

CITY OF PATERSON
NEW JERSEY

REPORT OF AUDIT

FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016

CITY OF PATERSON
AUDIT OF FINANCIAL STATEMENTS
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CITY OF PATERSON

REPORT OF AUDIT

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council
City of Paterson, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the City of Paterson, New Jersey (the “City”), which comprise the comparative balance sheet – regulatory basis, of all funds and general fixed assets as of June 30, 2017 and 2016, and the related comparative statement of operations and changes in fund balance – regulatory basis, of the Current Fund, related statements of comparative changes in fund balance – regulatory basis, of the General Capital and Trust Funds, 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 as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

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

As described in Note A, 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Emphasis of Matter Regarding Dependence on State Aid

As discussed in Note M, the City is a recipient of State Aid, the amount of which is material to funding the operations of the City. The aid is dependent on the ability of the State of New Jersey to continue to appropriate such funds. Significant reductions of State Aid, coupled with legislation capping the maximum allowable increase in tax levy, would have a material impact on the City's operations. This aid is anticipated in the City's fiscal 2018 and 2017 budgets.

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 statistical section and schedule of expenditures of other financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary data section is 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* and N.J. Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively. The supplementary data section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are also not required parts of the basic financial statements.

The supplementary data section, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and schedule of expenditures of other financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


DONOHUE, GIRONDA
DORIA & TOMKINS, LLC
Certified Public Accountants


MARK W. BEDNARZ
RMA No. 547

Bayonne, New Jersey
June 19, 2018

CITY OF PATERSON

REPORT OF AUDIT

**FINANCIAL SECTION:
CURRENT FUND FINANCIAL STATEMENTS
[with FEDERAL AND STATE GRANTS FUND]**

**CITY OF PATERSON
CURRENT FUND
AS OF JUNE 30, 2017 AND 2016**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
<u>Assets</u>			
Current Fund:			
Cash and Cash Equivalents	A-4	\$ 22,874,454	\$ 28,829,649
Change Fund	A-6	685	685
		<u>22,875,139</u>	<u>28,830,334</u>
Intergovernmental Receivables:			
Due from State of NJ -			
Homestead Credit Receivable	A-6	1,429,626	-
Sr. Citizens and Veterans Deductions	A-8	60,250	121,500
		<u>1,489,876</u>	<u>121,500</u>
Receivables and Other Assets with Full Reserves:			
Property Taxes Receivable	A-7	225,617	402,007
Tax Title Liens Receivable	A-9	16,999,724	16,199,935
Sewer Charges Receivable	A-10	181,518	76,493
Sewer Liens Receivable	A-11	1,067,130	1,093,072
Demolition Liens Receivable	A-12	1,513,224	1,404,326
Property Acquired for Taxes at Assessed Valuation	A-13	5,107,360	5,107,360
Sales Contracts Receivable	A-14	25,000	25,000
Interfunds Receivable	A-17	206,582	2,469
	sheet 2	<u>25,326,155</u>	<u>24,310,662</u>
Deferred Charges			
Deficit in Operations	A-15	-	13,999
Total Current Fund Assets		<u>49,691,170</u>	<u>53,276,495</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4	302,108	562,134
Federal and State Grants Receivable	A-32	16,078,960	19,610,819
Interfunds Payable	A-33	153,194	61,004
Total Federal and State Grant Fund Assets		<u>16,534,262</u>	<u>20,233,957</u>
Total Assets		<u>\$ 66,225,432</u>	<u>\$ 73,510,452</u>

See Accompanying Notes to Financial Statements

**CITY OF PATERSON
CURRENT FUND
AS OF JUNE 30, 2017 AND 2016**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
<u>Liabilities and Reserves</u>			
Current Fund:			
Appropriation Reserves	A-3, A-18	\$ 6,296,952	\$ 4,964,171
Interfunds Payable	A-17	153,194	61,004
Requisitions and Accounts Payable	A-19	3,438,957	4,831,458
Prepaid Taxes	A-20	240,681	173,406
Tax Overpayments	A-21	4,692,803	6,020,354
Property Tax Suspense	A-22	18,170	115,766
Prepaid Sewers	A-23	47,517	28,910
Sewer Overpayments	A-24	107,200	268,926
County Tax Payable	A-26	-	37,700
Reserve for:			
Deposits on Sale of City Property	A-27	19,714	16,784
State Library Aid	A-28	65,474	85,199
Library Fines and Donations	A-29	87,140	84,651
ABC License Surcharge	A-30	68,415	286,200
Revaluation	A-31	2	179,903
		<u>15,236,219</u>	<u>17,154,432</u>
Reserve for Receivables and Other Assets	sheet 1	25,326,155	24,310,662
Fund Balance	A-1	<u>9,128,796</u>	<u>11,811,401</u>
Total Current Fund Liabilities, Reserves and Fund Balance		<u>49,691,170</u>	<u>53,276,495</u>
Federal and State Grant Fund:			
Requisitions and Accounts Payable	A-34	1,607,762	2,101,098
Reserve for:			
Federal and State Grants - Appropriated	A-34	14,478,278	17,869,149
Federal and State Grants - Unappropriated	A-35	256,279	71,767
Grant Overpayments	A-36	<u>191,943</u>	<u>191,943</u>
Total Federal and State Grant Fund Liabilities and Reserves		<u>16,534,262</u>	<u>20,233,957</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 66,225,432</u>	<u>\$ 73,510,452</u>

See Accompanying Notes to Financial Statements

**CITY OF PATERSON
CURRENT FUND
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2a	\$ 11,425,500	\$ 190,400
Miscellaneous Revenue Anticipated	A-2a	114,379,357	115,464,312
Receipts from Delinquent Taxes	A-2a	7,689,581	5,039,259
Receipts from Current Taxes	A-2a	233,829,930	236,225,448
Non-Budget Revenues	A-2b	293,458	1,440,007
Other Credits to Income:			
Unexpended Appropriation Reserves	A-18	1,172,738	1,029,327
Cancellation of Accounts Payable	A-19	1,130,728	256,109
Prior Year Interfunds Returned	A-17	2,469	-
		<u>369,923,761</u>	<u>359,644,862</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations:			
Appropriations within "CAPS"			
Operations			
Salaries and Wages		107,506,441	98,842,715
Other Expenses		87,628,968	84,279,741
Deferred Charges and Statutory Expenditures		25,628,478	25,304,784
Appropriations Excluded from "CAPS"			
Operations			
Salaries and Wages		1,269,521	1,269,521
Other Expenses		28,802,120	32,630,496
Capital Improvements		500,000	-
Municipal Debt Service		17,572,457	15,525,731
Deferred Charges		-	2,578,000
Judgments		-	50,000
	A-3a	268,907,985	260,480,988
Local District School Tax Levied	A-25	41,962,319	39,460,292
County Taxes Levied	A-26	49,270,248	40,684,459
Added and Omitted County Taxes	A-26	13,941	37,700
Prior Year Taxes Refunded Due to Appeals	A-21	321,661	7,496,555
Refund of Prior Year's Revenue	A-22	276,190	168,817
Grant Cancellations	A-17	221,940	136,126
Repayment to Community Development		-	39,207
Interfund Advances Originating in Current Year	A-17	206,582	2,469
		<u>361,180,866</u>	<u>348,506,613</u>

See Accompanying Notes to Financial Statements

**CITY OF PATERSON
CURRENT FUND
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
Statutory Excess to Fund Balance		\$ 8,742,895	\$ 11,138,249
Fund Balance, July 1	A	<u>11,811,401</u>	<u>863,552</u>
		20,554,296	12,001,801
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>11,425,500</u>	<u>190,400</u>
Fund Balance, June 30	A	<u><u>\$ 9,128,796</u></u>	<u><u>\$ 11,811,401</u></u>

See Accompanying Notes to Financial Statements

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

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
<u>SURPLUS:</u>				
Surplus Anticipated	\$ 11,425,500	\$ -	\$ 11,425,500	\$ -
<u>MISCELLANEOUS REVENUES:</u>				
LOCAL REVENUES				
Licenses:				
Alcoholic Beverages	161,392	-	199,316	37,924
Other Licenses	140,650	-	129,635	(11,015)
Fines and Costs:				
Municipal Court	4,594,063	-	4,816,272	222,209
Interest and Costs on Taxes	2,775,742	-	3,138,379	362,637
Interest on Delinquent Sewer Charges	404,229	-	333,021	(71,208)
Department of Public Works	108,702	-	61,922	(46,780)
Interest on Investments and Deposits	27,431	-	40,124	12,693
Division of Health	842,959	-	804,957	(38,002)
City-Wide Recycling Revenues	280,569	-	119,812	(160,757)
Board of Adjustment	140,866	-	130,195	(10,671)
Sale of Copies of Public Records	36,641	-	38,939	2,298
Ambulance Fees	3,863,658	-	3,505,146	(358,512)
Municipal Towing Contract Fees	181,930	-	288,626	106,696
Municipal Sewer Use Charges				
Current Year	10,220,301	-	11,805,425	1,585,124
Prior Year	1,162,961	-	463,774	(699,187)
F.D. Combustibles Inspection Revenues	560,962	-	1,073,047	512,085
Livery and Taxi License Fees	125,900	-	129,338	3,438
	<u>25,628,956</u>	<u>-</u>	<u>27,077,928</u>	<u>1,448,972</u>
STATE AID WITHOUT OFFSETTING				
APPROPRIATIONS				
Transitional Aid	25,250,000	-	25,250,000	-
Consolidated Municipal Property Tax Relief	11,045,027	-	11,045,027	-
Energy Receipts Tax	21,677,773	-	21,677,773	-
Supplemental Energy Receipts Tax	262,651	-	262,651	-
Open Space PILOT Aid (Garden State Trust)	6,088	-	6,088	-
Watershed Moratorium Offset Aid	329	-	329	-
	<u>58,241,868</u>	<u>-</u>	<u>58,241,868</u>	<u>-</u>
DEDICATED UNIFORM CONSTRUCTION				
CODE FEES OFFSET WITH APPROPRIATIONS				
Uniform Construction Code Fees				
Fees and Permits:				
Construction Code Official	1,672,341	-	1,317,341	(355,000)
Other	616,655	-	578,356	(38,299)
	<u>2,288,996</u>	<u>-</u>	<u>1,895,697</u>	<u>(393,299)</u>

See Accompanying Notes to Financial Statements

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

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated		Realized	Excess or (Deficit)
	Budget as Adopted	N.J.S.A 40A:4-87		
PUBLIC AND PRIVATE REVENUES OFFSET WITH APPROPRIATIONS				
2017 SPNS Grant, 9/1/16-8/31/17	\$ 482,500	\$ -	\$ 482,500	\$ -
HIV Ryan White Program, 3/1/16-2/28/17	1,928,731	-	1,928,731	-
HIV Ryan White Program, 3/1/17-2/28/18	1,910,193	-	1,910,193	-
COPS Hiring Program FY18	2,820,053	-	2,820,053	-
Overlook Park Improvements Project	239,065	-	239,065	-
Sexually Transmitted Disease Control Prog.	88,535	23,175	111,710	-
Tuberculosis Control Program	208,700	-	208,700	-
Childhood Lead Poisoning Control Program	230,846	42,093	272,939	-
HIV Counseling, Testing and Referral	243,400	-	243,400	-
Public Health Preparedness and Response for Bioterrorism	229,955	-	229,955	-
HIV Health Education & Risk Reduction	100,000	-	100,000	-
Federal TB Control Grant CY17	97,869	-	97,869	-
2017 School Based Youth Services	304,690	-	304,690	-
Teen Parenting Program 2017	165,805	-	165,805	-
Safe and Secure Communities Program	199,563	-	199,563	-
Body Armor Grant	31,617	-	31,617	-
Fire Urban Search & Rescue Grant (USAR)	-	73,590	73,590	-
NJDPS Drive Sober Year-End Crackdown	5,000	-	5,000	-
Recycling Tonnage Grant	-	227,131	227,131	-
CLG Historic District Grant	24,500	-	24,500	-
Hazardous Discharge Site Redemption:				
Dairy Queen	21,865	-	21,865	-
Addy Mill	201,935	-	201,935	-
UEZ - Administrative Budget	240,900	-	240,900	-
Neighborhood Revital Tax Credit Project	60,000	-	60,000	-
Paterson Station House Adjustment Prog.	18,492	-	18,492	-
Open Space - Overlook Park	145,000	-	145,000	-
Muni. Alliance on Alcohol and Drug Abuse	61,641	-	61,641	-
Total Lifestyle Support Program	86,980	-	86,980	-
Evening Reporting Program	103,855	-	103,855	-
Sr. Citizen and Disabled Transport	202,000	-	202,000	-
Cool Kids	500	-	500	-
Adult Literacy & Community				
Library Partnership Grant	80,430	-	80,430	-
Give & Receive	20,527	-	20,527	-
Uniform Career Guidance	50,000	-	50,000	-
American National Treasurers Grant - Hinchcliff Stadium	300,000	-	300,000	-
Gilead Sciences Focus Award	224,400	-	224,400	-
Overlook Park	-	420,307	420,307	-
Byrne Memorial Justice Assistance	-	137,505	137,505	-
Senior Farmers Market	500	-	500	-
	<u>11,130,047</u>	<u>923,801</u>	<u>12,053,848</u>	<u>-</u>

See Accompanying Notes to Financial Statements

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

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated		Realized	Excess or (Deficit)
	Budget as Adopted	N.J.S.A 40A:4-87		
OTHER SPECIAL ITEMS				
Uniform Fire Safety Act	\$ 238,960	\$ -	\$ 238,960	\$ -
Payments in Lieu of Taxes				
Aspen Hamilton	83,009	-	83,009	-
Colt Arms	209,060	-	313,855	104,795
Federation Apartments	194,986	-	212,825	17,839
Governor Paterson Towers	495,486	-	704,064	208,578
504 Madison Avenue	144,277	-	171,029	26,752
Incca for Housing - Carroll Street	158,292	-	182,535	24,243
Incca for Housing - North Triangle	164,983	-	206,915	41,932
Cooke Building Associates	12,573	-	12,573	-
Jackson Slater	195,150	-	203,395	8,245
Riese Madison Park	74,971	-	74,971	-
Essex - Phoenix Mill	205,096	-	314,479	109,383
Brooke Sloate	156,134	-	170,502	14,368
Christopher Columbus Development	112,350	-	117,713	5,363
446-460 E. 19th Street	18,014	-	18,014	-
Belmont/McBride Apartments	24,221	-	26,589	2,368
Sheltering Arms	18,035	-	18,135	100
Hope 98 - North Main Scattered Sites	24,342	-	24,304	(38)
Hope 98 - Beech Street	31,469	-	44,424	12,955
Hope 98 - Van Houten Street	14,530	-	18,377	3,847
Rising Dove Senior Housing	30,138	-	35,433	5,295
Paterson Housing Authority	110,501	-	151,632	41,131
200 Godwin Avenue	24,164	-	4,091	(20,073)
Congdon Mill	84,210	-	87,750	3,540
Belmont Towers	18,470	-	24,573	6,103
Heritage - Alexander Hamilton	75,835	-	145,981	70,146
Sewer Rent - Third Party				
Prior Year	71,585	-	-	(71,585)
Motor Vehicle Agency Security Reimb.	263,987	-	311,985	47,998
City of Paterson Parking Authority				
Cooperative Agreement 7/1 - 12/31	204,000	-	204,000	-
Cooperative Agreement 1/1 - 6/30	238,000	-	204,000	(34,000)
PVWC Fire Hydrant Testing Reimbursement	197,100	-	-	(197,100)
Trust Fund Surplus	7,450	-	7,450	-
PVSC Rebate Incentive Program	47,721	-	36,264	(11,457)
Private Host Benefit Fees	189,314	-	251,307	61,993
Private Host Benefit Fees Prior Year	16,400	-	16,247	(153)
Recycling Tire Fees	10,665	-	13,879	3,214
Cable Vision Franchise Fees	876,677	-	872,354	(4,323)
Verizon Franchise Fees	311,356	-	331,060	19,704
Housing Authority Garbage Reimbursement	79,167	-	95,000	15,833
Passaic County Community College Rent	10,000	-	10,000	-
Health Premiums	6,774,045	-	7,001,677	227,632
Libby's Rent	30,995	-	7,749	(23,246)
Northeast Hydro Holding Rent	99,000	-	90,750	(8,250)
Board and Secure	402,400	-	581,505	179,105

See Accompanying Notes to Financial Statements

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

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
OTHER SPECIAL ITEMS - continued				
Redemption Fees	\$ 111,760	\$ -	\$ 130,355	\$ 18,595
Administrative Off-Duty Fees	90,970	-	90,970	-
Mercantile License Fees	37,600	-	28,087	(9,513)
Parade Fees	52,592	-	80,430	27,838
Rent 72 Mc Bride Avenue	140,215	-	140,215	-
Paterson Parking Authority	365,712	-	376,491	10,779
Additional Off Duty Administrative Fee	100,000	-	565,863	465,863
Certificate of Occupancy Fee-Sale Transactions	100,000	-	-	(100,000)
North Jersey District Water Supply Training	75,000	-	56,250	(18,750)
Passaic Valley Water Commission	150,000	-	-	(150,000)
	<u>13,972,967</u>	<u>-</u>	<u>15,110,016</u>	<u>1,137,049</u>
Total Miscellaneous Revenues	111,262,834	923,801	114,379,357	2,192,722
RECEIPTS FROM DELINQUENT TAXES:	<u>4,800,000</u>	<u>-</u>	<u>7,689,581</u>	<u>2,889,581</u>
Subtotal - General Revenues	<u>127,488,334</u>	<u>923,801</u>	<u>133,494,438</u>	<u>5,082,303</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET:				
Local Tax Including Reserve for Uncollected Taxes	149,280,705	-	150,871,684	1,590,979
Minimum Library Tax	2,094,011	-	2,094,011	-
Total Amount to be Raised by Taxes	<u>151,374,716</u>	<u>-</u>	<u>152,965,695</u>	<u>1,590,979</u>
Total Budget Revenues	278,863,050	923,801	286,460,133	6,673,282
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>293,458</u>	<u>293,458</u>
Total General Revenues	<u>\$ 278,863,050</u>	<u>\$ 923,801</u>	<u>\$ 286,753,591</u>	<u>\$ 6,966,740</u>
Ref.	A-3	A-3		
		Ref.		
Budgeted		A-2a	\$ 286,460,133	
Non-budgeted		A-2b	293,458	
			<u>\$ 286,753,591</u>	

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

**STATEMENT OF REVENUES - REGULATORY BASIS
ANALYSIS OF BUDGET REVENUES**

	<u>Ref.</u>		
Allocation of Current Tax Collections:			
Revenue from Collections			
Gross Cash Receipts	A-4	\$ 232,878,950	
Refunded	A-21	831,177	
Current Year Taxes Collected in Current Year	A-7	232,047,773	
Current Year Taxes Collected in Prior Year	A-7	173,406	
Homestead Credit Receivable	A-7	1,429,626	
State Share of Sr. Citizens and Veterans Deductions	A-7	179,125	
Current Taxes Realized in Cash	A-1		\$ 233,829,930
Add: Appropriation for "Reserve for Uncollected Taxes"	A-3a		10,382,273
			<u>244,212,203</u>
Allocated to:			
School Taxes	A-25	41,962,319	
County Taxes	A-26	49,284,189	
			<u>91,246,508</u>
Total Amount for Support of Municipal Budget Appropriations	A-2		<u>\$ 152,965,695</u>
Receipts from Delinquent Taxes:			
Delinquent Taxes Collected	A-4, A-7		\$ 402,740
Senior Citizens and Veterans Deductions	A-7		625
Credits Cancelled	A-21		381,428
Demolition Liens Collected	A-12		141,700
Tax Title Liens Collected	A-9		6,763,088
Total Receipts from Delinquent Taxes	A-1, A-2		<u>\$ 7,689,581</u>

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

**STATEMENT OF REVENUES - REGULATORY BASIS
ANALYSIS OF BUDGET REVENUES**

	<u>Ref.</u>		
Miscellaneous Revenues Anticipated:			
Current Sewer Charges:			
Current Year Receipts	A-10	\$ 11,776,515	
Prepaid Applied	A-10	28,910	
	A-2		\$ 11,805,425
Prior Year's Sewer Charges:			
Current Year Receipts	A-10	78,885	
Overpayments	A-24	22,948	
Sewer Lien Receipts	A-11	402,077	
		503,910	
Less: Overpayments Refunded	A-10	40,136	
	A-2		463,774
Accrual per Revenue Accounts Receivable	A-16		89,817,350
Life Hazard Use Fees - Grants	A-17		238,960
State and Federal Grants	A-17		12,053,848
Total Miscellaneous Revenues Anticipated	A-1		<u>\$ 114,379,357</u>
Surplus Anticipated	A-1		<u>\$ 11,425,500</u>
Total Realized Budget Revenues	A-2		<u>\$ 286,460,133</u>

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

**STATEMENT OF REVENUES - REGULATORY BASIS
ANALYSIS OF NON-BUDGET REVENUES**

	<u>Ref.</u>	
Increased by:		
Stale Dated Checks, Net of Bank Charges		\$ 62,060
Registered Abandon Properties Lien		30,250
Concert Revenues		23,306
Legal Fees		22,545
NJ State Inspection Fines		19,863
Payment History		11,978
Garnishee Service Charges		11,569
Film Permits		10,050
CBP Treasury Forfeitures		9,067
Duplicate bills		8,039
PCIA Wire Payment		7,362
Inmate Telephone Communication		6,151
Loud Speaker		6,110
Bid Specs		6,000
PSE&G Reimbursement		5,145
PILOT: Garrett Heights		4,998
Greatland Reimbursement		3,837
Police Department Flood Reimbursement		3,789
Hamilton Rent		3,510
Restitution		3,462
Child Care Service Charges		3,219
PVSC Reimbursement		3,130
Various Other Items, Individually Less than 1% of Total		23,198
	A-4	288,638
2% Sr. Citizen/Veteran Administrative Fee	A-8	4,820
	A-1, A-2	\$ 293,458

See Accompanying Notes to Financial Statements

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

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
(A) Operations - within "CAPS"						
<u>GENERAL GOVERNMENT</u>						
Office of the Mayor						
Salaries and Wages	\$ 458,894	\$ 430,894	\$ 430,240	\$ -	\$ 654	\$ -
Other Expenses	12,066	19,840	8,292	2,877	8,671	-
City Council						
Salaries and Wages	598,489	561,789	561,469	318	2	-
Other Expenses	136,233	95,633	58,209	33,065	4,359	-
Office of the City Clerk						
Salaries and Wages	428,521	390,871	383,198	-	7,673	-
Other Expenses	104,300	113,366	93,059	11,553	8,754	-
Elections						
Salaries and Wages	8,210	1,910	1,797	-	113	-
Other Expenses	384,900	124,700	103,554	20,309	837	-
Insurance						
Salaries and Wages	124,218	111,518	111,430	-	88	-
Other Expenses	50,000,000	52,489,652	51,121,154	12,639	1,355,859	-
Worker Compensation	4,900,000	5,196,378	5,066,178	121,992	8,208	-
Liability	3,900,000	4,062,266	4,060,431	-	1,835	-
Auditing Services and Costs						
Annual Audit	55,060	55,060	-	-	55,060	-
Other Audits	312,500	346,049	12,500	300,000	33,549	-
Cultural Affairs						
Salaries and Wages	95,982	93,357	92,249	-	1,108	-
Other Expenses	59,700	61,718	20,539	36,153	5,026	-
<u>DEPARTMENT OF ADMINISTRATION</u>						
Office of the Business Administrator						
Salaries and Wages	523,335	540,638	540,305	-	333	-
Other Expenses	65,394	59,384	36,765	20,021	2,598	-
Division of Personnel						
Salaries and Wages	520,015	516,015	514,150	-	1,865	-
Other Expenses	80,590	88,441	40,469	31,779	16,193	-
Division of Purchasing						
Salaries and Wages	275,446	270,526	270,517	-	9	-
Other Expenses	15,705	17,473	14,064	1,436	1,973	-
Division of Data Processing						
Salaries and Wages	274,112	275,512	274,503	-	1,009	-
Other Expenses	383,905	365,505	212,217	129,894	23,394	-
Surveys and General						
Other Expenses	82,320	52,320	46,091	-	6,229	-
Public Defender (P.L. 1997, c. 256)						
Salaries and Wages	104,572	-	-	-	-	-
Other Expenses	571	-	-	-	-	-
<u>DEPARTMENT OF FINANCE</u>						
Office of the Director						
Salaries and Wages	290,837	290,237	277,825	-	12,412	-
Other Expenses	55,300	55,000	15,511	35,039	4,450	-
Division of Treasury						
Salaries and Wages	391,648	298,548	298,066	-	482	-
Other Expenses	31,440	17,540	13,565	3,056	919	-
Division of Accounts and Control						
Salaries and Wages	454,353	435,953	425,751	-	10,202	-
Other Expenses	10,125	8,845	6,123	2,265	457	-
Division of Sewer Collection						
Salaries and Wages	165,269	141,169	140,221	-	948	-
Other Expenses	23,425	26,770	13,568	9,392	3,810	-
Division of Assessments						
Salaries and Wages	395,225	396,579	396,538	-	41	-
Other Expenses	57,972	55,862	49,135	2,774	3,953	-
Division of Revenue Collection						
Salaries and Wages	703,995	701,315	692,479	-	8,836	-
Other Expenses	159,694	182,010	164,035	5,738	12,237	-

See Accompanying Notes to Financial Statements

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

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations			Expended		Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
<u>DEPARTMENT OF FINANCE (continued)</u>						
Office of Internal Audit						
Salaries and Wages	\$ 53,654	\$ 54	\$ -	\$ -	\$ 54	\$ -
Other Expenses	4,555	3,085	70	-	3,015	-
<u>DEPARTMENT OF LAW</u>						
Office of the Corporation Counsel						
Salaries and Wages	1,266,053	1,338,821	1,338,727	-	94	-
Other Expenses	486,920	494,224	252,743	201,338	40,143	-
<u>DEPARTMENT OF PUBLIC SAFETY</u>						
Taxicab Division						
Salaries and Wages	113,517	115,193	115,193	-	-	-
Other Expenses	7,368	128	111	-	17	-
Division of Fire						
Salaries and Wages	38,540,061	37,241,411	37,230,670	-	10,741	-
Other Expenses	1,465,617	1,445,433	1,111,313	305,365	28,755	-
Life Hazard Use Fees	238,960	238,960	238,960	-	-	-
Division of Police						
Salaries and Wages	44,857,882	45,645,503	45,146,853	-	498,650	-
Other Expenses	1,516,273	1,652,724	1,242,419	253,401	156,904	-
Animal Control						
Salaries and Wages	302,749	321,749	321,749	-	-	-
Other Expenses	48,650	52,880	52,880	-	-	-
<u>DEPARTMENT OF PUBLIC WORKS</u>						
Office of the Director						
Salaries and Wages	514,441	482,141	476,919	-	5,222	-
Other Expenses	22,420	14,940	14,133	(209)	1,016	-
Division of Engineering						
Salaries and Wages	239,502	234,152	233,993	-	159	-
Other Expenses	428,500	499,103	403,019	20,490	75,594	-
Division of Traffic and Lighting						
Salaries and Wages	406,768	432,671	430,471	-	2,200	-
Other Expenses	125,250	105,430	57,443	28,235	19,752	-
Division of Water and Sewers						
Salaries and Wages	440,723	432,163	388,318	-	43,845	-
Other Expenses	488,943	513,237	399,290	98,713	15,234	-
Sewer Repairs	12,600	12,600	-	-	12,600	-
Division of Streets						
Salaries and Wages	2,839,119	2,965,701	2,965,335	-	366	-
Other Expenses	246,174	246,878	169,360	27,048	50,470	-
Street Repair	94,080	58,850	52,904	1,230	4,716	-
Snow Removal						
Salaries and Wages	221,555	93,795	93,791	-	4	-
Other Expenses	456,888	590,149	308,874	86,008	195,267	-
Division of Auto Maintenance						
Salaries and Wages	379,903	347,263	346,309	-	954	-
Other Expenses	326,670	423,272	209,179	67,978	146,115	-
Division of Public Properties						
Parks and Shade Trees Section						
Salaries and Wages	1,590,315	1,354,025	1,353,606	-	419	-
Other Expenses	397,724	347,234	214,703	104,749	27,782	-
Division of Public Properties						
Public Buildings Section						
Salaries and Wages	1,496,330	1,452,352	1,365,833	-	86,519	-
Other Expenses	1,038,374	1,097,774	785,589	251,964	60,221	-
Division of Recreation						
Salaries and Wages	1,761,819	1,411,219	1,385,788	-	25,431	-
Other Expenses	345,669	395,806	199,645	115,736	80,425	-
Division of Recycling						
Salaries and Wages	1,092,407	1,156,813	1,155,858	-	955	-
Other Expenses	166,895	171,110	138,099	14,606	18,405	-
Cable Communications						
Salaries and Wages	182,767	194,673	191,965	-	2,708	-
Other Expenses	25,929	13,519	6,488	5,242	1,789	-

See Accompanying Notes to Financial Statements

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

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<u>DEPARTMENT OF ECONOMIC DEVELOPMENT</u>						
Division of Planning and Zoning						
Salaries and Wages	\$ 324,636	\$ 306,326	\$ 305,857	\$ -	\$ 469	\$ -
Other Expenses	11,400	8,270	5,389	2,219	662	-
Division of Community Improvements						
Salaries and Wages	190,853	6,050	-	-	6,050	-
Other Expenses	729,507	339,590	263,496	26,389	49,705	-
Division of Economic Development						
Salaries and Wages	206,346	206,346	199,874	-	6,472	-
Other Expenses	25,200	24,300	5,683	15,955	2,662	-
Division of Redevelopment						
Salaries and Wages	7,968	3	-	-	3	-
Other Expenses	177,900	80,970	63,257	11,227	6,486	-
<u>DEPARTMENT OF HUMAN SERVICES</u>						
Office of the Director						
Salaries and Wages	440,569	416,589	416,543	-	46	-
Other Expenses	5,710	4,890	4,385	205	300	-
Office of Aging and Disabled Services						
Salaries and Wages	111,168	109,708	109,704	-	4	-
Other Expenses	9,240	6,405	5,880	10	515	-
Social Services	350,000	272,880	176,417	55,388	41,075	-
Mercantile Licenses						
Salaries and Wages	31,670	1,670	767	-	903	-
Other Expenses	5,305	1,305	402	-	903	-
Division of Consumer Protection						
Salaries and Wages	131,230	94,490	94,490	-	-	-
Other Expenses	4,575	1,320	1,080	151	89	-
Division of Youth Services						
Salaries and Wages	423,405	287,520	287,500	-	20	-
Other Expenses	17,456	12,871	2,120	9,721	1,030	-
Division of Health						
Salaries and Wages	2,265,439	1,902,604	1,844,609	-	57,995	-
Other Expenses	212,479	212,859	156,016	35,327	21,516	-
<u>STATUTORY AGENCIES</u>						
Museum						
Salaries and Wages	324,382	335,949	335,890	-	59	-
Other Expenses	36,390	37,138	22,582	11,254	3,302	-
Board of Adjustment						
Salaries and Wages	56,380	28,340	28,319	-	21	-
Other Expenses	37,240	38,434	32,309	424	5,701	-
Office of Emergency Management						
Salaries and Wages	156,918	169,277	160,216	-	9,061	-
Other Expenses	94,500	69,650	37,212	26,864	5,574	-
Planning Board						
Salaries and Wages	30,833	20,833	19,230	-	1,603	-
Other Expenses	38,700	36,700	33,287	530	2,883	-
Youth Guidance Council						
Other Expenses	25,650	25,650	5,339	-	20,311	-
Historic Preservation Commission						
Salaries and Wages	179,155	140,125	139,905	-	220	-
Other Expenses	11,525	6,455	5,209	728	518	-
Municipal Court						
Salaries and Wages	1,709,017	1,659,017	1,644,522	-	14,495	-
Other Expenses	138,300	135,300	123,597	2,236	9,467	-
<u>UNIFORM CONSTRUCTION CODE</u>						
Community Improvements						
Salaries and Wages	1,469,951	1,239,554	1,239,554	-	-	-
Other Expenses	110,473	-	-	-	-	-

See Accompanying Notes to Financial Statements

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

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations			Expended		Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
UNCLASSIFIED						
Electricity	\$ 800,000	\$ 806,323	\$ 686,185	\$ 1,550	\$ 118,588	\$ -
Street Lighting	3,300,000	2,870,074	2,289,731	124,523	455,820	-
Telephone Service	475,000	493,018	330,217	60,799	102,002	-
Gas	300,000	300,000	236,901	178	62,921	-
Gasoline	800,000	800,000	559,209	34,996	205,795	-
Solid Waste	8,483,760	8,878,928	7,185,812	589,486	1,103,630	-
(B) Contingent	200,000	200,000	200,000	-	-	-
Total Operations within "CAPS"	195,348,575	195,135,409	186,223,492	3,372,354	5,539,563	-
Detail:						
Salaries and Wages	110,172,606	107,506,441	106,684,606	318	821,517	-
Other Expenses	85,175,969	87,628,968	79,538,886	3,372,036	4,718,046	-
(E) Deferred Charges and Statutory Expenditures within "CAPS"						
(1) DEFERRED CHARGES						
Prior Years' Bills	84,093	84,093	18,658	-	-	65,435
Prior Year Contract without Appropriation:						
DPW Auto Maintenance	254,475	254,475	97,520	-	-	156,955
Balance of FY2015 Deficit	13,999	13,999	13,999	-	-	-
(2) STATUTORY EXPENDITURES						
Contribution to:						
Public Employees (PERS) System	3,303,932	3,303,932	3,303,932	-	-	-
Police and Fire (PFRS) System	17,801,967	17,801,967	17,719,703	13,021	69,243	-
Social Security System	1,970,000	2,133,176	1,940,708	-	192,468	-
Consolidated Police and Fire						
Retirement Fund	5,000	5,000	-	-	5,000	-
Unemployment Insurance	175,000	175,000	81,042	-	93,958	-
Increased Retirement Allowance	121,421	121,421	76,415	-	45,006	-
Defined Contribution						
Retirement Program	190,373	190,373	40,420	-	149,953	-
Medicare	1,522,000	1,571,990	1,523,629	-	48,361	-
Excise Tax	10,442	10,442	10,442	-	-	-
State Disability	185,000	185,000	94,600	-	90,400	-
	25,637,702	25,850,868	24,921,068	13,021	694,389	222,390
(H-1)TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"						
	220,986,277	220,986,277	211,144,560	3,385,375	6,233,952	222,390
(A) Operations - Excluded From "CAPS"						
Passaic Valley Sewerage Comm.	11,578,651	11,578,651	11,575,972	-	-	2,679
Maint. of Free Public Libraries	2,444,486	2,444,486	2,328,392	53,094	63,000	-
Library Fringe Benefits:						
Social Security	130,000	130,000	130,000	-	-	-
Medicare	30,000	30,000	30,000	-	-	-
Insurance	1,091,368	1,091,368	1,091,368	-	-	-
911 Salaries and Wages						
Police	894,860	894,860	894,860	-	-	-
Fire	374,661	374,661	374,661	-	-	-
Solid Waste Recycling Tax	219,756	219,756	219,756	-	-	-
Grant Matches:						
Safe and Secure - Local Share	802,137	802,137	802,137	-	-	-
Municipal Alliance	15,140	15,140	15,140	-	-	-
HUD Audit Repayment	439,413	439,413	439,413	-	-	-
	18,020,472	18,020,472	17,901,699	53,094	63,000	2,679

See Accompanying Notes to Financial Statements

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

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
2015 SPNS Grant	\$ 482,500	\$ 482,500	\$ 482,500	\$ -	\$ -	\$ -
HIV Ryan White Program, 16-17	1,928,731	1,928,731	1,928,731	-	-	-
HIV Ryan White Program, 17-18	1,910,193	1,910,193	1,910,193	-	-	-
Cops Hiring Program FY17	2,820,053	2,820,053	2,820,053	-	-	-
Overlook Park - Other	239,065	239,065	239,065	-	-	-
STD Control Program	88,535	111,710	111,710	-	-	-
Tuberculosis Control Program	208,700	208,700	208,700	-	-	-
2016 School Based Youth Services	304,690	304,690	304,690	-	-	-
Teen Parenting Program 2016	165,805	165,805	165,805	-	-	-
Childhood Lead Poisoning Control Program	230,846	272,939	272,939	-	-	-
HIV Counseling/Testing/Referral	243,400	243,400	243,400	-	-	-
Public Health Preparedness & Response for Bioterrorism	229,955	229,955	229,955	-	-	-
HIV Health Ed. & Risk Reduction	100,000	100,000	100,000	-	-	-
Tuberculosis Ambulatory Grant	97,869	97,869	97,869	-	-	-
Safe and Secure Communities	199,563	199,563	199,563	-	-	-
Body Armor Grant	31,617	31,617	31,617	-	-	-
Fire Urban Search and Rescue Grant	-	73,590	73,590	-	-	-
Drive Sober Year End Crackdown	5,000	5,000	5,000	-	-	-
Hazardous Discharge Site/Dairy Queen	21,865	21,865	21,865	-	-	-
Recycling Tonnage Grant	-	227,131	227,131	-	-	-
CLG Historic District Grant	24,500	24,500	24,500	-	-	-
Hazardous Discharge Site/Addy Mill	201,935	201,935	201,935	-	-	-
UEZ - Administrative Budget	240,900	240,900	240,900	-	-	-
Neighborhood Revitalization Tax Credit Project	60,000	60,000	60,000	-	-	-
Uniform Career Guidance	50,000	50,000	50,000	-	-	-
Cool Kids	500	500	500	-	-	-
Give & Receive Program	20,527	20,527	20,527	-	-	-
Paterson Station House Adj.	18,492	18,492	18,492	-	-	-
Total LifestyleGrant	86,980	86,980	86,980	-	-	-
Evening Reporting Programs Grant	103,855	103,855	103,855	-	-	-
Senior Citizens & Disabled Residents Transportation	202,000	202,000	202,000	-	-	-
Municipal Alliance Program	61,641	61,641	61,641	-	-	-
Open Space - Overlook Park	145,000	145,000	145,000	-	-	-
Adult Literacy & Community Library Partnership Grant	80,430	80,430	80,430	-	-	-
Gilead Sciences Focus Award	224,400	224,400	224,400	-	-	-
Byrne Memorial Justice Assistance	-	137,505	137,505	-	-	-
Senior Farmers Market	500	500	500	-	-	-
American National Treasurers Grant - Hinchcliff Stadium	300,000	300,000	300,000	-	-	-
BDA Steam Plant/Overlook Park	-	420,307	420,307	-	-	-
	11,130,047	12,053,848	12,053,848	-	-	-
Total Operations Excl. from "CAPS"	29,150,519	30,074,320	29,955,547	53,094	63,000	2,679
Detail:						
Salaries and Wages	1,269,521	1,269,521	1,269,521	-	-	-
Other Expenses	27,880,998	28,804,799	28,686,026	53,094	63,000	2,679

See Accompanying Notes to Financial Statements

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

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
(C) Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	\$ 500,000	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -
(D) Municipal Debt Service						
General Debt Service:						
Bond Principal	10,584,838	10,584,838	10,518,837	-	-	66,001
Bond Anticipation Notes	540,000	540,000	540,000	-	-	-
Interest on Bonds	4,689,601	4,689,601	4,689,601	-	-	-
Interest on Notes	359,770	359,770	359,182	-	-	588
Green Trust Loan Program						
Principal and Interest	104,852	104,852	104,852	-	-	-
NJ Environmental Infrastructure Loan						
Principal	1,250,630	1,250,630	1,250,630	-	-	-
Interest	149,290	149,290	109,355	-	-	39,935
	<u>17,678,981</u>	<u>17,678,981</u>	<u>17,572,457</u>	<u>-</u>	<u>-</u>	<u>106,524</u>
(F) Judgments	<u>165,000</u>	<u>165,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,000</u>
(H-2) TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAPS"	<u>47,494,500</u>	<u>48,418,301</u>	<u>48,028,004</u>	<u>53,094</u>	<u>63,000</u>	<u>274,203</u>
(L) Subtotal General Appropriations	<u>268,480,777</u>	<u>269,404,578</u>	<u>259,172,564</u>	<u>3,438,469</u>	<u>6,296,952</u>	<u>496,593</u>
(M) Reserve for Uncollected Taxes	<u>10,382,273</u>	<u>10,382,273</u>	<u>10,382,273</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 278,863,050</u>	<u>\$ 279,786,851</u>	<u>\$ 269,554,837</u>	<u>\$ 3,438,469</u>	<u>\$ 6,296,952</u>	<u>\$ 496,593</u>
	A-3a	A-3a	A-3a	A-19	A	A-3a

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

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
ANALYSIS OF MODIFIED BUDGET AND PAID OR CHARGED**

		Budget After Modification	Paid or Charged
	<u>Ref.</u>		
Budget As Adopted	A-2, A-3	\$ 278,863,050	\$ -
Added by N.J.S.A. 40A:4-87	A-2	923,801	-
Reserve for Uncollected Taxes	A-2a	-	10,382,273
Cash Disbursements	A-4	-	233,942,557
Cash Deficit of Preceding Year	A-15	-	13,999
Qualified Bonds Paid by State	A-16	-	15,208,438
Life Hazard Use Fees - Grants	A-17	-	238,960
Interfund - Grants	A-17	-	12,053,848
Interfund - Grants Match	A-17	-	817,277
Chargebacks	A-17	-	650,399
Capital Improvement Fund	A-17	-	500,000
Reclass Budget Year	A-18	-	62,972
Tax Overpayments	A-21	-	863
Re-Allocated Disbursements	A-22	-	3,187,621
Subtotal: Modified Budget / Paid or Charged	A-3	279,786,851	277,059,207
Less:			
Reserve for Uncollected Taxes	A-2a	10,382,273	-
Appropriations Canceled	A-3	496,593	-
Cash Receipts	A-4	-	4,139,768
Interfunds - Budget Reimbursements	A-17	-	3,064,557
Reclass Budget Year	A-18	-	300,045
Total Paid or Charged	A-3		<u>\$ 269,554,837</u>
Net Modified Budget	A-1	<u>\$ 268,907,985</u>	

CITY OF PATERSON

REPORT OF AUDIT

**FINANCIAL SECTION:
TRUST FUND FINANCIAL STATEMENTS**

**CITY OF PATERSON
TRUST FUNDS
AS OF JUNE 30, 2017 AND 2016**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
<u>Assets</u>			
Animal Control Trust Fund:			
Cash	B-2	\$ 95,877	\$ 63,309
Other Trust Fund:			
Cash - Community Development	B-2	795,759	1,144,300
Cash - Other Trust	B-2	9,484,126	6,565,498
Taxes Receivable - Special Improvement Districts	B-3	2,313	3,020
Grants Receivable	B-5	8,699,026	8,470,339
Due from Animal Control Fund	contra	-	1,899
Redevelopment/CDBG Held Properties	B-10	172,930	172,930
Tax Title Lien - Special Improvement Districts	B-17	24,624	91,855
Total Other Trust Fund		<u>19,178,778</u>	<u>16,449,841</u>
Total Assets		<u>\$ 19,274,655</u>	<u>\$ 16,513,150</u>
<u>Liabilities and Reserves</u>			
Animal Control Trust Fund:			
Due to State of New Jersey	B-6	\$ 80	\$ 66
Reserve for Animal Control Fund Expenditures	B-9	95,797	61,344
Due to Other Trust Fund	contra	-	1,899
Total Animal Control Trust Fund		<u>95,877</u>	<u>63,309</u>
Other Trust Fund:			
Due to Special Improvement Districts	B-4	48,260	132,657
Tax Overpayments - Special Improvement District	B-16	549	466
Prepaid Revenue - Special Improvement District	B-18	55,845	45,643
Due to Current Fund	B-21	206,582	2,469
Reserve for:			
Off-Duty Police Officers	B-7	1,133,837	470,637
Off-Duty Police Officers Administration	B-8	671,354	269,017
Redevelopment/CDBG Held Properties	B-11	172,930	172,930
Parking Offense Adjudication Act	B-12	287,042	256,199
Weights and Measures	B-13	74,267	74,267
Public Defender Fees	B-14	12,918	84,510

See Accompanying Notes to the Financial Statements.

**CITY OF PATERSON
TRUST FUNDS
AS OF JUNE 30, 2017 AND 2016**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
<u>Liabilities and Reserves (continued)</u>			
Reserve for:			
Special Improvement District Taxes	B-19	\$ 26,388	\$ 94,875
Reserve for Other Deposits	B-15	3,451,251	3,014,865
Payroll Agency	B-20	3,744,018	2,209,217
Various Grants	B-22	<u>9,288,205</u>	<u>9,614,639</u>
		19,173,446	16,442,391
Fund Balance	B-1	<u>5,332</u>	<u>7,450</u>
Total Other Trust Fund		<u>19,178,778</u>	<u>16,449,841</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 19,274,655</u></u>	<u><u>\$ 16,513,150</u></u>

See Accompanying Notes to the Financial Statements.

