

**CITY OF UNION CITY
NEW JERSEY**

REPORT OF AUDIT

**FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015**



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

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

CITY OF UNION CITY

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REPORT OF AUDIT

FINANCIAL SECTION

CITY OF UNION CITY
JUNE 30, 2016

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the City of Union City, New Jersey (the “City”), which comprise the comparative balance sheet – regulatory basis, of each fund and account group as of June 30, 2016 and 2015, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis and statement of appropriations – regulatory basis, of the Current Fund, and the related statement of change in fund balance – regulatory basis, of the General Capital Fund, for the years then ended, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

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

As described in Note 1, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of June 30, 2016 and 2015, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and account group of the City as of June 30, 2016 and 2015, the Current Fund's respective operations and changes in fund balance – regulatory basis, revenues – regulatory basis and appropriations – regulatory basis, and the General Capital Fund's changes in fund balance – regulatory basis, for the years then ended, on the basis of the financial reporting provisions of the Division as described in Note 1.

Emphasis of Matter Regarding Dependence on Transitional Aid

As described in Note 10, 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, 2017 budget. Minimum conditions on receipt of this aid are set forth in a Memorandum of Understanding with the Division. Our opinion on the basic financial statements is not affected by the receipt of Transitional Aid by the City.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, accompanying information, single audit, and general comments sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, accompanying information, and general comments sections are presented for purposes of additional analysis as required by the Division. The schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by 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. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, accompanying information section, general comments, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, and schedule of expenditures of local 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 April 11, 2017 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Donohue, Gironde, Doria + Tomkins, LLC

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

Linda P. Kish

LINDA P. KISH
Registered Municipal Accountant #487

Bayonne, New Jersey
April 11, 2017

REPORT OF AUDIT

FINANCIAL SECTION
CURRENT FUND

CITY OF UNION CITY
JUNE 30, 2016

EXHIBIT A

**CITY OF UNION CITY
CURRENT FUND
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	A-4	\$ 7,807,398	\$ 18,617,392
Change Fund	Unchanged	830	830
		<u>7,808,228</u>	<u>18,618,222</u>
Other Assets:			
Revenue Accounts Receivable	A-10	-	549,735
Grants Receivable	A-25	7,047,290	9,293,062
		<u>7,047,290</u>	<u>9,842,797</u>
Deferred Charges	A-23	4,544,114	3,268,720
		<u>4,544,114</u>	<u>3,268,720</u>
Receivables and Other Assets with Full Reserves:			
Taxes Receivable	A-7	58,995	301,915
Property Acquired for Taxes at Assessed Valuations	A-9	171,900	171,900
Revenue Accounts Receivable	A-10	1,236,649	-
Tax Title Liens Receivable	A-13	38,554	104,293
Other Receivables	A-14	454,624	16,931
Interfunds Receivable:			
Due from General Capital Fund	A-11	255,388	-
Due from Other Trust Fund	A-11	16,925	612,137
Due from Public Defender Trust Fund	A-11	-	6,200
Due from Dog License Trust	A-11	7,902	7,862
Due from CDA Trust	A-11	514	-
	A	<u>2,241,451</u>	<u>1,221,238</u>
Total Assets		<u>\$ 21,641,083</u>	<u>\$ 32,950,977</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT A

**CITY OF UNION CITY
CURRENT FUND
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves	A-3, A-15	\$ 683,860	\$ 2,580,315
Tax Overpayments	A-8	18,944	27,212
Prepaid Taxes	A-18	233,260	170,629
Accounts Payable	A-21	276,167	103,408
Reserve for Encumbrances	A-22	1,901,538	1,739,995
Reserve for Unappropriated Grants	A-26	19,530	89,883
Reserve for Appropriated Grants	A-27	2,173,325	2,107,015
Reserve for Neighborhood Housing	A-28	1,824	1,824
Other Reserves	A-17	205,314	235,541
Local School District Taxes Payable	A-19	1,541,864	9,251,182
Intergovernmental Payables:			
Due to State of NJ - Sr. Citizens' & Veterans'	A-12	39,373	34,894
Other	A-16	1,786,279	1,776,774
Note Payable	A-24	1,280,000	1,920,000
Interfunds Payable:			
Due to Capital Fund	A-11	-	4,932,860
Due to CDA Trust Fund	A-11	-	294,459
		<u>10,161,278</u>	<u>25,265,991</u>
Reserve for Receivables	Above	<u>2,241,451</u>	<u>1,221,238</u>
Total Liabilities		12,402,729	26,487,229
Fund Balance	A-1	<u>9,238,354</u>	<u>6,463,748</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 21,641,083</u>	<u>\$ 32,950,977</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016 AND 2015**

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

	Ref.	2016	2015
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1	\$ 1,633,800	\$ -
Miscellaneous Revenue Anticipated	A-2	47,228,308	42,230,313
Receipts from Delinquent Taxes	A-2	357,453	110,090
Receipts from Current Taxes	A-2	103,413,900	98,343,777
Non-Budget Revenues	A-2	970,286	258,822
Other Credits to Income:			
Dog License Fund - Statutory Excess	A-11	4,782	4,802
Accounts Payable Cancelled	A-11	16,320	5,800
Correct Prior Year Grant Award	A-11	920,269	-
Unexpended Balance of Appropriation Reserves	A-15	339,023	374,538
Cancellation of Other Reserves	A-17	36,711	43,640
Grants Appropriated Cancelled	A-27	78,443	716,892
Interfunds Returned	A-11	14,062	3,389,557
Total Income		<u>155,013,357</u>	<u>145,478,231</u>
<u>EXPENDITURES</u>			
Budget Appropriations	A-3	114,480,591	109,760,981
Local School District Taxes	A-2, A-19	15,418,637	15,418,637
County Taxes	A-2, A-20	17,693,344	15,771,847
Special Emergencies - 1 Year	A-23	702,952	232,845
Special Emergencies - 5 Year	A-23	877,541	-
Overexpenditures	A-23	1,058,967	-
Adjustments/Cancellation of Taxes	A-7	-	29,713
Tax Judgements on Prior Year Taxes	A-8	205,368	47,385
Interfund Advances Originating in Current Year	A-11	280,729	626,199
Other Receivable Cancelled	A-10	-	167,606
Receivable Originating in Current Year	A-10	1,236,649	-
Receivable Originating in Current Year	A-14	437,693	-
Grants Receivable Cancelled	A-25	851,940	747,508
Total Expenditures		<u>153,244,411</u>	<u>142,802,721</u>
Excess in Revenue		<u>1,768,946</u>	<u>2,675,510</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Special Emergency - 1 Year	A-23	702,952	232,845
Special Emergency - 5 Year	A-23	877,541	470,372
Overexpenditures	A-23	1,058,967	-
		<u>2,639,460</u>	<u>703,217</u>
Statutory Excess to Fund Balance		4,408,406	3,378,727
Fund Balance, Beginning of Year	A	<u>6,463,748</u>	<u>3,085,021</u>
Decreased by Utilized as Anticipated Revenue	A-1	<u>1,633,800</u>	<u>-</u>
Fund Balance, End of Year	A	<u>\$ 9,238,354</u>	<u>\$ 6,463,748</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT A-2

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

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Budget	Realized	Excess or (Deficit)
Surplus Anticipated		\$ 1,633,800	\$ 1,633,800	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage		195,065	229,225	34,160
Other		116,780	105,302	(11,478)
Fees and Permits		205,872	256,739	50,867
Fines and Costs:				
Municipal Court		2,578,134	2,666,809	88,675
Interest and Costs on Taxes		478,836	432,550	(46,286)
Interest on Investments and Deposits		20,390	34,956	14,566
Wedding Fees		36,545	47,388	10,843
Cable Franchise Fees		128,404	320,340	191,936
Payment in Lieu of Taxes				
Union Plaza Apartments		275,568	209,173	(66,395)
Union City Renaissance Urban Renewal		10,365	10,898	533
Palisade Urban Renewal Assoc.		34,283	86,266	51,983
Holy Rosary		30,925	32,946	2,021
Horizon Heights		12,385	12,385	-
Serv Properties		4,062	3,055	(1,007)
Suede Promotions		20,000	11,016	(8,984)
Total Local Revenues		<u>4,147,614</u>	<u>4,459,048</u>	<u>311,434</u>
State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Aid		3,918,907	5,618,907	1,700,000
Energy Receipts Taxes		9,831,255	9,831,255	-
Transitional Aid		17,800,000	17,800,000	-
Total State Aid Without Offsetting Appropriations		<u>31,550,162</u>	<u>33,250,162</u>	<u>1,700,000</u>
Dedicated Uniform Construction Code Fees Offset with Appropriations				
Uniform Construction Code Fees		1,040,343	1,793,010	752,667
Special Items of Revenue - Interlocal Service Agreements				
Union City Board of Education:				
Lease Recreational Center		312,500	325,000	12,500
Solid Waste Removal		360,000	360,000	-
47th Street Pool		136,000	136,000	-
Off Duty Police Officers		100,000	100,000	-
Police Services		655,000	655,000	-
Snow Removal		100,000	-	(100,000)
School Crossing Guards		1,200,000	1,200,000	-
Total Special Items of Revenue - Interlocal Service Agreements		<u>2,863,500</u>	<u>2,776,000</u>	<u>(87,500)</u>
Special Items of Revenue - Public and Private Revenues				
Summer Food Program		207,868	207,868	-
Municipal Alliance on Alcoholism and Drug Abuse		57,412	57,412	-
Prevention Coalition Drug Free Communities		125,500	125,500	-
Alcohol Education		1,120	1,120	-
Byrne Justice Assistance Program		24,579	24,579	-
Clean Communities		102,724	102,724	-
Body Armor Replacement Fund		14,645	14,645	-

See Accompanying Notes to the Financial Statements.

EXHIBIT A-2

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

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Budget	Realized	Excess or (Deficit)
Special Items of Revenue - Public and Private Revenues (Continued)				
Green Acres Trust Fund Grant - Reservoir Purchase		\$ 1,100,000	\$ 1,100,000	\$ -
New Jersey Department of Transportation -				
Summit Avenue Section 4		200,000	200,000	-
Summit Avenue Section 5 (Municipal Aid)		340,000	340,000	-
Summit Avenue Section 5 (Urban Aid)		99,815	99,815	-
Reserve for Grants Unappropriated:				
Clean Communities		89,883	89,883	-
Total Special Items of Revenue - Public and Private Revenues		<u>2,363,546</u>	<u>2,363,546</u>	<u>-</u>
Special Items of Revenue - Other				
North Hudson Community Action Health Center Lease		106,560	106,560	-
Emergency Medical Services		877,660	926,505	48,845
Other Trust Fund		612,137	612,137	-
Reserve for Debt Service		182,200	182,200	-
Five Year Abatement Program		746,000	759,140	13,140
Total Special Items of Revenue - Other		<u>2,524,557</u>	<u>2,586,542</u>	<u>61,985</u>
Total Miscellaneous Revenues		44,489,722	47,228,308	2,738,586
Receipts From Delinquent Taxes		<u>286,086</u>	<u>357,453</u>	<u>71,367</u>
Subtotal General Revenues and Fund Balance Anticipated		<u>46,409,608</u>	<u>49,219,561</u>	<u>2,809,953</u>
Amount to Be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes		67,012,330	69,243,266	2,230,936
Minimum Library Tax		1,058,653	1,058,653	-
Total Amount to Be Raised by Taxes for Support of Municipal Budget	A-7	<u>68,070,983</u>	<u>70,301,919</u>	<u>2,230,936</u>
Non-Budget Revenues		<u>-</u>	<u>970,286</u>	<u>970,286</u>
Total General Revenues		<u>\$ 114,480,591</u>	<u>\$ 120,491,766</u>	<u>\$ 6,011,175</u>
		A-3	Below	
ANALYSIS OF REALIZED REVENUE				
Allocation of Current Taxes				
Revenue from Collections	A-7	\$ 102,061,473		
Add: Reserve for Uncollected Taxes	A-3	<u>1,352,427</u>		
	A-1	103,413,900		
Less:				
Allocated to School Taxes	A-1, A-19	15,418,637		
Allocated to County Taxes	A-1, A-20	<u>17,693,344</u>		
Amount for Support of Municipal Budget	Above		\$ 70,301,919	
Receipts from Delinquent Taxes				
Delinquent Tax Collections	A-1, A-7		357,453	
Miscellaneous Revenues Anticipated	A-10	44,070,425		
Interfund Receivable	A-11	612,137		
Interfund Receivable	A-11	182,200		
Grant Revenue	A-25	<u>2,363,546</u>		
	A-1		47,228,308	
Surplus Anticipated			1,633,800	

See Accompanying Notes to the Financial Statements.

EXHIBIT A-2

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

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Budget	Realized	Excess or (Deficit)
ANALYSIS OF NON-BUDGET REVENUE				
Miscellaneous Refunds		\$ 52,554		
31st Street Parking Lot		4,940		
State Aid - Local Enforcement Agency Rebates		53,263		
Motor Vehicle Inspection Fines		272		
Copy of Reports		14,141		
Fire Reports		44,094		
Senior Citizens' and Veterans' Deduction Administration Fee		1,210		
Sale of Assets		7,127		
Miscellaneous		50,035		
Restitution		300		
Void Old Outstanding Checks		485,214		
Prior Year Bank Reconciliation Adjustments		31,722		
Recycling Trust Deposits		64,264		
EMS Receipts		28,319		
Bus Shelter Rent		2,500		
	A-4	839,955		
Due from BOE Washington Streetscape	A-10	130,331		
	Above, A-1		970,286	
			<u>\$ 120,491,766</u>	
			Above	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
				Paid or Charged	Cancelled	Reserved
Operations within "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS						
Director's Office						
Salaries and Wages		\$ 97,005	\$ 117,440	\$ 117,440	\$ -	\$ -
Other Expenses		4,000	7,962	7,961	-	1
Municipal Court						
Salaries and Wages		1,106,510	1,144,938	1,144,937	-	1
Other Expenses		230,000	225,961	225,961	-	-
Public Defender						
Other Expenses		75,000	67,544	67,544	-	-
Senior Citizens						
Salaries and Wages		107,746	94,667	94,666	-	1
Other Expenses		25,000	21,808	21,808	-	-
Hispanic/Cultural Affairs						
Other Expenses		100,000	99,638	99,637	-	1
North Hudson Council of Mayors						
Other Expenses		90,000	76,739	76,739	-	-
Municipal Land Use Law (NJS 40:55D-1)						
Regional Planning Board						
Salaries and Wages		13,000	12,501	12,500	-	1
Other Expenses		24,000	22,266	22,266	-	-
Continuous Planning Program		59,000	53,173	53,173	-	-
Veterans Affairs						
Salaries and Wages		1,000	-	-	-	-
Other Expenses		500	-	-	-	-
Celebration of Public Events						
Other Expenses		90,000	90,036	90,036	-	-
Total Department of Public Affairs		<u>2,022,761</u>	<u>2,034,673</u>	<u>2,034,668</u>	<u>-</u>	<u>5</u>
Detail:						
Salaries and Wages		1,325,261	1,437,090	1,437,087	-	3
Other Expenses		697,500	597,583	597,581	-	2
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages		53,000	51,537	51,537	-	-
Other Expenses		5,000	4,172	4,172	-	-
City Clerk's Office						
Salaries and Wages		220,015	224,308	224,307	-	1
Other Expenses		96,500	84,509	84,508	-	1
Treasurer's Office						
Salaries and Wages		774,661	732,481	732,480	-	1
Other Expenses		469,450	466,040	465,645	-	395
Assessment of Taxes						
Salaries and Wages		285,600	306,983	306,982	-	1
Other Expenses		49,000	48,883	48,882	-	1
Collection of Taxes						
Salaries and Wages		317,700	312,776	312,776	-	-
Other Expenses		25,000	34,590	34,589	-	1
Central Purchasing						
Salaries and Wages		267,154	253,421	253,421	-	-
Other Expenses		8,500	6,889	6,889	-	-
Rent Control Board						
Salaries and Wages		282,000	299,376	299,376	-	-
Other Expenses		8,500	10,800	10,799	-	1
Insurance						
General Liability		1,812,000	1,791,724	1,791,661	-	63
Workers Compensation		2,115,734	1,605,278	1,601,442	-	3,836
Employee Group Health		17,140,368	17,089,217	16,834,898	-	254,319

See Accompanying Notes to the Financial Statements.

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
				Paid or Charged	Cancelled	Reserved
DEPARTMENT OF REVENUE AND FINANCE						
(Continued)						
Tax Searches						
Salaries and Wages		\$ 5,001	\$ 5,001	\$ 5,000	\$ -	\$ 1
Other Expenses		500	-	-	-	-
Elections						
Salaries and Wages		25,000	1,907	1,907	-	-
Other Expenses		80,000	70,771	70,770	-	1
Membership NJ League of Municipalities						
Other Expenses		4,000	4,000	3,953	-	47
Annual Audit						
Other Expenses		95,000	95,000	-	-	95,000
Tax Sale Costs						
Other Expenses		10,000	1,521	1,521	-	-
Postage-All Departments						
Other Expenses		205,000	266,557	266,525	-	32
Data Processing						
Other Expenses		100,000	96,100	93,219	-	2,881
Day Care Center						
Other Expenses		260,000	260,000	260,000	-	-
CDA Operations						
Salaries and Wages		130,000	-	-	-	-
Total Department of Revenue and Finance		<u>24,844,683</u>	<u>24,123,841</u>	<u>23,767,259</u>	<u>-</u>	<u>356,582</u>
Detail:						
Salaries and Wages		2,360,131	2,187,790	2,187,786	-	4
Other Expenses		22,484,552	21,936,051	21,579,473	-	356,578
DEPARTMENT OF PUBLIC SAFETY						
Director's Office						
Salaries and Wages		316,166	294,728	294,728	-	-
Other Expenses		110,000	123,374	123,373	-	1
Weddings						
Salaries and Wages		40,000	48,075	48,075	-	-
Legal Department						
Salaries and Wages		10,001	10,001	10,000	-	1
Other Expenses		1,229,000	966,328	961,318	-	5,010
Police Department						
Salaries and Wages		18,200,000	19,184,107	19,184,107	-	-
Overtime		900,000	1,055,998	1,055,997	-	1
Other Expenses		500,000	548,079	548,051	-	28
Traffic Signs and Signal Maintenance						
Other Expenses		80,000	1,756	1,755	-	1
Emergency Management Services						
Salaries and Wages		30,000	28,847	28,846	-	1
Other Expenses		3,000	2,748	2,747	-	1
Emergency Medical Services						
Salaries and Wages		1,162,000	1,192,470	1,192,470	-	-
Other Expenses		75,000	112,080	112,080	-	-
Life Hazard Use Fee-Uniform Fire Safety						
Salaries and Wages		160,000	156,362	156,361	-	1
Other Expenses		9,000	8,843	8,842	-	1
Contribution to Union City Redevelopment Agency		126,000	125,899	125,898	-	1
Board of Health						
Salaries and Wages		325,000	372,939	372,938	-	1
Other Expenses		101,000	126,165	126,164	-	1
Divisions of Inspections						
Other Expenses		2,500	-	-	-	-
Welfare						
Relocation Assistance		60,000	33,297	33,297	-	-

See Accompanying Notes to the Financial Statements.

