayed Enrollment	-	-	-	-	-
Defined Contribution Retirement Plan	142,000	220,138	220,138	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	8,811,233	8,949,093	8,948,343	750	-
Total Appropriations for Municipal Purposes within "CAPS"	85,063,965	84,820,864	94,477,220	(9,756,356)	100,000

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Appropriations		Expended		
	Adopted Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Other Operations Excluded from "CAPS"					
Maintenance of Free Public Library	\$ 1,187,277	\$ 1,187,277	\$ 1,024,062	\$ 163,215	\$ -
Contribution to North Hudson Fire & Rescue	18,665,104	18,665,104	18,615,687	49,417	-
Total Other Operations Excluded from "CAPS"	19,852,381	19,852,381	19,639,749	212,632	-
Shared Service Agreements:					
Union City Board of Education					
Off Duty Police Officers	100,000	100,000	100,000	-	-
Police Services	760,875	760,875	760,875	-	-
SLEO III Police Officers	501,600	501,600	267,893	-	233,707
Solid Waste Removal	485,928	485,928	485,928	-	-
Total Shared Service Agreements	1,848,403	1,848,403	1,614,696	-	233,707
Public and Private Programs Offset by Revenue:					
Recycling Tonnage Grant	102,228	102,228	102,228	-	-
Drunk Driving Enforcement fund	-	20,850	20,850	-	-
Alcohol Education	-	6,005	6,005	-	-
Body Armor Replacement Fund	13,275	13,275	13,275	-	-
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	-	-
Green Acres - Reservoir Project	1,000,000	1,000,000	1,000,000	-	-
History Partnership Grant - UC Museum	-	2,500	2,500	-	-
History Partnership Program	7,500	7,500	7,500	-	-
FY18 Pedestrian Safety Grant	-	20,000	20,000	-	-
2018 Distracted Driving U Text U Drive	-	6,600	6,600	-	-
Drive Sober or Get Pulled Over	-	5,500	5,500	-	-
NJ Department of Transportation - Kerrigan Ave	950,000	950,000	950,000	-	-
Clean Communities	-	83,553	83,553	-	-
Drug Free Community Coalition	125,000	125,000	125,000	-	-
Drug Free Community Coalition - Match	125,000	125,000	125,000	-	-
Total Public and Private Programs Offset by Revenue	2,394,768	2,545,276	2,545,276	-	-
Total Operations Excluded from "CAPS"	24,095,552	24,246,060	23,799,721	212,632	233,707
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	24,095,552	24,246,060	23,799,721	212,632	233,707
Capital Improvements Excluded from "CAPS":					
Capital Improvement Fund	800,000	800,000	800,000	-	-
Total Capital Improvements Excluded from "CAPS"	800,000	800,000	800,000	-	-
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	2,968,425	2,968,425	2,968,425	-	-
Payment of Bond Anticipation Notes & Capital Notes	1,029,000	1,285,000	1,285,000	-	-
Interest on Bonds	3,273,996	3,273,996	3,273,996	-	-
Interest on Notes	1,083,780	1,083,780	1,082,459	-	1,321
Parking Authority Debt	269,518	269,518	269,518	-	-
Hudson County Improvement Authority:					
Fire Dept Assets - Principal	995,137	995,137	995,137	-	-
Fire Dept Assets - Interest	495,607	495,607	495,607	-	-

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Appropriations		Expended		
	Adopted Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Municipal Debt Service Excluded from "CAPS" (Continued):					
Green Trust Loan Program:					
Swimming Pool Improvements	\$ 49,746	\$ 49,746	\$ 49,746	\$ -	\$ -
17th Street Park Improvements	4,353	4,353	4,353	-	-
Ellsworth and 23rd Street	-	-	-	-	-
38th Street Park	10,856	10,856	10,856	-	-
Leggerio Park	36,697	36,697	36,697	-	-
Capital Lease:					
Ambulance - Principal	109,143	109,143	109,142	1	-
Ambulance - Interest	16,735	16,735	16,735	-	-
Street Sweeper - Principal	41,767	41,767	41,767	-	-
Street Sweeper - Interest	5,350	5,350	5,350	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>10,390,110</u>	<u>10,646,110</u>	<u>10,644,788</u>	<u>1</u>	<u>1,321</u>
Deferred Charges - Municipal - Excluded from "CAPS":					
Prior Year Bills	340,929	328,030	328,030	-	-
Special Emergency Authorizations - 5 years	980,719	980,719	980,719	-	-
Special Emergency Authorizations - 3 years	42,169	42,169	42,169	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>1,363,817</u>	<u>1,350,918</u>	<u>1,350,918</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>36,649,479</u>	<u>37,043,088</u>	<u>36,595,427</u>	<u>212,633</u>	<u>235,028</u>
Subtotal General Appropriations	121,713,444	121,863,952	131,072,647	(9,543,723)	335,028
Reserve for Uncollected Taxes	<u>1,098,373</u>	<u>1,098,373</u>	<u>1,098,373</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 122,811,817</u>	<u>\$ 122,962,325</u>	<u>\$ 132,171,020</u>	<u>\$ (9,543,723)</u>	<u>\$ 335,028</u>
	Ref.				
Adopted Budget	Above	\$ 122,811,817			
Added by NJSA 40A:4-87	A-2	<u>150,508</u>			
	Above	\$ 122,962,325			
Special Emergencies	A-23	1,371,584			
Cancelled	Above	<u>(335,028)</u>			
	A-1	<u>\$ 123,998,881</u>			
Reserve for Uncollected Taxes	A-2		\$ 1,098,373		
Cash Disbursements	A-4		119,024,469		
Capital Improvement Fund	A-11		800,000		
Other Receivables	A-14		(311,875)		
Grants Appropriated	A-26		2,405,923		
Grants Appropriated - City Match	A-26		139,353		
Transfer to Reserve for Encumbrances	A-22		7,991,889		
Deferred Charges	A-23		<u>1,022,888</u>		
			<u>\$ 132,171,020</u>		
			Above		
Overexpenditures	A-23			\$ (1,981,520)	
Overexpenditures	A-23			(7,884,573)	
Appropriation Reserves	A			<u>322,370</u>	
				<u>\$ (9,543,723)</u>	
				Above	

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION
TRUST FUNDS

CITY OF UNION CITY
JUNE 30, 2018

**CITY OF UNION CITY
TRUST FUNDS
JUNE 30, 2018 AND 2017**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Ref.	2018	2017
<u>ASSETS</u>			
Animal Control Trust Fund			
Cash and Cash Equivalents	B-1	\$ 12,952	\$ 15,009
Total Animal Control Trust Fund		12,952	15,009
Other Trust Fund			
Cash and Cash Equivalents	B-5	6,656,305	8,480,101
Account Receivables	B-6	352,835	418,495
Due from Current Fund	B-7	78,277	-
Total Other Trust Fund		7,087,417	8,898,596
Community Development Agency Fund			
Cash and Cash Equivalents	B-10	18,275	10,400
Due from HUD Community Development Block Grant	B-11	675,006	1,899,595
Total Community Development Agency Fund		693,281	1,909,995
Public Defender Trust Fund			
Cash and Cash Equivalents	B-15	2,383	283
Total Public Defender Trust Fund		2,383	283
Total Assets		\$ 7,796,033	\$ 10,823,883

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
TRUST FUNDS
JUNE 30, 2018 AND 2017**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Trust Fund			
Due to the State of New Jersey	B-2	\$ 242	\$ 254
Reserve for Animal Control Trust Fund Expenditures	B-3	12,710	11,335
Due to Current Fund	B-4	-	3,420
Total Animal Control Trust Fund		<u>12,952</u>	<u>15,009</u>
Other Trust Fund			
Reserve for Other Trust Fund Activity	B-8	6,446,075	6,812,186
Due to Current Fund	B-7	-	2,507
Reserve for Encumbrances Payable	B-9	641,342	2,083,903
Total Other Trust Fund		<u>7,087,417</u>	<u>8,898,596</u>
Community Development Agency Fund			
Reserve for Community Development Block Grant	B-13	693,281	1,909,995
Total Community Development Agency Fund		<u>693,281</u>	<u>1,909,995</u>
Public Defender Trust Fund			
Reserve for Public Defender Trust Expenditures	B-16	2,383	283
Total Public Defender Trust Fund		<u>2,383</u>	<u>283</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,796,033</u>	<u>\$ 10,823,883</u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION
GENERAL CAPITAL FUND

CITY OF UNION CITY
JUNE 30, 2018

**CITY OF UNION CITY
GENERAL CAPITAL FUND
JUNE 30, 2018 AND 2017**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
ASSETS AND DEFERRED CHARGES			
Cash and Cash Equivalents	C-2, C-3	\$ 88,160	\$ 3,798,694
Due from State of New Jersey			
Green Acres Trust Grant	C-6	470,000	1,250,000
Due from County of Hudson	C-7	500,000	500,000
Due from Current Fund	C-16	6,121,502	-
Deferred Charges to Future Taxation:			
Funded	C-4	51,373,836	57,191,858
Unfunded	C-5	68,410,717	62,713,217
Total Assets and Deferred Charges		<u>\$ 126,964,215</u>	<u>\$ 125,453,769</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Capital Improvement Fund	C-8	\$ 126,938	\$ 14,438
Improvement Authorizations:			
Funded	C-9	319,476	1,105,908
Unfunded	C-9	17,477,486	13,531,973
Encumbrances Payable	C-10	1,827,947	4,375,468
General Serial Bonds	C-11	42,300,000	46,893,424
Capital Lease Payable	C-17	553,525	704,435
Capital Lease Payable - HCIA	C-12	7,424,233	8,419,370
Green Acres Loans Payable	C-13	1,096,078	1,174,629
Bond Anticipation Notes	C-14	54,750,617	47,818,117
Reserve for Retirement of Debt Service	C-15	730,194	548,812
Fund Balance	C-1	357,721	867,195
Total Liabilities, Reserves and Fund Balance		<u>\$ 126,964,215</u>	<u>\$ 125,453,769</u>
Bonds and Notes Authorized But Not Issued	C-18	<u>\$ 13,660,100</u>	<u>\$ 14,895,100</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, June 30, 2017	C	\$ 867,195
Increased by:		
Premium on Note Sale	C-2	<u>290,526</u>
		1,157,721
Decreased by:		
Revenue Anticipated Realized in Current Fund	C-16	<u>800,000</u>
Balance, June 30, 2018	C	<u><u>\$ 357,721</u></u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION
GENERAL FIXED ASSETS

CITY OF UNION CITY
JUNE 30, 2018

**CITY OF UNION CITY
GENERAL FIXED ASSETS
JUNE 30, 2018 AND 2017**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>			
Land		\$ 11,229,400	\$ 11,229,400
Buildings and Improvements		55,718,307	54,572,245
Machinery, Equipment and Other		<u>12,052,674</u>	<u>12,194,892</u>
Total Assets	D-1	<u>\$ 79,000,381</u>	<u>\$ 77,996,537</u>
<u>LIABILITIES AND RESERVES</u>			
Investment in General Fixed Assets		<u>\$ 79,000,381</u>	<u>\$ 77,996,537</u>
Total Liabilities and Reserves	D-2	<u>\$ 79,000,381</u>	<u>\$ 77,996,537</u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION
NOTES TO THE
FINANCIAL STATEMENTS

CITY OF UNION CITY
JUNE 30, 2018

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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 Union City Day Care Center (a non-profit organization), the Union City Board of Education, the Union City Housing Authority, the Union City Parking Authority, the Union City Public Library, and the Union City Redevelopment Agency.

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 Housing Authority
- Union City Parking Authority
- Union City Public Library
- Union City Redevelopment Agency

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, 2018 AND 2017**

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

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 AND 2017**

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 interfund receivable with an offsetting reserve which is created by a charge to operations. Income is recognized in the year the receivable is liquidated. Interfund receivable in the Trust and General Capital Funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve within the Current Fund.

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

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

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

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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

General Fixed Assets - Accounting for Governmental Fixed Assets as promulgated by the Division requires the inclusion of a statement of general fixed assets as part of the City's basic financial statements.

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

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

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

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

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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

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, 2018 AND 2017**

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 with approval of the Local Finance Board. Appropriations within the adopted budget cannot be modified until the final two months of the year at which time transfers between certain line items are allowed. Transfers from appropriations excluded from "CAPS" are prohibited unless they are between debt service appropriations. Under certain circumstances emergency authorizations and insertions of items of revenue and appropriation are allowed by authorization of the governing body, subject to approval of the Division.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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 “CAP” laws 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 requires the financial statements of a governmental unit presented in its general purpose financial statements to be in accordance with GAAP. The City presents the financial statements required by the Division, which differ from the financial statements required by GAAP. These financial statements are listed in the table of contents.

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

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

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

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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. To minimize custodial credit risk, the City only deposits funds with financial institutions whose deposits are insured by GUDPA, the New Jersey Cash Management Fund, or NJARM. As of June 30, 2018 and 2017, none of the City’s bank balances of \$15,430,149 and \$22,393,918, respectively, was exposed to custodial credit risk.

The City’s deposits and investments at June 30, 2018 and 2017 are summarized in the following table. As of June 30, 2018 and 2017, 81% and 85%, respectively, of the City’s deposits were with one financial institution, and 19% and 15%, respectively, of the City’s deposits were distributed among three financial institutions.

	<u>2018</u>	<u>2017</u>
Insured - FDIC	\$ 500,000	\$ 500,000
Insured - GUDPA	13,579,430	20,559,948
NJARM	883,779	873,098
NJ Cash Management Fund	<u>466,940</u>	<u>460,872</u>
Total	<u>\$ 15,430,149</u>	<u>\$ 22,393,918</u>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 and 2017, 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 insured by GUDPA, 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, 2018 AND 2017**

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, 2018 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, 2018 are invested in government 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 State of New Jersey Division of Investment, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. Although the Division of Investment has never suffered a default of principal or interest on any short-term security held within the New Jersey Cash Management Fund due to the bankruptcy of a securities issuer, it has established a reserve as additional protection for the Other-than-State participants. In addition to the Division of Investment regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

The City does not own specific identifiable securities of the New Jersey Cash Management Fund, but instead has a net realizable interest in the joint value of the fund. As of June 30, 2018 and 2017, the City had a balance of \$466,940 and \$460,872, respectively, in the New Jersey Cash Management Fund.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 and 2017, the City has a balance of \$883,779 and \$873,098, 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 11th day of the 11th month of each fiscal year. The City conducted an accelerated tax sale in the years ended June 30, 2018 and 2017. The true tax collection rate, including the proceeds of the accelerated tax sales for the years ended June 30, 2018 and 2017 was 99.83% and 99.93%, respectively. The underlying tax collection rate for the years ended June 30, 2018 and 2017 was 98.88% and 99.06%, respectively.

During fiscal year ended June 30, 2018 the City collected \$35,167 from delinquent taxes which represented 71.78% of the delinquent balances at June 30, 2017. For the 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.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 3. PROPERTY TAXES (Continued)

Taxes collected in advance are recorded as cash liabilities in the financial statements. As of June 30, 2018 and 2017, the City's prepaid taxes were \$255,884 and \$147,433, respectively.

The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budget of the following entities:

Union City Board of Education

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

County of Hudson

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

NOTE 4. LONG-TERM DEBT

SUMMARY OF MUNICIPAL DEBT

The Local Bond Law, N.J.S.A. 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. The term of bond anticipation notes, which are issued to temporarily finance capital projects, cannot exceed one year, but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid or permanently financed no later than the tenth anniversary of the date of the original note. On or before the third anniversary date of the original note through the tenth anniversary date, a payment of an amount at least equal to the first legally payable installment must be paid or retired.