**CITY OF PATERSON
TRUST FUNDS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**COMPARATIVE STATEMENT OF CHANGES IN FUND BALANCE -
REGULATORY BASIS**

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
Increased by:			
Cash Receipts	B-2	\$ 32	\$ 2,500
Cancellations	B-15	<u>5,300</u>	<u>4,950</u>
		5,332	7,450
Decreased by:			
Cash Disbursements Applied to Anticipated Revenue	B-2	<u>7,450</u>	<u>7,904</u>
Net Decrease in Fund Balance		(2,118)	(454)
Balance, Beginning of Period	B	<u>7,450</u>	<u>7,904</u>
Balance, End of Period	B	<u><u>\$ 5,332</u></u>	<u><u>\$ 7,450</u></u>

See Accompanying Notes to the Financial Statements.

CITY OF PATERSON

REPORT OF AUDIT

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

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

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
<u>Assets</u>			
Cash	C-2; C-3	\$ 23,830,444	\$ 15,194,490
Grants Receivable	C-4	4,536,685	4,759,753
Deferred Charges to Future Taxation:			
Funded	C-5	108,849,956	87,145,791
Unfunded	C-6	15,441,145	35,082,850
Due from New Jersey Environmental Infrastructure Trust Fund	C-7	<u>8,757,606</u>	<u>8,757,606</u>
Total Assets and Deferred Charges		<u><u>\$ 161,415,836</u></u>	<u><u>\$ 150,940,490</u></u>
<u>Liabilities and Reserves</u>			
Bond Anticipation Notes	C-12	-	14,340,000
General Serial Bonds	C-10	\$ 100,164,000	\$ 76,847,837
Green Acres Trust Loan Payable	C-13	1,868,184	1,969,205
Environmental Infrastructure Loan	C-11	6,817,772	8,328,749
Improvement Authorizations:			
Funded	C-9	47,387,171	23,374,272
Unfunded	C-9	4,823,513	25,675,014
Capital Improvement Fund	C-14	<u>330,953</u>	<u>405,413</u>
		161,391,593	150,940,490
Fund Balance	C-1	<u>24,243</u>	<u>-</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 161,415,836</u></u>	<u><u>\$ 150,940,490</u></u>
Bonds and Notes Authorized But Not Issued	C-15	<u><u>\$ 15,441,145</u></u>	<u><u>\$ 20,742,850</u></u>

See Accompanying Notes to the Financial Statements.

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

**COMPARATIVE STATEMENT OF CHANGES IN FUND BALANCE -
REGULATORY BASIS**

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
Increased by:			
Premiums Received	C-8	\$ 24,243	\$ 3,348
Improvement Authorizations Cancelled		-	1,407,153
		<u>24,243</u>	<u>1,410,501</u>
Decreased by:			
Anticipated as Budget Revenue		-	1,472,212
Net Decrease in Fund Balance		24,243	(61,711)
Balance: July 1	C; C-3	<u>-</u>	<u>61,711</u>
Balance: June 30	C; C-3	<u><u>\$ 24,243</u></u>	<u><u>\$ -</u></u>

See Accompanying Notes to the Financial Statements.

CITY OF PATERSON

REPORT OF AUDIT

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

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

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2017</u>	<u>2016</u>
	<u>Ref.</u>		
<u>Assets</u>			
Land		\$ 3,257,443	\$ 3,257,443
Building and Improvements		32,540,689	32,540,689
Machinery and Equipment		<u>17,581,098</u>	<u>17,145,900</u>
	D-1	<u>\$ 53,379,230</u>	<u>\$ 52,944,032</u>
<u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	D-2	<u>\$ 53,379,230</u>	<u>\$ 52,944,032</u>

See Accompanying Notes to the Financial Statements.

CITY OF PATERSON

REPORT OF AUDIT

**FINANCIAL SECTION:
NOTES TO FINANCIAL STATEMENTS**

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

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Paterson (the “City”) is organized as a Mayor - Council municipality under the provisions of N.J.S.A. 40:69A. The City is governed by an elected Mayor and Council, and by such other officers and employees as may be duly appointed. The Council consists of nine members, three of which are elected at-large by voters of the City and serve a term of four years beginning on the first day of July next following their election. The Mayor is also elected directly by the voters of the City and also serves a term of four years beginning the first day of July following the election.

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 Parking Authority, the Passaic Valley Water Commission, the Passaic Valley Sewerage Commission, the Bunker Hill Special Improvement District or the Downtown Paterson Special Improvement District; inasmuch as their activities are administered by separate boards.

The Governmental Accounting Standards Board (GASB) established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. 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. However, the expenditures and revenues of the Paterson Library are accounted for in the books and records of the City, therefore, the Library is discretely presented with the financial statements of the City. If the provisions of GASB had been complied with, the following financial statements of the Paterson Parking Authority would have been discretely presented with the financial statements of the City, the primary government. Audit reports of the component units are available at each of the respective component units.

BASIS OF PRESENTATION

The Governmental Accounting Standards Board (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).

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

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 to ensure observance of limitations and restrictions on resources available. 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 balance (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. General Fixed Assets, 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.

Federal and State Grants Fund – is used to account for receivables due from grantor agencies and the balance of grant awards available for spending, after first having been formally adopted by Current Fund budget or subsequent insertion in the budget in accordance with N.J.S.A. 40A:4-87.

Trust Fund - is used to account for receipts, custodianship and disbursement of dedicated revenues in accordance with the purpose for which each reserve was created, subject to available cash in each individual trust fund reserve established pursuant to applicable state statutes or as an agent for individuals and other governmental agencies.

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

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Capital Fund - is used to account for the receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund or other funds. Also included in this fund are general and school bonds and notes payable offset by deferred charges to future taxation.

General Fixed Assets - is not a separate fund type, but is an account group used to account for all fixed assets of the City.

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 special purpose framework of accounting other than accounting principles generally accepted in the United States of America. 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 sewer charges 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.

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.

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.

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

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 – Appropriation Reserves 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.

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 PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

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

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

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

Self-Insurance Contributions - Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as expenditure.

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

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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 identified as "General Fixed Assets" and are not included within the records of any fund types. Purchases for fixed assets are recorded as expenditures within the fund from which their purchase was authorized. 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.

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. 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. 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 reported using the modified approach.

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

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City 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.

In 2009, legislation revised GUDPA to provide higher levels of security and oversight. The revised GUDPA ensures a common level of deposit risk for each bank choosing to accept local government deposits. It requires banks to fully collateralize deposits over \$200 million, implements enforcement protocol which allows the Department of Banking and Insurance to institute risk-based collateral requirements promptly when a bank shows signs of stress, provides enhanced oversight by the Department of Banking and Insurance and permits GUDPA certificates to be provided through an online system.

Cash Equivalents include certificate of deposits with a maturity date of three months or less. Also see Note B - Cash and Cash Equivalents.

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

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. However, statutes require the City to adopt annually a six-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

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

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

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

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

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

NOTE B. CASH AND CASH EQUIVALENTS

DEPOSITS

Cash and cash equivalents on deposit are partially insured by the FDIC up to \$250,000 for each depository. Deposits in excess of FDIC limits, as noted below, are insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA (see Note A - Cash and Investments or are on deposit with the New Jersey Cash Management Fund.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial 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.

The City's deposits of cash and cash equivalents at June 30, 2017 and 2016 are summarized in the following table. As of June 30, 2017, 64% of the City's deposits were with one financial institution and the remaining 36% five others. As of June 30, 2016, 70% of the City's deposits were with one financial institution and 28% with two others.

	2017	2016
FDIC Insured	\$ 1,120,686	\$ 1,221,515
GUDPA Insured	64,615,358	48,816,340
New Jersey Cash Management Fund	3,450,789	3,431,790
	<u>\$ 69,186,833</u>	<u>\$ 53,469,645</u>

Under GUDPA, financial institutions are not required to pledge collateral for amounts covered by FDIC insurance.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the City's deposits as of June 30, 2017 and 2016 are known to be held in foreign currency.

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

NOTE B. CASH AND CASH EQUIVALENTS (continued)

INVESTMENTS

New Jersey statutes permit the City to purchase the following types of securities when authorized by the cash management plan (described in note A):

- ◆ 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 Local Government Services in the Department of Community Affairs 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).
- ◆ Certain agreements for the repurchase of fully collateralized securities, subject to certain limitations as identified in the statute.

Custodial Credit Risk - In the case of investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty or its trust department or agent, but not in the City's name.

Foreign Currency Risk - Investments are also exposed to the same foreign currency risk as deposits. It is the risk that changes in exchange rates will adversely affect investments. The City does not have any investments denominated in foreign currency as of June 30, 2017 and 2016.

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

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

NOTE B. CASH AND CASH EQUIVALENTS (continued)

INVESTMENTS (continued)

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

Concentration of Credit Risk - The City places no formal limit on the amount it may invest in any one issuer. New Jersey Statutes limit municipal investments to those specified and summarily identified in the first paragraph of the “Investments” section of this Note. Currently, the City’s only investments consist of deposits in the New Jersey Cash Management Fund, which is classified as a Government Investment Pool.

The City’s investments at June 30, 2017 and 2016 are presented as follows:

Investment Type	Fair Value*	Investment Maturities (in Years)			
		< 1	1 - 5	6 - 10	> 10
At June 30, 2017:					
Government Investment Pools	\$ 3,450,789	\$ 3,450,789	\$ -	\$ -	\$ -
At June 30, 2016:					
Government Investment Pools	\$ 3,431,790	\$ 3,431,790	\$ -	\$ -	\$ -

* Short-term investments are carried at cost, which approximates fair value.

Government Investment Pools consists of investments in the New Jersey Cash Management Fund. Because of their liquidity, these investments are classified as cash and cash equivalents on the financial statements of the City.

These investments are described in more detail on the following page.

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

NOTE B. CASH AND CASH EQUIVALENTS (continued)

INVESTMENTS (continued)

New Jersey Cash Management Fund - All investments in the New Jersey Cash Management Fund are governed by the regulations of the State Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In addition to the Investment Council regulations, the Division of Investment sets further standards for specific investments and monitors the credit of all eligible securities issues on a regular basis. In all the years of the Division of Investment's existence, it 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 in the New Jersey Cash Management Fund as additional protection for the other-than-State participants, which includes the City. The City does not own specific identifiable securities, but instead has a net realizable interest in the joint value of the fund. There is no available credit rating for the New Jersey Cash Management Fund. The audited financial statements of the New Jersey Cash Management Fund can be obtained by contacting the State of New Jersey, Department of the Treasury, Division of Investment, 50 West State Street, 9th Floor, Trenton, NJ 08608-0290 or by visiting its website. As of June 30, 2017 and 2016, the City had a balance of \$3,450,789 and \$3,431,790 respectively, in the New Jersey Cash Management Fund.

NOTE C. PROPERTY TAXES

PROPERTY TAX CALENDAR

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1 and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with State 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:

County Taxes - The City is responsible for levying, collecting and remitting county taxes for the County of Passaic. 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 fiscal year, and due to be paid to the County by February 15. As of June 30, 2017 and 2016, the City had \$-0- and \$37,700 County taxes payable, respectively.

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

NOTE C. PROPERTY TAXES (continued)

PROPERTY TAX CALENDAR (continued)

School Taxes - The City is responsible for levying, collecting and remitting school taxes for the Board of Education. Operations are charged for the full amount required to be raised from taxation to operate the local school district. As of June 30, 2017 and 2016, the City had no school taxes payable.

PROPERTY TAXES RECEIVABLE

Reserve for Uncollected Taxes - Reserve for Uncollected Taxes is a non-spending item of appropriation required by statute to be included in the City's annual budget. This appropriation protects the City from taxes not paid currently by providing assurance that cash collected in the current year will provide sufficient cash flow to meet obligations as they become due. The minimum amount required to be appropriated in the budget is determined on the percentage of collections experiences in the immediate preceding year, unless the three-year average option is chosen. For the years ended June 30, 2017 and 2016, the budgeted reserve for uncollected taxes was \$10,382,273 and \$15,663,522, respectively.

Delinquent Taxes and Tax Title Liens - As mentioned in Note A, taxes receivable and tax title liens are realized as revenue when collected. Uncollected receivables are fully reserved, so no provision is made for the uncollectible portions of these taxes. For the years ended June 30, 2017 and 2016, property taxes receivable were \$225,617 and \$402,007, respectively and tax title liens receivable were \$16,999,724 and \$16,199,935, respectively.

Property Acquired by Tax Title Lien Liquidation – The City held its annual accelerated tax sale on June 22, 2017. All properties with delinquent taxes at May 1, 2017 were subject to tax sale, with the exception of any property where the owner is bankrupt or there is a court order. The value of properties acquired by tax title liens at June 30, 2017 and 2016 were \$5,107,360, each year.

Prepaid Taxes - Taxes collected in advance are recorded as cash liabilities in the financial statements. Prepaid taxes as of June 30, 2017 and 2016 were \$240,681 and \$173,406, respectively.

Tax Overpayments - Overpaid taxes collected during the year and due to taxpayers either as a refund or tax credit are recorded as cash liabilities in the financial statements. Tax overpayments as of June 30, 2017 and 2016 were \$4,692,803 and \$6,020,354, respectively.

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

NOTE D. MUNICIPAL DEBT

SUMMARY OF MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds to finance general municipal and utility capital expenditures. Most bonds are retired in serial installments within the statutory period of usefulness. Other bonds may be term bonds with sinking fund requirements. 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, must be paid off within ten years or retired by the issuance of bonds. At June 30, 2017 and 2016, the City's statutory debt as defined by the Local Bond Law is summarized as follows:

SUMMARY OF MUNICIPAL DEBT		
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Statutory Debt Pursuant to Local Bond Law		
<u>Issued:</u>		
General:		
General Serial Bonds	\$ 100,164,000	\$ 76,847,837
Bond Anticipation Notes	-	14,340,000
Green Acres Trust Loan Payable	1,868,184	1,969,205
Environmental Infrastructure Loan	<u>6,817,772</u>	<u>8,328,749</u>
Total Gross Statutory Debt Issued	108,849,956	101,485,791
Less Statutory Deductions to Debt Limit:		
Pension Refunding Bonds	<u>490,000</u>	<u>1,473,837</u>
Net Statutory Debt Issued	108,359,956	100,011,954
<u>Authorized but not Issued:</u>		
General Improvements	<u>15,441,145</u>	<u>20,742,850</u>
Net Statutory Debt Issued and		
Authorized but not Issued	<u><u>\$ 123,801,101</u></u>	<u><u>\$ 120,754,804</u></u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

Debt Refunding and Rollover

During the years ended June 30, 2017 and 2016, the City renewed or refunded the following notes:

- ◆ Series 2016 Bond Anticipation Notes in the amount of \$13,800,000, together with Series 2017 Bond Anticipations Notes in the amount of \$9,058,131, were permanently funded as part of the Passaic County Improvement Authority's (PCIA's) issuance of County-Guaranteed Governmental Loan Revenue Bonds, Series 2017 (City of Paterson Project). Said Bonds included the financing of \$15,712,869 for amount issued of \$38,571,000 less \$4,736,000 of principal paid by bond premium, for a net issued and outstanding bond of \$33,835,000.
- ◆ Tax Refunding Notes in the amount of \$1,760,000 and Bond Anticipations Notes in the amount of \$19,160,000, combined as Bond Anticipation Notes on Exhibit C, plus emergency and special emergency notes in the amount of \$6,470,000, were permanently funded as part of the Passaic County Improvement Authority's (PCIA's) issuance of County-Guaranteed Governmental Loan Revenue Bonds, Series 2015 (City of Paterson Project). The refunded amount totaled \$27,390,000, of which \$2,595,000 was paid by the bond premium, leaving an outstanding obligation to the City of \$24,795,000.

A summary of changes in long-term debt for the year ended June 30, 2017 and 2016 follows:

	June 30, 2016	New Issues	Decrease	June 30, 2017
Issued:				
Serial Bonds	\$ 76,847,837	\$ 33,835,000	\$ 10,518,837	\$ 100,164,000
Loans Payable:				
Green Acres Trust	1,969,205	-	101,021	1,868,184
Environmental Infrastructure Loan	8,328,749	-	1,510,977	6,817,772
Total	<u>\$ 87,145,791</u>	<u>\$ 33,835,000</u>	<u>\$ 12,130,835</u>	<u>\$ 108,849,956</u>
	June 30, 2015	New Issues	Decrease	June 30, 2016
Issued:				
Serial Bonds	\$ 57,524,477	\$ 24,795,000	\$ 5,471,640	\$ 76,847,837
Loans Payable:				
Green Acres Trust	2,079,666	-	110,461	1,969,205
Environmental Infrastructure Loan	14,042,913	-	5,714,164	8,328,749
Total	<u>\$ 73,647,056</u>	<u>\$ 24,795,000</u>	<u>\$ 11,296,265</u>	<u>\$ 87,145,791</u>

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

NOTE D. MUNICIPAL DEBT (continued)

Qualified Bonds

Certain bonds of the City are issued pursuant to the Municipal Qualified Bond Act. Under this act, portions of State Aid revenues are withheld by the State of New Jersey and forwarded directly to paying agents for principal and interest payments of such bonds. The City is responsible to certify maturity schedules of the qualified bonds to the State. Qualified bonds are identified within the bond schedules that follow. During the year ended June 30, 2017 and 2016, the State of New Jersey paid \$15,208,438 and \$9,073,335, respectively, of qualified bond interest and principal maturities directly to paying agents on behalf of the City in lieu of direct State Aid payments to the City.

BONDS PAYABLE

The City has outstanding at June 30, 2017 and 2016 various general serial bonds, which include pension, pension refunding, general refunding bonds and general improvement bonds. The following table is a summary of the activity for such debt during the year ended June 30, 2017 and the short term liability for each bond outstanding at year end:

Description	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017	Due by June 30, 2018
General Improvement Bonds	\$ 9,140,000	\$ -	\$ 2,165,000	\$ 6,975,000	\$ 2,225,000
Issued 06/15/09 for \$23,294,000					
Maturing annually on June 15 through 2020					
General Improvement Refunding Bonds	2,460,000	-	2,460,000	-	-
Issued 03/23/11 for \$3,230,000					
Maturing on March 15, 2016 and 2017					
Bearing interest rates of 3.25-3.5%					
Qualified General Refunding Bonds	8,015,000	-	-	8,015,000	-
Issued 03/20/13 for \$8,015,000					
Maturing in 2020 and 2021					
Bearing interest rates of 3-3.1%					
Qualified General Improvement Bonds	22,519,000	-	-	22,519,000	-
Issued 05/22/13 for \$22,519,000					
Maturing annually from 2022-2026					
Bearing interest rate of 5.0%					

(continued)

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

NOTE D. MUNICIPAL DEBT (continued)

Description	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017	Due by June 30, 2018
continued from previous page					
Pension Obligation Refunding	\$ 1,473,837	\$ -	\$ 983,837	\$ 490,000	\$ 100,000
Bonds Issued 04/03/03 for \$13,044,671					
Maturing annually an April 1 through 2021					
Bearing interest rate of 5.62-5.91%					
Pension Obligation Refunding	4,875,000	-	-	4,875,000	2,500,000
Bonds Issued 03/30/2012 for \$4,875,000					
Maturing March 15, 2018 and 2019					
Bearing interest rate of 5.62-5.91%					
Qualified Pension Refunding Bonds	3,570,000	-	-	3,570,000	-
Issued 03/20/13 for \$3,570,000					
Maturing in 2019 and 2020					
Bearing interest rates of 4.2-5.15%					
PCIA Governmental Loan Revenue Bonds, Series 2015 (Passaic County Guaranteed)	24,795,000	-	4,910,000	19,885,000	2,870,000
Issued 12/14/15 for \$24,795,000					
Maturing August 1, 2016 - 2031					
Bearing interest rates of 2.0-5.0%					
PCIA Governmental Loan Revenue Bonds, Series 2017 (Passaic County Guaranteed)	-	33,835,000	-	33,835,000	2,855,000
Issued 6/20/17 for \$33,385,000					
Maturing June 15, 2018 - 2037					
Bearing interest rates of 2.0-5.0%					
	<u>\$ 76,847,837</u>	<u>\$ 33,835,000</u>	<u>\$ 10,518,837</u>	<u>\$ 100,164,000</u>	<u>\$ 10,550,000</u>
Amount of Notes Refunded		\$ 22,858,131			
Issued to Fund Authorizations Not Previously Issued		15,712,869			
Less: Premium Applied		4,736,000			
Bond Issuance Amount		<u>\$ 33,835,000</u>			

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

The following table is a summary of the activity of outstanding bonds during the year ended June 30, 2016 and the short term liability for each bond outstanding at year end:

Description	Balance June 30, 2015	Increase	Decrease	Balance June 30, 2016	Due by June 30, 2017
General Improvement Bonds	\$ 11,240,000	\$ -	\$ 2,100,000	\$ 9,140,000	\$ 2,165,000
Issued 06/15/09 for \$23,294,000					
Maturing annually on June 15 through 2020					
General Improvement Refunding Bonds	3,230,000	-	770,000	2,460,000	2,460,000
Issued 03/23/11 for \$3,230,000					
Maturing on March 15, 2016 and 2017					
Bearing interest rates of 3.25-3.5%					
Qualified General Refunding Bonds	8,015,000	-	-	8,015,000	-
Issued 03/20/13 for \$8,015,000					
Maturing in 2020 and 2021					
Bearing interest rates of 3-3.1%					
Qualified General Improvement Bonds	22,519,000	-	-	22,519,000	-
Issued 05/22/13 for \$22,519,000					
Maturing annually from 2022-2026					
Bearing interest rate of 5.0%					
Pension Obligation Refunding	2,475,477	-	1,001,640	1,473,837	983,837
Bonds Issued 04/03/03 for \$13,044,671					
Maturing annually an April 1 through 2021					
Bearing interest rate of 5.62-5.91%					
Pension Obligation Refunding	1,600,000	-	1,600,000	-	-
Bonds Issued 03/23/2011 for \$1,600,000					
Maturing on March 15, 2016					
Bearing interest rate of 4.9%					
Pension Obligation Refunding	4,875,000	-	-	4,875,000	-
Bonds Issued 03/30/2012 for \$4,875,000					
Maturing March 15, 2018 and 2019					
Bearing interest rate of 5.62-5.91%					
(continued)					

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

Description	Balance June 30, 2015	Increase	Decrease	Balance June 30, 2016	Due by June 30, 2017
continued from previous page					
Qualified Pension Refunding Bonds	\$ 3,570,000	\$ -	\$ -	\$ 3,570,000	\$ -
Issued 03/20/13 for \$3,570,000					
Maturing in 2019 and 2020					
Bearing interest rates of 4.2-5.15%					
PCIA Governmental Loan Revenue Bonds,	-	24,795,000	-	24,795,000	4,910,000
Series 2015 (Passaic County Guaranteed)					
Issued 12/14/15 for \$24,795,000					
Maturing August 1, 2016 - 2031					
Bearing interest rates of 2.0-5.0%					
	<u>\$ 57,524,477</u>	<u>\$ 24,795,000</u>	<u>\$ 5,471,640</u>	<u>\$ 76,847,837</u>	<u>\$ 10,518,837</u>
Amount of Notes Refunded		\$ 27,390,000			
Premium Applied		<u>2,595,000</u>			
Bond Issuance Amount		<u>\$ 24,795,000</u>			

The Series 2015 Bonds were issued by the Passaic County Improvement Authority (PCIA) to provide funds to make a loan to the City. The City will apply the proceeds of the loan to pay certain costs of issuance of the bonds and to refund the following:

Purpose	Total Series 2015 Bonds	Amount of Notes Refunded by Series 2015 Bonds:			
		Bond Anticipation Notes	Tax Appeal Refunding Notes	Emergency Notes	Special Emergency Notes
Various Capital Projects	\$ 4,830,000	\$ 4,830,000	\$ -	\$ -	\$ -
Tax Appeal Refunding	1,760,000	-	1,760,000	-	-
Sewer Reconstruction	2,665,000	2,665,000	-	-	-
Resurfacing of Roads	11,665,000	11,665,000	-	-	-
Accrued Sick & Vacation Time	2,466,000	-	-	-	2,466,000
Revaluation	-	-	-	-	-
Insurance	3,164,000	-	-	3,164,000	-
Debt Service	840,000	-	-	-	840,000
	<u>27,390,000</u>	<u>\$ 19,160,000</u>	<u>\$ 1,760,000</u>	<u>\$ 3,164,000</u>	<u>\$ 3,306,000</u>
Premium Applied to Bonds	<u>2,595,000</u>				
Amount of Bond Issue	<u>\$ 24,795,000</u>				

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

The Series 2017 Bonds were issued by the Passaic County Improvement Authority (PCIA) to provide funds to make a loan to the City. The City will apply the proceeds of the loan to pay certain costs of issuance of the bonds and to fund the following:

Purpose	Ordinance	Total Series 2017 Bonds	Amounts Refunded/Funded by Series 2017 Bonds:		
			Bond Anticipation Notes		Authorizations
			Issued: June 29, 2016	Issued: March 2, 2017	Not Issued Previously
Communication System	16-089	\$ 1,333,000	\$ -	\$ 1,333,000	\$ -
Combined Sewer Outflow Phase III Amendment	16-088	7,725,131	-	7,725,131	-
Resurfacing of Various Roads	14-042 / 16-092	23,939,761	11,665,000	-	12,274,761
Paterson Armory	16-001	1,045,000	1,045,000	-	-
Tax Appeal Refunding	16-005	1,090,000	1,090,000	-	-
Workers Compensation/Litigation	17-054	3,000,000	-	-	3,000,000
Road Reconstruction/Resurfacing	16-091	438,108	-	-	438,108
		38,571,000	\$ 13,800,000	\$ 9,058,131	\$ 15,712,869
Premium Applied to Bonds		4,736,000			
Amount of Bond Issue		<u>\$ 33,835,000</u>			

LOANS PAYABLE

Green Acres Trust Loans

The City has outstanding at June 30, 2017 and 2016 various Green Acres Trust Loans. The following table summarizes the Green Acres Trust Loan activity during the year ended June 30, 2017 and the short term liability at that time for each loan outstanding:

Description	Balance	Decrease	Balance	Due by
	June 30, 2016		June 30, 2017	June 30, 2018
Eastside Park Rehabilitation	\$ 129,971	\$ 11,865	\$ 118,106	\$ 12,103
Issued 06/26/06 for \$231,650				
Maturing semi-annually through 2026				
Bearing an interest rate of 2%				
(continued)				

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

Description	Balance June 30, 2016	Decrease	Balance June 30, 2017	Due by June 30, 2018
continued from previous page				
Park Development Program Phase III	\$ 70,265	\$ 22,956	\$ 47,309	\$ 23,418
Issued 06/26/06 for \$267,000				
Maturing semi-annually through 2019				
Bearing an interest rate of 2%				
Restoration of Pennington Park	628,203	35,897	592,306	35,898
Issued 12/9/13 for \$700,000				
Maturing semi-annually through 2033				
Bearing an interest rate of -0-%				
Restoration of Pennington Park - Lower Field	439,393	30,303	409,090	30,303
Issued 12/9/13 for \$231,245				
Maturing semi-annually through 2030				
Bearing an interest rate of -0-%				
Mary Ellen Kramer Park Improvements				
Not yet amortized.	701,373	-	701,373	-
Project not completed.				
	<u>\$ 1,969,205</u>	<u>\$ 101,021</u>	<u>\$ 1,868,184</u>	<u>\$ 101,722</u>

The following table summarizes the Green Acres Trust Loan activity during the year ended June 30, 2016 and the short term liability at that time for each loan outstanding:

Description	Balance June 30, 2015	Decrease	Balance June 30, 2016	Due by June 30, 2017
Park Development Program Phase II	\$ 10,127	\$ 10,127	\$ -	\$ -
Issued 07/26/94 for \$315,000				
Maturing semi-annually through 2016				
Bearing an interest rate of 2%				
Eastside Park Rehabilitation	141,601	11,630	129,971	11,865
Issued 06/26/06 for \$231,650				
Maturing semi-annually through 2026				
Bearing an interest rate of 2%				
(continued)				

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

Description	Balance June 30, 2015	Decrease	Balance June 30, 2016	Due by June 30, 2017
continued from previous page				
Park Development Program Phase III	\$ 92,769	\$ 22,504	\$ 70,265	\$ 22,956
Issued 06/26/06 for \$267,000				
Maturing semi-annually through 2019				
Bearing an interest rate of 2%				
Restoration of Pennington Park	664,100	35,897	628,203	35,897
Issued 12/9/13 for \$700,000				
Maturing semi-annually through 2033				
Bearing an interest rate of -0-%				
Restoration of Pennington Park - Lower Field	469,696	30,303	439,393	30,303
Issued 12/9/13 for \$231,245				
Maturing semi-annually through 2030				
Bearing an interest rate of -0-%				
Mary Ellen Kramer Park Improvements				
Not yet amortized.	701,373	-	701,373	-
Project not completed.				
	<u>\$ 2,079,666</u>	<u>\$ 110,461</u>	<u>\$ 1,969,205</u>	<u>\$ 101,021</u>

NJ Environmental Infrastructure Trust Loan

The City has outstanding at June 30, 2017 and 2016 various New Jersey Environmental Infrastructure Trust (NJEIT) Loans. During the year ended June 30, 2017, the City received a Revised Infrastructure Loan amortization schedule from the NJEIT which defeased and/or forgave a total of \$260,349 of existing debt. The City paid an additional \$1,250,628 by budget appropriation, for a total reduction in the loan balance of \$1,510,977.

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

The following table summarizes the NJEIT Loan activity during the year ended June 30, 2017, and the short term liability for each loan outstanding:

Description	Balance	Decreased by:		Balance	Due by
	June 30, 2016	Defeasance	Appropriation	June 30, 2017	June 30, 2018
Trust Loan Series 2003A Phase I, Issued 10/15/03 For \$3,375,760	\$ 1,135,000	\$ 55,258	\$ 120,000	\$ 959,742	\$ 118,300
State of NJ Fund Loan Phase I, Issued 10/15/03 For \$5,554,479	1,978,176	-	290,796	1,687,380	290,753
Trust Loan Series 2004A Phase II, Issued 10/13/04 For \$1,286,526	475,000	92,821	45,000	337,179	32,986
State of NJ Fund Loan Phase II, Issued 10/13/04 For \$2,326,943	779,547	-	125,259	654,288	121,447
Trust Loan Series 2005A Phase III, Issued 11/10/05 For \$1,424,949	605,000	93,245	50,000	461,755	42,109
State of NJ Fund Loan Phase III, Issued 11/10/05 For \$2,622,600	997,800	-	137,743	860,057	134,071
Trust Loan Series 2008A Phase IV, Issued 11/06/08 For \$3,696,468	939,025	1,025	100,000	838,000	100,000
State of NJ Fund Loan Phase IV, Issued 11/06/08 For \$6,568,205	640,067	-	335,187	304,880	304,880
Trust Loan Series 2010A Phase V, Issued 9/1/10 For \$760,141	415,000	18,000	20,000	377,000	25,000
State of NJ Fund Loan Phase V, Issued 3/10/10 For \$524,000	364,134	-	26,643	337,491	26,644
	<u>\$ 8,328,749</u>	<u>\$ 260,349</u>	<u>\$ 1,250,628</u>	<u>\$ 6,817,772</u>	<u>\$ 1,196,190</u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

The following table summarizes the NJEIT Loan activity during the year ended June 30, 2016, and the short term liability for each loan outstanding:

Description	Balance	Decreased by:		Balance	Due by
	June 30, 2015	Defeasance	Appropriation	June 30, 2016	June 30, 2017
Trust Loan Series 2003A Phase I, Issued 10/15/03 For \$3,375,760	\$ 1,250,000	\$ -	\$ 115,000	\$ 1,135,000	\$ 120,000
State of NJ Fund Loan Phase I, Issued 10/15/03 For \$5,554,479	2,268,458	-	290,282	1,978,176	290,796
Trust Loan Series 2004A Phase II, Issued 10/13/04 For \$1,286,526	515,000	-	40,000	475,000	45,000
State of NJ Fund Loan Phase II, Issued 10/13/04 For \$2,326,943	898,594	-	119,047	779,547	125,259
Trust Loan Series 2005A Phase III, Issued 11/10/05 For \$1,424,949	655,000	-	50,000	605,000	50,000
State of NJ Fund Loan Phase III, Issued 11/10/05 For \$2,622,600	1,139,214	-	141,414	997,800	137,743
Trust Loan Series 2008A Phase IV, Issued 11/06/08 For \$3,696,468	1,860,000	-	920,975	939,025	100,000
State of NJ Fund Loan Phase IV, Issued 11/06/08 For \$6,568,205	4,630,869	3,655,837	334,965	640,067	335,187
Trust Loan Series 2010A Phase V, Issued 9/1/10 For \$760,141	435,000	-	20,000	415,000	20,000
State of NJ Fund Loan Phase V, Issued 3/10/10 For \$524,000	390,778	-	26,644	364,134	26,643
	<u>\$ 14,042,913</u>	<u>\$ 3,655,837</u>	<u>\$ 2,058,327</u>	<u>\$ 8,328,749</u>	<u>\$ 1,250,628</u>

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

NOTE D. MUNICIPAL DEBT (continued)

DEBT SERVICE REQUIREMENTS TO MATURITY

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

Schedule of Debt Service Requirements to Maturity As of June 30, 2017

Year	General Serial Bonds			Loans Outstanding		
	Total	Principal	Interest	Total	Principal	Interest
2017	\$ 15,056,486	\$ 10,550,000	\$ 4,506,486	\$ 1,419,989	\$ 1,297,912	\$ 122,077
2018	14,542,347	10,380,000	4,162,347	1,124,061	1,012,327	111,734
2019	12,596,901	8,855,000	3,741,901	1,100,645	1,006,007	94,638
2020	12,471,013	9,135,000	3,336,013	1,093,218	1,015,802	77,416
2021	10,011,425	6,994,000	3,017,425	1,089,518	1,028,852	60,666
2022-2026	41,957,625	32,175,000	9,782,625	2,205,191	2,109,235	95,956
2027-2031	17,864,375	13,875,000	3,989,375	467,038	460,598	6,440
2032-2034	9,430,000	8,200,000	1,230,000	53,850	53,850	-
Not Yet Amortized				701,373	701,373	-
	<u>\$ 133,930,172</u>	<u>\$ 100,164,000</u>	<u>\$ 33,766,172</u>	<u>\$ 9,254,883</u>	<u>\$ 8,685,956</u>	<u>\$ 568,927</u>

NOTES PAYABLE

Bond Anticipation Notes

The City issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year, but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes may be paid no later than the close of the tenth fiscal year next following the date of the original notes. The Division also prescribes that notes cannot be renewed past the third anniversary date of the original note unless an amount equal to at least the first legally required installment is paid prior to each anniversary date.

Included as bond anticipation notes, are tax appeal refunding issued in order to finance tax refunds arising from successful appeals by property owners. Taxpayers are obligated to pay taxes owed to the City as they become due, or have their property subject to tax sale. However, taxpayers may appeal their property assessments and, if successful, be granted a refund, often in a year subsequent to when the taxes were paid. The Division has allowed the City to issue notes to finance such refunds. The tax refunding notes are one year notes, renewable annually for five to seven years.

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

The following is a schedule of bond anticipation note activity for the years ended June 30, 2017:

Ordinance Number	Original Issue: Date	Amount	Interest Rate %	Date of Maturity	Balance June 30, 2016	Notes Issued	Bonds Issued	Budget Appropriation	Balance June 30, 2017
Communication System Improvements									
16-089	03/02/17	\$ 1,333,000	2.50%	06/28/17	\$ -	\$ 1,333,000	\$ 1,333,000	\$ -	\$ -
Combined Sewer Outflow Phase III Amendment									
16-088	03/02/17	7,725,340	2.50%	06/28/17	-	7,725,340	7,725,131	209	-
Tax Appeal Refunding									
16-005	06/29/16	1,630,000	2.00%	06/28/17	1,630,000	-	1,090,000	540,000	-
Paterson Armory									
16-001	06/29/16	1,045,000	2.00%	06/28/17	1,045,000	-	1,045,000		-
Resurfacing of Various Roads									
14-042	06/29/16	11,665,000	2.00%	06/28/17	11,665,000	-	11,665,000		-
					<u>\$ 14,340,000</u>	<u>\$ 9,058,340</u>	<u>\$ 22,858,131</u>	<u>\$ 540,209</u>	<u>\$ -</u>

The following is a schedule of bond anticipation note activity for the years ended June 30, 2016:

Ordinance Number	Original Issue: Date	Amount	Interest Rate %	Date of Maturity	Balance June 30, 2015	Notes Issued	Bonds Issued	Budget Appropriation	Balance June 30, 2016
Tax Appeal Refunding									
11-014	06/10/11	\$ 3,250,000	5.00%	12/15/15	\$ 650,000	\$ -	\$ -	\$ 650,000	\$ -
12-025	06/28/12	3,300,000	5.00%	12/15/15	1,320,000	-	660,000	660,000	-
13-005	06/04/13	1,400,000	1.50%	06/04/14	466,000	-	-	466,000	-
14-021	06/26/14	3,300,000	5.00%	12/15/15	2,200,000	-	1,100,000	1,100,000	-
16:005	06/29/16	1,630,000	2.00%	06/28/17	-	1,630,000	-	-	1,630,000
Various Capital Improvements									
13-042	06/03/14	4,830,000	5.00%	12/15/15	4,830,000	-	4,830,000	-	-
Sewer Reconstruction									
13-040	06/03/14	2,665,000	5.00%	12/15/15	2,665,000	-	2,665,000	-	-
Paterson Armory									
16:001	06/29/16	1,045,000	2.00%	06/28/17	-	1,045,000	-	-	1,045,000
Resurfacing of Various Roads									
14-042	06/03/15	11,665,000	5.00%	12/15/15	11,665,000	-	11,665,000	-	-
14-042	06/29/16	11,665,000	2.00%	06/28/17	-	11,665,000	-	-	11,665,000
					<u>\$ 23,796,000</u>	<u>\$ 14,340,000</u>	<u>\$ 20,920,000</u>	<u>\$ 2,876,000</u>	<u>\$ 14,340,000</u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

Special Emergency Notes

Statutes allow the City to adopt ordinances authorizing special emergency appropriations for the carrying out of certain specific purposes, including the revaluation of real property and contractually required severance liabilities resulting from the layoff or retirement of employees. Statutes further provide for the borrowing of money and the issuance of Special Emergency Notes to finance such special emergency appropriations, which may be renewed from time to time, but at least 1/5 of all such notes, and the renewals thereof, shall mature and be paid in each year, so that all notes and renewals shall have matured and have been paid not later than the last day of the fifth year following the date of the emergency resolution.

The City did not issue any additional notes during the year ended June 30, 2017. The following is a schedule of special emergency note activity for the year ended June 30, 2016:

Ord. / Reso. Number	Original Issue:		Interest Rate %	Date of Maturity	Balance June 30, 2015	Permanently Financed By Bonds	Budget Appropriation	Balance June 30, 2016
	Date	Amount						
Revaluation								
13-011	03/26/2013	\$ 2,100,000	3.750%	12/15/15	\$ 1,260,000	\$ 840,000	\$ 420,000	\$ -
Insurance								
15:041	06/03/2015	3,955,000	3.750%	12/15/15	3,955,000	3,164,000	791,000	-
Debt Service								
15:041	06/03/2015	3,955,000	3.750%	12/15/15	440,000	-	440,000	-
Accrued Sick and Vacation Time								
Tax Exempt Notes								
11-011	02/08/2011 A	1,837,200	3.750%	12/15/15	226,000	-	226,000	-
12-012	02/14/2012 B	2,124,000	3.750%	12/15/15	849,600	424,800	424,800	-
12-051	12/18/2012 C	1,334,000	3.750%	12/15/15	800,400	533,600	266,800	-
14-009	06/03/2015 D	1,150,000	3.750%	12/15/15	920,000	690,000	230,000	-
Accrued Sick and Vacation Time								
Federally Taxable Notes								
11-011	02/08/2011 A	2,192,800	3.750%	12/15/15	580,000	-	580,000	-
12-012	02/14/2012 B	716,000	3.750%	12/15/15	286,400	143,200	143,200	-
12-051	12/18/2012 C	936,000	3.750%	12/15/15	561,600	374,400	187,200	-
14-009	06/03/2015 D	500,000	3.750%	12/15/15	400,000	300,000	100,000	-
Total Ord. 11-011	\$ 4,030,000 A							
Total Ord. 12-012	\$ 2,840,000 B				\$ 10,279,000	\$ 6,470,000	\$ 3,809,000	\$ -
Total Ord. 12-051	\$ 2,270,000 C							
Total Ord. 14-009	\$ 1,650,000 D							

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE D. MUNICIPAL DEBT (continued)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

The following activity relates to bonds and notes authorized but not issued during the year ended June 30, 2017 in the City's General Capital Fund:

Ordinance Number	Improvement Description	Balance June 30, 2016	Increased by:	Decreased by:		Balance June 30, 2017
			Current Year Authorization	Bonds Issued	Budget Appropriation	
05-005	Combined Sewer Out Flow Phase III	\$ 7,405,195	\$ -	\$ -	\$ -	\$ 7,405,195
06-001	Various Park Improvements	535,990	-	-	-	535,990
13-041	Great Falls and Pocket Parks	348,000	-	-	-	348,000
08-021	ATP Site Park Improvements	783,665	-	-	-	783,665
14-042	Tax Appeal Refunding	11,670,000	-	11,670,000	-	-
16-088	Combined Sewer Outflow Phase III, Amending Ordinance 05-044	-	7,725,340	7,725,131	209	-
16-089	Communication System Imp.	-	1,333,000	1,333,000	-	-
16-090	Workers Compensation and Litigation Costs	-	3,000,000	3,000,000	-	-
16-091	Road Reconstruction and Resurfacing Program, Cancel Ord. 15-042	-	438,108	438,108	-	-
16-092	Resurfacing of Various Roads, Amending Ordinance 14-042	-	604,761	604,761	-	-
16-093	Unsafe Building Demolition	-	1,987,343	-	-	1,987,343
17-054	Tax Appeal Settlements	-	3,000,000	-	-	3,000,000
17-058	Recreation Improvements	-	1,380,952	-	-	1,380,952
		<u>\$ 20,742,850</u>	<u>\$ 19,469,504</u>	<u>\$ 24,771,000</u>	<u>\$ 209</u>	<u>\$ 15,441,145</u>

The following activity relates to bonds and notes authorized but not issued during the year ended June 30, 2016 in the City's General Capital Fund:

Ordinance Number	Improvement Description	Balance June 30, 2015	Increased by:		Decreased by:		Balance June 30, 2016
			Current Year Authorization	Notes Matured	Debt Issued	Budget Appropriation	
05-005	Combined Sewer Out Flow Phase III	\$ 7,405,195	\$ -	\$ -	\$ -	\$ -	\$ 7,405,195
06-001	Various Park Improvements	535,990	-	-	-	-	535,990
08-021	ATP Site Park Improvements	783,665	-	-	-	-	783,665
11-014	Tax Appeal Refunding	-	-	650,000	-	650,000	-
12-025	Tax Appeal Refunding	-	-	1,320,000	660,000	660,000	-
13-005	Tax Appeals / Deficit	-	-	466,000	-	466,000	-
13-040	Sewer Reconstruction	-	-	2,665,000	2,665,000	-	-
13-041	Great Falls and Pocket Parks	348,000	-	-	-	-	348,000
13-042	Various Capital Improvements	-	-	4,830,000	4,830,000	-	-
14-021	Tax Appeal Refunding	-	-	2,200,000	1,100,000	1,100,000	-
14-042	Tax Appeal Refunding	23,335,000	-	11,665,000	23,330,000	-	11,670,000
	Refunding of Emergency Appropriations for:						
15-047	Health Benefits and Debt Service	-	4,395,000	-	3,164,000	1,231,000	-
15-067	Severance Liabilities and Revaluation	-	3,306,000	-	3,306,000	-	-
16-001	Paterson Armory	-	1,045,000	-	1,045,000	-	-
16-005	Tax Appeal Refunding	-	1,630,000	-	1,630,000	-	-
		<u>\$ 32,407,850</u>	<u>\$ 10,376,000</u>	<u>\$ 23,796,000</u>	<u>\$ 41,730,000</u>	<u>\$ 4,107,000</u>	<u>\$ 20,742,850</u>

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

NOTE D. MUNICIPAL DEBT (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement.