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
				Paid or Charged	Cancelled	Reserved
DEPARTMENT OF PUBLIC SAFETY						
(Continued)						
School Crossing Guards						
Salaries and Wages		\$ 1,200,000	\$ 1,200,000	\$ 1,154,797	\$ -	\$ 45,203
Other Expenses		2,500	389	389	-	-
Total Department of Public Safety		<u>24,641,167</u>	<u>25,592,485</u>	<u>25,542,233</u>	<u>-</u>	<u>50,252</u>
Detail:						
Salaries and Wages		22,343,167	23,543,527	23,498,319	-	45,208
Other Expenses		<u>2,298,000</u>	<u>2,048,958</u>	<u>2,043,914</u>	<u>-</u>	<u>5,044</u>
DEPARTMENT OF PUBLIC WORKS						
Director's Office						
Salaries and Wages		110,000	107,106	107,105	-	1
Other Expenses		14,000	1,198	1,197	-	1
Street Cleaning						
Salaries and Wages		2,800,000	2,613,580	2,613,579	-	1
Other Expenses		321,000	337,863	337,863	-	-
Streets Repairs and Maintenance						
Other Expenses		67,000	66,717	66,717	-	-
Snow Removal						
Salaries and Wages		130,000	41,875	41,875	-	-
Other Expenses		200,000	55,603	(17,397)	-	73,000
Interlocal Agreement		100,000	100,000	-	-	100,000
Board of Adjustment						
Salaries and Wages		14,000	12,600	12,500	-	100
Other Expenses		55,000	43,751	43,751	-	-
Solid Waste Disposal						
Salaries and Wages		1,347,000	1,361,251	1,361,251	-	-
Other Expenses		4,900,000	4,996,770	4,996,769	-	1
Recycling Program						
Other Expenses		80,000	115,727	115,727	-	-
Public Assistance						
Other Expenses		75,900	101,776	101,775	-	1
Engineering Services						
Other Expenses		<u>313,000</u>	<u>260,861</u>	<u>253,051</u>	<u>-</u>	<u>7,810</u>
Total Department of Public Works		<u>10,526,900</u>	<u>10,216,678</u>	<u>10,035,763</u>	<u>-</u>	<u>180,915</u>
Detail:						
Salaries and Wages		4,401,000	4,136,412	4,136,310	-	102
Other Expenses		<u>6,125,900</u>	<u>5,980,266</u>	<u>5,899,453</u>	<u>-</u>	<u>80,813</u>
DEPARTMENT OF PARKS AND PUBLIC PROPERTY						
Director's Office						
Salaries and Wages		110,500	106,997	106,996	-	1
Other Expenses		5,000	1,566	1,565	-	1
Parks and Playgrounds						
Salaries and Wages		179,200	176,880	176,880	-	-
Other Expenses		250,000	314,011	314,010	-	1
Public Buildings and Grounds						
Salaries and Wages		985,000	758,026	758,026	-	-
Other Expenses		575,000	592,806	585,509	-	7,297
Recreation						
Salaries and Wages		560,000	754,682	754,681	-	1
Other Expenses		250,000	248,079	246,409	-	1,670

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
				Paid or Charged	Cancelled	Reserved
DEPARTMENT OF PARKS AND PUBLIC PROPERTY						
(Continued)						
Interlocal Municipal Service Agreements						
47th Street Pool		\$ 136,000	\$ 136,000	\$ 136,000	\$ -	\$ -
Recreation Center Lease		312,500	312,500	312,500	-	-
Total Department of Parks and Public Property		<u>3,363,200</u>	<u>3,401,547</u>	<u>3,392,576</u>	<u>-</u>	<u>8,971</u>
Detail:						
Salaries and Wages		1,834,700	1,796,585	1,796,583	-	2
Other Expenses		<u>1,528,500</u>	<u>1,604,962</u>	<u>1,595,993</u>	<u>-</u>	<u>8,969</u>
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code Officials:						
Salaries and Wages		675,000	720,345	720,344	-	1
Other Expenses		218,343	233,505	233,504	-	1
Sub-Code Officials:						
Plumbing Inspector						
Salaries and Wages		15,000	-	-	-	-
Electrical Inspector						
Salaries and Wages		37,000	36,250	36,250	-	-
Elevator Inspector						
Other Expenses		62,000	13,135	13,135	-	-
Fire Inspector						
Salaries and Wages		33,000	30,005	30,000	-	5
Total Uniform Construction Code		<u>1,040,343</u>	<u>1,033,240</u>	<u>1,033,233</u>	<u>-</u>	<u>7</u>
Detail:						
Salaries and Wages		760,000	786,600	786,594	-	6
Other Expenses		<u>280,343</u>	<u>246,640</u>	<u>246,639</u>	<u>-</u>	<u>1</u>
UNCLASSIFIED						
Retirement Benefits		150,000	-	-	-	-
Gasoline		400,000	322,031	322,031	-	-
Telephone		100,000	32,101	32,101	-	-
Electricity		800,000	891,990	891,990	-	-
Water		85,000	97,301	97,300	-	1
Natural Gas		223,000	142,736	142,734	-	2
Street Lighting		1,200,000	1,488,013	1,488,012	-	1
Salary Adjustment		1,200,000	1,194,475	1,194,474	-	1
Sewer		67,500	50,467	50,467	-	-
Fire Hydrants		303,000	288,546	264,300	-	24,246
Printing-All Departments		375,000	366,193	366,193	-	-
Photocopying		40,000	40,355	40,355	-	-
Fleet Maintenance & Repairs		730,000	868,760	867,513	-	1,247
Total Unclassified		<u>5,673,500</u>	<u>5,782,968</u>	<u>5,757,470</u>	<u>-</u>	<u>25,498</u>
Detail:						
Salaries and Wages		1,200,000	1,194,475	1,194,474	-	1
Other Expenses		<u>4,473,500</u>	<u>4,588,493</u>	<u>4,562,996</u>	<u>-</u>	<u>25,497</u>
TOTAL OPERATIONS WITHIN "CAPS"		<u>72,112,554</u>	<u>72,185,432</u>	<u>71,563,202</u>	<u>-</u>	<u>622,230</u>
Detail:						
Salaries and Wages		34,224,259	35,082,479	35,037,153	-	45,326
Other Expenses		<u>37,888,295</u>	<u>37,002,953</u>	<u>36,526,049</u>	<u>-</u>	<u>476,904</u>

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
				Paid or Charged	Cancelled	Reserved
DEFERRED CHARGES AND STATUTORY						
EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Overexpenditures		\$ 17,477	\$ 17,477	\$ 17,477	\$ -	\$ -
Grant receivable write-off		252,000	252,000	252,000	-	-
Expenditures without Appropriations		127,669	127,669	127,669	-	-
Statutory Expenditures - Contributions to:						
Social Security System (O.A.S.I.)		1,635,000	1,643,593	1,643,181	-	412
Police and Fire Retirement System		4,347,433	4,347,433	4,347,433	-	-
Public Employees Retirement System		1,418,125	1,386,802	1,386,554	-	248
Consolidated Police and Firemen's Pension Fund		84,579	70,844	70,844	-	-
Unemployment Insurance		381,000	332,010	332,010	-	-
PERS Delayed Enrollment		60,000	82,452	82,452	-	-
Defined Contribution Retirement Plan		150,000	140,125	140,125	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"		<u>8,473,283</u>	<u>8,400,405</u>	<u>8,399,745</u>	<u>-</u>	<u>660</u>
Total General Appropriations for Municipal Purposes Within "CAPS"		<u>80,585,837</u>	<u>80,585,837</u>	<u>79,962,947</u>	<u>-</u>	<u>622,890</u>
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library		1,058,653	1,058,653	1,034,948	-	23,705
Contribution to North Hudson Fire & Rescue Joint Meeting		18,000,000	18,000,000	17,962,735	-	37,265
Total Other Operations Excluded from "CAPS"		<u>19,058,653</u>	<u>19,058,653</u>	<u>18,997,683</u>	<u>-</u>	<u>60,970</u>
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Union City Board of Education						
Solid Waste Removal		360,000	360,000	360,000	-	-
Off Duty Police Officers		100,000	100,000	100,000	-	-
Police Services		655,000	655,000	655,000	-	-
Total Interlocal Municipal Service Agreements		<u>1,115,000</u>	<u>1,115,000</u>	<u>1,115,000</u>	<u>-</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Summer Food Program		207,868	207,868	207,868	-	-
Green Acres Project - Weehawken Reservoir		1,100,000	1,100,000	1,100,000	-	-
Reserve for Grants Unappropriated:						
Clean Communities		89,883	89,883	89,883	-	-
Alcohol Education		1,120	1,120	1,120	-	-
Prevention Coalition Drug Free Communities		125,000	125,000	125,000	-	-
Prevention Coalition Drug Free Communities - Match		125,000	125,000	125,000	-	-
Body Armor Replacement Fund		14,645	14,645	14,645	-	-
Municipal Alliance		57,412	57,412	57,412	-	-
Municipal Alliance - Match		14,353	14,353	14,353	-	-
New Jersey Department of Transportation -						
Summit Avenue Section 5 (Municipal Aid)		340,000	340,000	340,000	-	-
Summit Avenue Section 5 (Urban Aid)		99,815	99,815	99,815	-	-
Summit Avenue Section 4 (Urban Aid)		200,000	200,000	200,000	-	-
Clean Communities		102,724	102,724	102,724	-	-
Drug Free Community Coalition		500	500	500	-	-
Byrne Justice Assistance Program		24,579	24,579	24,579	-	-
Total Public and Private Programs Offset by Revenue		<u>2,502,899</u>	<u>2,502,899</u>	<u>2,502,899</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"		<u>22,676,552</u>	<u>22,676,552</u>	<u>22,615,582</u>	<u>-</u>	<u>60,970</u>
Detail						
Salaries and Wages		-	-	-	-	-
Other Expenses		<u>22,676,552</u>	<u>22,676,552</u>	<u>22,615,582</u>	<u>-</u>	<u>60,970</u>

See Accompanying Notes to the Financial Statements.

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Expenditures	Ref.	SFY 2016	Total for SFY 2016 as Modified by all Transfers	Expended SFY 2016		
				Paid or Charged	Cancelled	Reserved
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"						
Capital Improvement Fund		\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -
Total Capital Improvements Excluded from "CAPS"		100,000	100,000	100,000	-	-
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"						
Payment of Bond Principal		2,521,251	2,521,251	2,521,251	-	-
Payment of Bond Anticipation Notes & Capital Notes		973,000	973,000	973,000	-	-
Interest on Bonds		2,922,956	2,922,956	2,922,956	-	-
Interest on Notes		529,070	529,070	529,070	-	-
Parking Authority Debt		269,985	269,985	269,985	-	-
Hudson County Improvement Authority:						
Fire Dept Assets - Principal		791,093	791,093	791,093	-	-
Fire Dept Assets - Interest		601,370	601,370	601,370	-	-
Green Trust Loan Program:						
Swimming Pool Improvements		49,747	49,747	49,747	-	-
17th Street Park Improvements		4,354	4,354	4,354	-	-
44th Street Playground		9,802	9,802	9,802	-	-
Ellsworth and 23rd Street		78,674	78,674	78,674	-	-
38th Street Park		10,856	10,856	10,856	-	-
Leggerio Park		36,697	36,697	36,697	-	-
Total Municipal Debt Service Excluded from "CAPS"		8,798,855	8,798,855	8,798,855	-	-
DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"						
Special Emergency Authorizations - 5 years (N.J.S. 40A:4-55)		734,075	734,075	734,075	-	-
Declared State of Emergency (N.J.S.A. 40A:4-45.45(b))		232,845	232,845	232,845	-	-
Total Deferred Charges-Municipal-Excluded from "CAPS"		966,920	966,920	966,920	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		32,542,327	32,542,327	32,481,357	-	60,970
Total General Appropriations Excluded from "CAPS"		32,542,327	32,542,327	32,481,357	-	60,970
Subtotal General Appropriations		113,128,164	113,128,164	112,444,304	-	683,860
Reserve for Uncollected Taxes		1,352,427	1,352,427	1,352,427	-	-
TOTAL GENERAL APPROPRIATIONS		\$ 114,480,591	\$ 114,480,591	\$ 113,796,731	\$ -	\$ 683,860
	Ref.	A-2	A-1	Below		A
Reserve for Uncollected Taxes	A-2			\$ 1,352,427		
Cash Disbursements	A-4			107,996,797		
Capital Improvement Fund	A-11			100,000		
Other Receivables	A-14			(437,693)		
Grants Appropriated	A-27			2,363,546		
Grants Appropriated - City Match	A-27			139,353		
Transfer to Reserve for Encumbrances	A-22			918,235		
Deferred Charges	A-23			1,364,066		
				\$ 113,796,731		
				Above		

REPORT OF AUDIT

FINANCIAL SECTION
TRUST FUNDS

CITY OF UNION CITY
JUNE 30, 2016

**CITY OF UNION CITY
TRUST FUNDS
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Ref.	2016	2015
<u>ASSETS</u>			
Dog License Fund			
Cash and Cash Equivalents	B-1	\$ 16,698	\$ 18,786
Total Dog License Fund		16,698	18,786
Other Trust Fund			
Cash and Cash Equivalents	B-6	9,463,981	8,607,450
Due from Property Owners	B-7	44,690	69,797
Due from General Capital Fund	B-8	218,090	218,090
Due from Dog License Fund	B-9	30	-
Total Other Trust Fund		9,726,791	8,895,337
Community Development Agency Fund			
Cash and Cash Equivalents	B-13	2,030	1,014
Due from HUD Community Development Block Grant	B-14	631,203	81,623
Due from Current Fund	B-17	-	294,459
Total Community Development Agency Fund		633,233	377,096
Public Defender Trust Fund			
Cash and Cash Equivalents	B-18	3,678	27,343
Total Public Defender Trust Fund		3,678	27,343
Total Assets		\$ 10,380,400	\$ 9,318,562

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
TRUST FUNDS
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Dog License Fund			
Due to the State of New Jersey	B-2	\$ 328	\$ 3,554
Reserve for Dog License Fund Expenditures	B-3	8,438	7,370
Due to Current Fund	B-4	7,902	7,862
Due to Other Trust Fund	B-5	30	-
Total Dog License Fund		<u>16,698</u>	<u>18,786</u>
Other Trust Fund			
Reserve for Other Trust Fund Activity	B-10	8,010,111	7,077,508
Due to Current Fund	B-11	16,925	612,137
Reserve for Encumbrances Payable	B-12	1,699,755	1,205,692
Total Other Trust Fund		<u>9,726,791</u>	<u>8,895,337</u>
Community Development Agency Fund			
Due to Current Fund	B-17	514	-
Reserve for Community Development Block Grant	B-16	632,719	377,096
Total Community Development Agency Fund		<u>633,233</u>	<u>377,096</u>
Public Defender Trust Fund			
Reserve for Public Defender Trust Expenditures	B-19	3,678	21,143
Due to Current Fund	B-20	-	6,200
Total Public Defender Trust Fund		<u>3,678</u>	<u>27,343</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,380,400</u>	<u>\$ 9,318,562</u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION
GENERAL CAPITAL FUND

CITY OF UNION CITY
JUNE 30, 2016

**CITY OF UNION CITY
GENERAL CAPITAL FUND
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
ASSETS AND DEFERRED CHARGES			
Cash and Cash Equivalents	C-2, C-3	\$ 84	\$ 84
Due from Current Fund	C-13	-	4,932,860
Due from State of New Jersey - Green Acres Trust Grant	C-15	780,000	780,000
Due from County of Hudson	C-16	-	25,000
Deferred Charges to Future Taxation:			
Funded	C-5	49,721,937	53,195,345
Unfunded	C-4	71,507,824	62,480,824
Total Assets and Deferred Charges		<u>\$ 122,009,845</u>	<u>\$ 121,414,113</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Capital Improvement Fund	C-6	\$ 111,763	\$ 111,763
Improvement Authorizations:			
Funded	C-7	247,626	598,016
Unfunded	C-7	19,387,698	18,139,137
General Serial Bonds	C-8	39,048,533	41,569,784
Capital Lease Payable - HCIA	C-9	9,344,263	10,135,356
Green Acres Loan	C-10	1,329,141	1,490,205
Bond Anticipation Notes	C-11	43,014,000	36,987,000
Encumbrances Payable	C-12	7,849,996	12,009,423
Due to Current Fund	C-13	255,388	-
Due to Other Trust Fund	C-17	218,090	218,090
Reserve for Debt Service	C-18	588,910	-
Fund Balance	C-1	614,437	155,339
Total Liabilities, Reserves and Fund Balance		<u>\$ 122,009,845</u>	<u>\$ 121,414,113</u>
Bonds and Notes Authorized But Not Issued	C-14	<u>\$ 28,493,824</u>	<u>\$ 25,493,824</u>

See Accompanying Notes to the Financial Statements.

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, June 30, 2015	C	\$ 155,339
Increased by:		
Premium on Note Sale	C-13	<u>459,098</u>
Balance, June 30, 2016	C	<u>\$ 614,437</u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION
GENERAL FIXED ASSETS

CITY OF UNION CITY
JUNE 30, 2016

**CITY OF UNION CITY
GENERAL FIXED ASSETS
JUNE 30, 2016 AND 2015**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Land		\$ 11,229,400	\$ 11,228,900
Buildings and Improvements		53,490,824	52,142,817
Machinery, Equipment and Other		<u>12,471,775</u>	<u>8,154,867</u>
Total Assets	D-1	<u>\$ 77,191,999</u>	<u>\$ 71,526,584</u>
<u>LIABILITIES AND RESERVES</u>			
Investment in General Fixed Assets		<u>\$ 77,191,999</u>	<u>\$ 71,526,584</u>
Total Liabilities and Reserves	D-2	<u>\$ 77,191,999</u>	<u>\$ 71,526,584</u>

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION
NOTES TO THE
FINANCIAL STATEMENTS

CITY OF UNION CITY
JUNE 30, 2016

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

Union City Board of Education

Union City Parking Authority

Union City Public Library

Union City Redevelopment Agency

Union City Housing Authority

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION

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

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

DESCRIPTION OF FUNDS

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

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

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

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

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

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, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

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

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

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

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

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

No depreciation has been provided in the financial statements.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

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

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Cash and Investments (Continued)

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Budgets and Budgetary Accounting (Continued)

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

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

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

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

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

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

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

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

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

DEPOSITS

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

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

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

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2016 and 2015, none of the City’s bank balances of \$18,192,316 and \$29,560,425, respectively, was exposed to custodial credit risk.

As of June 30, 2016 and 2015, the City’s deposits and investments are summarized as follows:

	<u>2016</u>	<u>2015</u>
Insured - FDIC	\$ 621,161	\$ 621,161
Insured - GUDPA	16,243,775	27,614,475
NJARM	869,046	867,569
NJ Cash Management Fund	<u>458,334</u>	<u>457,220</u>
Total	<u>\$ 18,192,316</u>	<u>\$ 29,560,425</u>

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

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, 2016 and 2015, the City's investments are recorded in the financial statements and have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the financial statements.

Interest Rate Risk

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

Concentration of Credit Risk

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

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

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, 2016 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, 2016 are invested in money market funds, the NJ Cash Management Fund, or the NJARM Program.

New Jersey Cash Management Fund

All investments in the New Jersey Cash Management Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the Other-than-State participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. The City does not own specific identifiable securities, but instead has a net realizable interest in the joint value of the fund. As of June 30, 2016 and 2015, the City had a balance of \$458,334 and \$457,220, respectively, in the New Jersey Cash Management Fund.

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

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, 2016 and 2015, the City has a balance of \$869,046 and \$867,569, respectively, in the NJARM Program.

NOTE 3. TAXES RECEIVABLE, TAX TITLE LIENS

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

During fiscal year ended June 30, 2016 the City collected \$282,228 from delinquent taxes which represented 93.48% of the delinquent balances at June 30, 2015. For the fiscal year ended June 30, 2015, the City collected \$89,519 from delinquent taxes which represented 47.83% of the delinquent balances at June 30, 2014.

NOTE 4. PROPERTY TAX CALENDAR

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

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

NOTE 4. PROPERTY TAX CALENDAR (Continued)

School Taxes

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

County Taxes

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

Prepaid Taxes

Taxes collected in advance are recorded as cash liabilities in the financial statements. As of June 30, 2016 and 2015, the City's prepaid taxes were \$233,260 and \$170,629, respectively.

NOTE 5. LONG-TERM DEBT

SUMMARY OF MUNICIPAL DEBT

The Local Bond Law, N.J.S.A. 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years of original date financed by the issuance of bonds.

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

NOTE 5. LONG-TERM DEBT (Continued)

SUMMARY OF MUNICIPAL DEBT (Continued)

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	Balance June 30, 2015	Bonds and Notes			Balance June 30, 2016
		Authorized	Issued/ (Unissued)	Paid	
General Bonds and Notes	\$ 78,556,784	\$ -	\$ 43,014,000	\$ 39,508,251	\$ 82,062,533
Bonds Issued by Another Public Body and Guaranteed by Municipalities	1,604,110	-	-	198,410	1,405,700
Green Acres Loans	1,490,205	-	-	161,064	1,329,141
HCIA Capital Leases	10,135,356	-	-	791,093	9,344,263
Authorized but Not Issued	25,493,824	10,000,000	(7,000,000)	-	28,493,824
Total	\$ 117,280,279	\$ 10,000,000	\$ 36,014,000	\$ 40,658,818	\$ 122,635,461

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, 2016 is as follows:

Fiscal Year Ending	General Bonds		HCIA Lease		Green Acres Trust Fund Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 2,455,108	\$ 2,940,130	\$ 924,893	\$ 548,558	\$ 154,513	\$ 25,813	\$ 7,049,015
2018	2,088,425	3,299,569	995,138	493,075	78,550	23,101	6,977,858
2019	3,760,000	1,645,907	1,050,329	433,283	69,218	21,577	6,980,314
2020	3,945,000	1,454,657	1,125,593	369,879	70,610	20,186	6,985,925
2021	4,150,000	1,252,657	1,184,131	301,071	72,030	18,767	6,978,656
2022-2026	14,565,000	3,730,953	4,064,177	443,325	382,459	71,526	23,257,440
2027-2031	4,915,000	2,007,188	-	-	395,421	31,511	7,349,121
2032-2034	3,170,000	304,062	-	-	106,338	3,753	3,584,153

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

This summarized statement of debt condition which is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.91%. The Equalized Valuation Basis of the City at June 30, 2016 is \$3,166,509,827.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 113,291,198	\$ 21,185,000	\$ 92,106,198

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

NOTE 5. LONG-TERM DEBT (Continued)

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

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

GENERAL SERIAL BONDS PAYABLE

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

<u>Fiscal Year Ending</u>	<u>Total Payments</u>	<u>ERI Pension Bonds Principal</u>	<u>2007 Refunding Issue Principal</u>
2017	\$ 2,455,109	\$ 825,000	\$ 1,630,109
2018	2,088,424	15,000	2,073,424
2019	3,760,000	30,000	3,730,000
2020	3,945,000	100,000	3,845,000
2021	4,150,000	165,000	3,985,000
2022	4,350,000	225,000	4,125,000
2023	4,540,000	315,000	4,225,000
2024	4,625,000	375,000	4,250,000
2025	475,000	475,000	-
2026	575,000	575,000	-
2027	690,000	690,000	-
2028	825,000	825,000	-
2029	975,000	975,000	-
2030	1,125,000	1,125,000	-
2031	1,300,000	1,300,000	-
2032	1,475,000	1,475,000	-
2033	1,695,000	1,695,000	-
	<u>\$ 39,048,533</u>	<u>\$ 11,185,000</u>	<u>\$ 27,863,533</u>

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

NOTE 5. LONG-TERM DEBT (Continued)

GENERAL SERIAL BONDS PAYABLE (Continued)

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

LOANS AND CAPITAL LEASES PAYABLE

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

Fiscal Year Ending	Green Acres Loans Principal	Hudson County Improvement Authority Lease Payments			
		Total Payments	Cost of Facilities	2011 A&B	N. Hudson Reg.
			NHRFR Series 2004 Principal	Fire Dept. Assets Principal	Fire & Rescue Series 2006A&B Principal
2017	\$ 154,513	\$ 924,893	\$ 367,950	\$ 173,940	\$ 383,003
2018	78,550	995,138	401,400	182,303	411,435
2019	69,218	1,050,330	418,125	190,665	441,540
2020	70,610	1,125,593	451,575	200,700	473,318
2021	72,030	1,184,131	468,300	209,063	506,768
2022	73,479	1,264,410	501,750	219,097	543,563
2023	74,955	1,348,036	535,200	229,133	583,703
2024	76,462	1,451,732	585,375	240,841	625,516
2025	77,997	-	-	-	-
2026	79,566	-	-	-	-
2027	81,165	-	-	-	-
2028	82,797	-	-	-	-
2029	84,461	-	-	-	-
2030	86,158	-	-	-	-
2031	60,840	-	-	-	-
2032	34,743	-	-	-	-
2033	35,441	-	-	-	-
2034	36,155	-	-	-	-
	<u>\$ 1,329,140</u>	<u>\$ 9,344,263</u>	<u>\$ 3,729,675</u>	<u>\$ 1,645,742</u>	<u>\$ 3,968,846</u>

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

NOTE 5. LONG-TERM DEBT (Continued)

NOTES PAYABLE

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

SCHOOL DISTRICT

At June 30, 2016 and 2015, the amount of authorized and unissued school indebtedness was \$10,000,000 and \$0, respectively.