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

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 4. LONG-TERM DEBT (Continued)

SUMMARY OF MUNICIPAL DEBT (Continued)

The City's debt is summarized as follows:

	<u>2018</u>	<u>2017</u>
Issued:		
Bonds, notes and loans	\$ 106,124,452	\$ 105,009,974
Authorized by not Issued:		
Bonds and notes	<u>13,660,100</u>	<u>14,895,100</u>
Total Issued and Authorized but not Issued	<u>\$ 119,784,552</u>	<u>\$ 119,905,074</u>

Bonds, notes and loans issued:

\$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%	\$ 10,345,000	\$ 10,360,000
\$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%	3,730,000	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
\$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%	9,760,000	10,300,000
\$18,805,000 Refunding Bonds of 2018 due in annual installments of \$340,000 to \$3,875,000 through November 2023, bearing interest at 4% - 5%	18,465,000	-
\$4,766,625 HCIA Capital Leases of 2004 due in annual installments of \$150,525 to \$585,375 through January 2024, bearing interest at 5.33%	2,960,325	3,361,725

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 4. LONG-TERM DEBT (Continued)

SUMMARY OF MUNICIPAL DEBT (Continued)

\$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%	\$ 1,289,499	\$ 1,471,802
\$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%	3,174,408	3,585,843
\$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
\$800,000 Green Trust Loan of 2011 due in annual installments of \$33,915 to \$48,525 through September 2030, bearing interest at 2%	547,790	586,006
\$70,000 Green Trust Loan of 2011 due in annual installments of \$2,968 to \$4,246 through September 2030, bearing interest at 2%	47,932	51,276
\$590,143 Green Trust Loan of 2014 due in annual installments of \$12,447 to \$36,155 through February 2034, bearing interest at 2%	500,357	526,652
\$217,330 Capital Lease of 2016 due in annual installments of \$11,688 to \$45,854 through July 2021, bearing interest at 3.12%	145,079	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%	181,826	238,705

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 4. LONG-TERM DEBT (Continued)

SUMMARY OF MUNICIPAL DEBT (Continued)

\$278,884 Capital Lease of 2017 due in annual installments of \$52,264 to \$59,404 through May 2022, bearing interest at 3.25%	\$ 226,620	\$ 278,884
\$47,818,117 Bond Anticipation Notes issued FY 2017 and due FY 2018, bearing interest at 2.0% - 2.5%	-	47,818,117
\$54,750,617 Bond Anticipation Notes issued FY 2018 and due FY 2019, bearing interest at 2.0% - 2.5%	<u>54,750,617</u>	<u>-</u>
Total Debt Issued and Outstanding	<u>\$ 106,124,452</u>	<u>\$ 105,009,974</u>

The changes in debt for the years ended June 30, 2018 and 2017 are as follows:

	<u>Balance June 30, 2017</u>	<u>Authorized</u>	<u>Issued/ (Cancelled)</u>	<u>Paid</u>	<u>Balance June 30, 2018</u>
Short-Term:					
Bond Anticipation Notes	\$ 47,818,117	\$ -	\$ 54,750,617	\$ 47,818,117	\$ 54,750,617
Long-Term:					
General Bonds and Notes	46,893,424	-	18,805,000	23,398,424	42,300,000
Capital Leases	9,123,804	-	-	1,146,048	7,977,756
Green Acres Loans	1,174,629	-	-	78,550	1,096,079
Authorized but Not Issued	<u>14,895,100</u>	<u>6,982,500</u>	<u>(8,217,500)</u>	<u>-</u>	<u>13,660,100</u>
Total	<u>\$ 119,905,074</u>	<u>\$ 6,982,500</u>	<u>\$ 65,338,117</u>	<u>\$ 72,441,139</u>	<u>\$ 119,784,552</u>

	<u>Balance June 30, 2016</u>	<u>Authorized</u>	<u>Issued/ (Cancelled)</u>	<u>Paid</u>	<u>Balance June 30, 2017</u>
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	<u>28,493,824</u>	<u>2,023,500</u>	<u>(15,622,224)</u>	<u>-</u>	<u>14,895,100</u>
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>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 is as follows:

Year Ending	General Bonds		Capital Leases		Green Acres Trust Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 4,385,000	\$ 1,874,326	\$ 1,206,087	\$ 452,199	\$ 69,218	\$ 21,577	\$ 8,008,406
2020	4,220,000	1,693,826	1,286,350	382,979	70,610	20,186	7,673,951
2021	4,400,000	1,512,388	1,350,051	308,681	72,030	18,767	7,661,916
2022	4,615,000	1,303,200	1,335,503	230,252	73,479	17,320	7,574,754
2023	4,850,000	1,083,325	1,348,036	149,725	74,955	15,842	7,521,882
2024-2028	10,665,000	3,390,813	1,451,730	65,802	397,987	55,995	16,027,327
2029-2033	9,165,000	1,460,450	-	-	301,644	17,090	10,944,184
2034-2037	-	-	-	-	36,155	543	36,698
	<u>\$ 42,300,000</u>	<u>\$ 12,318,327</u>	<u>\$ 7,977,757</u>	<u>\$ 1,589,637</u>	<u>\$ 1,096,079</u>	<u>\$ 167,319</u>	<u>\$ 65,449,118</u>

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

UNION CITY BOARD OF EDUCATION

In May 2018 the Union City Board of Education issued Hudson County Improvement Authority Lease Revenue Bonds, the proceeds of which are being used in connection with the construction of a parking deck adjacent to a Union City Board of Education school building. Those bonds are guaranteed by the City. At June 30, 2018 \$11,395,000 of those bonds were outstanding. Principal amounts are due in annual installments ranging from \$375,000 to \$3,930,000 through June 2037, and bear interest at rates ranging from 3.76% to 5.00%. As guarantor, the City's responsibility is limited to the extent of the amounts outstanding in the event of a default. The City does not expect to be responsible for any of the debt service payments on the bonds.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 4. LONG-TERM DEBT (Continued)

BONDS ISSUED AND AUTHORIZED BUT NOT ISSUED BY ANOTHER PUBLIC ENTITY AND GUARANTEED BY THE CITY (Continued)

UNION CITY PARKING AUTHORITY

At June 30, 2018 and 2017, \$979,900 and \$1,197,700, respectively, of All Points Public Funding, LLC bonds issued in the name of the Union City Parking Authority (the “Authority”) and guaranteed by the City were outstanding. These City guaranteed bonds were issued to construct a parking deck located within the City. Principal amounts are due in annual installments ranging from \$136,600 to \$262,300 through August 2021, and bear interest at 4.75%.

During the years ended June 30, 2018 and 2017 the City budgeted for and paid on behalf of the Authority, \$269,518 and \$269,831 of principal and interest on these City guaranteed bonds. The City expects to budget and make the following payments on behalf of the Authority:

Year Ending	Principal	Interest	Total
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>\$ 979,900</u>	<u>\$ 95,793</u>	<u>\$ 1,075,693</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

At June 30, 2018 the equalized valuation basis of the City was \$3,594,946,608. 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 2.57%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 10,000,000	\$ 10,000,000	\$ -
General Debt	114,181,696	21,740,000	92,441,696
	<u>\$ 124,181,696</u>	<u>\$ 31,740,000</u>	<u>\$ 92,441,696</u>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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	\$ 125,823,131
Net Debt	<u>92,441,696</u>
 Remaining Borrowing Power	 <u><u>\$ 33,381,435</u></u>

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	<u>116,978,970</u>	<u>25,360,000</u>	<u>91,618,970</u>
	<u><u>\$ 126,978,970</u></u>	<u><u>\$ 35,360,000</u></u>	<u><u>\$ 91,618,970</u></u>

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

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

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 and 2017 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>
2018	\$ 3,707,287	\$ - *
2017	7,905,383	4,423,487

* Fiscal year 2019 budget has been introduced but not adopted

NOTE 6. RETIREMENT SYSTEMS

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

STATE-MANAGED PENSION PLANS – PERS

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

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, 2018 AND 2017**

NOTE 6. RETIREMENT SYSTEMS (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Service retirement benefits of 1/55th 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 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to 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, 2017 and 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2017 and 2016.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 6. RETIREMENT SYSTEMS (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

At June 30, 2017 and 2016, 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>	
2017	0.15375%	0.00384%	\$ 35,791,659
2016	0.14992%	0.00872%	44,400,808

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, 2017 and 2016, calculated using discount rates of 5.00% and 3.98%, respectively, as well the City’s proportionate share of the net pension liability if calculated using discount rates that are 1% lower or 1% higher than the current rate:

	2017		2016	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
1% Decrease	4.00%	\$ 44,401,982	2.98%	\$ 54,408,008
Current Discount Rate	5.00%	35,791,659	3.98%	44,400,808
1% Increase	6.00%	28,618,193	4.98%	36,138,997

Actuarial Assumptions

The total pension liability for the June 30, 2017 and June 30, 2016 measurement dates were determined by actuarial valuations as of July 1, 2016 and 2015, respectively, which were rolled forward to June 30, 2017 and 2016, 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
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 6. RETIREMENT SYSTEMS (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

	For Measurement Date of:	
	June 30, 2017	June 30, 2016
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15% based on age	1.65-4.15% based on age
Thereafter	2.65-5.15% based on age	2.65-5.15% based on age
Investment Rate of Return	7.00%	7.65%

Mortality - Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Tables for male and female active participants. Mortality tables are setback 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.65% at June 30, 2017 and 2016) 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, 2018 AND 2017**

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, 2017 and 2016 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Absolute return/risk mitigation	5.00%	12.50%	5.51%	4.68%
Cash equivalents	5.50%	5.00%	1.00%	0.87%
U.S. Treasuries	3.00%	1.50%	1.87%	1.74%
Investment grade credit	10.00%	8.00%	3.78%	1.79%
Public high yield	2.50%	2.00%	6.82%	4.56%
Global diversified credit	5.00%	5.00%	7.10%	-0.25%
Credit oriented hedge funds	1.00%	0.00%	6.60%	0.00%
Debt related private equity	2.00%	9.00%	10.63%	12.40%
Debt related real estate	1.00%	2.00%	6.61%	6.91%
Private real estate	2.50%	0.00%	11.83%	0.00%
Equity related real estate	6.25%	0.00%	9.23%	0.00%
U.S. equity	30.00%	26.00%	8.19%	8.53%
Non U.S. developed markets	11.50%	13.25%	9.00%	6.83%
Emerging markets equity	6.50%	6.50%	11.64%	9.95%
Buyouts/venture capital	8.25%	0.00%	13.08%	0.00%

Discount Rate - The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.00 and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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, 2018 AND 2017**

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, 2017 and 2016:

	June 30, 2017			June 30, 2016		
	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	\$ 7,210,786	\$ 7,184,350	\$ 26,436	\$ 9,197,476	\$ -	\$ 9,197,476
Difference Between Expected and Actual Experience	842,770	-	842,770	825,720	-	825,720
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	243,717	-	243,717	1,693,043	-	1,693,043
Changes in Proportion	2,137,122	224,745	1,912,377	1,904,353	307,371	1,596,982
	<u>\$ 10,434,395</u>	<u>\$ 7,409,095</u>	<u>\$ 3,025,300</u>	<u>\$ 13,620,592</u>	<u>\$ 307,371</u>	<u>\$ 13,313,221</u>

Amounts reported at June 30, 2017 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,	
2018	\$ 2,290,390
2019	3,456,254
2020	2,094,313
2021	(2,785,442)
2022	(2,030,215)
	<u>\$ 3,025,300</u>

Contribution Policy

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

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 6. RETIREMENT SYSTEMS (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Contribution Policy (Continued)

Members contribution rates were 7.06% effective July 1, 2015, 7.20% effective July 1, 2016 and 7.34% effective July 1, 2017. 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 <u>June 30,</u>	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>
2018	\$ 10,967,673	\$ 1,645,476	15.00%	\$ 805,027	7.34%
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%

STATE-MANAGED PENSION PLANS – PFRS

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

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:

<u>Tier</u>	<u>Definition</u>
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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2017 and 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2017 and 2016.

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, 2018 AND 2017**

NOTE 6. RETIREMENT SYSTEMS (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

At June 30, 2017 and 2016, 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)		State of N.J. (nonemployer)		Total
	Proportionate Share Rate	Net Pension Change Liability	On-Behalf of City		
2017	0.53488%	0.02061%	\$ 82,574,961	\$ 9,249,091	\$ 91,824,052
2016	0.51427%	0.01954%	\$ 98,239,356	\$ 8,249,669	\$ 106,489,025

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, 2017 and 2016, calculated using discount rates of 6.14% and 5.55%, respectively, as well the City’s proportionate share of the net pension liability if calculated using discount rates that are 1% lower or 1% higher than the current rate:

	2017		2016	
	Rate	Amount	Rate	Amount
1% Decrease	5.14%	\$ 108,799,311	4.55%	\$ 126,672,446
Current Discount Rate	6.14%	82,574,961	5.55%	98,239,356
1% Increase	7.14%	61,028,675	6.55%	75,053,881

Actuarial Assumptions

The total pension liability for the June 30, 2017 and June 30, 2016 measurement dates were determined by actuarial valuations as of July 1, 2016 and 2015, respectively, which were rolled forward to June 30, 2017 and 2016, respectively.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2017	June 30, 2016
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98% based on age	2.10-8.98% based on age
Thereafter	3.10-9.98% based on age	3.10-9.98% based on age
Investment Rate of Return	7.00%	7.65%

Mortality – Preretirement mortality rates were based on the RP-2000 Preretirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary’s modified 2014 projection scales. Postretirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary’s modified 2014 projection scales and further projected on a generational basis using the plan actuary’s modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary’s modified 2014 projection scales and further projected on a generational basis using the plan actuary’s modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.65% at June 30, 2017 and 2016) 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, 2018 AND 2017**

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, 2017 and 2016 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Absolute return/risk mitigation	5.00%	12.50%	5.51%	4.68%
Cash equivalents	5.50%	5.00%	1.00%	0.87%
U.S. Treasuries	3.00%	1.50%	1.87%	1.74%
Investment grade credit	10.00%	8.00%	3.78%	1.79%
Public high yield	2.50%	2.00%	6.82%	4.56%
Global diversified credit	5.00%	5.00%	7.10%	-0.25%
Credit oriented hedge funds	1.00%	0.00%	6.60%	0.00%
Debt related private equity	2.00%	9.00%	10.63%	12.40%
Debt related real estate	1.00%	2.00%	6.61%	6.91%
Private real estate	2.50%	0.00%	11.83%	0.00%
Equity related real estate	6.25%	0.00%	9.23%	0.00%
U.S. equity	30.00%	26.00%	8.19%	8.53%
Non U.S. developed markets	11.50%	13.25%	9.00%	6.83%
Emerging markets equity	6.50%	6.50%	11.64%	9.95%
Buyouts/venture capital	8.25%	0.00%	13.08%	0.00%

Discount Rate - The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and 2016, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2017 and 2016:

	June 30, 2017			June 30, 2016		
	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	\$ 10,182,413	\$ 13,523,364	\$ (3,340,951)	\$ 13,606,958	\$ -	\$ 13,606,958
Difference Between Expected and Actual Experience	535,698	484,646	51,052	-	643,973	(643,973)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,575,724	-	1,575,724	6,883,434		6,883,434
Changes in Proportion	4,336,009	3,490,164	845,845	2,247,660	5,078,915	(2,831,255)
	<u>\$ 16,629,844</u>	<u>\$ 17,498,174</u>	<u>\$ (868,330)</u>	<u>\$ 22,738,052</u>	<u>\$ 5,722,888</u>	<u>\$ 17,015,164</u>

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

Year Ended June 30,	
2018	\$ 508,986
2019	1,378,491
2020	281
2021	(1,910,420)
2022	(845,668)
	<u>\$ (868,330)</u>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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 <u>June 30,</u>	Base Wages Subject to <u>Contributions</u>	City Contribution		Employee Contribution	
		<u>Amount</u> Paid or <u>Charged</u>	<u>As a</u> Percentage of <u>Base Wages</u>	<u>Amount</u> <u>Contributed</u>	<u>As a</u> Percentage of <u>Base Wages</u>
2018	\$ 18,183,869	\$ 5,067,455	27.87%	\$ 1,818,387	10.00%
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%

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.

STATE-MANAGED PENSION PLANS – DEFERRAL

Legislation known as Chapter 19 of the Public Laws of 2009 was enacted and effective on March 17, 2009 allowing for an adjustment in the contributions the City was required to make to the PERS and PFRS during the year ended June 30, 2009.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 and 2017, inclusive of principal and interest, were \$364,090 and \$360,272, respectively. The payment due for the pension deferral, inclusive of principal and interest, in the year ended June 30, 2019 is \$365,797.

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
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 and 2017 pension expense related to the employer-paid life insurance and employer paid long-term disability coverage benefits under the DCRP were \$208,898 and \$121,311, 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
2018	\$ 5,456,086	\$ 163,683	3.00%	\$ 300,085	5.50%
2017	4,405,557	132,167	3.00%	242,306	5.50%
2016	4,226,489	126,795	3.00%	232,457	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 and AXA Equitable, is a tax-deferred supplemental retirement program that allows City employees to contribute a portion of their salaries, before federal taxes, to a retirement account. Contributions are made through payroll deductions, and individuals are 100% vested.

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

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided

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

In accordance with City ordinances, contracts and/or policies, the City provides lifetime medical benefits which include medical, prescription drug, dental and vision benefits, and reimbursement of the Medicare Part B premiums, to City employees who were hired prior to October 28, 2013 and who retire under the following conditions:

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

For employees hired after October 28, 2013, the City provides lifetime medical benefits which include medical, prescription drug, dental and vision benefits, and reimbursement of the Medicare Part B premiums, to City employees who retire under the following conditions:

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

Plan Membership

As of June 30, 2018 and 2017 the plan membership data is as follows:

	2017	2016
Active employees	315	358
Retirees	403	390
	718	748

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retiree Contributions

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

Funding Policy

At June 30, 2018 and 2017, the plan was unfunded. In accordance with the regulatory basis of accounting prescribed by the Division, payments for benefits are contributed by the City on a pay-as-you-go basis. For the years ended June 30, 2018, 2017 and 2016 the City contributed \$12,063,484, \$9,723,141 and \$8,740,324, respectively.

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, (“GASB 75”), is effective for fiscal years beginning after June 15, 2017, and replaces the requirements of GASB Statement No 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*. Under GASB 75 the City would recognize the cost of other postemployment benefits (OPEB) in the year when the employee services are received and report the accumulated liability for OPEB on the face of its financial statements. Under the regulatory basis of accounting prescribed by the Division, the City is not required to recognize the cost of OPEB in the year when the employee services were received, or report the accumulated liability on the face of its financial statements. However, disclosure of such amounts is required.