At June 30, 2017: Net Debt of \$123,801,101 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$6,354,155,909 = 1.948%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ -	\$ -	\$ -
General Debt	<u>124,291,101</u>	<u>490,000</u>	<u>123,801,101</u>
	<u>\$ 124,291,101</u>	<u>\$ 490,000</u>	<u>\$ 123,801,101</u>

At June 30, 2016: Net Debt of \$120,754,804 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$6,528,875,413 = 1.850%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ -	\$ -	\$ -
General Debt	<u>122,228,641</u>	<u>1,473,837</u>	<u>120,754,804</u>
	<u>\$ 122,228,641</u>	<u>\$ 1,473,837</u>	<u>\$ 120,754,804</u>

Equalized valuation basis is the average of the equalized valuations of real estate, including improvements, and the assessed valuation of class II Railroad Property of the County for the last 3 preceding years.

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

	<u>At June 30,</u>	
	<u>2017</u>	<u>2016</u>
Three-Year Average Equalized Valuation	<u>\$ 6,354,155,909</u>	<u>\$ 6,528,875,413</u>
3-1/2% of Equalized Valuation Basis	\$ 222,395,457	\$ 228,510,639
Less: Net Debt	<u>123,801,101</u>	<u>120,754,804</u>
Excess Borrowing Power	<u>\$ 98,594,356</u>	<u>\$ 107,755,835</u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE E. FUND BALANCES APPROPRIATED

Fund balance of the City consists of cash surplus and non-cash surplus. The City can anticipate fund balance to support its budget of the succeeding year, however, the use of non-cash surplus is subject to the prior written consent of the Division. Fund balances at June 30, 2017 and 2016 which were appropriated and included as anticipated revenue in the current fund budget of the succeeding year were as follows:

	FY2016 Fund Balance:		FY2017 Fund Balance:	
	Amount as at June 30, 2016	Utilized in FY17 Budget	Amount as at June 30, 2017	Utilized in FY18 Budget
Current Fund	\$ 11,811,401	\$ 11,425,500	\$ 9,128,796	\$ 8,640,100
General Capital Fund	-	-	24,243	-
Trust Fund	7,450	7,450	5,332	5,332

NOTE F. FIXED ASSETS

In accordance with accounting practices prescribed by the Division, and as further detailed in Note A, 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 balances and activity in general fixed assets as of and for the year ended June 30, 2017 and 2016:

	Balance, June 30, 2016	Acquisitions	Balance, June 30, 2017
Land	\$ 3,257,443	\$ -	\$ 3,257,443
Building	32,540,689	-	32,540,689
Machinery and Equipment	17,145,900	435,198	17,581,098
	<u>\$ 52,944,032</u>	<u>\$ 435,198</u>	<u>\$ 53,379,230</u>

	Balance, June 30, 2015	Net Adjustment Due to Appraisal	Balance, June 30, 2017
Land	\$ 3,257,443	\$ -	\$ 3,257,443
Building	39,034,660	6,493,971	32,540,689
Machinery and Equipment	20,197,935	3,052,035	17,145,900
	<u>\$ 62,490,038</u>	<u>\$ 9,546,006</u>	<u>\$ 52,944,032</u>

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

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION

Substantially all City employees participate in the Consolidated Police and Fireman's Pension Fund (CPFPPF), 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, with the exception of the CPFPPF, which is a single employer plan. The CPFPPF, PERS and PFRS are cost sharing contributory defined benefit public employee retirement systems. The DCRP is a defined contribution plan.

In addition, certain employees participate in the City's Deferred Compensation Plan.

STATE-MANAGED PENSION PLANS – CPFPPF

The Consolidated Police and Fireman's Pension Fund (CPFPPF) is a single employer contributory defined benefit plan which was established on January 1, 1952, under the provisions of N.J.S.A. 43:16 to provide retirement, death and disability benefits to county and municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members. The City currently only makes contributions for its retirees who are enrolled in this pension fund. During the years ended June 30, 2017 and 2016, the City made no contribution to CPFPPF.

STATE-MANAGED PENSION PLANS - PERS

Plan Description and Eligibility

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. The delineation of these tiers is as follows:

- 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.

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

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

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 years ended June 30, 2017 and 2016 this base salary amount was \$8,300, each year. 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.

Plan Benefits

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.

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.

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

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

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
2017	\$ 3,303,932	15.0%	\$ 22,071,546	7.20%	\$ 1,589,151
2016	3,223,273	13.5%	23,837,283	7.06%	1,682,836
2015	2,802,316	11.6%	24,123,974	6.92%	1,669,191

At June 30, 2017 and 2016, the City's net pension liability for PERS, including the City's proportionate share, was as follows:

Year Ended June 30,	Proportionate Share		Net Pension Liability
	Rate	Change	
2017	0.34843%	-0.00911%	\$ 81,108,813
2016	0.35754%	-0.00270%	105,893,750

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, 2017 and 2016, 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:	2017		2016	
	Rate	Amount	Rate	Amount
1% Decrease	4.00%	\$ 100,620,987	2.98%	\$ 129,760,431
Current Discount Rate	5.00%	81,108,813	3.98%	105,893,750
1% Increase	6.00%	64,852,754	4.98%	86,189,736

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

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 and June 30, 2016 measurement dates were determined by actuarial valuations as of July 1, 2016 and 2015, respectively, which were rolled forward to June 30, 2017 and 2016, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

Measurement Date of	Inflation Rate	Age-Based Salary Increases		Investment Rate of Return
		Through 2026	Thereafter	
June 30, 2017	2.25%	1.65-4.15%	2.65-5.15%	7.00%
June 30, 2016	3.08%	1.65-4.15%	2.65-5.15%	7.65%

Mortality – For both the June 30, 2017 and 2016 Measurement Dates, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants (set back two years for males and seven years for females). In addition, the tables provided for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

The actuarial assumptions used in both the July 1, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements will be.

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (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 (7.00% at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS target asset allocations as of June 30, 2017 and 2016 are summarized in the following table:

June 30, 2017			June 30, 2016		
Asset Class	Target Allocation	Long-Term Expected	Asset Class	Target Allocation	Long-Term Expected
		Real Rate of Return			Real Rate of Return
Absolute Return / Risk Mitigation	5.00%	5.51%	Cash & Equivalents	5.00%	0.87%
Cash & Equivalents	5.50%	1.00%	U.S. Treasuries	1.50%	1.74%
U.S. Treasuries	3.00%	1.87%	Investment Grade Credit	8.00%	1.79%
Investment Grade Credit	10.00%	3.78%	Mortgages	2.00%	1.67%
Public High Yield	2.50%	6.82%	High Yield Bonds	2.00%	4.56%
Global Diversified Credit	5.00%	7.10%	Inflation-Indexed Bonds	1.50%	3.44%
Credit Oriented Hedge Funds	1.00%	6.60%	Broad U.S. Equities	26.00%	8.53%
Debt Related Private Equity	2.00%	10.63%	Developed Foreign Equities	13.25%	6.83%
Debt Related Real Estate	1.00%	6.61%	Emerging Market Equities	6.50%	9.95%
Private Real Asset	2.50%	11.83%	Private Equity	9.00%	12.40%
Equity Related Real Estate	6.25%	9.23%	Hedge Funds / Absolute Return	12.50%	4.68%
U.S. Equity	30.00%	8.19%	Real Estate (Property)	2.00%	6.91%
Non-U.S. Developed Markets Equity	11.50%	9.00%	Commodities	0.50%	5.45%
Emerging Market Equities	6.50%	11.64%	Global Debt ex U.S.	5.00%	-2.50%
Buyouts / Venture Capital	8.25%	13.08%	REIT	5.25%	5.63%

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

NOTE G. 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 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65% as of June 30, 2017 and 2016, respectively, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year for each of the June 30, 2017 and June 30, 2016 measurement dates. Local employers contributed 100% of their actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040 and 2034 as of June 30, 2017 and 2016, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and 2034 as of June 30, 2017 and 2016, respectively, and the municipal bond rate was applied to projected benefit payments after those dates 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, 2017 and 2016:

	June 30, 2017			June 30, 2016		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ 16,340,631	\$ (16,280,723)	\$ 59,908	\$ 21,935,529	\$ -	\$ 21,935,529
Difference Between Expected and Actual Experience	1,909,833	-	1,909,833	1,969,303	-	1,969,303
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	552,596	-	552,596	4,037,825	(2,446,542)	1,591,283
Changes in Proportion	3,193,385	(3,405,317)	(211,932)	4,367,422	-	4,367,422
	<u>\$ 21,996,445</u>	<u>\$ (19,686,040)</u>	<u>\$ 2,310,405</u>	<u>\$ 32,310,079</u>	<u>\$ (2,446,542)</u>	<u>\$ 29,863,537</u>

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

NOTE G. 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,	
2018	\$ 2,139,168
2019	3,046,717
2020	1,463,422
2021	(2,205,184)
2022	<u>(2,133,718)</u>
	<u>\$ 2,310,405</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 PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (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
2017	\$ 17,719,703	25.1%	\$ 70,497,551	10.00%	\$ 7,049,755
2016	17,551,914	26.1%	67,201,814	10.00%	6,720,564
2015	17,469,627	26.5%	65,874,442	10.00%	6,587,213

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 PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE G. 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, 2017 and 2016, 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. (nonemployer)	Total
		Proportionate Share Rate	Change		On-Behalf of City	
2017	Police	1.09619%	-0.02927%	\$ 169,231,035	\$ 18,955,301	\$ 188,186,336
2017	Fire	1.00099%	0.05655%	154,534,197	17,309,132	171,843,329
2017	Total	*	*	<u>\$ 323,765,232</u>	<u>\$ 36,264,433</u>	<u>\$ 360,029,665</u>
2016	Police	1.12546%	0.01015%	\$ 214,991,198	\$ 18,053,928	\$ 233,045,126
2016	Fire	0.94444%	-0.00405%	180,407,871	15,149,787	195,557,658
2016	Total	*	*	<u>\$ 395,399,069</u>	<u>\$ 33,203,715</u>	<u>\$ 428,602,784</u>

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, 2017 and 2016, 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:	2017		2016	
	Rate	Amount	Rate	Amount
1% Decrease	5.14%	\$ 426,587,356	4.55%	\$ 509,838,107
Current Discount Rate	6.14%	323,765,232	5.55%	395,399,069
1% Increase	7.14%	239,285,165	6.55%	302,080,917

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

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions

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

Measurement Date of	Inflation Rate	Age-Based Salary Increases		Investment Rate of Return
		Through 2026	Thereafter	
June 30, 2017	2.25%	2.10-8.98%	3.10-9.98%	7.00%
June 30, 2016	3.08%	2.10-8.98%	3.10-9.98%	7.65%

Mortality – For the June 30, 2017 and 2016 Measurement Dates, preretirement mortality rates were based on the RP-2000 Preretirement Mortality Tables projected 13 years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Health Mortality Tables projected one year using Projection Scale AA and then three years for June 30, 2017 and two years for June 30, 2016 using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected 13 years using Projection Scale BB and then three years for June 30, 2017 and two years for June 30, 2016 using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement. The actuarial assumptions used in the July 1, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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

NOTE G. 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 (7.00% at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS target asset allocations as of June 30, 2017 and 2016 are summarized in the following table:

June 30, 2017			June 30, 2016		
Asset Class	Target Allocation	Long-Term Expected	Asset Class	Target Allocation	Long-Term Expected
		Real Rate of Return			Real Rate of Return
Absolute Return / Risk Mitigation	5.00%	5.51%	Cash & Equivalents	5.00%	0.87%
Cash & Equivalents	5.50%	1.00%	U.S. Treasuries	1.50%	1.74%
U.S. Treasuries	3.00%	1.87%	Investment Grade Credit	8.00%	1.79%
Investment Grade Credit	10.00%	3.78%	Mortgages	2.00%	1.67%
Public High Yield	2.50%	6.82%	High Yield Bonds	2.00%	4.56%
Global Diversified Credit	5.00%	7.10%	Inflation-Indexed Bonds	1.50%	3.44%
Credit Oriented Hedge Funds	1.00%	6.60%	Broad U.S. Equities	26.00%	8.53%
Debt Related Private Equity	2.00%	10.63%	Developed Foreign Equities	13.25%	6.83%
Debt Related Real Estate	1.00%	6.61%	Emerging Market Equities	6.50%	9.95%
Private Real Asset	2.50%	11.83%	Private Equity	9.00%	12.40%
Equity Related Real Estate	6.25%	9.23%	Hedge Funds / Absolute Return	12.50%	4.68%
U.S. Equity	30.00%	8.19%	Real Estate (Property)	2.00%	6.91%
Non-U.S. Developed Markets Equity	11.50%	9.00%	Commodities	0.50%	5.45%
Emerging Market Equities	6.50%	11.64%	Global Debt ex U.S.	5.00%	-2.50%
Buyouts / Venture Capital	8.25%	13.08%	REIT	5.25%	5.63%

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

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and 2016, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65% as of June 30, 2017 and 2016, respectively, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 and 2050 as of June 30, 2017 and 2016, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and 2050 as of June 30, 2017 and 2016, respectively, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the years ended June 30, 2017 and 2016:

	June 30, 2017			June 30, 2016		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	\$ 39,923,860	\$ (53,023,278)	\$ (13,099,418)	\$ 54,766,021	\$ -	\$ 54,766,021
Difference Between Expected and Actual Experience	2,100,398	(1,900,232)	200,166	-	(2,591,899)	(2,591,899)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,178,200	-	6,178,200	27,704,816	-	27,704,816
Changes in Proportion	12,815,720	(4,140,192)	8,675,528	8,049,510	(623,474)	7,426,036
	<u>\$ 61,018,178</u>	<u>\$ (59,063,702)</u>	<u>\$ 1,954,476</u>	<u>\$ 90,520,347</u>	<u>\$ (3,215,373)</u>	<u>\$ 87,304,974</u>

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

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (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,	
2017	\$ 7,106,289
2018	13,605,968
2019	1,405,938
2020	(14,148,954)
2021	(6,014,765)
	<u>\$ 1,954,476</u>

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.

PERS and PFRS Fiduciary Net Position

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

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

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PENSION DEFERRAL

Legislation 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.

The City elected the 50% deferral totaling \$5,603,902, consisting of \$2,475,570 for PFRS and \$3,128,332 for PERS. Under the terms of the pension deferral the City is obligated to commence repayment of the entire deferral in 15 amortized annual installments, commencing April 1, 2012 and ending April 1, 2026. These payments will be added to the regular pension bills. The amount of the deferral paid during the years ended June 30, 2017 and 2016, as well as the short term liability of the deferral, are as follows:

	Combined Interest and Principal		
	Paid During Year Ended June 30,		Due April 1,
	2017	2016	2018
PERS	\$ 127,578	\$ 126,186	\$ 129,198
PFRS	851,928	843,717	860,561
Total	<u>\$ 979,506</u>	<u>\$ 969,903</u>	<u>\$ 989,759</u>

DEFINED CONTRIBUTION RETIREMENT PROGRAM

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

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

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM (continued)

Members are covered by employer-paid life insurance in the amount of 1 ½ times the annual base salary on which DCRP contributions was based. Members are also eligible for employer-paid long-term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during the 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid until the age of 70 so long as the member remains disabled and has not begun receiving retirement annuity payments. The following table represents the City and employee contributions during the previous three years:

Year Ended June 30,	Employee Contributions		City Contributions	
	Amount	As a Percentage of Base Payroll	Amount	As a Percentage of Base Payroll
2017	\$ 67,367	5.5%	\$ 40,420	3.0%
2016	26,005	5.5%	15,603	3.0%
2015	46,922	5.5%	28,153	3.0%

DEFERRED COMPENSATION PLAN (unaudited)

The City has established a deferred compensation program for its employees under Section 457 of the Internal Revenue Code. The deferred compensation program is a Public Employees' Deferred Compensation Plan, covering employees and elected officials who perform services for the City. The plan is underwritten by three sponsors: The Hartford, Variable Annuity Life Insurance Company and AXA Equitable Life Insurance Company.

The Plan is a tax-deferred supplemental retirement program that allows City employees to contribute a portion of their salaries, before federal taxes, to a retirement account. Contributions, or deferrals, are made through payroll deductions. Individuals are 100% vested. Distributions are not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the individual contributors and are not subject to the claims of the City's general creditors.

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

NOTE H. POST RETIREMENT BENEFITS

Plan Description and Eligibility - The City currently offers postretirement medical, prescription drug and dental coverage for employees and their eligible dependents who retire on a paid pension under the following conditions:

- ◆ After twenty-five years of service with the City; or
- ◆ After fifteen years of service with the City at age 62 or older; or
- ◆ On ordinary disability pension with not less than five years of service; or
- ◆ On accidental disability upon total and permanent disability prior to age 65 and, in the case of police and fire personnel, upon permanent incapacitation from the performance of usual and available duties as a result of injury during the performance of regular duties.

Eligible City retirees and their dependents may continue health care coverage through the City for life. Medicare Part B premiums are reimbursed for Medicare eligible retirees only (not spouses). Upon the death of the retiree, the surviving spouse and dependent children under the age of 26 shall be entitled to remain enrolled in the City's medical, prescription drug and dental plans. Generally, coverage ceases upon spouse death, remarriage or, in the case of public employees, when the spouse reaches age 65.

Funding Policy - The City accounts for these post retirement benefits on a pay-as-you-go basis. Expenditures (and number of retirees) for the most recent three fiscal years were \$20,467,438 (798 retirees), \$17,294,920 (922) and \$18,554,360 (848) for the years ended June 30, 2017, 2016 and 2015, respectively. Under GASB Statement 45 the City would recognize the cost of other post-employment benefits in the year when the employee services are received, report the accumulated liability from prior years, and provide information useful in assessing potential demands on the City's future cash flows. The accumulated liability from prior years is phased in over the 30 year period beginning the year ended June 30, 2008. However, since the City is using the modified accrual basis of accounting as prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the City is not required to show any accrued liability on the face of its financial statements, only to the notes to those financial statements.

Retiree Contributions - Future retirees who do not fall under the grandfathering provisions of Chapter 78 of the 2011 Pension and Health Benefit Reforms will be required to contribute to the costs of their retiree health care. Participant contributions are based on salary level and pension benefit amounts and are phased in as a percentage based on salary or pension earnings. Grandfathered participants include those with greater than 20 years of service as of June 28, 2011 who retire with 25 years of service with the City, or who reached age 62 as of that date with 15 years of service will receive benefits at no cost to the participant.

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE H. POST RETIREMENT BENEFITS (continued)

Actuarial Valuation Results - The following information was obtained from an actuarial valuation dated June, 2018 for the Fiscal Year Ending June 30, 2017 as Prepared by Korn Ferry HayGroup, with calculations made as of July 1, 2017. The Unfunded Actuarial Accrued Liability as shown below was calculated using the Projected Unit Credit Cost Method as the actuarial cost method and an amortization method of 30 years, level dollar, open. The table below shows the results for two separate populations: retired employees and their dependents, and active employees who are expected to receive benefits and their dependents.

Post-Retirement Medical Valuation		
Measurement Date	July 1, 2016	July 1, 2014
Actuarial Accrued Liability		
Retired	\$ 840,208,309	\$ 264,830,936
Active	204,880,029	361,595,666
Unfunded Actuarial Accrued Liability	<u>\$ 1,045,088,338</u>	<u>\$ 626,426,602</u>
Discount Rate	2.25%	4.25%
Normal Cost	\$ 16,200,411	\$ 24,190,201

The City's Annual OPEB Cost and Annual Required Contribution, as of July 1, 2016, were \$58,973,501 and \$64,482,805, respectively.

Development of the Net OPEB Obligation			
	July 1, 2016	July 1, 2015	July 1, 2014
Normal Cost	\$ 16,200,411	\$ 24,190,201	\$ 24,190,201
Amortization Cost	48,282,394	28,147,004	28,147,004
Annual Required Contribution (ARC)	64,482,805	52,337,205	52,337,205
Interest on Unfunded ARC	5,230,498	8,580,853	7,168,354
Adjustments to ARC	(10,739,802)	(12,033,031)	(7,578,661)
Annual OPEB Cost	58,973,501	48,885,027	51,926,898
Actuarial Contribution Determination	19,193,488	18,320,902	18,691,613
Increase in Net OPEB Obligation	39,780,013	30,564,125	33,235,285
Net OPEB Obligation, Beginning of Year	232,466,556	201,902,431	168,667,148
Net OPEB Obligation, End of Year	<u>\$ 272,246,569</u>	<u>\$ 232,466,556</u>	<u>\$ 201,902,433</u>

Actuarial Assumptions

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

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

NOTE H. POST RETIREMENT BENEFITS (continued)

Healthcare assumptions – include the current per capita cost of benefits. The valuation uses an average of the actual plan costs for the POMCO Plan, blended with national average claim data. The valuation further made certain adjustments to the claim data to develop the City costs, and valued the following claims in the valuation:

	<u>Age 50</u>	<u>Age 55</u>	<u>Age 60</u>	<u>Age 64</u>	<u>Age 65</u>	<u>Age 70</u>	<u>Age 75</u>	<u>Age 80</u>	<u>Age 85</u>
Medical	\$ 8,083.65	\$ 9,508.43	\$ 11,347.70	\$ 13,377.61	\$ 2,495.93	\$ 2,893.47	\$ 3,273.69	\$ 3,614.42	\$ 3,798.79
Prescription	2,394.64	2,816.71	3,361.56	3,962.89	4,129.33	4,787.03	5,416.08	5,979.79	6,284.82

Economic assumptions - include the discount rate, or rate of return on investments, and health care cost trend rates, which account for changes in the costs of benefits over time and the time value of money. The valuation assumes the City will continue to pay for benefits on a pay-as-you-go basis and continue to not fund the plan. The 2.25% discount rate used is based on the rate of return of the City's general assets, since there are no plan assets. Health care cost trend rates were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. Assumptions used as inputs in this model include: 2.3% rate of inflation, 1.6% rate of growth in real income/GDP per capita, 1.4% excess medical cost growth, 25% health share of GDP resistance point and 2075 as the year for limiting cost growth to GDP growth. The increase in medical and prescription drug health care costs is based on the assumption that the health care trend rate begins at 5.9% for 2016 (the 2016 premiums will increase 5.9% 2017) and assumes a smooth decline in year-to-year price increases with an ultimate trend rate of 3.9% first reached in 2075. The Medicare Part B trend rates were taken from Table III.C5. - "Growth in Part B Benefits" - from the 2017 Medicare Trustees Report. The Part B premium for the July 1, 2016 valuation was calculated based on the City's actual Part B premium amounts, and accounted for additional increases due to the expected portion of participants receiving IRMAA reimbursement amounts.

Demographic assumptions - include the following rates: mortality, retirement, withdrawal and disability. Ancillary demographic assumptions included coverage rates and participation rates. The valuation uses the RP-2000 Combined Healthy Male and Female mortality table, as is used in the Public Employees' Retirement System (PERS) valuations, along with Mortality Projection Scale AA. The valuation further assumes that 100% of retiring eligible employees will elect coverage. Males are assumed to be 2 years older than females. Married actives are assumed to choose family coverage at retirement. It is assumed that 65% of retirees are married.

The following service-based rates were used to reflect termination prior to attainment of eligibility for benefits.

	<u>Age < 20</u>	<u>Age 25</u>	<u>Age 30</u>	<u>Age 35</u>	<u>Age 40</u>	<u>Age 45</u>	<u>Age 50</u>	<u>Age 55</u>	<u>Age 60</u>	<u>Age 65</u>	<u>Age 70</u>
Disability Rate	0.001%	0.002%	0.064%	0.194%	0.281%	0.380%	0.455%	0.847%	0.789%	0.959%	0.000%

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE H. POST RETIREMENT BENEFITS (continued)

The table below shows termination rates based on age and years of service.

Years of Service	Termination Rates at the Ages Noted							
	<u>Age < 25</u>	<u>Age 30</u>	<u>Age 35</u>	<u>Age 40</u>	<u>Age 45</u>	<u>Age 50</u>	<u>Age 55</u>	<u>Age 60</u>
0	40.19%	38.84%	33.51%	32.05%	31.01%	28.39%	27.96%	22.37%
1	15.12%	14.67%	11.74%	10.52%	10.08%	9.58%	9.40%	9.40%
2	12.16%	13.32%	10.77%	10.66%	10.36%	9.57%	9.08%	6.84%
3+	6.31%	6.11%	3.99%	2.91%	2.46%	1.94%	1.43%	0.90%

The table below shows retirement rates that were developed for the State of New Jersey.

Retirement Rate	<u>Age < =54</u>	<u>Age 55</u>	<u>Age 56</u>	<u>Age 57</u>	<u>Age 58</u>	<u>Age 59</u>	<u>Age 60</u>	<u>Age 61</u>
	0%	12%	11%	10%	9%	9%	8%	10%

Retirement Rate	<u>Age 62</u>	<u>Age 63</u>	<u>Age 64</u>	<u>Age 65</u>	<u>Age 66</u>	<u>Age 67</u>	<u>Age 68</u>	<u>Age 69</u>	<u>Age 70</u>
	11%	13%	15%	17%	15%	14%	13%	12%	100%

Additional Schedules

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actual Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/(c)]
7/1/2009	\$ -	\$ 459,972,345	\$ 459,972,345	0.0%	\$ 121,144,062	379.7%
7/1/2011	-	420,814,863	420,814,863	0.0%	106,377,667	395.6%
7/1/2014	-	626,426,602	626,426,602	0.0%	105,795,081	592.1%
7/1/2016	-	1,045,088,338	1,045,088,338	0.0%	110,069,202	949.5%

Schedule of Employer Contributions				
Fiscal Year Ending	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
6/30/2010	\$ 40,161,913	\$ 10,395,684	25.9%	\$ 92,197,555
6/30/2011	40,161,913	14,042,643	35.0%	118,316,825
6/30/2012	32,976,600	14,587,871	44.2%	136,705,554
6/30/2013	32,976,600	15,444,032	46.8%	154,238,122
6/30/2014	32,976,600	18,547,574	56.2%	168,667,148
6/30/2015	51,926,898	18,691,613	36.0%	201,902,433
6/30/2016	48,885,027	18,320,902	37.5%	232,466,558
6/30/2017	58,973,500	19,193,488	32.5%	272,246,570

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

NOTE I. RISK MANAGEMENT

Insurance Coverage

The City established a self-insurance program in 1982 in accordance with New Jersey Statute Chapter 40A:10-6. The Chapter enables the governing body of any local unit to create a fund to provide insurance coverage for its exposure to a wide variety of property casualty risks as follows:

- ◆ To insure against any loss or damage however caused to any property, motor vehicles, equipment or apparatus owned by the city, or under the control of any of the City's Departments, Boards, Agencies or Commissions;
- ◆ To insure against liability resulting from the use or operation of motor vehicles, equipment or apparatus owned by or controlled by the City, or owned by or under the control of any of the City's Departments, Boards, Agencies or Commissions;
- ◆ To insure against liability for the City's negligence and that of its officers, employees and servants, whether or not compensated or part-time, who are authorized to perform any act or services, but not including an independent contractor within the limitations of the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et seq.).

The City has obtained the following coverage:

- ◆ Public officials and employment practices liability insurance with \$5,000,000 limit of liability, aggregate each coverage, with a public official's liability deductible of \$100,000 and employment practices liability deductible of \$250,000.
- ◆ General liability, law enforcement activity and employee benefit liability excess coverage of \$5,000,000 per occurrence, \$10,000,000 aggregate, after exhaustion of a retained limit of \$500,000.
- ◆ Automobile excess liability coverage of \$5,000,000 with various sublimits.
- ◆ Excess limit of insurance, aggregate all sections of coverage, of \$20,000,000 and a maximum total of \$21,500,000.
- ◆ Building coverage from \$61,700 to \$21,205,000 depending on the location insured.
- ◆ Workers compensation self insured retention of \$1,000,000 per each covered event and a limit of liability of \$2,000,000.
- ◆ Healthcare Professional Liability Insurance for the Division of Health and the Fire Department at \$1,000,000 per incident.

The Reserve for Insurance Liability at June 30, 2017 and June 30, 2016 was \$1,552,605 and \$1,544,057, respectively. The City accounts for insurance claims and costs on a pay-as-you-go basis.

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

NOTE I. RISK MANAGEMENT (continued)

Disaster Recovery

The City has entered into contracts with various vendors in an effort to protect its financial processes and data in the event unforeseen disaster should occur. Included in these contracts are offsite storage of financial data tapes and payroll data offsite backup. The latter also provides the City the ability to run such process offsite if needed. The City has two to three months backup ability.

NOTE J. COMPENSATED ABSENCES

Under the existing contracts and policies of the City, employees are allowed to accumulate certain levels of vacation and sick pay over the duration of their employment. As of June 30, 2017 and 2016 the total accumulated absence liability was \$9,684,271 and \$9,248,839, respectively.

NOTE K. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2017 and 2016, the following deferred charges are shown on the balance sheets of the various funds. The appropriations in the 2017 budget are not less than that required by statute, with the exception of the deferred charge required for the deficit in operations.

Cash Deficit of Preceding Year

In accordance with state statutes, operating deficits must be raised in the succeeding fiscal year. The City had an operating deficit of \$543,897 as a result of its operations for the fiscal year ended June 30, 2015. Of this amount, \$529,828 was raised in the budget of the year ended June 30, 2016 and the remaining \$13,999 was raised in the budget of the year ended June 30, 2017. Deferred charges of the City outstanding as of June 30, 2017 and 2016, as well as the amount raised in the succeeding year's budget, are illustrated in the following table:

	Balance, June 30, 2016	Decreased by: 2017 Budget Appropriation	Balance, June 30, 2017	2018 Budget Appropriation	Balance to Succeeding Budgets
Deficit in 2015 Operations	\$ 13,999	\$ 13,999	\$ -	\$ -	\$ -

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

NOTE L. INTERFUND ACTIVITY

The City has various transactions by and between its individual funds. Certain accounts of the Trust and Capital Funds earn interest which is required to be recorded as revenue in the Current Fund budget. Other transactions include budget appropriations in the Current Fund which are required to be turned over to the Federal and State Grant, Trust and Capital Funds. All these transfers are routine and are consistent with the activities of the funds making the transfers. Transfers by and between the City's funds during the years ended June 30, 2017 and 2016 consisted of the following:

	<u>June 30, 2016</u>		<u>June 30, 2015</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Capital	\$ 63,727,260	\$ 63,727,260	\$ 44,795,166	\$ 44,672,741
Federal & State Grants Fund	27,937,204	29,122,507	15,273,197	14,148,898
Other Trust Funds	16,036,227	16,045,435	13,218,228	13,206,551
Current Fund	108,895,202	107,700,691	72,028,190	73,286,591
	<u>\$ 216,595,893</u>	<u>\$ 216,595,893</u>	<u>\$ 145,314,781</u>	<u>\$ 145,314,781</u>

Current Fund interfunds receivable are fully reserved and recognized as credits to operations in the year the interfunds are received in cash. Interfunds receivable in the Trust Funds and General Capital Fund are not reserved.

As of June 30, 2017, the City had the following interfunds on its balance sheets:

<u>Amount</u>	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
\$ 147,914	Current Fund	Grants Fund	Hazard Mitigation Grant
5,280	Current Fund	Grants Fund	Distracted Driving Grant
206,582	Other Trust	Current Fund	Community Development

As of June 30, 2016, the City had the following interfunds on its balance sheets:

<u>Amount</u>	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
\$ 108	Other Trust	Current Fund	Advances to Reserve
2,361	Dedicated Revenue	Current Fund	Advances to Reserve
61,004	Current Fund	Grants Fund	U.A.S.I. Grant Monies

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE M. ECONOMIC DEPENDENCY

Major Taxpayers

The City does not have a significant economic dependence on any one taxpayer. The concentration of the ten largest taxpayers of the City, as a total percentage of total net valuation taxable, was 4.3% and 4.2% for 2017 and 2016, respectively.

<u>2017 Top 10 Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Assessed Value</u>
St. Joseph's Hospital	Medical Center	\$ 67,921,800	1.2%
Getty Industrials	Industrial Warehousing	24,134,000	0.4%
Route 20 Retail Center, LLC	Commercial	23,688,000	0.4%
St. Joseph's Hospital	Medical Center	21,736,400	0.4%
Riverview Towers I	Housing	20,912,000	0.4%
Riverview Towers II	Housing	20,912,000	0.4%
Center City Partners	Commercial	17,000,000	0.3%
Barnert Management	Property management	16,230,700	0.3%
Park East Terrace	Housing	15,000,000	0.3%
Ivy Madison Property, LLC	Housing	14,770,600	0.3%
		<u>\$ 242,305,500</u>	4.3%

<u>2016 Top 10 Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Assessed Value</u>
St. Joseph's Hospital	Medical Center	\$ 67,921,800	1.2%
Getty Industrials	Industrial Warehousing	22,321,700	0.4%
Center City Partners	Commercial	22,000,000	0.4%
St. Joseph's Hospital	Medical Center	21,736,400	0.4%
Park East Terrace	Housing	20,034,000	0.3%
Route 20 Retail Center, LLC	Commercial	19,730,600	0.3%
Riverview Towers II	Housing	18,474,900	0.3%
Riverview Towers I	Housing	18,412,600	0.3%
Okonite Co.	Cable Communication	17,028,200	0.3%
Barnert Management	Property management	16,759,800	0.3%
		<u>\$ 244,420,000</u>	4.2%

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

NOTE M. ECONOMIC DEPENDENCY (continued)

St. Joseph's Hospital & Medical Center – Revocation of Tax Status

Major Taxpayers noted on the previous page include St. Joseph's Hospital and Medical Center (the "Hospital"). There is a legal matter which arose out of the City's revocation of the tax exempt status of all properties owned by the Hospital. This revocation of tax exempt status was based on a New Jersey Superior Court Appellate Division decision which decision found that another hospital facility in the State owed another New Jersey municipality additional property taxes due to "for-profit" activities being undertaken on said hospital facility's property. This action by the City added approximately \$93 million in assessed property on to the tax rolls of the City, which would result in approximately \$4 million in additional revenue to the City if paid. The Hospital, however, has appealed the revocation and has not yet paid any of the additional taxes. This matter is proceeding through the New Jersey Tax Court. The City is negotiating with the Hospital and anticipates a settlement of the matter. The settlement may result in additional revenue to the City, although at this time it cannot be estimated how much, or when those revenues are likely to come in.

State Aid

During the years ended June 30, 2017 and 2016, State Aid accounted for 20.3% and 19.8%, respectively, of the City's realized general revenues. Included in the City's State Aid revenue is Transitional Aid, for which the City is required to re-apply annually. Significant changes in State Aid policy, if they were to occur, in conjunction with legislation capping increases to the tax levy, could have a material impact on the City's operations, if any such policy modifications were to occur. The Table below illustrates the City's reliance on State Aid for the years ended June 30, 2017 and 2016.

	June 30, 2016		June 30, 2017	
	Amount	Percent of Revenue	Amount	Percent of Revenue
State Formula Aid (4)	\$ 32,991,868	11.3%	\$ 32,991,868	11.5%
Transitional Aid	25,000,000	8.5%	25,250,000	8.8%
Total State Aid	57,991,868	19.8%	58,241,868	20.3%
Other Budget Revenues	234,408,622	80.2%	228,218,265	79.7%
Total Budget Revenues	<u>\$ 292,400,490</u>	<u>100.0%</u>	<u>\$ 286,460,133</u>	<u>100.0%</u>

(4) State Formula Aid includes Consolidated Municipal Property Tax Relief, Energy Receipts Tax, Supplemental Energy Receipts Tax, Open Space PILOT Aid (Garden State Trust) and Watershed Moratorium Offset Aid.

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

NOTE N. CONTINGENT LIABILITIES

Grant Programs

The City receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants and revenue sharing entitlements. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes.

During the years ended June 30, 2017 and 2016, the City was subject to the requirements of the Single Audit Act of 1996, which mandates that all federal grant revenues and expenditures be audited in conjunction with the municipal audit. In addition, substantially all State grants, entitlements and cost reimbursements are subject to these audits by the grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. Each of the grantor agencies reserves the right to conduct additional audits of the City's grant programs for economy, efficiency and program results. However, other than the events noted below, City management does not believe such audits would result in additional material amounts of disallowed costs.

OIG HUD HOME Audit - The City received a letter dated April 30, 2015 from the Office of Inspector General – United States Department of Housing and Urban Development (OIG HUD), in which there are two findings and 27 recommendations resultant from an audit of the City's HOME Investment Partnership Program. In summary, OIG HUD recommends that "HUD recapture \$844,640 in ineligible committed funds and instruct City officials to reimburse more than \$948,414 spent for ineligible costs, provide documentation to support that \$561,245 was spent on supported costs and activities, remove more than \$2.2 million in ineligible CHDO reserve, provide documentation for more than \$1.1 million in CHDO reserve, and properly record deed restrictions and affordability requirements so that HUD's interest in over \$1.37 million is protected."

In a letter dated March 24, 2017, the City submitted a response to the U.S. Department of Housing and Urban Development, Newark Field Office – Region III, in which the City agreed to repay \$2,007,627. Further, the City requested the repayment to be made through a Voluntary Grant Reduction over a period of five years, however, it is increasingly likely the payback period will be over three years. The City's current year funding allocation has not been reduced.

Investigation and Questioned Costs - Additional questioned costs remain which were originally noted during the year ended June 30, 2016 in the amount of \$180,000 regarding the City's use of federal funds for a building renovation project. This building rehabilitation remains under investigation by the Federal Bureau of Investigation. See also the "State and Federal Investigations" section that follows.

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

NOTE N. CONTINGENT LIABILITIES (continued)

Grant Programs (continued)

HUD CDBG Audit - As a result of such an audit from the Department of Housing and Urban Development (HUD), the City entered into an agreement to settle and re-program \$2,197,067 previously disallowed by HUD. The City appropriated \$439,412 and \$439,413 in the operating budget of the years ended June 30, 2017 and 2016, respectively. As of June 30, 2017 and 2016, the balance of the settlement due to be reprogrammed into the City's own CDBG program was \$-0- and \$439,412, respectively. These monies are a re-programming of funds for the City's use, therefore no liability has been recorded.

Tax Appeals

The City is a defendant in various tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for years through 2017. Any reduction in assessed valuation will result in a refund of prior year taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. During the year ended June 30, 2017, the City acted to fund tax appeals as follows:

- ◆ Budget appropriation of \$540,000 to fund prior year notes issued to finance tax appeal refunds, as authorized by Ordinance Number 16-005.
- ◆ Issuance of bonds in the amount of \$1,090,000 to fund prior year notes issued to finance tax appeal refunds, as authorized by Ordinance Number 16-005.
- ◆ Ordinance Number 17-054 authorizing bonds and notes in the amount of \$3,000,000 to fund tax appeals.
- ◆ \$321,661 of tax appeal refunds funded by Current Fund operations.

During the year ended June 30, 2016, the City acted to fund tax appeals as follows:

- ◆ Budget appropriation of \$2,876,000 to fund prior year notes issued to finance tax appeal refunds, as authorized by Ordinance Numbers 11-014, 12-025, 13-005 and 14-021.
- ◆ Issuance of bonds in the amount of \$1,760,000 to fund prior year notes issued to finance tax appeal refunds, as authorized by Ordinance Numbers 12-025 and 14-021.
- ◆ Ordinance Number 16-005 authorizing bonds and notes in the amount of \$1,630,000 to fund tax appeals.
- ◆ \$7,496,555 of tax appeal refunds funded by Current Fund operations.

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

NOTE N. CONTINGENT LIABILITIES (continued)

State and Federal Investigations

Matter of Public Works Overtime and Former Mayor - On March 6, 2017, a New Jersey State Grand Jury ordered an indictment of the City's Mayor and three employees of the City's Department of Public Works on counts of second degree conspiracy, second degree official misconduct, second degree pattern of official misconduct, third degree theft by unlawful taking or disposition, third degree tampering with public records or information and fourth degree falsifying or tampering with records. The indictment alleged that the Mayor requested and supervised the three employees in their performance of work and/or assigned subordinate employees to perform work at a building leased by a company formed by the Mayor's family members. The work was initially alleged to be performed while the three supervisors and the other City employees were working for and being paid by the City. The indictment further alleged that one of the employees caused false timekeeping records to be submitted to the City. The New Jersey Attorney General's investigation into this matter concluded with the former Mayor's sentencing to a state prison term in November of 2017. Following his guilty plea in September, the City's Council President was briefly the Acting Mayor followed by the appointment of Mayor Jane Williams-Warren who will hold the office until June 30, 2018. The three Public Works employees also plead guilty and received probation. All four employees have been permanently separated from the City and barred from future public employment.

Matter of Building Rehabilitation with Federal Funds – The Federal Bureau of Investigation obtained City records on November 3, 2016 regarding the City's use of Federal funds related to the rehabilitation of a building. The renovations were made pursuant to an agreement with a non-profit entity. The City approved the use of \$180,000 of Community Development Block Grant funds for the rehabilitation of said building. This federal investigation resulted in the seizure of certain City records as well as subsequent subpoenas for additional records. According to City Counsel, no additional subpoenas have been received through the date of this report.

Matter of Tire Recycling Program - The second investigation involves the Federal Bureau of Investigation's subpoena of records on February 24, 2017 involving the City's tire recycling program. According to City Counsel, no additional subpoenas have been received through the date of this report.

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

NOTE N. CONTINGENT LIABILITIES (continued)

Litigation

The City is currently named as defendant in several lawsuits/complaints, none of which is unusual for a municipality of its size and should be adequately covered by the City's insurance program, defense program or by the City directly and which may be settled in a manner satisfactorily to the financial stability of the City. The City self-insures and also carries excess insurance for all lines of coverage. Depending on the policy, the City has liability for either the first \$250,000 or \$500,000 of each claim and the remainder is covered by excess insurance. It is anticipated that any judgments in excess of the insured coverage would be paid by the City through future taxation or future debt borrowing.

Settlements approved by the City Council since June 30, 2017 exceeded \$1 million in total. Some of these settlements are noted in the paragraphs that follow. There are in excess of 200 workers compensation case matters being handled by outside Counsel. Certain estimates put exposure of these claims at \$5,000 to \$100,000 each, though estimates of the City's total exposure are difficult to estimate due to various factors such as the involvement of a Third Party Administrator who directs treatment, receives and pays invoices and because it is difficult to determine whether the open cases will settle or proceed to trial. In addition, the audit noted a finding regarding a lack of claimant certifications on workers compensation awards as well as a note that follows in the "Subsequent Events" section in which the City's risk manager was terminated and records subpoenaed by the State Attorney General. On December 20, 2016, the City adopted Ordinance No. 16-090 which authorized an Emergency Temporary Appropriation in the amount of \$3,000,000 to pay for Workers' Compensation and Litigation Settlements, financed by the issuance of general obligation bonds on June 20, 2017. Bonds were issued to finance this Ordinance on June 20, 2017.

There is current pending and threatened litigation in various stages of progress for which known plaintiff demands exceed \$10 million, but for which estimation of the City's actual exposure cannot be reliably determined. Other demands exist, but are in discovery or pre-litigation status and the amounts have not been estimable. Had the financial statements been prepared in accordance with GAAP, the settlements and current litigation, insofar as they are probable and estimable, would be considered for accrual. Some of the more significant of these settlements and lawsuits with potential for material exposure to the City are highlighted as follows:

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

NOTE N. CONTINGENT LIABILITIES (continued)

Pending and Threatened Litigation:

Estate of S.D-R v. City and Named Police Officers. This case, currently in discovery, involves the death of a person shot and killed by a Paterson Police Officer. The Plaintiffs' demand is \$2,500,000. Outside Counsel will file summary judgment motions to obtain dismissal.

Mu. v. City – This is a matter which involves a lawsuit filed by a civilian in which the plaintiff alleges that his arrest was wrongful, unlawful and accomplished through the use of excessive force in violation of the plaintiff's Constitutional rights. The current demand by the plaintiff is \$300,000.

H.L. v. City – This suit involves a fire within the City in which there were numerous deaths. The plaintiff claims the City did not shut down the building. Discovery is complete, the self-insured reserve is almost finished. The excess carrier is heavily involved, including their chosen litigation team, and does not wish to settle at this time. This case is currently on appeal to the Supreme Court of New Jersey. This case involves potentially very substantial exposure to the City, however, the amount of such "very dangerous and financially impactful" exposure is not currently estimatable.

D.P. v. City - Plaintiff asserted claims against the City and a Public Works employee for hostile work environment and gender discrimination under the NJ Law Against Discrimination. Matter is in discovery. Should this matter advance to trial, exposure could reach \$350,000.

N.R. v. City. A case in which Plaintiff claims excessive force and demands \$350,000. The City has decided to defend the case and hopes to receive summary judgment.

R. v. City – Plaintiff alleges that his arrest was wrongful, unlawful and accomplished through the use of excessive force in violation of the plaintiff's Constitutional rights. This case was settled in the amount of \$140,000 in November, 2017.

