

CITY OF PATERSON
NEW JERSEY

REPORT OF AUDIT

FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, 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 Year 2019 and 2018 budgets, however as further detailed in Note Q, the State of New Jersey, through Executive Order of the Governor, has reserved items of appropriation in its Fiscal Year 2020 budget including certain State Aid referred to as "Transitional Aid", of which the City is a recipient. The extent to which these funds will remain reserved or be released is unknown at this time, therefore the impact to the City's Fiscal Year 2020 operations cannot be determined. The City anticipated \$33,000,000 of Transitional Aid in Fiscal Year 2019, which constitutes 12% of its anticipated revenues.

Emphasis of Matter Regarding Reissuance of Compliance Reports

As discussed in Note Q, the United States Department of Justice conducted a compliance review of the City's Federal Equitable Sharing Program and determined expenditures were omitted from the City's Schedule of Expenditures of Federal Awards in the amount of \$1,247,510 and \$315,951 for the Fiscal Years ended June 30, 2014 and 2017, respectively. In each of these years, Major Programs were omitted from testing, necessitating the reissuance of the *Auditor's Report on Compliance for Each Major Federal Program* of Fiscal Years ended June 30, 2014 and 2017.

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.

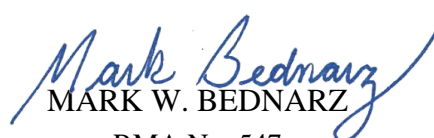
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2019, 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
July 18, 2019

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, 2018 AND 2017**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
<u>Assets</u>			
Current Fund:			
Cash and Cash Equivalents	A-4	\$ 20,453,535	\$ 22,874,454
Change Fund	A-6	685	685
		<u>20,454,220</u>	<u>22,875,139</u>
Intergovernmental Receivables:			
Due from State of NJ -			
Homestead Credit Receivable	A-6	-	1,429,626
Sr. Citizens and Veterans Deductions	A-8	89,000	60,250
		<u>89,000</u>	<u>1,489,876</u>
Receivables and Other Assets with Full Reserves:			
Property Taxes Receivable	A-7	160,749	225,617
Tax Title Liens Receivable	A-9	16,790,990	16,999,724
Sewer Charges Receivable	A-10	61,680	181,518
Sewer Liens Receivable	A-11	845,369	1,067,130
Demolition Liens Receivable	A-12	1,514,154	1,513,224
Property Acquired for Taxes at Assessed Valuation	A-13	12,369,660	5,107,360
Sales Contracts Receivable	A-14	25,000	25,000
Interfunds Receivable	A-17	1,077,123	206,582
	sheet 2	<u>32,844,725</u>	<u>25,326,155</u>
Deferred Charges			
Deficit in Operations	A-15	2,692,504	-
Special Emergency Appropriations	A-15	1,320,156	-
		<u>4,012,660</u>	<u>-</u>
Total Current Fund Assets		<u>57,400,605</u>	<u>49,691,170</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4	-	302,108
Federal and State Grants Receivable	A-32	16,287,541	16,078,960
Interfunds Receivable	A-33	-	153,194
Total Federal and State Grant Fund Assets		<u>16,287,541</u>	<u>16,534,262</u>
Total Assets		<u>\$ 73,688,146</u>	<u>\$ 66,225,432</u>

See Accompanying Notes to Financial Statements

**CITY OF PATERSON
CURRENT FUND
AS OF JUNE 30, 2018 AND 2017**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities and Reserves</u>			
Current Fund:			
Appropriation Reserves	A-3, A-18	\$ 11,870,653	\$ 6,296,952
Interfunds Payable	A-17	-	153,194
Requisitions and Accounts Payable	A-19	5,863,646	3,438,957
Prepaid Taxes	A-20	223,455	240,681
Tax Overpayments	A-21	5,095,192	4,692,803
Property Tax Suspense	A-22	472,454	18,170
Prepaid Sewers	A-23	13,688	47,517
Sewer Overpayments	A-24	158,056	107,200
Reserve for:			
Deposits on Sale of City Property	A-27	145,599	19,714
State Library Aid	A-28	89,757	65,474
Library Fines and Donations	A-29	104,310	87,140
ABC License Surcharge	A-30	30,372	68,415
Revaluation	A-31	2	2
		<u>24,067,184</u>	<u>15,236,219</u>
Reserve for Receivables and Other Assets	sheet 1	32,844,725	25,326,155
Fund Balance	A-1	<u>488,696</u>	<u>9,128,796</u>
Total Current Fund Liabilities, Reserves and Fund Balance		<u>57,400,605</u>	<u>49,691,170</u>
Federal and State Grant Fund:			
Interfunds Payable	A-33	60,285	-
Requisitions and Accounts Payable	A-34	3,873,990	1,607,762
Reserve for:			
Federal and State Grants - Appropriated	A-34	11,901,010	14,478,278
Federal and State Grants - Unappropriated	A-35	260,313	256,279
Grant Overpayments	A-36	191,943	191,943
		<u>16,287,541</u>	<u>16,534,262</u>
Total Federal and State Grant Fund Liabilities and Reserves		<u>16,287,541</u>	<u>16,534,262</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 73,688,146</u></u>	<u><u>\$ 66,225,432</u></u>

See Accompanying Notes to Financial Statements

**CITY OF PATERSON
CURRENT FUND
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2a	\$ 8,640,100	\$ 11,425,500
Miscellaneous Revenue Anticipated	A-2a	113,314,470	114,379,357
Receipts from Delinquent Taxes	A-2a	2,740,818	7,689,581
Receipts from Current Taxes	A-2a	232,108,081	233,829,930
Non-Budget Revenues	A-2b	1,042,351	293,458
Other Credits to Income:			
Unexpended Appropriation Reserves	A-18	2,123,905	1,172,738
Prior Year Interfunds Returned	A-17	206,582	2,469
Cancellation of Grant Reserves	A-17	3,000	-
Cancellation of Accounts Payable		-	1,130,728
		<u>360,179,307</u>	<u>369,923,761</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations:			
Appropriations within "CAPS"			
Operations			
Salaries and Wages		107,267,684	107,506,441
Other Expenses		90,261,724	87,628,968
Deferred Charges and Statutory Expenditures		27,321,613	25,628,478
Appropriations Excluded from "CAPS"			
Operations			
Salaries and Wages		1,269,521	1,269,521
Other Expenses		30,911,749	28,802,120
Capital Improvements		400,000	500,000
Municipal Debt Service		16,469,950	17,572,457
Deferred Charges		1,500,000	-
	A-3a	275,402,241	268,907,985
Local District School Tax Levied	A-25	41,961,814	41,962,319
County Taxes Levied	A-26	41,489,672	49,270,248
Added and Omitted County Taxes	A-26	663	13,941
Prior Year Taxes Refunded Due to Appeals	A-21	4,101,063	321,661
Prior Year Sewer Fees Refunded	A-24	72,496	-
Refund of Prior Year's Revenue	A-4	86,895	276,190
Grant Cancellations	A-17	-	221,940
Interfund Advances Originating in Current Year	A-17	1,077,123	206,582
		<u>364,191,967</u>	<u>361,180,866</u>

See Accompanying Notes to Financial Statements

**CITY OF PATERSON
CURRENT FUND
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
Excess in Revenue		\$ -	\$ 8,742,895
Deficit in Revenue		<u>4,012,660</u>	<u>-</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			
Special Emergency Appropriations - Insurance	A-15	<u>1,320,156</u>	<u>-</u>
Statutory Excess to Fund Balance			8,742,895
Deficit in Operations to be Raised in Budget of Succeeding Year	A-15	2,692,504	
Fund Balance, July 1	A	<u>9,128,796</u>	<u>11,811,401</u>
		9,128,796	20,554,296
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>8,640,100</u>	<u>11,425,500</u>
Fund Balance, June 30	A	<u>\$ 488,696</u>	<u>\$ 9,128,796</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	\$ 7,400,000	\$ -	\$ 7,400,000	\$ -
Surplus Anticipated w. Prior Written Consent of Direc	1,240,100	-	1,240,100	-
	<u>8,640,100</u>	<u>-</u>	<u>8,640,100</u>	<u>-</u>
<u>MISCELLANEOUS REVENUES:</u>				
LOCAL REVENUES				
Licenses:				
Alcoholic Beverages	199,316	-	199,626	310
Other Licenses	129,635	-	131,024	1,389
Fines and Costs: Municipal Court	4,816,272	-	5,047,019	230,747
Interest and Costs on Taxes	3,138,379	-	1,848,972	(1,289,407)
Interest on Delinquent Sewer Charges	333,021	-	369,320	36,299
Department of Public Works	61,922	-	83,918	21,996
Interest on Investments and Deposits	40,124	-	129,951	89,827
Division of Health	804,957	-	750,847	(54,110)
City-Wide Recycling Revenues	119,812	-	135,682	15,870
Board of Adjustment	130,195	-	170,453	40,258
Sale of Copies of Public Records	38,939	-	42,200	3,261
Ambulance Fees	3,505,146	-	3,384,030	(121,116)
Municipal Towing Contract Fees	288,626	-	294,435	5,809
Municipal Sewer Use Charges				
Current Year	11,365,486	-	12,112,171	746,685
Prior Year	880,568	-	1,109,330	228,762
F.D. Combustibles Inspection Revenues	1,073,047	-	972,730	(100,317)
Livery and Taxi License Fees	129,338	-	122,955	(6,383)
	<u>27,054,783</u>	<u>-</u>	<u>26,904,663</u>	<u>(150,120)</u>
STATE AID WITHOUT OFFSETTING				
APPROPRIATIONS				
Transitional Aid	27,000,000	-	27,000,000	-
Consolidated Municipal Property Tax Relief	10,852,660	-	10,852,660	-
Energy Receipts Tax	21,870,140	-	21,870,140	-
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>59,991,868</u>	<u>-</u>	<u>59,991,868</u>	<u>-</u>
DEDICATED UNIFORM CONSTRUCTION				
CODE FEES OFFSET WITH APPROPRIATIONS				
Uniform Construction Code Fees				
Fees and Permits:				
Construction Code Official	1,577,741	-	1,952,313	374,572
Other	628,356	-	713,385	85,029
	<u>2,206,097</u>	<u>-</u>	<u>2,665,698</u>	<u>459,601</u>