Net OPEB Obligation

The components of the net OPEB liability of the City at June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 400,183,940	\$ 389,399,503
OPEB Plan fiduciary net position	<u>-</u>	<u>-</u>
Net OPEB liability	<u>\$ 400,183,940</u>	<u>\$ 389,399,503</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018, and as of July 1, 2016 rolled forward to June 30, 2017, the measurement dates. The following actuarial assumptions applied to all periods in the measurements:

	2018	2017
Actuarial cost method	Entry Age Normal Cost Method	Projected Unit Credit Method
Salary increase	3% per year	3% per year
Discount rate	3.75%	4.00%
Healthcare cost trend rates		
Pre-65		
Year 1 trend	5.80%	9.00%
Ultimate trend	Decreasing 0.10% per year to an ultimate rate of 5.00% for 2022 and later years	Decreasing 1.00% per year to an ultimate rate of 5.00% for 2022 and later years
Post-65		
Year 1 trend	4.50%	9.00%
Ultimate trend	4.50%	Decreasing 1.00% per year to an ultimate rate of 5.00% for 2022 and later years
Mortality	RP-2014 Headcount Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2017	RP-2014 Combined Healthy Table using Projection Scale AA, for 2.5 years, plus 7 years generational improvements

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following presents the City's net OPEB liability as of June 30, 2018 and 2017, respectively, as well what the City's net OPEB liability would be if it were calculated using a discount rate 1% lower and 1% higher than the current discount rate:

	<u>2018</u>	<u>2017</u>
1% Decrease	\$ 472,570,696	*
Current Discount Rate	400,183,940	389,399,503
1% Increase	343,305,635	*

* Information not available

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

The following presents the City's net OPEB liability as of June 30, 2018 and 2017, respectively, as well what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate 1% lower and 1% higher than the current healthcare cost trend rate:

	<u>2018</u>	<u>2017</u>
1% Decrease	\$ 337,856,222	*
Current Healthcare Cost Trend Rate	400,183,940	389,399,503
1% Increase	480,699,677	*

* Information not available

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

The OPEB expense and deferred outflows and deferred inflows of resources at June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Employer service cost	\$ 8,165,426	\$ 28,865,958
Interest cost	<u>14,682,495</u>	<u>4,533,484</u>
OPEB expense	<u>\$ 22,847,921</u>	<u>\$ 33,399,442</u>
Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>
Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Net OPEB Liability and Related Ratios

The following table shows the changes to the City's net OPEB liability to the plan and related ratios as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Total OPEB liability - beginning of year	\$ 389,399,503	\$ 137,013,394
Additional liability recognized under GASB 75	-	228,709,808
OPEB expense	22,847,921	33,399,442
Contributions made	(12,063,484)	(9,723,141)
	<u>10,784,437</u>	<u>252,386,109</u>
Increase in OPEB liability		
Total OPEB liability - end of year	<u>\$ 400,183,940</u>	<u>\$ 389,399,503</u>
Plan fiduciary net position - beginning of year	\$ -	\$ -
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - end of year	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - end of year	<u>\$ 400,183,940</u>	<u>\$ 389,399,503</u>
Funded ratio	<u>0.00%</u>	<u>0.00%</u>
Covered payroll	\$ 29,151,542	\$ 27,685,028
Net OPEB liability as a percentage of covered payroll	1373%	1407%

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 and 2017:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Land	\$ 11,229,400	\$ -	\$ -	\$ 11,229,400
Buildings and Improvements	54,572,245	1,461,643	315,881	55,718,007
Machinery, Equipment and Other	12,194,892	386,976	529,194	12,052,674
	<u>\$ 77,996,537</u>	<u>\$ 1,848,619</u>	<u>\$ 845,075</u>	<u>\$ 79,000,081</u>

	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>

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 10. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. Budget over-expenditures are required to be raised in the next year's budget. The City has requested the Division's permission to raise the over-expenditure for health insurance over a ten year period. At June 30, 2018 and 2017, deferred charges shown on the balance sheets of the Current Fund are as follows:

	Balance June 30, 2017	Results of Current Year	Budget Appropriations	Balance June 30, 2018	FY 2019 Budget As Introduced	Balance to Succeeding Budgets
Overexpenditures - Current Fund:						
Appropriation Reserves	\$ -	\$ 465,211	\$ -	\$ 465,211	\$ 465,211	\$ -
Other Expenses	-	1,981,520	-	1,981,520	1,981,520	-
Health Insurance	-	7,884,573	-	7,884,573	788,457	7,096,116
State of Emergency Relating to Snow Storms	-	638,029	-	638,029	212,677	425,352
Cancelled Grants Receivable	-	2,458,806	-	2,458,806	498,920	1,959,886
Emergency Authorizations	42,169	-	42,169	-	-	-
Special Emergency Authorizations (40A:4-53)						
Retirement Benefits	1,979,933	733,555	980,719	1,732,769	-	1,732,769
	<u>\$ 2,022,102</u>	<u>\$ 14,161,694</u>	<u>\$ 1,022,888</u>	<u>\$ 15,160,908</u>	<u>\$ 3,946,785</u>	<u>\$ 11,214,123</u>

	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	-	-	-
Emergency Authorizations	-	42,169	-	42,169	42,169	-
Special Emergency Authorizations (40A:4-53)						
Retirement Benefits	2,533,838	355,679	909,584	1,979,933	980,719	999,214
	<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>

NOTE 11. PAYMENT IN LIEU OF TAXES

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

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

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 11. PAYMENT IN LIEU OF TAXES (Continued)

For the year ended June 30, 2018 and 2017 the City billed \$429,219 and \$434,218, respectively, in PILOT agreements, and abated property taxes totaling \$1,946,542 and \$1,921,075, respectively, in accordance with the terms of the individual abatement agreements.

NOTE 12. TAX APPEALS

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

NOTE 13. COMPENSATED ABSENCES

Under the existing union contracts and policy of the City, certain employees are allowed to accumulate unused vacation and sick pay over the life of their working careers. In addition, certain employees are also entitled to accrue 7.5 terminal leave days for every year of service if hired before October 28, 2013, and 5 terminal leave days for every year of service if hired after October 28, 2013. These compensated absences and terminal leave may be taken as time off or paid at a later date at an agreed upon rate. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The City appropriates annually the amount required to be paid in that year's budget and no liability is accrued at June 30, 2018 and 2017.

As of June 30, 2018 and 2017 the total accumulated compensated absence liability was \$12,183,365 and \$6,602,462, respectively. In addition, as of June 30, 2018 and 2017 the terminal leave liability was \$3,809,865 and \$3,623,687, respectively.

NOTE 14. TRANSITIONAL AID

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 requirements, orders and oversight that the Director of the Division (the "Director") deems necessary including, but not limited to, requiring approval by the Director of personnel action, professional services and related contracts, payment in lieu of tax agreements, acceptance of grants from state, federal or other organizations, and the creation of new or expanded public services. The minimum conditions on the receipt of the Transitional Aid are set forth by a Memorandum of Understanding with the Director.

For the years ended June 30, 2018 and 2017, the City received \$10,000,000 and \$8,700,000, respectively, in Transitional Aid from the State of New Jersey.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 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, 2018, 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.

WORKERS COMPENSATION

In 1984 the City established a self-insured workers' compensation obligation program in accordance with the New Jersey Statute Chapter 40:10. The City dissolved this self-insured workers' compensation obligation program in 2009 for a fully insured plan through the New Jersey Intergovernmental Insurance Fund. The City, however, still has exposure for claims from the prior self-insured worker's compensation obligation program. The latest available information states that at June 30, 2018 and 2017, the City's exposure for claims incurred under its obligation to provide workers' compensation insurance amounted to approximately \$1,085,485 and \$1,568,707, respectively.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 16. RISK MANAGEMENT (Continued)

HEALTH BENEFITS

The City provides health insurance coverage to eligible employees through a self-insured program. Coverage is available through Horizon Blue Cross Blue Shield New Jersey, and the program is administered through a third party administrator.

The City records expenditures for health insurance claims on a pay-as-you-go basis. At June 30, 2018, the City estimates \$3,516,824 in health insurance claims were incurred but not reported based on a 3 month run out period. In accordance with the regulatory basis of accounting prescribed by the Division, no amount for claims incurred but not reported have been recorded in the financial statements as of June 30, 2018.

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 NJIIF 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 NJIIF 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 to Polaris Galaxy of Hasbrouck Heights, 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, 2018. 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.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 18. NORTH HUDSON SEWERAGE AUTHORITY

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

Service Charges

The NHTSA charges users of its system with respect to all sewage treated or disposed of by the NHTSA 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 NHTSA’s system and the principal and interest on any and all bonds as they become due, to maintain the amounts required to be held on deposit in the sinking fund and the bond reserve fund, and to comply in all respects with the terms and provisions of its general bond resolution, provided, however, that the NHTSA may charge service charges which are less than sufficient to comply with the requirements referred to above if each of the constituent municipalities gives its written consent to such lesser service charges. For the years ended June 30, 2018 and 2017, the rates charged for sewer services were sufficient to comply with the requirements referred to above.

Annual Charges

Annual charges are based upon the application of a formula. If the application of the formula yields a positive dollar amount for any fiscal year during which the service agreement is in effect, the City shall be obligated to pay to the NHTSA its allocable share of such positive dollar amount as an annual charge. Annual charges, if any, are assessed to and payable by the City in the same percentage as the most recent determination by the NHTSA of the allocation of the annual flow among the constituent municipalities. The most recent determination by the NHTSA of the allocation of the annual flow is as follows: Union City 35%, Hoboken 30%, West New York 27%, and Weehawken 8%.

On or before January 1 of each fiscal year, the NHTSA will make an estimate of the amount of the annual charges, if any, which will become payable by the City for such fiscal year. The City will pay to the NHTSA that part of the estimated amount of the annual charges for the current fiscal year in four equal installments on March 1, June 1, September 1, and November 1 of such fiscal year. There were no amounts due from the City for the fiscal years ended June 30, 2018 and 2017. The NHTSA estimates that no amounts will be due from the City for fiscal year ending June 30, 2019.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 19. NORTH HUDSON REGIONAL FIRE AND RESCUE

On October 1, 1998, the municipalities of North Bergen, Union City, Weehawken and West New York formed an Agreement in order to establish a joint meeting pursuant to the Consolidated Municipal Services Act, N.J.S.A. 40:48B-1 et seq. (the “Act”). The term of the Agreement expires September 30, 2023, but may be subject to earlier termination pursuant to the Act. The entity created by the formation of this joint meeting is known as the North Hudson Regional Fire and Rescue (the “NHRFR”). On December 30, 1998, the Town of Guttenberg was admitted to participate in the NHRFR. The purpose of the NHRFR is to provide for the joint operation of fire protection, rescue and emergency services, and other related governmental services.

The NHRFR is governed by a five member management committee, consisting of one representative from each municipality, and this committee may appoint one or two executive director(s), and other such officers, employees and counsel as it deems necessary. A municipality’s admission to or withdrawal from the NHRFR requires four votes from the management committee.

Required Contributions by the City

The NHRFR is supported principally by annual contributions from its constituent municipalities. The City’s allocable share is based on each of the four original participating municipalities’ applicable share of the combined fiscal year 1998 fire budgets. Since Guttenberg was admitted after this allocation was decided on, it contributes at an alternatively determined amount. The annual contribution share is subject to an increase based on the percentage of increase of the total fire and rescue related appropriations over the base year. For the years ended June 30, 2018 and 2017, the City contributed \$18,615,687 and \$17,990,600, respectively, to the NHRFR.

Guarantee of Debt

As of December 31, 2017 and 2016 the NHRFR had the following capital debt outstanding:

	December 31, 2017	December 31, 2016
Capital Lease Payable	\$ 9,721,344	\$ 10,980,994
Revenue Lease Payable	15,000,355	16,687,093
Loan Payable	2,175,445	2,722,355
	\$ 26,897,144	\$ 30,390,442

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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

This capital debt is payable and secured by revenues of the NHRFR. As additional security, each of the municipalities participating in the NHRFR unconditionally guaranteed their percentage share of debt service on the capital debt. In the event that a municipalities' percentage share of revenues is not sufficient to pay its percentage share of debt service, the municipality is obligated to levy *ad valorem* taxes upon all taxable property within its jurisdiction without limitation as to rate or amount in order to make such payments. For the years ended June 30, 2018 and 2017 the City was not required to contribute any amount above its percentage share of debt service for the capital debt.

NOTE 20. CLEARING ACCOUNT

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

NOTE 21. RELATED PARTY TRANSACTIONS

The Grace Theatre Workshop, Inc.

The Grace Theatre Workshop, Inc. ("Grace Theatre") receives CDBG funding passed through the City. Grace Theatre was founded by one of the City's commissioners. The amount of CDBG funding passed through to Grace Theatre for the years ended June 30, 2018 and 2017 were not material to the financial statements.

Union City Board of Education

The Union City Board of Education (the "Board") is a Type I School District, therefore, bonds and notes authorized by the Board are general obligations of the City and are reported on the balance sheet of the City's General Capital Fund and are accordingly included in the summary of municipal debt. The City budgets the principal and interest payments of the Board's obligations as they become due. These obligations are funded by the City through an amount to be raised by taxation called "addition to local district school tax", less any regular school debt service aid received from the State of New Jersey. For the years ended June 30, 2018 and 2017, no amounts were required to be budgeted.

At June 30, 2018 and 2017 \$10,000,000 of bonds were authorized but not issued for an addition and renovations at the Gilmore School. During the year ended June 30, 2018 and 2017 no additional Board bonds or notes were authorized or issued.

**CITY OF UNION CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 21. RELATED PARTY TRANSACTIONS (Continued)

Union City Board of Education (Continued)

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, 2018 and 2017, the City received \$1,531,126 and \$3,517,902, respectively, for such reimbursements. As of June 30, 2018 and 2017, the City has receivables from the Board of \$2,888,503 and \$656,865, 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 December 28, 2018, the date which the financial statements were available to be issued. The following material subsequent events have been noted:

In September 2018 City Ordinance 2018-28 was adopted cancelling \$10,000,000 of School Board bonds previously authorized under City Ordinance 2015-7.

In October 2018, the City sold a note through the HCIA pooled note financing program, Series 2018 C-1, in the amount of \$16,090,000 at an interest rate of 3.00%. The note is due October 3, 2018. The note was issued to roll over the remaining portion of the HCIA Series 2017 C-1 note issued in October 2017.

In December 2018 City Ordinance 2018-36 was adopted authorizing the acquisition of various capital improvements and the issuance of general obligation bonds in an amount up to \$10,311,764.

In December 2018 City Resolution 2018-R-451 was passed authorizing the City's participation in the HCIA pooled note financing program in an amount not to exceed \$26,453,127. The note is being issued to fund certain capital improvements and retirement benefits.