NOTE 6. FUND BALANCE APPROPRIATED

Fund balances at June 30, 2015 and 2014, which were appropriated and included as anticipated revenue for the years ending June 30, 2016 and 2015 budgets, were \$1,633,800 and \$0, respectively. Fund balance at June 30, 2016 of \$2,487,216 is included as anticipated revenue in the June 30, 2017 budget.

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION

Substantially all City employees participate in the Public Employees Retirement System (PERS), Police and Fireman's Retirement System of New Jersey (PFRS) or the Defined Contribution Retirement Program (DCRP), all of which are multiple employer plans sponsored and administered by the State of New Jersey. The PERS and PFRS are cost sharing contributory defined benefit public employee retirement systems. The DCRP is a defined contribution plan.

STATE-MANAGED PENSION PLANS - PERS

The PERS was established in January, 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and post-retirement medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2007, 2008, 2010 and 2011. These changes resulted in various "tiers" which distinguish period of eligibility for enrollment.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS - PERS (Continued)

The delineation of these tiers is noted below:

- Tier 1: Employees enrolled before July 1, 2007.
- Tier 2: Employees eligible for enrollment after June 30, 2007 but before November 2, 2008.
- Tier 3: Employees eligible for enrollment after November 1, 2008 but before May 22, 2010.
- Tier 4: Employees eligible for enrollment after May 21, 2010 but before June 28, 2011.
- Tier 5: Employees eligible for enrollment after June 27, 2011.

Tier 1 and 2 employees must earn a base salary of \$1,500 or more to enroll in the plan. Pensionable salaries are limited to the IRS maximum salary compensation limits for Tier 1 employees and social security maximum wage for Tier 2 employees. Tier 2 employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 3 employees must earn a base salary that is annually adjusted. For the fiscal year ended December 31, 2015 and 2014 this base salary amount was \$8,200 and \$8,100, respectively. Employees earning between \$5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over \$5,000 are eligible to enroll in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

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 64. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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 retirement age of their respective tier. 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.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Each of the 5 Tiers have eligibility requirements and benefit calculations which vary for deferred retirements, early retirements, veteran retirements, ordinary disability retirements and accidental disability retirements. There is no minimum service requirement to receive these pension benefits. State-paid insurance coverage may be obtained after 25 years of service for employees in Tiers 1 through 4 and 30 years of service for Tier 5 employees.

Contributions and Liability

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. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the City and its employees for the previous three years are as follows:

Year Ended June 30,	City Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2016	\$ 1,418,125	13.82%	\$ 10,259,026	7.06%	\$ 724,218
2015	1,304,210	13.01%	10,027,291	6.92%	693,888
2014	1,249,089	13.20%	9,462,341	6.78%	646,434

The net pension liability was measured as of June 30, 2015 and 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Contributions and Liability (continued)

At June 30, 2015 and 2014, the City’s net pension liability for PERS, including the City’s proportionate share, was as follows:

Year Ended June 30,	Proportionate Share		Net Pension Liability
	Rate	Change	
2015	0.14120%	-0.00245%	\$ 31,695,649
2014	0.14365%	0.00473%	26,895,416

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, 2015 and 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

At:	2015		2014	
	Rate	Amount	Rate	Amount
1% Decrease	3.90%	\$ 39,393,814	4.39%	\$ 33,835,349
Current Discount Rate	4.90%	31,695,649	5.39%	26,895,416
1% Increase	5.90%	25,241,563	6.39%	21,067,638

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS –PERS (Continued)

Actuarial Assumptions

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

	<u>For Measurement Date of:</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	based on age	based on age
Thereafter	3.15-5.40%	3.15-5.40%
	based on age	based on age
Investment Rate of Return	7.90%	7.90%

Mortality - For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements will be.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Actuarial Assumptions (continued)

For the June 30, 2014 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS target asset allocations as of June 30, 2015 and 2014 are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	June 30,		June 30,	
	2015	2014	2015	2014
Cash	5.00%	6.00%	1.04%	0.80%
U.S. Treasuries	1.75%	*	1.64%	*
Investment Grade Credit	10.00%	*	1.79%	*
Mortgages	2.10%	2.50%	1.62%	2.17%
High Yield Bonds	2.00%	5.50%	4.03%	4.82%
Inflation-Indexed Bonds	1.50%	9.00%	3.25%	3.51%
Broad U.S. Equities	27.25%	25.90%	8.52%	8.22%
Developed Foreign Equities	12.00%	12.70%	6.88%	8.12%
Emerging Market Equities	6.40%	6.50%	10.00%	9.91%
Private Equity	9.25%	8.25%	12.41%	13.02%
Hedge Funds / Absolute Return	12.00%	12.25%	4.72%	4.92%
Real Estate (Property)	2.00%	3.20%	6.83%	5.80%
Commodities	1.00%	2.50%	5.32%	5.35%
Global Debt ex U.S.	3.50%	*	-0.40%	*
REIT	4.25%	*	5.12%	*
Core Bonds	*	1.00%	*	2.49%
Intermediate-Term Bonds	*	11.20%	*	2.26%

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions.

Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the years ended June 30, 2015 and 2014:

	June 30, 2015			June 30, 2014		
	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	\$ 3,403,860	\$ -	\$ 3,403,860	\$ 845,736	\$ -	\$ 845,736
Difference Between Expected and Actual Experience	756,147	-	756,147	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(509,605)	(509,605)	-	(1,602,821)	(1,602,821)
Subtotal	4,160,007	(509,605)	<u>\$ 3,650,402</u>	845,736	(1,602,821)	<u>\$ (757,085)</u>
Changes in Proportion	623,762	(389,997)		764,250	-	
	<u>\$ 4,783,769</u>	<u>\$ (899,602)</u>		<u>\$ 1,609,986</u>	<u>\$ (1,602,821)</u>	

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PERS (Continued)

Deferred Outflows and Inflows of Resources (continued)

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,		
June 30, 2016	\$	663,002
June 30, 2017		663,002
June 30, 2018		663,002
June 30, 2019		1,063,709
June 30, 2020		597,687
Thereafter		-
	<u>\$</u>	<u>3,650,402</u>

STATE-MANAGED PENSION PLANS – PFRS

Plan Description and Eligibility

The PFRS was established in July, 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2010 and 2011. These changes resulted in various “tiers” which distinguish period of eligibility for enrollment. The delineation of these tiers is noted as follows:

- Tier 1: Employees enrolled before May 22, 2010.
- Tier 2: Employees enrolled after May 21, 2010 but before June 29, 2011.
- Tier 3: Employees enrolled after June 28, 2011.

There is no minimum salary requirement to enroll, regardless of tier. Pensionable salaries are limited to the social security maximum wage for Tier 2 and 3 employees and federal pensionable maximum for Tier 1 employees. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Plan Benefits

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.

Contributions and Liability

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. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the City and its employees for the previous three years are as follows:

Year Ended June 30,	City Contribution		Base Wages Subject to Contributions	Employee Contributions	
	Amount Paid or Charged	As a Percentage of Base Wages		As a Percentage of Base Wages	Amount Contributed
2016	\$ 4,347,433	25.73%	\$ 16,894,358	10.00%	\$ 1,689,436
2015	4,161,543	25.70%	16,194,082	10.00%	1,619,408
2014	4,460,504	28.20%	15,819,700	10.40%	1,644,713

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Contributions and Liability (continued)

The amounts contributed on behalf of the City under this legislation are considered to be a special funding situation. As such, 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 notes to the financial statements of the City must disclose the portion of the State’s total proportionate share of the collective net pension liability that is associated with the City.

At June 30, 2015 and 2014, the City’s net pension liability for PFRS, including the special funding situation described above and changes in the City’s proportionate share, was as follows:

Year Ended June 30,	Unit	City (employer)		Net Pension Liability	State of N.J.	Total
		Proportionate Share			(nonemployer)	
		Rate	Change		On-Behalf of City	
2015	Police & Fire	0.49473%	-0.00489%	\$ 82,405,429	\$ 7,226,680	\$ 89,632,109
2014	Police & Fire	0.49962%	-0.06825%	\$ 62,847,322	\$ 6,767,000	\$ 69,614,322

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 of the as of June 30, 2015 and 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

At:	2015		2014	
	Rate	Amount	Rate	Amount
1% Decrease	4.79%	\$ 108,636,517	5.32%	\$ 84,694,848
Current Discount Rate	5.79%	82,405,429	6.32%	62,847,322
1% Increase	6.79%	61,016,320	7.32%	44,790,878

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 and June 30, 2014 measurement dates were determined by actuarial valuations as of July 1, 2014 and 2013, respectively, which were rolled forward to June 30, 2015 and 2014, respectively. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following actuarial assumptions:

	<u>For Measurement Date of:</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	based on age	based on age
Thereafter	3.60-10.48%	4.95-9.62%
	based on age	based on age
Investment Rate of Return	7.90%	7.90%

Mortality - For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year 2014 based on Projection Scale BB. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

For the June 30, 2014 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Actuarial Assumptions (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) 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.

Discount Rate - The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Actuarial Assumptions (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015 and 2014) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS target asset allocations as of June 30, 2015 and 2014 are summarized in the following table:

Asset Class	Target Allocation June 30,		Long-Term Expected Real Rate of Return June 30,	
	2015	2014	2015	2014
Cash	5.00%	6.00%	1.04%	0.80%
U.S. Treasuries	1.75%	*	1.64%	*
Investment Grade Credit	10.00%	*	1.79%	*
Mortgages	2.10%	2.50%	1.62%	2.17%
High Yield Bonds	2.00%	5.50%	4.03%	4.82%
Inflation-Indexed Bonds	1.50%	9.00%	3.25%	3.51%
Broad U.S. Equities	27.25%	25.90%	8.52%	8.22%
Developed Foreign Equities	12.00%	12.70%	6.88%	8.12%
Emerging Market Equities	6.40%	6.50%	10.00%	9.91%
Private Equity	9.25%	8.25%	12.41%	13.02%
Hedge Funds / Absolute Return	12.00%	12.25%	4.72%	4.92%
Real Estate (Property)	2.00%	3.20%	6.83%	5.80%
Commodities	1.00%	2.50%	5.32%	5.35%
Global Debt ex U.S.	3.50%	*	-0.40%	*
REIT	4.25%	*	5.12%	*
Core Bonds	*	1.00%	*	2.49%
Intermediate-Term Bonds	*	11.20%	*	2.26%

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – PFRS (Continued)

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the years ended June 30, 2015 and 2014:

	June 30, 2015			June 30, 2014		
	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	\$ 15,214,089	\$ -	\$ 15,214,089	\$ 2,359,502	\$ -	\$ 2,359,502
Difference Between Expected and Actual Experience	-	(710,773)	(710,773)	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,434,194)	(1,434,194)	-	(6,413,358)	(6,413,358)
Subtotal	15,214,089	(2,144,967)	<u>\$ 13,069,122</u>	2,359,502	(6,413,358)	<u>\$ (4,053,856)</u>
Changes in Proportion	-	(6,667,666)		-	(7,602,405)	
	<u>\$ 15,214,089</u>	<u>\$ (8,812,633)</u>		<u>\$ 2,359,502</u>	<u>\$ (14,015,763)</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,	
2016	\$ 2,478,501
2017	2,478,501
2018	2,478,501
2019	4,081,840
2020	1,551,780
Thereafter	-
	<u>\$ 13,069,122</u>

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – GENERAL

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to state statutes, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated.

The State of New Jersey issues publicly available financial reports that include the financial statements and required supplementary information of the PERS and PFRS. 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.

PERS and PFRS Fiduciary Net Position

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

STATE-MANAGED PENSION PLANS – DEFERRAL

Legislation, known as Chapter 19 of the Public Laws of 2009 (P.L. 2009, c. 19), was enacted and effective on March 17, 2009 allowing for an adjustment in the contributions that local employers, such as the City, must make to the PERS and PFRS during the year ended June 30, 2009. 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, Department of the Treasury, Division of Pensions and Benefits or pay the full amount of the required contribution for the year ended June 30, 2009.

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

STATE-MANAGED PENSION PLANS – DEFERRAL (Continued)

The City elected the 50% deferral. Under the terms of the pension deferral the City is 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. The short term liability of the deferral, payable on April 1, 2017, is \$360,272, consisting of \$294,884 on the PFRS deferral and \$65,388 on the PERS deferral.

DEFINED CONTRIBUTION RETIREMENT PROGRAM

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

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

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

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

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

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

Enrolled members contribute 5.5% of the base salary to a tax-deferred investment account established with Prudential Financial, which administers the DCRP for the Division of Pensions and Benefits. Members enrolled due to income levels in excess of maximum compensation limits only contribute based on that amount in excess. Member contributions are matched by a 3% employer contribution. Newly eligible and enrolled members that have existing DCRP accounts or are active or vested members of another State-administered retirement system are immediately vested in DCRP. Conversely, those officials not qualifying for immediate vesting in DCRP will become fully vested upon commencement of their third year of membership. In such case there is no eligible third year of membership, all employee and employer contributions will be refunded to the appropriate contributing parties.

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

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

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

NOTE 7. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

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

As of June 30, 2016 and 2015, the City has 256 and 238 employees who were DCRP members, respectively.

NOTE 8. COMPENSATED ABSENCES

Under the existing union contracts and policy of the City, certain employees are allowed to accumulate unused vacation and sick pay over the life of their working careers. In addition, certain employees are also entitled to accrue 7.5 terminal leave days for every year of service. These compensated absences and terminal leave may be taken as time off or paid at a later date and at an agreed upon rate. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The City appropriates, annually, the amounts required to be paid in any fiscal year in that year's budget and no liability is accrued at June 30, 2016 and 2015.

As of June 30, 2016 and 2015 the total accumulated compensated absence liability was \$6,593,871 and \$4,057,415, respectively. In addition, as of June 30, 2016 and 2015 the terminal leave liability was \$7,257,920 and \$2,652,068, respectively.

NOTE 9. TAX APPEALS

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

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

NOTE 10. TRANSITIONAL AID CONDITIONS

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

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

NOTE 11. 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, 2016 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, 2016, the City does not believe that any material liabilities will result from such audits.

NOTE 12. RISK MANAGEMENT

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

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

NOTE 12. RISK MANAGEMENT (Continued)

PROPERTY AND LIABILITY INSURANCE

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

SELF-INSURANCE PROGRAM

In 1984 the City established a self-insured workers' compensation obligation program in accordance with the New Jersey Statute Chapter 40:10. The City dissolved this self-insured workers' compensation obligation program in 2009 for a fully insured plan through the New Jersey Intergovernmental Insurance Fund. The City, however, still has exposure for claims from the prior self-insured worker's compensation obligation program. The latest available information states that at December 31, 2016 and 2015, the City's exposure for claims incurred under its obligation to provide workers' compensation insurance amounted to approximately \$260,506 and \$177,425, respectively (information is not available as of June 30, 2016 and 2015).

NEW JERSEY INTERGOVERNMENTAL INSURANCE FUND

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

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

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

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances remained on the balance sheets of the fund financial statements at June 30, 2016. 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, 2016 AND 2015**

NOTE 14. DEFERRED COMPENSATION

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

NOTE 15. POST RETIREMENT BENEFITS

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

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

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

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

Retiree Contributions

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

As of June 30, 2016 and 2015, the City had 357 and 363 employees, respectively, who were eligible.

The City is self-insured and accounts for post-retirement health costs on a pay-as-you-go basis. Expenditures during the year ended June 30, 2016 and 2015 were \$6,738,770 and \$7,026,933, respectively.

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

NOTE 15. POST RETIREMENT BENEFITS (Continued)

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

As of June 30, 2016, the Actuarial Accrued Liability is \$210,928,671 for retirees and \$92,743,890 for active employees for a total accrued liability of \$303,672,561. Under the GASB accounting standard, the Annual Required Contribution (“ARC”) is \$23,187,849 for the year ending June 30, 2016 assuming a 25 year amortization of the Unfunded Actuarial Accrued Liability. The Net OPEB Obligation is \$113,337,093 as of June 30, 2016.

NOTE 16. NORTH HUDSON SEWERAGE AUTHORITY

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

Service Charges

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

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

NOTE 16. NORTH HUDSON SEWERAGE AUTHORITY (Continued)

Annual Charges

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

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

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

Annual charges, if any, are assessed to and payable by the City in the same percentage as the most recent determination by the NHSA of the allocation of the annual flow among the municipalities. The most recent determination by the NHSA of the allocation of the annual flow is as follows: Hoboken 31%, Union City 34%, Weehawken 8% and West New York 27%.

On or before January 1 of each fiscal year, the NHSA will make an estimate of the amount of the annual charges, if any, which will become payable by the City for such fiscal year. On or before February 15 of each fiscal year, the City will pay to the NHSA the amount of any annual charges not paid relating to any prior fiscal year. The City will pay to the NHSA that part of the estimated amount of the annual charges for the current fiscal year in four equal installments on March 1, June 1, September 1, and November 1 of such fiscal year. No amounts were due from the City for the fiscal years ended June 30, 2016 and 2015. The NHSA estimates that no amounts will be due from the City for fiscal year ending June 30, 2017.

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

NOTE 17. NORTH HUDSON REGIONAL FIRE AND RESCUE

Background of the Agreement

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

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

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

Required Contributions by the City

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

As of June 30, 2016 and 2015, the City contributed \$17,962,735 and \$16,923,657, respectively, to the NHRFR. This annual contribution is based on each of the four original participating municipalities’ applicable share of the combined fiscal year 1998 fire budgets of those four municipalities. The combined fiscal year 1998 fire budgets of those four municipalities totaled \$29,121,874. Since Guttenberg entered after this allocation was decided on, it contributes an alternatively determined amount. This share is subject to an increase based on the percentage of increase of the total fire and rescue related appropriations over the base year (SFY 1998) of the four original participating municipalities. Guttenberg’s allocation is subject to this rate increase, but is not subject to the matter described below regarding a redetermination of the allocation formula. The Agreement also contains provisions for a growth value adjustment to be made in calendar year 2001, in which the budget balance allocation formula described above is redetermined. This redetermined allocation is based upon a factor entitled “Growth Percentage”.

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

NOTE 17. NORTH HUDSON REGIONAL FIRE AND RESCUE (Continued)

Required Contributions by the City (Continued)

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

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

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

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

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

Guarantee of Debt

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

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

NOTE 18. CLEARING ACCOUNT

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

NOTE 19. 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, 2016 and 2015:

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

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Land	\$ 11,228,900		\$ -	\$ 11,228,900
Buildings and Improvements	49,374,852	2,767,965	-	52,142,817
Machinery, Equipment and Other	7,804,467	350,400	-	8,154,867
	<u>\$ 68,408,219</u>	<u>\$3,118,365</u>	<u>\$ -</u>	<u>\$ 71,526,584</u>

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

NOTE 20. DEFERRED CHARGES

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

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increased by:</u> <u>Adjustments to</u> <u>Income before</u> <u>Fund Balance</u>	<u>Decreased by:</u> <u>Budget</u> <u>Appropriations</u>	<u>Balance</u> <u>June 30, 2016</u>
Overexpenditures:				
Current Fund	\$ -	\$ 1,058,967	\$ -	\$ 1,058,967
Overexpended Trust Fund Reserve:				
Other Expenses	127,669	-	127,669	-
Overexpended Grant Fund:				
Municipal Alliance Grant	17,477	-	17,477	-
State of Emergency Relating to Snow Storms	232,845	702,952	232,845	702,952
Cancelled Grants Receivable	500,357	-	252,000	248,357
Retirement Benefits (5 Years Future Taxation)	<u>2,390,372</u>	<u>877,541</u>	<u>734,075</u>	<u>2,533,838</u>
	<u><u>\$ 3,268,720</u></u>	<u><u>\$ 2,639,460</u></u>	<u><u>\$ 1,364,066</u></u>	<u><u>\$ 4,544,114</u></u>

NOTE 21. RELATED PARTY TRANSACTIONS

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

Union City Board of Education

The Union City Board of Education (the "Board") is a Type I School District, therefore, bonds and notes authorized by the Board are general obligations of the City and are reported on the balance sheet of the City's General Capital Fund and are accordingly included in the summary of municipal debt. The City budgets the principal and interest payments of the Board's obligations as they become due. These obligations are funded by the City through an amount to be raised by taxation called "addition to local district school tax", less any regular school debt service aid received from the State of New Jersey. For the years ended June 30, 2016 and 2015, no amounts were required to be budgeted.