**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				
SPNS Grant	\$ 300,000	\$ -	\$ 300,000	\$ -
HIV Ryan White Program, 3/1/18-2/28/19	855,047	1,003,654	1,858,701	-
HIV Ryan White Program, 3/1/17-2/28/18	2,216,511	-	2,216,511	-
Sexually Transmitted Disease Control Prog.	88,535	-	88,535	-
Tuberculosis Control Program	208,700	-	208,700	-
Childhood Lead Poisoning Control Program	809,319	-	809,319	-
HIV Counseling, Testing and Referral	243,400	-	243,400	-
Public Health Preparedness and Response for Bioterrorism	219,955	-	219,955	-
HIV Health Education & Risk Reduction	100,000	-	100,000	-
Federal TB Control Grant	97,254	-	97,254	-
School Based Youth Services	304,690	-	304,690	-
Teen Parenting Program	54,113	-	54,113	-
Assistance to Firefighters Grant	716,608	-	716,608	-
Safe and Secure Communities Program	199,563	-	199,563	-
Body Armor Grant	33,200	-	33,200	-
Fire Urban Search & Rescue Grant (USAR)	40,326	92,616	132,942	-
Urban Search & Rescue Grant (USAR) '17	22,820	-	22,820	-
Anti-Violence Out-of-School Grant	1,000,000	-	1,000,000	-
NJDPS Drive Sober Year-End Crackdown	27,365	-	27,365	-
Alcohol Rehab and Education Grant	4,954	-	4,954	-
Recycling Tonnage Grant	229,614	-	229,614	-
CLG Historic District Grant	24,500	-	24,500	-
Green Acres Hinchcliffe Stadium/Overlook	4,273,304	-	4,273,304	-
Clean Communities	187,966	-	187,966	-
NJ Local Aid Infrastructure Fund	35,000	-	35,000	-
Open Space Vista Park	97,658	-	97,658	-
Rutgers Overlook Park	100,000	-	100,000	-
UEZ - Administrative Budget	296,600	-	296,600	-
Paterson Station House Adjustment Program	18,492	-	18,492	-
P.C. Heritage Council - Monument Conservation	3,424	-	3,424	-
P.C. Heritage Council - Art Project	2,835	4,500	7,335	-
Muni. Alliance on Alcohol and Drug Abuse	61,641	-	61,641	-
County Intelligence Transportation System	24,000	-	24,000	-
Life Skills & Family Court Program	40,518	-	40,518	-
Evening Reporting Programs Grant	113,855	-	113,855	-
Sr. Citizen and Disabled Transport	202,000	-	202,000	-
Give & Receive	20,000	-	20,000	-
Uniform Career Guidance	50,000	-	50,000	-
Senior Farmers Market	500	-	500	-
PCCC - Culture & Heritage Historic Project	1,600	-	1,600	-
P.C. Open Space - Hazard Discharge Site Remediation - McBride Ave.	40,681	-	40,681	-
Museum Grant	2,500	-	2,500	-
	<u>13,369,048</u>	<u>1,100,770</u>	<u>14,469,818</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	\$ 115,780	\$ 354,740	\$ -
Payments in Lieu of Taxes				
Aspen Hamilton	92,243	-	108,188	15,945
Colt Arms	329,472	-	677,920	348,448
Federation Apartments	203,161	-	216,160	12,999
Governor Paterson Towers	601,922	-	672,820	70,898
504 Madison Avenue	160,685	-	164,565	3,880
Incca for Housing - Carroll Street	162,797	-	137,431	(25,366)
Incca for Housing - North Triangle	182,568	-	222,120	39,552
Cooke Building Associates	14,224	-	9,323	(4,901)
Jackson Slater	212,086	-	225,899	13,813
Riese Madison Park	75,531	-	75,531	-
Essex - Phoenix Mill	163,079	-	236,842	73,763
Brooke Sloate	230,968	-	167,788	(63,180)
Christopher Columbus Development	113,985	-	113,985	-
446-460 E. 19th Street	18,738	-	19,905	1,167
Belmont/McBride Apartments	13,288	-	37,926	24,638
Sheltering Arms	18,114	-	5,976	(12,138)
Hope 98 - North Main Scattered Sites	23,437	-	23,437	-
Hope 98 - Beech Street	35,288	-	35,288	-
Hope 98 - Van Houten Street	15,674	-	15,674	-
Rising Dove Senior Housing	32,310	-	30,268	(2,042)
Paterson Housing Authority	125,411	-	147,963	22,552
Congdon Mill	86,347	-	85,842	(505)
Belmont Towers	22,271	-	21,515	(756)
Heritage - Alexander Hamilton	120,763	-	161,486	40,723
City of Paterson Parking Authority				
Cooperative Agreement 7/1 - 12/31	204,000	-	204,000	-
Cooperative Agreement 1/1 - 6/30	204,000	-	170,000	(34,000)
PVWC Fire Hydrant Testing Reimbursement	197,100	-	294,150	97,050
Trust Fund Surplus	5,332	-	5,332	-
PVSC Rebate Incentive Program	36,058	-	36,058	-
Private Host Benefit Fees	251,307	-	307,324	56,017
Cable Vision Franchise Fees	872,354	-	861,030	(11,324)
Verizon Franchise Fees	331,060	-	328,994	(2,066)
Housing Authority Garbage Reimbursement	95,000	-	95,000	-
Coastal Distribution - Host Benefit Fees	70,011	-	70,011	-
Passaic County Community College Rent	10,000	-	10,000	-
Libby's Rent	30,995	-	30,995	-
Libby's Rent - FY 2017	20,664	-	-	(20,664)
Northeast Hydro Holding Rent	99,000	-	99,000	-
Board and Secure	580,000	-	398,747	(181,253)
Redemption Fees	130,355	-	123,046	(7,309)
Administrative Off-Duty Fees	90,970	-	90,970	-
Mercantile License Fees	28,500	-	39,235	10,735
Parade Fees	80,430	-	63,160	(17,270)
Broadway Rent Income	24,000	-	26,000	2,000
Paterson Parking Authority	185,000	-	-	(185,000)

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>MISCELLANEOUS REVENUES: (continued)</u>				
OTHER SPECIAL ITEMS - continued				
Additional Off Duty Administrative Fee	\$ 565,863	\$ -	\$ 565,863	\$ -
Additional Off Duty Administrative Fee	431,900	-	368,951	(62,949)
North Jersey District Water Supply Training	75,000	-	93,750	18,750
North Jersey District Water Supply Training FY17	18,750	-	18,750	-
Passaic Valley Water Commission	150,000	-	150,000	-
Passaic Valley Water Commission FY17	150,000	-	-	(150,000)
Sale of City Owned Property	1,258,000	-	863,465	(394,535)
Division of Health - Additional	95,043	-	-	(95,043)
	<u>9,584,014</u>	<u>115,780</u>	<u>9,282,423</u>	<u>(417,371)</u>
Total Miscellaneous Revenues	112,205,810	1,216,550	113,314,470	(107,890)
<u>RECEIPTS FROM DELINQUENT TAXES:</u>	<u>7,297,562</u>	<u>-</u>	<u>2,740,818</u>	<u>(4,556,744)</u>
Subtotal - General Revenues	<u>128,143,472</u>	<u>1,216,550</u>	<u>124,695,388</u>	<u>(4,664,634)</u>
<u>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET:</u>				
Local Tax Including Reserve for Uncollected Taxes	153,123,302	-	156,959,162	3,835,860
Minimum Library Tax	2,097,694	-	2,097,694	-
Total Amount to be Raised by Taxes	<u>155,220,996</u>	<u>-</u>	<u>159,056,856</u>	<u>3,835,860</u>
Total Budget Revenues	283,364,468	1,216,550	283,752,244	(828,774)
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>1,042,351</u>	<u>1,042,351</u>
Total General Revenues	<u>\$ 283,364,468</u>	<u>\$ 1,216,550</u>	<u>\$ 284,794,595</u>	<u>\$ 213,577</u>
<u>Ref.</u>	<u>A-3</u>	<u>A-3</u>		
		<u>Ref.</u>		
Budgeted		A-2a	\$ 283,752,244	
Non-budgeted		A-2b	293,458	
			<u>\$ 284,045,702</u>	

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

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

	<u>Ref.</u>		
Allocation of Current Tax Collections:			
Revenue from Collections			
Cash Receipts	A-4	\$ 232,405,969	
Less: Tax Overpayments	A-21	<u>725,819</u>	
Current Year Taxes Collected in Current Year	A-7	231,680,150	
Current Year Taxes Collected in Prior Year	A-7	240,681	
State Share of Sr. Citizens and Veterans Deductions	A-7	<u>187,250</u>	
Current Taxes Realized in Cash	A-1		\$ 232,108,081
Add: Appropriation for "Reserve for Uncollected Taxes"	A-3a		<u>10,400,924</u>
			<u>242,509,005</u>
Allocated to:			
School Taxes	A-25	41,961,814	
County Taxes	A-26	<u>41,490,335</u>	
			<u>83,452,149</u>
Total Amount for Support of			
Municipal Budget Appropriations	A-2		<u><u>\$ 159,056,856</u></u>
Receipts from Delinquent Taxes:			
Delinquent Taxes Collected	A-4, A-7		\$ 355,551
Demolition Liens Collected	A-12		124,700
Tax Title Liens Collected	A-9		<u>2,260,567</u>
Total Receipts from Delinquent Taxes	A-1, A-2		<u><u>\$ 2,740,818</u></u>

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

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

	<u>Ref.</u>		
Miscellaneous Revenues Anticipated:			
Current Sewer Charges:			
Current Year Receipts	A-10	\$ 12,117,924	
Apply Prepaid	A-23	47,517	
Cancellation of Credits	A-24	21,640	
		<u>12,187,081</u>	
Less: Overpayments Refunded	A-4	74,910	
	A-2		\$ 12,112,171
Prior Year's Sewer Charges:			
Current Year Receipts	A-10	791,410	
Sewer Lien Receipts	A-11	424,394	
		<u>1,215,804</u>	
Less: Overpayments Refunded	A-10	106,474	
	A-2		1,109,330
Accrual per Revenue Accounts Receivable	A-16		85,268,411
Life Hazard Use Fees - Grants	A-17		354,740
State and Federal Grants	A-17		<u>14,469,818</u>
Total Miscellaneous Revenues Anticipated	A-1		<u>\$ 113,314,470</u>
Surplus Anticipated	A-1		<u>\$ 8,640,100</u>
Total Realized Budget Revenues	A-2		<u>\$ 283,752,244</u>

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

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

	<u>Ref.</u>	
Increased by:		
Off-Duty Police and Workers Compensation Reimb.	\$	619,465
Police Ammunition Reimbursement		84,900
Stale Dated Checks		53,855
Handicapped Permits		48,847
FEMA Reimbursement		25,511
PSE&G Reimbursement		23,000
Festival Fees		20,960
NJ EMAA 2015 & 2016		16,400
Stale Dated Checks		16,233
CBP Treasury		13,720
Filming Permits		11,700
3rd Party Sewer Revenue		11,613
Bid Specs		11,595
Payment History		10,340
NJ Inspection Fines		9,925
Garnishee Service Charges		9,234
Duplicate Bills		8,781
State of NJ Employment Services		8,488
Police Department Reimbursement		7,500
Hamilton Rent		7,020
Labor Pumping		7,000
DPW Fencing Fees		6,725
2% Sr. Citizen/Veteran Administrative Fee		3,955
Various Other Items		5,584
		<hr/>
	A-1, A-2, A-4	\$ 1,042,351
		<hr/> <hr/>

See Accompanying Notes to Financial Statements

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

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled	
	Adopted Budget	Budget After Modification		Encumbered	Reserved		
(A) Operations - within "CAPS"							
<u>GENERAL GOVERNMENT</u>							
Office of the Mayor							
Salaries and Wages	\$ 398,571	\$ 431,802	\$ 391,802	\$ -	\$ 40,000	\$ -	
Other Expenses	17,655	13,348	11,741	870	737	-	
City Council							
Salaries and Wages	612,636	603,501	603,501	-	-	-	
Other Expenses	122,838	95,937	86,748	3,360	5,829	-	
Office of the City Clerk							
Salaries and Wages	457,171	431,361	431,361	-	-	-	
Other Expenses	170,900	181,018	120,877	51,671	8,470	-	
Elections							
Salaries and Wages	32,956	17,553	17,553	-	-	-	
Other Expenses	428,650	428,650	260,251	105,304	63,095	-	
Insurance							
Salaries and Wages	166,045	151,532	151,532	-	-	-	
Other Expenses	46,455,597	50,500,586	44,243,061	37,741	6,219,784	-	
Worker Compensation	6,100,000	6,163,699	5,421,045	509,577	233,077	-	
Liability	4,451,759	5,296,259	4,485,630	100	810,529	-	
Auditing Services and Costs							
Annual Audit	56,000	56,000	-	-	56,000	-	
Other Audits	62,500	62,500	12,300	40,940	9,260	-	
Cultural Affairs							
Salaries and Wages	81,866	66,817	66,817	-	-	-	
Other Expenses	61,000	60,675	26,121	32,953	1,601	-	
<u>DEPARTMENT OF ADMINISTRATION</u>							
Office of the Business Administrator							
Salaries and Wages	404,044	404,539	355,039	-	49,500	-	
Other Expenses	55,160	44,321	39,260	449	4,612	-	
Division of Personnel							
Salaries and Wages	641,479	556,148	541,148	-	15,000	-	
Other Expenses	88,210	77,257	45,246	19,011	13,000	-	
Division of Purchasing							
Salaries and Wages	320,635	306,141	306,141	-	-	-	
Other Expenses	15,924	16,812	14,711	1,901	200	-	
Division of Data Processing							
Salaries and Wages	343,205	282,087	281,587	-	500	-	
Other Expenses	420,993	461,751	268,991	146,570	46,190	-	
Surveys and General							
Other Expenses	73,650	67,110	33,860	3,250	30,000	-	
Public Defender (P.L. 1997, c. 256)							
Salaries and Wages	101,200	101,700	101,200	-	500	-	
Other Expenses	571	619	571	-	48	-	
<u>DEPARTMENT OF FINANCE</u>							
Office of the Director							
Salaries and Wages	260,522	250,947	246,147	-	4,800	-	
Other Expenses	46,650	32,697	4,375	25,522	2,800	-	
Division of Treasury							
Salaries and Wages	324,489	285,259	273,259	-	12,000	-	
Other Expenses	19,800	14,763	12,629	1,309	825	-	
Division of Accounts and Control							
Salaries and Wages	445,266	427,233	426,733	-	500	-	
Other Expenses	7,660	6,967	5,972	495	500	-	
Division of Sewer Collection							
Salaries and Wages	153,079	167,933	167,933	-	-	-	
Other Expenses	25,110	19,451	17,584	975	892	-	
Division of Assessments							
Salaries and Wages	391,576	369,147	369,147	-	-	-	
Other Expenses	304,922	299,678	255,802	24,941	18,935	-	
Division of Revenue Collection							
Salaries and Wages	736,198	641,778	641,778	-	-	-	
Other Expenses	165,180	137,246	117,811	12,369	7,066	-	