REPORT OF AUDIT

SUPPLEMENTARY
INFORMATION SECTION
CURRENT FUND

CITY OF UNION CITY
JUNE 30, 2018

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance, June 30, 2017	A		\$ 9,681,240
Increased by Receipts:			
Miscellaneous Revenues Not Anticipated	A-2	\$ 294,354	
Petty Cash	A-5	2,000	
Tax Collector	A-6	111,442,527	
Revenue Accounts Receivable	A-10	34,906,859	
Interfunds	A-11	2,179,738	
Interfunds	A-11	16,893,219	
State of New Jersey - Veterans and Senior Citizens Deductions	A-12	57,500	
Other Receivables	A-14	409,629	
Liquor License Retirement	A-17	13,600	
Grants Receivable	A-25	<u>737,567</u>	
			<u>166,936,993</u>
			176,618,233
Decreased by Disbursements:			
Appropriations	A-3	119,024,469	
Petty Cash	A-5	2,000	
Tax Overpayments	A-8	31,283	
Interfunds	A-11	2,173,662	
Interfunds	A-11	10,383,158	
Appropriation Reserves	A-15	478,325	
Other Intergovernmental Payables	A-16	1,651,715	
Liquor License Retirement	A-17	17,400	
Local School District Taxes Payable	A-19	10,793,046	
County Taxes Payable	A-20	17,676,676	
Accounts Payable	A-21	97,254	
Reserve for Encumbrances	A-22	2,575,675	
Special Emergencies	A-23	1,371,584	
Notes Payable	A-24	640,000	
Grants Appropriated	A-26	<u>1,681,385</u>	
			<u>168,597,632</u>
Balance, June 30, 2018	A		<u><u>\$ 8,020,601</u></u>

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF PETTY CASH

	<u>Ref.</u>	
Balance, June 30, 2017		\$ -
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, 2018		<u><u>\$ -</u></u>

SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>	
Balance, June 30, 2017		\$ -
Increased by:		
Operating Fund:		
Taxes Receivable	A-7	\$ 103,408,404
Tax Overpayments	A-8	44,431
Revenue Accounts Receivable	A-10	7,672,179
Other Intergovernmental Payables	A-16	61,629
Prepaid Taxes	A-18	255,884
		<u>111,442,527</u>
		111,442,527
Decreased by:		
Payments to Treasurer	A-4	111,442,527
		<u>111,442,527</u>
Balance, June 30, 2018		<u><u>\$ -</u></u>

CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance June 30, 2017	Added and Omitted Taxes	2018 Tax Levy	2016-2017	Collections 2017-2018	Senior Citizens and Veterans Deductions	Transferred to Tax Title Liens	Adjustments/ Cancellations	Balance June 30, 2018
2017 and prior	\$ 48,996	-	-	-	\$ 35,167				\$ 13,829
2018	-	577,643	103,083,335	147,433	103,373,237	48,985	9,291	54,650	27,382
<u>Ref.</u>	<u>\$ 48,996</u>	<u>\$ 577,643</u>	<u>\$ 103,083,335</u>	<u>\$ 147,433</u>	<u>\$ 103,408,404</u>	<u>\$ 48,985</u>	<u>\$ 9,291</u>	<u>\$ 54,650</u>	<u>\$ 41,211</u>
	A	Below	Below	A-18	A-6	A-12	A-13		A
		<u>Ref.</u>							
Levy 2017-2018		Above	\$ 103,083,335				<u>Ref.</u>	Delinquent	Current
Added Taxes		Above	577,643						
Total Municipal Levy		Below	\$ 103,660,978					\$ -	\$ 147,433
Tax Levy								35,167	103,373,237
Local District School Tax		A-19	\$ 15,418,637						
County Taxes		A-20	17,576,045						
Due to County for Added Taxes		A-20	100,631						48,985
Amount to be Raised by Taxes		A-2	69,349,607						
Adjustment to Added Assessments			1,216,058						
			<u>70,565,665</u>						
		Above	\$ 33,095,313				<u>Ref.</u>	A-2	\$ 103,569,655
			<u>\$ 103,660,978</u>						<u>A-2</u>

Collections

2016-2017
2017-2018

Senior Citizens' and
Veterans' Deductions

EXHIBIT A-8

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance, June 30, 2017	A	\$ 31,283
Increased by:		
Cash Collections	A-6	<u>44,431</u>
		75,714
Decreased by:		
Cash Disbursements	A-4	<u>31,283</u>
Balance, June 30, 2018	A	<u><u>\$ 44,431</u></u>

EXHIBIT A-9

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

	<u>Ref.</u>	
Balance, June 30, 2018 and 2017	A	<u><u>\$ 171,900</u></u>

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance June 30, 2017	Accrued in 2017-2018	Collections		Balance June 30, 2018
			Collector	Treasurer	
Licenses:					
Alcoholic Beverage	\$ -	\$ 189,144	\$ 189,144	\$ -	\$ -
Other	-	123,823	123,823	-	-
Fees and Permits	-	418,396	418,396	-	-
Fines and Costs Municipal Court	294,623	2,702,452	2,768,422	-	228,653
Police Details Administrative Fee	-	21,780	21,780	-	-
Interest and Costs on Taxes	-	325,164	325,164	-	-
Interest on Investments and Deposits	-	117,692	-	117,692	-
Wedding Fees	-	38,725	38,725	-	-
Cable Franchise Fees	-	312,802	312,802	-	-
Public Telephone Commissions	-	154,240	154,240	-	-
Payment in Lieu of Taxes					
Monastery Redevelopment Group LLC	-	49,189	49,189	-	-
Union Plaza Apartments	-	330,765	330,765	-	-
Union City Renaissance Urban Renewal	-	10,050	10,050	-	-
Palisade Urban Renewal Assoc.	-	35,690	-	-	35,690
Holy Rosary	-	29,162	29,162	-	-
Horizon Heights	-	16,930	16,930	-	-
Serv Properties	-	3,813	3,813	-	-
Suede Promotions	-	10,000	10,000	-	-
Consolidated Municipal Property Tax Relief Aid	-	12,759,612	-	12,759,612	-
Energy Receipts Taxes	-	9,990,550	-	9,990,550	-
Transitional Aid	-	10,000,000	-	10,000,000	-
Uniform Construction Code Fees	-	1,634,967	1,634,967	-	-

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance		Accrued in 2017-2018	Collections		Balance June 30, 2018
	June 30, 2017	June 30, 2018		Collector	Treasurer	
Union City Board of Education:						
Lease Recreational Center	\$ -	\$ 362,500	\$ 175,000	\$ -	\$ -	\$ 187,500
Solid Waste Removal	360,546	485,928	846,474	-	-	-
47th Street Pool	-	136,000	113,333	-	-	22,667
Off Duty Police Officers	-	161,380	100,000	-	-	61,380
Police Services	-	760,875	-	-	-	760,875
Police Services - SLEO	-	267,893	-	-	-	267,893
School Crossing Guards	-	1,588,188	-	-	-	1,588,188
North Hudson Community Action Health Center Lease	17,760	106,560	-	115,360	-	8,960
Emergency Medical Services	-	1,155,129	-	1,106,494	-	48,635
Five Year Abatement Program	-	817,151	-	-	817,151	-
LEA Rebates	-	2,881	-	-	-	2,881
Bus Shelter	-	2,500	-	-	-	2,500
	<u>\$ 672,929</u>	<u>\$ 45,121,931</u>	<u>\$ 7,672,179</u>	<u>\$ 34,906,859</u>	<u>\$ 3,215,822</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, 2018**

SCHEDULE OF INTERFUNDS RECEIVABLE

	Ref.	Total	Public Defender Trust Fund	Animal Control Trust Fund	CDA Trust Fund
Balance, June 30, 2017	A	\$ 3,420	\$ -	\$ 3,420	\$ -
Increased by:					
Statutory Excess	A-1	2,656	-	2,656	-
Cash Disbursements	A-4	2,173,662	11,000	2,002	2,160,660
		<u>2,176,318</u>	<u>11,000</u>	<u>4,658</u>	<u>2,160,660</u>
Decreased by:					
Cash Receipts	A-4	2,179,738	11,000	8,078	2,160,660
		<u>2,179,738</u>	<u>11,000</u>	<u>8,078</u>	<u>2,160,660</u>
Balance, June 30, 2018	A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interfund Realized as Revenue	A-1, A-2	<u>\$ 3,420</u>	<u>\$ -</u>	<u>\$ 3,420</u>	<u>\$ -</u>

SCHEDULE OF INTERFUNDS PAYABLE

	Ref.	Total	General Capital Fund	Other Trust Fund
Balance, June 30, 2017	A	\$ (2,507)	\$ -	\$ (2,507)
Increased by:				
Charges to 2018 Appropriations	A-3	800,000	800,000	-
Cash Receipts	A-4	16,893,219	6,429,277	10,463,942
		<u>17,693,219</u>	<u>7,229,277</u>	<u>10,463,942</u>
Decreased by:				
Reserve for Debt Service	A-2	307,775	307,775	-
Surplus Anticipated in Budget	A-2	800,000	800,000	-
Cash Disbursements	A-4	10,383,158	-	10,383,158
		<u>11,490,933</u>	<u>1,107,775</u>	<u>10,383,158</u>
Balance, June 30, 2018	A	<u>\$ 6,199,779</u>	<u>\$ 6,121,502</u>	<u>\$ 78,277</u>
Interfund Realized as Revenue	A-1, A-2	<u>\$ 2,507</u>	<u>\$ -</u>	<u>\$ 2,507</u>

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

	<u>Ref.</u>		
Balance, June 30, 2017	A		\$ 42,644
Increased by:			
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector (Net)	Below	\$ 2,515	
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector (Net) Prior Year	A-4	2,500	
Municipal Audit Veterans Deductions	A-4	2,250	
Cash Receipts	A-4	<u>52,750</u>	
			<u>60,015</u>
			102,659
Decreased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billings (Net)	Below	51,000	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector (Net)	Below	<u>500</u>	
			<u>51,500</u>
Balance, June 30, 2018	A		<u><u>\$ 51,159</u></u>

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

Senior Citizens' and Veterans' Deductions (Net):			
Per Tax Billings	Above	\$ 51,000	
Allowed by Tax Collector	Above	500	
Disallowed by Tax Collector	Above	<u>(2,515)</u>	
	A-7		<u><u>\$ 48,985</u></u>

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance, June 30, 2017	A	\$	47,690
Increased by:			
Transfer from Taxes Receivable	A-7	\$	9,291
Interest and Costs on 2018 Tax Sale			<u>133</u>
			<u>9,424</u>
Balance, June 30, 2018	A	\$	<u><u>57,114</u></u>

CITY OF UNION CITY
 CURRENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SCHEDULE OF OTHER RECEIVABLES

	Balance June 30, 2017	Budget Reimbursements	Cancelled	Cash Receipts	Balance June 30, 2018
Due from Redevelopment Agency	\$ 16,931	\$ -	\$ -	\$ -	\$ 16,931
Due from Union City Board of Education	296,319	-	-	296,319	-
Due from Union City Parking Authority	392,648	311,875	-	89,666	614,857
Due from Employee	1,273	-	1,048	225	-
Due from Property Owners/Relocation Assistance	23,419	-	-	23,419	-
Total Other Receivables	<u>\$ 730,590</u>	<u>\$ 311,875</u>	<u>\$ 1,048</u>	<u>\$ 409,629</u>	<u>\$ 631,788</u>
Ref.	A, A1	A-3	A-1	A-4	A, A-1

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Balance June 30, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations within "CAPS":				
Department of Public Affairs:				
Director's Office				
Salaries and Wages	\$ 1	\$ 1	\$ -	\$ 1
Other Expenses	-	-	(669)	669
Municipal Court				
Salaries and Wages	1	1	-	1
Other Expenses	1	1	(4,154)	4,155
Public Defender				
Other Expenses	-	-	(1,200)	1,200
Senior Citizens				
Other Expenses	1,071	1,071	(390)	1,461
Hispanic/Cultural Affairs				
Other Expenses	-	-	(669)	669
North Hudson Council of Mayors				
Other Expenses	11,672	11,672	11,672	-
Municipal Land Use Law (NJS 40:55D-1)				
Regional Planning Board				
Other Expenses	-	-	(1,592)	1,592
Continuous Planning Program	1	1	(6,275)	6,276
Celebration of Public Events				
Other Expenses	1	1	(1,200)	1,201
Department of Revenue and Finance:				
City Clerk's Office				
Salaries and Wages	1	1	-	1
Other Expenses	-	-	(179)	179
Treasurer's Office				
Salaries and Wages	1	1	(2,750)	2,751
Other Expenses	-	-	(22)	22
Collection of Taxes				
Salaries and Wages	1	1	-	1
Other Expenses	151	151	-	151
Central Purchasing				
Salaries and Wages	1	1	1	-
Other Expenses	-	-	(74)	74
Rent Control Board				
Salaries and Wages	1	1	-	1
Other Expenses	1	1	-	1
Insurance				
General Liability	-	-	-	-
Workers Compensation	1,793	7,570	402	7,168
Employee Group Health	59,704	(40,148)	(173,573)	133,425
Tax Searches				
Salaries and Wages	1	1	-	1
Elections				
Salaries and Wages	1	1	1	-
Other Expenses	-	-	(126)	126

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Balance June 30, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations within "CAPS" (Continued):				
Department of Revenue and Finance (Continued):				
Annual Audit				
Other Expenses	\$ 95,000	\$ 95,000	\$ 85,950	\$ 9,050
Tax Sale Costs				
Other Expenses	1	1	-	1
Postage-All Departments				
Other Expenses	-	-	(1,000)	1,000
Data Processing				
Other Expenses	1,451	1,451	(23)	1,474
Department of Public Safety:				
Director's Office				
Salaries and Wages	-	-	(3,663)	3,663
Other Expenses	-	-	(1)	1
Legal Department				
Salaries and Wages	1	1	-	1
Other Expenses	1	1	1	-
Police Department				
Salaries and Wages	-	3,446	(843)	4,289
Other Expenses	39,770	2,016	(16,926)	18,942
Traffic Signs and Signal Maintenance				
Other Expenses	-	-	168,468	(168,468)
Emergency Management Services				
Other Expenses	1	1	(532)	533
Emergency Medical Services				
Other Expenses	59	59	(2,936)	2,995
Board of Health				
Other Expenses	1	1	(6,464)	6,465
Divisions of Inspections				
Other Expenses	1	1	-	1
Welfare				
Relocation Assistance	29,311	29,311	(7,475)	36,786
Interlocal Municipal Service Agreements				
School Crossing Guards				
Other Expenses	1	1	-	1
Department of Public Works:				
Director's Office				
Other Expenses	1	1	-	1
Street Cleaning				
Salaries and Wages	1	1	-	1
Other Expenses	662	662	(18,271)	18,933
Streets Repairs and Maintenance				
Other Expenses	-	-	(1,543)	1,543
Snow Removal				
Salaries and Wages	1	1	-	1
Board of Adjustment				
Other Expenses	1	1	-	1

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Balance June 30, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations within "CAPS" (Continued):				
Department of Public Works (Continued):				
Solid Waste Disposal				
Salaries and Wages	\$ 1	\$ 1	\$ -	\$ 1
Recycling Program				
Other Expenses	1	1	-	1
Public Assistance				
Other Expenses	1	1	(996)	997
Engineering Services				
Other Expenses	-	-	(1)	1
Department of Parks and Public Property:				
Director's Office				
Other Expenses	1	1	-	1
Parks and Playgrounds				
Other Expenses	-	-	(1,171)	1,171
Public Buildings and Grounds				
Other Expenses	1	1	(1,807)	1,808
Recreation				
Other Expenses	12,414	12,414	(3,573)	15,987
Uniform Construction Code:				
State Uniform Construction Code Officials:				
Salaries and Wages	1	1	-	1
Other Expenses	1	1	(913)	914
Elevator Inspector				
Other Expenses	1	1	-	1
Fire Inspector				
Salaries and Wages	1	1	-	1
Other Expenses	1	1	-	1
Unclassified:				
Gasoline	1	1	-	1
Electricity	726	726	(269)	995
Water	6,823	6,823	6,823	-
Street Lighting	2	2	-	2
Sewer	1	1	1	-
Fire Hydrants	24,268	24,268	24,265	3
Photocopying	1	1	-	1
Fleet Maintenance & Repairs	-	-	296,743	(296,743)
Total Operations within "CAPS"	284,914	156,531	333,047	(176,516)

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Balance June 30, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"				
Statutory Expenditures - Contributions to:				
Social Security System (O.A.S.I.)	\$ -	\$ -	\$ (10,298)	\$ 10,298
Police and Fire Retirement System	1	1	-	1
Unemployment Insurance	1	1	(28,896)	28,897
PERS Delayed Enrollment	1	1	-	1
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	<u>3</u>	<u>3</u>	<u>(39,194)</u>	<u>39,197</u>
Total Appropriations for Municipal Purposes within "CAPS"	<u>284,917</u>	<u>156,534</u>	<u>293,853</u>	<u>(137,319)</u>
Other Operations Excluded from "CAPS"				
Maintenance of Free Public Library	56,089	56,089	56,089	-
Contribution to North Hudson Fire & Rescue	-	128,383	128,383	-
Total General Appropriations Excluded from "CAPS"	<u>56,089</u>	<u>184,472</u>	<u>184,472</u>	<u>-</u>
Total General Appropriations	<u>\$ 341,006</u>	<u>\$ 341,006</u>	<u>\$ 478,325</u>	<u>\$ (137,319)</u>
Ref.	A		A-4	Below
Overexpenditures	A-23			\$ (465,211)
Balance Lapsed to Operations	A-1			327,892
				<u>\$ (137,319)</u>
				Above

CITY OF UNION CITY
 CURRENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SCHEDULE OF OTHER INTERGOVERNMENTAL PAYABLES

	<u>Balance</u> June 30, 2017	<u>Cash</u> Receipts	<u>Cash</u> Disbursements	<u>Balance</u> June 30, 2018
Due to:				
North Hudson Sewerage Authority	\$ 1,563,560	\$ -	\$ 1,563,560	\$ -
State of New Jersey:				
Training Fees	45,755	47,729	80,580	12,904
Marriage License Fees	<u>-</u>	<u>13,900</u>	<u>7,575</u>	<u>6,325</u>
	<u>\$ 1,609,315</u>	<u>\$ 61,629</u>	<u>\$ 1,651,715</u>	<u>\$ 19,229</u>
Ref.	A	A-6	A-4	A

EXHIBIT A-17

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR LIQUOR LICENSE RETIREMENT

	<u>Ref.</u>	
Balance, June 30, 2017	A	\$ 16,600
Increased by:		
Cash Receipts	A-4	<u>13,600</u>
		30,200
Decreased by:		
Cash Disbursements	A-4	<u>17,400</u>
Balance, June 30, 2018	A	<u><u>\$ 12,800</u></u>

EXHIBIT A-18

SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, June 30, 2017	A	\$ 147,433
Increased by:		
Cash Collections	A-6	<u>255,884</u>
		403,317
Decreased by:		
Applied to 2018 Taxes	A-7	<u>147,433</u>
Balance, June 30, 2018	A	<u><u>\$ 255,884</u></u>