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

NOTE 21. RELATED PARTY TRANSACTIONS (Continued)

Union City Board of Education (Continued)

During the year ended June 30, 2016, \$10,000,000 of bonds were authorized but not issued for an addition and renovations at the Gilmore School.

The City has agreements with the Board in which the City is to receive reimbursement for the lease of the recreation center, snow removal, solid waste pick up, special resource officer, crossing guards, off duty police officers and pool expenses. During the year ended June 30, 2016 and 2015, the City received \$2,271,590 and \$4,403,953, respectively, for such reimbursements. As of June 30, 2016 and 2015, the City has receivables from the Board of \$951,331 and \$316,590, respectively, for prior year accrued budget revenues. This receivable is part of the revenue accounts receivable identified on the balance sheet and has been fully reserved. As described in Note 1, the Board of Ed is considered a component unit of the City.

NOTE 22. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 11, 2017, the date which the financial statements were available to be issued. The following material subsequent events have been noted:

On October 27, 2016, the City issued \$10,300,000 of General Obligation Bonds, Series 2016 at interest rates ranging from 2.5% to 3.0%, maturing July 15, 2017 through July 15, 2030.

On November 1, 2016, the City sold a note through the HCIA pooled note financing program, Series 2016 C, in the amount of \$18,000,000 at an interest rate of 2.00%. The note is due November 1, 2017.

On March 7, 2017, the City introduced a \$3,100,000 bond ordinance authorizing various improvements in and around Veterans Park.

On March 27, 2017, the City sold \$8,380,350 Bond Anticipation Notes of 2017, Series A at a rate of 1.99%, and \$7,109,767 Taxable Bond Anticipation Notes of 2017, Series A at a rate of 2.42%. The notes are due March 26, 2018.

On April 6, 2017, the City sold a note through the HCIA pooled note financing program, Series 2017 A-1, in the amount of \$7,968,000 at an interest rate of 2.25%. The note is due April 5, 2018.

REPORT OF AUDIT

SUPPLEMENTARY
INFORMATION SECTION
CURRENT FUND

CITY OF UNION CITY
JUNE 30, 2016

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

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance, June 30, 2015	A		\$ 18,617,392
Increased by Receipts:			
Miscellaneous Revenues Not Anticipated	A-2	\$ 839,955	
Petty Cash	A-5	2,000	
Tax Collector	A-6	111,784,423	
Revenue Accounts Receivable	A-10	34,318,183	
Premium on Note Sale	A-11	459,098	
Interfunds	A-11	16,352,736	
State of New Jersey - Veterans and Senior Citizens Deductions	A-12	60,500	
Tax Title Liens	A-13	75,225	
Other Intergovernmental Payables	A-16	1,826,515	
Other Reserves	A-17	17,900	
Note Payable	A-24	1,280,000	
Grants Receivable	A-25	3,667,495	
Reserve for Grants - Unappropriated	A-26	<u>19,530</u>	
			<u>170,703,560</u>
			189,320,952
Decreased by Disbursements:			
Appropriations	A-3	107,996,797	
Petty Cash	A-5	2,000	
Tax Overpayments	A-8	452,089	
Interfunds	A-11	20,670,112	
Appropriation Reserves	A-15	1,786,216	
Other Intergovernmental Payables	A-16	1,817,010	
Other Reserves	A-17	190,325	
Local School District Taxes Payable	A-19	23,127,955	
County Taxes Payable	A-20	17,693,344	
Accounts Payable	A-21	103,408	
Reserve for Encumbrances	A-22	1,739,995	
Deferred Charges	A-23	2,639,460	
Notes Payable	A-24	1,920,000	
Grants Appropriated	A-27	<u>1,374,843</u>	
			<u>181,513,554</u>
Balance, June 30, 2016	A		<u><u>\$ 7,807,398</u></u>

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

SCHEDULE OF PETTY CASH

	<u>Ref.</u>	
Balance, June 30, 2015		\$ -
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, 2016		<u><u>\$ -</u></u>

SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>	
Balance, June 30, 2015		\$ -
Increased by:		
Operating Fund:		
Taxes Receivable	A-7	\$ 102,117,051
Tax Overpayments	A-8	238,453
Revenue Accounts Receivable	A-10	9,195,659
Prepaid Taxes	A-18	<u>233,260</u>
		<u>111,784,423</u>
		111,784,423
Decreased by:		
Payments to Treasurer	A-4	<u>111,784,423</u>
Balance, June 30, 2016		<u><u>\$ -</u></u>

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

SCHEDULE OF TAXES RECEIVABLE

Year	Balance June 30, 2015	Added and Omitted Taxes	2016 Tax Levy	Collections		Senior Citizens and Veterans Deductions	Transferred to Tax Title Liens	Adjustments/ Cancellations	Balance June 30, 2016
				2014-2015	2015-2016				
2015 and prior	\$ 301,915	\$ -	\$ -	\$ -	\$ 282,228	\$ -		\$ 6,451	\$ 26,138
2015-2016	-	707,330	101,561,539	170,629	101,834,823	56,021	9,268	(165,271)	32,857
	<u>\$ 301,915</u>	<u>\$ 707,330</u>	<u>\$ 101,561,539</u>	<u>\$ 170,629</u>	<u>\$ 102,117,051</u>	<u>\$ 56,021</u>	<u>\$ 9,268</u>	<u>\$ (158,820)</u>	<u>\$ 58,995</u>
<u>Ref.</u>	A	Below	Below	A-18	A-6	A-12	A-13		A
		<u>Ref.</u>							
Levy 2015-2016		Above	\$ 101,561,539				<u>Ref.</u>	<u>Delinquent</u>	<u>Current</u>
Added Taxes		Above	707,330						
Total Municipal Levy		Below	<u>\$ 102,268,869</u>						
<u>Tax Levy</u>									
Local District School Tax		A-19	\$ 15,418,637			Senior Citizens' and Veterans' Deductions			
County Taxes		A-20	17,572,818						56,021
Due to County for Added Taxes		A-20	120,526						
				\$ 33,111,981		Tax Title Liens	A-13	75,225	-
Amount to be Raised by Taxes		A-2	68,070,983					<u>\$ 357,453</u>	<u>\$ 102,061,473</u>
Adjustment to Added Assessments			1,085,905				<u>Ref.</u>	A-2	A-2
				69,156,888					
		Above	<u>\$ 102,268,869</u>						

EXHIBIT A-8

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

SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance, June 30, 2015	A		\$ 27,212
Increased by:			
Tax Judgements on Prior Year Taxes	A-1	\$ 205,368	
Cash Collections	A-6	<u>238,453</u>	
			<u>443,821</u>
			471,033
Decreased by:			
Cash Disbursements	A-4		<u>452,089</u>
Balance, June 30, 2016	A		<u><u>\$ 18,944</u></u>

EXHIBIT A-9

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

	<u>Ref.</u>		
Balance, June 30, 2016 and 2015	A		<u><u>\$ 171,900</u></u>

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

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collections		Balance
	June 30, 2015	in 2015-2016	Collector	Treasurer	June 30, 2016
Licenses:					
Alcoholic Beverage	\$ -	\$ 229,225	\$ 229,225	\$ -	\$ -
Other	-	105,302	105,302	-	-
Fees and Permits	-	256,739	256,739	-	-
Fines and Costs Municipal Court	233,145	2,666,809	2,614,636	-	285,318
Interest and Costs on Taxes	-	432,550	432,550	-	-
Interest on Investments and Deposits	-	34,956	-	34,956	-
Wedding Fees	-	47,388	47,388	-	-
Cable Franchise Fees	-	320,340	320,340	-	-
Payment in Lieu of Taxes					
Union Plaza Apartments	-	209,173	209,173	-	-
Union City Renaissance Urban Renewal	-	10,898	10,898	-	-
Palisade Urban Renewal Assoc.	-	86,266	86,266	-	-
Holy Rosary	-	32,946	32,946	-	-
Horizon Heights	-	12,385	12,385	-	-
Serv Properties	-	3,055	3,055	-	-
Suede Promotions	-	11,016	11,016	-	-
Five Year Abatement Program	-	759,140	759,140	-	-
Consolidated Municipal Property Tax Relief Aid	-	5,618,907	-	5,618,907	-
Energy Receipts Taxes	-	9,831,255	-	9,831,255	-
Transitional Aid	-	17,800,000	-	17,800,000	-
Uniform Construction Code Fees	-	1,793,010	1,793,010	-	-

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

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collections		Balance
	June 30, 2015	in 2015-2016	Collector	Treasurer	June 30, 2016
Union City Board of Education:					
Lease Recreational Center	\$ 150,000	\$ 325,000	\$ 150,000	\$ -	\$ 325,000
Solid Waste Removal	-	360,000	-	-	360,000
47th Street Pool	136,000	136,000	136,000	-	136,000
Off Duty Police Officers	-	100,000	100,000	-	-
Snow Removal	30,590	-	30,590	-	-
Police Services	-	655,000	655,000	-	-
School Crossing Guards	-	1,200,000	1,200,000	-	-
Washington Streetscape	-	130,331	-	-	130,331
North Hudson Community Action Health Center Lease	-	106,560	-	106,560	-
Emergency Medical Services	-	926,505	-	926,505	-
	<u>\$ 549,735</u>	<u>\$ 44,200,756</u>	<u>\$ 9,195,659</u>	<u>\$ 34,318,183</u>	<u>\$ 1,236,649</u>
<u>Ref.</u>	A		A-6	A-4	A, A-1
Budgeted Revenues	A-2	\$ 44,070,425			
MRNA	A-2	130,331			
		<u>\$ 44,200,756</u>			

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

SCHEDULE OF INTERFUNDS RECEIVABLE/(PAYABLE)

	Ref.	Total	General Capital Fund	Other Trust Fund	Public Defender Trust Fund	Dog Licenses Trust Fund	CDA Trust Fund
Balance, June 30, 2015							
Receivable	A	\$ 626,199	\$ -	\$ 612,137	\$ 6,200	\$ 7,862	\$ -
Payable	A	(5,227,319)	(4,932,860)	-	-	-	(294,459)
		<u>(4,601,120)</u>	<u>(4,932,860)</u>	<u>612,137</u>	<u>6,200</u>	<u>7,862</u>	<u>(294,459)</u>
Increased by:							
Statutory Excess	A-1	4,782	-	-	-	4,782	-
Accounts Payable Cancelled	A-1	16,320	-	13,154	-	3,166	-
Correct Prior Year Grant Award	A-1	920,269	-	-	-	-	920,269
Reserve for Debt Service	A-2	182,200	182,200	-	-	-	-
Cash Disbursements	A-4	20,670,112	12,565,146	7,298,801	30,400	1,859	773,906
		<u>21,793,683</u>	<u>12,747,346</u>	<u>7,311,955</u>	<u>30,400</u>	<u>9,807</u>	<u>1,694,175</u>
Decreased by:							
Charges to 2016 Appropriations	A-3	100,000	100,000	-	-	-	-
Premium on Note Sale	A-4	459,098	459,098	-	-	-	-
Cash Receipts	A-4	16,352,736	7,000,000	7,907,167	36,600	9,767	1,399,202
		<u>16,911,834</u>	<u>7,559,098</u>	<u>7,907,167</u>	<u>36,600</u>	<u>9,767</u>	<u>1,399,202</u>
Balance, June 30, 2016							
Receivable	A	280,729	255,388	16,925	-	7,902	514
Payable		-	-	-	-	-	-
		<u>\$ 280,729</u>	<u>\$ 255,388</u>	<u>\$ 16,925</u>	<u>\$ -</u>	<u>\$ 7,902</u>	<u>\$ 514</u>
Interfund Returned	A-1	\$ 14,062	\$ -	\$ -	\$ 6,200	\$ 7,862	\$ -
Interfund Realized as Revenue	A-2	612,137	-	612,137	\$ -	-	-
Interfund Advanced	A-1	280,729	255,388	16,925	-	7,902	514

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

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

	<u>Ref.</u>		
Balance, June 30, 2015	A		\$ 34,894
Increased by:			
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector (Net)	Below	\$ 4,979	
Cash Receipts	A-4	<u>60,500</u>	
			<u>65,479</u>
			100,373
Decreased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billings (Net)	Below	60,000	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector (Net)	Below	<u>1,000</u>	
			<u>61,000</u>
Balance, June 30, 2016	A		<u><u>\$ 39,373</u></u>

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

Senior Citizens' and Veterans' Deductions (Net):			
Per Tax Billings	Above	\$ 60,000	
Allowed by Tax Collector	Above	1,000	
Disallowed by Tax Collector	Above	<u>(4,979)</u>	
	A-7		<u><u>\$ 56,021</u></u>

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

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance, June 30, 2015	A		\$ 104,293
Increased by:			
Transfer from Taxes Receivable	A-7	\$ 9,268	
Interest and Costs on 2016 Tax Sale		<u>218</u>	
			<u>9,486</u>
			113,779
Decreased by:			
Cash Receipts	A-4, A-7		<u>75,225</u>
Balance, June 30, 2016	A		<u><u>\$ 38,554</u></u>

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

SCHEDULE OF OTHER RECEIVABLES

	<u>Balance June 30, 2015</u>	<u>Budget Reimbursements</u>	<u>Balance June 30, 2016</u>
Due from Redevelopment Agency	\$ 16,931	\$ -	\$ 16,931
Due from Union City Board of Education	-	169,658	169,658
Due from Union City Parking Authority	<u>-</u>	<u>268,035</u>	<u>268,035</u>
Total Other Receivables	<u>\$ 16,931</u>	<u>\$ 437,693</u>	<u>\$ 454,624</u>
<u>Ref.</u>	<u>A</u>	<u>A-1, A-3</u>	<u>A</u>

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

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATIONS WITHIN "CAPS"					
Department of Public Affairs					
Director's Office					
Salaries and Wages		\$ 4	\$ 4	\$ -	\$ 4
Municipal Court					
Other Expenses		7,697	7,697	7,692	5
Senior Citizens					
Other Expenses		2,279	2,279	1,888	391
Hispanic/Cultural Affairs					
Other Expenses		2,589	2,589	2,582	7
North Hudson Council of Mayors					
Other Expenses		35,811	35,811	35,811	-
Municipal Land Use Law (NJS 40:55D-1)					
Regional Planning Board					
Salaries and Wages		1	1	-	1
Other Expenses		683	683	683	-
Continuous Planning Program					
Other Expenses		4,628	4,628	4,628	-
Celebration of Public Events					
Other Expenses		29	29	(260)	289
Total Department of Public Affairs		<u>53,721</u>	<u>53,721</u>	<u>53,024</u>	<u>697</u>
Detail:					
Salaries and Wages		5	5	-	5
Other Expenses		<u>53,716</u>	<u>53,716</u>	<u>53,024</u>	<u>692</u>
Department of Revenue and Finance					
City Clerk's Office					
Salaries and Wages		2	2	-	2
Other Expenses		2,704	2,704	2,698	6
Treasurer's Office					
Salaries and Wages		3	3	-	3
Other Expenses		29,066	29,066	28,716	350
Assessment of Taxes					
Salaries and Wages		142	142	-	142
Collection of Taxes					
Salaries and Wages		1	1	-	1
Other Expenses		1	1	-	1
Central Purchasing					
Other Expenses		879	879	801	78
Rent Control Board					
Other Expenses		1	1	-	1
Insurance					
General Liability		1	1	-	1
Workers Compensation		17,334	17,334	17,334	-
Employee Group Health		322,196	322,196	322,190	6
Tax Searches					
Salaries and Wages		1	1	-	1
Membership NJ League of Municipalities					
Other Expenses		47	47	-	47

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

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Department of Revenue and Finance (Continued)					
Annual Audit					
Other Expenses		\$ 50,801	\$ 50,801	\$ 50,801	\$ -
Data Processing					
Other Expenses		3,201	3,201	-	3,201
Total Department of Revenue and Finance		<u>426,380</u>	<u>426,380</u>	<u>422,540</u>	<u>3,840</u>
Detail:					
Salaries and Wages		149	149	-	149
Other Expenses		<u>426,231</u>	<u>426,231</u>	<u>422,540</u>	<u>3,691</u>
Department of Public Safety					
Director's Office					
Salaries and Wages		1	1	-	1
Other Expenses		-	-	(2)	2
Legal Department					
Salaries and Wages		1	1	-	1
Other Expenses		29,532	29,532	28,285	1,247
Police Department					
Salaries and Wages		200	200	-	200
Overtime		1	1	-	1
Other Expenses		17,675	17,675	17,576	99
Traffic Signs and Safety					
Other Expenses		9	9	-	9
Emergency Management Services					
Salaries and Wages		40	40	-	40
Other Expenses		1	1	-	1
Emergency Medical Services					
Other Expenses		1	1	(5,113)	5,114
Life Hazard Use Fee-Uniform Fire Safety					
Salaries and Wages		1	1	-	1
Other Expenses		1	1	(149)	150
Welfare					
Relocation Assistance		8,330	8,330	-	8,330
School Crossing Guards					
Salaries and Wages		1	1	-	1
Other Expenses		9	9	(125)	134
Total Department of Public Safety		<u>55,803</u>	<u>55,803</u>	<u>40,472</u>	<u>15,331</u>
Detail:					
Salaries and Wages		245	245	-	245
Other Expenses		<u>55,558</u>	<u>55,558</u>	<u>40,472</u>	<u>15,086</u>
Department of Public Works					
Director's Office					
Salaries and Wages		1	1	-	1
Other Expenses		1	1	-	1
Street Cleaning					
Salaries and Wages		1	1	-	1
Other Expenses		1	1	(133)	134

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

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Department of Public Works (Continued)					
Board of Adjustment					
Salaries and Wages		\$ 1	\$ 1	\$ -	\$ 1
Other Expenses		6,360	6,360	6,053	307
Solid Waste Disposal					
Salaries and Wages		1	1	-	1
Other Expenses		2,525	2,525	576	1,949
Recycling Program					
Other Expenses		74,289	74,289	41,777	32,512
Public Assistance					
Other Expenses		40	40	(960)	1,000
Engineering Services					
Other Expenses		65,408	65,408	65,213	195
Total Department of Public Works		<u>148,628</u>	<u>148,628</u>	<u>112,526</u>	<u>36,102</u>
Detail:					
Salaries and Wages		4	4	-	4
Other Expenses		<u>148,624</u>	<u>148,624</u>	<u>112,526</u>	<u>36,098</u>
Department of Parks and Public Property					
Director's Office					
Salaries and Wages		1	1	-	1
Other Expenses		106	106	-	106
Parks and Playgrounds					
Salaries and Wages		8,343	8,343	(243)	8,586
Other Expenses		38,476	38,476	38,456	20
Public Buildings and Grounds					
Salaries and Wages		1	1	-	1
Other Expenses		-	-	(4,678)	4,678
Recreation					
Salaries and Wages		1	1	-	1
Other Expenses		-	-	(26,675)	26,675
Total Department of Parks and Public Property		<u>46,928</u>	<u>46,928</u>	<u>6,860</u>	<u>40,068</u>
Detail:					
Salaries and Wages		8,346	8,346	(243)	8,589
Other Expenses		<u>38,582</u>	<u>38,582</u>	<u>7,103</u>	<u>31,479</u>
Uniform Construction Code					
State Uniform Construction Code Officials:					
Other Expenses		14,681	14,681	11,720	2,961
Total Uniform Construction Code		<u>14,681</u>	<u>14,681</u>	<u>11,720</u>	<u>2,961</u>
Detail:					
Other Expenses		<u>14,681</u>	<u>14,681</u>	<u>11,720</u>	<u>2,961</u>
Unclassified					
Gasoline		24,843	24,843	24,194	649
Telephone		1	1	(745)	746
Electricity		2,238	2,238	1,667	571