See Accompanying Notes to Financial Statements

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

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	\$ 17,000	\$ 18,368	\$ 18,368	\$ -	\$ -	\$ -
Other Expenses	1,950	288	83	205	-	-
<u>DEPARTMENT OF LAW</u>						
Office of the Corporation Counsel						
Salaries and Wages	1,372,505	1,318,970	1,318,967	-	3	-
Other Expenses	644,452	604,091	291,266	265,261	47,564	-
<u>DEPARTMENT OF PUBLIC SAFETY</u>						
Taxicab Division						
Salaries and Wages	118,872	115,686	115,686	-	-	-
Other Expenses	7,368	1,814	1,800	-	14	-
Division of Fire						
Salaries and Wages	38,611,088	37,472,540	37,072,195	-	400,345	-
Other Expenses	1,593,198	1,733,181	1,338,172	320,591	74,418	-
Life Hazard Use Fees	238,960	354,740	354,740	-	-	-
Division of Police						
Salaries and Wages	46,405,938	44,566,260	44,418,679	-	147,581	-
Other Expenses	2,016,395	1,768,015	1,404,590	347,003	16,422	-
Animal Control						
Salaries and Wages	283,774	283,774	283,774	-	-	-
Other Expenses	48,650	48,650	48,650	-	-	-
<u>DEPARTMENT OF PUBLIC WORKS</u>						
Office of the Director						
Salaries and Wages	548,999	463,200	463,160	-	40	-
Other Expenses	16,235	17,530	8,995	7,514	1,021	-
Division of Engineering						
Salaries and Wages	268,912	233,391	233,376	-	15	-
Other Expenses	431,900	432,755	412,667	19,695	393	-
Division of Traffic and Lighting						
Salaries and Wages	360,592	387,344	387,344	-	-	-
Other Expenses	244,750	113,409	41,726	25,537	46,146	-
Division of Water and Sewers						
Salaries and Wages	406,631	385,867	385,845	-	22	-
Other Expenses	578,663	459,290	225,071	176,839	57,380	-
Sewer Repairs	12,600	600	-	-	600	-
Division of Streets						
Salaries and Wages	2,757,084	3,185,544	3,185,544	-	-	-
Other Expenses	162,492	148,345	76,395	64,950	7,000	-
Street Repair	94,080	91,080	7,044	166	83,870	-
Snow Removal						
Salaries and Wages	221,555	151,486	151,486	-	-	-
Other Expenses	355,000	355,000	184,554	170,446	-	-
Storm Recovery Reserve	500,000	500,000	78,567	-	421,433	-
Division of Auto Maintenance						
Salaries and Wages	406,549	356,892	356,892	-	-	-
Other Expenses	423,423	412,712	271,692	110,575	30,445	-
Division of Public Properties						
Parks and Shade Trees Section						
Salaries and Wages	1,408,891	1,594,788	1,594,788	-	-	-
Other Expenses	588,064	487,852	161,815	276,158	49,879	-
Division of Public Properties						
Public Buildings Section						
Salaries and Wages	1,298,273	1,404,813	1,404,813	-	-	-
Other Expenses	1,081,287	1,306,748	792,596	348,113	166,039	-
Division of Recreation						
Salaries and Wages	1,732,070	1,655,332	1,655,332	-	-	-
Other Expenses	270,125	283,592	182,952	87,728	12,912	-
Division of Recycling						
Salaries and Wages	1,183,926	1,149,684	1,149,684	-	-	-
Other Expenses	328,289	164,797	106,354	58,273	170	-

See Accompanying Notes to Financial Statements

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

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
<u>DEPARTMENT OF ECONOMIC DEVELOPMENT</u>						
Cable Communications						
Salaries and Wages	\$ 192,155	\$ 195,035	\$ 195,035	\$ -	\$ -	\$ -
Other Expenses	38,112	21,065	9,727	10,505	833	-
Division of Planning and Zoning						
Salaries and Wages	383,333	343,380	343,380	-	-	-
Other Expenses	9,000	8,915	7,215	1,605	95	-
Division of Community Improvements						
Salaries and Wages	190,853	190,853	190,853	-	-	-
Other Expenses	385,507	379,007	141,191	125,286	112,530	-
Division of Economic Development						
Salaries and Wages	189,697	187,613	187,613	-	-	-
Other Expenses	15,600	16,396	12,167	1,515	2,714	-
Division of Redevelopment						
Other Expenses	141,900	136,900	12,066	42,365	82,469	-
<u>DEPARTMENT OF HUMAN SERVICES</u>						
Office of the Director						
Salaries and Wages	366,755	306,736	306,736	-	-	-
Other Expenses	4,950	901	434	67	400	-
Office of Aging and Disabled Services						
Salaries and Wages	111,522	111,441	111,441	-	-	-
Other Expenses	4,800	5,975	3,877	580	1,518	-
Social Services	350,000	298,390	255,643	21,073	21,674	-
Mercantile Licenses						
Other Expenses	5,305	994	733	-	261	-
Division of Consumer Protection						
Salaries and Wages	122,732	128,625	128,625	-	-	-
Other Expenses	2,347	2,430	1,158	72	1,200	-
Division of Youth Services						
Salaries and Wages	329,278	325,112	325,112	-	-	-
Other Expenses	6,495	13,836	5,630	8,206	-	-
Division of Health						
Salaries and Wages	2,149,054	1,707,101	1,707,101	-	-	-
Other Expenses	190,475	180,627	138,499	31,804	10,324	-
<u>STATUTORY AGENCIES</u>						
Museum						
Salaries and Wages	352,133	351,939	351,939	-	-	-
Other Expenses	51,779	45,779	15,140	10,452	20,187	-
Board of Adjustment						
Salaries and Wages	38,841	20,610	20,610	-	-	-
Other Expenses	51,700	46,334	37,739	6,772	1,823	-
Office of Emergency Management						
Salaries and Wages	167,567	152,214	152,214	-	-	-
Other Expenses	74,500	77,867	36,518	36,519	4,830	-
Planning Board						
Salaries and Wages	30,533	18,238	18,238	-	-	-
Other Expenses	37,400	37,004	18,186	1,560	17,258	-
Youth Guidance Council						
Other Expenses	25,650	15,650	7,544	-	8,106	-
Historic Preservation Commission						
Salaries and Wages	174,095	145,299	145,299	-	-	-
Other Expenses	9,975	4,893	4,389	450	54	-
Municipal Court						
Salaries and Wages	1,742,345	1,600,782	1,600,782	-	-	-
Other Expenses	127,807	116,807	88,796	7,998	20,013	-
<u>UNIFORM CONSTRUCTION CODE</u>						
Community Improvements						
Salaries and Wages	1,542,923	1,243,289	1,243,289	-	-	-
Other Expenses	110,473	110,473	110,473	-	-	-

See Accompanying Notes to Financial Statements

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

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
UNCLASSIFIED						
Electricity	\$ 825,000	\$ 1,247,379	\$ 814,179	\$ 257,714	\$ 175,486	\$ -
Street Lighting	2,900,000	2,897,459	1,251,213	1,017,913	628,333	-
Telephone Service	475,000	475,000	300,724	12,753	161,523	-
Gas	357,000	357,000	159,941	16,549	180,510	-
Gasoline	800,000	800,000	774,420	10,803	14,777	-
Solid Waste	9,020,766	9,642,810	8,324,253	607,223	711,334	-
(B) Contingent	20,000	20,000	-	-	-	20,000
Total Operations within "CAPS"	196,187,564	197,549,408	180,603,048	5,528,146	11,398,214	20,000
Detail:						
Salaries and Wages	111,357,413	107,267,684	106,596,878	-	670,806	-
Other Expenses	84,830,151	90,281,724	74,006,170	5,528,146	10,727,408	20,000
(E) Deferred Charges and Statutory Expenditures within "CAPS"						
(1) DEFERRED CHARGES						
Prior Years' Bills	129,136	129,136	129,136	-	-	-
Overexpenditure	38,380	38,380	38,380	-	-	-
2017 Lease payment	14,400	14,400	2,156	-	-	12,244
(2) STATUTORY EXPENDITURES						
Contribution to:						
Public Employees (PERS) System	3,403,050	3,403,050	3,369,648	-	33,402	-
PERS Yearly Adjustment	95,180	95,180	95,180	-	-	-
Social Security System	2,000,000	2,038,749	2,024,749	-	14,000	-
Consolidated Police and Fire Retirement Fund	5,000	5,000	-	-	5,000	-
Police and Fire (PFRS) System	19,421,059	19,421,059	19,396,733	-	24,326	-
Unemployment Insurance	175,000	41,324	39,324	-	2,000	-
Increased Retirement Allowance	134,998	134,998	111,641	-	23,357	-
Defined Contribution Retirement Program	200,000	200,000	57,689	-	142,311	-
Medicare	1,550,000	1,647,167	1,601,167	-	46,000	-
Unemployment Compensation		-		-	-	-
Excise Tax	10,414	10,414	10,414	-	-	-
State Disability	200,000	155,000	154,295	-	705	-
	27,376,617	27,333,857	27,030,512	-	291,101	12,244
(H-1)TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"						
	223,564,181	224,883,265	207,633,560	5,528,146	11,689,315	32,244
(A) Operations - Excluded From "CAPS"						
Passaic Valley Sewerage Comm.	11,602,711	11,707,885	11,707,885	-	-	-
Maint. of Free Public Libraries	2,371,015	2,382,693	2,123,611	77,744	181,338	-
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	200,000	200,000	200,000	-	-	-
Grant Matches:						
Safe and Secure - Local Share	802,137	802,137	802,137	-	-	-
Municipal Alliance	15,140	15,140	15,140	-	-	-
	17,511,892	17,628,744	17,369,662	77,744	181,338	

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

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations			Expended		Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
(A) Operations - Excluded From "CAPS" - continued						
<u>PUBLIC AND PRIVATE PROGRAMS</u>						
<u>OFFSET BY REVENUES</u>						
SPNS Grant	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ -
HIV Ryan White Program, 18-19	855,047	1,858,701	1,858,701	-	-	-
HIV Ryan White Program, 17-18	2,216,511	2,216,511	2,216,511	-	-	-
STD Control Prog.	88,535	88,535	88,535	-	-	-
Tuberculosis Control Program	208,700	208,700	208,700	-	-	-
Childhood Lead Poisoning	809,319	809,319	809,319	-	-	-
HIV Counseling, Testing and Referral	243,400	243,400	243,400	-	-	-
Public Health Preparedness and Response for Bioterrorism	219,955	219,955	219,955	-	-	-
HIV Health Education	100,000	100,000	100,000	-	-	-
Federal TB Control Grant	97,254	97,254	97,254	-	-	-
School Based Youth Services	304,690	304,690	304,690	-	-	-
Teen Parenting Program	54,113	54,113	54,113	-	-	-
Assistance to Firefighters Grant	788,216	788,216	788,216	-	-	-
Safe and Secure Communities	199,563	199,563	199,563	-	-	-
Body Armor Grant	33,200	33,200	33,200	-	-	-
Fire USAR	40,326	132,942	132,942	-	-	-
Urban Search & Rescue Grant	22,820	22,820	22,820	-	-	-
Anti-Violence Out-of-School Grant	1,000,000	1,000,000	1,000,000	-	-	-
NJDPS Drive Sober Crackdown	27,365	27,365	27,365	-	-	-
Alcohol Rehab and Education Grant	4,954	4,954	4,954	-	-	-
Recycling Tonnage Grant	229,614	229,614	229,614	-	-	-
CLG Historic District Grant	24,500	24,500	24,500	-	-	-
Green Acres Hinchcliffe Stadium	4,273,304	4,273,304	4,273,304	-	-	-
Clean Communities	187,966	187,966	187,966	-	-	-
NJ Local Aid Infrastructure Fund	35,000	35,000	35,000	-	-	-
Open Space Vista Park	108,758	108,758	108,758	-	-	-
Rutgers Overlook Park	100,000	100,000	100,000	-	-	-
UEZ - Administrative Budget	296,600	296,600	296,600	-	-	-
Station House Adjustment Program	18,492	18,492	18,492	-	-	-
P.C. Heritage Council - Monument	3,424	3,424	3,424	-	-	-
P.C. Heritage Council - Art Project	2,835	7,335	7,335	-	-	-
Municipal Alliance	61,641	61,641	61,641	-	-	-
County Intelligence Transportation	24,000	24,000	24,000	-	-	-
Life Skills & Family Court Program	40,518	40,518	40,518	-	-	-
Evening Reporting Programs Grant	113,855	113,855	113,855	-	-	-
Sr. Citizen and Disabled Transport	202,000	202,000	202,000	-	-	-
Give & Receive	20,000	20,000	20,000	-	-	-
Uniform Career Guidance	50,000	50,000	50,000	-	-	-
Senior Farmers Market	500	500	500	-	-	-
PCCC - Culture & Heritage	1,600	1,600	1,600	-	-	-
P.C. Open Space - Hazard Discharge Site Remediation - McBride Ave.	40,681	40,681	40,681	-	-	-
Museum Grant	2,500	2,500	2,500	-	-	-
	<u>13,451,756</u>	<u>14,552,526</u>	<u>14,552,526</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations Excl. from "CAPS"	<u>30,963,648</u>	<u>32,181,270</u>	<u>31,922,188</u>	<u>77,744</u>	<u>181,338</u>	<u>-</u>
Detail:						
Salaries and Wages	1,269,521	1,269,521	1,269,521	-	-	-
Other Expenses	29,694,127	30,911,749	30,652,667	77,744	181,338	-