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2017	A	\$ -
Increased by:		
Levy School Year	A-1, A-2, A-7	15,418,637
		<u>15,418,637</u>
Decreased by:		
Cash Disbursements	A-4	10,793,046
		<u>10,793,046</u>
Balance, June 30, 2018	A	<u><u>\$ 4,625,591</u></u>

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2017		\$ -
Increased by:		
County Taxes	A-7	\$17,576,045
Added Taxes	A-7	100,631
	A-1, A-2	<u>17,676,676</u>
		<u>17,676,676</u>
Decreased by:		
Cash Disbursements	A-4	17,676,676
		<u>17,676,676</u>
Balance, June 30, 2018		<u><u>\$ -</u></u>

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2017	A	\$ 97,254
Decreased by:		
Cash Disbursements	A-4	<u>97,254</u>
Balance, June 30, 2018	A	<u><u>\$ -</u></u>

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>		
Balance, June 30, 2017	A		\$ 4,505,026
Increased by:			
Charges to 2018 Appropriations	A-3	\$ 7,991,889	
Grants Appropriated	A-26	<u>1,286,237</u>	
			<u>9,278,126</u>
			13,783,152
Decreased by:			
Cash Disbursements	A-4	2,575,675	
Grants Appropriated	A-26	<u>1,929,351</u>	
			<u>4,505,026</u>
Balance, June 30, 2018	A		<u><u>\$ 9,278,126</u></u>

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF DEFERRED CHARGES

	Balance June 30, 2017	Increased by	Budget Appropriations	Balance June 30, 2018
Overexpenditures - Current Fund:				
Appropriation Reserves	\$ -	\$ 465,211	\$ -	\$ 465,211
Other Expenses	-	1,981,520	-	1,981,520
Health Insurance	-	7,884,573	-	7,884,573
State of Emergency Relating to Snow Storms	-	638,029	-	638,029
Cancellation of Grants Receivable	-	2,458,806	-	2,458,806
Emergency Authorizations (40A:4-47)	42,169	-	42,169	-
Special Emergency Authorizations (40A:4-53)				
Retirement Benefits	1,979,933	733,555	980,719	1,732,769
	<u>\$ 2,022,102</u>	<u>\$ 14,161,694</u>	<u>\$ 1,022,888</u>	<u>\$ 15,160,908</u>
	A	Below	A-3	A
Overexpenditures - 1 Year		\$ 1,981,520		
Overexpenditures - 1 Year		465,211		
Overexpenditures - 10 Years *		7,884,573		
Special emergencies - 3 Years		638,029		
Special emergencies - 5 Years		733,555		
Cancellation of grants receivable - 5 Years		2,458,806		
	<u>\$ 14,161,694</u>			
	A	Above		

* Pending approval by the Division

CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SCHEDULE OF NOTE PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2017	A	\$ 640,000
Decreased by:		
Cash Disbursement	A-4	<u>640,000</u>
Balance, June 30, 2018	A	<u><u>\$ -</u></u>

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF GRANTS RECEIVABLE

	<u>Year</u>	<u>Balance June 30, 2017</u>	<u>2018 Budget Revenue Realized</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance June 30, 2018</u>
FEDERAL GRANTS						
U.S. Department of Health and Human Services:						
Drug Free Community	2017	\$ 32,425	\$ -	\$ 32,425	\$ -	\$ -
Drug Free Community	2018	-	125,000	91,810	-	33,190
Urban and Community Forestry Program:						
Passed through NJ Division of Parks and Forestry:						
Green Communities	2017	2,250	-	-	2,250	-
U.S. Department of Justice:						
Bulletproof Vest Partnership Program	2004	2,641	-	-	2,641	-
Bulletproof Vest Partnership Program	2011	1,462	-	-	1,462	-
Community Oriented Policing Services (COPS) -						
ARRA - Hiring Recovery Program	2010	6,612	-	-	6,612	-
Passed through NJ Department of Law and Public Safety:						
Pedestrian Safety	2018	-	20,000	-	-	20,000
Passed through County of Hudson:						
Byrne Justice Assistance Program	2015	345	-	345	-	-
Byrne Justice Assistance Program	2016	24,579	-	24,579	-	-
Byrne Justice Assistance Program	2017	26,157	-	-	-	26,157
U.S. Department of Transportation:						
Transportation Trust Fund	2001	652,403	-	-	652,403	-
Passed through NJ Department of Law and Public Safety:						
Click It or Ticket	2018	-	5,500	-	-	5,500
Click It or Ticket	2017	5,500	-	5,500	-	-
Distracted Driving Crackdown	2018	-	6,600	-	6,600	-
Distracted Driving Crackdown	2014	5,000	-	-	5,000	-
Drive Sober or Get Pulled Over Holiday Crackdown	2018	-	5,500	5,445	55	-
Passed through NJ Department of Transportation:						
Discretionary Program	2005	64,000	-	-	64,000	-
29th Street Improvements	2008	20,862	-	-	20,862	-
25th Street Improvements	2008	100,000	-	-	100,000	-
Central Avenue	2009	49,246	-	-	49,246	-
Various Streets	2009	63,388	-	-	63,388	-
Various Streets	2010	243,434	-	-	243,434	-
Signal Improvement Project	2010	87,013	-	-	87,013	-
TOTAL FEDERAL GRANTS		<u>1,387,317</u>	<u>162,600</u>	<u>160,104</u>	<u>1,304,966</u>	<u>84,847</u>
STATE GRANTS						
NJ Department of Transportation						
Transportation Trust Fund:						
West Street - Phase III FY13 Discretionary Aid	2013	201,509	-	102,918	98,591	-
West Street - Phase III FY13 Municipal Aid	2013	137,967	-	50,467	87,500	-
West Street - Phase III FY13 Urban Aid	2013	99,090	-	99,090	-	-
Mountain Road	2013	49,861	-	-	49,861	-
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 - FY 17 Municipal Aid	2017	337,582	-	-	-	337,582
Kerrigan Avenue - FY 17 Discretionary Aid	2017	-	950,000	-	-	950,000
NJ Department of Law and Public Safety:						
NJ Division of Criminal Justice:						
Body Armor Fund	2018	-	13,275	13,275	-	-
NJ Division of Highway Traffic Safety:						
Drunk Driving Enforcement Fund	2018	-	20,850	20,850	-	-

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF GRANTS RECEIVABLE

	<u>Year</u>	<u>Balance June 30, 2017</u>	<u>2018 Budget Revenue Realized</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance June 30, 2018</u>
STATE GRANTS (Continued)						
NJ Department of Environmental Protection:						
Clean Communities	2018	\$ -	\$ 83,553	\$ 83,553	\$ -	\$ -
Green Acres Trust Fund Grant - Reservoir Purchase	2018	-	1,000,000	-	-	1,000,000
Recycling Tonnage	2018	-	102,228	102,228	-	-
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	-	-	1,120	-
Alcohol Education, Rehabilitation and Enforcement Fund	2018	-	6,005	6,005	-	-
NJ Department of Treasury:						
Passed through County of Hudson:						
Municipal Alliance on Alcoholism and Drug Abuse	2017	16,532	-	16,532	-	-
Municipal Alliance on Alcoholism and Drug Abuse	2018	-	57,412	41,920	-	15,492
TOTAL STATE GRANTS		<u>2,714,878</u>	<u>2,233,323</u>	<u>536,838</u>	<u>891,542</u>	<u>3,519,821</u>
OTHER GRANTS						
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:						
History Partnership Program	2018	-	7,500	5,625	-	1,875
History Partnership Program - Union City Museum	2018	-	2,500	-	-	2,500
Veterans Park Improvements	2017	35,000	-	35,000	-	-
TOTAL OTHER GRANTS		<u>535,395</u>	<u>10,000</u>	<u>40,625</u>	<u>500,395</u>	<u>4,375</u>
		<u>\$ 4,637,590</u>	<u>\$ 2,405,923</u>	<u>\$ 737,567</u>	<u>\$ 2,696,903</u>	<u>\$ 3,609,043</u>
	<u>Ref.</u>	<u>A</u>	<u>A-2</u>	<u>A-4</u>	<u>Below</u>	<u>A</u>
Reserve for Appropriated Grants	A-26				\$ 238,097	
Deferred Charges	A-23				2,458,806	
					<u>\$ 2,696,903</u>	
					Above	

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS**

Year	Balance June 30, 2017	City Match	Transferred from 2018 Budget Appropriations	Encumbrances June 30, 2017	Expended	Encumbrances June 30, 2018	Cancelled	Balance June 30, 2018
FEDERAL GRANTS								
U.S. Department of Health and Human Services:								
2017	\$ 20,967	\$ -	\$ -	\$ 28,985	\$ 49,952	\$ -	\$ -	\$ -
2017	30,000	-	-	-	30,000	-	-	-
2018	-	-	125,000	-	85,238	25,757	-	14,005
2018	-	-	-	-	125,000	-	-	-
U.S. Department of Justice:								
Passed through NJ Department of Law and Public Safety:								
2011	-	-	-	2,000	-	-	2,000	-
2018	-	-	20,000	-	-	-	-	20,000
Passed through County of Hudson:								
2015	788	-	-	-	788	-	-	-
2016	4,067	-	-	2,409	6,476	-	-	-
2017	26,157	-	-	-	-	-	-	26,157
U.S. Department of Energy:								
2010	-	-	-	18,249	-	-	18,249	-
Energy Efficiency & Conservation Block Grant Urban and Community Forestry Program								
Passed through NJ Division of Parks and Forestry								
2017	2,250	-	-	-	-	-	-	-
2017	2,250	-	-	-	2,250	-	-	-
Green Communities								
Green Communities - Local Match								
2018	-	-	5,500	-	5,500	-	-	-
2018	-	-	5,500	-	5,500	-	-	-
2018	-	-	6,600	-	-	-	6,600	-
U.S. Department of Transportation:								
Passed through NJ Department of Law and Public Safety								
2018	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
TOTAL FEDERAL GRANTS								
	86,479	125,000	162,600	51,643	310,704	25,757	29,099	60,162
STATE GRANTS								
NJ Department of Transportation								
Transportation Trust Fund:								
2012	33,467	-	-	171	171	-	33,467	-
2015	90	-	-	-	-	-	90	-
2015	154,097	-	-	-	-	-	154,097	-
2013	11,344	-	-	-	-	-	11,344	-
2015	-	-	-	103,246	103,246	-	-	-
2016	148,244	-	-	51,756	200,000	-	-	-
2016	-	-	-	340,000	340,000	-	-	-
2016	-	-	-	99,815	99,815	-	-	-
2017	337,582	-	-	-	337,555	-	-	27
2018	-	-	950,000	-	-	-	-	950,000
Kerrigan Avenue - Discretionary Aid								

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS

Year	Balance June 30, 2017	City Match	Transferred from 2018 Budget Appropriations	Encumbrances June 30, 2017	Expended	Encumbrances June 30, 2018	Cancelled	Balance June 30, 2018
STATE GRANTS (Continued)								
NJ Office of Emergency Management:								
2015	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -
2015	5,000	-	-	-	-	-	5,000	-
Emergency Management Grant - Local Match								
2016	1,009	-	-	-	974	35	-	-
2017	13,572	-	-	-	8,766	4,806	-	-
2018	-	-	13,275	-	-	3,124	-	10,151
NJ Department of Law and Public Safety:								
NJ Division of Criminal Justice:								
Body Armor Fund								
2012	142	-	-	-	142	-	-	-
2017	46,559	-	-	-	41,977	-	-	4,582
2018	-	-	20,850	-	-	-	-	20,850
NJ Department of Environmental Protection:								
Tree Planting Grant								
2013	500	-	-	-	500	-	-	-
2016	4	-	-	13,911	13,915	-	-	-
2017	87,271	-	-	-	85,821	1,450	-	-
2018	-	-	83,553	-	-	5,790	-	77,763
2013	-	-	-	157,174	26,967	130,207	-	-
2016	-	-	-	1,100,000	-	1,100,000	-	-
2018	-	-	1,000,000	-	-	-	-	1,000,000
2018	-	-	102,228	-	-	-	-	102,228
NJ Administrative Office of the Courts:								
Alcohol Education								
2011	1,142	-	-	-	-	-	-	1,142
2013	2,640	-	-	-	-	-	-	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
2018	-	-	6,005	-	-	-	-	6,005
NJ Department of Treasury:								
Passed through County of Hudson:								
Municipal Alliance								
2017	-	-	-	10,072	10,072	-	-	-
2017	-	-	-	353	353	-	-	-
2018	-	-	57,412	-	47,600	9,812	-	-
2018	-	14,353	-	-	10,307	4,046	-	-
TOTAL STATE GRANTS								
	871,904	14,353	2,233,323	1,876,498	1,328,181	1,259,270	208,998	2,199,629

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS**

Year	Balance June 30, 2017	City Match	Transferred from 2018 Budget Appropriations	Encumbrances June 30, 2017	Expended	Encumbrances June 30, 2018	Cancelled	Balance June 30, 2018
2014	\$ -	\$ -	\$ -	\$ 1,210	\$ -	\$ 1,210	\$ -	\$ -
2014	12,435	-	-	-	-	-	-	12,435
2017	35,000	-	-	-	35,000	-	-	-
2018	-	-	7,500	-	7,500	-	-	-
2018	-	-	2,500	-	-	-	-	2,500
	<u>47,435</u>	<u>-</u>	<u>10,000</u>	<u>1,210</u>	<u>42,500</u>	<u>1,210</u>	<u>-</u>	<u>14,935</u>
	<u>47,435</u>	<u>-</u>	<u>10,000</u>	<u>1,210</u>	<u>42,500</u>	<u>1,210</u>	<u>-</u>	<u>14,935</u>
Ref.	<u>\$ 1,005,818</u>	<u>\$ 139,353</u>	<u>\$ 2,405,923</u>	<u>\$ 1,929,351</u>	<u>\$ 1,681,385</u>	<u>\$ 1,286,237</u>	<u>\$ 238,097</u>	<u>\$ 2,274,726</u>
	A	A-3	A-3	A-22	A-4	A-22	A-25	A

TOTAL OTHER GRANTS

REPORT OF AUDIT

SUPPLEMENTARY
INFORMATION SECTION
TRUST FUNDS

CITY OF UNION CITY
JUNE 30, 2018

EXHIBIT B-1

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CASH AND CASH EQUIVALENTS - ANIMAL CONTROL TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2017	B		\$ 15,009
Increased by:			
Sale of Dog Licenses - State	B-2	\$ 1,043	
Sale of Dog Licenses - City	B-3	4,558	
Sale of Dog Licenses - Late Fees	B-3	<u>420</u>	
			<u>6,021</u>
			21,030
Decreased by:			
Due to Current Fund	B-4		<u>8,078</u>
Balance, June 30, 2018	B		<u><u>\$ 12,952</u></u>

EXHIBIT B-2

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

	<u>Ref.</u>		
Balance, June 30, 2017	B		\$ 253
Increased by:			
State Fees Collected: Cash Receipts	B-1		<u>1,043</u>
			1,297
Decreased by:			
Transmitted to State	B-4		<u>1,055</u>
Balance, June 30, 2018	B		<u><u>\$ 242</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

	<u>Ref.</u>		
Balance, June 30, 2017	B		\$ 11,336
Increased by:			
Cash Receipts - Dog Licenses	B-1	\$ 4,558	
Cash Receipts - Late Fees	B-1	<u>420</u>	
			<u>4,978</u>
			16,313
Decreased by:			
Due to Current Fund	B-4	947	
Statutory Excess	B-4	<u>2,656</u>	
			<u>3,603</u>
Balance, June 30, 2018	B		<u><u>\$ 12,710</u></u>

LICENSE FEES COLLECTED

	2,016	\$ 6,393	
	2,017	<u>6,317</u>	
		<u><u>\$ 12,710</u></u>	

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2017	B		\$ 3,421
Increased by:			
Transmitted to State	B-2	\$ 1,055	
Reserve for Expenditures	B-3	947	
Statutory Excess	B-3	<u>2,656</u>	
			<u>4,658</u>
			8,078
Decreased by:			
Cash Disbursements	B-1		<u>8,078</u>
Balance, June 30, 2018	B		<u><u>\$ -</u></u>

EXHIBIT B-5

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CASH AND CASH EQUIVALENTS - OTHER TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2017	B	\$ 8,480,101
Increased by Cash Receipts:		
Reserve for Other Trust Fund Activity	B-8	<u>8,640,146</u>
		17,120,247
Decreased by Cash Disbursements:		
Due to Current Fund	B-7	<u>10,463,942</u>
Balance, June 30, 2018	B	<u><u>\$ 6,656,305</u></u>

EXHIBIT B-6

SCHEDULE OF ACCOUNT RECEIVABLES - OTHER TRUST FUND

	<u>Balance</u> <u>June 30, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2018</u>
Due from Contractors	<u>\$ 418,495</u>	<u>\$ 72,860</u>	<u>\$ 138,520</u>	<u>\$ 352,835</u>
	<u><u>\$ 418,495</u></u>	<u><u>\$ 72,860</u></u>	<u><u>\$ 138,520</u></u>	<u><u>\$ 352,835</u></u>
<u>Ref.</u>	B	B-8	B-8	B