R.&E. v. City - This is an excessive force matter filed under 42 USC 1983 alleging City officers intentionally assaulted plaintiffs during their arrest. This matter is currently in the second phase of discovery. Should the matter proceed past summary judgment, a jury find in favor of plaintiff may result in potential exposure to the City of over \$350,000.

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

NOTE N. CONTINGENT LIABILITIES (continued)

Pending and Threatened Litigation (continued):

S. v. City – This is an excessive force matter filed under 42 USC 1983 which is pending resolution of defendants’ motion for summary judgment. However, in the event this matter proceeds past summary judgment, a jury decision may create the potential for exposure between \$250,000 and \$500,000.

Ma. v. City – This is an excessive force matter filed under the New Jersey Civil Rights Act, N.J.S.A. 10:6-1, et seq. against the Paterson Police Department and individual defendants claiming assault and battery, false imprisonment, civil conspiracy and defamation. Counsel intends to move for summary judgment. Should the motion be denied and the matter be referred to a jury, the City’s exposure can exceed \$350,000.

Wo. v. City - This is an excess force matter filed under 42 U.S.C. 1983 alleging City police intentionally assaulted the Plaintiff during his arrest. Should a jury find in favor of plaintiff, the plaintiff may be entitled to compensatory and punitive damages, therefore, exposure may exceed \$250,000.

W/W v. City – This is an excessive force matter alleging that Paterson Auxiliary Police Officers intentionally or negligently caused their vehicle to come into contact with Plaintiff’s decedent’s motorcycle which resulted in the decedent’s death. An auxiliary Police Officer noted in the litigation plead guilty to a crime and has served a prison sentence. The City’s excess carrier is involved as the City is progressing through its self-insured limit. This matter is currently in discovery, a declaratory judgment has been filed by the City regarding excess coverage in Federal Court.

J.R. v. City - Plaintiff alleges his arrest was wrongful, unlawful and accomplished through the use of excessive force. Counsel notes, at this point liability is questionable, however if proven damages will be substantial. The plaintiffs current settlement demand is \$1,000,000.

GFPDC v. City - The City has potential exposure in this case as they would be responsible for repairing the Thomas Rogers Building, the costs of which are difficult to estimate as it is a Historic Building.

A.H. v. City - This is a Federal Court case in which the complaint states that Plaintiff was pursued by Police Officers by foot and caused injuries to his arm and shoulder when caught. Plaintiff is seeking compensatory damages in the amount of \$500,000 and punitive damages for an additional \$500,000.

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

NOTE N. CONTINGENT LIABILITIES (continued)

Pending and Threatened Litigation (continued):

J.L.S. v. City - Claimant is seeking \$1,000,000 in damages for an incident in which he was injured as a bystander in a convenience store when an off-duty Police Officer discharged his weapon.

G.F. v. City – In this action, Plaintiffs filed an order to show cause and verified complaint for declaratory judgment: (1) imposing temporary restraints against the City preliminarily enjoining and restraining the City from prosecuting any alleged criminal violations as to Certificate of Occupancy issues at the subject premises; (2) declaring that Certificates of Occupancy are not necessary at the subject property for any of its tenants; and, (3) for the court to ultimately find that the City's actions in this matter are unconstitutional and violative of due process. Preliminarily, the court denied the imposition of temporary restraints against the City. The plaintiff appealed this denial to the Appellate Division, and the City was victorious at the appellate level as well. As it stands, the criminal prosecution is currently being re-listed for individual hearings against each and every tenant of the subject premises. Should this matter proceed further, the City's exposure for potential constitutional violations, against each and every tenant, could exceed \$250,000.00.

Y&I v. City – The plaintiff acquired certain property on July 21, 2006 through a tax lien foreclosure. Since it was acquired through a foreclosure, the plaintiff was allegedly unaware that the premises had pre-existing environmental issues that required remediation. Namely, there was a discharge of hazardous substances in violation of the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11b, et seq. The city was sued by the plaintiff because it either: (1) owned the property at some point or (2) contributed to the contamination of it. The plaintiff claims that the environmental remediation of the premises, including NJ DEP fines and penalties, exceeded \$500,000, and the plaintiff thus seeks contribution from the City (as well as other defendants) as required by the Spill Compensation and Control Act. The City must prove that it was uninvolved in either the contamination or the ownership of the subject property. Discovery has shown to date that the City indemnified most of the defendants against this contamination when it purchased the premises. Contemporaneously, the City has filed a counterclaim against the plaintiff for unpaid taxes which exceed the contribution amount claimed above by the plaintiff. This office intends to complete discovery, and it may be fruitful to mediate this matter as both sides have similar damages being alleged. Should the City be held liable, its exposure could exceed the \$500,000 contribution amount claimed by the plaintiff.

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

NOTE N. CONTINGENT LIABILITIES (continued)

Pending and Threatened Litigation (continued):

D. v. City – Plaintiff alleges that during his employment he was retaliated against for filing a complaint and a worker's compensation claim. Plaintiff filed a two-count complaint against the City alleging violations of: (1) Conscientious Employee Protection Act; and (2) Retaliation for filing a Worker's Compensation Claim. Should the City be held liable, its exposure could exceed the \$250,000 contribution amount claimed by the plaintiff.

K. v. City – This action arises out of an alleged employment dispute between the Plaintiffs and the City. In a ten-count Complaint, Plaintiffs allege that they were subjected to discrimination based upon their exercise of protected speech, religion, ethnicity, and deprived procedural due process rights in violation the First and Fourteenth Amendments of the Constitution of the United States, New Jersey Law Against Discrimination ("LAD"), N.J.S.A. § 10:5-1 et seq., and 42 U.S.C. § 1983. A motion to dismiss was filed by the City on the grounds that the Complaint falsely and without enough specificity or legal sufficiency. We are awaiting the Court's decision on our Motion to Dismiss. Should the City be held liable, its exposure could exceed the \$150,000 contribution amount claimed by the plaintiff.

B. v. City – This case stems from an incident that occurred on 10/29/16. Claimant alleges he was shot by a Paterson police officer without provocation in the stomach thereby sustaining permanent damage. Notice of claim demands \$1,000,000.00 in damages. Notice of claim indicates a video exists of the incident. The Complaint in this case was served on or about June 9, 2017. The City filed an Answer to Plaintiff's Complaint on or about June 29, 2017. Shortly thereafter, a stay was sought of the case. On August 9, 2017 the City wrote to the Court asking for a stay of the matter in light of the fact that the Passaic Prosecutor's Office investigation is ongoing and City cannot produce police reports or information until after Grand Jury. The Court subsequently granted the request for a stay of this matter. The Passaic Prosecutor's office conducted an investigation of the incident. The results of the investigation were presented to a Grand Jury in Passaic County and the Grand Jury declined to issue an indictment regarding Officer's use of force. Her use of force was found to be justified. The Plaintiff has recently sought to reopen the case. Our office has objected to reopening the matter in light of the fact that the City may bring disciplinary charges against the officer. Should the City be held liable, its exposure could exceed the \$500,000- \$1,000,000 contribution claimed by the plaintiff.

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

NOTE N. CONTINGENT LIABILITIES (continued)

Pending and Threatened Litigation (continued):

R. v. City - This case involves a claim brought by plaintiff (pro se) against the City for violation of Title VII for discriminatory conduct based on race and national origin in her workplace. At this point, the city submits that the complaint does not sufficiently allege a prima facie case of race and national origin discrimination. Moreover, there is no showing of disparate treatment, nor an affirmative showing of a hostile work environment based on her race or national origin. A motion was filed to dismiss the plaintiff's complaint at this juncture. Assuming the motion is denied, the City intends to complete discovery including witness and expert discovery, and eventually move for summary judgment. Should a jury find in favor of plaintiff, the plaintiff may be entitled to compensatory damages, along with punitive damages, and attorney's fees and costs. For these reasons, the City's exposure could exceed \$350,000.00.

Significant Settlements and Related Payments Subsequent to June 30, 2017:

M.D. v. City – This case was settled on January 21, 2016 in Federal District Court in the total amount of \$400,000. The City Council met and approved the settlement on May 3, 2016. Two settlement payments of \$200,000 are required. Whereas one payment of \$200,000 was made during the year ended June 30, 2016, the remaining \$200,000 was due July 1, 2017.

H&S v. City – The plaintiff filed a claim with the City for breach of contract and damages in the amount of \$1,027,722 in relation to a bid awarded in 2009 for which no Notice to Proceed was issued and the project subsequently re-bid and not awarded to the plaintiff (who was not the lowest bidder). The parties have reached a settlement for a total sum of \$450,000 to be paid over three fiscal years. On January 4, 2017, City Council passed a resolution authorizing the settlement.

W. G. v. City – This employment related discrimination matter was settled in February, 2018 in the amount of \$300,000.

H. v. City – This case went to trial in March, 2009 with a jury verdict of \$105,000 rendered against the City. The case then transferred Judges, and a summary judgment was granted in favor of the City. Subsequently the case was dismissed, then petitioned for certiorari to the Supreme Court of the United States, which remanded the case to the Third Circuit. In October, 2016, the City Council approved a settlement of \$1,600,000 payable in three installments with the final payment of \$800,000 due on September 30, 2017.

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

NOTE N. CONTINGENT LIABILITIES (continued)

W. v. City – Whereas a former Chief of Police and the City arrived at a retirement settlement of \$255,799 on December 27, 2011, this amount was not approved by the Department of Community Affairs. The parties have entered into a settlement agreement of \$184,845 which requires the City to make two payments of \$92,423 in October, 2016 and July, 2017.

C.L. v. City – A settlement-in-principal of \$270,000 was reached in February, 2018 in this employment litigation in which the plaintiff alleged he was improperly forced to resign.

T.W. v. City – This is a State Court case which stems from an automobile accident with a City fire truck. The matter settled for \$135,000 as approved by City Council in February, 2017 with the first payment due within 60 days, the second due in July, 2017 and the final payment due in July, 2018.

P.C. v City – This action against the City for unpaid legal fees resulted in a \$117,000 settlement in February, 2018.

NOTE O. DEFICIENCY AND GUARANTEE AGREEMENTS

The City is a contracting municipality with North Jersey District Water Supply Commission (NJDWSC). As such, it is entitled to 20% of the water supplied by NJDWSC and is liable for 20% of the annual operating charges, including debt service of NJDWSC. Historically, these charges have been totally defrayed by the water revenues of NJDWSC.

NOTE P. REGIONAL CONTRIBUTION AGREEMENTS

The New Jersey Supreme Court through its ruling in South Burlington County in 1983, referred to as the Mount Laurel Agreement, determined that a municipality may transfer up to 50% of its fair share of its regions present and prospective needs for housing for low and moderate income families to another municipality within its housing region by means of a contractual agreement into which the two municipalities voluntarily enter. The municipality who proposes the transfer enters into a Regional Contribution Agreement and obtains approval by the County Planning Board and Council on Affordable Housing. Regional Contribution Agreements entered subsequent to December 20, 2004 will be based on a new growth share approach. Under this new approach a portion of the actual growth taking place in the region will be the municipality's affordable housing obligation.

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE P. REGIONAL CONTRIBUTION AGREEMENTS (continued)

Township of Wayne - The City entered into a Regional Contribution Agreement with the Township of Wayne on December 29, 1990, whereby the City will implement the rehabilitation and/or construction of 497 units of very low and low income housing over a five year period.

Borough of Woodland Park - The City also entered into a Regional Contribution Agreement with the Borough of Woodland Park on December 1, 1999, where the City will acquire and rehabilitate 21 vacant buildings each containing two to three units. The rehabilitated units will be sold to 21 moderate income households who will become owner-occupant and, in turn, rent the second or third unit to low income households.

Borough of Hawthorne - The City also entered into a Regional Contribution Agreement with the Borough of Hawthorne on September 14, 2005, where the City will acquire and rehabilitate 23 scattered sites within the City of Paterson. The rehabilitated units will be sold or rented by low or moderate income households. The City received \$575,000 for the year ended June 30, 2007.

The table below summarizes the cumulative and current year activity for these agreements for the year ended June 30, 2017:

	Balance June 30, 2016	Cash Receipts	Balance June 30, 2017	Cumulative Expenditures
Township of Wayne	\$ 120,331	\$ 355	\$ 120,686	\$ 10,200,941
Borough of Woodland Park	576,462	827	577,289	324,000
Borough of Hawthorne	97,681	83	97,764	324,000
	<u>\$ 794,474</u>	<u>\$ 1,265</u>	<u>\$ 795,739</u>	<u>\$ 10,848,941</u>

The table below summarizes the cumulative and current year activity for these agreements for the year ended June 30, 2016:

	Balance June 30, 2015	Cash Receipts	Balance June 30, 2016	Cumulative Expenditures
Township of Wayne	\$ 119,966	\$ 365	\$ 120,331	\$ 10,200,941
Borough of Woodland Park	576,104	358	576,462	324,000
Borough of Hawthorne	97,644	37	97,681	324,000
	<u>\$ 793,714</u>	<u>\$ 760</u>	<u>\$ 794,474</u>	<u>\$ 10,848,941</u>

*Balances include both Contribution and Interest Accounts.

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

NOTE Q. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 19, 2018, the date which the financial statements were available to be issued. The following material subsequent events have been noted:

Refunding Bond Ordinance - \$5,000,000 – On November 21, 2017, the City adopted Refunding Bond Ordinance No. 17-076 providing for the refunding of an emergency temporary appropriation to fund contractually required severance liabilities resulting from the retirement of employees, and authorizing the issuance of not to exceed \$5,000,000 aggregate principal amount of general obligation refunding bonds or bond anticipation notes of the City to effect such refunding and appropriating the proceeds therefor.

Refunding Bond Ordinance - \$500,000 – On November 21, 2017, the City adopted Refunding Bond Ordinance No. 17-077 providing for the refunding of an emergency temporary appropriation to fund Public Safety and access prevention improvements to the Allied Textile Printing site, and authorizing the issuance of not to exceed \$500,000 aggregate principal amount of general the obligation refunding bonds or bond anticipation notes of the City to effect such refunding and appropriating the proceeds thereof.

Capital Improvement Ordinance - \$8,000,000 – On November 21, 2017, the City adopted Ordinance No. 17-078 providing for various Sewer improvements in the City in the amount of \$8,000,000 and authorizing the issuance of Bonds or Notes in the amount of \$7,619,047 to finance the costs thereof.

Capital Improvement Ordinance - \$2,000,000 – On November 21, 2017, the City adopted Ordinance No. 17-080 providing for various Combined Sewer Overflow improvements in the City in the amount of \$2,000,000 and authorizing the issuance of Bonds or Notes in the amount of \$2,000,000 to finance the costs thereof.

Capital Improvement Ordinance - \$3,000,000 – On November 21, 2017, the City adopted Ordinance No. 17-081 amending and supplementing Bond Ordinance Number 05-044 (which provides for Phase III of the combined Sewer Outflow Project) heretofore finally adopted by the City Council on June 14, 2005, as previously amended and supplemented, to amend the description, to increase the appropriation by \$3,000,000 and to increase the authorization of Bonds or Notes by \$2,857,142.

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

NOTE Q. SUBSEQUENT EVENTS (continued)

Local Finance Board Application - \$15,615,000 – As of the date of this report, the City, in conjunction with the County of Passaic and Passaic County Improvement Authority, is seeking to make application to the Local Finance Board for the issuance of \$15,615,000 Governmental Loan Revenue Bond Anticipation Notes, Series 2018 (Passaic County Guaranteed) (Paterson Project). These notes will be issued to finance the following City projects:

- ◆ \$7,619,000 Bond Anticipation Notes for various sewer improvements.
- ◆ \$3,666,000 Bond Anticipation Notes for various capital and heating, ventilation, and air-conditioning system improvements to the Paterson Museum and the Municipal Complex/Police Headquarters.
- ◆ \$3,830,000 Bond Anticipation Notes for the refunding of an emergency temporary appropriation to fund contractually required Severance Liabilities resulting from the retirement of employees.
- ◆ \$500,000 Bond Anticipation Notes for the refunding of an emergency temporary appropriations to fund public safety and access prevention improvements to the Allied Textile Printing site.

Attorney General Subpoena – On February 5, 2018, the City suspended without pay its risk manager in a matter related to its Workers Compensation Self-Insured Claims Program. The City referred the matter to the Attorney General's Office which issued subpoenas shortly thereafter. According to City Counsel, no new subpoenas have been forthcoming and there have been no indictments or criminal charges in this matter through the date of this report.

Guilty Plea of Former Paterson Municipal Utilities Commissioner – On May 30, 2018, a former commissioner of the Paterson Municipal Utilities Authority (PMUA) plead guilty before a U.S. District Judge to an information charging him with one count of conspiring to commit extortion under color of official right and one count of extortion under color of official right, per a release of the United States Department of Justice. The City dissolved the PMUA on October 28, 2014, effectively assuming the PMUA's assets and liabilities as of that date.

CITY OF PATERSON

REPORT OF AUDIT

SUPPLEMENTARY DATA SECTION

CITY OF PATERSON

REPORT OF AUDIT

**SUPPLEMENTARY DATA SECTION:
CURRENT FUND SCHEDULES**

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

SCHEDULE OF CASH

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance: June 30, 2016	A	\$ 28,829,649	\$ 562,134
Increased by:			
Non-Budget Revenues	A-2b	\$ 288,638	\$ -
Current Year Appropriations	A-3a	4,139,768	-
Current Taxes Receivable	A-2a	232,878,950	-
Delinquent Taxes Receivable	A-2a	402,740	-
Sr. Citizens and Veterans Deductions	A-8	245,820	-
Tax Title Liens Receivable	A-9	6,763,088	-
Sewer Charges Receivable	A-10	11,855,400	-
Sewer Liens Receivable	A-11	402,077	-
Demolition Liens Receivable	A-12	141,700	-
Revenue Accounts Receivable	A-16	74,601,462	-
Interfunds	A-17	76,927,790	-
Interfunds - Reallocation	A-17, A-33	16,106,422	302,108
Appropriation Reserves	A-18	126,474	-
Prepaid Taxes	A-20	240,681	-
Other Reserves	A-22	175,371	-
Prepaid Sewers	A-23	47,517	-
Deposits on Sale of City Property	A-27	2,930	-
State Library Aid	A-28	76,329	-
Library Fines and Donations	A-29	40,753	-
ABC License Surcharge	A-30	4,000	-
		<u>425,467,910</u>	<u>302,108</u>
		454,297,559	864,242
Decreased by:			
Current Year Appropriations	A-3a	233,942,557	-
Sewer Charge Refunds	A-10	40,136	-
Interfunds	A-17	64,090,879	-
Interfunds - Reallocation	A-17, A-33	24,132,786	562,134
Appropriation Reserves	A-18	8,428,844	-
Tax Overpayments	A-21	5,238,602	-
Other Reserves	A-22	3,958,827	-
School Taxes Payable	A-25	41,962,319	-
County Taxes Payable	A-26	49,321,889	-
State Library Aid	A-28	98,002	-
Library Fines and Donations	A-29	38,264	-
Revaluation	A-31	170,000	-
		<u>431,423,105</u>	<u>562,134</u>
Balance: June 30, 2017	A	<u>\$ 22,874,454</u>	<u>\$ 302,108</u>

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

SCHEDULE OF CHANGE FUND

	<u>Ref.</u>	
Balance: June 30, 2017 and 2016	A	\$ <u><u>685</u></u>

Exhibit A-6

SCHEDULE OF DUE FROM STATE - HOMESTEAD CREDIT REBATE

	<u>Ref.</u>	
Balance: June 30, 2016		\$ -
Increased by:		
Homestead Rebate Applied to Taxes, Not Received from State	A-7	<u>1,429,626</u>
Balance: June 30, 2017	A	\$ <u><u>1,429,626</u></u>

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

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year Ended June 30,	Balance: June 30, 2016	2017 Tax Levy	Collections				Canceled	Transferred to Tax Title Liens	Balance: June 30, 2017
			Added Taxes	By Cash Receipts - Net of Refunds 2016	2017	By Discounts Allowed				Homestead Credit Receivable
1998	-	\$ -	\$ 2,100	\$ -	\$ 2,100	\$ -	\$ -	\$ -	-
1999	38	-	-	-	-	-	38	-	-
2000	-	-	40	-	-	-	40	-	-
2001	1,113	-	-	-	-	-	1,113	-	-
2004	5	-	16,128	-	-	-	16,133	-	-
2005	50	-	-	-	-	-	50	-	-
2007	-	-	-	-	-	-	-	-	-
2008	-	-	6,043	-	6,043	-	9,474	-	4,811
2009	-	-	14,285	-	-	-	5,976	-	6,285
2010	211	-	15,435	-	3,174	-	3,830	-	6,696
2011	117,440	-	12,122	-	1,807	-	118,559	5,376	-
2012	18,977	-	22,100	-	15,605	-	6,936	10,150	-
2013	22,014	-	21,504	-	23,395	-	221,111	5,610	-
2014	22,522	-	235,268	-	30,561	-	82,236	8,753	-
2015	13,398	-	119,545	-	51,078	-	-	8,050	12,161
2016	206,239	-	10,038	-	3,225	-	17,725	6,836	39,164
Total Prior Years	402,007	-	123,863	-	265,752	625	483,221	44,775	69,117
2017	-	244,401,505	-	173,406	232,047,773	179,125	2,672,996	7,742,079	156,500
Ref.	\$ 402,007	\$ 244,401,505	\$ 598,471	\$ 173,406	\$ 232,450,513	\$ 179,750	\$ 3,156,217	\$ 7,786,854	\$ 225,617
	A			A-2a, A-20	A-2a	A-2a, A-8	A-2a, A-6	A-9	A
Tax Levy:									
Total Local District School Tax									
County Tax									
General County Taxes									
County Open Space Taxes									
Added and Omitted County Taxes									
Total County Tax									
Minimum Library Tax									
Local Tax for Municipal Purposes									
Local Tax for Municipal Purposes									
Local Tax for Municipal Purposes (Added)									
Add: Additional Tax Levied									
Total Local Tax for Municipal Purposes									

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

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

	<u>Ref.</u>		
Balance: June 30, 2016	A		\$ 121,500
Increased by:			
Senior Citizens Deductions per Tax Billings		\$ 98,375	
Veterans Deductions per Tax Billings		130,750	
Deductions Allowed by Tax Collector:			
Current Year			
Veterans		1,750	
Prior Year			
Veterans		625	
2% Administrative Fee	A-2b	<u>4,820</u>	
			<u>236,320</u>
			357,820
Decreased by:			
Deductions Disallowed by Tax Collector:			
Current Year			
Senior Citizens		12,500	
Disallowed by State Audit		39,250	
Received in Cash from State of New Jersey	A-4	<u>245,820</u>	
			<u>297,570</u>
Balance: June 30, 2017	A		<u><u>\$ 60,250</u></u>

Analysis of State Share of Senior Citizens and Veterans Deductions

	<u>Ref.</u>		
Current Year Senior Citizens Deductions:			
As Set Forth by Tax Assessor		\$ 98,375	
Disallowed by Tax Collector		(12,500)	
Disallowed by State Audit		(17,500)	
Current Year Veterans Deductions:			
As Set Forth by Tax Assessor		130,750	
Allowed by Tax Collector		1,750	
Disallowed by State Audit		<u>(21,750)</u>	
	A-7		\$ 179,125
Prior Year Veterans Deductions:			
Allowed by Tax Collector	A-7		<u>625</u>
	A-7		<u><u>\$ 179,750</u></u>

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

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance: June 30, 2016	<u>Ref.</u> A		\$ 16,199,935
Increased by:			
Transfer from Taxes	A-7	\$ 7,786,854	
Cancellation of Prior Year Tax Credits		60,140	
Interest and Costs on Tax Sale		<u>616,404</u>	
			<u>8,463,398</u>
			24,663,333
Decreased by:			
Cash Receipts	A-2a, A-4	6,763,088	
Cancelled		<u>900,521</u>	
			<u>7,663,609</u>
Balance: June 30, 2017	A		<u><u>\$ 16,999,724</u></u>

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

SCHEDULE OF SEWER CHARGES RECEIVABLE

	<u>Ref.</u>	<u>Total</u>	<u>Current</u>	<u>Prior</u>
Balance: June 30, 2016	A	\$ 76,493	\$ -	\$ 76,493
Increased by:				
Billings		12,623,031	12,623,031	-
Cancel Prior Year Credits		20,911	-	20,911
Disbursements	A-2a, A-4	40,136	-	40,136
Subtotal		<u>12,760,571</u>	<u>12,623,031</u>	<u>137,540</u>
Decreased by:				
Transfer to Sewer Liens Receivable	A-11	408,585	401,361	7,224
Prior Year Prepaid Applied	A-2a, A-23	28,910	28,910	-
Cancellations		286,158	274,635	11,523
Cash Receipts	A-4	11,855,400	11,776,515	78,885
		<u>12,579,053</u>	<u>12,481,421</u>	<u>97,632</u>
Balance: June 30, 2017	A	<u><u>\$ 181,518</u></u>	<u><u>\$ 141,610</u></u>	<u><u>\$ 39,908</u></u>

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

SCHEDULE OF SEWER LIENS RECEIVABLE

Balance: June 30, 2016	<u>Ref.</u> A		\$ 1,093,072
Increased by:			
Transfer from Sewer Charges Receivable	A-10	\$ 408,585	
Other Adjustments		2,343	
Interest and Costs on Sale		<u>5,411</u>	
			<u>416,339</u>
			1,509,411
Decreased by:			
Cash Receipts	A-2a, A-4	402,077	
Cancelled		<u>40,204</u>	
			<u>442,281</u>
Balance: June 30, 2017	A		<u><u>\$ 1,067,130</u></u>

Exhibit A-12

SCHEDULE OF DEMOLITION LIENS RECEIVABLE

Balance: June 30, 2016	<u>Ref.</u> A		\$ 1,404,326
Increased by:			
Billings			<u>328,668</u>
			1,732,994
Decreased by:			
Cancelled		\$ 78,070	
Cash Receipts	A-2a, A-4	<u>141,700</u>	
			<u>219,770</u>
Balance: June 30, 2017	A		<u><u>\$ 1,513,224</u></u>

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

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

	<u>Ref.</u>	
Balance: June 30, 2017 and 2016	A	\$ 5,107,360

Exhibit A-14

**SCHEDULE OF SALES CONTRACTS RECEIVABLE -
PROPERTY ACQUIRED FOR TAXES**

	<u>Ref.</u>	
Balance: June 30, 2017 and 2016	A	\$ 25,000

Exhibit A-15

SCHEDULE OF DEFERRED CHARGES

	<u>Ref.</u>	
Balance: June 30, 2016	A	\$ 13,999
Decreased by Deferred Charges Raised in Budget:		
Cash Deficit of 2015	A-3a	13,999
Balance: June 30, 2017	A	\$ -

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

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance June 30, 2016	Accrued	Collections		Balance June 30, 2017
			Cash	Other	
LOCAL REVENUES					
Licenses:					
Alcoholic Beverages	\$ -	\$ 199,316	\$ 199,316	\$ -	\$ -
Other Licenses	-	129,635	129,635	-	-
Municipal Court Fines and Costs	-	4,816,272	4,816,272	-	-
Interest and Costs on Taxes	-	3,138,379	3,138,379	-	-
Interest on Delinquent Sewer Charges	-	333,021	333,021	-	-
Department of Public Works	-	61,922	61,922	-	-
Interest on Investments and Deposits	-	40,124	40,124	-	-
Division of Health	-	804,957	804,957	-	-
City-Wide Recycling Revenues	-	119,812	119,812	-	-
Board of Adjustment	-	130,195	130,195	-	-
Sale of Copies of Public Records	-	38,939	38,939	-	-
Ambulance Fees	-	3,505,146	3,505,146	-	-
Municipal Towing Contract Fees	-	288,626	288,626	-	-
FD Combustibles Inspection Revenues	-	1,073,047	1,073,047	-	-
Livery and Taxi License Fees	-	129,338	129,338	-	-
STATE AID WITHOUT OFFSETTING APPROPRIATIONS					
Consolidated Municipal Property Tax Relief	-	11,045,027	-	11,045,027	-
Energy Receipts Tax	-	21,677,773	17,514,362	4,163,411	-
Supplemental Energy Receipts Tax	-	262,651	262,651	-	-
Open Space PILOT Aid (Garden State Trust)	-	6,088	6,088	-	-
Watershed Moratorium Offset Aid	-	329	329	-	-
Transitional Aid	-	25,250,000	25,250,000	-	-
DEDICATED UNIFORM CONSTRUCTION CODE FEES					
OFFSET WITH APPROPRIATIONS					
Uniform Construction Code Fees and Permits					
Construction Code Official	-	1,317,341	1,317,341	-	-
Other	-	578,356	578,356	-	-
OTHER SPECIAL ITEMS					
Payments in Lieu of Taxes					
Aspen Hamilton	-	83,009	83,009	-	-
Colt Arms	-	313,855	313,855	-	-
Federation Apartments	-	212,825	212,825	-	-
Governor Paterson Towers	-	704,064	704,064	-	-
504 Madison Avenue	-	171,029	171,029	-	-
Incca for Housing - Carroll Street	-	182,535	182,535	-	-
Incca for Housing - North Triangle	-	206,915	206,915	-	-
Cooke Building Associates	-	12,573	12,573	-	-
Jackson Slater	-	203,395	203,395	-	-
Riese Madison Park	-	74,971	74,971	-	-
Essex - Phoenix Mill	-	314,479	314,479	-	-
Brooke Sloate	-	170,502	170,502	-	-
Christopher Columbus Development	-	117,713	117,713	-	-
446-460 E. 19th Street	-	18,014	18,014	-	-
Belmont/McBride Apartments	-	26,589	26,589	-	-
Sheltering Arms	-	18,135	18,135	-	-
Hope 98 North Main Scatted Sites	-	24,304	24,304	-	-
Hope 98 Beech Street	-	44,424	44,424	-	-
Hope 98 Van Houten Street	-	18,377	18,377	-	-
Rising Dove Senior Housing	-	35,433	35,433	-	-
Paterson Housing Authority	-	151,632	151,632	-	-

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

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance June 30, 2016	Accrued	Collections		Balance June 30, 2017
			Cash	Other	
OTHER SPECIAL ITEMS - continued					
Payments in Lieu of Taxes - continued					
200 Godwin Avenue	\$ -	\$ 4,091	\$ 4,091	\$ -	\$ -
Congdon Mill	-	87,750	87,750	-	-
Belmont Towers	-	24,573	24,573	-	-
Heritage - Alexander Hamilton	-	145,981	145,981	-	-
Motor Vehicle Agency Security Reimb.	-	311,985	311,985	-	-
City of Paterson Parking Authority					
Cooperative Agreement 7/1 - 12/31	-	204,000	204,000	-	-
Cooperative Agreement 1/1 - 6/30	-	204,000	204,000	-	-
Trust Fund Surplus	-	7,450	-	7,450	-
PVSC Rebate Incentive Program	-	36,264	36,264	-	-
Private Host Benefit Fees	-	251,307	251,307	-	-
Private Host Benefit Fees Prior Year	-	16,247	16,247	-	-
Recycling Tire Fees	-	13,879	13,879	-	-
Cable Vision Franchise Fees	-	872,354	872,354	-	-
Verizon Franchise Fees	-	331,060	331,060	-	-
Housing Authority Garbage Reimb.	-	95,000	95,000	-	-
Passaic County Community College Rent	-	10,000	10,000	-	-
Health Premiums	-	7,001,677	7,001,677	-	-
Libby's Rent	-	7,749	7,749	-	-
Northeast Hydro Holding	-	90,750	90,750	-	-
Board and Secure	-	581,505	581,505	-	-
Redemption Fees	-	130,355	130,355	-	-
Administrative Off-Duty Fees	-	90,970	90,970	-	-
Mercantile License Fees	-	28,087	28,087	-	-
Parade Fees	-	80,430	80,430	-	-
Rent 72 Mc Bride Avenue	-	140,215	140,215	-	-
Paterson Parking Authority	-	376,491	376,491	-	-
Additional Off Duty Administrative Fee	-	565,863	565,863	-	-
North Jersey District Water Supply Training	-	56,250	56,250	-	-
Total Revenue and Other Credits to Income	\$ -	\$ 89,817,350	\$ 74,601,462	\$ 15,215,888	\$ -
Ref.		A-2a	A-4		
Qualified Bonds Paid by State		A-3a		\$ 15,208,438	
Surplus of Other Funds		A-17		7,450	
				<u>\$ 15,215,888</u>	

**CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2017
SCHEDULE OF INTERFUNDS RECEIVABLE (PAYABLE)**

	Ref.	Total	General Capital	Grants Fund	Other	Trust Funds			
						Dedicated Revenue	Private Duty	SID	Community Development
Increased by:									
Transfers	contra	\$ 607,912	\$ 526,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,879
Appropriation Reserves	A-18	1,165,079	111,323	1,053,756	-	-	-	-	-
State and Federal Grants Budget	A-2a	12,053,848	-	12,053,848	-	-	-	-	-
Life Hazard Use Fees	A-2a	238,960	-	238,960	-	-	-	-	-
Budget Reimbursements	A-3a	3,064,557	1,618,673	1,445,884	-	-	-	-	-
Cash Disbursements - Allocation	A-4	24,132,786	23,830,434	302,108	-	244	-	-	-
Cash Disbursements	A-4	64,090,879	34,987,232	14,358,438	958,189	523,030	6,868,275	27,666	6,368,049
Surplus Anticipated	A-16	7,450	-	-	7,450	-	-	-	-
Fund Tax Overpayments	A-21	3,000,000	3,000,000	-	-	-	-	-	-
Other Reserve	A-22	264	-	-	-	-	-	-	264
		108,361,735	64,073,695	29,452,994	965,639	523,274	6,868,275	27,666	6,450,192
Decreased by:									
Transfers	contra	607,912	81,879	-	-	-	-	-	526,033
Grant Cancellations	A-1	221,940	-	221,940	-	-	-	-	-
State and Federal Grants Budget	A-3a	12,053,848	-	12,053,848	-	-	-	-	-
Life Hazard Use Fees	A-3a	238,960	-	238,960	-	-	-	-	-
State and Federal Grants Matching	A-3a	817,277	-	817,277	-	-	-	-	-
Capital Improvement Fund Appropriation	A-3a	500,000	500,000	-	-	-	-	-	-
Chargebacks to Budget	A-3a	650,399	540,209	13,286	-	-	-	-	96,904
Cash Receipts	A-4	76,927,790	47,757,126	15,542,602	965,747	525,635	6,868,275	27,666	5,240,739
Cash Receipts - Allocation	A-4	16,106,422	15,194,481	562,134	-	-	-	-	349,807
Appropriation Reserves Reimbursed	A-18	125,264	-	95,137	-	-	-	-	30,127
		108,249,812	64,073,695	29,545,184	965,747	525,635	6,868,275	27,666	6,243,610
Net Change in Interfunds		111,923	-	(92,190)	(108)	(2,361)	-	-	206,582
Balance: June 30, 2016									
Interfunds Receivable	A, A-1	2,469	-	-	108	2,361	-	-	-
Interfunds Payable	A	(61,004)	-	(61,004)	-	-	-	-	-
Balance: June 30, 2017									
Interfunds Receivable	A, A-1	\$ 206,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,582
Interfunds Payable	A	\$ (153,194)	\$ -	\$ (153,194)	\$ -	\$ -	\$ -	\$ -	\$ -

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

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2016		Balance After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
(A) Operations - Within "CAPS"					
<u>GENERAL GOVERNMENT</u>					
Office of the Mayor					
Salaries and Wages	\$ 3,005	\$ -	\$ -	\$ -	\$ -
Other Expenses	548	1,338	3,886	3,729	157
City Council					
Salaries and Wages	2,207	-	-	(900)	900
Other Expenses	87,417	8,618	61,035	34,231	26,804
Office of the City Clerk					
Salaries and Wages	5,745	-	-	-	-
Other Expenses	27	17,591	20,618	14,860	5,758
Elections					
Salaries and Wages	657	-	-	-	-
Other Expenses	244,459	41,325	146,784	137,229	9,555
Insurance					
Salaries and Wages	23,625	-	-	-	-
Other Expenses	666,701	670,847	2,562,478	2,561,408	1,070
Worker Compensation	118,653	75,000	131,407	56,407	75,000
Liability	3,514	318,009	323,843	323,833	10
Auditing Services and Costs					
Annual Audit	49,000	-	49,000	33,500	15,500
Other Audits	10,430	37,313	62,743	10,000	52,743
Cultural Affairs					
Salaries and Wages	2,163	-	-	-	-
Other Expenses	9,828	37,832	43,160	42,657	503
<u>DEPARTMENT OF ADMINISTRATION</u>					
Office of the Business Administrator					
Salaries and Wages	142,331	-	-	-	-
Other Expenses	5,637	7,656	7,893	7,650	243
Division of Personnel					
Salaries and Wages	12,496	-	(8,779)	(8,779)	-
Other Expenses	12,998	36,714	26,712	25,694	1,018
Division of Purchasing					
Salaries and Wages	2,033	-	-	-	-
Other Expenses	726	1,129	1,855	1,295	560
Division of Data Processing					
Salaries and Wages	10,900	-	-	-	-
Other Expenses	161	77,342	80,903	76,998	3,905
Surveys and General					
Other Expenses	3,630	-	-	-	-
<u>DEPARTMENT OF FINANCE</u>					
Office of the Director					
Salaries and Wages	25,520	-	-	-	-
Other Expenses	8,928	4,301	12,329	12,277	52
Division of Treasury					
Salaries and Wages	18,743	-	-	-	-
Other Expenses	5,855	3,582	3,937	3,650	287

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

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2016		Balance After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
<u>DEPARTMENT OF FINANCE (continued)</u>					
Division of Accounts and Control					
Salaries and Wages	\$ 38,028	\$ -	\$ -	\$ -	\$ -
Other Expenses	4,517	1,588	2,105	1,448	657
Division of Sewer Collection					
Salaries and Wages	8,814	-	-	-	-
Other Expenses	316	182	152	152	-
Division of Assessments					
Salaries and Wages	4,169	-	-	-	-
Other Expenses	14,931	15,430	16,961	16,881	80
Division of Revenue Collection					
Salaries and Wages	5,336	-	-	-	-
Other Expenses	17,377	22,849	47,426	32,931	14,495
Office of Internal Audit					
Salaries and Wages	5,542	-	-	-	-
Other Expenses	1,647	-	-	-	-
<u>DEPARTMENT OF LAW</u>					
Office of the Corporation Counsel					
Salaries and Wages	4,100	-	-	-	-
Other Expenses	250	33,430	116,180	111,975	4,205
<u>DEPARTMENT OF PUBLIC SAFETY</u>					
Taxicab Division					
Salaries and Wages	2,874	-	-	-	-
Other Expenses	4,668	2,460	2,628	2,460	168
Division of Fire					
Salaries and Wages	375	-	-	(106,328)	106,328
Other Expenses	13,510	88,768	114,178	79,950	34,228
Division of Police					
Salaries and Wages	160,378	-	7,178	(2,976)	10,154
Other Expenses	143,942	327,574	429,379	373,183	56,196
<u>DEPARTMENT OF PUBLIC WORKS</u>					
Office of the Director					
Salaries and Wages	4,406	-	-	-	-
Other Expenses	4,055	4,054	7,109	4,175	2,934
Division of Engineering					
Salaries and Wages	7,418	-	-	-	-
Other Expenses	1,011	164	(2,325)	(2,557)	232
Division of Traffic and Lighting					
Salaries and Wages	395	-	-	-	-
Other Expenses	60,872	12,235	18,107	15,989	2,118
Division of Water and Sewers					
Salaries and Wages	8,103	-	-	-	-
Other Expenses	138	148,814	148,952	139,637	9,315
Sewer Repairs	5,000	-	-	-	-
Division of Streets					
Salaries and Wages	66,134	-	-	-	-
Other Expenses	143	20,156	36,299	34,644	1,655
Street Repair	15,393	79,815	95,208	62,965	32,243

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

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2016		Balance After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
DEPARTMENT OF PUBLIC WORKS (continued)					
Snow Removal					
Salaries and Wages	\$ 9,184	\$ -	\$ 9,184	\$ -	\$ 9,184
Other Expenses	87,217	112,973	214,190	211,913	2,277
Division of Auto Maintenance					
Salaries and Wages	10,324	-	-	-	-
Other Expenses	93,053	68,104	90,157	63,666	26,491
Division of Public Properties					
Parks and Shade Trees Section					
Salaries and Wages	56,585	-	-	-	-
Other Expenses	18,420	69,852	78,272	62,961	15,311
Public Buildings Section					
Salaries and Wages	23,449	-	(61,472)	(61,922)	450
Other Expenses	20,663	113,490	131,153	120,507	10,646
Division of Recreation					
Salaries and Wages	56,647	-	-	-	-
Other Expenses	5,485	32,578	47,063	28,186	18,877
Division of Recycling					
Salaries and Wages	24,892	-	-	-	-
Other Expenses	14	39,828	41,842	38,585	3,257
Cable Communications					
Salaries and Wages	5,508	-	-	-	-
Other Expenses	9,614	12,759	14,373	14,256	117
DEPARTMENT OF COMMUNITY DEVELOPMENT					
Division of Planning and Zoning					
Salaries and Wages	5,525	-	-	-	-
Other Expenses	4,335	2,994	3,329	2,702	627
Division of Community Improvements					
Other Expenses	191,429	225,575	406,977	312,507	94,470
Division of Economic Development					
Salaries and Wages	1,298	-	-	-	-
Other Expenses	6,339	5,895	6,234	4,229	2,005
Division of Redevelopment					
Other Expenses	208,073	-	500	500	-
DEPARTMENT OF HUMAN SERVICES					
Office of the Director					
Salaries and Wages	418	-	(2)	(8,303)	8,301
Other Expenses	538	379	917	238	679
Office of Aging and Disabled Services					
Salaries and Wages	1,461	-	-	-	-
Other Expenses	4,640	73	4,713	513	4,200
Social Services	174,529	12,655	69,558	55,451	14,107
Mercantile Licenses					
Salaries and Wages	5,708	-	-	-	-
Other Expenses	4,620	252	4,872	4	4,868
Division of Consumer Protection					
Salaries and Wages	24,823	-	-	-	-
Other Expenses	4,225	168	3,393	133	3,260

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

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2016		Balance After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
<u>DEPARTMENT OF HUMAN SERVICES (continued)</u>					
Division of Youth Services					
Salaries and Wages	\$ 9,679	\$ -	\$ -	\$ -	\$ -
Other Expenses	9,450	876	8,426	5,525	2,901
Division of Health					
Salaries and Wages	103,897	15	-	(1,324)	1,324
Other Expenses	22,272	34,559	43,846	40,057	3,789
<u>STATUTORY AGENCIES</u>					
Museum					
Salaries and Wages	4,408	-	-	-	-
Other Expenses	32,305	1,255	18,560	900	17,660
Board of Adjustment					
Salaries and Wages	9,282	-	-	-	-
Other Expenses	26	22,173	26,247	24,472	1,775
Office of Emergency Management					
Salaries and Wages	5,843	-	-	-	-
Other Expenses	37,732	638	1,370	52	1,318
Planning Board					
Salaries and Wages	4,111	-	-	-	-
Other Expenses	4,568	4,803	10,371	7,752	2,619
Youth Guidance Council					
Other Expenses	5,711	-	2,506	1,566	940
Historic Preservation Commission					
Salaries and Wages	14,239	-	-	-	-
Other Expenses	7,635	2,183	4,818	4,743	75
Municipal Court					
Salaries and Wages	9,214	-	-	-	-
Other Expenses	40,410	4,962	18,372	16,176	2,196
<u>UNIFORM CONSTRUCTION CODE</u>					
Community Improvements					
Salaries and Wages	49,652	-	-	-	-
Other Expenses	110,473	-	-	-	-
<u>UNCLASSIFIED</u>					
Electricity	414,947	35,802	112,994	112,705	289
Street Lighting	9,196	499,001	1,094,332	915,733	178,599
Telephone Service	1,307	97,132	98,439	96,663	1,776
Gas (Natural/Propane)	51,293	4,357	27,150	27,131	19
Fuel Oil	9,000	-	-	-	-
Gasoline	255,467	12,315	60,282	51,660	8,622
Solid Waste	241	174,044	1,205,100	1,202,092	3,008
(B) Contingent	5,000	-	-	-	-