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

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Unclassified (Continued)					
Water		\$ 5,037	\$ 5,037	\$ 5,015	\$ 22
Natural Gas		2,691	2,691	1,373	1,318
Street Lighting		1,381	1,381	1,338	43
Salary Adjustment		2	2	-	2
Sewer		12,729	12,729	(8,281)	21,010
Fire Hydrants		62,838	62,838	60,885	1,953
Printing-All Departments		60,140	60,140	60,098	42
Photocopying		5,258	5,258	-	5,258
Fleet Maintenance & Repairs		32,913	32,913	32,913	-
Total Unclassified		<u>210,071</u>	<u>210,071</u>	<u>178,457</u>	<u>31,614</u>
Detail:					
Salaries and Wages		2	2	-	2
Other Expenses		<u>210,069</u>	<u>210,069</u>	<u>178,457</u>	<u>31,612</u>
TOTAL OPERATIONS WITHIN "CAPS"		<u>956,212</u>	<u>956,212</u>	<u>825,599</u>	<u>130,613</u>
Detail					
Salaries and Wages		8,751	8,751	(243)	8,994
Other Expenses		<u>947,461</u>	<u>947,461</u>	<u>825,842</u>	<u>121,619</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures - Contributions to:					
Police and Fire Retirement System		1	1	-	1
Consolidated Police and Firemen's Pension Fund		213	213	-	213
Unemployment Insurance		213	213	-	213
PERS Delayed Enrollment		<u>71</u>	<u>71</u>	<u>-</u>	<u>71</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"		<u>498</u>	<u>498</u>	<u>-</u>	<u>498</u>
Total General Appropriations for Municipal Purposes Within "CAPS"		<u>956,710</u>	<u>956,710</u>	<u>825,599</u>	<u>131,111</u>
OTHER OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library		168,550	168,550	50,484	118,066
Contribution to North Hudson Fire & Rescue Joint Meeting		<u>1,365,209</u>	<u>1,365,209</u>	<u>1,365,209</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"		<u>1,533,759</u>	<u>1,533,759</u>	<u>1,415,693</u>	<u>118,066</u>

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

SCHEDULE OF APPROPRIATION RESERVES

Expenditures	Ref.	Balance June 30, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Union City Board of Education					
Snow Removal		\$ 89,846	\$ 89,846	\$ -	\$ 89,846
Total Interlocal Municipal Service Agreements		<u>89,846</u>	<u>89,846</u>	<u>-</u>	<u>89,846</u>
Total Operations Excluded from "CAPS"		<u>1,623,605</u>	<u>1,623,605</u>	<u>1,415,693</u>	<u>207,912</u>
Detail					
Other Expenses		<u>1,623,605</u>	<u>1,623,605</u>	<u>1,415,693</u>	<u>207,912</u>
TOTAL GENERAL APPROPRIATIONS		<u>\$ 2,580,315</u>	<u>\$2,580,315</u>	<u>\$ 2,241,292</u>	<u>\$ 339,023</u>
	<u>Ref.</u>	A		Below	A-1
Cash Disbursements	A-4			\$ 1,786,216	
Maintenance of Free Public Library	A-17			178,909	
Transfer to Accounts Payable	A-21			<u>276,167</u>	
				<u>\$ 2,241,292</u>	
				Above	

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

SCHEDULE OF OTHER INTERGOVERNMENTAL PAYABLES

	<u>Balance June 30, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
Due to:				
North Hudson Sewerage Authority	\$ 1,759,667	\$ 1,745,920	\$ 1,748,302	\$ 1,757,285
NJ Construction Code Fees	17,107	62,575	68,708	10,974
Union City Board of Education	<u>-</u>	<u>18,020</u>	<u>-</u>	<u>18,020</u>
	<u>\$ 1,776,774</u>	<u>\$ 1,826,515</u>	<u>\$ 1,817,010</u>	<u>\$ 1,786,279</u>
<u>Ref.</u>	A	A-4	A-4	A

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

SCHEDULE OF OTHER RESERVES

		<u>Balance June 30, 2015</u>	<u>Increased by</u>	<u>Decreased by</u>	<u>Balance June 30, 2016</u>
Liquor License Retirement and Escrow		\$ 38,505	\$ 17,900	\$ 30,000	\$ 26,405
Library Bills		160,325	178,909	160,325	178,909
Outside Lien Holder		2,022	-	2,022	-
COAH Security Deposit		<u>34,689</u>	<u>-</u>	<u>34,689</u>	<u>-</u>
		<u>\$ 235,541</u>	<u>\$ 196,809</u>	<u>\$ 227,036</u>	<u>\$ 205,314</u>
	<u>Ref.</u>	A	Below	Below	A
Cash Receipts	A-4		\$ 17,900	\$ -	
Cash Disbursements	A-4		-	190,325	
Cancellation of Reserve	A-1		-	36,711	
Charges to 2015 Appropriation Reserves	A-15		<u>178,909</u>	<u>-</u>	
			<u>\$ 196,809</u>	<u>\$ 227,036</u>	
			Above	Above	

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

SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, June 30, 2015	A	\$ 170,629
Increased by:		
Cash Collections	A-6	233,260
		<u>403,889</u>
Decreased by:		
Applied to 2016 Taxes	A-7	170,629
		<u>170,629</u>
Balance, June 30, 2016	A	<u><u>\$ 233,260</u></u>

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

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2015	A	\$ 9,251,182
Increased by:		
Levy School Year	A-1, A-2, A-7	15,418,637
		<u>24,669,819</u>
Decreased by:		
Cash Disbursements	A-4	<u>23,127,955</u>
Balance, June 30, 2016	A	<u><u>\$ 1,541,864</u></u>

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2015		\$ -
Increased by:		
County Taxes	A-7	\$17,572,818
Added Taxes	A-7	<u>120,526</u>
	A-1, A-2	<u>17,693,344</u>
		17,693,344
Decreased by:		
Cash Disbursements	A-4	<u>17,693,344</u>
Balance, June 30, 2016		<u><u>\$ -</u></u>

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

SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2015	A	\$ 103,408
Increased by:		
Charges to Appropriation Reserves	A-15	<u>276,167</u>
		379,575
Decreased by:		
Cash Disbursements	A-4	<u>103,408</u>
Balance, June 30, 2016	A	<u><u>\$ 276,167</u></u>

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>		
Balance, June 30, 2015	A		\$ 1,739,995
Increased by:			
Charges to 2015 Appropriations	A-3	\$ 918,235	
Grants Appropriated	A-27	<u>983,303</u>	
			<u>1,901,538</u>
			3,641,533
Decreased by:			
Cash Disbursements	A-4		<u>1,739,995</u>
Balance, June 30, 2016	A		<u><u>\$ 1,901,538</u></u>

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

SCHEDULE OF DEFERRED CHARGES

	<u>Balance June 30, 2015</u>	<u>Adjustments to Income before Fund Balance</u>	<u>Budget Appropriations</u>	<u>Balance June 30, 2016</u>
Overexpenditures:				
Current Fund	\$ -	\$ 1,058,967	\$ -	\$ 1,058,967
Overexpended Trust Fund Reserve:				
Other Expenses	127,669		127,669	-
Overexpended Grant Fund:				
Municipal Alliance Grant	17,477	-	17,477	-
State of Emergency Related to Snow Storms	232,845	702,952	232,845	702,952
Cancelled Grants Receivable	500,357	-	252,000	248,357
Retirement Benefits (5 Years Future Taxation)	<u>2,390,372</u>	<u>877,541</u>	<u>734,075</u>	<u>2,533,838</u>
	<u>\$ 3,268,720</u>	<u>\$ 2,639,460</u>	<u>\$ 1,364,066</u>	<u>\$ 4,544,114</u>
	<u>Ref. A</u>	<u>Below</u>	<u>A-3</u>	<u>A</u>
Special Emergencies - 1 Year	A-1	\$ 702,952		
Special Emergencies - 5 Years	A-1	877,541		
Overexpenditures	A-1	<u>1,058,967</u>		
	A-4	<u>\$ 2,639,460</u>		
		Above		

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

SCHEDULE OF NOTE PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2015	A	\$ 1,920,000
Increased by:		
Cash Receipts	A-4	<u>1,280,000</u>
		3,200,000
Decreased by:		
Cash Disbursement	A-4	<u>1,920,000</u>
Balance, June 30, 2016	A	<u><u>\$ 1,280,000</u></u>

EXHIBIT A-25

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

SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance June 30, 2015</u>	<u>2016 Budget Revenue Realized</u>	<u>Received</u>	<u>Transfer from Unappropriated Reserve</u>	<u>Cancelled</u>	<u>Balance June 30, 2016</u>
STATE GRANTS						
NJ Department of Transportation						
Transportation Trust Fund:						
West Street - Phase III FY13 Discretionary Aid	\$ 201,509	\$ -	\$ -	\$ -	\$ -	\$ 201,509
West Street - Phase III FY13 Municipal Aid	137,967	-	-	-	-	137,967
West Street - Phase III FY13 Urban Aid	99,090	-	-	-	-	99,090
Summit Avenue Section 3	177,117	-	-	-	-	177,117
Summit Avenue Section 3 - FY15 Discretionary Aid	350,000	-	-	-	-	350,000
Summit Avenue Section 3 - FY15 Urban Aid	98,470	-	-	-	-	98,470
Summit Avenue Section 4 - FY15 Discretionary Aid	200,000	-	-	-	-	200,000
Summit Avenue Section 4 - FY15 Municipal Aid	399,815	-	-	-	-	399,815
Summit Avenue Section 4 - FY 16 Municipal Aid	-	200,000	-	-	-	200,000
Summit Avenue Section 5 - FY 16 Municipal Aid	-	340,000	-	-	-	340,000
Summit Avenue Section 5 - FY 16 Urban Aid	-	99,815	-	-	-	99,815
NJ Department of Law and Public Safety:						
NJ Division of Criminal Justice:						
Body Armor Fund	-	14,645	14,645	-	-	-
NJ Department of Environmental Protection:						
Clean Communities	-	89,883	-	89,883	-	-
Clean Communities	-	102,724	102,724	-	-	-
Green Acres Trust Fund Grant - Reservoir Purchase	650,000	-	-	-	-	650,000
Green Acres Trust Fund Grant - Reservoir Purchase	-	1,100,000	-	-	-	1,100,000
NJ Administrative Office of the Courts:						
Alcohol Education	-	1,120	-	-	-	1,120
Alcohol Education - Jr. Police Academy	6,000	-	-	-	-	6,000
NJ Office of Emergency Management:						
Emergency Management Grant	5,000	-	5,000	-	-	-
NJ Department of Treasury:						
Passed through County of Hudson:						
Municipal Alliance on Alcoholism and Drug Abuse 15	11,112	-	11,112	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse 16	-	57,412	45,600	-	-	11,812

EXHIBIT A-25

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

SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance June 30, 2015</u>	<u>2016 Budget Revenue Realized</u>	<u>Received</u>	<u>Transfer from Unappropriated Reserve</u>	<u>Cancelled</u>	<u>Balance June 30, 2016</u>
PORT AUTHORITY OF NEW YORK AND NEW JERSEY GRANTS						
Various Street Improvements	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Various Street Improvements	2,862,395	-	2,862,000	-	-	395
COUNTY OF HUDSON GRANTS						
Open Space Trust Fund:						
Ellsworth Park Improvements	500,000	-	-	-	-	500,000
15th Street Library Glass	35,000	-	-	-	35,000	-
Doric Park (Firemen's Memorial Park)	400,000	-	-	-	400,000	-
FEDERAL GRANTS						
US Department of Agriculture:						
Passed through State of NJ Department of Agriculture:						
Summer Food Program FY14	126,588	-	126,588	-	-	-
Summer Food Program FY15	1,995	-	-	-	1,995	-
Summer Food Program FY16	-	207,868	207,868	-	-	-
U.S. Department of Health and Human Services:						
Drug Free Community FY 15	13,000	-	13,000	-	-	-
Drug Free Community FY 16	-	125,500	89,182	-	-	36,318
U.S. Department of Labor:						
Summer Youth Program	197,175	-	-	-	197,175	-
U.S. Department of Justice:						
Bulletproof Vest Partnership Program	2,641	-	-	-	-	2,641
Bulletproof Vest Partnership Program	1,462	-	-	-	-	1,462
Community Oriented Policing Services (COPS) -						
Law Technology Project	158,925	-	158,925	-	-	-
ARRA - Hiring Recovery Program	6,612	-	-	-	-	6,612
Passed through State of NJ Department of Law and Public Safety:						
Passed through County of Hudson:						
Byrne Justice Assistance Program	30,851	-	30,851	-	-	-
Byrne Justice Assistance Program	27,769	-	-	-	-	27,769
Byrne Justice Assistance Program	-	24,579	-	-	-	24,579

EXHIBIT A-25

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

SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance June 30, 2015</u>	<u>2016 Budget Revenue Realized</u>	<u>Received</u>	<u>Transfer from Unappropriated Reserve</u>	<u>Cancelled</u>	<u>Balance June 30, 2016</u>
FEDERAL GRANTS (Continued)						
U.S. Department of Transportation:						
Transportation Trust Fund	\$ 652,403	\$ -	\$ -	\$ -	\$ -	\$ 652,403
Passed through State of NJ Department of Law and Public Safety:						
Distracted Driving Crackdown	5,000	-	-	-	-	5,000
Passed through State of NJ Department of Transportation:						
Discretionary Program	64,000	-	-	-	-	64,000
Purchase of Senior Citizen Van	125,000	-	-	-	125,000	-
29th Street Improvements	20,862	-	-	-	-	20,862
25th Street Improvements	100,000	-	-	-	-	100,000
Central Avenue	49,246	-	-	-	-	49,246
Various Streets	63,388	-	-	-	-	63,388
Various Streets	243,434	-	-	-	-	243,434
Signal Improvement Project	87,013	-	-	-	-	87,013
Mountain Road	280,800	-	-	-	-	280,800
Mountain Road	308,653	-	-	-	-	308,653
U.S. Department of Energy:						
ARRA - Energy Efficiency & Conservation Block Grant	92,770	-	-	-	92,770	-
Total Grants	<u>\$ 9,293,062</u>	<u>\$ 2,363,546</u>	<u>\$ 3,667,495</u>	<u>\$ 89,883</u>	<u>\$ 851,940</u>	<u>\$ 7,047,290</u>
Ref.	A	A-2	A-4	A-26	A-1	A

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

SCHEDULE OF RESERVE FOR UNAPPROPRIATED GRANTS

	Balance June 30, 2015	Transferred to Grants Receivable	Cash Receipts	Balance June 30, 2016
STATE GRANTS:				
NJ Administrative Office of the Courts:				
Alcohol Education	\$ -	\$ -	\$ 6,406	\$ 6,406
NJ Department of Environmental Protection:				
Clean Communities	89,883	89,883	-	-
Recycling Tonnage Grant	-	-	13,124	13,124
TOTAL STATE GRANTS	89,883	89,883	19,530	19,530
	\$ 89,883	\$ 89,883	\$ 19,530	\$ 19,530
Ref.	A	A-25	A-4	A

EXHIBIT A-27

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

SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS

	<u>Year</u>	<u>Balance June 30, 2015</u>	<u>City Match</u>	<u>Transferred from 2016 Budget Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance June 30, 2016</u>
STATE GRANTS							
NJ Department of Transportation							
Transportation Trust Fund:							
West Street - Phase II	2011 - 2012	\$ 33,950	\$ -	\$ -	\$ 313	\$ -	\$ 33,637
West Street - Phase III FY13 Urban Aid	2013 - 2015	90	-	-	-	-	90
West Street - Phase III FY13 Discretionary Aid	2013 - 2015	154,097	-	-	-	-	154,097
Summit Avenue Section 3 - Municipal Aid	2014 - 2015	260,000	-	-	260,000	-	-
Summit Avenue Section 3 - Discretionary Aid	2014 - 2015	350,000	-	-	350,000	-	-
Summit Avenue Section 3 - Urban Aid	2014 - 2015	98,470	-	-	98,470	-	-
Summit Avenue Section 4 - Discretionary Aid	2014 - 2015	399,815	-	-	399,815	-	-
Summit Avenue Section 4 - Municipal Aid	2014 - 2015	200,000	-	-	200,000	-	-
Summit Avenue Section 4 - Municipal Aid	2015 - 2016	-	-	200,000	51,756	-	148,244
Summit Avenue Section 5 - Municipal Aid	2015 - 2016	-	-	340,000	-	-	340,000
Summit Avenue Section 5 - Urban Aid	2015 - 2016	-	-	99,815	-	-	99,815
NJ Office of Emergency Management:							
Emergency Management Grant	2015	5,000	-	-	-	-	5,000
Emergency Management Grant - Local Match	2015	5,000	-	-	-	-	5,000
NJ Department of Law and Public Safety:							
NJ Division of Criminal Justice:							
Body Armor Fund	2015 - 2016	-	-	14,645	-	-	14,645
NJ Department of Environmental Protection:							
Tree Planting Grant	2012 - 2013	500	-	-	-	-	500
Clean Communities Challenge Grant	2013 - 2014	329	-	-	329	-	-
Clean Communities	2015 - 2016	-	-	192,607	54,431	-	138,176
Green Acres - Reservoir Purchase	2015 - 2016	-	-	1,100,000	-	-	1,100,000
NJ Administrative Office of the Courts:							
Alcoholic Education	2010 - 2011	1,142	-	-	-	-	1,142
Alcoholic Education	2012 - 2013	4,170	-	-	380	-	3,790
Alcoholic Education	2013 - 2014	2,216	-	-	-	-	2,216
Alcoholic Education	2013 - 2014	3,368	-	-	-	-	3,368
Alcohol Education-Jr. Police Academy	2014 - 2015	22	-	-	22	-	-
Alcoholic Education	2015 - 2016	-	-	1,120	-	-	1,120

EXHIBIT A-27

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

SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS

	<u>Year</u>	<u>Balance June 30, 2015</u>	<u>City Match</u>	<u>Transferred from 2016 Budget Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance June 30, 2016</u>
STATE GRANTS (Continued)							
NJ Department of Treasury:							
NJ Division of Motor Vehicles:							
Drunk Driving Enforcement Fund	2011 - 2012	\$ 142	\$ -	\$ -	\$ -	\$ -	\$ 142
Drunk Driving Enforcement Fund	2013 - 2014	7,995	-	-	-	-	7,995
Municipal Alliance to Prevent Alcoholism and Drug Abuse	2014	515	-	-	515	-	-
Municipal Alliance to Prevent Alcoholism and Drug Abuse	2015	4,000	-	-	4,000	-	-
Municipal Alliance to Prevent Alcoholism and Drug Abuse - Local Ma	2016	10,165	-	-	10,165	-	-
Municipal Alliance to Prevent Alcoholism and Drug Abuse	2016	-	-	57,412	57,412	-	-
Municipal Alliance to Prevent Alcoholism and Drug Abuse - Local Ma	2016	-	14,353	-	14,353	-	-
TOTAL STATE GRANTS		<u>1,540,986</u>	<u>14,353</u>	<u>2,005,599</u>	<u>1,501,961</u>	<u>-</u>	<u>2,058,977</u>
COUNTY OF HUDSON GRANTS							
Open Space Trust Fund							
Ellsworth Park Improvements	2014 - 2016	366,425	-	-	366,425	-	-
Washington Park Improvements	2014	12,435	-	-	-	-	12,435
TOTAL COUNTY OF HUDSON GRANTS		<u>378,860</u>	<u>-</u>	<u>-</u>	<u>366,425</u>	<u>-</u>	<u>12,435</u>
FEDERAL GRANTS							
U.S. Department of Agriculture:							
Passed through NJ Department of Agriculture:							
Summer Food Program FY15	2014 - 2015	4,734	-	-	-	4,734	-
Summer Food Program FY16	2015 - 2016	-	-	207,868	207,868	-	-
U.S. Department of Health and Human Services:							
Drug Free Community - Local Match	2015	5,500	-	-	5,500	-	-
Drug Free Community	2016	-	-	125,500	87,760	-	37,740
Drug Free Community - Local Match	2016	-	125,000	-	96,750	-	28,250
U.S. Department of Justice:							
Passed through State of NJ Department of Law and Public Safety:							
Community Oriented Policing Services (COPS):							
Law Technology Project	2010 - 2011	75,053	-	-	75,053	-	-
Passed through County of Hudson:							
Byrne Justice Assistance Grant	2015	16,829	-	-	16,829	-	-
Byrne Justice Assistance Grant	2016	-	-	24,579	-	-	24,579

EXHIBIT A-27

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

SCHEDULE OF RESERVE FOR APPROPRIATED GRANTS

	<u>Year</u>	<u>Balance June 30, 2015</u>	<u>City Match</u>	<u>Transferred from 2016 Budget Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance June 30, 2016</u>
FEDERAL GRANTS (Continued)							
U.S. Department of Transportation:							
Passed through NJ Department of Transportation:							
Highway Planning and Construction -							
Metropolitan Planning Organization -							
Mountain Road							
	2012 - 2013	\$ 11,344	\$ -	\$ -	\$ -	\$ -	\$ 11,344
U.S. Department of Energy:							
ARRA - Energy Efficiency & Conservation Block Grant							
	2009 - 2010	<u>73,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,709</u>	<u>-</u>
TOTAL FEDERAL GRANTS		<u>187,169</u>	<u>125,000</u>	<u>357,947</u>	<u>489,760</u>	<u>78,443</u>	<u>101,913</u>
TOTAL		<u>\$ 2,107,015</u>	<u>\$ 139,353</u>	<u>\$ 2,363,546</u>	<u>\$ 2,358,146</u>	<u>\$ 78,443</u>	<u>\$ 2,173,325</u>
	<u>Ref.</u>	<u>A</u>	<u>A-3</u>	<u>A-3</u>	<u>Below</u>	<u>A-1</u>	<u>A</u>
Cash Disbursements	A-4				\$ 1,374,843		
Reserve for Encumbrances	A-22				<u>983,303</u>		
	Above				<u>\$ 2,358,146</u>		