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF DUE TO/FROM CURRENT FUND - OTHER TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2017 (Due to)	B		\$ (2,507)
Increased by:			
Cash Disbursements	B-9		<u>10,463,942</u>
			10,461,435
Decreased by:			
Reserve for Other Trust Fund Activity -			
Paid by Current Fund	B-8	\$ 8,299,255	
Encumbrances Paid	B-9	<u>2,083,903</u>	
			<u>10,383,158</u>
Balance, June 30, 2018 Due from	B		<u><u>\$ 78,277</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF OTHER TRUST FUND RESERVES

	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018
Accumulated Absences	\$ 37,495	\$ -	\$ 37,495	\$ -
Ambulance Donations	150	150	-	300
COAH	735,179	423,293	-	1,158,472
DARE Donations	1,845	-	-	1,845
DEA - Federal Equitable Sharing	27,183	4,846	32,027	2
Developer's Escrow	24,052	-	24,052	-
Disposal of Forfeited Property	15,969	-	-	15,969
Disposal of Forfeited Property-HCLET	41,277	20,763	43,556	18,484
Disposal of Forfeited Property - Prisoners' Property	22,920	-	-	22,920
Elevator Inspections	38,257	70,068	81,525	26,800
Escrow Deposits	669,264	695,990	573,998	791,256
Fire Victims Assistance	244	157	340	61
Insurance Proceeds	36,782	34,531	228	71,085
Outside Lien Holders	97,030	3,968,542	3,754,911	310,661
P.O.A.A	70,985	65,886	23,424	113,447
Police Donations	-	1,059	-	1,059
Premium of Tax Lien Sale	4,957,861	3,204,600	4,268,112	3,894,349
Recreation - Baseball, Basketball	242	51,135	50,419	958
Recreation - Senior Citizens Trips	2,527	16,153	9,807	8,873
Recreation - Soccer Program	28,031	97,770	120,510	5,291
Recreation - Soccer - Umpire Fees	95	58,063	57,114	1,044
Recreation - Swimming Pool	243	-	19	224
Recreation - Wrestling	1,785	-	-	1,785
Storm Recovery Trust	370	-	-	370
Tree Planting Program	820	-	-	820
Workers' Compensation Insurance	1,580	-	1,580	-
	<u>\$ 6,812,186</u>	<u>\$ 8,713,006</u>	<u>\$ 9,079,117</u>	<u>\$ 6,446,075</u>
<u>Ref.</u>	B	Below	Below	B
Cash Receipts	B-5	\$ 8,640,146	\$ -	
Due from Contractors	B-6	72,860	138,520	
Expenditures Paid by Current Fund	B-7	-	8,299,255	
Encumbrances Payable	B-9	-	641,342	
		<u>\$ 8,713,006</u>	<u>\$ 9,079,117</u>	
		Above	Above	

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE - OTHER TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2017	B	\$ 2,083,903
Increased by:		
Reserve for Other Trust Fund Activity	B-8	641,342
		<u>2,725,245</u>
Decreased by:		
Encumbrances Paid	B-7	<u>2,083,903</u>
Balance, June 30, 2018	B	<u><u>\$ 641,342</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CASH AND CASH EQUIVALENTS - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2017	B		\$ 10,400
Increased by Cash Receipts:			
Due from HUD CDBG	B-11	\$ 2,150,260	
Reserve for Program Income	B-12	<u>18,275</u>	
			<u>2,168,535</u>
			2,178,935
Decreased by Cash Disbursements:			
Due to Current Fund	B-14		<u>2,160,660</u>
Balance, June 30, 2018	B		<u><u>\$ 18,275</u></u>

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

	<u>Ref.</u>		
Balance, June 30, 2017	B		\$ 1,899,595
Increased by:			
New Grant Authorization	B-13		<u>925,671</u>
			2,825,266
Decreased by:			
Cash Receipts	B-10		<u>2,150,260</u>
Balance, June 30, 2018	B		<u><u>\$ 675,006</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR PROGRAM INCOME - CDA FUND

	<u>Ref.</u>	
Balance, June 30, 2017		\$ -
Increased by:		
Cash Receipts	B-10	18,275
		<u>18,275</u>
Decreased by:		
Reserve for Expenditures	B-13	18,275
		<u>18,275</u>
Balance, June 30, 2018		<u><u>\$ -</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

	<u>Ref.</u>	
Balance, June 30, 2017	B	\$ 1,909,995
Increased by:		
New Grant Authorization	B-11	\$ 925,671
Reserve for Program Income	B-12	<u>18,275</u>
		<u>943,946</u>
		2,853,941
Decreased by:		
Expenditures Paid by Current Fund	B-14	<u>2,160,660</u>
Balance, June 30, 2018	B	<u><u>\$ 693,281</u></u>

SCHEDULE OF DUE TO CURRENT FUND - CDA FUND

	<u>Ref.</u>	
Balance, June 30, 2017		\$ -
Increased by:		
Expenditures Paid by Current Fund	B-13	<u>2,160,660</u>
		2,160,660
Decreased by:		
Cash Disbursements	B-10	<u>2,160,660</u>
Balance, June 30, 2018		<u><u>\$ -</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

	<u>Ref.</u>	
Balance, June 30, 2017	B	\$ 283
Increased by Cash Receipts:		
Reserve for Expenditures	B-16	13,100
		<u>13,383</u>
Decreased by Cash Disbursements:		
Due to Current Fund	B-17	11,000
		<u>11,000</u>
Balance, June 30, 2018	B	<u><u>\$ 2,383</u></u>

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

	<u>Ref.</u>	
Balance, June 30, 2017	B	\$ 283
Increased by:		
Cash Receipts	B-15	13,100
		<u>13,383</u>
Decreased by:		
Paid by Current Fund	B-17	11,000
		<u>11,000</u>
Balance, June 30, 2018	B	<u><u>\$ 2,383</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

	<u>Ref.</u>	
Balance, June 30, 2017		\$ -
Increased by:		
Reserve for Expenditures -		
Paid by Current Fund	B-16	11,000
		<u>11,000</u>
Decreased by:		
Cash Disbursements	B-15	11,000
		<u>11,000</u>
Balance, June 30, 2018		<u><u>\$ -</u></u>

REPORT OF AUDIT

SUPPLEMENTARY
INFORMATION SECTION
GENERAL CAPITAL FUND

CITY OF UNION CITY
JUNE 30, 2018

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CASH AND CASH EQUIVALENTS

	<u>Ref.</u>		
Balance, June 30, 2017	C		\$ 3,798,694
Increased by:			
Green Acres Trust Grant	C-6	\$ 780,000	
11th Street Playground Grant	C-15	250,000	
Premium on Note Sales	C-1	290,526	
Bond Anticipation Notes	C-14	<u>8,217,500</u>	
			<u>9,538,026</u>
			13,336,720
Decreased by:			
Improvement Authorizations	C-9	6,819,283	
Due from Current Fund	C-16	<u>6,429,277</u>	
			<u>13,248,560</u>
Balance, June 30, 2018	C		<u><u>\$ 88,160</u></u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ANALYSIS OF CASH AND CASH EQUIVALENTS

		Balance June 30, 2018
Fund Balance	\$	357,721
Capital Improvement Fund		126,938
Encumbrances Payable		1,827,947
Reserve for Debt Service		730,194
Due from State of New Jersey Green Acres Trust		(470,000)
Due from County of Hudson		(500,000)
Due from Current Fund		(6,121,502)
Improvement Authorizations:		
14-2011 Various Police Equipment		28,473
08-2013 Washington Park		101,168
01-2014 Various Capital Improvements/Acquisition of Various Capital Equipment		(361,451)
02-2014 Reconstruction/Repaving of Summit Avenue		145
2017-10 Improvements to 17th Street		4,129
2017-10 Improvements to Veterans Park		(598,500)
2017-06 Improvements to 47th St Firehouse		256
2017-13 Improvements to City Parks		142
2017-18 Various Capital Improvements		4,643,567
2017-19 Various Park Improvements		214,619
2017-26 Acquisition of Real Property		67,125
2017-30 Security Cameras City Hall		37,189
		\$ 88,160
<u>Ref.</u>		C

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>		
Balance, June 30, 2017	C		\$ 57,191,858
Increased by:			
Bonds Issued	C-11		<u>18,805,000</u>
			75,996,858
Decreased by:			
General Serial Bond Payment	C-11	\$ 23,398,424	
Capital Lease Payment	C-17	150,910	
Capital Lease Payment - HCIA	C-12	995,137	
Green Acres Loan Payment	C-13	<u>78,551</u>	
			<u>24,623,022</u>
Balance, June 30, 2018	C		<u><u>\$ 51,373,836</u></u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Purpose	Analysis of Balance - June 30, 2018						Unexpended Balance Improvement Authorizations
	Balance June 30, 2017	2018 Authorizations	Bond Anticipation Notes	Balance June 30, 2018	Bond Anticipation Notes	Expended	
17th Street Park	\$ 294,000	\$ -	\$ 12,000	\$ 282,000	\$ 282,000	\$ -	\$ -
Various Capital Improvements	7,612,000	-	371,000	7,241,000	7,241,000	-	-
Installation of Computer Equipment	62,000	-	11,000	51,000	51,000	-	-
Washington Park	4,959,000	-	-	4,959,000	4,959,000	-	-
Reconstruction Various Streets	950,000	-	-	950,000	950,000	-	-
Various Capital Improvements	1,930,717	-	-	1,930,717	1,930,717	-	-
Various Capital Improve/Acq of							
Various Capital Equipment	34,882,000	-	891,000	33,991,000	32,211,900	361,451	1,417,649
Gilmore School	10,000,000	-	-	10,000,000	-	-	10,000,000
Improvements to 17th Street	1,425,000	-	-	1,425,000	1,425,000	-	-
Improvements to Veterans Park	598,500	-	-	598,500	-	598,500	-
Various Capital Improvements	-	5,700,000	-	5,700,000	5,700,000	-	-
Acquisition of Real Property	-	1,282,500	-	1,282,500	-	-	1,282,500
	<u>\$ 62,713,217</u>	<u>\$ 6,982,500</u>	<u>\$ 1,285,000</u>	<u>\$ 68,410,717</u>	<u>\$ 54,750,617</u>	<u>\$ 959,951</u>	<u>\$ 12,700,149</u>
	C	C-9, C-18	C-14	C			
Improvement Authorizations - Unfunded							\$ 17,477,486
Less Unexpended Proceeds:							
Various Police Equipment							28,473
Washington Park							101,168
Improvements to 17th Street							4,129
Various Capital Improvements							4,643,567
							<u>\$ 12,700,149</u>

EXHIBIT C-6

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

	<u>Ref.</u>	
Balance, June 30, 2017	C	\$ 1,250,000
Decreased by:		
Cash Receipts - Washington Street Park	C-2	<u>780,000</u>
Balance, June 30, 2018	C	<u><u>\$ 470,000</u></u>

EXHIBIT C-7

SCHEDULE OF DUE FROM COUNTY OF HUDSON

	<u>Ref.</u>	
Balance, June 30, 2018 and 2017	C	<u><u>\$ 500,000</u></u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, June 30, 2017	C	\$ 14,438
Increased by:		
2018 Budget Appropriation	C-16	<u>800,000</u>
		814,438
Decreased by:		
Improvement Authorizations	C-9	<u>687,500</u>
Balance, June 30, 2018	C	<u><u>\$ 126,938</u></u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

	Original Amount	Balance, June 30, 2017		2018 Authorizations	2017 Encumbrances	Paid or Charged	2018 Encumbrances	Authorizations Cancelled	Balance, June 30, 2018	
		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 Marti Park	90,000	4,810	-	-	-	-	-	4,810	-	-
Ellisworth Park Improvement	2,715,000	-	109,400	-	261,003	273,468	-	96,935	-	-
Traffic Signals and Sidewalks	260,000	-	26,456	-	3,379	3,379	-	26,456	-	-
Various Police Equipment	1,100,000	-	25,507	-	10,117	7,151	-	-	-	28,473
Improvements to City Parks	285,000	-	-	-	1,124	1,124	-	-	-	-
Pave Bergenline Ave	992,000	-	-	-	244,140	200,496	-	-	-	-
Installation of Computer Equipment	100,000	-	4,290	-	-	-	-	4,290	-	-
Summit Avenue	750,000	-	141	-	35,613	-	-	35,754	-	-
Washington Park	5,508,000	-	110,747	-	15,461	9,579	-	-	-	101,168
Reconstruction Various Streets	1,000,000	-	233,897	-	3,627	237,524	-	-	-	-
New York Avenue	2,715,000	-	7,417	-	-	-	-	7,417	-	-
Various Capital Improvements/Acquisition of Various Capital Equipment	35,000,000	-	1,922,272	-	2,536,005	2,557,355	-	-	-	1,417,649
Reconstruction/Repaving of Summit Ave	300,000	44,413	-	-	141,364	139,178	-	-	145	-
Gilmore School Addition/Renovations	10,000,000	-	10,000,000	-	-	-	-	-	-	10,000,000
47th Street Firehouse	220,825	-	-	-	96,682	96,682	-	-	-	-
Improvements to 17th Street	1,500,000	-	486,215	-	1,009,994	973,692	-	-	-	4,129
Improvements to Veterans Park	1,600,000	932,967	598,500	-	16,749	1,548,216	-	-	-	-
Various Improvements to the 47th St Firehouse	120,000	10,223	-	-	210	10,177	-	-	256	-
Various Improvements to City Parks	50,000	50,000	-	-	-	14,268	-	-	142	-
Various Capital Improvements	6,000,000	-	-	6,000,000	-	683,822	-	-	-	4,643,567
Various Park Improvements	245,000	-	-	245,000	-	29,503	-	-	214,619	-
Acquisition of Real Property	1,350,000	-	-	1,350,000	-	375	-	-	67,125	1,282,500
Security Cameras City Hall	75,000	-	-	75,000	-	26,163	-	-	37,189	-
Ref.		\$ 1,105,908	\$ 13,531,973	\$ 7,670,000	\$ 4,375,468	\$ 6,819,283	\$ 1,827,947	\$ 239,157	\$ 319,476	\$ 17,477,486
		C	C	Below	C-10	C-2	C-10	C-15	C	C
Deferred Charges to Future Taxation	C-5			\$ 6,982,500						
Capital Improvement Fund	C-8			687,500						
				\$ 7,670,000						
				Above						

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2017	C	\$4,375,468
Increased by:		
Charges to Improvement Authorizations	C-9	<u>1,827,947</u>
		6,203,415
Decreased by:		
Reversal of Prior Year Balance	C-9	<u>4,375,468</u>
Balance, June 30, 2018	C	<u><u>\$1,827,947</u></u>

EXHIBIT C-11

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Amount	Maturities of Bonds Outstanding				Interest Rate %	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018
			Date	June 30, 2018	Amount	Amount					
ERI Pension Bonds	12/15/02	\$15,735,000	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	\$10,360,000	\$ -	\$ 15,000	\$ 10,345,000	
2007A Refunding	02/07/07	24,305,000	11/1/2018	3,730,000		5.000	24,305,000	-	20,575,000	3,730,000	
2007B Refunding	02/07/07	9,325,000		-			1,928,424	-	1,928,424	-	

EXHIBIT C-11

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Amount	Maturities of Bonds Outstanding			Interest Rate %	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018
			Date	Amount	June 30, 2018					
2016 General Obligation Bonds	10/27/16	\$10,300,000	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	\$ -	\$ 540,000	\$ 9,760,000	
2018 Refunding Bonds	09/14/17	18,805,000	11/1/2019	3,475,000	4,000					
			11/1/2020	3,575,000	5,000					
			11/1/2021	3,710,000	5,000					
			11/1/2022	3,830,000	5,000					
			11/1/2023	3,875,000	5,000		18,805,000	340,000	18,465,000	
							\$46,893,424	\$23,398,424	\$ 42,300,000	
							C	C-4	C	
							Ref.			