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

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2016		Balance After	Paid or	Balance
	Reserved	Encumbered	Transfers	Charged	Lapsed
(E) Deferred Charges and Statutory Expenditures within "CAPS"					
(2) STATUTORY EXPENDITURES					
Contribution to:					
PFRS	\$ 67,468	\$ -	\$ -	\$ -	\$ -
Social Security	131,524	-	-	-	-
Consolidated Police and Fire Retirement Fund	5,000	-	-	-	-
DCRP	29,397	-	4,013	4,013	-
Medicare	32,451	-	-	-	-
Unemployment	352	-	-	-	-
State Disability	46,956	-	-	-	-
Excise Tax	2,313	-	-	-	-
(A) Operations - Excluded From "CAPS"					
Maintenance of					
Free Public Libraries	280,557	10,488	291,045	33,417	257,628
TOTAL GENERAL APPROPRIATIONS	\$ 4,964,171	\$ 3,698,294	\$ 8,662,465	\$ 7,489,727	\$ 1,172,738
Ref.	A	A-19			A-1
Cash Disbursements		A-4	\$ 8,428,844		
Reimburse Interfunds		A-17	125,264		
Reclass Budget Year		A-3a	300,045		
				\$ 8,854,153	
Less:					
Cash Receipts		A-4	126,474		
Reimbursed to Revaluation		A-31	9,901		
Reclass Budget Year		A-3	62,972		
Reimbursed by Interfunds		A-17	1,165,079		
				1,364,426	
				\$ 7,489,727	

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

SCHEDULE OF REQUISITIONS AND ACCOUNTS PAYABLE

Balance: June 30, 2016	<u>Ref.</u> A		\$ 4,831,458
Increased by Open Contracts and Purchase Orders:			
Budget Appropriations	A-3	\$ 3,438,469	
Reserve for State Library Aid	A-28	<u>488</u>	
			<u>3,438,957</u>
			8,270,415
Decreased by:			
Accounts Payable Cancelled	A-1	1,130,728	
Opening Requisition Balances Added to:			
Appropriation Reserves	A-18	3,698,294	
Reserve for State Library Aid	A-28	<u>2,436</u>	
			<u>4,831,458</u>
Balance: June 30, 2017	A		<u><u>\$ 3,438,957</u></u>

Exhibit A-20

SCHEDULE OF PREPAID TAXES

Balance: June 30, 2016	<u>Ref.</u> A		\$ 173,406
Increased by:			
Cash Receipts	A-4		<u>240,681</u>
			414,087
Decreased by:			
Applied to Current Year Taxes	A-7		<u>173,406</u>
Balance: June 30, 2017	A		<u><u>\$ 240,681</u></u>

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

SCHEDULE OF TAX OVERPAYMENTS

Balance: June 30, 2016	<u>Ref.</u> A		\$ 6,020,354
Increased by:			
Funded by Capital Ordinance	A-17	\$ 3,000,000	
Funded by Budget Appropriation	A-3a	863	
Overpayments of Current Taxes	A-2a	831,177	
Overpayments of Delinquent Taxes	A-1	321,661	
Adjust from Sewer Overpayments	A-24	138,778	
			<u>4,292,479</u>
			10,312,833
Decreased by:			
Cash Disbursements	A-4	5,238,602	
Cancellation of Prior Year Tax Credits	A-2a	381,428	
			<u>5,620,030</u>
Balance: June 30, 2017	A		<u><u>\$ 4,692,803</u></u>

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

SCHEDULE OF OTHER RESERVES

	<u>Ref.</u>	<u>Total</u>	<u>Property Tax Suspense</u>	<u>Other Reserve</u>
Increased by:				
Transfers	contra	\$ 114,495	\$ -	\$ 114,495
Cash Receipts	A-4	175,371	16,899	158,472
Chargebacks to Budget	A-3a	3,187,621	-	3,187,621
Charges to Operations	A-1	276,190	-	276,190
ABC License Surcharges	A-30	221,785	-	221,785
Interfunds	A-17	264	-	264
		<u>3,975,726</u>	<u>16,899</u>	<u>3,958,827</u>
Decreased by:				
Transfers	contra	114,495	114,495	-
Cash Disbursements	A-4	<u>3,958,827</u>	<u>-</u>	<u>3,958,827</u>
		<u>4,073,322</u>	<u>114,495</u>	<u>3,958,827</u>
Net Increase		(97,596)	(97,596)	-
Balance: June 30, 2016	A	<u>115,766</u>	<u>115,766</u>	<u>-</u>
Balance: June 30, 2017	A	<u>\$ 18,170</u>	<u>\$ 18,170</u>	<u>\$ -</u>

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

SCHEDULE OF PREPAID SEWERS

Balance: June 30, 2016	<u>Ref.</u> A	\$ 28,910
Increased by:		
Cash Receipts	A-4	<u>47,517</u>
		76,427
Decreased by:		
Applied to Current Year Charges	A-10	<u>28,910</u>
Balance: June 30, 2017	A	<u><u>\$ 47,517</u></u>

Exhibit A-24

SCHEDULE OF SEWER OVERPAYMENTS

Balance: June 30, 2016	<u>Ref.</u> A	\$ 268,926
Decreased by:		
Cancel Prior Year Credits	A-2a	\$ 22,948
Adjust as Tax Overpayments	A-21	<u>138,778</u>
		<u>161,726</u>
Balance: June 30, 2017 and 2016	A	<u><u>\$ 107,200</u></u>

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

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance: June 30, 2016		\$ -
Increased by:		
Levy - School Year July 1, 2016 to June 30, 2017	A-2a	41,962,319
		<u>41,962,319</u>
Decreased by:		
Cash Disbursements	A-4	41,962,319
		<u>41,962,319</u>
Balance: June 30, 2017		<u>\$ -</u>
2017 Liability for Local District School Tax:		
Tax Paid		\$ 41,962,319
Tax Payable - June 30, 2017		-
		<u>41,962,319</u>
Less: Tax Payable June 30, 2016		<u>-</u>
Amount Charged to 2017 Operations	A-1	<u>\$ 41,962,319</u>

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

SCHEDULE OF COUNTY TAXES PAYABLE

Balance: June 30, 2016	<u>Ref.</u> A	\$ 37,700
Increased by:		
General County Levy		\$ 48,601,716
County Open Space Preservation Levy		668,532
Due County for Added and Omitted Taxes		<u>13,941</u>
	A-2a	<u>49,284,189</u>
		49,321,889
Decreased by:		
Cash Disbursements	A-4	<u>49,321,889</u>
Balance: June 30, 2017		<u><u>\$ -</u></u>
2017 Liability for County Tax:		
Tax Paid		\$ 49,321,889
Tax Payable - June 30, 2017		<u>-</u>
		49,321,889
Less: Tax Payable June 30, 2016		<u>37,700</u>
Amount Charged to 2017 Operations		<u><u>\$ 49,284,189</u></u>
	A-1	\$ 49,270,248
	A-1	<u>13,941</u>
		<u><u>\$ 49,284,189</u></u>

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

**SCHEDULE OF RESERVE FOR DEPOSITS ON SALE OF
PROPERTY ACQUIRED FOR TAXES**

Balance: June 30, 2016	<u>Ref.</u> A	\$ 16,784
Increased by:		
Cash Receipts	A-4	<u>2,930</u>
Balance: June 30, 2017	A	<u><u>\$ 19,714</u></u>

Exhibit A-28

SCHEDULE OF RESERVE FOR STATE LIBRARY AID

Balance: June 30, 2016	<u>Ref.</u> A	\$ 85,199
Increased by:		
Cash Receipts	A-4	\$ 76,329
Prior Year Requisitions Payable	A-19	<u>2,436</u>
		<u>78,765</u>
		163,964
Decreased by:		
Cash Disbursements	A-4	98,002
Requisitions Payable	A-19	<u>488</u>
		<u>98,490</u>
Balance: June 30, 2017	A	<u><u>\$ 65,474</u></u>

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

SCHEDULE OF RESERVE FOR LIBRARY FINES AND DONATIONS

Balance: June 30, 2016	<u>Ref.</u> A	\$ 84,651
Increased by:		
Cash Receipts	A-4	40,753
		<u>125,404</u>
Decreased by:		
Cash Disbursements	A-4	38,264
		<u>87,140</u>
Balance: June 30, 2017	A	<u>\$ 87,140</u>

Exhibit A-30

SCHEDULE OF RESERVE FOR ABC LICENSE SURCHARGE

Balance: June 30, 2016	<u>Ref.</u> A	\$ 286,200
Increased by:		
Surcharges Collected	A-4	4,000
		<u>290,200</u>
Decreased by:		
Surcharges Disbursed	A-22	221,785
		<u>68,415</u>
Balance: June 30, 2017	A	<u>\$ 68,415</u>

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

SCHEDULE OF RESERVE FOR REVALUATION

Balance: June 30, 2016	<u>Ref.</u> A		\$ 179,903
Decreased by:			
Cash Disbursements	A-4	\$ 170,000	
Reimburse Appropriation Reserves	A-18	<u>9,901</u>	
			<u>179,901</u>
Balance: June 30, 2017	A		<u><u>\$ 2</u></u>

CITY OF PATERSON

REPORT OF AUDIT

**SUPPLEMENTARY DATA SECTION:
FEDERAL AND STATE GRANTS FUND
SCHEDULES**

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2016	Current Year Awards		Cash Receipts	Transfer From Unappropriated Reserve	Re-Allocations Cancellations	Balance, June 30, 2017
		Budget as Adopted	Added by NJSA 40A:4-87				
US Department of Health and Human Services							
Special Projects of National Significance Grant							
FY2015	\$ 191,838	\$ -	\$ -	\$ -	\$ -	\$ 191,838	\$ -
FY2016	227,571	-	-	376,030	-	(191,838)	43,379
FY2017	-	482,500	-	369,242	-	-	113,258
National Trust Preservation Funds							
FY2016	2,500	-	-	2,500	-	-	-
Ryan White HIV Program / HIV Emergency Relief Project Grants							
FY2015/ FY2016	76,581	-	-	75,863	-	718	-
FY2016/ FY2017	1,705,098	1,928,731	-	3,633,826	-	3	-
FY2017/ FY2018	-	1,910,193	-	762,653	-	-	1,147,540
<i>Passed through NJ Department of Health and Senior Services:</i>							
Sexually Transmitted Disease (STD)							
FY2017	-	88,535	23,175	110,743	-	-	967
STD Education/Screening-High Risk Populations							
FY2016	19,078	-	-	19,078	-	-	-
FY2017	-	100,000	-	34,211	-	-	65,789
Tuberculosis Control (TB), Specialty Clinic Services							
FY2016	57,305	-	-	57,305	-	-	-
FY2017	-	97,869	-	22,041	-	-	75,828
Tuberculosis Clinical, Nursing Case Management and Outreach Services							
FY2016	75,798	-	-	75,798	-	-	-
FY2017	-	208,700	-	92,229	-	-	116,471
Child Health							
FY2016	62,669	-	-	62,669	-	-	-
FY2017	-	230,846	42,093	147,950	-	-	124,989
HIV/AIDS Counseling and Testing/Notification Assistance Program							
FY2016	114,073	-	-	83,876	-	30,197	-
FY2017	-	243,400	-	150,755	-	-	92,645
Gilead Integrating HCV Screening							
FY2017	-	224,400	-	134,640	-	-	89,760
<i>Passed through County of Passaic Department of Senior Services, Disability and Veterans Affairs</i>							
Senior Citizen & Disabled Transportation Assistance							
FY2015	46,460	-	-	46,460	-	-	-
FY2016	202,000	-	-	155,540	-	-	46,460
FY2017	-	202,000	-	-	-	-	202,000
US Department of Transportation/FHWA							
<i>Passed through NJ Transportation Panning Authority / NJIT-Rutgers office of Research and Sponsored Programs</i>							
HUD Sustainable Community Planning Grant -							
North Jersey Sustainable Community Program Administration							
FY2014	10,000	-	-	-	-	-	10,000
<i>Passed through NJ Department of Transportation</i>							
Spruce - McBride Intersection							
*	175,999	-	-	-	-	-	175,999
US Department of Interior							
<i>Passed through NJ Department of Environmental Protection</i>							
Historic Preservation Fund Grants-In-Aid:							
CLG Historic District Grant							
*	-	24,500	-	-	-	-	24,500
FY2015 Preservation Plan for Rogers Locomotive Works							
Erection Shop a/k/a Paterson Museum							
*	24,500	-	-	24,500	-	-	-

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2016	Current Year Awards		Cash Receipts	Transfer From Unappropriated Reserve	Re-Allocations Cancellations	Balance, June 30, 2017
		Budget as Adopted	Added by NJSA 40A:4-87				
US Department of Justice							
COPS Hiring Program (CHP)							
FY2014	\$ 558,078	\$ -	\$ -	\$ 558,078	\$ -	\$ -	\$ -
FY2017	-	2,820,053	-	127,179	-	-	2,692,874
<i>Passed through City of Passaic</i>							
Byrne Memorial Justice Assistance Grant							
FY2016	-	-	137,505	-	-	-	137,505
Byrne Memorial Justice Assistance Grant - Joint Application for the Cities of Clifton, Passaic and Paterson							
FY2014	131,306	-	-	131,306	-	-	-
FY2015	147,423	-	-	98,867	-	-	48,556
FY2016	132,581	-	-	-	-	-	132,581
US Department of Homeland Security - Federal Emergency Management Agency							
SAFER Fire Retention							
FY2016	6,337,315	-	-	3,795,407	-	-	2,541,908
<i>Passed through County of Passaic (through NJ Department of Law and Public Safety)</i>							
Hazardous Mitigation Grant							
*	4,322,336	-	-	292,855	-	-	4,029,481
<i>Passed through County of Union</i>							
State Police, Fire Urban Search and Rescue (USAR):							
USAR Fire Program							
FY2017	-	-	73,590	12,586	61,004	-	-
<i>Passed through NJ Department of Environmental Protection</i>							
Blue Acres Fund	314,561	-	-	-	-	-	314,561
US Department of Agriculture							
<i>Passed through NJ Department of Health and Senior Services</i>							
Senior Farmer's Market Nutrition Project							
FY2017	-	500	-	500	-	-	-
US Department of Housing and Urban Development							
<i>Passed through County of Passaic</i>							
CDBG-R Disaster Recovery Fuds							
FY2014	1,371,567	-	-	1,300,990	-	-	70,577
TOTAL FEDERAL GRANTS	16,306,637	8,562,227	276,363	12,755,677	61,004	30,918	12,297,628

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2016	Current Year Awards		Cash Receipts	Transfer From Unappropriated Reserve	Re-Allocations Cancellations	Balance, June 30, 2017
		Budget as Adopted	Added by NJSA 40A:4-87				
NJ Department of Commerce and Economic Development							
Urban Enterprise Zone (UEZ) Grants:							
Business Improvement Grant - Phase II	\$ 61,308	\$ -	\$ -	\$ 20,865	\$ -	\$ 40,443	\$ -
Marketing & Business Dev. - Phase II	71,493	-	-	20,417	-	-	51,076
Sidewalk Matching Grant - Phase II	18,233	-	-	-	-	18,233	-
<i>Passed through Paterson Restoration Corp.:</i>							
William Paterson University Small Business Development Center Year 16 FY2015	50,000	-	-	26,403	-	-	23,597
Clean Communities Project *	210,640	-	-	-	-	-	210,640
Administration FY2013	12,052	-	-	-	-	-	12,052
FY2014	45,841	-	-	-	-	-	45,841
FY2016	180,010	-	-	76,807	-	-	103,203
FY2017	-	240,900	-	58,100	-	-	182,800
NJ Department of Environmental Protection							
Municipal Storm Water Regulation Program							
FY2015	10,310	-	-	-	-	-	10,310
Solid Waste Administration:							
Recycling Tonnage Grant FY2017	-	-	227,131	227,131	-	-	-
Office of Brownfield Reuse - Site Remediation and Waste Management Program							
Hazardous Discharge Site Remediation Fund (HDSRF) - Supplemental Grant for BDA (Brownfield Development Area) Site Investigation							
Addy Mill *	30,432	-	-	-	-	-	30,432
FY2017	-	201,935	-	201,935	-	-	-
Cliff Street / Belmont Apartments *	20,264	-	-	-	-	-	20,264
ATP Great Lawn Area FY2016	124,938	-	-	124,938	-	-	-
Paterson Armory FY2016	398,780	-	-	-	-	-	398,780
Paterson Steam Plant FY2016	33,540	-	-	33,540	-	-	-
Hinchcliffe Stadium FY2016	42,279	-	-	-	-	-	42,279
Hazardous Discharge Site FY2017	-	21,865	-	7,845	-	-	14,020
BDA HAZ Steam Plant - Overlook Pk FY2017	-	-	420,307	-	-	-	420,307
NJ Department of Community Affairs							
Life Hazard Use Fees - LEA Rebate							
FY2014	20,459	-	-	-	-	20,459	-
FY2015	47,349	-	-	-	-	47,349	-
FY2016	135,172	-	-	107,085	-	28,087	-
FY2017	-	238,960	-	116,220	-	-	122,740

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2016	Current Year Awards		Cash Receipts	Transfer From Unappropriated Reserve	Re-Allocations Cancellations	Balance, June 30, 2017
		Budget as Adopted	Added by NJSA 40A:4-87				
NJ Department of Law and Public Safety							
Safe and Secure Communities Program							
FY2017	\$ -	\$ 199,563	\$ -	\$ 199,563	\$ -	\$ -	\$ -
Body Armor Replacement Fund							
FY2017	-	31,617	-	31,617	-	-	-
Drunk Driving Enforcement Fund							
FY2015	11,025	-	-	4,954	-	-	6,071
Distracted Driving							
FY2016	5,000	-	-	-	-	-	5,000
FY2017	-	5,000	-	5,000	-	-	-
<i>Passed Through Passaic County Youth Services Commission</i>							
Evening Reporting Program							
FY2015	30,962	-	-	-	-	-	30,962
FY2016	83,942	-	-	83,900	-	42	-
CY2017	-	103,855	-	17,392	-	-	86,463
NJ Historic Trust							
Hinchliffe Stadium Grant							
FY2013	500,000	-	-	-	-	-	500,000
NJ Department of Health and Senior Services							
<i>Passed through County of Passaic:</i>							
Public Health Preparedness and Response for Bioterrorism							
FY2016	78,652	-	-	65,222	-	13,430	-
FY2017	-	229,955	-	162,400	-	5,000	62,555
Local Core Capacity for Public Health Emergency Preparedness Grant							
NJ Department of Human / Youth Services							
<i>Passed through County of Passaic Youth Services Commission</i>							
Passaic County Paterson Station House Adjustment Component							
Station House Adjustment Program							
FY2016	1	-	-	-	-	1	-
FY2017	-	18,492	-	18,492	-	-	-
NJ Governor's Council on Alcohol and Drug Abuse (GCADA)							
<i>Passed through County of Passaic:</i>							
Paterson Municipal Alliance Prevention Program (PMAPP)							
Municipal Alliance Strategic							
FY2013/14	4,489	-	-	-	-	4,489	-
FY2015	43	-	-	-	-	43	-
FY2016	61,641	-	-	61,205	-	436	-
FY2017	-	61,641	-	-	-	-	61,641
NJ Department of Children and Families							
School Based Youth Services Program:							
School Linked State							
FY2017	-	304,690	-	292,065	-	-	12,625
Teen Parenting Program:							
FY2017	-	165,805	-	165,805	-	-	-
<i>Passed Through Passaic County Youth Services Commission - Family Court Funding</i>							
Total Lifestyle and Support Program							
FY2016	62,330	-	-	62,330	-	-	-
FY2017	-	86,980	-	21,745	-	-	65,235
Total Lifestyle Support Program - Additional							
FY2013	4,093	-	-	-	-	4,093	-
FY2016	-	-	-	-	-	-	-

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2016	Current Year Awards		Cash Receipts	Transfer From Unappropriated Reserve	Re-Allocations Cancellations	Balance, June 30, 2017
		Budget as Adopted	Added by NJSA 40A:4-87				
NJ Highlands Water Protection and Planning Council							
Transfer of Development Rights Feasibility Grant Program							
FY2014	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
NJ Department of State							
NJ Historical Commission							
Deleware-Lenape Culture Permanent Exhibit of the Paterson Museum							
FY2014	240	-	-	-	-	131	109
TOTAL STATE GRANTS	2,405,518	1,911,258	647,438	2,212,976	-	182,236	2,569,002

COUNTY, LOCAL AND PRIVATE GRANTS

Private Donations

Community Foundation of New Jersey of Morristown, NJ

T-GARP Support Grant

Summer 2017

	-	20,527	-	10,264	10,263	-	-
Cool Kids							
FY2017	-	500	-	-	500	-	-
Adult Literacy Community Guidance							
FY2017	-	80,430	-	52,395	-	-	28,035
Neighborhood Revital Tax Credit Project							
FY2017	-	60,000	-	60,000	-	-	-
American National Trust Hincliff Stadium							
FY2017	-	300,000	-	150,000	-	-	150,000
Uniform Career Guidance							
FY2017	-	50,000	-	39,881	-	-	10,119

Passaic County Open Space and Farmland Preservation Trust Fund

Overlook Park Improvements	143,059	-	-	32,680	-	-	110,379
Open Space Overlook Park	-	145,000	-	-	-	-	145,000
Mary Ellen Kramer Park Improvements							
Phase III	50,000	-	-	-	-	50,000	-
Phase IV	95,000	-	-	-	-	95,000	-
Rollover	45,000	-	-	-	-	-	45,000
Middle-Lower Raceway	45,000	-	-	-	-	45,000	-
- Invest. & Design	40,000	-	-	-	-	40,000	-
- Rollover	-	-	-	16,522	-	(96,672)	80,150
Passaic River Waterfront Study	30,000	-	-	-	-	-	30,000
Analysis of Pocket Parks	11,672	-	-	-	-	11,672	-
Pennington Park Gazebo	2,000	-	-	-	-	-	2,000
Eastside Park Concession Stand / Cricket House							
FY2013	260,000	-	-	59,401	-	-	200,599
Landscaping Improvements at Overlook Park							
FY2016	176,933	-	-	4,950	-	-	171,983
FY2017	-	239,065	-	-	-	-	239,065

TOTAL COUNTY, LOCAL AND PR	898,664	895,522	-	426,093	10,763	145,000	1,212,330
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GRAND TOTAL	\$ 19,610,819	\$ 11,369,007	\$ 923,801	\$ 15,394,746	\$ 71,767	\$ 358,154	\$ 16,078,960
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Ref.	A	A-33	A-33	A-33	A-36		A
Life Hazard Use Fees		\$ 238,960			A-34	\$ 136,214	
Public and Private Programs		11,130,047			A-33	221,940	
		<u>\$ 11,369,007</u>				<u>\$ 358,154</u>	

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF DUE FROM (TO) CURRENT FUND

	<u>Ref.</u>		
Increased by:			
Allocation of Interfund	A-4	\$ 562,134	
Cancellation Funded by Current Fund Operations	A-32	221,940	
Grant Funds Collected in Current	A-32	15,394,746	
Budget Appropriations as Modified	A-34	12,292,808	
City Match	A-34	817,277	
Unappropriated Grants	A-35	<u>256,279</u>	
			\$ 29,545,184
Decreased by:			
Allocation of Interfund	A-4	302,108	
Anticipated Grant Revenues	A-32	11,369,007	
Chapter 159 Grant Revenues	A-32	923,801	
Grant Expenditures Paid by Current, Net	A-34	<u>16,858,078</u>	
			<u>29,452,994</u>
Net Change in Interfund			92,190
Balance: June 30, 2016	A		<u>61,004</u>
Balance: June 30, 2017	A		<u><u>\$ 153,194</u></u>

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2016		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2017	
	Reserved	Encumbered					Encumbered	Reserved
FEDERAL GRANTS								
US Department of Health and Human Services								
Special Projects of National Significance 9/1/14 - 8/31/17	\$ 191,492	\$ 346	\$ -	\$ -	\$ -	\$ 191,838	\$ -	\$ -
Special Projects of National Significance 9/1/15 - 8/31/16	88,323	125,742	-	-	362,524	(191,838)	10,000	33,379
Special Projects of National Significance 9/1/16 - 8/31/17	-	-	482,500	-	371,826	-	62,565	48,109
Minority Aids Initiative Program 3/16-2/17	143,236	-	112,054	-	255,290	-	-	-
Minority Aids Initiative Program 3/17-2/18	-	-	140,243	-	83,577	-	-	56,666
(Ryan White 3/1/14-2/28/15) HIV Emergency Relief Project Grants	717	-	-	-	-	717	-	-
(Ryan White 3/1/16-2/28/17) HIV Emergency Relief Project Grants	1,206,261	105,178	1,816,677	-	3,128,113	2	1	-
(Ryan White 3/1/17-2/28/18) HIV Emergency Relief Project Grants	-	-	1,769,950	-	853,895	-	31,208	884,847
HIV/AIDS Counseling and Testing/Notification Assistance Program	35,728	12,509	-	-	18,040	30,197	-	-
HIV/AIDS Counseling and Testing/Notification Assistance Program	-	-	243,400	-	203,699	-	9,998	29,703
Passed through NJ Department of Health and Senior Services								
Sexually Transmitted Disease (STD) & STD Education/Screening-High Ris	-	-	111,710	-	101,352	-	100	10,258
STD Education/Screening-High Risk Populations	773	370	-	-	1,143	-	-	-
Tuberculosis Control (TB), Specialty Clinic Services	3,591	163	-	-	3,754	-	-	-
Tuberculosis Control (TB), Specialty Clinic Services 2017	-	-	208,700	-	195,317	-	9,256	4,127
Federal Tuberculosis Control (TB) Grant FY 2017	-	-	97,869	-	50,658	-	2,830	44,381
Tuberculosis Clinical, Nursing Case Mgmt. and Outreach Services	1,008	-	-	-	-	-	-	1,008
Tuberculosis Clinical, Nursing Case Mgmt. and Outreach Services	49,906	2,700	-	-	52,606	-	-	-
Child Health 2016	7	2,411	-	-	2,418	-	-	-
Child Health 2017	-	-	272,939	-	228,635	-	44,304	-
Passed through National Association of County and City Health Officials								
Medical Reserve Corps Grant	1,634	-	-	-	10	-	100	1,524
Passed through NJ Department of Children and Families								
School Based Youth Services Program	13,973	335	-	-	14,308	-	-	-
NJ DHS School Based Youth Services FY17	-	-	304,690	-	285,070	-	4,289	15,331
School Based Youth Services Program - School Linked State	10,088	1,845	-	-	8	-	1,822	10,103
Parent Linking Project	-	31,797	-	-	30,276	-	1,521	-
Parent Linking Program	-	381	-	-	-	-	381	-
NJ DHS Teen Parenting Program FY17	-	-	165,805	-	129,682	-	36,123	-
Passed through County of Passaic Department of Senior Services, Disability and Veterans Affairs								
Senior Citizen & Disabled Transportation Assistance (1)	211	78	-	-	-	-	78	211
Senior Citizen & Disabled Transportation Assistance (2)	4,235	75	-	-	-	-	75	4,235
Senior Citizen & Disabled Transportation Assistance (2)	109,299	604	-	-	109,857	-	-	46
Senior Citizen & Disabled Transportation Assistance	-	-	202,000	-	115,156	-	6,412	80,432

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2016		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2017	
	Reserved	Encumbered					Encumbered	Reserved
<u>US Department of Transportation/FHWA</u>								
<i>Passed through NJ Transportation Planning Authority / NJIT-Rutgers office of Research and Sponsored Programs</i>								
HUD Sustainable Community Planning Grant - North Jersey Sustainable Community Program Administration	\$ 9,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9,985
<i>Passed through NJ Department of Transportation</i>								
Spruce-McBride Avenue Intersection	108,796	5,488	-	-	-	-	5,488	108,796
<u>US Department of Interior</u>								
<i>Passed through NJ Department of Environmental Protection</i>								
Historic Preservation Fund Grants-In-Aid: Certified Local Government (CLG) Historic District Grant	2,500	-	-	-	2,500	-	-	-
National Trust Preservation								
FY2015 Preservation Plan for Rogers Locomotive Works	24,500	-	-	-	24,500	-	-	-
Erection Shop a/k/a Paterson Museum								
FY2017 Grant	-	-	24,500	-	-	-	24,500	-
<u>US Department of Justice</u>								
COPS Hiring Program (CHP)	558,078	-	-	-	558,078	-	-	-
COPS Hiring Program (CHP)	-	-	2,820,053	-	355,449	-	-	2,464,604
Bulletproof Vest Partnership Program	-	3,285	-	-	-	-	3,285	-
<i>Passed through City of Passaic</i>								
2013 Byrne Memorial Justice Assistance Grant - Joint Application for the Cities of Clifton, Passaic and Paterson	-	18,262	-	-	18,262	-	-	-
2014 Byrne Memorial Justice Assistance Grant - Joint Application for the Cities of Clifton, Passaic and Paterson	55,590	35,706	-	-	48,907	-	7,271	35,118
2015 Byrne Memorial Justice Assistance Grant - Joint Application for the Cities of Clifton, Passaic and Paterson	132,581	-	-	-	-	-	132,580	1
2016 Byrne Memorial Justice Assistance Grant - Joint Application for the Cities of Clifton, Passaic and Paterson	-	-	137,505	-	-	-	-	137,505

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2016		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2017	
	Reserved	Encumbered					Encumbered	Reserved
<u>US Department of Homeland Security - Federal Emergency Management Agency</u>								
SAFER Fire Retention Grant	\$ 6,607,322	\$ -	\$ -	-	\$ 3,612,984	\$ -	\$ -	\$ 2,994,338
<i>Passed through County of Passaic (through NJ Department of Law and Public Safety)</i>								
FY2013 Emergency Management Agency Assistance (EMAA) Application	10,000	-	-	-	-	-	-	10,000
FY2014 Emergency Management Agency Assistance (EMAA) Application	15,000	-	-	-	-	-	-	15,000
FEMA - Assistance to Firefighters Grant 2010	-	-	-	-	-	-	-	-
FY2011 Assistance to Firefighters Grant - Fire Prevention and Safety Grants	100	-	-	-	-	-	-	100
<i>Passed through County of Union</i>								
State Police, Fire Urban Search and Rescue (USAR): Metro Strike Team, Structure Collapse and Annual Must Exercise FD Programs	352	-	-	-	352	-	-	-
State Police, Fire Urban Search and Rescue (USAR): Metro Strike Team, Structure Collapse and Annual Must Exercise FD Programs	15,319	-	-	-	9,310	-	15	5,994
State Police, Fire Urban Search and Rescue (USAR): Metro Strike Team, Structure Collapse and Annual Must Exercise FD Programs	-	-	73,590	-	-	-	-	73,590
<i>Passed through NJ Department of Environmental Protection</i>								
Blue Acres Fund	3,965,840	536,165	-	-	1,137,259	-	492,881	2,871,865
<u>US Department of Agriculture</u>								
NJDOH Senior Farmer's Market	500	-	-	-	-	-	-	500
NJDOH Senior Farmer's Market	16	-	-	-	-	-	-	16
NJDOH Senior Farmer's Market FY17	-	-	500	-	481	-	-	19
<u>US Department of Housing and Urban Development</u>								
Passed through County of Passaic								
CDBG-R Disaster Recovery Funds	1,087,554	226,743	-	-	1,311,060	-	-	3,237
TOTAL FEDERAL GRANTS								
	\$ 14,454,515	\$ 1,110,183	\$ 8,984,685	\$ -	\$ 13,676,356	\$ 30,916	\$ 887,083	\$ 9,955,028

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2016		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2017	
	Reserved	Encumbered					Encumbered	Reserved
<u>STATE GRANTS</u>								
<u>NJ Department of Commerce and Economic Development</u>								
Urban Enterprise Zone Grants								
Business Improvement Phase II Matching Grant 2006	\$	2,198	\$	-	\$	2,198	\$	-
Marketing & Business Development Prog. Phase II		54,572		-		3,910		54,072
<i>Passed through Paterson Restoration Corp.</i>								
William Paterson University Small Business Dev. Center Year 16		-		-		2,991		14,545
Clean Communities Project		189,191		-		-		188,608
Administration 2014		20,017		-		-		20,017
Administration 2016		105,906		-		10,951		98,080
Administration 2017		-		-		240,900		138,344
<u>NJ Department of Environmental Protection</u>								
Municipal Storm Water Regulation Program		538		-		-		538
Recycling Tonnage Grant 2008		9,385		-		201,499		15,433
Recycling Tonnage Grant		77,554		-		36,928		77,554
Recycling Tonnage Grant		-		-		-		227,131
Hazardous Waste - 2013 Recycling Tonnage Grant		219,496		-		168,625		47,931
NJDEP Recycling Tonnage Grant		44,186		-		44,360		44,186
NJDEP Clean Communities		508		-		508		-
NJDEP Clean Communities		69		-		69		-
Solid Waste Administration - FY2015 Clean Communities Program Grant		107,196		-		113,512		6,213
Solid Waste Administration - FY2016 Clean Communities Program Grant		221,251		-		172,261		21,220
Office of Brownfield Reuse - Site Remediation and Waste Management Program								
Hazardous Discharge Site Remediation Fund (HDSRF) -								
Supplemental Grant for BDA (Brownfield Development Area) Site Investigation								
Dairy Queen		-		-		8,262		-
Addie Mill		-		-		-		-
BDA HAZ Steam Plant - Overlook Park		-		-		-		420,307
Cliff Street/Belmont Apartments		-		-		-		-
Columbia Textile Phase III		-		-		-		-
Site Investigation - ATP Great Lawn Area		-		-		18,404		-
Site Investigation - Paterson Armory		300,000		-		69,781		-
Site Investigation - Steam Plant		-		-		39,320		300,000
Site Investigation - Hinchcliffe Stadium		-		-		32,356		-
(SEP) Supplemental Environmental Project Property		-		-		37,844		-
Mary Ellen Kramer Park		95,000		-		86,257		95,000

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2016		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2017	
	Reserved	Encumbered					Encumbered	Reserved
<u>NJ Department of Community Affairs</u>								
Life Hazard Use Fees - LEA Rebate 2015	\$	-	\$	-	\$	47,349	\$	\$
Life Hazard Use Fees - LEA Rebate 2016	-	-	-	-	(28,087)	28,087	-	-
Life Hazard Use Fees 2017	-	-	238,960	-	238,960	-	-	-
<u>NJ Economic Development Authority</u>								
Local Tourism Grant - Passaic Falls Overlook Park	-	41,290	-	-	-	-	41,290	-
<u>NJ Department of Law and Public Safety</u>								
Safe and Secure Communities Program F17	-	-	199,563	802,137	1,001,700	-	-	-
Alcohol Education Rehabilitation Enforcement Fund / Alcohol Education Rehab	422	-	-	-	-	-	-	422
Alcohol Education Enforcement Fund	1,244	-	-	-	-	-	-	1,244
Body Armor Replacement Fund FY17	-	-	31,617	-	-	-	31,617	-
Body Armor Replacement Fund (BARF)	23,910	7,257	-	-	22,880	-	-	8,287
DWI Drunk Driving Enforcement Fund	11,675	-	-	-	8,054	-	-	3,621
2015 Distracted Driving Statewide Crackdown Grant	5,000	-	-	-	-	-	-	5,000
2017 Distracted Driving Statewide Crackdown Grant	-	-	5,000	-	-	-	-	5,000
Operation Cease Fire	15,000	-	-	-	-	-	-	15,000
<u>Passaic County Youth Services Commission</u>								
Evening Reporting Program 2009	68,606	-	-	-	-	-	-	68,606
Evening Reporting Program 2010	100,013	-	-	-	-	-	-	100,013
Evening Reporting Program 2011	905	-	-	-	-	-	-	905
Evening Reporting Program 2012	4,381	-	-	-	-	-	-	4,381
Evening Reporting Program 2015	7,681	96	-	-	-	-	97	7,680
Evening Reporting Program 2016 (3)	88,233	8,242	-	-	73,387	42	8,441	14,605
Evening Reporting Program 2017	-	-	103,855	-	1,937	-	1,900	100,018
<u>NJ Historic Trust</u>								
Hinchcliffe Stadium Grant	500,000	-	-	-	-	-	-	500,000

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2016		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2017	
	Reserved	Encumbered					Encumbered	Reserved
NJ Department of Health and Senior Services								
Passed through County of Passaic								
Bioterrorism Preparedness FY17	\$	-	\$	229,955	\$	223,840	\$	5,000
Local Core Capacity for Public Health Emergency Preparedness Grant	19,175	7,317	-	-	13,062	13,430	-	-
HIV Health Education & Risk Reduction FY17	-	-	100,000	-	47,412	-	22,210	30,378
NJ Department of Human / Youth Services								
Passed through County of Passaic Youth Services Commission								
Passaic County Paterson Station House Adjustment 2014	317	-	-	-	-	-	-	317
Passaic County Paterson Station House Adjustment Program	25	-	-	-	-	-	-	25
Passaic County Paterson Station House Adjustment Program	9,150	-	-	-	-	-	-	9,150
Passaic County Paterson Station House Adjustment 2017	-	-	18,492	-	18,492	-	-	-
NJ Governor's Council on Alcohol and Drug Abuse (GCADA)								
Passed through County of Passaic Department of Human Services								
Paterson Municipal Alliance Prevention Program (PMAPP)								
FY2014 Municipal Alliance Strategic Plan	263	6,154	-	-	-	4,489	1,644	284
FY2015 Municipal Alliance Strategic Plan	386	19,308	-	-	4,908	43	14,400	343
FY2016 Municipal Alliance Strategic Plan	42,136	449	-	-	20,574	436	173	21,402
FY2017 Municipal Alliance Strategic Plan	-	-	61,641	15,140	58,674	-	5,865	12,242
NJ Department of Children and Families								
Passed Through Passaic County Youth Services Commission - Family Court Funding								
Lifestyle Support Program Additional Funding - 2012	22,731	-	-	-	-	4,093	-	18,638
Total Lifestyle Support Program 2011	46,561	-	-	-	-	-	-	46,561
Total Lifestyle and Support Program	4,129	-	-	-	-	-	-	4,129
Total Lifestyle and Support Program	1,718	-	-	-	-	-	-	1,718
Total Lifestyle and Support Program (Family Court Grant)	67,241	-	-	-	63,815	-	-	3,426
Total Lifestyle and Support Program CY2017	-	-	86,980	-	31,333	-	-	55,647

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2016		Current Year Awards	City Match	Paid or Charged	Adjusted/ Cancelled	Balance: June 30, 2017	
	Reserved	Encumbered					Encumbered	Reserved
<u>NJ Highlands Water Protection and Planning Council</u>								
Transfer of Development Rights Feasibility Grant Program	\$ 50,000	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ 50,000
<u>NJ Department of State</u>								
NJ Historical Commission								
Deleware-Lenape Culture Permanent Exhibit of the Paterson Museum	1,200	-	-	-	-	-	-	1,200
NJ State Council on the Arts - Partner Agency of the National Endowment for the Arts								
Quarterly Visual Art Exhibition Series	1,600	-	-	-	-	-	-	1,600
Public Archives & Records Infrastructure Support Grant (PARIS) 2006	12,629	-	-	-	-	-	-	12,629
Public Archives & Records Infrastructure Support Grant (PARIS) 2007	-	29,377	-	-	-	-	29,377	-
<i>Passed Through Passaic County Cultural and Heritage Council</i>								
Exhibit Freedom Boulevard Gate	440	-	-	-	-	-	-	440
Art Grant	330	-	-	-	-	-	-	330
Museum Grant	335	-	-	-	-	-	-	335
Museum Council -2009	131	-	-	-	-	131	-	-
TOTAL STATE GRANTS	\$ 2,554,634	\$ 890,365	\$ 2,188,201	\$ 817,277	\$ 2,901,859	\$ 105,298	\$ 568,565	\$ 2,874,755

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2016		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2017	
	Reserved	Encumbered					Encumbered	Reserved
<u>COUNTY, LOCAL AND PRIVATE GRANTS</u>								
<u>Passaic County Open Space</u>								
Overlook Park Improvements	\$ 54,889	\$ 55,490	\$ -	\$ -	\$ 51,390	\$ -	\$ 4,100	\$ 54,889
Overlook Park Improvements	-	-	239,065	-	-	-	-	239,065
Open Space Overlook Park	-	-	145,000	-	-	-	-	145,000
Landscaping Improvements at Overlook Park	176,933	-	-	-	4,950	-	60,000	111,983
Middle - Lower Raceway	-	45,000	-	-	-	45,000	-	-
Middle - Lower Raceway Investigation and Design	40,000	-	-	-	-	40,000	-	-
Analysis Pocket Parks	11,267	-	-	-	-	11,267	-	-
Middle - Lower Raceway Investigation and Design	-	-	-	-	54,259	(96,267)	41,611	397
Passaic River Waterfront Study	30,000	-	-	-	-	-	-	30,000
Pennington Park Gazebo	4,477	-	-	-	-	-	-	4,477
Eastside Park Concession Stand / Cricket House	228,245	-	-	-	-	-	-	228,245
Neighborhood Revital Tax Credit Project	-	-	60,000	-	60,000	-	-	-
Uniform Career Guidance FY17	-	-	50,000	-	2,403	-	-	47,597
Adult Literacy Community Guidance	-	-	80,430	-	5,265	-	-	75,165
<u>Passaic County Prosecutor</u>								
Passaic County Prosecutor's Office Franklin Reward	2,500	-	-	-	-	-	-	2,500
Passaic County Confidential Forfeiture Fund	9,000	-	-	-	-	-	-	9,000
<u>Paterson Restoration Corporation</u>								
Division of Community Improvements Technology Upgrade Grant	41,068	-	-	-	-	-	-	41,068
PRC Master Plan Grant	1,000	-	-	-	-	-	-	1,000

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2016		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2017	
	Reserved	Encumbered					Encumbered	Reserved
Private Donations and Other								
1st Ward Library Renovation Insurance Grant	\$ 229,682	\$ 4	\$ -	-	\$ -	-	\$ 2,278	\$ 227,408
Anita Tenk Spay & Neuter Program	-	56	-	-	-	-	56	-
Cablevision Public Education and Government Access Grant	12,981	-	-	-	(17,462)	-	-	30,443
Cool Kids	-	-	500	-	-	-	-	500
American National Treasures Grant - Hinchliff Stadium	-	-	300,000	-	-	-	-	300,000
(Anonymous Donors Through) Community Foundation of NJ -Give & Receive Summer Program								
Summer 2014 T-GARP Support Grant	1,063	-	-	-	-	-	-	1,063
Summer 2013 T-GARP Support Grant	133	-	-	-	-	-	-	133
Summer 2015 T-GARP Support Grant	159	-	-	-	-	-	-	159
Summer 2017 T-GARP Support Grant	-	-	20,527	-	20,162	-	173	192
Hannah Family Memorial Grant	1,436	-	-	-	-	-	-	1,436
Gilead Integrating HCV Screening CY17	-	-	224,400	-	98,896	-	43,896	81,608
Museum Brochure Grant Donald Baer	1,000	-	-	-	-	-	-	1,000
Paterson Museum Mineral Hall Collection Donations	2,515	-	-	-	-	-	-	2,515
Donations Mineral Display Grant	2,000	-	-	-	-	-	-	2,000
PSE&G Emergency Preparedness Grant (Go Bags)	112	-	-	-	-	-	-	112
Silk City Woman's Club Museum Grant	1,000	-	-	-	-	-	-	1,000
Paterson Museum Pharmacy Exhibit Donations	711	-	-	-	-	-	-	711
Paterson Museum Mineral Display Grant	5,000	-	-	-	-	-	-	5,000
Paterson Museum Dan Oliff Memorial Veterans Exhibit	2,829	-	-	-	-	-	-	2,829
TOTAL COUNTY, LOCAL AND PRIVATE GRANTS	\$ 860,000	\$ 100,550	\$ 1,119,922	\$ -	\$ 279,863	\$ -	\$ 152,114	\$ 1,648,495
GRAND TOTAL	\$ 17,869,149	\$ 2,101,098	\$ 12,292,808	\$ 817,277	\$ 16,858,078	\$ 136,214	\$ 1,607,762	\$ 14,478,278
	A	A	A-33	A-33	A-33	A-32	A	A
	Public and Private Programs		\$ 12,053,848					
	Life Hazard Use Fees		238,960					
			\$ 12,292,808					

- (1) Includes State Casino Revenue Funding of \$175,540 and Federal Title III Older Americans Act Funding of \$46,460.
(2) Includes State Casino Revenue Funding of \$155,540 and Federal Title III Older Americans Act Funding of \$46,460.
(3) Includes State/Community Partnerships Grants Funding of \$38,026.