See Accompanying Notes to Financial Statements

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

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	\$ 400,000	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ -
(D) Municipal Debt Service						
General Debt Service:						
Bond Principal	10,550,000	10,550,000	10,550,000	-	-	-
Interest on Bonds	4,506,485	4,506,485	4,506,485	-	-	-
Green Trust Loan Program						
Principal and Interest	114,446	114,446	104,852	-	-	9,594
NJ Environmental Infrastructure Loan						
Principal	1,222,796	1,222,796	1,217,124	-	-	5,672
Interest	141,988	141,988	91,489	-	-	50,499
	<u>16,535,715</u>	<u>16,535,715</u>	<u>16,469,950</u>	<u>-</u>	<u>-</u>	<u>65,765</u>
(E) Deferred Charges - Municipal - Excluded from "CAPS"						
Refund of Tax Appeals	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(H-2) TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAPS"	<u>49,399,363</u>	<u>50,616,985</u>	<u>50,292,138</u>	<u>77,744</u>	<u>181,338</u>	<u>65,765</u>
(O) TOTAL GENERAL APPROPRIATIONS - EXCLUDED FROM "CAPS"	<u>49,399,363</u>	<u>50,616,985</u>	<u>50,292,138</u>	<u>77,744</u>	<u>181,338</u>	<u>65,765</u>
(L) Subtotal General Appropriations	272,963,544	275,500,250	257,925,698	5,605,890	11,870,653	98,009
(M) Reserve for Uncollected Taxes	<u>10,400,924</u>	<u>10,400,924</u>	<u>10,400,924</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 283,364,468</u>	<u>\$ 285,901,174</u>	<u>\$ 268,326,622</u>	<u>\$ 5,605,890</u>	<u>\$ 11,870,653</u>	<u>\$ 98,009</u>
	A-3a	A-3a	A-3a	A-19	A	A-3a

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

**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	\$ 283,364,468	\$ -
Added by N.J.S.A. 40A:4-87	A-2	1,216,550	-
Reserve for Uncollected Taxes	A-2a	-	10,400,924
Cash Disbursements	A-4	-	224,852,552
Qualified Bonds Paid by State	A-16	-	15,056,485
Deferred Charges - Emergencies	A-16	1,320,156	-
Interfund - Grants and Life Hazard Fees	A-17	-	14,824,558
Interfund - Grants Match	A-17	-	899,985
Chargebacks	A-17	-	392,118
Capital Improvement Fund	A-17	-	400,000
Capital Deferred Charges	A-17	-	1,500,000
		<hr/>	<hr/>
Subtotal: Modified Budget / Paid or Charged	A-3	285,901,174	268,326,622
Less:			
Reserve for Uncollected Taxes	A-3	10,400,924	-
Appropriations Canceled	A-3	98,009	-
		<hr/>	<hr/>
Total Paid or Charged	A-3		\$ 268,326,622
			<hr/>
Net Modified Budget	A-1	<u>\$ 275,402,241</u>	

CITY OF PATERSON

REPORT OF AUDIT

**FINANCIAL SECTION:
TRUST FUND FINANCIAL STATEMENTS**

**CITY OF PATERSON
TRUST FUNDS
AS OF JUNE 30, 2018 AND 2017**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
<u>Assets</u>			
Animal Control Trust Fund:			
Cash	B-2	\$ 74,624	\$ 95,877
Other Trust Fund:			
Cash - Community Development	B-2	798,379	795,759
Cash - Other Trust	B-2	10,161,943	9,484,126
Taxes Receivable - Special Improvement Districts	B-3	2,865	2,313
Grants Receivable	B-5	8,434,073	8,699,026
Redevelopment/CDBG Held Properties	B-10	172,930	172,930
Tax Title Lien - Special Improvement Districts	B-17	18,560	24,624
Total Other Trust Fund		<u>19,588,750</u>	<u>19,178,778</u>
Total Assets		<u>\$ 19,663,374</u>	<u>\$ 19,274,655</u>
<u>Liabilities and Reserves</u>			
Animal Control Trust Fund:			
Due to State of New Jersey	B-6	\$ 116	\$ 80
Reserve for Animal Control Fund Expenditures	B-9	74,508	95,797
Total Animal Control Trust Fund		<u>74,624</u>	<u>95,877</u>
Other Trust Fund:			
Due to Special Improvement Districts	B-4	73,806	48,260
Tax Overpayments - Special Improvement District	B-16	1,787	549
Prepaid Revenue - Special Improvement District	B-18	23,270	55,845
Due to Current Fund	B-21	1,016,838	206,582
Reserve for:			
Off-Duty Police Officers	B-7	632,770	1,133,837
Off-Duty Police Officers Administration	B-8	759,675	671,354
Redevelopment/CDBG Held Properties	B-11	172,930	172,930
Parking Offense Adjudication Act	B-12	313,634	287,042
Weights and Measures	B-13	73,963	74,267
Public Defender Fees	B-14	41,628	12,918

See Accompanying Notes to the Financial Statements.

**CITY OF PATERSON
TRUST FUNDS
AS OF JUNE 30, 2018 AND 2017**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
<u>Liabilities and Reserves (continued)</u>			
Reserve for:			
Special Improvement District Taxes	B-19	\$ 21,425	\$ 26,388
Reserve for Other Deposits	B-15	6,432,320	3,451,251
Payroll Agency	B-20	1,803,790	3,744,018
Various Grants	B-22	<u>8,215,613</u>	<u>9,288,205</u>
		19,583,450	19,173,446
Fund Balance	B-1	<u>5,300</u>	<u>5,332</u>
Total Other Trust Fund		<u>19,588,750</u>	<u>19,178,778</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 19,663,374</u></u>	<u><u>\$ 19,274,655</u></u>

See Accompanying Notes to the Financial Statements.

**CITY OF PATERSON
TRUST FUNDS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
Increased by:			
Cash Receipts		\$ -	\$ 32
Cancellations	B-15	<u>5,300</u>	<u>5,300</u>
		5,300	5,332
Decreased by:			
Cash Disbursements Applied to			
Anticipated Revenue	B-2	<u>5,332</u>	<u>7,450</u>
Net Decrease in Fund Balance		(32)	(2,118)
Balance, Beginning of Period	B	<u>5,332</u>	<u>7,450</u>
Balance, End of Period	B	<u><u>\$ 5,300</u></u>	<u><u>\$ 5,332</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, 2018 AND 2017**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
<u>Assets</u>			
Cash	C-2; C-3	\$ 7,032,533	\$ 23,830,444
Grants Receivable	C-4	5,345,558	4,536,685
Deferred Charges to Future Taxation:			
Funded	C-5	97,002,044	108,849,956
Unfunded	C-6	40,011,137	15,441,145
Due from New Jersey Environmental Infrastructure Trust Fund	C-7	<u>1,537,672</u>	<u>8,757,606</u>
Total Assets and Deferred Charges		<u><u>\$ 150,928,944</u></u>	<u><u>\$ 161,415,836</u></u>
<u>Liabilities and Reserves</u>			
General Serial Bonds	C-10	\$ 89,614,000	\$ 100,164,000
Green Acres Trust Loan Payable	C-12	1,766,462	1,868,184
Environmental Infrastructure Loan	C-11	5,621,582	6,817,772
Reserve for Encumbrances	C-9	15,478,084	-
Improvement Authorizations:			
Funded	C-9	17,016,153	47,387,171
Unfunded	C-9	21,384,612	4,823,513
Capital Improvement Fund	C-13	<u>23,808</u>	<u>330,953</u>
		150,904,701	161,391,593
Fund Balance	C-1	<u>24,243</u>	<u>24,243</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 150,928,944</u></u>	<u><u>\$ 161,415,836</u></u>
Bonds and Notes Authorized But Not Issued	C-14	<u><u>\$ 40,011,137</u></u>	<u><u>\$ 15,441,145</u></u>

See Accompanying Notes to the Financial Statements.

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

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

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
Increased by:			
Premiums Received		\$ -	\$ 24,243
Net Increase in Fund Balance		-	24,243
Balance: July 1	C; C-3	<u>24,243</u>	<u>-</u>
Balance: June 30	C; C-3	<u><u>\$ 24,243</u></u>	<u><u>\$ 24,243</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, 2018 AND 2017**

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
<u>Assets</u>			
Land		\$ 3,257,443	\$ 3,257,443
Building and Improvements		41,298,494	32,540,689
Machinery and Equipment		<u>18,531,036</u>	<u>17,581,098</u>
	D-1	<u>\$ 63,086,973</u>	<u>\$ 53,379,230</u>
<u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	D-2	<u>\$ 63,086,973</u>	<u>\$ 53,379,230</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, 2018 AND 2017

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 blended 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, the Bunker Hill Special Improvement District and the Downtown Paterson Special Improvement District 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, 2018 AND 2017

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, 2018 AND 2017

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, 2018 AND 2017

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, 2018 AND 2017

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, 2018 AND 2017

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, 2018 AND 2017

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, 2018 AND 2017

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, 2018 AND 2017

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, 2018 AND 2017

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, 2018 and 2017 are summarized in the following table. As of June 30, 2018, 91% of the City's deposits were allocated to three financial institutions. As of June 30, 2017, 64% of the City's deposits were with one financial institution and the remaining 36% five others.

	<u>2018</u>	<u>2017</u>
FDIC Insured	\$ 1,120,867	\$ 1,120,686
GUDPA Insured	35,235,043	64,615,358
New Jersey Cash Management Fund	<u>3,496,225</u>	<u>3,450,789</u>
	<u>\$ 39,852,135</u>	<u>\$ 69,186,833</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, 2018 and 2017 are known to be held in foreign currency.

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

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, 2018 and 2017.

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, 2018 AND 2017

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, 2018 and 2017 are presented as follows:

Investment Type	Fair Value*	Investment Maturities (in Years)			
		< 1	1 - 5	6 - 10	> 10
At June 30, 2018:					
Government Investment Pools	\$ 3,496,225	\$ 3,496,225	\$ -	\$ -	\$ -
At June 30, 2017:					
Government Investment Pools	\$ 3,450,789	\$ 3,450,789	\$ -	\$ -	\$ -

* 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, 2018 AND 2017

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, 2018 and 2017, the City had a balance of \$3,496,225 and \$3,450,789 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, 2018 and 2017, the City had no County taxes payable.

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

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, 2018 and 2017, 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, 2018 and 2017, the budgeted reserve for uncollected taxes was \$10,400,924 and \$10,382,273, 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, 2018 and 2017, 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 27, 2018. All properties with delinquent taxes at May 1, 2018 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, 2018 and 2017 were \$12,369,660 and \$5,107,360, respectively.

Prepaid Taxes - Taxes collected in advance are recorded as cash liabilities in the financial statements. Prepaid taxes as of June 30, 2018 and 2017 were \$223,455 and \$240,681, 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, 2018 and 2017 were \$5,095,192 and \$4,692,803, respectively.

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

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, 2018 and 2017, the City's statutory debt as defined by the Local Bond Law is summarized as follows:

SUMMARY OF MUNICIPAL DEBT		
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Statutory Debt Pursuant to Local Bond Law		
<u>Issued:</u>		
General:		
General Serial Bonds	\$ 89,614,000	\$ 100,164,000
Bond Anticipation Notes	-	-
Green Acres Trust Loan Payable	1,766,462	1,868,184
Environmental Infrastructure Loan	<u>5,621,582</u>	<u>6,817,772</u>
Total Gross Statutory Debt Issued	97,002,044	108,849,956
Less Statutory Deductions to Debt Limit:		
Pension Refunding Bonds	<u>390,000</u>	<u>490,000</u>
Net Statutory Debt Issued	96,612,044	108,359,956
<u>Authorized but not Issued:</u>		
General Improvements	<u>40,011,137</u>	<u>15,441,145</u>
Net Statutory Debt Issued and		
Authorized but not Issued	<u>\$ 136,623,181</u>	<u>\$ 123,801,101</u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE D. MUNICIPAL DEBT (continued)

Debt Refunding and Rollover

During the year ended June 30, 2018, the City did not renew or refund any notes. During the year ended June 30, 2017, 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.