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CAPITAL LEASE PAYABLE - HCIA

Purpose	Date of Issue	Original Amount	Maturities of Lease Obligations				Interest Rate %	Balance June 30, 2017	Lease Payments	Balance June 30, 2018
			Date	June 30, 2018		Balance June 30, 2017				
				Amount	Amount					
NHRFR 2004	01/13/04	\$ 4,766,625	1/1/2019	\$ 418,125		5.330				
			1/1/2020	451,575		5.330				
			1/1/2021	468,300		5.330				
			1/1/2022	501,750		5.330				
			1/1/2023	535,200		5.330				
			1/1/2024	585,375		5.330	\$ 3,361,725	\$ 401,400	\$ 2,960,325	
NHRFR 2006 A	01/12/06	1,244,340	1/1/2019	98,677		4.000				
			1/1/2020	103,695		4.100				
			1/1/2021	107,040		4.125				
			1/1/2022	112,058		4.125				
			1/1/2023	117,075		4.200				
			1/1/2024	122,093		4.200	755,970	95,332	660,638	
NHRFR 2006 B	01/12/06	1,152,353	1/1/2019	91,988		5.250				
			1/1/2020	97,005		5.250				
			1/1/2021	102,023		5.400				
			1/1/2022	107,040		5.400				
			1/1/2023	112,058		5.400				
			1/1/2024	118,748		5.400	715,832	86,970	628,862	

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CAPITAL LEASE PAYABLE - HCIA

Purpose	Date of Issue	Original Amount	Maturities of Lease Obligations		Interest Rate %	Balance June 30, 2017	Lease Payments	Balance June 30, 2018
			Date	Amount				
NHRFR 2011 A	10/18/11	\$ 1,592,220	9/1/2018	\$ 133,800	5.625			
			9/1/2019	142,163	5.625			
			9/1/2020	148,853	5.700			
			9/1/2021	157,215	5.700			
			9/1/2022	167,250	5.700			
			9/1/2023	175,613	5.700	\$ 1,052,004	\$ 127,110	\$ 924,894
NHRFR 2011 B	10/18/11	3,478,800	9/1/2018	307,740	7.950			
			9/1/2019	331,155	7.950			
			9/1/2020	357,915	8.000			
			9/1/2021	386,348	8.000			
			9/1/2022	416,453	8.000			
			9/1/2023	449,903	8.000	2,533,839	284,325	2,249,514
					\$ 8,419,370	\$ 995,137	\$ 7,424,233	
					C	C-4	C	

Ref.

EXHIBIT C-13

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
SCHEDULE OF GREEN ACRES LOANS PAYABLE**

Purpose	Date of Issue	Original Amount	Maturities of Loan Obligations			Interest Rate %	Balance June 30, 2017	Loan Payments	Balance June 30, 2018
			Date	Amount	June 30, 2018				
38th Street Park	04/08/98	\$115,309		\$ -		\$ 10,696	\$ 10,696	\$ -	
Swimming Pool Improvements	12/10/10	800,000	3/10/2019	38,984	2.00				
			3/10/2020	39,768	2.00				
			3/10/2021	40,568	2.00				
			3/10/2022	41,384	2.00				
			3/10/2023	42,215	2.00				
			3/10/2024	43,064	2.00				
			3/10/2025	43,929	2.00				
			3/10/2026	44,812	2.00				
			3/10/2027	45,713	2.00				
			3/10/2028	46,632	2.00				
			3/10/2029	47,569	2.00				
			3/10/2030	48,525	2.00				
			3/10/2031	24,627	2.00	586,006	38,216	547,790	
17th Street Park Improvements	12/10/10	70,000	3/10/2019	3,411	2.00				
			3/10/2020	3,480	2.00				
			3/10/2021	3,550	2.00				
			3/10/2022	3,622	2.00				
			3/10/2023	3,694	2.00				
			3/10/2024	3,768	2.00				
			3/10/2025	3,843	2.00				
			3/10/2026	3,921	2.00				
			3/10/2027	4,000	2.00				
			3/10/2028	4,080	2.00				
			3/10/2029	4,162	2.00				
			3/10/2030	4,246	2.00				
			3/10/2031	2,155	2.00	51,276	3,344	47,932	

EXHIBIT C-13

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
SCHEDULE OF GREEN ACRES LOANS PAYABLE**

Purpose	Date of Issue	Original Amount	Maturities of Loan Obligations		Interest Rate %	Balance June 30, 2017	Loan Payments	Balance June 30, 2018
			Date	Amount				
Park Avenue Playground	05/16/14	\$590,143	2/16/2019	\$ 26,823	2.00			
			2/16/2020	27,362	2.00			
			2/16/2021	27,912	2.00			
			2/16/2022	28,473	2.00			
			2/16/2023	29,046	2.00			
			2/16/2024	29,630	2.00			
			2/16/2025	30,225	2.00			
			2/16/2026	30,833	2.00			
			2/16/2027	31,452	2.00			
			2/16/2028	32,085	2.00			
			2/16/2029	32,730	2.00			
			2/16/2030	33,387	2.00			
			2/16/2031	34,058	2.00			
			2/16/2032	34,743	2.00			
		2/16/2033	35,441	2.00				
		2/16/2034	36,154	2.00				
						526,651	26,295	500,356
						\$ 1,174,629	\$ 78,551	\$ 1,096,078
						C	C-4	C
						Ref.		

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Original Issue Amount	Original Issue Date	Date of		Interest Rate %	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018
			Issue	Maturity					
17th Street Park	\$ 330,000	06/12	04/05/18	03/21/19	2.50	\$ 294,000	\$ 282,000	\$ 294,000	\$ 282,000
Various Improvements	8,725,750	06/12	04/05/18	03/21/19	2.50	7,612,000	7,241,000	7,612,000	7,241,000
Installation of Computer Equipment	95,000	06/12	04/05/18	03/21/19	2.50	62,000	51,000	62,000	51,000
Various Capital Improvements/Acquisition of Various Capital Equipment	17,360,000	01/14	11/01/17	10/18/18	2.25	17,360,000	16,725,000	17,360,000	16,725,000
Various Capital Improvements/Acquisition of Various Capital Equipment	7,000,000	01/14	06/27/18	03/21/19	3.00	7,000,000	6,744,000	7,000,000	6,744,000
Various Capital Improvements/Acquisition of Various Capital Equipment	7,650,400	03/17	03/22/18	03/21/19	2.50	7,650,400	7,650,400	7,650,400	7,650,400
Various Capital Improvements	1,930,717	03/17	03/22/18	03/21/19	3.00	1,930,717	1,930,717	1,930,717	1,930,717
Reconstruction of Various Streets	220,050	03/17	03/22/18	03/21/19	3.00	220,050	220,050	220,050	220,050
Reconstruction of Various Streets	729,950	03/17	03/22/18	03/21/19	2.50	729,950	729,950	729,950	729,950
Washington Park & Bergenline Ave	4,959,000	03/17	03/22/18	03/21/19	3.00	4,959,000	4,959,000	4,959,000	4,959,000
Various Capital Improvements/Acquisition of Various Capital Equipment	1,092,500	03/18	03/22/18	03/21/19	2.50	-	1,092,500	-	1,092,500
Improvements to 17th Street	1,425,000	03/18	03/22/18	03/21/19	2.50	-	1,425,000	-	1,425,000
Various Capital Improvements	5,700,000	03/18	03/22/18	03/21/19	2.50	-	5,700,000	-	5,700,000
					<u>Ref.</u>	<u>\$ 47,818,117</u>	<u>\$ 54,750,617</u>	<u>\$ 47,818,117</u>	<u>\$ 54,750,617</u>
					C	Below	Below	C	
Notes Issued					Contra	\$ 46,533,117	\$ 46,533,117		
Paid by Budget Appropriation					C-2, C-18	8,217,500	-		
					C-5	-	1,285,000		
						<u>\$ 54,750,617</u>	<u>\$ 47,818,117</u>	<u>\$ 47,818,117</u>	<u>\$ 54,750,617</u>
						Above	Above		

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR RETIREMENT OF DEBT SERVICE

	<u>Ref.</u>		
Balance, June 30, 2017	C		\$ 548,812
Increased by:			
11th Street Playground Grant	C-2	\$ 250,000	
Improvement Authorizations Cancelled	C-9	<u>239,157</u>	
			<u>489,157</u>
			1,037,969
Decreased by:			
2018 Budget Anticipated Revenue	C-16		<u>307,775</u>
Balance, June 30, 2018	C		<u><u>\$ 730,194</u></u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF DUE FROM CURRENT FUND

	<u>Ref.</u>		
Balance, June 30, 2017	C		\$ -
Increased by:			
Cash Disbursements	C-2	\$ 6,429,277	
Capital Improvement Fund	C-8	<u>800,000</u>	
			<u>7,229,277</u>
			7,229,277
Decreased by:			
Capital Surplus Anticipated in Budget	C-1	800,000	
Reserve for Retirement of Debt Service	C-15	<u>307,775</u>	
			<u>1,107,775</u>
Balance, June 30, 2018	C		<u><u>\$ 6,121,502</u></u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CAPITAL LEASE PAYABLE

Purpose	Date of Issue	Original Amount	Maturities of Lease Obligations		Interest Rate %	Balance June 30, 2017	Lease Payments	Balance June 30, 2018
			Date	Amount				
Ambulance	01/04/16	\$ 293,814	1/4/2019	\$ 58,704	3.21			
			1/4/2020	60,589	3.21			
			1/4/2021	62,533	3.21	\$ 238,705	\$ 56,879	\$ 181,826
Ambulance	05/15/17	\$ 278,884	5/15/2019	53,964	3.25			
			5/15/2020	55,720	3.25			
			5/15/2021	57,532	3.25			
			5/15/2022	59,404	3.25	278,884	52,264	226,620
Street Sweeper	07/01/16	\$ 217,330	7/1/2018	43,087	3.12			
			7/1/2019	44,449	3.12			
			7/1/2020	45,854	3.12			
			7/1/2021	11,689	3.12	186,846	41,767	145,079
					\$ 704,435	\$ 150,910	\$ 553,525	
					C	C-4	C	
					<u>Ref.</u>			

EXHIBIT C-18

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Improvement Description</u>	<u>Balance June 30, 2017</u>	<u>2018 Authorizations</u>	<u>Debt Issued</u>	<u>Balance June 30, 2018</u>
Various Capital Improvements/Acquisition of Various Capital Equipment	\$ 2,871,600	-	\$ 1,092,500	\$ 1,779,100
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
Various Capital Improvements	-	5,700,000	5,700,000	-
Acquisition of Real Property	-	1,282,500	-	1,282,500
	<u>\$ 14,895,100</u>	<u>\$ 6,982,500</u>	<u>\$ 8,217,500</u>	<u>\$ 13,660,100</u>
<u>Ref.</u>	<u>C</u>	<u>C-5</u>	<u>C-14</u>	<u>C</u>

REPORT OF AUDIT

SUPPLEMENTARY
INFORMATION SECTION
GENERAL FIXED ASSETS

CITY OF UNION CITY
JUNE 30, 2018

**CITY OF UNION CITY
GENERAL FIXED ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR FIXED ASSETS

Balance, June 30, 2017	<u>Ref.</u> D	\$ 77,996,537
Increased by:		
Additions	D-1	<u>1,848,619</u>
		79,845,156
Decreased by:		
Deletions	D-1	<u>844,775</u>
Balance, June 30, 2018	D	<u><u>\$ 79,000,381</u></u>

REPORT OF AUDIT

SINGLE AUDIT SECTION

CITY OF UNION CITY
JUNE 30, 2018

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 sheets – regulatory basis, of each fund and the general fixed assets as of June 30, 2018 and 2017, the related comparative statements of operations and changes in fund balance – regulatory basis of the current fund for the years then ended, the statement of revenues – regulatory basis and statement of appropriations – regulatory basis of the current fund, and the statement of change in fund balance – regulatory basis of the general capital fund, for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 28, 2018. The opinion to those financial statements is followed by an emphasis of matter paragraph regarding the City's dependence on Transitional Aid and the potential material impact on the City should the Transitional Aid be reduced.

As 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-002.

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
December 28, 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 THE 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, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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, 2018.

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 2018-001 and 2018-002. 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 have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-002, 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 the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report 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
December 28, 2018

**CITY OF UNION CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Grant Period		Grant Award	Funds Received	Funds Available June 30, 2017	Current Year Appropriations	Federal Expenditures	Program Income/ (Cancellations)	Funds Available June 30, 2018	Cumulative Expenditures
			From	To								
10.675	FS16-126	\$ -	09/23/15	09/23/17	\$ 2,250	\$ -	\$ 2,250	\$ -	\$ -	\$ (2,250)	\$ -	\$ -
Urban and Community Forestry Program Passed through NJ Division of Parks and Forestry Green Communities Grant												
14.218		19,147	07/01/17	06/30/18	925,671	606,325	-	925,671	624,600	18,275	319,346	624,600
14.218		53,727	07/01/16	06/30/17	1,632,460	1,127,932	1,493,992	-	1,317,465	-	176,527	1,455,933
14.218		3,590	07/01/15	06/30/16	1,102,264	347,599	347,599	-	186,564	-	161,035	941,229
14.218		3,750	07/01/14	06/30/15	1,057,585	34,225	34,225	-	16,127	-	18,098	1,039,487
14.218		-	07/01/13	06/30/14	868,776	21,515	21,515	-	21,515	-	-	868,776
14.218		-	07/01/12	06/30/13	1,269,275	7,664	7,664	-	7,664	-	-	1,269,275
14.218		-	07/01/11	06/30/12	1,509,650	5,000	5,000	-	5,000	-	-	1,509,650
14.269		-	10/03/16	10/31/19	12,442	-	-	737	737	-	675,006	12,442
Total U.S. Department of Housing and Urban Development												
U.S. Department of Justice:												
Community Oriented Policing Services (COPS) - Law Technology Project												
16.710		-	06/01/10	06/30/11	300,000	-	2,000	-	-	(2,000)	-	298,000
16.738	100-066-1020-157	-	01/01/15	09/30/17	27,769	345	3,197	-	3,197	-	-	27,769
16.738	100-066-1020-157	-	07/01/14	09/30/18	24,579	24,579	4,067	-	4,067	-	-	24,579
16.738	100-066-1020-157	-	12/06/16	09/30/19	26,157	26,157	-	-	-	-	26,157	-
Total Edward Byrne Memorial Justice Assistance												
Total U.S. Department of Justice												
U.S. Department of Transportation:												
Passed through NJ Department of Law and Public Safety:												
20.616	PS-18-45-01-22	-	10/1/2017	9/30/2018	20,000	-	-	20,000	-	-	20,000	-
Passed through NJ Division of Highway Traffic Safety												
20.616	OP-18-11-04-MC-120	-	05/21/18	06/03/18	5,500	5,500	-	5,500	5,500	-	-	5,500
20.616	DD-18-45-01-DD-113	-	04/01/18	04/21/18	6,600	-	-	6,600	-	(6,600)	-	-
20.616	AL-17-45-04-MH-140	-	12/08/17	01/01/18	5,500	5,445	-	5,500	5,500	-	-	5,500
Total U.S. Department of Transportation												
U.S. Department of Treasury												
21.016		-	*	*	*	4,846	27,183	4,846	32,027	-	2	32,027
Federal Equitable Sharing Program												
U.S. Department of Energy:												
81.128		-	07/01/09	06/30/10	521,600	-	18,249	-	-	(18,249)	-	503,351
ARRA - Energy Efficiency & Conservation Block Grant												
U.S. Department of Health and Human Services:												
93.276		-	*	*	26,000	-	-	-	-	-	-	26,000
93.276		-	09/30/15	09/29/16	125,500	-	28,985	-	28,985	-	-	125,500
93.276		-	09/30/16	09/30/17	125,000	32,425	20,967	-	20,967	-	-	125,000
93.276		-	09/30/17	09/30/18	125,000	91,810	-	125,000	85,238	-	39,762	85,238
Total U.S. Department of Health and Human Services:												
TOTAL FEDERAL AWARDS												
						\$ 2,315,210	\$ 2,043,050	\$ 1,093,854	\$ 2,365,153	\$ (10,824)	\$ 760,927	