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance, June 30, 2016	Increased by: Grants Received	Appropriated in Budget of Current Year	Balance, June 30, 2017
UASI Rescue Training Fund	\$ 61,004	\$ -	\$ 61,004	\$ -
Community Foundation of Morristown, NJ				
Summer T-GARP Support Grant	10,263	10,000	10,263	10,000
NJ Teen Parenting	500	-	500	-
Urban Search and Rescue Grant	-	22,820	-	22,820
Museum Art Project Grant	-	1,600	-	1,600
Museum History Project Grant	-	1,250	-	1,250
Clean Communities	-	187,965	-	187,965
Drunk Driving Enforcement Fund	-	27,364	-	27,364
Distracted Driving IncentiveGrant	-	5,280	-	5,280
	<u>\$ 71,767</u>	<u>\$ 256,279</u>	<u>\$ 71,767</u>	<u>\$ 256,279</u>
Ref.	A	A-33	A-32	A

Exhibit A-36

SCHEDULE OF RESERVE FOR GRANT OVERPAYMENTS

	Balance, June 30, 2016	Balance, June 30, 2017
Evening Reporting Grant	\$ 61,690	\$ 61,690
Total Lifestyle Grant 2007	541	541
Community Foundation Summer 2014 T-GARP Support Grant	97	97
FEMA - Hurricane Sandy	127,631	127,631
Other	1,984	1,984
	<u>\$ 191,943</u>	<u>\$ 191,943</u>
Ref.	A	A

CITY OF PATERSON

REPORT OF AUDIT

**SUPPLEMENTARY DATA SECTION:
TRUST FUND SCHEDULES**

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

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - TREASURER

		<u>Animal Control</u>	<u>Community Development</u>	<u>Trust Other</u>
	<u>Ref.</u>			
Balance: June 30, 2016	B	\$ 63,309	\$ 1,144,300	\$ 6,565,498
Increased by Receipts:				
Fund Balance	B-1	-	-	32
Interest Earned	B-22	-	1,286	-
Due to Special Improvement Districts	B-4	-	-	514,951
Grants Receivable	B-5	-	5,146,641	-
Off Duty Police Officers	B-7	-	-	8,115,189
Off Duty Police Officers - Administration	B-8	-	-	910,255
Reserve for Animal Control Expenditures	B-9	415,702	-	-
Parking Offense Adjudication Act	B-12	-	-	71,244
Reserve for Public Defender Fees	B-14	-	-	30,509
Other Deposits	B-15	-	-	18,557,719
Due from Special Improvement Districts	B-21	-	777,755	-
Prepaid Revenue	B-18	-	-	55,845
Reserve for Payroll Agency	B-20	-	-	78,737,671
Reserve for Various Grants	B-22	-	94,233	-
		<u>415,702</u>	<u>6,019,915</u>	<u>106,993,415</u>
Subtotal - Cash		<u>479,011</u>	<u>7,164,215</u>	<u>113,558,913</u>
Decreased by Disbursements:				
Fund Balance	B-1	-	-	7,450
Due to Special Improvement Districts	B-4	-	-	644,991
Due to State of New Jersey	B-6	2,706	-	-
Reserve for Off Duty Police Officers	B-7	-	-	7,451,989
Reserve for Admin-Off Duty Police Officers	B-8	-	-	507,918
Other Deposits	B-15	-	-	18,116,033
Overpayments Disbursed	B-16	-	-	466
Reserve for Payroll Agency	B-20	-	-	77,202,870
Due to Current	B-21	380,428	-	143,070
Grant Expenditures	B-22	-	6,368,456	-
		<u>383,134</u>	<u>6,368,456</u>	<u>104,074,787</u>
Balance: June 30, 2017	B	<u>\$ 95,877</u>	<u>\$ 795,759</u>	<u>\$ 9,484,126</u>

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

SCHEDULE OF TAXES RECEIVABLE - SPECIAL IMPROVEMENT DISTRICTS

		<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
	<u>Ref.</u>			
Balance: June 30, 2016	B	\$ 3,020	\$ 161	\$ 2,859
Increased by:				
Overpayments	B-16	549	549	-
Billings	B-19	487,723	183,693	304,030
		<u>491,292</u>	<u>184,403</u>	<u>306,889</u>
Decreased by:				
Transfer to Lien	B-17	12,063	8,106	3,957
Prepaid Revenue Applied	B-19	45,643	12,859	32,784
Realized Revenue	B-19	426,376	158,550	267,826
Cancellations	B-19	4,897	4,881	16
		<u>488,979</u>	<u>184,396</u>	<u>304,583</u>
Balance: June 30, 2017	B	<u>\$ 2,313</u>	<u>\$ 7</u>	<u>\$ 2,306</u>

Exhibit B-4

SCHEDULE OF DUE TO SPECIAL IMPROVEMENT DISTRICTS

		<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
	<u>Ref.</u>			
Balance: June 30, 2016	B	\$ 132,657	\$ 44,242	\$ 88,415
Increased by:				
Cash Receipts	B-2	514,951	197,519	317,432
Prepaid Applied	B-18	45,643	12,859	32,784
		<u>560,594</u>	<u>210,378</u>	<u>350,216</u>
Decreased by:				
Cash Disbursements	B-2	644,991	238,380	406,611
Balance: June 30, 2017	B	<u>\$ 48,260</u>	<u>\$ 16,240</u>	<u>\$ 32,020</u>

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

SCHUDULE OF GRANTS RECEIVABLE

	Balance June 30, 2016	Increase	Decreased by Cash Receipts	Balance June 30, 2017
Community Development Block Grant	\$ 3,309,772	\$ 2,740,728	\$ 2,909,887	\$ 3,140,613
Neighborhood Stabilization	173,142	-	27,568	145,574
Emergency Shelter Grant	151,097	271,038	304,950	117,185
Way Finding Signage	97,726	-	-	97,726
Housing Opportunities for Persons with AIDS	1,962,693	1,363,496	1,397,227	1,928,962
HUD Home Program	2,775,909	1,000,066	507,009	3,268,966
	<u>\$ 8,470,339</u>	<u>\$ 5,375,328</u>	<u>\$ 5,146,641</u>	<u>\$ 8,699,026</u>
<u>Ref.</u>	B		B-2	B
Grant Award	B-22	\$ 4,935,915		
Repayment Appropriated by Current Fund Budgt	B-22	439,413		
		<u>\$ 5,375,328</u>		

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

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL REGISTRATION FEES**

Balance: June 30, 2016	<u>Ref.</u> B	\$ 66
Increased by:		
Fees Collected	B-6	<u>2,720</u>
		2,786
Decreased by:		
Cash Disbursements	B-2	<u>2,706</u>
Balance: June 30, 2017	B	<u><u>\$ 80</u></u>

Exhibit B-7

SCHEDULE OF RESERVE FOR OFF-DUTY POLICE OFFICERS

Balance: June 30, 2016	<u>Ref.</u> B	\$ 470,637
Increased by:		
Cash Receipts	B-2	<u>8,115,189</u>
		8,585,826
Decreased by:		
Cash Disbursements	B-2	<u>7,451,989</u>
Balance: June 30, 2017	B	<u><u>\$ 1,133,837</u></u>

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

SCHEDULE OF RESERVE FOR ADMINISTRATION OFF-DUTY POLICE OFFICERS

Balance: June 30, 2016	<u>Ref.</u> B	\$ 269,017
Increased by:		
Transfer from Reserve for Off-Duty Police Officers	B-2	<u>910,255</u>
		1,179,272
Decreased by:		
Off-Duty Salaries	B-2	<u>507,918</u>
Balance: June 30, 2017	B	<u><u>\$ 671,354</u></u>

Exhibit B-9

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance: June 30, 2016	<u>Ref.</u> B	\$ 61,344
Increased by:		
Budget Appropriation		\$ 374,630
Contracting Towns		28,980
License Fees		<u>12,092</u>
	B-2	<u>415,702</u>
		477,046
Decreased by:		
Expenditures under R.S. 4:19-15. 11	B-21	378,529
State Fees	B-6	<u>2,720</u>
		<u>381,249</u>
Balance: June 30, 2017	B	<u><u>\$ 95,797</u></u>
		License Fees Collected:
	2015	\$ 370,084
	2016	<u>363,807</u>
Maximum Allowable Reserve		<u><u>\$ 733,891</u></u>

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

SCHEDULE OF REDEVELOPMENT/CDBG HELD PROPERTY

	<u>Ref.</u>	
Balance: June 30, 2016 and 2015	B	\$ <u>172,930</u>

Exhibit B-11

SCHEDULE OF RESERVE FOR REDEVELOPMENT/CDBG HELD PROPERTY

	<u>Ref.</u>	
Balance: June 30, 2016 and 2015	B	\$ <u>172,930</u>

Exhibit B-12

SCHEDULE OF RESERVE FOR PARKING OFFENSE ADJUDICATION ACT

	<u>Ref.</u>	
Balance: June 30, 2016	B	\$ 256,199
Increased by:		
Fees Collected	B-2	<u>71,244</u>
		327,443
Decreased by:		
Due To Current Fund	B-21	<u>40,401</u>
Balance: June 30, 2017	B	\$ <u>287,042</u>

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

SCHEDULE OF RESERVE FOR WEIGHTS AND MEASURES

	<u>Ref.</u>	
Balance: June 30, 2016 and 2015	B	\$ <u>74,267</u>

Exhibit B-14

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEES

	<u>Ref.</u>	
Balance: June 30, 2016	B	\$ 84,510
Increased by:		
Fees Collected	B-2	<u>30,509</u>
		115,019
Decreased by:		
Due to Current Fund	B-21	<u>102,101</u>
Balance: June 30, 2017	B	\$ <u>12,918</u>

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

SCHEDULE OF RESERVE FOR OTHER DEPOSITS

	Balance June 30, 2016	Cash Receipts	Decrease	Balance June 30, 2017
Street Opening Deposits	\$ 6,150	\$ 6,150	\$ 2,700	\$ 9,600
Bid Deposits	54,800	26,700	28,000	53,500
Dumpster Deposits	7,900	11,300	9,500	9,700
Park and Recreation Deposits	19,750	900	3,500	17,150
Tax Lien Certificates	6,589	-	-	6,589
Tax Sale Premium	1,203,310	934,300	600,300	1,537,310
Tax Sale Redemption Certificate	-	17,352,829	17,352,829	-
Park Use Fees	6,575	10,635	-	17,210
Historic Preservation Fund	1,741	-	-	1,741
Fetty Wop Concert/Donations	11,704	4,118	8,557	7,265
Special Recreation Fund	2,386	-	-	2,386
Estate of John Burhams	4,264	1,205	-	5,469
EEO Retainage	53,077	-	-	53,077
Ho Ho Kus Training	-	47,443	29,947	17,496
Koar George	92,562	86,378	86,000	92,940
Developers Escrow Account	-	-	-	-
Insurance Liability	1,544,057	8,548	-	1,552,605
County Forfeitures	-	28,263	-	28,263
Donations:				
City Council Donations	-	4,950	-	4,950
Hinchliffe Donations	-	30,000	-	30,000
Overlook Park Donations	-	1,500	-	1,500
Eastside Park Donations	-	2,500	-	2,500
	<u>\$ 3,014,865</u>	<u>\$ 18,557,719</u>	<u>\$ 18,121,333</u>	<u>\$ 3,451,251</u>
	B	B-2		B
Cancellations		B-1	\$ 5,300	
Cash Disbursements		B-2	<u>18,116,033</u>	
			<u>\$ 18,121,333</u>	

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

**SCHEDULE OF TAX OVERPAYMENTS -
SPECIAL IMPROVEMENT DISTRICTS**

		<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
	<u>Ref.</u>			
Balance: June 30, 2016	B	\$ 466	\$ -	\$ 466
Increased by:				
Cash Receipts	B-3	549	549	-
		1,015	549	466
Increased by:				
Cash Disbursements	B-2	466	-	466
Balance: June 30, 2017	B	<u>\$ 549</u>	<u>\$ 549</u>	<u>\$ -</u>

Exhibit B-17

**SCHEDULE OF TAX TITLE LIENS RECEIVABLE -
SPECIAL IMPROVEMENT DISTRICTS**

		<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
	<u>Ref.</u>			
Balance: June 30, 2016	B	\$ 91,855	\$ 84,918	\$ 6,937
Increased by:				
Transfer to Lien	B-3	12,063	8,106	3,957
Chargers Receivable	B-19	222	15	207
		104,140	93,039	11,101
Decreased by:				
Cancellations	B-19	60,187	60,187	-
Realized Revenue	B-19	19,329	14,068	5,261
		79,516	74,255	5,261
Balance: June 30, 2017	B	<u>\$ 24,624</u>	<u>\$ 18,784</u>	<u>\$ 5,840</u>

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

**SCHEDULE OF PREPAID REVENUE -
SPECIAL IMPROVEMENT DISTRICTS**

	<u>Ref.</u>	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance: June 30, 2016	B	\$ 45,643	\$ 12,859	\$ 32,784
Increased by:				
Cash Receipts	B-2	55,845	18,450	37,395
		101,488	31,309	70,179
Decreased by:				
Applied to Receivable	B-4	45,643	12,859	32,784
Balance: June 30, 2017	B	<u>\$ 55,845</u>	<u>\$ 18,450</u>	<u>\$ 37,395</u>

Exhibit B-19

**SCHEDULE OF RESERVE FOR TAXES RECEIVABLE -
SPECIAL IMPROVEMENT DISTRICTS**

	<u>Ref.</u>	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance: June 30, 2016	B	\$ 94,875	\$ 85,079	\$ 9,796
Increased by:				
Liens Receivable	B-17	222	15	207
Billings	B-3	487,723	183,693	304,030
		582,820	268,787	314,033
Decreased by:				
Realized Revenue:				
Taxes	B-3	426,376	158,550	267,826
Liens	B-17	19,329	14,068	5,261
Cancelled Billings:				
Charges	B-3	4,897	4,881	16
Liens	B-17	60,187	60,187	-
Prepaid Revenue Applied	B-3	45,643	12,859	32,784
		556,432	250,545	305,887
Balance: June 30, 2017	B	<u>\$ 26,388</u>	<u>\$ 18,242</u>	<u>\$ 8,146</u>

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

SCHEDULE OF RESERVE FOR PAYROLL AGENCY

Balance: June 30, 2016	<u>Ref.</u> B	\$ 2,209,217
Increased by:		
Cash Receipts	B-2	<u>78,737,671</u>
		80,946,888
Decreased by:		
Cash Disbursements	B-2	<u>77,202,870</u>
Balance: June 30, 2017	B	<u><u>\$ 3,744,018</u></u>
Reserved for:		
Pensions: PFRS, PERS		\$ 2,133,107
Federal Withholding		664,620
State Withholdings		331,178
Pensions Back Deductions		96,915
Pension Holds		112,792
DCRP		33,896
Garnishments Prior to 4/1/16		55,446
Miscellaneous		16,651
Social Security and Medicare		<u>299,413</u>
		<u><u>\$ 3,744,018</u></u>

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

SCHEDULE OF DUE TO CURRENT FUND

		Animal Control	Trust Other
	<u>Ref.</u>		
Balance: June 30, 2016	B	\$ -	\$ 2,469
Increased by:			
Community Development Cash Receipts	B-2	-	777,755
Animal Control Expenditures	B-9	378,529	-
Parking Offenses Adjudication Act (POAA)	B-12	-	40,401
Public Defender	B-14	-	102,101
Intra-Fund	contra	1,899	-
		<u>380,428</u>	<u>920,257</u>
Decreased by:			
Cash Disbursed	B-2	380,428	143,070
Grant Reserves	B-22	-	571,175
Intra-Fund	contra	-	1,899
		<u>380,428</u>	<u>716,144</u>
Balance: June 30, 2017	B	<u>\$ -</u>	<u>\$ 206,582</u>

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

SCHEDULE OF RESERVE FOR VARIOUS GRANTS

	Balance June 30, 2016	Increased by:			Interfund and Reallocation	Decreased by:		Balance June 30, 2017
		Interest Earned	Program Income	Grants Awards		Repayment Funding	Cash Disbursements	
Community Development Block Grant	\$ 3,303,931	\$ -	\$ 36,106	\$ 2,301,315	\$ 439,413	\$ 619,374	\$ 4,095,392	\$ 2,604,747
Section 8: Earned Administration Balances	491,288	21	-	-	-	-	-	491,309
Neighborhood Stabilization	176,840	-	-	-	-	-	13,198	163,642
Emergency Shelter Grant	111,679	-	-	271,038	-	(28,199)	310,254	44,264
Housing Opportunities for Persons with AIDS	1,933,523	-	-	1,363,496	-	-	1,434,850	1,862,169
Way Finding Signage	97,126	-	-	-	-	-	-	97,126
HUD Home Program	2,705,778	-	58,127	1,000,066	-	(20,000)	514,762	3,229,209
Regional Contribution Agreements:								
Wayne	120,331	355	-	-	-	-	-	120,686
Woodland Park	576,462	827	-	-	-	-	-	577,289
Hawthorne	97,681	83	-	-	-	-	-	97,764
	<u>\$ 9,614,639</u>	<u>\$ 1,286</u>	<u>\$ 94,233</u>	<u>\$ 4,935,915</u>	<u>\$ 439,413</u>	<u>\$ 571,175</u>	<u>\$ 6,368,456</u>	<u>\$ 9,288,205</u>
<u>Ref.</u>	<u>B</u>	<u>B-2</u>	<u>B-2</u>	<u>B-5</u>	<u>B-5</u>	<u>B-21</u>	<u>B-2</u>	<u>B</u>
Emergency Solutions Grant: Additional Allocation				\$ 72,999				
CDBG FY2014 Additional Funding				143,019				
Current Grant Awards				4,719,898				
				<u>\$ 4,935,916</u>				

CITY OF PATERSON

REPORT OF AUDIT

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

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

SCHEDULE OF CASH - TREASURER**

Balance: June 30, 2016	<u>Ref.</u> C; C-3	\$ 15,194,490
Increased by:		
Cash Reallocation	C-8	<u>23,830,444</u>
		39,024,934
Decreased by:		
Cash Reallocation	C-8	<u>15,194,490</u>
Balance: June 30, 2017	C, C-3	<u><u>\$ 23,830,444</u></u>

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

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Ordinance Number	Description	Balance June 30, 2016	Cash Receipts	Cash Disbursements		Transfers		Balance June 30, 2017
				Improvement Authorizations	Miscellaneous	From	To	
	Fund Balance	\$ -	\$ 24,243	\$ -	\$ -	\$ -	\$ -	\$ 24,243
	Grants Receivable	(4,759,753)	223,068	-	-	-	-	(4,536,685)
	Capital Improvement Fund	405,413	500,000	-	-	574,460	-	330,953
	Due From New Jersey Environmental Infrastructure Trust Fund	(8,757,606)	-	-	-	-	-	(8,757,606)
Improvement Authorizations:								
* 06-001,	Sewer Reconstruction	1,109	-	-	-	-	-	1,109
* 06-001,	Combined Sewer Overflow Phase I	80,429	-	7,551	-	-	-	72,878
* 06-001,	Combined Sewer Overflow Phase II	462,623	-	4,344	-	-	-	458,279
* 06-001,	Combined Sewer Overflow Phase III NJ Inf. Trust	10,486,570	-	3,305,464	-	-	-	7,181,106
05-005	Combined Sewer Overflow Phase III	(6,202,723)	-	880,839	-	-	-	(7,083,562)
06-001,	Various Park Improvements, Amended by 13-041:	(176,236)	-	7,913	-	-	-	(184,149)
13-041	Great Falls and Pocket Parks	2,167	-	-	-	-	-	2,167
* 06-067	Capital Improvements	50,087	-	50,087	-	-	-	-
08-020	Various Sewer Reconstruction	97,200	-	-	-	-	-	97,200
08-021	Various Capital Improvements - Facility	1,283,665	-	-	-	-	-	1,283,665
08-022	Various Capital Improvements - ATP Site Park	77,320	-	-	-	-	-	77,320
08-037	Various Capital Improvements - Pennington Park	55	-	-	-	-	-	55
08-036	2009 City Road Resurfacing Program	205	-	205	-	-	-	-
09-013	Sewer Reconstruction	313,144	-	307,000	-	-	-	6,144
09-010	Construction of Fire House	6,159	-	-	-	-	-	6,159
09-030	DOT Spruce Street & McBride Ave - Signalization	13,523	-	-	-	-	-	13,523
09-031	2010 Road Resurfacing	6,035	-	-	-	-	-	-
09-032	Sewer Reconstruction	88,686	-	6,035	-	-	-	88,686
11-016	Various Capital Improvements	834,551	-	-	-	-	-	834,551
11-017	Recreation Facility Improvement	14,232	-	49,516	-	-	-	1,066
12-004	Sewer Reconstruction	47,089	-	13,166	-	-	-	19,799
13-040	Sewer Reconstruction	298,004	-	27,290	-	-	-	298,004
13-042	Various Capital Improvements	698,317	-	-	-	-	-	221,237
13-043	Street Sweeper and Finance Software	139,274	-	477,080	-	-	-	139,274

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

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Ordinance Number	Description	Balance June 30, 2016	Cash Receipts	Cash Disbursements		Transfers		Balance June 30, 2017
				Improvement Authorizations	Miscellaneous	From	To	
Improvement Authorizations: (continued)								
14-035	2014 DOT Road Resurfacing Program Grant	\$ 49,259	\$ -	\$ 24,623	\$ -	\$ -	\$ -	\$ 24,636
14-042,								
16-092	Resurfacing of Various Roads	18,408,521	12,274,761	4,937,040	-	-	30,239	25,776,481
15-042	2015 DOT Road Resurfacing Program Grant	505,896	-	-	-	505,896	-	-
16-001	Paterson Armory	382,354	-	7,551	-	-	-	374,803
16-004	Software Upgrades	338,921	-	88,030	-	-	-	250,891
16-088	Combined Sewer Outflow Phase III, Amend 05-044	-	7,725,340	2,066,225	-	-	386,267	6,045,382
16-089	Communication System Improvements	-	1,333,000	-	-	-	67,000	1,400,000
16-090	Workers Compensation and Litigation Costs	-	3,000,000	1,618,673	-	-	-	1,381,327
	Road Reconstruction and Resurfacing,							
16-091	2015 DOT Road Resurfacing Program Grant	-	-	3,934	-	-	505,896	501,962
16-091	City Funding	-	438,108	-	-	-	21,906	460,014
17-054	Tax Appeal Settlements	-	-	3,000,000	-	-	-	(3,000,000)
17-058	Recreation Improvements	-	-	-	-	-	69,048	69,048
		\$ 15,194,490	\$ 25,518,520	\$ 16,882,566	\$ -	\$ 1,080,356	\$ 1,080,356	\$ 23,830,444
		C	C-8	C-8	C-1	Contra	Contra	C

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

SCHEDULE OF GRANT FUNDS RECEIVABLE

	Balance: June 30, 2016	Increased by Grant Awards	Decreased by:		Balance: June 30, 2017
			Cash Receipts	Cancellations	
Department of Transportation Grants					
Ordinance No. 15-042:					
2015 Road Resurfacing	\$ 579,986	\$ -	\$ -	\$ 579,986	\$ -
Ordinance No. 16-091:					
2015 Road Resurfacing	-	579,986	-	-	579,986
Ordinance No. 14-035:					
2014 Road Resurfacing	12,585	-	126	-	12,459
Ordinance No. 09-010:					
Spruce Street Signal	94,208	-	94,208	-	-
Department of Environmental Protection					
Ordinance No. 08-022:					
Pennington Park	153,799	-	128,734	-	25,065
Ordinance No. 06-001:					
Various Park Improvements	535,990	-	-	-	535,990
Ordinance No. 13-041:					
Great Falls and Pocket Parks	348,000	-	-	-	348,000
Ordinance No. 08-021:					
ATP Site/Haines Park	1,283,665	-	-	-	1,283,665
Combined Sewer Outflow Phase 4	1,751,520	-	-	-	1,751,520
	<u>\$ 4,759,753</u>	<u>\$ 579,986</u>	<u>\$ 223,068</u>	<u>\$ 579,986</u>	<u>\$ 4,536,685</u>
	C, C-3	C-9	C-8	C-9	C, C-3

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

SCHEDULE OF DEFERRED CHARGES TO BE RAISED BY FUTURE TAXATION - FUNDED

	<u>Ref.</u>		
Balance: June 30, 2016	C		\$ 87,145,791
Increased by:			
General Serial Bonds	C-10, C-6		33,835,000
			<u>120,980,791</u>
Decreased by:			
Forgiveness of Infrastructure Trust Loan	C-11	\$ 260,349	
2017 Budget Appropriations to Pay Debt			
General Serial Bonds	C-10	10,518,837	
Environmental Infrastructure Trust Loan	C-11	1,250,628	
Green Acres Trust Loan	C-13	<u>101,021</u>	
			<u>12,130,835</u>
Balance: June 30, 2017	C		<u><u>\$ 108,849,956</u></u>
Analysis of Ending Balance:			
Green Acres Trust Loan Payable	C-13		\$ 1,868,184
Environmental Infrastructure Trust Loan	C-11		6,817,772
General Serial Bonds	C-10		<u>100,164,000</u>
			<u><u>\$ 108,849,956</u></u>

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

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. Number	Improvement Description	Balance June 30, 2016	Current Year Authorizations	Funded by:		Balance June 30, 2017
				Bonds Issued	Budget Appropriations	
05-005	Combined Sewer Outflow Phase III	\$ 7,405,195	\$ -	\$ -	\$ -	\$ 7,405,195
06-001,	Various Park Improvements, amended					
13-041	Include Great Falls and Pocket Parks	883,990	-	-	-	883,990
08-021	Various Park Improvements	783,665	-	-	-	783,665
14-042	Resurfacing of Various Roads	23,335,000	-	23,335,000	-	-
16-001	Paterson Armory	1,045,000	-	1,045,000	-	-
16-005	Tax Appeal Refunding	1,630,000	-	1,090,000	540,000	-
16-088	Combined Sewer Outflow Phase III,					
	Amending Ordinance 05-044	-	7,725,340	7,725,131	209	-
16-089	Communication System Imp.	-	1,333,000	1,333,000	-	-
16-090	Workers Compensation and					
	Litigation Costs	-	3,000,000	3,000,000	-	-
16-091	Road Reconstruction and Resurfacing					
	Program, Cancel Ord. 15-042	-	438,108	438,108	-	-
16-092	Resurfacing of Various Roads,					
	Amending Ordinance 14-042	-	604,761	604,761	-	-
16-093	Unsafe Building Demolition	-	1,987,343	-	-	1,987,343
17-054	Tax Appeal Settlements	-	3,000,000	-	-	3,000,000
17-058	Recreation Improvements	-	1,380,952	-	-	1,380,952
		<u>\$ 35,082,850</u>	<u>\$ 19,469,504</u>	<u>\$ 38,571,000</u>	<u>\$ 540,209</u>	<u>\$ 15,441,145</u>
		C	C-9; C-15		C-12	C, C-6a

Analysis of Bonds Issued:

Bonds Payable	C-5, C-10	\$ 33,835,000
Principal Paid by Premium	C-10	<u>4,736,000</u>
	C-10	<u>\$ 38,571,000</u>

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

ANALYSIS OF ENDING BALANCE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. Number	Improvement Description	Balance June 30, 2017	Debt Authorized But Not Issued	Non-Financed Improvement Authorizations	
				Expended	Unexpended
05-005	Combined Sewer Outflow Phase III	\$ 7,405,195	\$ 7,405,195	\$ 7,083,562	\$ 321,633
06-001,	Various Park Improvements, amended				
13-041	Include Great Falls and Pocket Parks	883,990	883,990	534,070	349,920
08-021	Various Park Improvements	783,665	783,665	-	783,665
16-093	Unsafe Building Demolition	1,987,343	1,987,343	-	1,987,343
17-054	Tax Appeal Settlements	3,000,000	3,000,000	3,000,000	-
17-058	Recreation Improvements	1,380,952	1,380,952	-	1,380,952
		<u>\$ 15,441,145</u>	<u>\$ 15,441,145</u>	<u>\$ 10,617,632</u>	<u>\$ 4,823,513</u>
		C-6	C-15		

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

**SCHEDULE OF BOND SALE PROCEEDS DUE FROM NEW JERSEY
ENVIRONMENTAL INFRASTRUCTURE TRUST FUND**

	<u>Ref.</u>	<u>Total</u>	<u>Phase IV</u>
Balance: June 30, 2017 and 2016	C, C-3	\$ 8,757,606	\$ 8,757,606

Exhibit C-8

SCHEDULE OF DUE FROM CURRENT FUND

Balance: June 30, 2016	<u>Ref.</u>		\$ -
Increased by:			
Grants Receivable	C-4	\$ 223,068	
Premiums Received on Issuance of Bonds	C-1	24,243	
Bond Anticipation Notes Issued	C-12	9,058,340	
Bonds Issued, New Debt	C-10, C-15	15,712,869	
Capital Improvement Fund	C-14	500,000	
	C-3	25,518,520	
Cash Disbursed on Reallocation	C-2	15,194,490	
			40,713,010
			40,713,010
Decreased by:			
Authorizations Paid by Current Fund	C-3, C-9	16,882,566	
Cash Receipts on Reallocation	C-2	23,830,444	
			40,713,010
			\$ -
Balance: June 30, 2017			

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance No.	Amount	Balance: June 30, 2016		2017 Authorizations	Reappropriated Cancelled	Reallocated	Paid or Charged	Balance: June 30, 2017	
				Funded	Unfunded					Funded	Unfunded
Sewer Reconstruction	07/17/01	*	\$ 151,000	\$	\$	-	\$	-	-	\$	-
Combined Sewer Outflow Phase I - Grant	12/17/02	*	10,942,000	80,429	-	-	-	-	7,551	72,878	-
Combined Sewer Outflow Phase II - Grant	01/27/04	*	6,538,000	462,623	-	-	-	-	4,344	458,279	-
Combined Sewer Outflow Phase III - Grant	05-005	*	21,919,000	-	1,202,472	-	-	-	880,839	-	321,633
Combined Sewer Outflow Phase III - NJ Grant	*	*	18,326,400	10,486,570	-	-	-	-	3,305,464	7,181,106	-
Various Park Improvements, Amended by 13-041:	10/25/05,	06-001,									
Great Falls and Pocket Parks - Grant/Loan	09/24/13	13-041	2,474,726	353,877	353,877	-	-	-	7,913	349,921	349,920
Capital Improvements	02/14/06	*	1,955,000	2,167	-	-	-	-	-	2,167	-
Various Sewer Reconstruction	12/24/06	06-067	2,500,000	50,087	-	-	-	-	50,087	-	-
Penning Park Improvements - Grant/Loan	06/24/08	08-022	2,800,000	77,320	-	-	-	-	-	77,320	-
ATP Site Park Improvements - Grant/Loan	06/24/08	08-021	2,067,330	1,283,665	783,665	-	-	-	-	1,283,665	783,665
Various Capital Improvements-Facility	06/24/08	08-020	1,870,000	97,200	-	-	-	-	-	97,200	-
2009 City Road Resurfacing Program	11/12/08	08-037	2,100,000	55	-	-	-	-	-	55	-
Sewer Reconstruction	11/19/08	08-036	2,500,000	205	-	-	-	-	205	-	-
Construction of Fire House	05/26/09	09-013	3,360,000	313,144	-	-	-	-	307,000	6,144	-
DOT Spruce St. & McBride Ave Signalization Grant	04/28/09	09-010	250,257	6,159	-	-	-	-	-	6,159	-
2010 Road Resurfacing	10/27/09	09-030	2,100,000	13,523	-	-	-	-	-	13,523	-
Sewer Reconstruction	10/27/09	09-031	2,800,000	6,035	-	-	-	-	6,035	-	-
Various Capital Improvements	10/27/09	09-032	2,195,000	88,686	-	-	-	-	-	88,686	-
Recreation Facility Improvements	04/01/11	11-016	2,250,000	834,551	-	-	-	-	49,516	785,035	-
Sewer Reconstruction	04/01/11	11-017	3,000,000	14,232	-	-	-	-	13,166	1,066	-
Sewer Reconstruction	1/24/2012	12-004	4,200,000	47,089	-	-	-	-	27,290	19,799	-
Various Capital Improvements	09/24/13	13-040	2,800,000	298,004	-	-	-	-	-	298,004	-
Street Sweeper and Finance Software	09/24/13	13-042	5,073,000	698,317	-	-	-	-	477,080	221,237	-
2014 DOT Road Resurfacing Program Grant	08/19/14	14-035	1,485,000	139,274	-	-	-	-	-	139,274	-
	09/16/14,	14-042,	607,860	49,259	-	-	-	-	24,623	24,636	-
Resurfacing of Various Roads	01/24/17	16-092	37,385,000	6,743,521	23,335,000	635,000	-	-	4,937,040	25,776,481	-
2015 DOT Road Resurfacing Program Grant	06/09/15	15-042	579,986	505,896	-	-	579,986	74,090	-	-	-
Paterson Armory	01/19/16	16-001	1,100,000	382,354	-	-	-	-	7,551	374,803	-
Software Upgrades	02/09/16	16-004	338,921	338,921	-	-	-	-	88,030	250,891	-
Combined Sewer Outflow Phase III, Amend 05-044	12/20/16	16-088	8,111,607	-	-	8,111,607	-	-	2,066,225	6,045,382	-
Communication System Improvements	12/20/16	16-089	1,400,000	-	-	1,400,000	-	-	-	1,400,000	-
Workers Compensation and Litigation Costs	12/20/16	16-090	3,000,000	-	-	3,000,000	-	-	1,618,673	1,381,327	-

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2017
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance No.	Amount		Balance: June 30, 2016		2017 Authorizations	Reappropriated Cancelled	Reallocated	Paid or Charged	Balance: June 30, 2017	
					Funded	Unfunded					Funded	Unfunded
Road Reconstruction and Resurfacing, Cancel 15-042	01/24/17	16-091	\$	579,986	\$	-	\$ 579,986	\$ -	\$ (74,090)	\$ 3,934	\$ 501,962	\$ -
2015 DOT Road Resurfacing Program Grant	01/24/17	16-091		460,014		-	460,014	-	-	-	460,014	-
City Funding	01/24/17	16-093		1,987,343		-	1,987,343	-	-	-	-	1,987,343
Unsafe Building Demolition	05/23/17	17-054		3,000,000		-	3,000,000	-	-	3,000,000	-	-
Tax Appeal Settlements	06/27/17	17-058		1,450,000		-	1,450,000	-	-	-	69,048	1,380,952
Recreation Improvements												
			\$	23,374,272	\$	25,675,014	\$ 20,623,950	\$ 579,986	\$ -	\$ 16,882,566	\$ 47,387,171	\$ 4,823,513
				C		C		C-4		C-8	C	C
			Ref									
			Capital Improvement Fund				\$ 574,460					
			Bonds and Notes Authorized				19,469,504					
			Grants Receivable				579,986					
							\$ 20,623,950					

**CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2017
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate %	Balance June 30, 2016	Bonds Issued	Paid by Budget Appropriation	Balance June 30, 2017
			Outstanding at June 30, 2017	Date					
Pension Refunding	04/03/03	\$ 13,044,671	\$ 100,000	04/01/18	5.650	\$ 1,473,837	\$ -	\$ 983,837	\$ 490,000
			115,000	04/01/19	5.650				
			130,000	04/01/20	5.650				
			145,000	04/01/21	5.650				
General Improvement Bonds	06/15/09	23,294,000	2,225,000	06/15/18	5.000	9,140,000	-	2,165,000	6,975,000
			2,320,000	06/15/19	5.000				
			2,430,000	06/15/20	5.000				
General Improvement Refunding Bonds	03/23/11	3,230,000	Matured March 15, 2017			2,460,000	-	2,460,000	-
General Obligation Refunding Bonds Pension Refunding Bonds	03/30/12 03/30/12	3,145,000 1,730,000	2,500,000	03/15/18	4.000	4,875,000	-	-	4,875,000
			2,375,000	03/15/19	4.000				
Qualified General Improvement Refunding Bonds - Non-Callable	03/20/13	8,015,000	1,145,000	03/15/20	3.000	8,015,000	-	-	8,015,000
			6,870,000	03/15/21	3.100				
Qualified Pension Refunding Bonds (Federally Taxable) - Non-Callable	03/20/13	3,570,000	725,000	03/15/19	4.200	3,570,000	-	-	3,570,000
			2,845,000	03/15/20	5.150				
Qualified General Improvement Bonds Callable	05/22/13	22,519,000	4,219,000	01/15/22	5.000	22,519,000	-	-	22,519,000
			4,360,000	01/15/23	5.000				
			4,490,000	01/15/24	5.000				
			4,650,000	01/15/25	5.000				
			4,800,000	01/15/26	5.000				

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

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate %	Balance June 30, 2016	Bonds Issued	Paid by Budget Appropriation	Balance June 30, 2017
			Outstanding at June 30, 2017	Date					
Passaic County Improvement Authority Governmental Loan Revenue Bonds, Series 2015 (Passaic County Guaranteed)	12/14/15	\$ 24,795,000	\$ 2,870,000	08/01/17	4.000	\$ 24,795,000	\$ -	\$ 4,910,000	\$ 19,885,000
			1,995,000	08/01/18	5.000				
			1,485,000	08/01/19	5.000				
			1,050,000	08/01/20	5.000				
			1,135,000	08/01/21	5.000				
			1,135,000	08/01/22	5.000				
			1,135,000	08/01/23	5.000				
			1,135,000	08/01/24	5.000				
			1,135,000	08/01/25	5.000				
			1,135,000	08/01/26	5.000				
			1,135,000	08/01/27	5.000				
			1,135,000	08/01/28	5.000				
			1,135,000	08/01/29	5.000				
			1,135,000	08/01/30	5.000				
			1,135,000	08/01/31	5.000				
Passaic County Improvement Authority Governmental Loan Revenue Bonds, Series 2017 (Passaic County Guaranteed) To Finance \$3,000,000 Workers Compensation and Litigation Settlements as Originally Authorized by Ordinance No. 17-054	06/20/17	2,980,000	1,490,000	06/15/18	2.000	-	2,980,000	-	2,980,000
			1,490,000	06/15/19	3.000				
Passaic County Improvement Authority Governmental Loan Revenue Bonds, Series 2017 (Passaic County Guaranteed) To Refund \$1,090,000 Tax Appeal Refunding Notes Issued June 29, 2016 as Originally Authorized by Ordinance No. 16-005	06/20/17	1,085,000	545,000	06/15/18	2.000	-	1,085,000	-	1,085,000
			540,000	06/15/19	3.000				

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

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate %	Balance June 30, 2016	Bonds Issued	Paid by Budget Appropriation	Balance June 30, 2017
			Outstanding at June 30, 2017	Date					
Passaic County Improvement Authority	06/20/17	\$ 29,770,000	\$ 820,000	06/15/18	2.000	\$ -	\$ 29,770,000	\$ -	\$ 29,770,000
Governmental Loan Revenue Bonds, Series 2017			820,000	06/15/19	3.000				
(Passaic County Guaranteed)			820,000	06/15/20	4.000				
-To Refund Notes Issued June 29, 2016 for:			1,070,000	06/15/21	4.000				
\$11,665,000 Resurfacing of Various Roads (Ord. 14-042)			1,640,000	06/15/22	4.000				
\$1,045,000 Paterson Armory (Ord. 16-001)			1,640,000	06/15/23	5.000				
-To Refund Notes Issued March 2, 2017 for:			1,640,000	06/15/24	5.000				
\$1,333,000 Communication System (Ord. 16-089)			1,640,000	06/15/25	5.000				
\$7,725,131 Combined Sewer Outflow (Ord. 16-088)			1,640,000	06/15/26	5.000				
-To Finance the Projects Not Previously Funded:			1,640,000	06/15/27	5.000				
\$11,670,000 Resurfacing of Various Roads (Ord. 14-042)			1,640,000	06/15/28	5.000				
\$438,108 Resurfacing of Various Roads (Ord. 16-091)			1,640,000	06/15/29	5.000				
\$604,761 Resurfacing of Various Roads (Ord. 16-092)			1,640,000	06/15/30	5.000				
			1,640,000	06/15/31	5.000				
			1,640,000	06/15/32	5.000				
			1,640,000	06/15/33	5.000				
			1,640,000	06/15/34	5.000				
			1,640,000	06/15/35	5.000				
			1,640,000	06/15/36	5.000				
			1,640,000	06/15/37	5.000				
						\$ 76,847,837	\$ 33,835,000	\$ 10,518,837	\$ 100,164,000
					<u>Ref.</u>	C		C-5	C
Permanent Financing of:									
Bond Anticipation Notes						C-8; C-12	\$ 22,858,131		
Authorizations Not Previously Issued						C-8; C-15	15,712,869		
						C-6	38,571,000		
						C-6	4,736,000		
Less: Funded by Premium						C-5	\$ 33,835,000		

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

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding at June 30, 2017		Interest	Balance June 30, 2016	Decreased by:		Balance June 30, 2017
			Date	Principal			Budget Appropriation	Principal Forgiveness	
Trust Loan Series 2003A Phase I	10/15/03	\$ 2,160,000	08/01/17	\$ 118,300	2.0%	\$ 1,135,000	\$ 120,000	\$ 55,258	\$ 959,742
	Less: Forgiven	91,134	08/01/18	122,917					
		<u>2,068,866</u>	08/01/19	132,983					
			08/01/20	137,857					
			08/01/21	142,540					
			08/01/22	151,130					
State of NJ Fund Loan Phase I	10/15/03	5,554,479	2018	290,753	0.0%	1,978,176	290,796	-	1,687,380
	Less: Forgiven	356,113	2019	290,089					
		<u>5,198,366</u>	2020	296,497					
			2021	292,854					
			2022	289,425					
			2023	227,762					
State of NJ Fund Loan Phase II	10/13/04	2,326,943	2018	121,447	0.0%	779,547	125,259	-	654,288
	Less: Forgiven	317,532	2019	117,212					
		<u>2,009,411</u>	2020	122,153					
			2021	117,447					
			2022	121,918					
			2023	54,111					
Trust Loan Series 2004A Phase II	10/13/04	820,000	08/01/17	32,986	2.0%	475,000	45,000	92,821	337,179
	Less: Forgiven	102,385	08/01/18	32,525					
		<u>717,615</u>	08/01/19	36,777					
			08/01/20	36,217					
			08/01/21	40,365					
			08/01/22	44,589					
		08/01/23	54,662						
			08/01/24	59,058					

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

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding at June 30, 2017		Interest	Balance June 30, 2016	Decreased by:		
			Date	Principal			Budget Appropriation	Principal Forgiveness	Balance June 30, 2017
Trust Loan Series 2005A Phase III	11/10/05	\$ 970,000	08/01/17	\$ 42,109	2.0%	\$ 605,000	\$ 50,000	\$ 93,245	\$ 461,755
	Less: Forgiven	108,493	08/01/18	46,238					
		<u>861,507</u>	08/01/19	46,182					
			08/01/20	50,203					
			08/01/21	50,010					
			08/01/22	53,958					
			08/01/23	53,782					
State of NJ Fund Loan Phase III			08/01/24	57,682					
			08/01/25	61,591					
	11/10/05	2,622,600	2018	134,071	0.0%	997,800	137,743	-	860,057
	Less: Forgiven	372,864	2019	139,269					
		<u>2,249,736</u>	2020	134,977					
			2021	139,533					
			2022	134,645					
Trust Loan Series 2008A Phase IV			2023	138,804					
			2024	38,758					
	11/06/08	2,265,000	08/01/17	100,000	2.0%	939,025	100,000	1,025	838,000
	Less: Forgiven	52,000	08/01/18	110,000					
	Less: Defeased	775,000	08/01/19	107,000					
		<u>1,438,000</u>	08/01/20	112,000					
			08/01/21	116,000					
State of NJ Fund Loan Phase IV			08/01/22	124,000					
			08/01/23	128,000					
			08/01/24	41,000					
	11/06/08	6,568,205	08/01/17	254,217	0.0%	640,067	335,187	-	304,880
	Less: Forgiven	3,655,834	02/01/18	50,663					
		<u>2,912,371</u>							

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

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding at June 30, 2017		Interest	Balance June 30, 2016	Decreased by:			Balance June 30, 2017
			Date	Principal			Budget Appropriation	Principal Forgiveness		
Trust Loan Series 2010A Phase V	09/01/10	\$ 515,000	08/01/17	\$ 25,000	2.0%	\$ 415,000	\$ 20,000	\$ 18,000	\$ 377,000	
	Less: Forgiven	18,000	08/01/18	25,000						
		497,000	08/01/19	24,000						
			08/01/20	24,000						
			08/01/21	28,000						
			08/01/22	29,000						
			08/01/23	29,000						
			08/01/24	28,000						
			08/01/25	28,000						
			08/01/26	33,000						
			08/01/27	33,000						
			08/01/28	33,000						
			08/01/29	38,000						
State of NJ Fund Loan Phase V	03/10/10	524,000	2018	26,644	0.0%	364,134	26,643	-	337,491	
			2019	26,644						
			2020	26,644						
			2021	26,644						
			2022	26,644						
			2023	26,644						
			2024	26,644						
			2025	26,644						
			2026	26,644						
			2027	26,644						
			2028	26,644						
			2029	26,644						
			2030	17,763						
						<u>\$ 8,328,749</u>	<u>\$ 1,250,628</u>	<u>\$ 260,349</u>	<u>\$ 6,817,772</u>	
						C	C-5	C-5	C	