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

SCHEDULE OF RESERVE FOR NEIGHBORHOOD HOUSING

	<u>Ref.</u>	
Balance, June 30, 2016 and 2015	A	<u>\$ 1,824</u>

REPORT OF AUDIT

SUPPLEMENTARY
INFORMATION SECTION
TRUST FUNDS

CITY OF UNION CITY
JUNE 30, 2016

EXHIBIT B-1

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF CASH AND CASH EQUIVALENTS - DOG LICENSE FUND

	<u>Ref.</u>		
Balance, June 30, 2015	B		\$ 18,786
Increased by:			
Sale of Dog Licenses - State	B-2	\$ 1,256	
Sale of Dog Licenses - City	B-3	5,443	
Sale of Dog Licenses - Late Fees	B-3	950	
Due to Other Trust Fund	B-5	<u>30</u>	
			<u>7,679</u>
			26,465
Decreased by:			
Due to Current Fund	B-4		<u>9,767</u>
Balance, June 30, 2016	B		<u><u>\$ 16,698</u></u>

EXHIBIT B-2**SCHEDULE OF DUE TO THE STATE OF NEW JERSEY - DOG LICENSE FUND**

	<u>Ref.</u>		
Balance, June 30, 2015	B		\$ 3,554
Increased by:			
State Fees Collected:			
Cash Receipts	B-1		<u>1,256</u>
			4,810
Decreased by:			
Correct Prior Year Balance	B-4	\$ 3,166	
Transmitted to State - by Current Fund	B-4	<u>1,316</u>	
			<u>4,482</u>
Balance, June 30, 2016	B		<u><u>\$ 328</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF RESERVE FOR DOG LICENSE FUND EXPENDITURES

	<u>Ref.</u>		
Balance, June 30, 2015	B		\$ 7,370
Increased by:			
Cash Receipts - Dog Licenses	B-1	\$ 5,443	
Cash Receipts - Late Fees	B-1	<u>950</u>	
			<u>6,393</u>
			13,763
Decreased by:			
Expenditures Paid by Current Fund	B-4	543	
Statutory Excess	B-4	<u>4,782</u>	
			<u>5,325</u>
Balance, June 30, 2016	B		<u><u>\$ 8,438</u></u>

LICENSE FEES COLLECTED

2014	\$	3,495	
2015		<u>4,943</u>	
			<u><u>\$ 8,438</u></u>

EXHIBIT B-4

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF DUE TO CURRENT FUND - DOG LICENSE FUND

	<u>Ref.</u>		
Balance, June 30, 2015	B		\$ 7,862
Increased by:			
Transmitted to State	B-2	\$ 1,316	
Reserve for Expenditures	B-3	543	
Statutory Excess	B-3	4,782	
Correct Prior Year Balance	B-2	<u>3,166</u>	
			<u>9,807</u>
			17,669
Decreased by:			
Cash Disbursements	B-1		<u>9,767</u>
Balance, June 30, 2016	B		<u><u>\$ 7,902</u></u>

EXHIBIT B-5

SCHEDULE OF DUE TO OTHER TRUST FUND - DOG LICENSE FUND

Increased by:			
Cash Receipts	B-1	<u>\$ 30</u>	
Balance, June 30, 2016	B		<u><u>\$ 30</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF CASH AND CASH EQUIVALENTS - OTHER TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2015	B	\$ 8,607,450
Increased by Cash Receipts:		
Reserve for Other Trust Fund Activity	B-10	<u>10,969,524</u>
		19,576,974
Decreased by Cash Disbursements:		
Reserve for Other Trust Fund Activity	B-10	\$ 2,205,796
Due to Current Fund	B-11	7,907,167
Due from Dog Fund	B-9	<u>30</u>
		<u>10,112,993</u>
Balance, June 30, 2016	B	<u><u>\$ 9,463,981</u></u>

SCHEDULE OF DUE FROM PROPERTY OWNERS - OTHER TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2015	B	\$ 69,797
Increased by:		
Due to Current Fund	B-11	<u>13,154</u>
		82,951
Decreased by:		
Reserve for Expenses	B-10	<u>38,261</u>
Balance, June 30, 2016	B	<u><u>\$ 44,690</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF DUE FROM GENERAL CAPITAL FUND - OTHER TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2016 and 2015	B	<u>\$ 218,090</u>

SCHEDULE OF DUE FROM DOG LICENSE FUND - OTHER TRUST FUND

	<u>Ref.</u>	
Increased by:		
Cash Disbursements	B-6	<u>\$ 30</u>
Balance, June 30, 2016	B	<u>\$ 30</u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF RESERVE FOR OTHER TRUST FUND ACTIVITY

	Balance June 30, 2015	Increase	Decrease	Balance June 30, 2016
Accumulated Absences Trust	\$ 37,495	\$ -	\$ -	\$ 37,495
Ambulance Donations	-	150	-	150
Bankruptcy for Tax Collector	257	-	-	257
Battered Wives	10,118	60,201	57,985	12,334
COAH	265,312	211,529	-	476,841
Court Bails	13,955	-	100	13,855
DARE Donations	1,845	-	-	1,845
DEA	51,261	228	50,878	611
Developer's Escrow	230,722	605,480	125,513	710,689
Disposal of Forfeited Property-HCLET	41,404	45,445	1,416	85,433
Elevator Inspections	-	2,002	-	2,002
Fire Victims Fund	2,566	1,575	4,130	11
Hardship Fees - Rent Control	624	-	385	239
Insurance Proceeds	12,977	54,957	37,510	30,424
Outside Lien Holders - New	579,623	1,711,193	2,214,660	76,156
Outside Lien Holders - Old	127	-	-	127
Parking Authority Surcharge	234,160	227,485	461,645	-
P.O.A.A	6,280	59,688	-	65,968
Police Details	(154,059)	1,281,471	1,182,687	(55,275)
Premium of Tax Lien Sale	5,516,113	6,520,300	5,600,200	6,436,213
Prisoners' Property	13,077	-	-	13,077
Recycling Funds	51,140	-	51,140	-
Relocation Program	900	-	900	-
Senior Citizens Trips	-	24,493	24,030	463
Snow Removal Trust	370	-	-	370
Soccer Program	11,880	74,836	70,802	15,914
State Unemployment Insurance	23,675	-	-	23,675
Swimming Pool	4,592	3,500	7,389	703
Tenants Accounting Escrow	200	43,011	43,211	-
Tree Donation	500	320	-	820
Trust Company for Journal	750	-	-	750
Disposal of Forfeited Property	15,969	-	-	15,969
Peer Review	27,490	-	-	27,490
Tank Removal	10,000	-	10,000	-
Vehicle Share Police Detail	64,605	40,295	92,340	12,560
Workers' Compensation	1,580	-	-	1,580
Wrestling Program	-	1,365	-	1,365
	<u>\$ 7,077,508</u>	<u>\$ 10,969,524</u>	<u>\$ 10,036,921</u>	<u>\$ 8,010,111</u>

	Ref.	B	B-6	Below	B
Cash Disbursements	B-6			\$ 2,205,796	
Due from Property Owners	B-7			38,261	
Expenditures Paid by Current Fund	B-11			6,093,109	
Encumbrances Payable	B-12			<u>1,699,755</u>	
	Above			<u>\$ 10,036,921</u>	

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF DUE TO CURRENT FUND - OTHER TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2015	B		\$ 612,137
Increased by:			
Due from Property Owners	B-7	\$ 13,154	
Reserve for Other Trust Fund Activity -			
Paid by Current Fund	B-10	6,093,109	
Encumbrances Paid	B-12	<u>1,205,692</u>	
			<u>7,311,955</u>
			7,924,092
Decreased by:			
Cash Disbursements	B-6		<u>7,907,167</u>
Balance, June 30, 2016	B		<u><u>\$ 16,925</u></u>

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE - OTHER TRUST FUND

	<u>Ref.</u>		
Balance, June 30, 2015	B		\$ 1,205,692
Increased by:			
Reserve for Other Trust Fund Activity	B-10		<u>1,699,755</u>
			2,905,447
Decreased by:			
Encumbrances Paid	B-11		<u>1,205,692</u>
Balance, June 30, 2016	B		<u><u>\$ 1,699,755</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF CASH AND CASH EQUIVALENTS - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2015	B		\$ 1,014
Increased by Cash Receipts:			
Due from HUD CDBG	B-14	\$ 1,375,193	
Reserve for Program Income	B-15	<u>25,025</u>	
			<u>1,400,218</u>
			1,401,232
Decreased by Cash Disbursements:			
Due from Current Fund	B-17		<u>1,399,202</u>
Balance, June 30, 2016	B		<u><u>\$ 2,030</u></u>

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

	<u>Ref.</u>		
Balance, June 30, 2015	B		\$ 81,623
Increased by:			
New Grant Authorization	B-16	\$ 1,102,264	
Correction of Prior Year Grant Award	B-17	<u>920,269</u>	
			<u>2,022,533</u>
			2,104,156
Decreased by:			
Cash Receipts	B-13	1,375,193	
Correction of Prior Year Grant Award	B-16	<u>97,760</u>	
			<u>1,472,953</u>
Balance, June 30, 2016	B		<u><u>\$ 631,203</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF RESERVE FOR PROGRAM INCOME - CDA FUND

	<u>Ref.</u>	
Balance, June 30, 2015		\$ -
Increased by:		
Cash Receipts	B-13	25,025
		<u>25,025</u>
Decreased by:		
Reserve for Expenditures	B-16	25,025
		<u>25,025</u>
Balance, June 30, 2016		<u><u>\$ -</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	<u>Ref.</u>		
Balance, June 30, 2015	B		\$ 377,096
Increased by:			
New Grant Authorization	B-14	\$ 1,102,264	
Reserve for Program Income	B-15	<u>25,025</u>	
			<u>1,127,289</u>
			1,504,385
Decreased by:			
Correction of Prior Year Grant Award	B-14	97,760	
Expenditures Paid by Current Fund	B-17	<u>773,906</u>	
			<u>871,666</u>
Balance, June 30, 2016	B		<u><u>\$ 632,719</u></u>

SCHEDULE OF DUE FROM/TO CURRENT FUND - CDA FUND

	<u>Ref.</u>		
Balance, June 30, 2015 Due from	B		\$ 294,459
Increased by:			
Cash Disbursements	B-13		<u>1,399,202</u>
			1,693,661
Decreased by:			
Correction of Prior Year Grant Award	B-14	\$ 920,269	
Expenditures Paid by Current Fund	B-16	<u>773,906</u>	
			<u>1,694,175</u>
Balance, June 30, 2016 (Due to)	B		<u><u>\$ (514)</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	<u>Ref.</u>	
Balance, June 30, 2015	B	\$ 27,343
Increased by Cash Receipts:		
Reserve for Expenditures	B-19	<u>12,935</u>
		40,278
Decreased by Cash Disbursements:		
Due to Current Fund	B-20	<u>36,600</u>
Balance, June 30, 2016	B	<u><u>\$ 3,678</u></u>

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

	<u>Ref.</u>	
Balance, June 30, 2015	B	\$ 21,143
Increased by:		
Cash Receipts	B-18	<u>12,935</u>
		34,078
Decreased by:		
Paid by Current Fund	B-20	<u>30,400</u>
Balance, June 30, 2016	B	<u><u>\$ 3,678</u></u>

**CITY OF UNION CITY
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	<u>Ref.</u>	
Balance, June 30, 2015	B	\$ 6,200
Increased by:		
Reserve for Expenditures -		
Paid by Current Fund	B-19	<u>30,400</u>
		36,600
Decreased by:		
Cash Disbursements	B-18	<u>36,600</u>
Balance, June 30, 2016	B	<u><u>\$ -</u></u>

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INFORMATION SECTION
GENERAL CAPITAL FUND

CITY OF UNION CITY
JUNE 30, 2016

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF CASH AND CASH EQUIVALENTS

	<u>Ref.</u>	
Balance, June 30, 2016 and 2015	C	<u>\$ 84</u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ANALYSIS OF CASH AND CASH EQUIVALENTS

Improvement Authorizations	Ref.	Balance	Cash	Cash	Transfers		Balance
		June 30, 2015	Receipts	Disbursements	To	From	June 30, 2016
Fund Balance	C-1	\$ 155,339	\$ -	\$ -	\$ 459,098	\$ -	\$ 614,437
Capital Improvement Fund	C-6	111,763	-	-	-	-	111,763
Encumbrances Payable	C-12	12,009,423	-	-	-	4,159,427	7,849,996
Due to Current Fund	C-13	(4,932,860)	-	-	5,188,248	-	255,388
Due from State of New Jersey:							
Due from State of NJ - Green Trust	C-15	(780,000)	-	-	-	-	(780,000)
Due from County of Hudson	C-16	(25,000)	-	-	25,000	-	-
Due to Other Trust Fund	C-17	218,090	-	-	-	-	218,090
Reserve for Debt Service	C-18				588,910	-	588,910
Improvement Authorizations:							-
Improvement to Ellsworth Park		(4,824)	-	-	-	-	(4,824)
Traffic Lights		63,495	-	-	-	-	63,495
17th Street Park		7,131	-	-	-	-	7,131
Reconstruction of Roof at Jose Marti Park		4,810	-	-	-	-	4,810
Street Improvements - Broadway and Park Avenue		37,506	-	-	-	37,506	-
Reconstruct New York Ave		9,555	-	-	-	9,555	-
Ellsworth Park Improvement		30,579	-	-	354,650	-	385,229
Leggerio Park Improvements		113,626	-	-	-	113,626	-
Traffic Signals and Sidewalks		56,464	-	-	-	56,464	-
Various Police Equipment		367,716	-	-	-	146,509	221,207
Improvements to City Parks		13,883	-	-	-	12,431	1,452
Installation of Computer Equipment		4,290	-	-	-	-	4,290
Summit Avenue		9,058	-	-	-	8,917	141
Washington Park		(4,707,180)	-	-	-	88,362	(4,795,542)
Reconstruction Various Streets		(677,418)	-	-	-	75,652	(753,070)
Leggeiro Music Park Improvements		310,886	-	-	-	310,886	-
Various Capital Improvements		(1,930,718)	-	-	-	-	(1,930,718)
Various Capital Improvemets/Acquisition of							
Various Capital Equipment		(752,660)	-	-	-	1,557,067	(2,309,727)
Reconstruction/Repaving of Summit Avenue		287,130	-	-	-	39,504	247,626
		<u>\$ 84</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,615,906</u>	<u>\$ 6,615,906</u>	<u>\$ 84</u>
	<u>Ref.</u>	<u>C</u>			<u>Contra</u>	<u>Contra</u>	<u>C</u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Purpose	Balance June 30, 2015	2016 Authorizations	Bond Anticipation Notes	Balance June 30, 2016
Ellisworth Park Improvements	\$ 4,824	\$ -	\$ -	\$ 4,824
17th Street Park	318,000	-	12,000	306,000
Traffic Light Improvements	631,254	-	28,149	603,105
24th Street Park Improvements	388,400	-	17,320	371,080
Construction of New Parking Deck	1,440,695	-	64,245	1,376,450
Construction of Doric Water Park	4,862,347	-	216,826	4,645,521
Construction of 39th Street Skate Park	270,130	-	12,046	258,084
Reconstruction of Roof at Jose Marti Park	90,044	-	4,016	86,028
Street Improvements - Broadway and Park Ave.	2,341,130	-	104,398	2,236,732
Reconstruct New York Ave	2,475,370	-	103,880	2,371,490
Ellsworth Park Improvement	2,475,370	-	103,880	2,371,490
Reconstruct 34th Street	226,370	-	11,130	215,240
44th and 45th St Park Improvements	105,540	-	3,710	101,830
DPW Roof Reconstruction	298,660	-	14,840	283,820
Leggerio Park Improvements	625,820	-	29,680	596,140
Traffic Signals and Sidewalks	235,870	-	11,130	224,740
Pave Bergenline Avenue	77,040	-	3,710	73,330
Various Police Equipment	996,770	-	48,230	948,540
Reconstruct Ambulance Building Roof	125,580	-	7,420	118,160
Improvements to City Parks	259,620	-	11,130	248,490
Reconstruct 15th Street	303,410	-	14,840	288,570
Reconstruct 16th Street	148,580	-	7,420	141,160
Installation of Computer Equipment	84,000	-	11,000	73,000
Tax Refunding Ordinance	220,000	-	110,000	110,000
Supplemental Funding - Amphitheater	627,000	-	22,000	605,000
Washington Park	4,959,000	-	-	4,959,000
Reconstruction Various Streets	950,000	-	-	950,000
Various Capital Improvements	1,940,000	-	-	1,940,000
Various Capital Improvements and Acquisition of Various Capital Equipment	35,000,000	-	-	35,000,000
Gilmore School Addition/Renovations	-	10,000,000	-	10,000,000
	<u>\$ 62,480,824</u>	<u>\$ 10,000,000</u>	<u>\$ 973,000</u>	<u>\$ 71,507,824</u>
Ref.	C	C-7, C-14	C-11	C

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>		
Balance, June 30, 2015	C		\$ 53,195,345
Decreased by:			
General Serial Bonds Payment	C-8	\$ 2,521,251	
HCIA Lease Payment	C-9	791,093	
Green Acres Loan Payment	C-10	<u>161,064</u>	
			<u>3,473,408</u>
Balance, June 30, 2016	C		<u><u>\$ 49,721,937</u></u>

CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, June 30, 2015	C	\$ 111,763
Increased by:		
2016 Budget Appropriation	C-13	<u>100,000</u>
		211,763
Decreased by:		
Improvement Authorizations	C-7	<u>100,000</u>
Balance, June 30, 2016	C	<u><u>\$ 111,763</u></u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

	Original Amount	Balance, June 30, 2015		2016 Authorizations	Paid or Charged	Authorizations Cancelled	Balance, June 30, 2016	
		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
Street Improvements - Broadway and Park Avenue	2,782,000	-	37,506	-	-	37,506	-	-
Reconstruct New York Ave	2,715,000	-	9,555	-	(256,255)	265,810	-	-
Ellsworth Park Improvement	2,715,000	-	30,579	-	(354,650)	-	-	385,229
Leggerio Park Improvements	690,000	-	113,626	-	-	113,626	-	-
Traffic Signals and Sidewalks	260,000	-	56,464	-	(11,818)	68,282	-	-
Various Police Equipment	1,100,000	-	367,716	(58,010)	88,499	-	-	221,207
Improvements to City Parks	285,000	-	13,883	-	12,431	-	-	1,452
Installation of Computer Equipment	100,000	-	4,290	-	-	-	-	4,290
Summit Avenue	750,000	-	9,058	-	8,917	-	-	141
Washington Park	5,508,000	-	251,820	-	88,362	-	-	163,458
Reconstruction Various Streets	1,000,000	-	272,582	-	75,652	-	-	196,930
Leggeiro Music Park Improvements	1,470,286	310,886	-	-	-	310,886	-	-
Various Capital Improvements	1,940,000	-	9,282	-	-	-	-	9,282
Various Capital Improvements/Acquisition of								
Various Capital Equipment	35,000,000	-	16,887,340	58,010	8,615,077	-	-	8,330,273
Reconstruction/Repaving of Summit Avenue	300,000	287,130	-	-	39,504	-	247,626	-
Yardley Steps Surveillance Cameras	100,000	-	-	100,000	100,000	-	-	-
Gilmore School Addition/Renovations	10,000,000	-	-	10,000,000	-	-	-	10,000,000
		<u>\$ 598,016</u>	<u>\$ 18,139,137</u>	<u>\$ 10,100,000</u>	<u>\$ 8,405,719</u>	<u>\$ 796,110</u>	<u>\$ 247,626</u>	<u>\$ 19,387,698</u>
	<u>Ref.</u>	<u>C</u>	<u>C</u>	<u>Below</u>	<u>Below</u>	<u>Below</u>	<u>C</u>	<u>C</u>
Deferred Charges to Future Taxation - Unfunded	C-4			\$ 10,000,000	\$ -	\$ -		
Capital Improvement Fund	C-6			100,000	-	-		
Paid by Current Fund	C-13			-	12,565,146			
Encumbrances Payable	C-12			-	8,118,068			
Encumbrances Payable - Prior Year Reversals	C-12			-	(12,009,423)			
Encumbrances Payable - Cancellations	C-12			-	(268,072)			
Due from County of Hudson	C-16			-	-	25,000		
Reserve for Debt Service	C-18					771,110		
				<u>\$ 10,100,000</u>	<u>\$ 8,405,719</u>	<u>\$ 796,110</u>		
				<u>Above</u>	<u>Above</u>	<u>Above</u>		

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Amount	Maturities of Bonds Outstanding June 30, 2016		Interest Rate %	Balance June 30, 2015	Decrease	Balance June 30, 2016
			Date	Amount				
ERI Pension Bonds	12/15/02	\$15,735,000	1/1/2017	\$ 825,000	5.375	\$11,910,000	\$ 725,000	\$ 11,185,000
			1/1/2018	15,000	6.250			
			1/1/2019	30,000	6.250			
			1/1/2020	100,000	6.250			
			1/1/2021	165,000	6.250			
			1/1/2022	225,000	6.250			
			1/1/2023	315,000	6.250			
			1/1/2024	375,000	6.250			
			1/1/2025	475,000	6.250			
			1/1/2026	575,000	6.250			
			1/1/2027	690,000	6.250			
			1/1/2028	825,000	6.250			
			1/1/2029	975,000	6.250			
			1/1/2030	1,125,000	6.250			
			1/1/2031	1,300,000	6.250			
			1/1/2032	1,475,000	6.250			
1/1/2033	1,695,000	6.250						