A summary of changes in long-term debt for the year ended June 30, 2018 and 2017 follows:

	<u>June 30, 2017</u>	<u>New Issues</u>	<u>Decrease</u>	<u>June 30, 2018</u>
Issued:				
Serial Bonds	\$ 100,164,000	\$ -	\$ 10,550,000	\$ 89,614,000
Loans Payable:				
Green Acres Trust	1,868,184	-	101,722	1,766,462
Environmental Infrastructure				
Loan	<u>6,817,772</u>	<u>-</u>	<u>1,196,190</u>	<u>5,621,582</u>
Total	<u>\$ 108,849,956</u>	<u>\$ -</u>	<u>\$ 11,847,912</u>	<u>\$ 97,002,044</u>

	<u>June 30, 2016</u>	<u>New Issues</u>	<u>Decrease</u>	<u>June 30, 2017</u>
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	<u>8,328,749</u>	<u>-</u>	<u>1,510,977</u>	<u>6,817,772</u>
Total	<u>\$ 87,145,791</u>	<u>\$ 33,835,000</u>	<u>\$ 12,130,835</u>	<u>\$ 108,849,956</u>

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

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, 2018 and 2017, the State of New Jersey paid \$15,056,485 and \$15,208,438, 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, 2018 and 2017 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, 2018 and the short term liability for each bond outstanding at year end:

Description	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018	Due by June 30, 2019
General Improvement Bonds	\$ 6,975,000	\$ -	\$ 2,225,000	\$ 4,750,000	\$ 2,320,000
Issued 06/15/09 for \$23,294,000					
Maturing annually on June 15 through 2020					
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	490,000	-	100,000	390,000	115,000
Bonds Issued 04/03/03 for \$13,044,671					
Maturing annually an April 1 through 2021					
Bearing interest rate of 5.62-5.91%					

(continued)

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE D. MUNICIPAL DEBT (continued)

Description	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018	Due by June 30, 2019
continued from previous page					
Pension Obligation Refunding	\$ 4,875,000	\$ -	\$ 2,500,000	\$ 2,375,000	\$ 2,375,000
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	725,000
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)	19,885,000	-	2,870,000	17,015,000	1,995,000
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	-	2,855,000	30,980,000	2,850,000
Issued 6/20/17 for \$33,385,000					
Maturing June 15, 2018 - 2037					
Bearing interest rates of 2.0-5.0%					
	<u>\$ 100,164,000</u>	<u>\$ -</u>	<u>\$ 10,550,000</u>	<u>\$ 89,614,000</u>	<u>\$ 10,380,000</u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE D. MUNICIPAL DEBT (continued)

The following table is a summary of the activity of outstanding bonds 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%					
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,	24,795,000	-	4,910,000	19,885,000	2,870,000
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%					
(continued)					

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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					
PCIA Governmental Loan Revenue Bonds, Series 2017 (Passaic County Guaranteed) Issued 6/20/17 for \$33,385,000 Maturing June 15, 2018 - 2037 Bearing interest rates of 2.0-5.0%	\$ -	\$ 33,835,000	\$ -	\$ 33,835,000	\$ 2,855,000
	<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		<u>4,736,000</u>			
Bond Issuance Amount		<u>\$ 33,835,000</u>			

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 Not Issued Previously
			Issued: June 29, 2016	Issued: March 2, 2017	
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	<u>\$ 13,800,000</u>	<u>\$ 9,058,131</u>	<u>\$ 15,712,869</u>
Premium Applied to Bonds		<u>4,736,000</u>			
Amount of Bond Issue		<u>\$ 33,835,000</u>			

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

NOTE D. MUNICIPAL DEBT (continued)

LOANS PAYABLE

Green Acres Trust Loans

The City has outstanding at June 30, 2018 and 2017 various Green Acres Trust Loans. The following table summarizes the Green Acres Trust Loan activity during the year ended June 30, 2018 and the short term liability at that time for each loan outstanding:

Description	Balance June 30, 2017	Decrease	Balance June 30, 2018	Due by June 30, 2019
Eastside Park Rehabilitation	\$ 118,106	\$ 12,103	\$ 106,003	\$ 12,346
Issued 06/26/06 for \$231,650				
Maturing semi-annually through 2026				
Bearing an interest rate of 2%				
Park Development Program Phase III	47,309	23,418	23,891	23,891
Issued 06/26/06 for \$267,000				
Maturing semi-annually through 2019				
Bearing an interest rate of 2%				
Restoration of Pennington Park	592,306	35,898	556,408	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	409,090	30,303	378,787	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>\$ 1,868,184</u>	<u>\$ 101,722</u>	<u>\$ 1,766,462</u>	<u>\$ 102,437</u>

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

NOTE D. MUNICIPAL DEBT (continued)

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 June 30, 2016	Decrease	Balance June 30, 2017	Due by 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%				
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>

NJ Environmental Infrastructure Trust Loan

The City has outstanding at June 30, 2018 and 2017 various New Jersey Environmental Infrastructure Trust (NJEIT) Loans. During the year ended June 30, 2018, the City paid \$1,196,190 by budget appropriation. 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, 2018 AND 2017

NOTE D. MUNICIPAL DEBT (continued)

The following table summarizes the NJEIT Loan activity during the year ended June 30, 2018, and the short term liability for each loan outstanding:

Description	Balance June 30, 2017	Decreased by: Appropriation	Balance June 30, 2018	Due by June 30, 2019
Trust Loan Series 2003A Phase I, Issued 10/15/03 For \$3,375,760	\$ 959,742	\$ 118,300	\$ 841,442	\$ 122,917
State of NJ Fund Loan Phase I, Issued 10/15/03 For \$5,554,479	1,687,380	290,753	1,396,627	290,089
Trust Loan Series 2004A Phase II, Issued 10/13/04 For \$1,286,526	337,179	32,986	304,193	32,525
State of NJ Fund Loan Phase II, Issued 10/13/04 For \$2,326,943	654,288	121,447	532,841	117,212
Trust Loan Series 2005A Phase III, Issued 11/10/05 For \$1,424,949	461,755	42,109	419,646	46,238
State of NJ Fund Loan Phase III, Issued 11/10/05 For \$2,622,600	860,057	134,071	725,986	139,269
Trust Loan Series 2008A Phase IV, Issued 11/06/08 For \$3,696,468	838,000	100,000	738,000	110,000
State of NJ Fund Loan Phase IV, Issued 11/06/08 For \$6,568,205	304,880	304,880	-	-
Trust Loan Series 2010A Phase V, Issued 9/1/10 For \$760,141	377,000	25,000	352,000	25,000
State of NJ Fund Loan Phase V, Issued 3/10/10 For \$524,000	337,491	26,644	310,847	26,644
	<u>\$ 6,817,772</u>	<u>\$ 1,196,190</u>	<u>\$ 5,621,582</u>	<u>\$ 909,894</u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 AND 2017

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, 2018

Year	General Serial Bonds			Loans Outstanding		
	Total	Principal	Interest	Total	Principal	Interest
2019	\$ 14,542,347	\$ 10,380,000	\$ 4,162,347	\$ 1,124,064	1,012,330	\$ 111,734
2020	12,596,901	8,855,000	3,741,901	1,100,646	1,006,008	94,638
2021	12,471,013	9,135,000	3,336,013	1,093,218	1,015,802	77,416
2022	10,011,425	6,994,000	3,017,425	1,089,518	1,028,852	60,666
2023	9,819,125	7,135,000	2,684,125	973,378	929,567	43,811
2024-2028	35,988,875	27,815,000	8,173,875	1,361,156	1,305,512	55,644
2029-2033	16,064,000	12,740,000	3,324,000	373,591	370,651	2,940
2034-2037	7,380,000	6,560,000	820,000	17,949	17,949	-
Not Yet Amortized				701,373	701,373	-
	<u>\$ 118,873,686</u>	<u>\$ 89,614,000</u>	<u>\$ 29,259,686</u>	<u>\$ 7,834,893</u>	<u>\$ 7,388,044</u>	<u>\$ 446,849</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, 2018 AND 2017

NOTE D. MUNICIPAL DEBT (continued)

No bond anticipation notes were issued or matured for the year ended June 30, 2018,

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>

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, 2018 in the City's General Capital Fund:

Ordinance Number	Improvement Description	Balance June 30, 2017	Increased by:		Decreased by:	Balance June 30, 2018
			Current Year Authorization	Funding Cancelled	Budget Appropriation	
05-005	Combined Sewer Out Flow Phase III	\$ 7,405,195	\$ -	\$ -	\$ -	\$ 7,405,195
05-072	Various Park Improvements	535,990	-	-	-	535,990
08-021	ATP Site Park Improvements	783,665	-	-	-	783,665
13-041	Great Falls and Pocket Parks	348,000	-	-	-	348,000
17-093	Unsafe Building Demolition	1,987,343	-	-	-	1,987,343
17-054	Tax Appeal Settlements	3,000,000	-	-	1,500,000	1,500,000
17-058	Recreation Improvements	1,380,952	-	-	-	1,380,952
17-076	Contractual Severance Liabilities	-	5,000,000	-	-	5,000,000
17-077	Allied Textile Site Safety Imp.	-	500,000	-	-	500,000
17-078	Emergency Sewer Reconstruction	-	7,619,047	-	-	7,619,047
17-080	West Railway Ave	-	2,000,000	-	-	2,000,000
17-081	Combined Sewer Out Flow	-	-	-	-	-
	Phase III: Amend 05-044, 16-088	-	2,857,142	-	-	2,857,142
*	Combined Sewer Out Flow Phase IV	-	-	3,462,386	-	3,462,386
18-023	Great Falls and Pocket Park Imp.	-	964,751	-	-	964,751
18-024	HVAC Imp., Museum & Police HQ	-	3,666,666	-	-	3,666,666
		<u>\$ 15,441,145</u>	<u>\$ 22,607,606</u>	<u>\$ 3,462,386</u>	<u>\$ 1,500,000</u>	<u>\$ 40,011,137</u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE D. MUNICIPAL DEBT (continued)

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>

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, 2018: Net Debt of \$136,623,181 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$6,743,594,950 = 2.026%.

	Gross Debt	Deductions	Net Debt
Local School District	\$ -	\$ -	\$ -
General Debt	<u>137,013,181</u>	<u>390,000</u>	<u>136,623,181</u>
	<u>\$ 137,013,181</u>	<u>\$ 390,000</u>	<u>\$ 136,623,181</u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE D. MUNICIPAL DEBT (continued)

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><u>\$ 124,291,101</u></u>	<u><u>\$ 490,000</u></u>	<u><u>\$ 123,801,101</u></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>2018</u>	<u>2017</u>
Three-Year Average Equalized Valuation	<u>\$ 6,743,594,950</u>	<u>\$ 6,354,155,909</u>
3-1/2% of Equalized Valuation Basis	\$ 236,025,823	\$ 222,395,457
Less: Net Debt	<u>136,623,181</u>	<u>123,801,101</u>
Excess Borrowing Power	<u><u>\$ 99,402,642</u></u>	<u><u>\$ 98,594,356</u></u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017 which were appropriated and included as anticipated revenue in the current fund budget of the succeeding year were as follows:

	FY2018 Fund Balance:		FY2017 Fund Balance:	
	Amount as at June 30, 2018	Utilized in FY19 Budget	Amount as at June 30, 2017	Utilized in FY18 Budget
Current Fund	\$ 488,696	\$ -	\$ 9,128,796	\$ 8,640,100
General Capital Fund	24,243	-	24,243	-
Trust Fund	5,300	5,300	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, 2018 and 2017:

	Balance, June 30, 2017	Adjustments & Acquisitions	Balance, June 30, 2018
Land	\$ 3,257,443	\$ -	\$ 3,257,443
Building	32,540,689	8,757,805	41,298,494
Machinery and Equipment	17,581,098	949,938	18,531,036
	<u>\$ 53,379,230</u>	<u>\$ 9,707,743</u>	<u>\$ 63,086,973</u>

	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>

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

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, 2018 AND 2017

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, 2018 and 2017 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 DRCP. 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, 2018 AND 2017

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
2018	\$ 3,369,648	13.0%	\$ 25,897,849	7.34%	\$ 1,900,831
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

At June 30, 2018 and 2017, 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	
2018	0.36497%	0.01654%	\$ 71,861,519
2017	0.34843%	-0.00911%	81,108,813

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, 2018 and 2017, 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:	2018		2017	
	Rate	Amount	Rate	Amount
1% Decrease	4.66%	\$ 90,357,580	4.00%	\$ 100,620,987
Current Discount Rate	5.66%	71,861,519	5.00%	81,108,813
1% Increase	6.66%	56,344,506	6.00%	64,852,754

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

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 and June 30, 2017 measurement dates were determined by actuarial valuations as of July 1, 2017 and 2016, respectively, which were rolled forward to June 30, 2018 and 2017, 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, 2018	2.25%	1.65-4.15%	2.65-5.15%	7.00%
June 30, 2017	2.25%	1.65-4.15%	2.65-5.15%	7.00%

Mortality – For both the June 30, 2018 and 2017 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, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements will be.