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Improvement Description	Original Amount	Date of Issue:		Date of Maturity	Interest Rate %	Balance June 30, 2016	Notes Issued	Decreased by:			Balance June 30, 2017
			Original	Current					Bonds Issued	Appropriation	Budget	
16-089	Communication System	\$ 1,333,000	03/02/17	03/02/17	06/28/17	2.50%	\$ -	\$ 1,333,000	\$ 1,333,000	\$ -	\$ -	\$ -
16-088	Combined Sewer Outflow Phase III Amendment	7,725,340	03/02/17	03/02/17	06/28/17	2.50%	-	7,725,340	7,725,131	209		-
14-042	Resurfacing of Various Roads	11,665,000	06/29/16	06/29/16	06/28/17	2.00%	11,665,000	-	11,665,000	-	-	-
16-001	Paterson Armory	1,045,000	06/29/16	06/29/16	06/28/17	2.00%	1,045,000	-	1,045,000	-	-	-
16-005	Tax Appeal Refunding	1,630,000	06/29/16	06/29/16	06/28/17	2.00%	1,630,000	-	1,090,000	540,000		-
						Ref.	\$ 14,340,000	\$ 9,058,340	\$ 22,858,131	\$ 540,209	\$ -	\$ -
							C	C-3; C-8	C-8; C-10	C-6		

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

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

Purpose	Amount of Original Issue	Maturities of Loans Outstanding at June 30, 2017		Interest Rate %	Balance June 30, 2016	Decreased by Budget Appropriation	Balance June 30, 2017
		Date	Amount				
Eastside Park Rehab Ord. Dated June 26, 2006	\$ 231,650	09/30/17	\$ 6,021	2.00	\$ 129,971	\$ 11,865	\$ 118,106
		03/30/18	6,082				
		09/30/18	6,142				
		03/30/19	6,204				
		09/30/19	6,266				
		03/30/20	6,328				
		09/30/20	6,392				
		03/30/21	6,456				
		09/30/21	6,520				
		03/30/22	6,585				
		09/30/22	6,651				
		03/30/23	6,718				
		09/30/23	6,785				
		03/30/24	6,853				
		09/30/24	6,921				
		03/30/25	6,991				
		09/30/25	7,060				
		03/30/26	7,131				
Park Development Program - Phase III Ord. Dated June 26, 2006	267,000	09/30/17	11,651	2.00	70,265	22,956	47,309
		03/30/18	11,767				
		09/30/18	11,886				
		03/30/19	12,005				
Restoration of Pennington Park - Lower Field Ord. No. 08-022 Loan No. 1608-05-029	500,000	08/15/17	15,151	0.00%	439,393	30,303	409,090
		02/15/18	15,152				
		08/15/18	15,151				
		02/15/19	15,152				
		08/15/19	15,151				
		02/15/20	15,152				
		08/15/20	15,151				
		02/15/21	15,152				
		08/15/21	15,151				
		02/15/22	15,152				
		08/15/22	15,151				
		02/15/23	15,152				
		08/15/23	15,151				
		02/15/24	15,152				
		08/15/24	15,151				
		02/15/25	15,152				
		08/15/25	15,151				
		02/15/26	15,152				
		08/15/26	15,151				
		02/15/27	15,152				
		08/15/27	15,151				
		02/15/28	15,152				
		08/15/28	15,151				
		02/15/29	15,152				
		08/15/29	15,151				
		02/15/30	15,152				
		08/15/30	15,151				

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

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

Purpose	Amount of Original Issue	Maturities of Loans		Interest Rate %	Balance June 30, 2016	Decreased by Budget Appropriation	Balance June 30, 2017
		Outstanding at June 30, 2017					
		Date	Amount				
Restoration of Pennington Park	\$ 700,000	08/15/17	\$ 17,949	0.00	\$ 628,203	\$ 35,897	\$ 592,306
Ord. No. 08-022		02/15/18	17,949				
Loan No. 1608-05-029		08/15/18	17,948				
		02/15/19	17,949				
		08/15/19	17,949				
		02/15/20	17,948				
		08/15/20	17,949				
		02/15/21	17,949				
		08/15/21	17,948				
		02/15/22	17,949				
		08/15/22	17,949				
		02/15/23	17,948				
		08/15/23	17,949				
		02/15/24	17,949				
		08/15/24	17,948				
		02/15/25	17,949				
		08/15/25	17,949				
		02/15/26	17,948				
		08/15/26	17,949				
		02/15/27	17,949				
		08/15/27	17,948				
		02/15/28	17,949				
		08/15/28	17,949				
		02/15/29	17,948				
		08/15/29	17,949				
		02/15/30	17,949				
		08/15/30	17,948				
		02/15/31	17,949				
		08/15/31	17,948				
		02/15/32	17,949				
		08/15/32	17,948				
		02/15/33	17,949				
		08/15/33	17,949				
Mary Ellen Kramer Park	1,237,362	Not yet amortized.			701,373	-	701,373
Ord. No. 06-001		Project not completed.					
Loan No. 1608-03-066							

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

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance: June 30, 2016	<u>Ref.</u> C, C-3		\$ 405,413
Increased by:			
Budget Appropriation	C-8		<u>500,000</u>
			905,413
Decreased by:			
Appropriated to Finance Improvement Authorizations:			
Ord. No. 16-088: Combined Sewer Outflow Phase III		\$ 386,267	
Ord. No. 16-089: Communication System Improvements		67,000	
Ord. No. 16-091: Road Reconstruction and Resurfacing		21,906	
Ord. No. 16-092: Resurfacing of Various Roads		30,239	
Ord. No. 17-058: Recreation Improvements		<u>69,048</u>	
	C-9		<u>574,460</u>
Balance: June 30, 2017	C, C-3		<u><u>\$ 330,953</u></u>

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

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Date	Improvement Description	Bonds and Notes Authorized	Balance June 30, 2016	Increased by: Current Year Authorization	Decreased by:			Balance June 30, 2017
						Bonds Issued	Notes Issued		
05-005	06/14/05	Combined Sewer Out Flow Phase III	*	\$ 7,405,195	\$ -	\$ -	-	\$ -	\$ 7,405,195
06-001	10/25/05	Various Park Improvements	*	535,990	-	-	-	-	535,990
13-041	09/24/13	Great Falls and Pocket Parks	348,000	348,000	-	-	-	-	348,000
08-021	06/24/08	ATP Site (& Various) Parks	*	783,665	-	-	-	-	783,665
14-042	09/16/14	Resurfacing of Various Roads	35,000,000	11,670,000	-	11,670,000	-	-	-
16-088	12/20/16	Combined Sewer Outflow Phase III, Amending Ordinance 05-044	7,725,340	-	7,725,340	-	7,725,340	-	-
16-089	12/20/16	Communication System Imp.	1,333,000	-	1,333,000	-	1,333,000	-	-
16-090	12/20/16	Workers Compensation and Litigation Costs	3,000,000	-	3,000,000	3,000,000	-	-	-
16-091	01/24/17	Road Reconstruction and Resurfacing Program, Cancel Ord. 15-042	438,108	-	438,108	438,108	-	-	-
16-092	01/24/17	Resurfacing of Various Roads, Amending Ordinance 14-042	604,761	-	604,761	604,761	-	-	-
16-093	01/24/17	Unsafe Building Demolition	1,987,343	-	1,987,343	-	-	-	1,987,343
17-054	05/23/17	Tax Appeal Settlements	3,000,000	-	3,000,000	-	-	-	3,000,000
17-058	06/27/17	Recreation Improvements	1,380,952	-	1,380,952	-	-	-	1,380,952
				<u>\$ 20,742,850</u>	<u>\$ 19,469,504</u>	<u>\$ 15,712,869</u>	<u>\$ 9,058,340</u>	<u>\$ 15,441,145</u>	
				C	C-6	C-10	C-12	C, C-6a	
				Ref.					

CITY OF PATERSON

REPORT OF AUDIT

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

**CITY OF PATERSON
GENERAL FIXED ASSET
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHEDULE OF CHANGES IN FIXED ASSETS BY CLASS

	Balance, June 30, 2016	Net Adjustment Due to Appraisal		Balance, June 30, 2017
		Additions	Disposals	
Land	\$ 3,257,443	\$ -	\$ -	\$ 3,257,443
Building and Improvements	32,540,689	-	-	32,540,689
Machinery and Equipment	17,145,900	435,198	-	17,581,098
	<u>\$ 52,944,032</u>	<u>\$ 435,198</u>	<u>\$ -</u>	<u>\$ 53,379,230</u>
<u>Ref.</u>	D			D

Exhibit D-2

SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS

	<u>Ref.</u>	
Balance: June 30, 2017 and 2016	D	<u>\$ 53,379,230</u>

CITY OF PATERSON

REPORT OF AUDIT

STATISTICAL SECTION

(unaudited)

CITY OF PATERSON
STATISTICAL SECTION (UNAUDITED)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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

	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue and Other Income Realized:				
Fund Balance Utilized	\$ 11,425,500	3.09%	\$ 190,400	0.05%
Miscellaneous Revenue Anticipated	114,379,357	30.92%	115,464,312	32.11%
Receipts from Delinquent Taxes	7,689,581	2.08%	5,039,259	1.40%
Receipts from Current Taxes	233,829,930	63.21%	236,225,448	65.68%
Miscellaneous Revenue Not Anticipated	293,458	0.08%	1,440,007	0.40%
Other Credits to Income	2,305,935	0.62%	1,285,436	0.36%
	<u>369,923,761</u>	<u>100.00%</u>	<u>359,644,862</u>	<u>100.00%</u>
Expenditures:				
Budget Appropriations	268,907,985	74.45%	260,480,988	74.74%
School and County Taxes	91,232,567	25.26%	80,182,451	23.01%
Other Charges	1,040,314	0.29%	7,843,174	2.25%
	<u>361,180,866</u>	<u>100.00%</u>	<u>348,506,613</u>	<u>100.00%</u>
Statutory Excess to Operations	8,742,895		11,138,249	
Fund Balance, July 1	<u>11,811,401</u>		<u>863,552</u>	
	20,554,296		12,001,801	
Decreased by Fund Balance Utilized as Anticipated Revenue	<u>11,425,500</u>		<u>190,400</u>	
Fund Balance, June 30	<u>\$ 9,128,796</u>		<u>\$ 11,811,401</u>	

Table 2

**CITY OF PATERSON
STATISTICAL SECTION (UNAUDITED)
FOR THE LAST FIVE FISCAL YEARS**

TAX RATE AND APPORTIONMENT OF TAX RATE

<u>Year Ended June 30,</u>	<u>Total Tax Rate</u>	<u>Municipal (1)</u>	<u>County</u>	<u>Local School</u>
2017	4.160	2.661	0.761	0.738
2016	4.339	2.819	0.813	0.707
2015	4.108	2.678	0.736	0.694
2014	2.896	1.877	0.538	0.481
2013	2.744	1.743	0.537	0.463

Rates are per \$100 of assessed valuation. (1) Includes Library Levy.

Table 3

SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS

<u>Year Ended June 30,</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percent of Tax Levy</u>
2017	\$ 16,999,724	\$ 225,617	\$ 17,225,341	7.05%
2016	16,199,935	402,007	16,601,942	6.88%
2015	16,549,116	234,852	16,783,968	7.09%
2014	12,285,926	123,987	12,409,913	5.20%
2013	9,933,237	39,397	9,972,634	4.42%

Table 4

**CITY OF PATERSON
STATISTICAL SECTION (UNAUDITED)
FOR THE LAST FIVE FISCAL YEARS**

SCHEDULE OF TAX LEVIES AND COLLECTIONS

<u>Year Ended June 30,</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Collection Percentage</u>
2017	\$ 244,401,505	\$ 233,829,930	95.67%
2016	241,267,346	236,225,448	97.91%
2015	236,762,413	222,314,053	93.90%
2014	238,488,241	223,702,561	93.80%
2013	225,395,377	210,793,532	93.52%

Table 5

SCHEDULE OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 5,107,360
2016	5,107,360
2015	5,107,360
2014	5,107,360
2013	5,107,360

Table 6

PERCENTAGE OF NET ASSESSED VALUE TO ESTIMATED FULL CASH VALUATION

<u>Year</u>	<u>Net Assessed Valuation Taxable</u>	<u>Estimated Full Cash Valuation</u>	<u>Percentage of Net Assessed Value To Estimated Full Cash Valuation</u>
2017	\$ 5,686,403,428	\$ 6,539,377,143	87.0%
2016	5,756,156,146	6,293,088,126	91.5%
2015	5,687,752,528	6,282,040,302	90.5%
2014	8,193,089,625	6,527,535,728	125.5%
2013	8,505,985,737	6,910,599,668	123.1%

CITY OF PATERSON

OFFICIALS IN OFFICE

(For July 1, 2016 Through the Audit Report Date Unless Otherwise Noted)

Name	Title
Governing Body:	
Jose "Joey" Torres	Mayor (through September 25, 2017)
Jane Williams-Warren	Acting Mayor (commencing September 29, 2017)
Michael Jackson	1st Ward Councilman
Shahin Khalique	2nd Ward Councilman
William C. McKoy	3rd Ward Councilman / Council President (FY2017)
Ruby N. Cotton	4th Ward Councilwoman / Council President (FY2018)
	Acting Mayor, Sept. 25, 2017 - Sept 29, 2017
Luis Velez	5th Ward Councilman
Andre Sayegh	6th Ward Councilman
Kenneth M. Morris, Jr.	Councilman-at-Large
Domingo "Alex" Mendez	Councilman-at-Large
Maritza Davila	Councilwoman-at-Large
Other Officials:	
Sonia L. Gordon	City Clerk
Nellie Pou	Business Administrator
Domenick Stampone	Corporation Counsel
Robert Brigliadoro	First Assistant Corporation Counsel
Ben David Seligman, Esq.	Second Assistant Corporation Counsel
(A) Margaret S. Cherone	Chief Municipal Finance Officer (FY 2018)
	Director of Finance (FY 2018)
(A) Fabiana Mello	Acting Chief Municipal Finance Officer (FY 2017)
	Acting Director of Finance (FY 2017)
Aaron Hoffstatter	Director of Division of Treasury
Javier Silva	Director of Accounts and Controls, Comptroller
(B) Kathleen Gibson	Tax Collector, (through August 31, 2017)
Sonia Schulman	Tax Collector, (commencing October 5, 2017)
Ruben Gomez	Director of Department of Economic Development
David Gilmore	Director of Community Improvements
Joann Bottler	Tax Searches
Richard Marra	Tax Assessor
Bilal Bici	Tax Assessor
Robert Ardis	Supervisor of Accounts - Health Division
Karen Sizer-Martin	Registrar of Vital Statistics
Manuel Ojeda	Director of Department of Public Works
Ryan Foote	Assistant Director of Information Technology / Data Processing
Abby Levenson	Director of Personnel (through June 15, 2018)
Fred Margron	City Engineer

CITY OF PATERSON

OFFICIALS IN OFFICE

(For July 1, 2016 Through the Audit Report Date Unless Otherwise Noted)

Name	Title
------	-------

Other Officials (continued):

- | | |
|-------------------------------------|---|
| (D) Hon. Joaquin Calcines Jr | Presiding Judge (through August 18, 2017) |
| (D) Hon. Gerald S. Keegan | Presiding Judge (commencing August 18, 2017) |
| (D) Hon. Guiseppe C. Randazzo | Acting Chief Judge (commencing September 19, 2016) |
| (D) Manuel Quiles | Court Director |
| (D) Gloria Schweitzer | Court Administrator |
| (C) Cindy Czesak | Director of Free Public Library |
| Corey M. Fleming | Director of Free Public Library (commencing October 16, 2017) |
| Barbara Blake-McLennon | Director of Department of Community Development |
| Donna Nelson Ivy | Director of Human Resources |
| Harry Cevallos | Qualified Purchasing Agent |

- (A) Surety bond obtained by City in the amount of \$1,000,000.
- (B) Surety bond obtained by City in the amount of \$750,000.
- (C) Surety bond obtained by City in the amount of \$50,000.
- (D) Court employees are covered by a faithful performance blanket bond in the amount of \$500,000.

CITY OF PATERSON

REPORT OF AUDIT

**ADDITIONAL INFORMATION:
INTERNAL CONTROL AND COMPLIANCE**

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members
of the City Council
City of Paterson, 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 Paterson, New Jersey (the "City"), which comprise the comparative balance sheets – regulatory basis, of each fund and general fixed assets as of June 30, 2017 and 2016, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis – and statement of appropriations – regulatory basis, of the Current Fund, and the statement of changes in fund balance – regulatory basis, of the Trust and General Capital Funds, 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 June 19, 2018. The opinion to those financial statements is followed by an emphasis of matter paragraph regarding the City's dependence on State Aid and the potential material impact on the City should State Aid be reduced.

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

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2017-001, which we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompany schedule of findings and questioned costs as Finding 2017-001.

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

The City's Response to Findings

The City's responses to the finding identified in our audit 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, GIRONDA
DORIA & TOMKINS, LLC
Certified Public Accountants


MARK W. BEDNARZ
RMA No. 547

Bayonne, New Jersey
June 19, 2018

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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

To the Honorable Mayor and
Members of the City Council
City of Paterson, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the City of Paterson, New Jersey's (the City's) compliance with the types of compliance requirements described in the *U.S. 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, 2017. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform

the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Unmodified Opinion on Each Major Federal and State Program

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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


DONOHUE, GIRONDA
DORIA & TOMKINS, LLC
Certified Public Accountants


MARK W. BEDNARZ
RMA No. 547

Bayonne, New Jersey
June 19, 2018

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
Department of Agriculture													
Passed through NJ Department of Health, Division of Family Health Services Senior Farmer's Market Nutrition Project													
	--	07/01/2014 - 09/30/2014	10.576	\$ 500	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -
	--	* - *	10.576	500	-	-	16	-	-	-	-	16	48
	--	* - *	10.576	500	-	-	-	500	481	-	-	19	481
Total Department of Agriculture and CFDA 10.576				<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 516</u>	<u>\$ 500</u>	<u>\$ 481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535</u>	
Department of Housing and Urban Development													
CDBG - Entitlement Grants Cluster													
Community Development Block Grant													
	--	07/01/2000 - 06/30/2001	14.218	\$ 3,359,000	\$ -	\$ -	\$ 845	\$ -	\$ -	\$ -	\$ -	\$ 845	\$ 3,358,155
	--	07/01/2007 - 06/30/2008	14.218	2,937,671	9,303	-	180,219	-	-	(180,113)	-	106	2,781,004
	--	07/01/2010 - 06/30/2011	14.218	2,754,854	101,218	-	110,521	-	110,521	-	-	-	2,754,854
	--	07/01/2011 - 06/30/2012	14.218	2,683,971	202,364	-	202,364	-	202,364	-	-	-	2,683,971
	--	07/01/2012 - 06/30/2013	14.218	2,855,480	146,454	-	146,454	-	146,454	-	-	-	2,855,480
	--	07/01/2013 - 06/30/2014	14.218	2,816,168	245,661	-	364,771	-	217,749	-	-	147,022	2,669,146
	--	07/01/2014 - 06/30/2015	14.218	2,810,941	-	-	863,841	-	248,773	24,990	-	640,058	2,076,307
	--	07/01/2015 - 06/30/2016	14.218	2,785,251	2,204,887	-	1,434,916	-	1,039,501	194,653	-	590,068	2,443,674
	--	07/01/2016 - 06/30/2017	14.218	2,740,728	2,909,887	-	3,303,931	-	3,524,217	523,718	-	2,604,747	1,558,855
Wayfinding Signage				<u>2,909,887</u>	<u>-</u>	<u>-</u>	<u>3,303,931</u>	<u>2,301,315</u>	<u>3,524,217</u>	<u>523,718</u>	<u>-</u>	<u>2,604,747</u>	
	--	07/01/2013 - *	14.218	197,726	-	-	97,126	-	-	-	-	97,126	100,600
Total CFDA 14.218 and CDBG - Entitlement Grants Cluster				<u>2,909,887</u>	<u>-</u>	<u>-</u>	<u>3,401,057</u>	<u>2,301,315</u>	<u>3,524,217</u>	<u>523,718</u>	<u>-</u>	<u>2,701,873</u>	
Passed through County of Passaic													
Community Development Block Grants/State's Program													
CDBG-Disaster Recovery 2013													
	--	01/01/2013 - 12/31/2015	14.228	2,075,000	1,300,990	-	1,087,554	-	1,311,060	-	-	3,237	2,071,763
Emergency Shelter Grant													
	--	07/01/2009 - 06/30/2010	14.231	126,944	63	-	63	-	63	-	-	-	126,944
	--	07/01/2011 - 06/30/2012	14.231	129,776	74,326	-	1,327	-	74,326	-	-	-	202,775
	--	07/01/2012 - 06/30/2013	14.231	232,425	15,003	-	15,003	-	15,003	-	-	-	232,425
	--	07/01/2013 - 06/30/2014	14.231	176,259	16,611	-	20,811	-	20,811	-	-	-	176,259
	--	07/01/2014 - 06/30/2015	14.231	193,085	43,558	-	43,558	-	43,558	-	-	-	193,085
	--	07/01/2015 - 06/30/2016	14.231	206,042	30,916	-	30,917	-	16,494	(14,423)	-	-	191,619
	--	07/01/2016 - 06/30/2017	14.231	271,038	124,473	-	-	198,039	139,999	(13,776)	-	44,264	139,999
Total CFDA 14.231				<u>304,950</u>	<u>-</u>	<u>-</u>	<u>111,679</u>	<u>271,038</u>	<u>310,254</u>	<u>(28,199)</u>	<u>-</u>	<u>44,264</u>	
HOME Investment Partnership Program													
	--	07/01/2008 - 06/30/2009	14.239	1,770,553	48,588	-	91,133	-	48,588	-	-	42,545	1,819,141
	--	07/01/2012 - 06/30/2013	14.239	1,161,788	-	-	24,815	-	-	-	-	24,815	1,136,973
	--	07/01/2013 - 06/30/2014	14.239	1,060,232	22,382	-	64,440	-	22,382	-	-	42,058	1,066,214
	--	07/01/2014 - 06/30/2015	14.239	1,067,774	340,236	-	1,763,384	-	340,236	-	-	1,423,148	(355,374)
	--	07/01/2015 - 06/30/2016	14.239	931,364	6,004	-	762,006	-	6,004	-	-	756,002	175,362
	--	07/01/2016 - 06/30/2017	14.239	1,000,066	89,799	-	-	1,000,066	97,552	38,127	-	940,641	97,552
Total CFDA 14.239				<u>507,009</u>	<u>-</u>	<u>-</u>	<u>2,705,778</u>	<u>1,000,066</u>	<u>514,762</u>	<u>38,127</u>	<u>-</u>	<u>3,229,209</u>	

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

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
Department of Housing and Urban Development (continued)													
Housing Opportunities for Persons with AIDS													
07/01/2011 - 06/30/2012	--	Direct Award	\$ 1,381,032	\$ -	\$ -	\$ 495	\$ -	\$ 495	\$ -	\$ -	\$ -	\$ -	\$ 1,381,032
07/01/2012 - 06/30/2013	--	Direct Award	1,380,000	-	-	1,599	-	12	-	-	-	1,587	1,378,413
07/01/2013 - 06/30/2014	--	Direct Award	1,294,558	10,308	-	43,881	-	-	10,308	-	-	33,573	1,260,985
07/01/2014 - 06/30/2015	--	Direct Award	1,356,224	570,059	-	573,288	-	-	571,488	-	-	1,800	1,354,424
07/01/2015 - 06/30/2016	--	Direct Award	1,351,464	778,408	-	1,314,260	-	-	812,620	-	-	501,640	849,824
07/01/2016 - 06/30/2017	--	Direct Award	1,363,496	38,452	-	-	-	1,363,496	39,927	-	-	1,323,569	39,927
Total CFDA 14.241				1,397,227	-	1,933,523	-	1,363,496	1,434,850	-	-	1,862,169	
Neighborhood Stabilization													
07/01/2011 - 06/30/2012	--	Direct Award	1,196,877	27,568	-	-	-	-	13,198	-	-	163,642	988,477
Housing Voucher Cluster													
Section 8: Earned Administration Balances	--	Direct Award	*	-	-	491,288	-	-	-	21	-	491,309	*
14.871				6,447,631	\$ -	\$ 9,907,719	\$ 226,743	\$ 4,935,915	\$ 7,108,341	\$ 533,667	\$ -	\$ 8,495,703	
Total Department of Housing and Urban Development													
Department of Interior													
Passed through NJ Department of Environmental Protection													
US National Park Service, Historic Preservation Fund Grants-In-Aid:													
NJ Certified Local Government (CLG) Program - Historic District Grant													
Preservation Plan for Rogers Locomotive Works Erection Shop a/k/a Paterson Museum													
* - *	15.904	--	100-042-4875	\$ 24,500	\$ -	\$ 24,500	\$ -	\$ -	\$ 24,500	\$ -	\$ -	\$ -	\$ 24,500
Van Houten House		--	100-042-4875	-	-	-	-	24,500	-	-	24,500	-	-
05/12/2016 - *	15.904	--	100-042-4875	24,500	-	24,500	-	24,500	24,500	-	-	-	-
Total CFDA 15.904				24,500	-	24,500	-	24,500	24,500	-	-	-	-
US National Park Service, Landscape Rehabilitation and Improvements to Overlook Park													
07/01/2017 - 06/30/2020	--	Direct Award	239,065	-	-	-	-	239,065	-	-	-	239,065	-
National Preservation Trust													
* - *	15.U01	--	Direct Award	2,500	-	2,500	-	-	2,500	-	-	-	2,500
Total Department of Interior				27,000	\$ -	\$ 27,000	\$ -	\$ 263,565	\$ 27,000	\$ -	\$ 24,500	\$ 239,065	
Department of Justice													
Bulletproof Vest Partnership Program													
* - *	16.607	--	Direct Award	\$ 3,285	\$ -	\$ -	\$ 3,285	\$ -	\$ -	\$ -	\$ 3,285	\$ -	\$ -
COPS Hiring Program													
09/01/2016 - 08/31/2019	--	Direct Award	2,820,053	127,179	-	-	-	2,820,053	355,449	-	-	2,464,604	355,449
09/01/2013 - 08/31/2016	--	Direct Award	1,672,510	558,078	-	558,078	-	-	558,078	-	-	-	1,672,510
Total CFDA 16.710				685,257	-	558,078	-	2,820,053	913,527	-	-	2,464,604	
Passed through City of Passaic													
Byrne Memorial Justice Assistance Grant - Joint Application for the Cities of Clifton, Passaic and Paterson													
* - *	16.738	--	2015-H4276-NJ-DJ	132,581	-	132,581	-	-	-	-	132,580	1	-
* - *	16.738	--	2016-H4390-NJ-DJ	137,505	-	-	-	137,505	-	-	-	137,505	-
10/01/2012 - 09/30/2016	--	2013-DJ-BX-0382	131,306	131,306	-	-	18,262	-	18,262	-	-	-	131,306
10/01/2012 - 09/30/2016	--	2014-H3763-NJ-DJ	147,423	98,867	-	55,590	35,706	-	48,907	-	7,271	35,118	105,034
Total CFDA 16.738				230,173	-	188,171	53,968	137,505	67,169	-	139,851	172,624	
Total Department of Justice				915,430	\$ -	\$ 746,249	\$ 57,253	\$ 2,957,558	\$ 980,696	\$ -	\$ 143,136	\$ 2,637,228	

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016 Funds Available	Current Year Appropriations	Grant Funds Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017 Encumbered	Funds Available	Cumulative Expenditures
Department of Transportation												
Passed through NJ Department of Transportation Highway Planning and Construction Cluster												
	--	078-6320-480	\$ 250,257	\$ 94,208	\$ -	\$ 6,159	\$ -	\$ -	\$ -	\$ -	\$ 6,159	\$ 244,098
Spruce Street and Mc Bride Avenue Stabilization												
	--	078-6320-480	200,000	-	-	108,796	-	-	-	5,488	108,796	85,716
Total CFDA 20.205 & Highway Planning and Construction Cluster												
				94,208	-	114,955	-	-	-	5,488	114,955	
Passed through NJ Department of Law and Public Safety Highway Safety Cluster												
Distracted Driving Statewide Crackdown Grant												
	--	*	5,000	-	-	5,000	-	-	-	-	5,000	-
Distracted Driving Incentive Grant												
	--	031030	5,280	5,280	-	-	-	-	-	-	-	-
Driver Sober or Get Pulled Over - Year end Crackdown Grant												
	--	100-066-1160	5,000	5,000	-	-	5,000	-	-	-	5,000	-
Total CFDA 20.616 & Highway Safety Cluster												
				10,280	-	5,000	5,000	-	-	-	10,000	
Passed through NJ Transportation Planning Authority / NJIT-Rutgers office of Research and Sponsored Programs HUD Sustainable Community Planning Grant - North Jersey Sustainable Community Program Administration												
	20.*	*	10,000	-	-	9,985	-	-	-	-	9,985	15
Total Department of Transportation												
				\$ 104,488	\$ -	\$ 129,940	\$ 5,000	\$ -	\$ -	\$ 5,488	\$ 134,940	
Department of Environmental Protection												
Clean Water State Revolving Fund Cluster												
Capitalization Grants for Clean Water State Revolving Funds												
Passed through State of New Jersey												
Environmental Infrastructure Fund Loan -												
Phase I												
	--	*	\$ 10,942,000	\$ -	\$ -	\$ 80,429	\$ -	\$ 7,551	\$ -	\$ -	\$ 72,878	\$ 10,868,188
Phase II												
	--	*	6,538,000	-	-	462,623	-	4,344	-	-	458,279	6,078,787
Phase III												
	--	*	21,919,000	-	-	1,202,472	-	880,839	-	-	321,633	15,399,644
Various - Completion												
				\$ -	\$ -	\$ 1,745,524	\$ -	\$ 892,734	\$ -	\$ -	\$ 852,790	
Total DEP, CFDA 66.458 & Clean Water State Revolving Fund Cluster												

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures		
						Funds Available	Encumbered				Encumbered	Funds Available			
Department of Health and Human Services															
Passed through National Association of County and City Health Officials															
Medical Reserve Corps Grant															
01/07/2015 - 07/31/2015	93.008	--	MRC-CSG101005	\$	3,500	\$	-	\$	-	\$	10	\$	1,524	\$	1,876
Passed through County of Passaic Department of Senior Services, Disability and Veterans Affairs															
Aging Cluster															
Special Programs for the Aging - Senior Citizen and Disabled Transportation Assistance															
01/01/2014 - 12/31/2014	93.044	G	*	-	-	211	78	-	-	-	-	78	211	-	221,711
01/01/2015 - 12/03/2015	93.044	G	*	46,460	-	4,235	75	-	-	-	-	75	4,235	-	197,690
01/01/2016 - 12/31/2016	93.044	G	*	155,540	-	109,299	604	-	109,857	-	-	-	46	-	201,954
01/01/2017 - 12/31/2017	93.044	G	*	-	-	-	-	202,000	115,156	-	-	6,412	80,432	-	115,156
Total CFDA 93.044 and Aging Cluster				202,000	-	113,745	757	202,000	225,013	-	-	6,565	84,924	-	
Passed through NJ Department of Health															
PHILEP (Lines Agencies) & Zika Outreach															
07/01/2016 - 06/30/2017	93.069	G	*	162,400	-	-	-	229,955	223,840	(5,000)	-	1,115	-	-	223,840
Passed through NJ Department of Health															
Tuberculosis Prevention and Control and Laboratory Program															
Tuberculosis Clinical, Nursing Case Management and Outreach Services															
01/01/2015 - 12/31/2015	93.116	--	EPID14TAC001	-	-	1,008	-	-	-	-	-	-	1,008	-	96,246
01/01/2016 - 06/30/2016	93.116	--	100-046-4230	75,798	-	49,906	2,700	-	52,606	-	-	-	-	-	97,254
Tuberculosis Control (TB), Specialty Clinic Services															
07/01/2016 - 06/30/2017	93.116	--	100-046-4220	92,229	-	-	-	208,700	195,317	-	-	9,256	4,127	-	195,317
07/01/2015 - 06/30/2016	93.116	--	100-046-4220/5	57,305	-	3,591	163	-	3,754	-	-	-	-	-	212,200
Tuberculosis Ambulatory Care															
01/01/2017 - 12/31/2017	93.116	--	100-046-4230	22,041	-	-	-	97,869	50,658	-	-	2,830	44,381	-	50,658
Total CFDA 93.116				247,373	-	54,505	2,863	306,569	302,335	-	-	12,086	49,516	-	
Passed through NJ Department of Children and Families															
School Based Youth Services -															
Parent Linking Program - Support Pregnant and Parenting Teens															
07/01/2015 - 06/30/2016	93.500	--	030010, 030280	-	-	-	31,797	-	30,276	-	-	1,521	-	-	153,276
07/01/2016 - 06/30/2017	93.500	G	100-016-1630	165,805	-	-	-	165,805	129,682	-	-	36,123	-	-	129,682
Total CFDA 93.500				165,805	-	-	31,797	165,805	159,958	-	-	37,644	-	-	
Passed through NJ Department of Children and Families															
TANF Cluster															
School Based Youth Services Program															
07/01/2015 - 06/30/2016	93.558	G	030280, 030010	-	-	13,973	335	-	14,308	-	-	-	-	-	304,690
07/01/2016 - 06/30/2017	93.558	G	100-016-1630	292,065	-	-	-	304,690	285,070	-	-	4,289	15,331	-	285,070
07/01/2014 - 06/30/2015	93.558	G	100-016-1630	-	-	10,088	1,845	-	8	-	-	1,822	10,103	-	292,765
Total CFDA 93.558 and TANF Cluster				292,065	-	24,061	2,180	304,690	299,386	-	-	6,111	25,434	-	
Passed through NJ Department of Children and Families															
CCDF Cluster															
Parent Linking Program - School Based Youth Services															
07/01/2014 - 06/30/2015	93.596	--	100-016-1630	-	-	-	381	-	-	-	-	381	-	-	80,788
Passed Through Passaic County Youth Services Commission - Family Court Funding															
Medicaid Cluster															
Total Lifestyle Support Program Additional Funding															
01/01/2012 - 12/31/2012	93.778	--	018820, 17020	-	-	22,731	-	-	-	(4,093)	-	-	18,638	-	26,380

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures
						Funds Available	Encumbered				Encumbered	Funds Available	
Department of Health and Human Services (continued)													
Health Resources and Services Administration (HRSA)													
(Ryan White) HIV Emergency Relief Project Grants													
			\$ 3,810,505	\$ 75,863	\$ -	\$ 717	\$ -	\$ -	\$ -	\$ (717)	\$ -	\$ -	\$ 3,809,788
03/01/2013 - 02/28/2014	--	93.914	--	Direct Award	-	-	-	1,769,950	853,895	-	31,208	884,847	853,895
03/01/2017 - 02/28/2018	--	93.914	--	Direct Award	-	-	-	1,816,677	3,128,113	(2)	1	-	3,875,323
03/01/2016 - 02/28/2017	--	93.914	--	Direct Award	-	-	-	-	-	-	-	-	-
Minority Aids Initiative Program													
03/01/2016 - 02/28/2017	--	93.914	--	Direct Award	-	-	-	112,054	255,290	-	-	-	350,608
03/01/2017 - 02/28/2018	--	93.914	--	Direct Award	-	-	-	140,243	83,577	-	-	56,666	83,577
Total CFDA 93.914					-	-	-	3,838,924	4,320,875	(719)	31,209	941,513	
Passed through NJ Department of Health, Division of HIV, STD and TB Services													
HIV Care Formula Grants													
HIV/AIDS Counseling and Testing/Notification Assistance Program													
07/01/2016 - 06/30/2017	--	93.917	--	100-046-4245	-	150,755	-	243,400	203,699	-	9,998	29,703	203,699
07/01/2015 - 06/30/2016	--	93.917	--	100-046-4220/45	-	83,876	-	-	18,040	(30,197)	-	-	213,203
HIV/AIDS Health Education Risk Reduction/Prevention Services													
07/01/2016 - 06/30/2017	--	93.917	--	100-046-4245	-	34,211	-	100,000	47,412	-	22,210	30,378	47,412
Sexually Transmitted Disease (STD) & STD Education/Screening - High Risk Populations													
07/01/2015 - 06/30/2016	--	93.917	--	100-046-4220/45	-	19,078	-	-	1,143	-	-	-	88,535
Sexually Transmitted Disease (STD) & STD Education/Screening - High Risk Populations													
Including Funds for STD/Zika Screenings and Public Interventions													
07/01/2016 - 06/30/2017	G	93.917	G	100-046-4230/45	-	110,743	-	111,710	101,352	-	100	10,258	101,352
Total CFDA 93.917					-	398,663	-	455,110	371,646	(30,197)	32,308	70,339	
Health Resources and Services Administration (HRSA)													
Special Projects of National Significance													
09/01/2014 - 08/31/2017	--	93.928	--	Direct Award	-	376,030	-	-	-	(191,838)	-	-	308,162
09/01/2015 - 08/31/2016	--	93.928	--	Direct Award	-	-	-	-	362,524	191,838	10,000	33,379	648,459
09/01/2016 - 08/31/2017	--	93.928	--	Direct Award	-	369,242	-	482,500	371,826	-	62,565	48,109	371,826
Total CFDA 93.928					-	745,272	-	482,500	734,350	-	72,565	81,488	
Passed through NJ Department of Health and Senior Services													
Child Health and Zika Pregnancy Registry Enhanced Data Collection/Epidemiology Laboratory Capacity Grant													
07/01/2016 - 06/30/2017	--	93.994	--	100-046-4220	-	147,950	-	272,939	228,635	-	44,304	-	228,635
Child Health													
07/01/2015 - 06/30/2016	--	93.994	--	100-046-4220/45	-	62,669	-	-	2,418	-	-	-	230,846
Total CFDA 93.994					-	210,619	-	272,939	231,053	-	44,304	-	
Total Department of Health and Human Services													
					\$	6,896,539	\$	\$ 6,258,492	\$ 6,868,466	\$	\$ 244,388	\$ 1,273,376	

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures	
						Funds Available	Encumbered				Encumbered	Funds Available		
Department of Homeland Security														
Passed through County of Union (through NJ Department of Law and Public Safety)														
Urban Area Security Initiative Grants - Homeland Security Grant Program														
State Police, Fire Urban Search and Rescue (USAR): Metro Strike Team, Structure Collapse and Annual Must Exercise FD Programs														
*	*	97.025	--	066-1200-100-975	\$	129,041	\$	-	\$	352	\$	-	\$	129,041
*	*	97.025	--		-	67,669	-	-	9,310	-	15	5,994	61,660	
*	*	97.025	--	*	-	22,820	-	-	-	-	-	-	-	
*	*	97.025	--	100-066-1200	-	12,586	-	12,586	-	-	-	12,586	-	
Total CFDA 97.025				35,406	-	15,671	-	12,586	9,662	-	15	18,580	-	
Passed through NJ Department of Law and Public Safety														
Disaster Grants - Public Assistance (Presidentially Declared Disasters)														
Storms and Floods														
03/12/2010 - 03/12/2010	--	100-066-1200	1,136	1,136	-	-	-	1,136	1,136	-	-	-	1,136	
Severe Winter Storm														
12/26/2010 - 12/26/2010	--	100-066-1200	2,562	2,562	-	-	-	2,562	2,562	-	-	-	2,562	
Total CFDA 97.036				3,698	-	-	-	3,698	3,698	-	-	-	-	
Blue Acres Grant / Hazard Mitigation Grant														
08/27/2011 - 09/05/2011	--	100-066-1200	5,773,115	292,855	-	3,965,840	536,165	-	1,137,259	-	492,881	2,871,865	2,408,369	
Passed through County of Passaic (through NJ Department of Law and Public Safety)														
Emergency Management Agency Assistance (EMAA) Application														
07/01/2014 - 06/30/2015	--	EMPG-EMAA 1608	10,000	-	-	10,000	-	-	-	-	-	10,000	-	
07/01/2014 - 06/30/2015	--	EMPG-EMAA 1608	15,000	-	-	15,000	-	-	-	-	-	15,000	-	
Total CFDA 97.042				-	-	25,000	-	-	-	-	-	25,000	-	
Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants														
2011 - *	--	Direct Award	68,104	-	-	100	-	-	-	-	-	100	68,104	
Passed through NJ Department of Law and Public Safety														
Urban Area Security Initiative Grants - Homeland Security Grant Program														
* - *	--	100-066-1200	61,004	-	-	-	-	61,004	-	-	-	61,004	-	
Staffing for Adequate Fire and Emergency Response (SAFER)														
* - *	--	Direct Award	7,498,372	3,795,407	-	6,607,322	-	-	3,612,984	-	-	2,994,338	4,504,034	
Total Department of Homeland Security				4,127,366	\$	-	\$	536,165	\$	4,763,603	\$	-	\$	5,970,887
TOTAL FEDERAL AWARDS				18,518,954	\$	-	\$	1,110,183	\$	20,641,321	\$	493,658	\$	19,604,524

(D) Direct Federal Awards: Pass-through Information Not Applicable

* - Information not available

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

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016 Funds Available	Encumbered	Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017 Funds Available	Cumulative Expenditures
<u>NJ Governor's Council on Alcohol and Drug Abuse (GCADA)</u>											
Passed through the County of Passaic Department of Human Services											
Paterson Municipal Alliance Prevention Program (PMAPP) Municipal Alliance Strategic Plan											
07/01/2012 - 06/30/2013	\$ 39,680	\$ -	-	\$ 263	\$ 6,154	\$ -	\$ -	\$ -	\$ (4,489)	\$ 1,644	\$ 33,263
07/01/2014 - 06/30/2015	61,641	-	-	386	19,308	-	4,908	-	(43)	14,400	46,855
07/01/2015 - 06/30/2016	61,641	61,205	-	42,136	449	-	20,574	-	(436)	173	39,630
07/01/2016 - 06/30/2017	61,641	-	-	-	-	61,641	43,534	-	-	5,865	43,534
City Match	15,140	-	-	-	-	15,140	-	15,140	-	-	15,140
Total Municipal Alliance Grant and Governor's Council on Alcohol and Drug Abuse (GCADA)		\$ 61,205	-	\$ 42,785	\$ 25,911	\$ 76,781	\$ 69,016	\$ 15,140	\$ (4,968)	\$ 22,082	\$ 34,271
<u>Department of Community Affairs</u>											
Neighborhood Revitalization Tax Credit Project											
* - *	2016-02240-0225	\$ 60,000	-	\$ -	-	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
To Department of Community Affairs		\$ 60,000	-	\$ -	\$ -	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ -	\$ -
<u>Department of Labor and Workforce Development</u>											
NJ Supplemental Workforce Fund for Basic Skills (SWFBS) -											
NJ Libraries Career Connections Grant for Uniform Career Guidance and Job Search Assistant Services											
06/01/2016 - 05/31/2017	* \$ 50,000	\$ 39,881	-	\$ -	-	\$ 50,000	\$ 2,403	\$ -	\$ -	\$ -	\$ 2,403
Adult Literacy and Community Library Partnership Pilot Grant											
06/01/2016 - 05/31/2017	767-062-4545	80,430	-	-	-	80,430	5,265	-	-	-	5,265
Total Department of Labor and Workforce Development		\$ 92,276	-	\$ -	\$ -	\$ 130,430	\$ 7,668	\$ -	\$ -	\$ -	\$ 122,762
<u>Department of Law and Public Safety</u>											
Body Armor Replacement Fund (BARF) Program											
* - *	90160	\$ 34,598	\$ -	\$ 23,910	\$ 7,257	\$ -	\$ 22,880	\$ -	\$ -	\$ 8,287	\$ 26,311
10/27/2016 - *	718-066-1020	31,617	-	-	-	31,617	-	-	-	-	-
Total Body Armor Replacement Fund		\$ 31,617	-	\$ 23,910	\$ 7,257	\$ 31,617	\$ 22,880	\$ -	\$ -	\$ 8,287	\$ -
Passed through County of Passaic Youth Services Commission											
Family Court and State Community Partnership Grants: Evening Reporting Program											
07/01/2009 - 06/30/2010	* 124,650	-	-	68,606	-	-	-	-	-	68,606	56,044
07/01/2008 - 06/30/2009	* 124,527	-	-	100,013	-	-	-	-	-	100,013	24,514
07/01/2011 - 06/30/2012	* 106,830	-	-	905	-	-	-	-	-	905	105,925
07/01/2011 - 06/30/2012	* 116,830	-	-	4,381	-	-	-	-	-	4,381	112,449
01/01/2015 - 12/31/2015	* 103,855	-	-	7,681	96	-	-	-	-	97	96,078
01/01/2016 - 12/31/2016	* 103,855	83,900	-	88,233	8,242	-	73,387	-	(42)	8,441	80,767
01/01/2017 - 12/31/2017	* 103,855	17,392	-	-	-	103,855	1,937	-	-	1,900	1,937
Total Evening Reporting Program		\$ 101,292	-	\$ 269,819	\$ 8,338	\$ 103,855	\$ 75,324	\$ -	\$ (42)	\$ 10,438	\$ 296,208
Alcohol Education Rehabilitation Enforcement Fund / Alcohol Education Rehab Fund DWI											
* - *	760-098-9735	422	-	422	-	-	-	-	-	422	-
07/01/2011 - 06/30/2012	760-046-4240	3,182	-	1,244	-	-	-	-	-	1,244	1,938
Total Alcohol Education Rehabilitation Enforcement Fund		-	-	\$ 1,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,938