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Amount	Maturities of Bonds Outstanding June 30, 2016		Interest Rate %	Balance June 30, 2015	Decrease	Balance June 30, 2016
			Date	Amount				
2007A Refunding	02/07/07	\$24,305,000	11/1/2017	\$ 145,000	4.000			
			11/1/2018	3,730,000	5.000			
			11/1/2019	3,845,000	5.000			
			11/1/2020	3,985,000	5.000			
			11/1/2021	4,125,000	4.000			
			11/1/2022	4,225,000	4.125			
			11/1/2023	4,250,000	4.125	\$24,305,000	\$ -	\$ 24,305,000
2007B Refunding	02/07/07	9,325,000	11/1/2016	1,630,109	5.560			
			11/1/2017	1,928,425	5.590	5,354,784	1,796,251	3,558,533
						\$41,569,784	\$2,521,251	\$ 39,048,533
					<u>Ref.</u>	<u>C</u>	<u>C-5</u>	<u>C</u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF CAPITAL LEASE PAYABLE - HCIA

	<u>Ref.</u>	
Balance, June 30, 2015	C	\$ 10,135,356
Decreased by:		
Loan Payment	C-5	<u>791,093</u>
Balance, June 30, 2016	C	<u><u>\$ 9,344,263</u></u>

Analysis of Capital Lease Payments

Fiscal	Cost of Facilities NHRFR	Regional Fire and Rescue		Fire Dept Equipment NHRFR		Total
Year	Series 2004	2006 Series A	2006 Series B	2011 Series A	2011 Series B	
2017	\$ 367,950	\$ 91,987	\$ 81,953	\$ 120,420	\$ 262,583	\$ 924,893
2018	401,400	95,333	86,970	127,110	284,325	995,138
2019	418,125	98,677	91,988	133,800	307,740	1,050,330
2020	451,575	103,695	97,005	142,163	331,155	1,125,593
2021	468,300	107,040	102,023	148,853	357,915	1,184,131
2022	501,750	112,057	107,040	157,215	386,348	1,264,410
2023	535,200	117,075	112,058	167,250	416,453	1,348,036
2024	585,375	122,093	118,748	175,613	449,903	1,451,732
	<u><u>\$ 3,729,675</u></u>	<u><u>\$ 847,957</u></u>	<u><u>\$ 797,785</u></u>	<u><u>\$ 1,172,424</u></u>	<u><u>\$ 2,796,422</u></u>	<u><u>\$ 9,344,263</u></u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF GREEN ACRES LOANS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2015	C	\$ 1,490,205
Decreased by:		
Loan Payment	C-5	161,064
Balance, June 30, 2016	C	\$ 1,329,141

Analysis of Repayment of Loan and Interest

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2017	\$ 25,813	\$ 154,513
2018	23,102	78,550
2019	21,577	69,218
2020	20,186	70,610
2021	18,767	72,030
2022	17,320	73,479
2023	15,842	74,955
2024	14,335	76,462
2025	12,798	77,997
2026	11,231	79,566
2027	9,632	81,165
2028	7,999	82,797
2029	6,336	84,461
2030	4,638	86,158
2031	2,906	60,840
2032	1,954	34,743
2033	1,256	35,441
2034	543	36,154
	\$ 216,234	\$ 1,329,141

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Original Issue Amount	Date of		Interest Rate %	Balance June 30, 2015	Increase	Decrease	Balance June 30, 2016
		Issue	Maturity					
Traffic Light Improvements	\$ 772,000	11/25/14	11/25/15	1.00	\$ 631,254	\$ -	\$ 631,254	\$ -
24th Street Park Improvements	475,000	11/25/14	11/25/15	1.00	388,400	-	388,400	-
Construction of New Parking Deck	1,700,000	11/25/14	11/25/15	1.00	1,440,695	-	1,440,695	-
Construction of Doric Water Park	6,150,000	11/25/14	11/25/15	1.00	4,862,347	-	4,862,347	-
Reconstruction of 39th Street Skate Park	290,000	11/25/14	11/25/15	1.00	270,130	-	270,130	-
Reconstruction of roof at Jose Marti Park	90,000	11/25/14	11/25/15	1.00	90,044	-	90,044	-
Street Improvements - Broadway and Park Avenue	2,782,000	11/25/14	11/25/15	1.00	2,341,130	-	2,341,130	-
Supplemental Funding Amphitheater	627,000	11/25/14	11/25/15	1.00	627,000	-	627,000	-
17th Street Park	330,000	04/29/15	04/29/16	1.00	318,000	-	318,000	-
Reconstruct New York Ave	2,579,250	04/29/15	04/29/16	1.00	2,475,370	-	2,475,370	-
Ellsworth Park Improvement	2,579,250	04/29/15	04/29/16	1.00	2,475,370	-	2,475,370	-
Reconstruct 34th Street	237,500	04/29/15	04/29/16	1.00	226,370	-	226,370	-
44th and 45th St Park Improvements	109,250	04/29/15	04/29/16	1.00	105,540	-	105,540	-
DPW Roof Reconstruction	313,500	04/29/15	04/29/16	1.00	298,660	-	298,660	-
Leggerio Park Improvements	655,500	04/29/15	04/29/16	1.00	625,820	-	625,820	-
Traffic Signals, Sidewalks	247,000	04/29/15	04/29/16	1.00	235,870	-	235,870	-
Pave Bergenline Avenue	80,750	04/29/15	04/29/16	1.00	77,040	-	77,040	-
Various Equipment Police	1,045,000	04/29/15	04/29/16	1.00	996,770	-	996,770	-
Reconstruct Roof Amb Building	133,000	04/29/15	04/29/16	1.00	125,580	-	125,580	-
Improvements to City Parks	270,750	04/29/15	04/29/16	1.00	259,620	-	259,620	-
Reconstruct 15th Street	318,250	04/29/15	04/29/16	1.00	303,410	-	303,410	-
Reconstruct 16th Street	156,750	04/29/15	04/29/16	1.00	148,580	-	148,580	-

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Original Issue Amount	Date of		Interest Rate %	Balance June 30, 2015	Increase	Decrease	Balance June 30, 2016
		Issue	Maturity					
Installation of Computer Equipment	\$ 95,000	04/29/15	04/29/16	1.00	\$ 84,000	\$ -	\$ 84,000	\$ -
Tax Refunding Ordinance	550,000	04/29/15	04/29/16	1.00	220,000	-	220,000	-
Various Capital Improvements/Acquisition of Various Capital Equipment	17,360,000	11/25/14	11/25/15	1.00	17,360,000	-	17,360,000	-
Traffic Light Improvements	772,000	11/11/15	11/11/16	1.75	-	603,105	-	603,105
24th Street Park Improvements	475,000	11/11/15	11/11/16	1.75	-	371,080	-	371,080
Construction of New Parking Deck	1,700,000	11/11/15	11/11/16	1.75	-	1,376,450	-	1,376,450
Construction of Doric Water Park	6,150,000	11/11/15	11/11/16	1.75	-	4,645,521	-	4,645,521
Reconstruction of 39th Street Skate Park	290,000	11/11/15	11/11/16	1.75	-	258,084	-	258,084
Reconstruction of roof at Jose Marti Park	90,000	11/11/15	11/11/16	1.75	-	86,028	-	86,028
Street Improvements - Broadway and Park Avenue	2,782,000	11/11/15	11/11/16	1.75	-	2,236,732	-	2,236,732
Supplemental Funding Amphitheater	627,000	11/11/15	11/11/16	1.75	-	605,000	-	605,000
17th Street Park	330,000	04/19/16	04/19/17	2.25	-	306,000	-	306,000
Reconstruct New York Ave	2,579,250	04/19/16	04/19/17	2.25	-	2,371,490	-	2,371,490
Ellsworth Park Improvement	2,579,250	04/19/16	04/19/17	2.25	-	2,371,490	-	2,371,490
Reconstruct 34th Street	237,500	04/19/16	04/19/17	2.25	-	215,240	-	215,240
44th and 45th St Park Improvements	109,250	04/19/16	04/19/17	2.25	-	101,830	-	101,830
DPW Roof Reconstruction	313,500	04/19/16	04/19/17	2.25	-	283,820	-	283,820
Leggerio Park Improvements	655,500	04/19/16	04/19/17	2.25	-	596,140	-	596,140
Traffic Signals, Sidewalks	247,000	04/19/16	04/19/17	2.25	-	224,740	-	224,740
Pave Bergenline Avenue	80,750	04/19/16	04/19/17	2.25	-	73,330	-	73,330
Various Equipment Police	1,045,000	04/19/16	04/19/17	2.25	-	948,540	-	948,540
Reconstruct Roof Amb Building	133,000	04/19/16	04/19/17	2.25	-	118,160	-	118,160

EXHIBIT C-11

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Original Issue Amount	Date of		Interest Rate %	Balance June 30, 2015	Increase	Decrease	Balance June 30, 2016
		Issue	Maturity					
Improvements to City Parks	\$ 270,750	04/19/16	04/19/17	2.25	\$ -	\$ 248,490	\$ -	\$ 248,490
Reconstruct 15th Street	318,250	04/19/16	04/19/17	2.25	-	288,570	-	288,570
Reconstruct 16th Street	156,750	04/19/16	04/19/17	2.25	-	141,160	-	141,160
Installation of Computer Equipment	95,000	04/19/16	04/19/17	2.25	-	73,000	-	73,000
Tax Refunding Ordinance	550,000	04/19/16	04/19/17	2.25	-	110,000	-	110,000
Various Capital Improvements/Acquisition of Various Capital Equipment	17,360,000	11/11/15	11/11/16	1.75	-	17,360,000	-	17,360,000
Various Capital Improvements/Acquisition of Various Capital Equipment	7,000,000	06/27/16	06/27/17	2.00	-	7,000,000	-	7,000,000
					<u>\$ 36,987,000</u>	<u>\$ 43,014,000</u>	<u>\$ 36,987,000</u>	<u>\$ 43,014,000</u>
				<u>Ref.</u>	C	Below	Below	C
Bonds and Notes Issued				Contra		\$ 36,014,000	\$ 36,014,000	
Deferred Charges to Future Taxation - Unfunded				C-13, C-14		7,000,000	-	
				C-4		-	973,000	
				Above		<u>\$ 43,014,000</u>	<u>\$ 36,987,000</u>	

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>		
Balance, June 30, 2015	C		\$ 12,009,423
Increased by:			
Charges to Improvement Authorizations	C-7		<u>8,118,068</u>
			20,127,491
Decreased by:			
Cancellation of Prior Year Balance	C-7	\$ 268,072	
Reverse Prior Year Balance	C-7	<u>12,009,423</u>	
			<u>12,277,495</u>
Balance, June 30, 2016	C		<u><u>\$ 7,849,996</u></u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF DUE FROM/TO CURRENT FUND

	<u>Ref.</u>		
Balance, June 30, 2015 Due From	C		\$ 4,932,860
Increased by:			
Capital Surplus	C-1	\$ 459,098	
Capital Improvement Fund	C-6	100,000	
Bond Anticipation Notes	C-11	<u>7,000,000</u>	
			<u>7,559,098</u>
			12,491,958
Decreased by:			
Reserve for Debt Service	C-18	182,200	
Charges to Improvement Authorizations	C-7	<u>12,565,146</u>	
			<u>12,747,346</u>
Balance, June 30, 2016 (Due To)	C		<u><u>\$ (255,388)</u></u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Improvement Description</u>	<u>Balance June 30, 2015</u>	<u>2016 Authorized</u>	<u>Debt Issued</u>	<u>Balance June 30, 2016</u>
Improvement to Ellsworth Park	\$ 4,824	\$ -	\$ -	\$ 4,824
Washington Park	4,959,000	-	-	4,959,000
Reconstruction Various Streets	950,000	-	-	950,000
Various Capital Improvements	1,940,000	-	-	1,940,000
Various Capital Improvements/Acquisition of Various Capital Equipment	17,640,000		7,000,000	10,640,000
Gilmore School Addition/Renovations		<u>10,000,000</u>		<u>10,000,000</u>
	<u>\$ 25,493,824</u>	<u>\$10,000,000</u>	<u>\$7,000,000</u>	<u>\$ 28,493,824</u>
<u>Ref.</u>	C	C-4	C-11	C

CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

	<u>Ref.</u>	
Balance, June 30, 2016 and 2015	C	<u>\$ 780,000</u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF DUE FROM COUNTY OF HUDSON

	<u>Ref.</u>	
Balance, June 30, 2015	C	\$ 25,000
Decreased by:		
Cancellation of Grant	C-7	25,000
Balance, June 30, 2016	C	\$ -

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
SCHEDULE OF DUE TO OTHER TRUST FUND**

	<u>Ref.</u>	
Balance, June 30, 2016 and 2015	C	<u>\$ 218,090</u>

**CITY OF UNION CITY
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF RESERVE FOR DEBT SERVICE

	<u>Ref.</u>	
Increased by:		
Improvement Authorizations Cancelled	C-7	\$ 771,110
Decreased by:		
2016 Budget Appropriation	C-13	<u>182,200</u>
Balance, June 30, 2016	C	<u><u>\$ 588,910</u></u>

REPORT OF AUDIT

SUPPLEMENTARY
INFORMATION SECTION
GENERAL FIXED ASSETS

CITY OF UNION CITY
JUNE 30, 2016

**CITY OF UNION CITY
GENERAL FIXED ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF CHANGES IN FIXED ASSETS

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

Ref.

D

D-2

D

**CITY OF UNION CITY
GENERAL FIXED ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF RESERVE FOR FIXED ASSETS

Balance, June 30, 2015	<u>Ref.</u> D	\$ 71,526,584
Increased by:		
Additions	D-1	<u>5,665,415</u>
Balance, June 30, 2016	D	<u><u>\$ 77,191,999</u></u>

REPORT OF AUDIT

ACCOMPANYING
INFORMATION SECTION

CITY OF UNION CITY
JUNE 30, 2016

CITY OF UNION CITY

SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	June 30, 2016		June 30, 2015	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Fund Balance Utilized	\$ 1,633,800	1.05%	-	0.00%
Miscellaneous Revenue Anticipated	47,228,308	30.47%	42,230,313	29.03%
Receipts from Delinquent Taxes	357,453	0.23%	110,090	0.08%
Receipts from Current Taxes	103,413,900	66.71%	98,343,777	67.59%
Other Credits to Income	2,379,896	1.54%	4,794,051	3.30%
Total Income	<u>155,013,357</u>	<u>100.00%</u>	<u>145,478,231</u>	<u>100.00%</u>
Expenditures:				
Budget Appropriations	114,480,591	74.70%	109,760,981	76.86%
School and County Taxes	33,111,981	21.61%	31,190,484	21.84%
Other	5,651,839	3.69%	1,851,256	1.30%
Total Expenditures	<u>153,244,411</u>	<u>100.00%</u>	<u>142,802,721</u>	<u>100.00%</u>
Excess in Revenue	1,768,946		2,675,510	
Adjustments to Income before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year				
Special Emergency - 1 Year	702,952		232,845	
Special Emergency - 5 Years	877,541		470,372	
Overexpenditures	1,058,967		-	
	<u>2,639,460</u>		<u>703,217</u>	
Statutory Excess to Fund Balance	4,408,406		3,378,727	
Fund Balance, Beginning of Year	6,463,748		3,085,021	
Decreased by Utilized as Anticipated Revenue	1,633,800		-	
Fund Balance, End of Year	<u>\$ 9,238,354</u>		<u>\$ 6,463,748</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>
2016	6.890	4.611	1.236	1.043
2015	6.771	4.572	1.155	1.044
2014	6.624	4.503	1.082	1.039
2013	6.545	4.320	1.124	1.101
2012	6.401	4.137	1.167	1.097

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>
2016	\$ 102,268,869	\$ 102,184,881	99.918%
2015	97,132,708	97,003,832	99.867%
2014	98,180,964	98,178,007	99.997%
2013	97,092,453	95,328,494	98.183%
2012	95,065,168	93,847,126	98.719%

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>
2016	\$ 38,554	\$ 58,995	\$ 97,549	0.10%
2015	104,293	301,915	406,208	0.42%
2014	81,018	187,172	268,190	0.27%
2013	56,989	110,490	167,479	0.17%
2012	64,515	96,647	161,162	0.17%

CITY OF UNION CITY

SCHEDULE OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

FOR THE LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Amount</u>
2016	\$ 171,900
2015	171,900
2014	171,900
2013	171,900
2012	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, 2016	\$ 9,238,354	\$ 2,487,216
June 30, 2015	6,463,748	1,633,800
June 30, 2014	3,085,021	-
June 30, 2013	2,346,287	-
June 30, 2012	2,152,431	-

CITY OF UNION CITY
ROSTER OF OFFICIALS

JUNE 30, 2016

<u>Name</u>	<u>Title</u>	<u>Bond</u>
Brian P. Stack	Mayor and Commissioner - Public Safety	
Lucio P. Fernandez	Commissioner - Public Affairs	
Celin Valdivia	Commissioner - Parks and Public Property	
Tilo E. Rivas	Commissioner - Public Works	
Maryury A. Martinetti	Commissioner - Revenue and Finance	
Dominick Cantatore	Acting City Clerk (<i>Effective January 27, 2014</i>)	
Donald Scarinci	Corporation Counsel	
Sonia Schulman	Tax Collector	\$ 1,000,000
Lilia A. Munoz	Judge	\$ 1,000,000
Sixto L. Macias	Judge	\$ 1,000,000
Gustav John Schlaier	Court Director	\$ 1,000,000
Tammy Zucca	Treasurer (<i>Effective March 1, 2016</i>)	\$ 1,000,000
Douglas Gutch	Treasurer	\$ 1,000,000
Susan M. Colditz	Acting Chief Financial Officer (<i>Effective April 1, 2014</i>)	\$ 1,000,000

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

REPORT OF AUDIT

SINGLE AUDIT SECTION

CITY OF UNION CITY
JUNE 30, 2016

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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Robert G. Doria, CPA (N.J. & N.Y.)
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Linda P. Kish, CPA, RMA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the accompanying financial statements – regulatory basis of the City of Union City, New Jersey (the "City"), which comprise the comparative balance sheet – regulatory basis, of each fund and account group as of June 30, 2016 and 2015, and the related comparative statement of operations and changes in fund balance – regulatory basis, of each fund, and the statement of revenues – regulatory basis, and statement of appropriations – regulatory basis, of the Current Fund, for the years then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 11, 2017.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2016-001 and 2016-002 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2016-003 to be a significant deficiency.

Compliance and Other Matters

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

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

The City's Response to Findings

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

Purpose of this Report

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

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

Linda P. Kish

LINDA P. KISH
Registered Municipal Accountant #487

Bayonne, New Jersey
April 11, 2017

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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Robert A. Gironda, CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Union City, New Jersey's (the "City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *N.J. OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the City's major federal and state programs for the year ended June 30, 2016. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* (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, 2016.

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 2016-004 through 2016-007. 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance

with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-004 through 2016-006, that we consider to be material weaknesses.