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and June 30, 2017) 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, 2018 and 2017 are summarized in the following table:

June 30, 2018			June 30, 2017		
Asset Class	Target Allocation	Long-Term Expected Real Rate of	Asset Class	Target Allocation	Long-Term Expected Real Rate of
		Return			Return
Absolute Return / Risk Mitigation	5.00%	5.51%	Absolute Return / Risk Mitigation	5.00%	5.51%
Cash & Equivalents	5.50%	1.00%	Cash & Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%	Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%	Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%	U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%	Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%	Emerging Market Equities	6.50%	11.64%
Buyouts / Venture Capital	8.25%	13.08%	Buyouts / Venture Capital	8.25%	13.08%

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

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 5.66% and 5.00% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% as of June 30, 2018 and 2017, respectively, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, 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 2046 and 2040 as of June 30, 2018 and 2017, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and 2040 as of June 30, 2018 and 2017, 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, 2018 and 2017:

	June 30, 2018			June 30, 2017		
	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	\$ 11,841,588	\$ (22,977,492)	\$ (11,135,904)	\$ 16,340,631	\$ (16,280,723)	\$ 59,908
Difference Between Expected and Actual Experience	1,370,410	(370,541)	999,869	1,909,833	-	1,909,833
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(674,064)	(674,064)	552,596	-	552,596
Changes in Proportion	5,088,056	(2,357,339)	2,730,717	3,193,385	(3,405,317)	(211,932)
	<u>\$ 18,300,054</u>	<u>\$ (26,379,436)</u>	<u>\$ (8,079,382)</u>	<u>\$ 21,996,445</u>	<u>\$ (19,686,040)</u>	<u>\$ 2,310,405</u>

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

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,	
2019	\$ 1,222,477
2020	(360,819)
2021	(4,029,424)
2022	(3,957,958)
2023	(953,658)
	<u>\$ (8,079,382)</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, 2018 AND 2017

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
2018	\$ 19,491,913	26.4%	\$ 73,898,873	10.00%	\$ 7,389,910
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

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, 2018 AND 2017

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, 2018 and 2017, 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	
2018	Police	1.10384%	0.00765%	\$ 149,367,593	\$ 20,289,117	\$ 169,656,710
2018	Fire	1.09867%	0.09768%	148,668,441	20,194,149	168,862,590
2018	Total	*	*	<u>\$ 298,036,034</u>	<u>\$ 40,483,266</u>	<u>\$ 338,519,300</u>
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>

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, 2018 and 2017, 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:	2018		2017	
	Rate	Amount	Rate	Amount
1% Decrease	5.51%	\$ 398,884,247	5.14%	\$ 426,587,356
Current Discount Rate	6.51%	298,036,034	6.14%	323,765,232
1% Increase	7.51%	214,854,628	7.14%	239,285,165

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

NOTE G. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 and June 30, 2017 measurement dates were determined by actuarial valuations as of July 1, 2017 and 2016, respectively, which were rolled forward to June 30, 2018 and 2017, 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, 2018	2.25%	2.10-8.98%	3.10-9.98%	7.00%
June 30, 2017	2.25%	2.10-8.98%	3.10-9.98%	7.00%

Mortality – For the June 30, 2018 and 2017 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, 2018 and two years for June 30, 2016\7 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, 2018 and two years for June 30, 2017 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, 2017 and 2016 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, 2018 AND 2017

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, 2018 and June 30, 2017) 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, 2018 and 2017 are summarized in the following table:

June 30, 2018			June 30, 2017		
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%	Absolute Return / Risk Mitigation	5.00%	5.51%
Cash & Equivalents	5.50%	1.00%	Cash & Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%	Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%	Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%	U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%	Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%	Emerging Market Equities	6.50%	11.64%
Buyouts / Venture Capital	8.25%	13.08%	Buyouts / Venture Capital	8.25%	13.08%

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

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 6.51% and 6.14% as of June 30, 2018 and 2017, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% as of June 30, 2018 and 2017, respectively, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, 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 2062 and 2057 as of June 30, 2018 and 2017, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and 2057 as of June 30, 2018 and 2017, 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, 2018 and 2017:

	June 30, 2018			June 30, 2017		
	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	\$ 25,582,383	\$ (76,381,491)	\$ (50,799,108)	\$ 39,923,860	\$ (53,023,278)	\$ (13,099,418)
Difference Between Expected and Actual Experience	3,032,128	(1,233,343)	1,798,785	2,100,398	(1,900,232)	200,166
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(1,630,527)	(1,630,527)	6,178,200	-	6,178,200
Changes in Proportion	22,658,456	(3,196,001)	19,462,455	12,815,720	(4,140,192)	8,675,528
	<u>\$ 51,272,967</u>	<u>\$ (82,441,362)</u>	<u>\$ (31,168,395)</u>	<u>\$ 61,018,178</u>	<u>\$ (59,063,702)</u>	<u>\$ 1,954,476</u>

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

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,	
2019	\$ 8,185,661
2020	(4,014,369)
2021	(19,569,262)
2022	(12,715,627)
2023	(3,054,798)
	<u>\$ (31,168,395)</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, 2018 AND 2017

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, 2018 and 2017, 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,
	2018	2017	2019
PERS	\$ 129,198	\$ 127,578	\$ 129,921
PFRS	860,561	851,928	864,425
Total	<u>\$ 989,759</u>	<u>\$ 979,506</u>	<u>\$ 994,346</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, 2018 AND 2017

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
2018	\$ 96,148	5.5%	\$ 57,689	3.0%
2017	67,367	5.5%	40,420	3.0%
2016	26,005	5.5%	15,603	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, 2018 AND 2017

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.

Effective January 1, 2019, the City enrolled in the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees and their dependents. No contributions were made to the SHBP as of the years ended June 30, 2018 and 2017.

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

	<u>2018</u>
Active Employees	1480
Retirees	982

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 \$24,836,787 (982 retirees), \$20,467,438 (798) and \$17,294,920 (922) for the years ended June 30, 2018, 2017 and 2016, respectively.

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

NOTE H. POST RETIREMENT BENEFITS (continued)

GASB Statement 75, *Accounting and financial Reporting for Postemployment Benefit Plans Other Than Pensions*, (“GASB 75”), is effective for fiscal years beginning after June 15, 2017, and replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*. Under GASB 75, the City would recognize the cost of other postemployment benefits (OPEB) in the year when the employee services are received and report the accumulated liability for OPEB on the face of its financial statements. Under the regulatory basis of accounting prescribed by the Division, the City is not required to recognize the cost of OPEB in the year when the employee services were received, or report the accumulated liability on the face of its financial statements. However, disclosure of such amounts is required.

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.

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

	<u>2018</u>	<u>2017</u>
Total OPEB Liability	\$ 781,508,348	\$ 813,652,559
OPEB Plan fiduciary net position	<u>-</u>	<u>-</u>
Net OPEB liability	<u>\$ 781,508,348</u>	<u>\$ 813,652,559</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%

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

NOTE H. POST RETIREMENT BENEFITS (continued)

Actuarial Assumptions

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

	2018	2017
Actuarial cost Method	Entry Age Normal Level Percentage of Pay Cost Method (EAN)	Projected Unit Credit Cost Method
Salary increase	2.50%	2.50%
Discount rate	3.87%	3.58%
Healthcare cost trend rates	5.9% for 2018 decreasing to an ultimate rate of 3.9% by 2075	5.9% for 2017 decreasing to an ultimate rate of 3.9% by 2075
Mortality	RP-2000 Combined Healthy Male and Female mortality table, as is used in the Public Employees' Retirement System (PERS) valuations, along with the Mortality Projection Scale AA	RP-2000 Combined Healthy Male and Female mortality table, as is used in the Public Employees' Retirement System (PERS) valuations, along with the Mortality Projection Scale AA

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

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

	2018	2017
At:		
1% Decrease	\$ 645,207,398	*
Current Discount Rate	781,508,348	813,652,559
1% Increase	963,556,949	*

* Information not available

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

NOTE H. POST RETIREMENT BENEFITS (continued)

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

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

	<u>2018</u>	<u>2017</u>
At:		
1% Decrease	\$ 629,306,044	*
Current Healthcare Cost Trend Rate	781,508,348	813,652,559
1% Increase	987,012,112	*

* Information not available

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

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

	<u>2018</u>	<u>2017</u>
Employer Service Cost	\$ 10,964,741	\$ 53,743,003
Interest Cost	29,080,630	5,230,498
Changes in assumptions or other inputs	<u>(6,764,685)</u>	<u>-</u>
OPEB expense	<u>\$ 33,280,686</u>	<u>\$ 58,973,501</u>
Deferred Inflows of Resources	(40,588,110)	-
Deferred Outflows of Resources	-	-

Special Funding Situation

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

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE H. POST RETIREMENT BENEFITS (continued)

Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the City does not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. The State's share of the net OPEB liability associated with the City is \$167,285,766, which represents 765 plan members, constituting 2.692146% of the State's total proportionate share of the net OPEB liability.

Changes in Net OPEB liability and Related Ratios

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

	2018	2017
Total OPEB liability - Beginning of year	\$ 813,652,559	\$ 272,246,569
Additional liability recognized under GASB 75	-	501,625,977
OPEB expense	33,280,686	58,973,501
Changes in assumptions or other inputs	(40,588,110)	-
Contributions made	(24,836,787)	(19,193,488)
Decrease/increase in OPEB liability	(32,144,211)	541,405,990
Total OPEB liability - End of year	<u>\$ 781,508,348</u>	<u>\$ 813,652,559</u>
Plan fiduciary net position - Beginning of year	\$ -	\$ -
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - end of year	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - end of year	<u>\$ 781,508,348</u>	<u>\$ 813,652,559</u>
Funded ratio	<u>0.00%</u>	<u>0.00%</u>
Covered payroll	119,376,702	110,069,202
Net OPEB liability as a percentage of covered payroll	654.7%	739.2%

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

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 \$350,000.
- ◆ 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 \$10,000,000.
- ◆ Building coverage from \$26,266 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, 2018 and June 30, 2017 was \$1,573,049 and \$1,552,606, 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, 2018 AND 2017

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. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2018 and 2017, the following deferred charges are shown on the balance sheets of the various funds. The appropriations in the 2019 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 \$2,692,504 for the fiscal year ended June 30, 2018. The City also had an operating deficit of \$543,897 for the fiscal year ended June 30, 2015, of which \$529,828 was raised in the budget of the year ended June 30, 2016 and \$13,999 in the budget of the year ended June 30, 2017.

Insurance Emergency - The City passed a special emergency appropriation to provide for payment of the unforeseen insurance costs during the fiscal year ended June 30, 2018. The City is required to raise this amount in full in the FY 2019 budget.

	Balance, June 30, 2016	2017 Budget Appropriation	Balance, June 30, 2017	2018 Additions	Balance to Succeeding Budgets
Insurance Emergency	\$ -	\$ -	\$ -	\$ 1,320,156	\$ 1,320,156
Deficit in 2018 Operations	-	-	-	2,692,504	2,692,504
Deficit in 2015 Operations	13,999	13,999	-	-	-
	<u>\$ 13,999</u>	<u>\$ 13,999</u>	<u>\$ -</u>	<u>\$ 4,012,660</u>	<u>\$ 4,012,660</u>

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE K. 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 \$24,127,270 and \$19,684,271, respectively.

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, 2018 and 2017 consisted of the following:

	<u>June 30, 2017</u>		<u>June 30, 2018</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Capital	\$ 64,073,695	\$ 64,073,695	\$ 29,922,971	\$ 29,922,971
Federal & State Grants Fund	29,545,184	29,452,994	30,602,725	30,816,204
Trust Funds	14,630,933	14,835,046	540,445	1,350,701
Current Fund	108,361,735	108,249,812	62,089,876	61,066,141
	<u>\$ 216,611,547</u>	<u>\$ 216,611,547</u>	<u>\$ 123,156,017</u>	<u>\$ 123,156,017</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, 2018, the City had the following interfunds on its balance sheets:

<u>Amount</u>	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
\$ 60,285	Grant Fund	Current Fund	Net Activity
1,016,838	Other Trust	Current Fund	CDBG Advances

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

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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% for each of 2018 and 2017.

<u>2018 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	\$ 74,714,200	1.3%
Route 20 Retail Center, LLC	Commercial	30,456,300	0.5%
Getty Industrials	Industrial Warehousing	25,944,100	0.4%
Riverview Towers I	Housing	21,566,000	0.4%
Riverview Towers II	Housing	21,566,000	0.4%
1200 Madison Avenue Property, LLC.	Housing	17,193,800	0.3%
Center City Partners	Commercial	17,000,000	0.3%
Adjacent Passaic Property, LLC.	*	16,613,100	0.3%
NJ Bell Telephone Co.	Utility	13,181,928	0.2%
Okonite Co.	Cable Communication	12,558,000	0.2%
		<u>\$ 250,793,428</u>	4.3%

<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%

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

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 and thereafter increased to approximately \$110 million, which would result in approximately \$4 million in additional revenue to the City if paid.