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

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

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016 Funds Available	Encumbered	Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017 Funds Available	Cumulative Expenditures
<u>Department of Law and Public Safety (continued)</u>											
Pedestrian Safety Enforcement and Education Fund											
Safe and Secure Communities Program											
03/22/2016 - 03/21/2017 100-066-1020	\$ 199,563	\$ 199,563	\$ -	\$ -	\$ -	\$ 199,563	\$ 199,563	\$ -	\$ -	\$ -	\$ 199,563
03/22/2016 - 03/21/2017 City Match	802,137	-	-	-	-	802,137	-	802,137	-	-	802,137
Total Safe and Secure Communities Program		199,563	-	-	-	1,001,700	199,563	802,137	-	-	
Operation Cease Fire											
07/01/2010 - 06/30/2011 *	15,000	-	-	15,000	-	-	-	-	-	15,000	-
Total Department of Law and Public Safety		\$ 332,472	\$ -	\$ 310,395	\$ 15,595	\$ 1,137,172	\$ 297,767	\$ 802,137	\$ (42)	\$ 42,055	\$ 321,161
<u>State Judiciary</u>											
DWI Drunk Driving Enforcement Fund (DDEF)											
* - - - *	\$ 27,364	\$ 27,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
07/01/2013 - 12/31/2014 760-098-9735	22,345	4,954	-	11,675	-	-	8,054	-	-	3,621	18,724
Total State Judiciary		\$ 32,318	\$ -	\$ 11,675	\$ -	\$ -	\$ 8,054	\$ -	\$ -	\$ 3,621	
<u>Department of Children and Families</u>											
Passed Through Passaic County Youth Services Commission - Family Court Funding											
Total Lifestyle and Support Program											
01/01/2011 - 12/31/2011 100-54-7570-280	\$ 87,633	\$ -	\$ -	\$ 46,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,561	\$ 41,072
01/01/2014 - 12/31/2014 100-54-7570-280	82,633	-	-	4,129	-	-	-	-	-	4,129	78,504
01/01/2015 - 12/31/2015 100-54-7570-280	86,980	-	-	1,718	-	-	-	-	-	1,718	85,262
01/01/2016 - 12/31/2016 *	86,980	62,330	-	67,241	-	-	63,815	-	-	3,426	83,554
01/01/2017 - 12/31/2017 *	86,980	21,745	-	-	-	86,980	31,333	-	-	55,647	31,333
Total Lifestyle and Support Program and Department of Children and Families		\$ 84,075	\$ -	\$ 119,649	\$ -	\$ 86,980	\$ 95,148	\$ -	\$ -	\$ 111,481	
<u>Department of State</u>											
Public Archives & Records Infrastructure Support Grant (PARIS)											
2006 - * *	\$ -	\$ -	\$ -	\$ 12,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,629	*
2007 - * *	-	-	-	-	29,377	-	-	-	-	29,377	*
Total PARIS Grant		-	-	-	29,377	-	-	-	-	29,377	
NJ Historical Commission											
Deleware-Lenape Culture Permanent Exhibit of the Paterson Museum											
07/01/2012 - 06/30/2013 *	1,200	-	-	1,200	-	-	-	-	-	1,200	-
Passed Through Passaic County Cultural and Heritage Council Museum Grant											
07/01/2005 - 06/30/2006 100-074-2530-032	1,000	-	-	335	-	-	-	-	-	335	665
Museum Council -2009											
07/01/2010 - 06/30/2011 100-074-2530-032	1,000	-	-	131	-	-	-	-	(131)	-	869
Total NJ Historical Commission		-	-	-	-	-	-	-	(131)	-	

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

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

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016 Funds Available	Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017 Encumbered	Funds Available	Cumulative Expenditures
<u>Department of State (continued)</u>											
NJ State Council on the Arts - Partner Agency of the National Endowment for the Arts											
Quarterly Visual Art Exhibition Series											
01/01/2012 - 12/31/2012	\$	1,600	\$	1,600	\$	\$	\$	\$	\$	1,600	\$
Art Grant											
07/01/2010 - 06/30/2011	100-074-2530-032	330	-	330	-	-	-	-	-	330	-
Exhibit Freedom Boulevard Gate											
07/01/2010 - 06/30/2011	100-074-2530-032	440	-	440	-	-	-	-	-	440	-
Total NJ State Council on the Arts											
				2,370	-	-	-	-	-	2,370	-
Total Department of State		\$	\$	16,665	\$	\$	\$	(131)	\$	16,534	
<u>Department of Health and Senior Services</u>											
Passed through County of Passaic Department of Health LINCS Agency											
Local Core Capacity for Public Health Emergency Preparedness Grant											
07/01/2015 - 06/30/2016	\$	226,525	\$	19,175	\$	13,062	\$	(13,430)	\$	-	\$
Total Department of Health and Human Services		\$	\$	19,175	\$	13,062	\$	(13,430)	\$	-	213,095
<u>Department of Human Services</u>											
Passed Through County of Passaic Youth Services Commission											
Paterson Station House Adjustment Component - Station House Adjustment Program											
Family Court and State Community Partnership (Mixed Funding)											
01/01/2014 - 12/31/2014	JABG-13	\$	\$	317	\$	-	\$	-	\$	317	\$
07/01/2011 - 06/30/2012	JABG-12	18,869	-	25	-	-	-	-	-	25	18,552
	*	19,021	-	9,150	-	-	-	-	-	9,150	18,996
	*	18,492	-	-	-	-	-	-	-	-	9,342
01/01/2016 - 12/31/2016	*	18,492	-	-	18,492	18,492	-	-	-	-	18,492
Total Station House Adjustment Program and Department of Human Services		\$	\$	9,492	\$	18,492	\$	-	\$	9,492	
<u>Economic Development Authority</u>											
Passaic Falls Overlook Park											
	*	\$	\$	-	\$	-	\$	-	\$	-	*
Total Economic Development Authority		\$	\$	-	\$	-	\$	-	\$	-	

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

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures
				Funds Available	Encumbered					Encumbered	Funds Available	
Department of Environmental Protection												
Office of Brownfield Reuse - Site Remediation and Waste Management Program												
Hazardous Discharge Site Remediation Fund (HDSRF) - Supplemental Grant for BDA (Brownfield Development Area) Site Investigation												
Cliff Street / Belmont Apartments												
* - *	*	\$ -	\$ -	\$ -	\$ 20,263	\$ -	\$ -	\$ -	\$ -	\$ 20,263	\$ -	*
ATP Processor, Ltd., Great Lawn Area												
03/10/2016 - *	*	124,938	-	-	124,938	-	69,781	-	-	55,157	-	69,781
Paterson Armory (461-473 Market Street)												
03/10/2016 - *	*	398,780	-	-	300,000	-	39,320	-	-	59,460	300,000	39,320
Paterson Steam Plant (76-108 McBride Avenue)												
03/10/2016 - *	*	33,540	-	-	33,540	-	32,356	-	-	1,184	-	\$ 32,356
Hinchliffe Stadium												
03/10/2016 - *	*	42,279	-	-	42,279	-	37,844	-	-	4,435	-	37,844
Dairy Queen												
10/03/2016 - *	PI# 477293	21,865	-	-	-	21,865	8,262	-	-	13,603	-	8,262
Addy Mill												
10/03/2016 - *	#P39595	201,935	-	-	-	201,935	-	-	-	201,935	-	-
Paterson Steam Plant - Overlook Park Site (Great Falls BDA)												
03/28/2017 - *	PI# 477140	420,307	-	-	-	420,307	-	-	-	-	420,307	-
Columbia Textiles Phase III												
07/01/2008 - 06/30/2009	*	168,142	-	-	18,404	-	18,404	-	-	-	-	168,142
Total Supplemental Grant for BDA Site Investigation												
		368,258	-	-	300,000	644,107	205,967	-	-	356,037	720,307	-
Office of Brownfield Reuse - Site Remediation and Waste Management Program												
(SEP) Supplemental Environmental Project Property												
Mary Ellen Kramer Park												
* - *	140001-U1892	200,000	-	-	95,000	-	86,257	-	-	18,743	95,000	86,257
Recycling Tonnage Grant												
07/01/2012 - 06/30/2013	042-4900-752	238,701	-	-	44,186	-	44,360	-	-	-	44,186	194,515
07/01/2008 - 06/30/2009	042-4900-752	222,858	-	-	77,554	-	36,928	-	-	-	77,554	145,304
* - *	100-042-4910	221,874	-	-	9,385	-	201,499	-	-	-	15,433	206,441
2013	238490	219,496	-	-	219,496	-	168,625	-	-	2,940	47,931	168,625
2014	100-042-4910	227,131	-	-	-	227,131	-	-	-	-	227,131	-
Total Recycling Tonnage Grant												
		227,131	-	-	288,835	227,131	451,412	-	-	2,940	412,235	-
Solid Waste Administration - Clean Communities Program Grant												
07/01/2012 - 06/30/2013	765-042-4900	169,792	-	-	508	-	508	-	-	-	-	169,792
* - *	765-042-4900	193,565	-	-	107,196	-	113,512	-	-	1,485	6,213	185,867
* - *	765-042-4900	159,203	-	-	69	-	69	-	-	-	-	159,203
07/09/1905 - *	178910	187,965	-	-	-	-	-	-	-	-	-	-
2016	178910	221,251	-	-	221,251	-	172,261	-	-	27,770	21,220	172,261
Total Clean Communities Grant Program												
		187,965	-	-	329,024	-	286,350	-	-	29,255	27,433	-

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

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures
				Funds Available	Encumbered					Encumbered	Funds Available	
<u>Department of Environmental Protection (continued)</u>												
Green Acres Trust Local Programs:												
Various Park Improvements - Loan 10/25/2005 - Completion	\$ 1,585,363	\$ -	\$ -	\$ 353,877	\$ -	\$ -	\$ 3,956	\$ -	\$ -	\$ -	\$ 349,921	\$ 1,235,442
Various Park Improvements - Grant 10/25/2005 - Completion	1,585,363	-	-	353,877	-	-	3,957	-	-	-	349,920	1,235,443
Restoration and Revitalization of Pennington Park - Loan 12/22/2008 - 12/22/2010	1,888,627	-	-	38,660	-	-	-	-	-	-	38,660	1,849,967
Restoration and Revitalization of Pennington Park - Grant 12/22/2008 - 12/22/2010	1,888,627	128,734	-	38,659	-	-	(1)	-	-	-	38,660	1,849,967
ATP Site/Haines Overlook Park Riverwalk Extension -Loan 11/02/2008 - Completion	783,665	-	-	783,665	-	-	-	-	-	-	783,665	-
ATP Site/Haines Overlook Park Riverwalk Extension -Grant 11/02/2008 - Completion	1,283,665	-	-	1,283,665	-	-	-	-	-	-	1,283,665	-
Total Green Acres Trust Local Programs		128,734	-	2,852,403	-	-	7,912	-	-	-	2,844,491	-
Municipal Storm Water Regulation Program												
Environmental Infrastructure Trust Loan - Phase III 07/01/2005 - 06/30/2006	538	-	-	538	-	-	-	-	-	-	538	-
11/10/2005 - Completion	10,486,570	-	-	10,486,570	-	-	3,305,464	-	-	-	7,181,106	3,305,464
Total Municipal Storm Water Regulation Program		-	-	10,487,108	-	-	3,305,464	-	-	-	7,181,644	-
Total Department of Environmental Protection												
		\$ 912,088	\$ -	\$ 14,414,156	\$ 746,053	\$ 871,238	\$ 4,343,362	\$ -	\$ -	\$ 406,975	\$ 11,281,110	
<u>Department of Commerce and Economic Development</u>												
Urban Enterprise Zone -												
Passed through Paterson Restoration Corp.												
Business Improvement - Phase II 07/01/2008 - 06/30/2009	\$ 500,000	\$ 20,865	\$ -	\$ 2,198	\$ -	\$ -	\$ -	\$ -	\$ (2,198)	\$ -	\$ -	\$ 497,802
Marketing and Business Development Program Phase II 07/01/2005 - 06/30/2006	750,000	20,417	-	54,572	3,410	-	3,910	-	-	-	54,072	695,928
Administration 07/01/2013 - 06/30/2014	198,800	-	-	20,017	168	-	-	-	-	168	20,017	178,615
07/01/2015 - 06/30/2016	236,400	76,807	-	105,906	3,125	-	10,951	-	-	-	98,080	138,320
07/01/2016 - 06/30/2017	240,900	58,100	-	-	-	240,900	100,429	-	-	2,127	138,344	100,429
William Paterson University Small Business Development Center Year 16 07/01/2014 - 06/30/2015	50,000	26,403	-	-	17,536	-	2,991	-	-	-	14,545	35,455
UEZ - Clean Communities Project 07/01/2011 - 06/30/2012	350,000	-	-	189,191	583	-	-	-	-	1,166	188,608	160,226
Total UEZ Grants and												
Department of Commerce and Economic Development												
		\$ 202,592	\$ -	\$ 371,884	\$ 24,822	\$ 240,900	\$ 118,281	\$ -	\$ (2,198)	\$ 3,461	\$ 513,666	

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

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures
				Funds Available	Encumbered					Encumbered	Funds Available	
<u>State of New Jersey Historic Trust</u>												
Hinchliffe Stadium Grant 07/01/2012 - 06/30/2013	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -
Total State of New Jersey Historic Trust		\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -
<u>Highlands Water Protection and Planning Council</u>												
Transfer of Development Rights Feasibility Grant Program * - * 100-082-2078	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -
Total Highlands Water Protection and Planning Council		\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -
<u>Department of Transportation</u>												
Road Resurfacing												
600854, 609164,												
2014 - *	\$ 607,860	\$ 126	\$ -	\$ 49,259	\$ -	\$ -	\$ 24,623	\$ -	\$ -	\$ -	\$ 24,636	\$ 583,224
602371, 600599												
2015 - *	1,040,000	-	-	505,896	-	-	3,934	-	-	-	501,962	78,024
078-6320-480												
Total Department of Transportation		\$ 126	\$ -	\$ 555,155	\$ -	\$ -	\$ 28,557	\$ -	\$ -	\$ -	\$ 526,598	\$ -
Total State Financial Assistance		\$ 1,860,866	\$ -	\$ 16,421,031	\$ 890,365	\$ 2,621,993	\$ 5,059,407	\$ 817,277	\$ (20,769)	\$ 545,240	\$ 13,490,696	\$ -
- Information not available												

* - Information not available

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

Grant Reference Number	Program or Award Amount	Funds Received	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures
			Funds Available	Encumbered				Encumbered	Funds Available	
Other Grants										
Anita Tenk Spay and Neuter Program 04/01/02 - 05/30/13	\$ 9,656	\$ -	\$ -	\$ 56	\$ -	\$ -	\$ -	\$ 56	\$ -	\$ 9,600
Atlantic Health System - Cool Kids Projecjt 12/31/15 - *	500	-	-	-	500	-	-	-	500	-
Paterson Museum Mineral Display Grant 07/01/12 - 06/30/13	2,000	-	2,000	-	-	-	-	-	2,000	-
* - *	5,000	-	5,000	-	-	-	-	-	5,000	-
Paterson Museum Mineral Hall Collection Donations 07/01/03 - 06/30/04	10,000	-	2,515	-	-	-	-	-	2,515	7,485
First Ward Library Renovation Insurance Grant 07/01/11 - 06/30/12	326,413	-	229,682	4	-	-	-	2,278	227,408	96,727
(Anonymous Donors Through) Community Foundation of NJ -Give & Receive Summer Program Community Foundation of NJ, The Give and Receive Summer Program (T-GARP)										
Summer 2013 T-GARP Support Grant 07/01/12 - 06/30/13	20,000	-	133	-	-	-	-	-	133	19,867
Summer 2014 T-GARP Support Grant 06/01/14 08/31/14	20,000	-	1,063	-	-	-	-	-	1,063	18,937
Summer 2015 T-GARP Support Grant 06/01/15 - 08/31/15	20,430	-	159	-	-	-	-	-	159	20,271
Summer 2017 T-GARP Support Grant 06/01/16 - 08/31/16	20,527	20,264	-	-	20,527	20,162	-	173	192	20,162
Silk City Woman's Club Museum Grant 07/01/11 - 06/30/12	1,000	-	1,000	-	-	-	-	-	1,000	-
Hannah Family Memorial Grant 07/01/07 - 06/30/08	2,000	-	1,436	-	-	-	-	-	1,436	564
Museum Brochure Grant- Donald Baer 07/01/07 - 06/30/08	1,000	-	1,000	-	-	-	-	-	1,000	-
Museum Project Grant Art	1,600	1,600	-	-	-	-	-	-	-	-
History	1,250	1,250	-	-	-	-	-	-	-	-
PSE&G Emergency Preparedness Grant 07/01/12 - 06/30/13	5,000	-	112	-	-	-	-	-	112	4,888
Cablevision Public Education and Government Access Program 07/01/04 - 06/30/05	100,000	-	12,981	-	-	(17,462)	-	-	30,443	69,557
Gilead Sciences, Inc. - FOCUS Grant 07/01/16 - 07/31/17	224,400	134,640	-	-	224,400	98,896	-	43,896	81,608	98,896

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

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

	Grant Reference Number	Program or Award Amount	Funds Received	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures
				Funds Available	Encumbered				Encumbered	Funds Available	
Other Grants (continued)											
National Trust for Historic Preservation in the United States											
American National Treasures Grant -											
Restore Two Historic Ticket Booths at Hinchliffe Stadium											
	10/30/15 - 12/31/16	\$ 300,000	\$ 150,000	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000	\$ -
Paterson Museum Pharmacy Exhibit Donations											
	* - *	711	-	711	-	-	-	-	-	711	-
Paterson Museum Dan Oliff Memorial Veterans Exhibit											
	* - *	10,000	-	2,829	-	-	-	-	-	2,829	7,171
Total Other Grants											
			307,754	260,621	60	545,427	101,596	-	46,403	658,109	
Hudson County Open Space Preservation Trust:											
Pennington Park Gazebo											
	07/01/11 - 06/30/12	\$ 175,000	\$ -	\$ 4,477	\$ -	\$ -	\$ -	\$ -	\$ -	4,477	\$ 170,523
Passaic River Waterfront Study											
	07/01/10 - 06/30/11	30,000	-	30,000	-	-	-	-	-	30,000	-
Analysis Pocket Parks											
	07/01/10 - 06/30/11	18,733	-	11,267	-	-	-	(11,267)	-	-	18,733
Middle Lower Raceway Investigation and Design											
	07/01/10 - 06/30/11	596,267	16,522	40,000	-	-	54,259	56,267	41,611	397	514,259
Middle Lower Raceway											
	07/01/08 - 06/30/09	-	-	-	45,000	-	-	(45,000)	-	-	-
Overlook Park Improvements											
	07/01/05 - 06/30/06	150,000	32,680	54,889	55,490	-	51,390	-	4,100	54,889	91,011
Overlook Park Improvements (Re-Appropriation from Mary Ellen Kramer Park)											
	* - *	145,000	-	-	-	145,000	-	-	-	145,000	
Landscaping Improvements at Overlook Park											
	10/01/15 - *	176,933	4,950	176,933	-	-	4,950	-	60,000	111,983	4,950
Eastside Park Concession Stand / Cricket House											
	10/08/13 - *	260,000	59,401	228,245	-	-	-	-	-	228,245	31,755
Total Open Space Preservation Trust											
			113,553	545,811	100,490	145,000	110,599	-	105,711	574,991	

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

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

Grant Reference Number	Program or Award Amount	Funds Received	Balance: June 30, 2016		Current Year Appropriations	Grant Funds Expended	Cancellations & Adjustments	Balance: June 30, 2017		Cumulative Expenditures
			Funds Available	Encumbered				Encumbered	Funds Available	
<u>Passaic County Prosecutor</u>										
Passaic County Prosecutor's Office Franklin Reward										
07/01/10 - 06/30/11	\$ 30,000	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ 27,500
Passaic County Prosecutor's Office Confidential Forfeiture Fund										
ongoing - ongoing	28,263	28,263	-	-	28,263	-	-	-	28,263	1,000
07/01/12 - 06/30/13	10,000	-	9,000	-	-	-	-	-	9,000	
Total Passaic County Prosecutor										
		28,263	11,500	-	28,263	-	-	-	39,763	
<u>Paterson Restoration Corporation</u>										
Paterson Restoration Corporation Master Plan Grant										
07/01/11 - 06/30/12	130,000	-	1,000	-	-	-	-	-	1,000	129,000
Division of Comm. Improvements Technology Upgrade Grant										
09/25/13 - *	125,000	-	41,068	-	-	-	-	-	41,068	83,932
Total Paterson Restoration Corporation										
		-	42,068	-	-	-	-	-	42,068	
Total Other Financial Assistance										
		\$ 449,570	\$ 860,000	\$ 100,550	\$ 718,690	\$ 212,195	\$ -	\$ 152,114	\$ 1,314,931	

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

NOTE A. REPORTING ENTITY

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

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

NOTE B. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the City. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for federal awards and state financial assistance through the following accounting practices which differ from those required by accounting principles generally accepted in the United States of America. The method of accounting will further differ depending on the method in which the grant is authorized for spending: operating budget appropriation, improvement authorization or dedication by rider. Expenditures in the Schedules are measured from payments charged directly to specific grant programs in the underlying accounting records. Federal and state awards provided to sub-recipients are treated as expenditures when paid.

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

NOTE C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget Appropriation - In accordance with the Division's directives, the City (a) fully realizes grant revenues anticipated in the Current Fund operating budget and establishes a corresponding receivable for each grant in the State and Federal Grants Fund, and (b) fully charges grants appropriated in the Current Fund operating budget and establishes a corresponding spending reserve, referred to as an 'Appropriated Reserve' in the State and Federal Grants Fund. In some instances, grants anticipated and appropriated in the Current Fund operating budget may be established as receivables and reserves in a Trust Fund instead of the State and Federal Grants Fund.

Improvement Authorization - Programs or grants appropriated by ordinance are accounted for within the General Capital Fund. Grant receivables are established in accordance with the ordinance. The portion of the spending authorization attributable to grants is included within the Improvement Authorization in which they are appropriated. The City normally separates the portion of its Improvement Authorizations supported by grant funding to better allocate that portion of the project chargeable to the grant.

Dedicated by Rider - Programs or grants appropriated by rider are accounted for within the various Trust Funds. A corresponding receivable and reserve is established for each grant, though multiple years of the same grant will often be reported as one receivable or reserve.

Other significant accounting policies are as follows:

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

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

NOTE D. CONTINGENCIES

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

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

FOR THE YEAR ENDED JUNE 30, 2017

NOTE E. MONITORING OF SUB-RECIPIENTS

Under the requirements of the Single Audit Act and State regulations, if the City, as a primary recipient, receives federal and state financial assistance and provides \$750,000 or more of such assistance to a sub-recipient in a fiscal year, the City is responsible for determining that the expenditures of federal and state monies passed through to sub-recipients are utilized in accordance with applicable laws and regulations.

NOTE F. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE G. PASS-THROUGH AWARDS AND COMMINGLED ASSISTANCE

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

The U.S. Department of Health and Human Services includes the following:

Award Year	TOTAL AWARD	Federal Funds					State Funds		County
		Title III Older Americans 93.044	TANF 93.558	Parent Linking 93.500	CCBG 93.596	PHILEP 93.069	State Casino Revenue Funds	School Linked State	Health LINCS
2014	222,000	46,460	.....	.....	.....	.....	175,540	.....	.....
2015	202,000	46,460	.....	.....	.....	.....	155,540	.....	.....
2016	202,000	46,460	.....	.....	.....	.....	155,540	.....	.....
2017	202,000	46,460	.....	.....	.....	.....	155,540	.....	.....
2017	229,955	.....	.....	.....	.....	224,955	.....	.....	5,000
2017	165,805	.....	.....	84,636	81,169	.....	.....	.....	.....
2016	304,690	.....	47,276	.....	.....	.....	.....	257,414	.....
2017	304,690	.....	47,276	.....	.....	.....	.....	257,414	.....
2015	304,690	.....	47,276	.....	.....	.....	.....	257,414	.....

CITY OF PATERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	<div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; padding-bottom: 2px;"> Unmodified (as prescribed by NJ DLGS) Adverse (according to GAAP) </div>
--	--

Internal Control over Financial Reporting:

1) Material weakness(es) identified?	Yes		✓	No
2) Significant deficiency(ies) identified?	✓	Yes	2017-001	No

Noncompliance material to basic financial statements noted?	✓	Yes	2017-001	No
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Federal Awards

Internal control over major federal programs:

1) Material weakness(es) identified?	Yes		✓	No
2) Significant deficiency(ies) identified?	Yes		✓	No

Type of auditor's report on compliance for major programs:	Unmodified for all major Federal programs.
--	--

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

Identification of major Federal Programs:

CFDA No.	Name of Federal Program or Cluster
14.218	- CDBG - Entitlement Grants Cluster
14.228	- CDBG State's Program - Disaster Recovery 2013
14.239	- HOME Investment Partnership Program
16.710	- COPS Hiring Program
66.458	- Clean Water State Revolving Fund Cluster
93.044	- Special Programs for the Aging - Senior Citizen and Disabled Transportation
93.116	- Tuberculosis Prevention and Control and Laboratory Program
93.558	- TANF Cluster - School Based Youth Services
93.917	- HIV Care Formula Grants

Dollar threshold used to distinguish between Type A and Type B Programs:	\$	750,000
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Auditee qualified as low-risk auditee?	Yes		✓	No
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CITY OF PATERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

State Financial Assistance

Internal control over major state programs:

1) Material weakness(es) identified?	Yes	✓	No
2) Significant deficiency(ies) identified?	Yes	✓	No

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

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

State Grant No.	Name of State Program
100-066-1020	- Safe and Secure Communities Program
*	- Municipal Storm Water Regulation Program - Environmental Infrastructure Trust

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued) FOR THE YEAR ENDED JUNE 30, 2017

Section II - Schedule of Financial Statement Findings

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

FINDING 2017-001

Significant Deficiency in Internal Control – Payment of Overtime

Material Noncompliance – 29 CFR 778.106

Criteria: Sound internal controls over the payment of overtime are required for the proper payment, recording and authorization of overtime and as a measure to deter and prevent potential abuse.

Regarding the timing of payment of overtime compensation, 29 CFR Part 778.106 states “payment may not be delayed for a period longer than is reasonably necessary for the employer to compute and arrange for payment of the amount due and in no event may payment be delayed beyond the next payday after such computation can be made.”

Context: A sample of 60 employees were statistically selected for the purposes of testing the City’s controls as they relate to overtime processing. All overtime earned by each of the 60 employees during the course of the year was tested, totaling \$732,247 and 16,796 hours of overtime accrued.

Condition: The following findings were noted during the course of this testing:

1. 530 hours of overtime authorizations were not available for audit review.
2. 19 instances (61 hours) were noted in which no authorizing signatures were present on the authorization document.
3. 35 instances (191 hours) in which the employee signature and Division Head signature were not present on the authorization document.
4. Certain Departments and Offices, such as the Office of the City Clerk and Municipal Court, contained only one authorizing signature for overtime (other than the employee’s own signature). Whereas City policies and authorization forms require two authorizing signatures, City officials noted a second signature was not obtained in these instances because there is no Division Head.
5. In excess of 200 possible instances were noted in which the City may be noncompliant with provisions of the Fair Labor Standards Act requiring timely payment of overtime compensation, as noted in 29 CFR 778.106.

CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued) FOR THE YEAR ENDED JUNE 30, 2017

Section II - Schedule of Financial Statement Findings

FINDING 2017-001

- Effect:** (Condition 1) 3% of overtime approvals tested were not retained in accordance with State records retention schedules. (Conditions 2-4) Overtime authorizations are not always obtained to the extent required by City policies and authorization forms. (Condition 5) The City is potentially noncompliant with the Fair Labor Standards Act in regards to the timely payment of overtime compensation.
- Cause:** Internal controls as they relate to the approval of overtime are inconsistently applied and at times not properly monitored and enforced.
- Repeat Finding:** A Material Weakness in Internal Control over the Payment of Overtime was noted in the prior year as Finding 2016-001. Refer to “Status of Prior Year Findings” for the prior year condition.
- Recommendation:** All overtime authorizations must be fully executed and retained in accordance with applicable records retention schedules. Whereas there are certain Departments and/or Offices for which the position of Division Head is not applicable, the City should consider requiring a second supervisory signature in lieu of the Division Head in order to rectify inconsistencies and maintain an appropriate level of authorization. Finally, payment of overtime compensation must be made within the parameters set forth in the Fair Labor Standards Act and official interpretations thereof, such as 29 CFR 778.106.

Views of Responsible City Officials (unaudited)

This is a repeat finding/deficiency. The auditor has noted that while there was some improvement from the prior year, the deficiencies are severe enough to merit attention. In the departments where overtime is available, it is imperative that the audit findings are shared. As this is a repeat deficiency, department/division heads should respond with a plan of correction for their department/division. Last year, and again this year, correspondence was sent reiterating the need for required signatures, etc., as it relates to Overtime. It has not generated compliance or a sense of urgency. A bi-weekly audit of overtime should be performed to determine if Overtime has been submitted with required authorization, based on FLSA guidelines, etc. Whenever there is a deficiency—a Letter of Reprimand is generated for inclusion in the personnel files of affected staff with a copy to the Mayor and Business Administrator.

CITY OF PATERSON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

None Identified

CITY OF PATERSON

SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT

FOR THE YEAR ENDED JUNE 30, 2017

(This section identifies the status of prior-year audit findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 4 of Government Auditing Standards, 2 CFR 200.516(a) and New Jersey OMB Circular 15-08.)

Status of Prior Year Findings

FINDING 2016-001

Material Weakness in Internal Control

Condition: The following findings were noted during the course of our Fiscal Year 2016 testing of overtime earned by 114 employees

1. Of the 45,824 hours selected for testing, authorization forms supporting 17,747 hours of Public Works overtime were not available for audit review.
2. The City's Overtime Authorization forms explicitly state "No one receives overtime/compensatory time without the signed prior authorization of the Department Head or designee". However, proof of prior authorization could not be obtained from the authorization forms in a majority of instances for which authorization forms were available.
3. Employees did not sign authorization forms in 48 instances (162 hours). Division Heads did not sign authorization forms in 192 instances (916 hours). Department Heads did not sign authorization forms in 720 instances (3,331 hours). No justification of overtime was noted on authorization forms in 40 instances (218 hours). These figures are further illustrated in the table that follows:

	<u>Missing Employee Signature</u>		<u>Missing Division Head Signature</u>		<u>Missing Department Head Signature</u>		<u>No Justification for Overtime Noted</u>	
	<u>Number of Instances</u>	<u>Number of Hours</u>	<u>Number of Instances</u>	<u>Number of Hours</u>	<u>Number of Instances</u>	<u>Number of Hours</u>	<u>Number of Instances</u>	<u>Number of Hours</u>
Public Works	13	73	142	723	251	1,518	24	158
All Other Departments	35	89	50	193	469	1,813	16	60
Total	48	162	192	916	720	3,331	40	218

4. 513 hours of overtime (60 Court hours and 453 Public Works hours) were paid despite the failure of multiple controls. In each of these cases, the Department Head signature was absent plus one of the following approvals/controls was also missing: employee signature, Division Head signature or written justification.

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

FINDING 2016-001

Material Weakness in Internal Control

Condition: (continued)

5. 56 total instances were noted in which two Public Works employees signed off as the Division Head and no Department Head approval was in place, meaning overtime was only approved by the employee who worked the overtime. One of these employees was named in the indictment noted in Finding 2016-002.
6. Nine instances were noted in Public Works in which multiple distinctly different authorization forms were provided for the same date and time.

Current Status: Follow-up procedures performed to obtain a status on this finding resulted in exceptions as noted in the current year as Finding 2017-001.

FINDING 2016-002

Reportable Findings of Abuse

Noncompliance (B) – Allowable Costs / Cost Principles

(Direct Federal Funding)

United States Department of Housing and Urban Development
CDBG Entitlement Grants Cluster
CFDA No. 14.218 / 14.253

Context: Employees and officials of the City are reportedly under investigation in three separate circumstances. (1) The first involves the Mayor and three employees who were indicted subsequent to the balance sheet for alleged improprieties involving the alleged private use of employees as they were accruing overtime payable by the City. These charges include conspiracy, theft, official misconduct and falsifying public records. (2) The second is reportedly an FBI investigation into the City's use of \$180,000 in federal funds for renovations of 147 Montgomery Street. In addition, the fourth amendment to this project which increased funding from \$135,000 to \$180,000 was not fully executed prior to disbursement of funds. (3) The third reportedly involves an FBI subpoena of City records regarding potential corruption in an alleged scheme involving its tire recycling program.

CITY OF PATERSON

**SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
AS PREPARED BY MANAGEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

FINDING 2016-002

(continued)

Current Status: (1) The New Jersey Attorney General's investigation into the Mayor/Public Works matter concluded with the Mayor's sentencing to a state prison term in November of 2017. The three Public Works employees also plead guilty and received probation. All four employees have been permanently separated from the City and barred from future public employment.

(2) Through the date of this report, there have been no new developments regarding the federal investigation into use of 147 Montgomery, a privately-owned building, which was leased to the City's Department of Health and Human Services for the purposes of providing prison re-entry services. The federal investigation resulted in the seizure of certain City records as well as subsequent subpoenas for additional records. Through the date of this report, there have been no new federal subpoenas related to this property since 2016 and there have been no indictments or criminal charges in this matter.

(3) Through the date of this report, there are no new developments with regard to the tire recycling program investigation, specifically, following an initial subpoena, no new subpoenas have been received and there have been no indictments or criminal charges in this matter.

FINDING 2016-003

Noncompliance (G) – Matching, Level of Effort, Earmarking
(Direct Federal Funding)

United States Department of Housing and Urban Development
CDBG Entitlement Grants Cluster
CFDA No. 14.218 / 14.253

Condition: The City's planning and administrative costs for the Program Year 2015 Community Development Block Grant (CDBG) were 30.08%. Planning and administration costs in excess of the 20% cap would be ineligible.

Current Status: The City's planning and administrative costs for the Program Year 2016 CDBG were 15.63%, rendering this finding corrected and cleared in the current year.

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

FINDING 2016-004

Noncompliance (N) – Special Tests and Provisions (Davis-Bacon Act)
(Direct Federal Funding)

United States Department of Housing and Urban Development
CDBG Entitlement Grants Cluster
CFDA No. 14.218 / 14.253

Condition: The City did not obtain the weekly certified payrolls required by the Davis-Bacon Act from four contractors. These four contractors were all performing work at the location identified in Finding 2016-002, which was completed in the prior year, Fiscal Year 2016.

Current Status: Testing of the City’s requirements to obtain certified payrolls under Davis-Bacon resulted in no exceptions in the current year. Based on the results of audit sampling, this finding has been cleared.

FINDING 2014-006:

US Department of Housing and Urban Development
HOME Investment Partnership Program
CFDA Number 14.239

Condition: The City received a letter dated April 30, 2015 from the Office of Inspector General – United States Department of Housing and Urban Development (OIG HUD), in which there are two findings and 27 recommendations resultant from an audit of the City’s HOME Investment Partnership Program. In summary, OIG HUD recommends that “HUD recapture \$844,640 in ineligible committed funds and instruct City officials to reimburse more than \$948,414 spent for ineligible costs, provide documentation to support that \$561,245 was spent on supported costs and activities, remove more than \$2.2 million in ineligible CHDO reserve, provide documentation for more than \$1.1 million in CHDO reserve, and properly record deed restrictions and affordability requirements so that HUD’s interest in over \$1.37 million is protected.”

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

FINDING 2014-006:

(continued)

Current Status: In a letter dated March 24, 2017, the City submitted a response to the U.S. Department of Housing and Urban Development, Newark Field Office – Region III, in which the City agreed to repay \$2,007,627, though a final determination of this amount has not been made. Further the City requested the repayment to be made through a Voluntary Grant Reduction over a period of five years, however, it is increasingly likely the payback period will be over three years. The City's current year funding allocation has not been reduced.

CITY OF PATERSON
GENERAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

N.J.S.A.40A:11-3 states: “When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent or other employee so designated by the governing body when so authorized by ordinance or resolution, as appropriate to 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 a purchasing agent has been appointed, the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000 or the threshold amount adjusted by the Governor pursuant to subsection c. of this section. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.” The City has appointed a Qualified Purchasing agent and is subject to a bid threshold of \$40,000.

N.J.S.A. 40A:11-4 states “Every contract awarded by the 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 therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.” The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$40,000 within the fiscal year. Where questions arise as to whether any contract or agreement might result in a violation of the Statute, the opinion of City Counsel should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "professional services" per N.J.S.A. 40A:11-5, “extraordinary unspecifiable services” per N.J.S.A. 40A:11-6.1 and “state contracts” per N.J.S.A. 40A:11-12.

CITY OF PATERSON
GENERAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

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

- | | |
|--|--|
| - 2016 City Wide Road Resurfacing Program Phase-II, Wards 1, 2 & 4 | - Removal, Transportation and Disposal of Recycled Electronic Equipment |
| - 2016 City Wide Road Resurfacing Program Phase-II, Ward 3 | - Landscape and Maintenance Services for the Paterson Great Falls National Historic Park |
| - 2016 City wide road resurfacing program Phase II-, Wards 5&6 | - General and Emergency Plumbing Repairs and Installation Services |
| - Bus Transportation Services for the Recreation Division | - Stabilization and Rehabilitation of Hinchliffe Stadium Phase I |
| - Inspection, Cleaning, and Maintenance of CSO Regulators | - Emergency Sewer Main Repairs and Replacement over 48" in Diameter |
| - Maintenance of the Lou Costello and Riverside Vets Pools | - One (1) 2016 or Newer Bobcat Toolcat Model # 5600 (or equal) |
| - 2015 State Aid Resurfacing Program | - Janitorial Supplies |
| - Emergency Sewer Lateral Repairs | - Demolition of Various Properties |
| - Electrical Supplies | - Elevator Maintenance and Repair Services |
| - Two (2) 2016 Ventrac Tractors | - CSO Nets |
| - Construction of a Dog Park | - Lumber and Related Supplies |
| - One (1) 2017 F-550 Ford Truck | - 2015 State Aid Resurfacing Program |
| - Collection of Solid Waste | - Clinical Medical Supplies |

Inasmuch as the system of records did not provide for an accumulation of payments for categories of material and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

CITY OF PATERSON
GENERAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000, "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those for which bids had been previously sought by public advertisements or for which a resolution had been previously adopted under the provision of N.J.S.A. 40A:11-6.

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

N.J.S.A. 40A:11-6.1 states: "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, except for paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting unit 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 was \$6,000 or more, within the terms of N.J.S.A. 40A:11-6.1.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

Statutes provide the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes, or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

"In all cases, interest shall be calculated and charged at the rates of 8% per annum on the first \$1,500 of the delinquency, and 18% per annum on any delinquent amounts in excess of \$1,500, to be calculated from the date upon which the taxes first became due and payable to the date that the payment is actually received."

In all instances tested, the collector's records indicate that interest was collected in accordance with the foregoing resolution.

CITY OF PATERSON
GENERAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2017

DELINQUENT TAXES AND TAX TITLE LIENS

Balances as shown on year-end tax listings reflect tax prepayments and overpayments as well as unpaid real estate tax amounts. The following summarizes uncollected real estate taxes as of June 30, 2017:

<u>Year</u>	<u>Amount</u>
2008	\$ 4,811
2009	6,285
2010	6,696
2015	12,161
2016	39,164
2017	156,500
	<u>\$ 225,617</u>

A tax sale was held on June 22, 2017 and was complete except for items in bankruptcy, senior citizen exemption billbacks, and those pending financial record adjustment. All tax sale certificates were available for examination except those in the possession of the City Attorney for the purpose of initiating foreclosure proceedings.

The following comparison is made of the number of Tax Title Liens Receivable at year end of the last five years.

<u>Year Ended June 30,</u>	<u>Number of Liens</u>
2017	851
2016	1,063
2015	953
2014	762
2013	605

Recourse to all means provided by the statutes should be taken to realize or eliminate tax title liens through collection or foreclosure in order to return such property to a tax paying basis.

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(Finding References below are continued from Section II and Section III of the Schedule of Findings and Questioned Costs found on pages 203 through 205.)

FINDING 2017-002:

Sampling procedures performed during the audit of the Division of Community Improvements (the Division) resulted in the following exceptions:

- ◆ Two permit files of 40 selected for testing could not be located. This finding is repeated from the prior year, at which time eight permit files of 60 selected could not be located.
- ◆ Of 34 days' receipts selected for testing, eight were not deposited within 48 hours as required by N.J.S.A. 40A:5-15. All eight exceptions occurred from sampling items selected prior to December, 2016. This finding is repeated from the prior year, at which time nine deposits of 25 selected for testing were not deposited within 48 hours.

Recommendation: The Division should remit all cash receipts to Treasury for deposit within 48 hours as required by N.J.S.A. 40A:5-15 and retain all permit files in accordance with records retention rules.

FINDING 2017-003:

The City is required by N.J.A.C. 5:30-5.6 to establish and maintain a physical inventory of fixed assets of nonexpendable, tangible property. The reporting system must have a subsidiary ledger, consisting of detailed property records for controlling additions, retirements and transfers of fixed assets. Audit sampling of 25 fixed assets on the City's inventory listing indicated four instances in which the asset was previously sold and three instances in which the asset could not be located.

Recommendation: The City should remove all disposed assets from its fixed assets inventory and consider implementing stronger asset disposal and transfer policies

FINDING 2017-004:

Whereas N.J.S.A. 40A:5-16 requires claimant certification of bills prior to a governing body paying out any of its moneys, with certain exceptions, the City does not require claimant certifications for certain types of transactions, such as payments to its Third Party Administrators of Workers Compensation Self-Insured Claims and Prescription Insurance Programs.

Recommendation: The City should obtain claimant certifications for all bills or demands prior to payment for which no statutory exceptions exist, or enact a standard policy through resolution or ordinance explicitly not requiring claimant certification in accordance with N.J.A.C. 5:30-9A.6(c).

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FINDING 2017-005:

Audit procedures included obtaining confirmations of signatories from financial institutions with which the City has deposits. There were several instances noted in which the signatories on file at the financial institutions were not updated.

Recommendation: The City should continue to work with their financial institutions to make certain all authorized signatories are current.

FINDING 2017-006:

N.J.S.A. 40A:5-21 requires the City to adopt resolutions for the establishment of petty cash funds and any changes in petty cash custodians and amounts. Such resolutions are required to be submitted to the Director of the Division of Local Government Services for approval. Review of the City's petty cash funds, custodians and amounts indicates resolutions were not adopted and submitted for approval as required by statute.

Recommendation: The City must adopt resolutions for all petty cash custodians and amounts for which there was no resolution previously adopted, and submit such resolutions to the Director of the Division of Local Government Services for approval.

FINDING 2017-007:

Guidelines established by the Administrative Office of the Courts state a potential backlog may exist in ticket and complaint processing when certain case statuses exceed 0.4% of the total caseload volume. Accordingly, the following ticket and complaint statuses indicate potential backlog:

- a) 728 tickets on "Other Case Statuses",
- b) 42,675 tickets "Assigned Not Issued" over 180 days,
- c) 1,812 tickets "Issued Not Assigned",
- d) 363 complaints "Eligible for FTA"

Recommendation: The Municipal Court should rectify the backlog in ticket and complaint processing as follows: (a) The Case Status Report should be reviewed to note those cases that will require court action before the next follow-up step is initiated by the system. Each case should be reviewed regularly by the court to insure processing is continued. (b) The Tickets Assigned Not Issued Report should be reviewed and all tickets assigned over six (6) months not issued should be recalled. (c) The Tickets Issued Not Assigned Report should be reviewed to insure that all tickets are assigned. (d) The Eligible for FTA Report should be reviewed and FTAs should be promptly generated.

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Other Findings

We noted certain other matters that we reported in the accompanying schedule of findings and questioned costs section of this report starting on page 203. Such matters are required to be reported under *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and N.J. OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Status of Prior Years' Audit Recommendations

In accordance with *Government Auditing Standards*, a review was performed on all prior year's recommendations. With the exception of those findings noted as being repeated from the prior year, corrective action was taken on all prior year recommendations.

Corrective Action

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