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

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

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

Linda P. Kish

LINDA P. KISH
Registered Municipal Accountant #487

Bayonne, New Jersey
April 11, 2017

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

Federal Department and Program	State Account Number/ Grant Number	Federal CFDA Number	Grant Period		Grant Award	Passed Through to Subrecipients	Program Amount/ Funds Received	Funds Available June 30, 2015	Current Year Appropriations	Disbursements and Charges			Program Income/ Reprogrammed/ Cancellations/ Transfers	Funds Available June 30, 2016	Cumulative Expenditures
			From	To						Direct Expenditures	Pass-Through Expenditures	Total Disbursements and Charges			
U.S. Department of Agriculture:															
Passed through State of NJ Department of Agriculture:															
Summer Food Program	10-3350-100-033(034)	10.559	07/01/14	06/30/15	\$ 173,311	\$ -	\$ -	\$ 4,734	\$ -	\$ -	\$ -	\$ (4,734)	\$ -	\$ 168,577	
Summer Food Program	10-3350-100-033(034)	10.559	07/01/15	06/30/16	268,590	-	207,868	-	207,868	-	207,868	-	-	268,590	
Summer Food Program	10-3350-100-033(034)	10.559	07/01/11	06/30/12	*	-	126,588	-	-	-	-	-	-	*	
Total U.S. Department of Agriculture						-	334,456	4,734	207,868	-	207,868	207,868	(4,734)	-	
U.S. Department of Housing and Urban Development:															
** Community Development Block Grant	B-15-MC-34-0119	14.218	07/01/15	06/30/16	1,102,264	10,455	573,012	-	1,102,264	-	1,027,447	1,027,447	454,468	529,285	572,979
** Community Development Block Grant	B-14-MC-34-0119	14.218	07/01/14	06/30/15	1,057,585	26,310	317,327	320,987	-	150,005	150,005	(121,202)	49,780	931,282	
** Community Development Block Grant	B-13-MC-34-0119	14.218	07/01/13	06/30/14	868,776	-	102,018	66,296	-	28,609	28,609	(4,997)	32,690	1,019,898	
** Community Development Block Grant	B-12-MC-34-0119	14.218	07/01/12	06/30/13	1,269,275	7,340	97,923	39,773	-	17,272	17,272	(14,837)	7,664	846,275	
** Community Development Block Grant	B-11-MC-34-0119	14.218	07/01/11	06/30/12	1,509,650	-	88,843	16,359	-	16,394	16,394	5,035	5,000	1,269,310	
** Community Development Block Grant	B-10-MC-34-0119	14.218	07/01/10	06/30/11	1,380,565	12,403	35,243	21,253	-	12,403	12,403	(550)	8,300	1,500,800	
** Community Development Block Grant	B-09-MC-34-0119	14.218	07/01/09	06/30/10	*	7,900	16,817	19,863	-	8,300	8,300	(11,563)	-	1,369,002	
** Community Development Block Grant	B-07-MC-34-0119	14.218	07/01/07	06/30/08	*	-	144,010	-	-	-	-	-	-	*	
** Community Development Block Grant	B-97-MC-34-0119	14.218	07/01/97	06/30/98	*	-	-	2,878	-	-	-	(2,878)	-	*	
Passed through the County of Hudson:															
Community Development Block Grant:															
** Leggerio Park Improvements	*	14.218	07/01/13	06/30/14	25,000	-	-	25,000	-	-	-	(25,000)	-	25,000	
Total U.S. Department of Housing and Urban Development						64,408	1,375,193	512,409	1,102,264	-	1,260,430	1,260,430	278,476	632,719	
U.S. Department of Justice:															
Community Oriented Policing Services (COPS) -															
Law Technology Project	2010CKWX0054	16.710	06/01/10	06/30/11	300,000	-	158,925	75,053	-	75,053	-	75,053	-	300,000	
Total Community Oriented Policing Services (COPS)						-	158,925	75,053	-	75,053	-	75,053	-	-	
Passed through State of NJ Department of Law and Public Safety:															
Passed through the County of Hudson:															
Edward Byrne Memorial Justice Assistance	100-066-1020-157	16.738	01/01/15	12/31/15	27,769	-	16,829	16,829	-	16,829	16,829	-	-	27,769	
Edward Byrne Memorial Justice Assistance	100-066-1020-157	16.738	01/01/16	12/31/16	24,579	-	14,022	-	24,579	-	-	-	24,579	-	
Total Edward Byrne Memorial Justice Assistance Grant Program						-	30,851	16,829	24,579	-	16,829	16,829	-	24,579	
Total U.S. Department of Justice						-	189,776	91,882	24,579	75,053	16,829	91,882	-	24,579	
U.S. Department of Transportation:															
Passed through State of NJ Department of Transportation:															
Highway Planning and Construction -															
Metropolitan Planning Organization -															
Mountain Road	78-6300-480-***	20.205	07/01/12	06/30/13	308,653	-	-	11,344	-	-	-	-	-	11,344	297,309
Total Highway Planning and Construction						-	-	11,344	-	-	-	-	-	11,344	
Total U.S. Department of Transportation						-	-	11,344	-	-	-	-	-	11,344	
U.S. Department of Energy:															
ARRA - Energy Efficiency & Conservation Block Gr	DE-FOA-0000013	81.128	07/01/09	06/30/10	521,600	-	-	73,709	-	-	-	(73,709)	-	447,891	
Total U.S. Department of Energy						-	-	73,709	-	-	-	(73,709)	-	-	
U.S. Department of Health and Human Services:															
Drug Free Community Programs	*	93.276	09/30/15	09/29/16	125,500	-	102,182	-	125,500	87,760	87,760	-	37,740	87,760	
Total U.S. Department of Health and Human Services						-	102,182	-	125,500	87,760	-	87,760	-	37,740	
TOTAL FEDERAL AWARDS						\$ 64,408	\$ 2,001,607	\$ 694,078	\$ 1,460,211	\$ 162,813	\$ 1,485,127	\$ 1,647,940	\$ 200,033	\$ 706,382	

* Information not available
** Denotes Major Program

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

State Department and Program	State Account Number/ Grant Number	Grant Period		Grant Award	Funds Received	Funds Available June 30, 2015	Current Year Appropriations	Disbursements and Charges			Funds Available June 30, 2016	Cumulative Expenditures
		From	To					Direct Expenditures	Pass- Through Expenditures	Total Disbursements and Charges		
NJ Department of Environmental Protection:												
Clean Communities (Municipality Road Mileage)	42-4900-765-004	01/01/15	06/30/16	\$ 102,724	\$ 102,724	\$ -	\$ 102,724	\$ -	\$ -	\$ -	\$ 102,724	\$ -
Clean Communities (Municipality Road Mileage)	42-4900-765-004	07/01/14	06/30/15	89,883	-	-	89,883	54,431	-	54,431	35,452	-
Clean Communities (Municipality Road Mileage)	42-4900-765-004	07/01/13	06/30/14	78,877	-	328	-	328	-	328	-	-
Total Clean Communities (Municipality Road Mileage)					102,724	328	192,607	54,759	-	54,759	138,176	-
Recycling Tonnage	*	*	*	13,124	-	-	-	-	-	-	-	-
Green Acres - Reservoir Purchase	*	*	*	1,100,000	-	-	1,100,000	-	-	-	1,100,000	-
Tree Planting Grant	*	07/01/12	06/30/13	500	-	500	-	-	-	-	500	-
Total NJ Department of Environmental Protection					115,848	828	1,292,607	54,759	-	54,759	1,238,676	-
NJ Department of Treasury:												
NJ Division of Motor Vehicles:												
Drunk Driving Enforcement Fund	6400-100-078-6400-000-YYY	07/01/13	06/30/14	15,748	-	7,995	-	-	-	-	7,995	7,753
Drunk Driving Enforcement Fund	6400-100-078-6400-000-YYY	07/01/12	06/30/13	6,600	-	142	-	-	-	-	142	6,458
Total Drunk Driving Enforcement Fund					-	8,137	-	-	-	-	8,137	-
Passed through the County of Hudson:												
Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-C001-004	07/01/15	06/30/16	57,412	45,600	-	57,412	-	57,412	57,412	-	57,412
Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-C001-004	07/01/14	06/30/15	57,412	11,112	4,000	-	-	4,000	4,000	-	57,412
Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-C001-004	01/01/14	06/30/14	33,172	-	515	-	-	515	515	-	33,172
Total Municipal Alliance to Prevent Alcoholism and Drug Abuse					56,712	4,515	57,412	-	61,927	61,927	-	-
Total NJ Department of Treasury					56,712	12,652	57,412	-	61,927	61,927	8,137	-
NJ Department of Law and Public Safety:												
Body Armor Replacement Fund												
Total Body Armor Replacement Fund	66-1020-718-001	07/01/15	06/30/16	14,645	14,645	-	14,645	-	-	-	14,645	-
NJ Office of Emergency Management:					14,645	-	14,645	-	-	-	14,645	-
Emergency Management Grant	*	07/01/14	06/30/15	5,000	5,000	5,000	-	-	-	-	5,000	-
Total NJ Department of Law and Public Safety					19,645	5,000	14,645	-	-	-	19,645	-
NJ Department of Transportation:												
** West Street - Phase II	78-630-480-AK	07/01/11	06/30/12	281,322	-	33,950	-	313	-	313	33,637	247,685
** West Street - Section 3-FY13 Discretionary Aid	13-480-078-6320-6010	07/01/13	06/30/15	650,000	-	154,097	-	-	-	-	154,097	495,903
** West Street - Section 3-FY13 Urban Aid	13-480-078-6320-6010	07/01/13	06/30/15	99,090	-	90	-	-	-	-	90	99,000
** Summit Avenue Section 3-Municipal Aid	14-480-078-6320-6010	05/21/14	11/21/15	260,000	-	260,000	-	260,000	-	260,000	-	260,000
** Summit Avenue Section 3-Urban Aid	14-480-078-6320-6010	05/21/14	11/21/15	98,470	-	98,470	-	98,470	-	98,470	-	-
** Summit Avenue Section 3-Discretionary Aid	14-480-078-6320-6010	12/10/14	*	350,000	-	350,000	-	350,000	-	350,000	-	-
** Summit Avenue Section 4-Discretionary Aid	15-480-078-6320-6010	06/18/15	*	200,000	-	200,000	-	200,000	-	200,000	-	200,000
** Summit Avenue Section 4-Municipal Aid	15-480-078-6320-6010	05/06/15	*	300,000	-	300,000	-	300,000	-	300,000	-	-
** Summit Avenue Section 4-Urban Aid	15-480-078-6320-6010	05/06/15	*	99,815	-	99,815	-	99,815	-	99,815	-	-
** Summit Avenue Section 5-Discretionary Aid	16-480-078-6320-6010	06/16/16	*	200,000	-	200,000	-	200,000	-	200,000	148,244	51,756
** Summit Avenue Section 5-Municipal Aid	16-480-078-6320-6010	06/16/16	*	340,000	-	340,000	-	340,000	-	340,000	-	340,000
** Summit Avenue Section 5 - Urban Aid	16-480-078-6320-6010	06/16/16	*	99,815	-	99,815	-	99,815	-	99,815	-	-
Total NJ Department of Transportation					-	1,496,422	639,815	1,360,354	-	1,360,354	775,883	-
NJ Administrative Office of the Courts:												
Alcohol Education and Rehabilitation	*	07/01/15	06/30/16	1,120	-	-	1,120	-	-	-	1,120	-
Alcohol Education and Rehabilitation	*	07/01/15	06/30/16	6,406	6,406	-	-	-	-	-	-	-
Alcohol Education and Rehabilitation	*	07/01/14	06/30/15	3,368	-	3,368	-	-	-	-	3,368	-
Alcohol Education and Rehabilitation - Jr. Police Academy	*	07/01/14	06/30/15	6,000	-	22	-	22	-	22	-	6,000
Alcohol Education and Rehabilitation	98-9735-760-001	07/01/13	06/30/14	2,217	-	2,217	-	1	-	1	2,216	-
Alcohol Education and Rehabilitation	98-9735-760-001	07/01/12	06/30/13	5,395	-	4,170	-	380	-	380	3,790	1,605
Alcohol Education and Rehabilitation	98-9735-760-001	07/01/10	06/30/11	3,167	-	1,142	-	-	-	-	1,142	2,025
Total NJ Administrative Office of the Courts					6,406	10,919	1,120	403	-	403	11,636	-
TOTAL STATE AWARDS					\$ 198,611	\$ 1,525,821	\$ 2,005,599	\$ 1,415,516	\$ 61,927	\$ 1,477,443	\$ 2,053,977	-
* Information not available												
** Denotes Major Program												

**CITY OF UNION CITY
SCHEDULE OF EXPENDITURES OF OTHER FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Local Department and Program	Grant Number	Grant Period		Grant Award	Program Amount/ Funds Received	Funds Available June 30, 2015	Current Year Appropriations	Current Year Disbursements and Charges	Program Income/ Reprogrammed/ Cancellation/ Transfers/ Adj	Funds Available June 30, 2016	Cumulative Expenditures
		From	To								
Ellsworth Park Improvements	PI-02-14	9/30/2014	9/28/2016	\$ 500,000	\$ -	\$ 366,425	\$ -	\$ 366,425	\$ -	\$ -	\$ 500,000
Washington Park Improvements	PI-16-10	12/21/10	12/20/13	12,435	-	12,435	-	-	-	12,435	-
Total Hudson County Open Space					-	378,860	-	366,425	-	12,435	
Port Authority of New York & New Jersey	*	07/01/12	06/30/13	2,862,395	2,862,000	-	-	-	-	-	2,862,000
Drug Free Community - Local Match	*	*	*	26,000	-	5,500	-	-	(5,500)	-	26,000
TOTAL OTHER FINANCIAL ASSISTANCE					\$2,862,000	\$ 384,360	\$ -	\$ 366,425	\$ (5,500)	\$ 12,435	

* 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, 2016**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City, in accordance with the Division’s directives, fully realizes revenues and charges appropriations when grants are adopted by the governing body in the budget of its Current Fund. Grant revenues are realized and the amount awarded is accounted for as a receivable, and appropriations are charged and the amount allotted for spending is accounted for as an appropriated reserve. Programs within the General Capital Fund and various Trust Funds (other than those accounted for in the Current Fund) are accounted for within the equivalent revenue accounts for those respective funds. Expenditures are measured from payments charged directly to specific grant programs. The City is not utilizing the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

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

B. REPORTING ENTITY

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

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

C. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) includes the federal and state award activity of the City under programs of the federal and state government for the year ended June 30, 2016. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular Letter 15-08

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

C. BASIS OF PRESENTATION (continued)

Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included on the schedule of expenditures of state financial assistance. Because the Schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in fund balance of the City.

D. PASS-THROUGH AWARDS

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

E. 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.

F. MONITORING OF SUBRECIPIENTS

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

Subrecipient audit reports for the fiscal year ended June 30, 2016, were reviewed and any findings and questioned costs were disclosed separately.

G. CONTINGENCIES

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

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

H. ADJUSTMENTS, TRANSFERS AND REPROGRAMMED FUNDS

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

I. RELATIONSHIP TO FINANCIAL STATEMENTS – REGULATORY BASIS

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

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Funds Received:				
Current Fund:				
Grants Appropriated	\$ 626,414	\$ 179,081	\$ 2,862,000	\$ 3,667,495
Grants Unappropriated:				
Current Year	-	19,530	-	19,530
CDA Trust Fund	<u>1,375,193</u>	<u>-</u>	<u>-</u>	<u>1,375,193</u>
	<u><u>\$ 2,001,607</u></u>	<u><u>\$ 198,611</u></u>	<u><u>\$ 2,862,000</u></u>	<u><u>\$ 5,062,218</u></u>
Expenditures:				
Current Fund:				
Grants Appropriated	\$ 387,510	\$ 1,477,443	\$ 366,425	\$ 2,231,378
CDA Trust Fund	<u>1,260,430</u>	<u>-</u>	<u>-</u>	<u>1,260,430</u>
	<u><u>\$ 1,647,940</u></u>	<u><u>\$ 1,477,443</u></u>	<u><u>\$ 366,425</u></u>	<u><u>\$ 3,491,808</u></u>

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

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
C) Noncompliance material to basic financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards Section

D) Internal Control over major federal programs:		
1) Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
2) Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
E) Type of auditor's report issued on compliance for major federal programs	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, 2016**

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, 2016**

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 2016-001

Material Weakness in Internal Control over Financial Reporting

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

Condition: The City had \$55,275 in overexpenditures of police detail trust reserves.

Context: The City had overexpenditures.

Effect: If funds are not collected from contractors, adjustments will be necessary to the subsequent year's budget to provide for the overexpenditures.

Cause: Deposits from contractors requesting police details were not collected prior to the service being provided. As a result, police salaries were paid before the City collected the funds, resulting in a negative reserve balance.

Questioned Costs: None.

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

Views of Responsible
Officials and Planned

Corrective Actions: The City has corrected this issue.

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

Section 2 – Financial Statement Findings (continued)

FINDING 2016-002

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 \$286,007 of overexpenditures for police salaries and \$772,960 of overexpenditures for workers compensation insurance.

Context: The City had overexpenditures.

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

Cause: Additional police services were required for extra security that was not foreseen in the budget. Unknown workers compensation bills were discovered subsequent to the adoption of the budget.

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 cannot foresee if extra security would be used for purposes unknown at the time the budget was prepared. Also, an old workers compensation bill was presented that was unknown at the time the budget was prepared.

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

Section 2 – Financial Statement Findings (continued)

FINDING 2016-003

Significant Deficiency in Internal Control over Financial Reporting

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

Condition: 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.

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

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

Cause: Grant reimbursement requests are not being submitted timely.

Questioned Costs: None.

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

Views of Responsible
Officials and Planned

Corrective Actions: The City has been working closely with the city engineer to make certain that all grant forms for reimbursement are completed properly and submitted for payment. This process can be very lengthy and proceeds are delayed until the Grantor receives all items needed to release the funds.

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

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 2016-004

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

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

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

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

*Section 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs
(continued)*

FINDING 2016-004 (Continued)

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

Views of Responsible
Officials and Planned

Corrective Actions: The City is no longer a recipient of the Summer Food Program grant.
 The Union City Board of Education is now the grant recipient. This
 comment and recommendation is now cleared.

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

*Section 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs
(continued)*

FINDING 2016-005

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

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

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

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

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

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

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

Questioned Costs: None.

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

Views of Responsible
Officials and Planned

Corrective Actions: The City is no longer a recipient of the Summer Food Program grant. The Union City Board of Education is now the grant recipient. This comment and recommendation is now cleared.

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

*Section 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs
(continued)*

FINDING 2016-006

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

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

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

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

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

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

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

Questioned Costs: None.

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

Views of Responsible Officials and Planned Corrective Actions: The City is no longer a recipient of the Summer Food Program grant. The Union City Board of Education is now the grant recipient. This comment and recommendation is now cleared.

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

*Section 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs
(continued)*

FINDING 2016-007

Reportable Condition – Subrecipient Monitoring

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

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

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

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

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

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

Questioned Costs: None.

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

Views of Responsible
Officials and Planned

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

**CITY OF UNION CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

(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 FS15-001

Condition: The City did not reconcile the developer's escrow balances to the general ledger in a periodic or timely manner. This has been a finding since fiscal year 2013.

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

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

FINDING FS15-002

Condition: The City had \$154,059 in over expenditures of police detail trust reserves. This has been a finding since fiscal year 2014.

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

Status: Although a different amount, this finding is repeated in the current year as finding 2016-001.

FINDING SA15-001

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

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

Status: This finding is repeated in the current year as finding 2016-004.

**CITY OF UNION CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINDING SA15-002

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

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

Status: This finding is repeated in the current year as finding 2016-005.

FINDING SA15-003

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

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

Status: This finding is repeated in the current year as finding 2016-006.

FINDING SA15-004

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

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: Recommendation has been adopted and 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, 2016**

FINDING SA15-005

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

Recommendation: The City must submit, to HUD, a copy of the policies and procedures put into place to ensure timely and accurate submission of the SF 425 form and submit copies of the missing quarterly reports for FY 2014 and FY 2015.

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

REPORT OF AUDIT

GENERAL COMMENTS

CITY OF UNION CITY
JUNE 30, 2016

**CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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.”

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:

- Window Repair and Door Replacement at Cultural Center
- Citywide Striping Phase 2 Project
- 47th Street Firehouse Family Shelter
- 2015 CDA City-wide Sidewalk Replacement Program
- 2015 CDA City-wide Tree Planting Program
- Cleaning Equipment & Supplies 2015
- HVAC Maintenance Service Agreement 2015
- Horticulture Supplies 2015
- Lease Renewal of Fabric Tension Structures Project
- Wrestling Equipment and Trophies 2016
- Reconstruction of 11th Street from Bergenline to Central
- Tent Structures for the DPW Equipment Storage
- Pressure Washer and Trailer 2016
- 2016 Road Program Phase 1 Improvements Project
- Baseball & Basketball Equipment & Uniforms 2016
- Garbage Bags 2016
- Football Equipment Supplies & Trophies 2016
- 2016 Park Landscape Maintenance Project
- Pools & Spray Grounds Opening Maintenance & Closing
- Broom Street Sweeper with Belt Conveyor
- Salt Spreader Trucks
- Summit Avenue Section 4 22nd-26th Street Improvement
- 2016 City Tree Planting Program Various Locations

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

**CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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

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

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

**CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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

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

**CITY OF UNION CITY
GENERAL COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016, included taxes from the fiscal years ended June 30, 2016 and prior. The following comparison is made of the number of tax title liens receivable at June 30, 2016:

<u>Period Ended</u>	<u>Number of Liens</u>
June 30, 2016	4
June 30, 2015	7
June 30, 2014	8
June 30, 2013	6
June 30, 2012	8
June 30, 2011	12
June 30, 2010	9
June 30, 2009	0
June 30, 2008	0
June 30, 2007	0

**CITY OF UNION CITY
COMMENTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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: Checks for the Soccer program as well as the Basketball, Softball and Volleyball program were signed by the respective program's coordinator. These individuals, however, were not authorized as City of Union City check signers by resolution.

Recommendation: The City should ensure that only individuals authorized by resolution sign City checks.

FINDING 3: Information to complete the bank reconciliations for the Basketball, Softball and Volleyball program, and to determine whether 1099's were required to be prepared in connection with the Basketball, Softball and Volleyball program, was not provided to the City in a timely manner.

Recommendation: The Basketball, Softball and Volleyball program coordinator should provide all financial information to the City in a timely manner.

FINDING 4: Trust Fund reserves which were established in prior years have not been approved by the State as Dedication by Riders.

Recommendation: The City should request State approval for its Trust Fund reserves as Dedication by Rider. If the State does not approve the Trust Fund reserve as a Dedication by Rider, it should be transferred to the Current Fund.

FINDING 5: Verification of retirees continued eligibility in the health benefits program was not performed.

Recommendation: The City should periodically review all individuals enrolled in the health benefits program to confirm their eligibility.

**CITY OF UNION CITY
COMMENTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINDING 6: There were a few instances where receipts were not being turned over to the tax collector and deposited within 48 hours. This comment is repeated from the prior year.

Recommendation: All receipts should be deposited within 48 hours.

FINDING 7: During expenditure testing, there vouchers that could not be located and purchase orders that did not have vendor certifications. This comment is repeated from the prior year.

Recommendation: The City should maintain all vouchers on file and ready for audit review. Also, all purchase orders should have vendor certifications.

FINDING 8: During bid testing, there were instances noted where vendors were paid over the \$17,500 bid threshold without public bidding or through the use of a state contract. This comment is repeated from the prior year.

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

FINDING 9: 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. Some receipt books could not be located and there were some instances where receipt numbers were not issued sequentially.

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 10: The UCC annual reports were not submitted for the years 2014, 2015 or 2016.

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