* Information not available

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

**CITY OF UNION CITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Account Number/ Grant Number	Grant Period		Grant Award	Funds Received	Funds Available June 30, 2017	Current Year Appropriations	State Expenditures	Cancellations	Funds Available June 30, 2018	Cumulative Expenditures
	From	To								
State Department and Program										
NJ Administrative Office of the Courts:										
98-9735-760-001	07/01/18	06/30/19	\$ 6,005	\$ 6,005	\$ -	\$ 6,005	\$ -	\$ -	\$ 6,005	\$ -
98-9735-760-001	07/01/17	06/30/18	6,406	-	6,406	-	-	-	6,406	-
98-9735-760-001	07/01/16	06/30/17	11,131	-	11,131	-	-	-	11,131	-
98-9735-760-001	07/01/15	06/30/16	1,120	-	1,120	-	-	-	1,120	-
98-9735-760-001	07/01/14	06/30/15	3,368	-	3,368	-	-	-	3,368	-
98-9735-760-001	07/01/13	06/30/14	2,216	-	2,216	-	-	-	2,216	-
98-9735-760-001	07/01/12	06/30/13	5,395	-	2,640	-	-	-	2,640	2,755
98-9735-760-001	07/01/10	06/30/11	3,167	-	1,142	-	-	-	1,142	2,025
Total NJ Administrative Office of the Courts										
			6,005	28,023	-	6,005	-	-	34,028	-
NJ Department of Environmental Protection:										
42-4900-765-004	07/01/17	06/30/18	83,553	-	-	83,553	-	-	83,553	-
42-4900-765-004	07/01/16	06/30/17	87,271	-	87,271	-	85,821	-	1,450	85,821
42-4900-765-004	07/01/14	06/30/15	89,883	-	13,915	-	13,915	-	-	89,883
			83,553	101,186	-	83,553	99,736	-	85,003	-
Total Clean Communities										
			1,000,000	-	-	1,000,000	-	-	1,000,000	-
			1,100,000	1,100,000	-	-	-	-	1,100,000	-
			650,000	157,174	-	-	26,967	-	130,207	519,793
			470,000	418,216	-	-	418,216	-	-	470,000
				1,675,390	1,000,000	1,000,000	445,183	-	2,230,207	-
			100,042-4910	102,228	-	102,228	-	-	102,228	-
			*	500	500	-	500	-	-	500
				1,777,076	1,185,781	1,185,781	545,419	-	2,417,438	-
Total NJ Department of Environmental Protection										
NJ Department of Law and Public Safety:										
66-1020-718-001	07/01/17	06/30/18	13,275	-	-	13,275	-	-	13,275	-
66-1020-718-001	07/01/16	06/30/17	13,572	-	13,572	-	8,766	-	4,806	8,766
66-1020-718-001	07/01/15	06/30/16	14,645	-	1,009	-	974	-	35	14,610
				13,275	14,581	13,275	9,740	-	18,116	-
Total Body Armor Replacement Fund										
6400-100-078-6400-000-YYY	07/01/17	06/30/18	20,850	-	-	20,850	-	-	20,850	-
6400-100-078-6400-000-YYY	07/01/16	06/30/17	46,664	-	46,559	-	41,977	-	4,582	42,082
6400-100-078-6400-000-YYY	07/01/12	06/30/13	6,600	-	142	-	142	-	-	6,600
				20,850	46,701	20,850	42,119	-	25,432	-
Total Drunk Driving Enforcement Fund										
NJ Office of Emergency Management:										
100-066-1200	07/01/14	06/30/15	5,000	-	5,000	-	-	(5,000)	-	-
Total NJ Department of Law and Public Safety										
			34,125	66,282	34,125	51,859	(5,000)	43,548	-	-
NJ Department of Transportation:										
78-630-480-AK	07/01/11	06/30/12	281,322	-	33,638	-	171	(33,467)	-	281,322
13-480-078-6320-6010	07/01/13	06/30/15	650,000	102,918	154,097	-	-	(154,097)	-	650,000
13-480-078-6320-6010	07/01/13	06/30/15	99,090	149,557	90	-	-	(90)	-	99,090
78-6300-480-***	07/01/12	06/30/13	589,453	-	11,344	-	-	(11,344)	-	589,453
Summit Avenue Section 4-FY16 Discretionary Aid	06/18/15	04/10/17	200,000	-	200,000	-	200,000	-	-	200,000
Summit Avenue Section 4-FY15 Municipal Aid	05/06/15	04/10/17	300,000	-	3,431	-	3,431	-	-	300,000
Summit Avenue Section 4-FY15 Urban Aid	05/06/15	04/10/17	99,815	-	99,815	-	99,815	-	-	99,815
Summit Avenue Section 5-FY2016 Municipal Aid	06/16/16	06/30/18	340,000	-	340,000	-	340,000	-	-	340,000
Summit Avenue Section 5-FY2016 Urban Aid	06/16/16	06/30/18	99,815	-	99,815	-	99,815	-	-	99,815
Kerrigan Avenue - FY17 Municipal Aid	08/03/17	05/17/19	337,582	-	337,582	-	337,555	-	27	337,555
2012-480-078-6320-AK4-6010	01/30/18	01/10/20	950,000	-	-	950,000	-	-	950,000	-
Total NJ Department of Transportation										
			252,475	1,279,812	950,000	1,080,787	(198,998)	950,027	-	-

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

**CITY OF UNION CITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Account Number/ Grant Number	Grant Period		Grant Award	Funds Received	Funds Available June 30, 2017	Current Year Appropriations	State Expenditures	Cancellations	Funds Available June 30, 2018	Cumulative Expenditures
	From	To								
NJ Department of Treasury: Passed through the County of Hudson: Municipal Alliance to Prevent Alcoholism and Drug Abuse Municipal Alliance to Prevent Alcoholism and Drug Abuse	07/01/17	06/30/18	\$ 57,412	\$ 16,532	-	\$ 57,412	\$ 47,600	-	\$ 9,812	\$ 47,600
	07/01/16	06/30/17	57,412	41,920	10,072	-	10,072	-	-	57,412
Total NJ Department of Treasury			<u>58,452</u>	<u>58,452</u>	<u>10,072</u>	<u>57,412</u>	<u>57,672</u>	<u>-</u>	<u>9,812</u>	
TOTAL STATE AWARDS			\$ 536,838	\$ 3,161,265	\$ 2,233,323	\$ 1,735,737	\$ (203,998)	\$ 3,454,853		

* Information not available

CITY OF UNION CITY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Federal and State Schedules”) includes the federal and state award activity of the City of Union City, New Jersey (the “City”) under programs of the federal and state government for the year ended June 30, 2018. The information in the Federal and State Schedules is 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*. Because the Federal and State Schedules presents only a selected portion of the operations of the City, they are not intended to and do not present the financial position or changes in fund balance of the City.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

C. INDIRECT COST RATE

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

**CITY OF UNION CITY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

D. REPORTING ENTITY

The City for purposes of the Federal and State Schedules 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.

E. PASS-THROUGH AWARDS

The City receives certain federal awards passed-through the State of New Jersey. The State has commingled those amounts with other funds and they cannot be separately identified. While the grant agreement with the City indicates that the source of the funds includes both federal and state awards, the State has not provided the City with the amount of federal funds included. Because the federal portion of the expenditures is unknown, the full amount is included in the accompanying schedule of expenditures of federal awards.

F. MONITORING OF SUBRECIPIENTS

Under the requirements of the Uniform Guidance and State of NJ regulations, if the City receives \$750,000 or more of federal and state financial assistance and provides 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, the Uniform Guidance places other related responsibilities upon the City. Those responsibilities may be discharged in any of several ways, including relying on independent audits performed by subrecipients.

Subrecipient audit reports for the fiscal year ended June 30, 2018 were reviewed and findings and questioned costs, if any, were disclosed.

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

**CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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
Adverse - GAAP |
| B) Internal Control over Financial Reporting: | |
| 1) Material weakness(es) identified? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 2) Significant deficiency(ies) identified? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported |
| C) Noncompliance material to basic financial statements noted? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Federal Awards Section

- | | |
|---|--|
| D) Internal Control over major 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 | Unmodified |
| 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 |

- | | |
|---|---|
| H) Dollar threshold used to distinguish between Type A and Type B Programs. | \$750,000 |
| 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, 2018**

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, 2018**

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 2018-001

Material Weakness in Internal Control over Financial Reporting

Criteria: The New Jersey Local Budget Law, N.J.S.A. 40A:4, provides that expenditures can only be made by the City within the amounts as legally adopted through the budget process.

Condition: The City had \$465,211 of over-expenditures of its 2017 appropriation reserves and \$9,866,093 of over-expenditures of its 2018 budget appropriations.

Context: The City incurred expenditures in excess of its budgeted amounts.

Effect: The over-expenditures are required to be raised in subsequent year budgets.

Cause: Bills for services received by the City were in excess of amounts budgeted. The City was unable to amend its budget to cover the additional expenditures.

Questioned Costs: None.

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

Views of Responsible
Officials and Planned

Corrective Actions: The City had unexpected expenses with the majority relating to health care. The City will be fully insured for the SFY 2019-2020.

**CITY OF UNION CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018-002

Material Weakness in Internal Control over Compliance – Allowable Cost/Cost Principles

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

Criteria: In accordance with 24CFR 570.201 (e) (1), the City cannot exceed fifteen percent (15%) of grant funds for public service programs for the Community Development Block Grant (CDBG).

Condition: The City exceeded the fifteen percent (15%) public service cap.

Context: Formal guidelines established for the various program activities and the related caps on expenditures are established so that program services can provide assistance established by 24CFR 570.201(e) (1).

Effect: The City is not in compliance with program regulations as they relate to public service.

Cause: The City has not been adequately administering its CDBG program by failing to exercise sufficient oversight of its public service expenditures.

Questioned Costs: \$8,960

Recommendation: The City should reimburse its letter of credit for any amounts expended in excess of the program service cap, and to reprogram the use of funds in accordance with applicable requirements. The reimbursement must be made with non-federal funds.

Views of Responsible
Officials and Planned

Corrective Actions: The City has reimbursed its letter of credit with non-federal funds. Additionally, to prevent this from reoccurring, the CDA has a new system for processing public assistance with monthly tracking.

**CITY OF UNION CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(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 2017-001

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 is no longer a reportable finding.

**CITY OF UNION CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Awards and State Financial Assistance Findings

FINDING 2017-002

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

Condition: The City’s timeliness standard was 1.88.

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

Status: This is no longer a reportable finding. The City’s timeliness standard for the 2018 fiscal year was 0.81.

FINDING 2017-003

**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 endure sub-recipient compliance with the terms of the sub-grant agreement with the City.

Status: This is no longer a reportable finding.

REPORT OF AUDIT

SUPPLEMENTARY DATA
SECTION

CITY OF UNION CITY
JUNE 30, 2018

CITY OF UNION CITY

SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018		June 30, 2017	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Fund Balance Utilized	\$ 4,423,487	2.83%	\$ 2,847,216	1.85%
Miscellaneous Revenue Anticipated	46,092,736	29.44%	45,220,217	29.40%
Receipts from Delinquent Taxes	35,167	0.02%	32,649	0.02%
Receipts from Current Taxes	104,668,028	66.85%	103,853,211	67.53%
Other Credits to Income	1,361,419	0.87%	1,839,479	1.20%
Total Income	<u>156,580,837</u>	<u>100.00%</u>	<u>153,792,772</u>	<u>100.00%</u>
Expenditures:				
Budget Appropriations	123,998,881	73.78%	117,231,641	76.78%
School and County Taxes	33,095,313	19.69%	34,385,123	22.52%
Other	10,964,140	6.52%	1,059,611	0.69%
Total Expenditures	<u>168,058,334</u>	<u>99.99%</u>	<u>152,676,375</u>	<u>99.99%</u>
Excess in Revenue	(11,477,497)		1,116,397	
Adjustments to Income before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year				
Special Emergencies	1,371,584		397,848	
Overexpenditures	10,331,304		-	
	<u>11,702,888</u>		<u>397,848</u>	
Statutory Excess to Fund Balance	225,391		1,514,245	
Fund Balance, Beginning of Year	<u>7,905,383</u>		<u>9,238,354</u>	
Decreased by Utilized as Anticipated Revenue	4,423,487		2,847,216	
Fund Balance, End of Year	<u>\$ 3,707,287</u>		<u>\$ 7,905,383</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>
2018	\$ 6.964	\$ 4.758	\$ 1.177	\$ 1.029
2017	6.904	4.675	1.195	1.034
2016	6.890	4.611	1.236	1.043
2015	6.771	4.572	1.155	1.044
2014	6.624	4.503	1.082	1.039

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>
2018	\$ 103,660,978	\$ 103,569,655	99.912%
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%

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>
2018	\$ 57,114	\$ 41,211	\$ 98,325	0.09%
2017	47,690	48,996	96,686	0.09%
2016	38,554	58,995	97,549	0.10%
2015	104,293	301,915	406,208	0.42%
2014	81,018	187,172	268,190	0.27%

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>
2018	\$ 171,900
2017	171,900
2016	171,900
2015	171,900
2014	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, 2018	\$ 3,707,287	\$ - *
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	-

* As introduced

CITY OF UNION CITY
ROSTER OF OFFICIALS

JUNE 30, 2018

<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	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	\$ 1,000,000
Tammy Zucca	Treasurer	\$ 1,000,000
Susan M. Colditz	Director of Finance	\$ 1,000,000

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

**CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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:

30th and 31st Streets Bollards Project	Kerrigan Avenue Improvement Project
Ambulance Parking Area, Roof Restructuring	Landscape Maintenance Program
Baseball and Softball Uniforms and Equipment	Motorcycle Equipment for Police Department
Bergenline Avenue Crosswalk Restoration Project	Park Maintenance
Capstone Replacement at Firefighters Memorial Park	Plumbing and Mechanical Services
Chevrolet Tahoe with Equipment for Police	Police Officer Scheduling System
Chlorine and Pool Chemicals	Poly Garbage Bags
City-Wide Street Striping Program	Pools and Spray Grounds Opening, Maintenance and Closing
City-Wide Tree Planting Program	Printer Repair Services
Crossing Guard Uniforms	Renting of Folding Tables, Chairs and Related Items
Dog Waste Bags	Replacement of Duarte Park Pool Spray Ground Surfaces
Electrical Services	Replacement of Columbia Park Spray Ground Surfaces
Feral Cat Spaying and Neutering Services	Replacement of the Park Capstones at Firefighters' Memorial Park
Football Equipment	Resurfacing Gazebo Floor at Firefighters Memorial Park
Horticulture Supplies	Road Program
HVAC Maintenance Service Agreement	Roadway Pavement Repairs
HVAC Service and Repair	Snow Removal
Improvements to Bergenline Avenue and West Street	Telephone System
Information Technology Management and Computer Consulting Services	Waterproof Outdoor Receptacles
Jose Marti Monument Wall Project	Wrestling Equipment, Supplies and Trophies

**CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500 “for the performance of any work, or for the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles,” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S.A. 40A:11-6. We did note, however, instances where accumulated purchases from individual vendors totaled in excess of \$17,500 without public bidding or purchasing through a state contract.

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

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

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

- N.J.S.A. 40A:11-5.1(dd), the provision or performance of goods or services for the support or maintenance of proprietary computer hardware and software, except that this provision shall not be utilized to acquire or upgrade non-proprietary hardware or to acquire or update non-proprietary software;
- N.J.S.A. 40A:11-5.1(f), the supplying of any product or the rendering of any service by a public utility, which is subject to the jurisdiction of the Board of Public Utilities or the Federal Energy Regulatory Commission or its successor, in accordance with tariffs and schedules of charges made, charged or exacted, filed with the board or commission, and

**CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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(x) The printing of municipal ordinances or other services necessarily incurred in connection with the revision and codification of municipal ordinances.

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

N.J.S.A. 40A:11-6.1(a)(ii) further states: “The governing body shall in each instance state supporting reasons for its action in the resolution awarding each [extraordinary unspecifiable service] contract and reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed...a brief notice of the award of such contract.”

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

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

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

**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, 2018**

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, 2018, included taxes from the fiscal years ended June 30, 2018 and prior. The following comparison is made of the number of tax title liens receivable at June 30:

<u>Period Ended</u>	<u>Number of Liens</u>
June 30, 2018	3
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

**CITY OF UNION CITY
COMMENTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018. This comment has been repeated each year since 2014.

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

FINDING 4: N.J.S.A.52:27D-126a limits municipal fees for plan review, certificates of occupancy and issuance of construction, demolition, moving of building, elevator, and sign permits to only the level necessary to satisfy the enforcement agency's annual operating costs. Revenues collected for these fees exceeded the amount of direct and indirect expenses attributable to the operation of the UCC office.

Recommendation: The City should review the UCC fee structure and consider whether changes to the fee schedule are necessary.

**CITY OF UNION CITY
COMMENTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINDING 5: 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. This comment is repeated from the prior year. Also, there was one instance noted where there was no application on file for a surviving spouse 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 and kept on file before any deduction is allowed.

FINDING 6: 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: Like purchases should be tracked to ensure the accumulation of those purchases do not exceed the bidding threshold.

FINDING 7: Customers are not being required to pay for police details in advance as recommended by LFN 2000-14 Best Practices. Some of the receivables are more than 90 days old.

Recommendation: The City should review all police detail receivables and obtain payment. Going forward the City should comply with the recommendations of LFN 2000-14 Best Practices and require payment be made in advance.

FINDING 8: Police officers working “Special Details” were not paid in accordance with the existing City ordinance setting such fees.

Recommendation: The City should review the current City ordinance regarding fees for “Special Detail” and ensure its contents are being followed or consider amending the ordinance.

**CITY OF UNION CITY
COMMENTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINDING 9: In order to maintain a positive cash flow the City did not pay the School District the full appropriation for local school purposes according to the statutory deadlines.

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

FINDING 10: Agendas and Ordinances were not posted to the City’s website on a timely basis as required by the Division’s Best Practices.

Recommendation: Agendas and Ordinances should be posted to the City’s website as soon as they are available.

FINDING 11: Employees and certain retirees are required to contribute to their health benefit costs at statutorily prescribed percentages based on pensionable salary, level of coverage, and health care premiums. Deductions withheld during the fiscal year were not in accordance with the required amounts.

Recommendation: The City should review amounts withheld for health benefits and ensure the correct amounts are being withheld, and any shortages from previous withholding is collected.

FINDING 12: Payments to referees and umpires for the various recreations programs are being made outside of the City’s centralized encumbrance and purchase order process. This could lead to incorrect reporting of income on Federal form 1099.

Recommendation: All expenditures for City programs should be made through the City’s finance department.

FINDING 13: Outstanding checks dating back to 2015 were noted on the City Court General and Bail accounts.

Recommendation: Outstanding checks over one year old should be investigated and re-issued or cancelled as appropriate.

FINDING 14: The municipal court had traffic tickets assigned not issued over 180 days.

Recommendation: The municipal court should review traffic tickets assigned but not issued to ensure timely disposition and increased ticket control.