State Aid

During the years ended June 30, 2018 and 2017, State Aid accounted for 21.1% and 20.3%, 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, 2018 and 2017.

	June 30, 2018		June 30, 2017	
	Amount	Percent of Revenue	Amount	Percent of Revenue
State Formula Aid (4)	\$ 32,991,868	11.6%	\$ 32,991,868	11.5%
Transitional Aid	27,000,000	9.5%	25,250,000	8.8%
Total State Aid	59,991,868	21.1%	58,241,868	20.3%
Other Budget Revenues	223,760,376	78.9%	228,218,265	79.7%
Total Budget Revenues	<u>\$ 283,752,244</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, 2018 AND 2017

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, 2018 and 2017, 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.

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 2018. 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, 2018, the City acted to fund tax appeals as follows:

- ◆ Budget appropriation of \$1,500,000 to fund prior year notes issued to finance tax appeal refunds, as authorized by Ordinance Number 17-054.
- ◆ \$4,101,063 of tax appeal refunds funded by Current Fund operations.

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.

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

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 (former) 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 held the office until June 30, 2018, when the newly elected Mayor would take office. The three Public Works employees also plead guilty and received probation and ordered to make restitution. The former Mayor has filed an unrelated lawsuit seeking to have City-funded health benefits restored. 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, 2018 AND 2017

NOTE N. CONTINGENT LIABILITIES (continued)

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. The former risk manager remains suspended without pay and a departmental hearing has been held in abeyance at his request pending the outcome of the criminal investigation.

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. Former MUA Commissioner Erik Lowe was scheduled to be sentenced on June 5. The sentencing was postponed without explanation. A Paterson fence contractor who had conspired with Lowe to arrange kickbacks on fraudulently inflated contracts, pleaded guilty in May and is scheduled to be sentenced in September.

Investigation of Police Officers – As of the date of this report, the Federal Bureau of Investigation has charged six Paterson police officers with crimes allegedly related to illegal seizures during traffic arrests, filing false police reports and violating civil rights. Court records indicate that at least one more Paterson police officer is suspected of participating in the crimes, but authorities have not identified the officer. Of the six known officers: (1) one officer pleaded guilty to charges of extortion and conspiracy to deprive individuals of their human rights in the federal courthouse in Newark on December 18, 2018; (2) June, 2018, in federal court in Newark, another officer admitted he stole heroin, cocaine, crack and marijuana from crime scenes while he was in uniform and on duty in 2017. He also admitted that he later sold the drugs. He also pleaded guilty to one drug-dealing offense and conspiracy to violate the hospital patient’s civil rights — crimes that carry a total maximum prison sentence of 50 years and a minimum of five; (3) one officer was arrested at Paterson police headquarters in March, 2019; (4) in April, another officer was indicted on nine counts of civil rights crimes in the FBI probe; (5) one was arrested by the FBI in May, 2018, in connection with the beating of a suicidal hospital patient while the victim was in a wheelchair and in a hospital bed. In April, 2019 he was sentenced to six months in prison; (6) one pleaded guilty in federal court to violating people’s civil rights with respect to an illegal traffic stop in Paterson in December 2017; (7) at least one more Police officer is suspected of participating in the alleged crimes per Court records.

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

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.

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 with a maximum exposure of \$3.5 million, 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 for the year ended June 30, 2017 noted a finding regarding a lack of claimant certifications on workers compensation awards. Also, in the preceding paragraphs identified as "State and Federal Investigations", it is noted 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, 2018 AND 2017

NOTE N. CONTINGENT LIABILITIES (continued)

Pending and Threatened Litigation:

Estate of S.D-R v. City and Named Police Officers. This case involves the death of a person shot and killed by a Paterson Police Officer. The Plaintiffs' demand is \$2,500,000. Discovery supports that the plaintiff is an emotionally disturbed person and has a history of erratic behavior which led to him being shot. This case is still ongoing.

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 estimable.

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.&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.

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.

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

NOTE N. CONTINGENT LIABILITIES (continued)

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. The case has strong defenses and plaintiff was observed purchasing narcotics. In an effort to flee the plaintiff sustained a skull fracture. If plaintiff damages are proven settlement value is in the amount of \$300,000 - \$500,000.

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.

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 violate 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.

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

NOTE N. CONTINGENT LIABILITIES (continued)

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.

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.

J.G. v City – This action against the City has been made by J.G. while she was driving her vehicle when suddenly she hit a guardrail that was protruding into the street. This incident led to surgery and currently medical bills are in excess of \$800,000. This matter is under further investigation and there is a “potential liability”, however further discovery is needed.

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

NOTE N. CONTINGENT LIABILITIES (continued)

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.

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.

N.J Spine & Orthopedics v City – This is an Employment Retirement Income Security Act of 1974 litigation seeking \$172,866 plus interest, attorney fees, and costs of suit. Plaintiff filed a claim against the City (02/02/18) in which “MM” (Person not named), improperly pled in their Employee Health Plans. Plaintiff provided “MM” with valuable surgical services. Plaintiff brings suit under an Assignment of Benefits alleged to have been executed by “MM”. The parties have engaged in extensive written discovery and it is now revealed that “MM” is now deceased. The parties are presently in the process of scheduling dispositions and a motion to extend the discovery end date will be needed in order to accomplish the same.

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

NOTE N. CONTINGENT LIABILITIES (continued)

H. v. City – This is an excessive force matter filed under 42 U.S.C. 1983 alleging that Paterson Police Officers intentionally assaulted Plaintiff during his arrest. This matter is currently in the discovery stage. If the officers are found responsible, the Plaintiff may be entitled to damages up to and including compensatory damages, as well as potentially punitive damages, and attorney’s fees and costs. For these reasons, the City’s exposure exceeds \$250,000.

C.V. v. City – This case is in its pre-litigation phase and the legal matters are being evaluated for potential claims that may be filed against the City based upon the notice of tort claim and the reports generated as to an incident that occurred on April 14, 2017. Claimant was shot by Paterson Police Officers on April 14, 2017. As a result of the negligence and improper use of deadly force by the Paterson Police Department, claimant Christian Valdes died as a result of the injuries sustained. Defendants, Paterson Police Officers, were negligent and careless in their observations and actions. Paterson Police Officers used excessive, deadly force and brutally shot and killed the Claimant. Should the City be held liable, its exposure could exceed the \$500,000 contribution amount claimed by the plaintiff.

F. v. City – This case is in its pre-litigation phase and the legal matters are being evaluated for potential claims that may be filed against the City based upon the notice of tort claim and the reports generated as to an incident that occurred on September 25, 2017. Claimant alleges that he was confronted and assaulted by four Paterson Police Officers. According to the officers Affidavit, Plaintiff resisted orders and arrest. Medical records indicated Plaintiff was clinically intoxicated. In sum, the claimant may attempt to bring an excessive force and negligent hiring, retention and supervision claims against the City and the individual officers as well as general tort claims for personal injury and false arrest against the City and its officers. The merits of such claims will depend on whether the officers’ conduct in effectuating the arrest was unreasonable and an evaluation of the officer’s disciplinary record. Claimant may seek compensatory and punitive damages and attorneys’ fees. Plaintiff’s notice of claim demands \$1,000,000.00. Should the City be held liable, its exposure could reach that level of contribution.

P. v. City – This case is in its pre-litigation phase and the legal matters are being evaluated for potential claims that may be filed against the City. Victim of this incident was driving a motorcycle and stuck by a city employee at an intersection while driving a private ambulance. Based upon the allegations in the notice of claim, the claimant may intend to proceed with the following claims against the City. 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, 2018 AND 2017

NOTE N. CONTINGENT LIABILITIES (continued)

B.A. v. City – This case is in its pre-litigation phase and the legal matters are being evaluated for potential claims that may be filed against the City for discovery pursuant to Rules 4:11-1 and 4:18-1. Plaintiff verified petition sought to have the City provide him with a copy of his psychological evaluation report, which was conducted by Exam Works. Plaintiff recently filed a Complaint against the City in the Superior Court of New Jersey, Passaic County, based on the same set of facts mentioned above. Specifically, Plaintiff is claiming that the City violated his rights under the New Jersey Law Against Discrimination (Disability discrimination) and under the New Jersey and United States Constitution. However, the City has not yet been served with a Complaint. 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 \$250,000.

L. & K. v. City – This case is in its pre-litigation phase. Claimants have filed a notice of claim with the City based on allegations that he was wrongfully convicted of various crimes including felony murder, robbery, and first degree conspiracy in 1996. Claimants claim they were wrongfully convicted of these crimes and were incarcerated for over 24 years. Claimants state that their claims are no less than \$48 million. This matter is under investigation and has requested documents from the Passaic County Prosecutor's Office. Should the City be held liable, its exposure could be extensive and well exceed the \$330,000 threshold.

H. v. City – This case involves a claim brought by plaintiff against the City for a wrongful demolition of his premises. Per N.J.A.C. 5:23-2.32, the City Construction Official is/was legally permitted to order the demolition of the dangerous property within 24 hours' notice to plaintiff unless stayed by an order of the Superior Court. The City provided the plaintiff with adequate due process and notice of the wrongful demolition given: (1) the adequacy of the amended Notice of Imminent Hazard and (2) the historical background of the property and the fact that plaintiff has been aware since 2017 that his property was listed on an Abandoned Property List with the City. 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 \$300,000.

D. v. City – This lawsuit involves a motor vehicle accident between the plaintiffs and a former City Employee. The City submits that the defendant did not cause the accident; in any event, the plaintiffs' injuries, respectively, do not pierce the Title 59 permanency threshold. Should a jury find in favor of plaintiffs, the plaintiffs may be entitled to compensatory damages. For these reasons, the City's exposure could exceed \$250,000, as both plaintiffs claim permanent injury.

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

NOTE N. CONTINGENT LIABILITIES (continued)

L. v. City – Plaintiff Xin Li (“Plaintiff”) brought a six count complaint seeking relief against the City for: (1) violations of the New Jersey Civil Rights Act and New Jersey Constitution; (2) Malicious Prosecution; (3) False Arrest; (4) False Imprisonment; (5) Civil Conspiracy; and (6) Negligence. According to Plaintiff, the criminal charges and the TRO were dismissed against Plaintiff. Plaintiff claims that as a result of her incarceration she lost her job. Plaintiff asserts that the officers did not locate a weapon and that Plaintiff was arrested, charged and subjected to criminal prosecution and a restraining order without probable cause. The merits of Plaintiff’s claims will depend on whether the officers’ conduct in effectuating the arrest were unreasonable and an evaluation of the officer’s disciplinary record. Claimant may seek compensatory and punitive damages and attorneys’ fees. Should the City be held liable, its exposure could exceed \$250,000.

G. v. City – Plaintiff brought a seven count complaint seeking relief for (1) Police Indifference to Prisoner Welfare and Failure to Render Aid, (2) violations of the New Jersey Civil Rights Act and 42 U.S.C. § 1983 (3) Public Entity Liability for Acts of Public Employees, (4) and Public Entity Liability for Customary Practice or Failure to Provide Adequate training and Supervision. Plaintiff alleges that she immediately advised the nearest officer that she was in pain, and that the Police Department failed to provide medical attention. Surgery was conducted and claimed she was unable to regain full consciousness of her arm. The merits of Plaintiff’s claims will depend on whether the officers’ conduct in effectuating the arrest were unreasonable and whether their treatment of Plaintiff while incarcerated were reasonable, as well as an evaluation of the officers’ disciplinary records. Claimant may seek compensatory and punitive damages and attorneys’ fees. Should the City be held liable, its exposure could exceed \$500,000.

C. v. City – Plaintiff seeks to hold the City liable for allegedly being subjected to unlawful use of force, arrest, and subsequent prosecution. In total, Plaintiff’s Complaint sets forth six counts against the City. Plaintiff’s claims include: (1) excessive force in violation of the Fourth and Fourteenth Amendments of United States Constitution, 42 U.S.C. § 1983 (“Section 1983”), as well as the New Jersey Constitution and Civil Rights Act pursuant to federal and New Jersey law; (2) malicious prosecution; (3) municipal liability, negligent supervision and negligent training under Section 1983; (4) violations of Due Process rights; (5) failure to intervene; and (6) violations of Plaintiff’s First Amendment right to free speech. The merits of Plaintiff’s claims will depend on whether the officers’ conduct in effectuating the arrest were unreasonable as well as an evaluation of the officers’ disciplinary records. Claimant may seek compensatory and punitive damages and attorneys’ fees. Should the City be held liable, its exposure could exceed \$500,000.

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

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.

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.

CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE P. REGIONAL CONTRIBUTION AGREEMENTS (continued)

The table below summarizes the cumulative and current year activity for these agreements for the year ended June 30, 2018:

	Balance June 30, 2017	Cash Receipts	Balance June 30, 2018	Cumulative Expenditures
Township of Wayne	\$ 120,686	\$ 180	\$ 120,866	\$ 10,200,941
Borough of Woodland Park	577,289	2,218	579,507	324,000
Borough of Hawthorne	97,764	220	97,984	324,000
	<u>\$ 795,739</u>	<u>\$ 2,618</u>	<u>\$ 798,357</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, 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>

*Balances include both Contribution and Interest Accounts.

NOTE Q. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 18, 2019, the date which the financial statements were available to be issued. The following material subsequent events have been noted:

Capital Ordinances Adopted - \$16,514,176

Ordinance Number	Adoption Date	Total Ordinance	Funded by			Purpose
			Debt Authorized	Capital Imp. Fund	Re- Appropriated	
18.057	12/17/2018	\$ 4,292,760	\$ 4,088,342	\$ 204,418	\$ -	Various Sewer Improvements
18.058	12/17/2018	2,000,000	1,904,761	95,239	-	Phase I Sewer Improvements
18.059	12/17/2018	195,376	-	-	195,376	Various FY2019 Capital Improvements
18.060	12/17/2018	2,826,000	2,691,428	134,572	-	Various FY2019 Capital Improvements
18.055	3/26/2019	5,000,000	5,000,000	-	-	Contractually Required Severance Liabilities
	6/25/2019	2,200,040	2,095,278	104,762	-	Additional Funding - Phase III Combined Sewer Outflow Project
		<u>\$ 16,514,176</u>	<u>\$ 15,779,809</u>	<u>\$ 538,991</u>	<u>\$ 195,376</u>	

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

NOTE Q. SUBSEQUENT EVENTS (continued)

Reissuance of Prior Year Auditor's Report on Compliance for Each Major Federal Program –

In January, 2019, the United States Department of Justice (DOJ) conducted a compliance review of the Paterson Police Department's Federal Equitable Sharing Program (FES). As a result of this review, the DOJ determined the City omitted expenditures from its Schedules of Expenditures of Federal Awards for each of the four fiscal years ended June 30, 2014 through 2017, as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Expenditures</u>
2014	\$ 1,247,510
2015	446,917
2016	204,603
2017	<u>315,951</u>
Total	<u>\$ 2,214,981</u>

The City omitted these expenditures partly because the DOJ wired the City's share of FES Program funds directly to the Passaic County Prosecutor's Office (PCPO). The PCPO did not pass these funds through to the City directly, but retained the funds with the knowledge of the City Police Department. Though these funds were held and directly disbursed by the PCPO, they constitute the City's proportionate share of forfeited funds resulting from joint law enforcement activities with the U.S. Department of Justice and were expended only by request of representatives of the City Police Department.

Had the FES Program expenditures for Fiscal Years Ended June 30, 2014 and June 30, 2017 been included in the respective Schedules of Expenditures of Federal Awards, additional Major Programs would be required to be tested. Consequently, the *Auditor's Report on Compliance for Each Major Federal Program* is therefore required to be reissued for each year in which a Major Program was omitted. The effect is specifically as follows:

- ◆ The FES Program was not audited as a Major Program in FY 2014, despite exceeding Type A Program thresholds and otherwise qualifying as a Major Program for requirements in place at that time.
- ◆ The addition of FES Program expenditures to the FY 2017 Schedule of Expenditures of Federal Awards increases total expenditures to the extent that the City single audit did not comply with the percentage of coverage rule. An additional program must be audited.

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

NOTE Q. SUBSEQUENT EVENTS (continued)

Issuance of Bond Anticipation Notes - \$15,605,000 – The City, in conjunction with the County of Passaic and Passaic County Improvement Authority, issued \$15,605,000 Governmental Loan Revenue Bond Anticipation Notes, Series 2018 (Passaic County Guaranteed) (Paterson Project). These notes were 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.

Notes Anticipated for Sale - \$23,819,000 – The City, in conjunction with the County of Passaic and Passaic County Improvement Authority, anticipates posting on or around July 28, 2019, a Preliminary Official Statement for the sale of Governmental Loan Revenue Bond Anticipation Notes, Series 2019. These notes are

Local Finance Board Application - \$2,095,278 – 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 \$2,095,278 Bonds or Notes to finance various combined sewer outflow and other sewer improvements under the Municipal Qualified Bond Act.

State Reserves Transitional Aid Appropriation – On June 30, 2019, the Governor of the State of New Jersey issued Executive Order No. 73 (EO73) which places into reserve certain items of appropriation, pursuant to N.J.S.A. 52:27B-26, including Transitional Aid to Localities, of which the City is a recipient. EO73 indicates that funds will be released “upon receiving notification from the State Treasurer that amounts in excess of the targeted fund balance are anticipated to be available for expenditure”. As of the date of this report, the extent to which funds will be released is unknown. Therefore the impact of EO73 to the City’s operations for the Fiscal Year ended June 30, 2020 cannot be determined. The City received Transitional Aid for the years ended June 30, 2019, 2018 and 2017 in the amounts of \$33,000,000, \$27,000,000 and \$25,250,000, respectively. Such aid accounted for 12%, 10% and 9% of the City’s anticipated budget revenues for the years ended June 30, 2019, 2018 and 2017, respectively.

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, 2018**

SCHEDULE OF CASH

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance: June 30, 2017	A	\$ 22,874,454	\$ 302,108
Increased by:			
Non-Budget Revenues	A-2b	\$ 1,042,351	\$ -
Current Taxes Receivable	A-2a	232,405,969	-
Delinquent Taxes Receivable	A-2a	355,551	-
Due from State - Homestead Rebate	A-6	1,429,626	-
Sr. Citizens and Veterans Deductions	A-8	158,500	-
Tax Title Liens Receivable	A-9	2,260,567	-
Sewer Charges Receivable	A-10	12,909,334	-
Sewer Liens Receivable	A-11	424,394	-
Demolition Liens Receivable	A-12	124,700	-
Revenue Accounts Receivable	A-16	70,206,594	-
Interfunds	A-17	18,916,938	-
Interfunds - Reallocation	A-17, A-33	24,132,542	-
Prepaid Taxes	A-20	223,455	-
Other Reserves	A-22	1,845,859	-
Prepaid Sewers	A-23	13,688	-
Deposits on Sale of City Property	A-27	163,085	-
State Library Aid	A-28	76,057	-
ABC License Surcharge	A-30	23,600	-
		<u>366,712,810</u>	<u>-</u>
		389,587,264	302,108
Decreased by:			
Refund Prior Year Revenues	A-1	86,895	-
Current Year Appropriations	A-3a	224,852,552	-
Current Sewer Refunds	A-2a	74,910	-
Prior Year Sewer Charge Refunds	A-10	106,474	-
Interfunds	A-17	40,224,463	-
Interfunds - Reallocation	A-17, A-33	7,032,523	302,108
Appropriation Reserves	A-18	7,329,440	-
Tax Overpayments	A-21	4,438,497	-
Other Reserves	A-22	1,377,571	-
School Taxes Payable	A-25	41,961,814	-
County Taxes Payable	A-26	41,490,335	-
Special Emergency Note Payments	A-27	37,200	-
State Library Aid	A-28	59,412	-
ABC License Surcharge	A-30	61,643	-
		<u>369,133,729</u>	<u>302,108</u>
Balance: June 30, 2018	A	<u>\$ 20,453,535</u>	<u>\$ -</u>

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

SCHEDULE OF CHANGE FUND

	<u>Ref.</u>	
Balance: June 30, 2018 and 2017	A	\$ <u>685</u>

Exhibit A-6

SCHEDULE OF DUE FROM STATE - HOMESTEAD CREDIT REBATE

	<u>Ref.</u>	
Balance: June 30, 2017	A	\$ 1,429,626
Decreased by:		
Cash Receipt	A-4	<u>1,429,626</u>
Balance: June 30, 2018		\$ <u>-</u>

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

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year Ended June 30,	Balance: June 30, 2017	2018 Tax Levy	Added Taxes	By Cash Receipts - Net of Refunds 2017	Collections 2018	By Discounts Allowed	Canceled	Transferred to Tax Title Liens	Balance: June 30, 2018
2002	\$ -	\$ -	\$ 391	\$ -	\$ -	\$ -	\$ 391	\$ -	\$ -
2004	-	-	70	-	-	-	70	-	-
2005	-	-	1,510	-	-	-	1,510	-	-
2006	-	-	1,801	-	-	-	1,801	-	-
2007	-	-	3,863	-	-	-	3,863	-	-
2008	4,811	-	33,714	-	375	-	37,794	356	-
2009	6,285	-	31,858	-	-	-	37,884	259	-
2010	6,696	-	84,509	-	-	-	90,929	276	-
2011	-	-	64,055	-	574	-	63,158	323	-
2012	-	-	88,818	-	20,547	-	67,934	337	-
2013	-	-	191,653	-	8,398	-	183,092	163	-
2014	-	-	395,150	-	16,744	-	368,573	9,833	-
2015	12,161	-	884,390	-	24,255	-	852,385	18,694	1,217
2016	39,164	-	893,650	-	19,327	-	890,803	8,981	13,703
2017	156,500	-	1,631,150	-	265,331	-	1,488,467	8,794	25,058
Total Prior Years	225,617	-	4,306,582	-	355,551	-	4,088,654	48,016	39,978
2018	-	239,892,278	-	240,681	231,680,150	187,250	2,945,480	4,717,946	120,771
Ref.	\$ 225,617	\$ 239,892,278	\$ 4,306,582	\$ 240,681	\$ 232,035,701	\$ 187,250	\$ 7,034,134	\$ 4,765,962	\$ 160,749
	A		A-2a, A-20		A-2a	A-2a, A-8		A-9	A

Tax Yield:		Tax Levy:	
General Purpose	\$ 239,819,945	Total Local District School Tax	\$ 41,961,814
Added and Omitted Taxes	72,333	County Tax	
	<u>\$ 239,892,278</u>	General County Taxes	\$ 40,897,478
		County Open Space Taxes	592,194
		Added and Omitted County Taxes	663
		Total County Tax	41,490,335
		Minimum Library Tax	2,097,694
		Local Tax for Municipal Purposes	
		Local Tax for Municipal Purposes	153,123,302
		Add: Additional Tax Levied	1,219,133
		Total Local Tax for Municipal Purposes	154,342,435
			<u>\$ 239,892,278</u>

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

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

	<u>Ref.</u>		
Balance: June 30, 2017	A		\$ 60,250
Increased by:			
Senior Citizens Deductions per Tax Billings		\$ 96,375	
Veterans Deductions per Tax Billings		103,625	
Deductions Allowed by Tax Collector:			
Current Year			
Veterans		<u>625</u>	
			<u>200,625</u>
			260,875
Decreased by:			
Deductions Disallowed by Tax Collector:			
Current Year			
Veterans		13,375	
Received in Cash from State of New Jersey	A-4	<u>158,500</u>	
			<u>171,875</u>
Balance: June 30, 2018	A		<u><u>\$ 89,000</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		\$ 96,375	
Current Year Veterans Deductions:			
As Set Forth by Tax Assessor		103,625	
Allowed by Tax Collector		625	
Disallowed by Tax Collector		<u>(13,375)</u>	
	A-7		<u><u>\$ 187,250</u></u>

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

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance: June 30, 2017	<u>Ref.</u> A		\$ 16,999,724
Increased by:			
Transfer from Taxes	A-7	\$ 4,765,962	
Cancellation of Prior Year Tax Credits		13,499	
Interest and Costs on Tax Sale		<u>20,940</u>	
			<u>4,800,401</u>
			21,800,125
Decreased by:			
Cash Receipts	A-2a, A-4	2,260,567	
Cancelled		<u>2,748,568</u>	
			<u>5,009,135</u>
Balance: June 30, 2018	A		<u><u>\$ 16,790,990</u></u>

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

SCHEDULE OF SEWER CHARGES RECEIVABLE

	<u>Ref.</u>	<u>Total</u>	<u>Current</u>	<u>Prior</u>
Balance: June 30, 2017	A	\$ 181,518	\$ -	\$ 181,518
Increased by:				
Billings		12,528,359	12,528,359	-
Billing Adjustments		575,564	-	575,564
Disbursements	A-2a, A-4	106,474	-	106,474
Subtotal		<u>13,391,915</u>	<u>12,528,359</u>	<u>863,556</u>
Decreased by:				
Transfer to Sewer Liens Receivable	A-11	260,219	229,920	30,299
Prior Year Prepaid Applied	A-2a, A-23	47,517	47,517	-
Cancellations		113,165	105,653	7,512
Cash Receipts	A-2a, A-4	12,909,334	12,117,924	791,410
		<u>13,330,235</u>	<u>12,501,014</u>	<u>829,221</u>
Balance: June 30, 2018	A	<u><u>\$ 61,680</u></u>	<u><u>\$ 27,345</u></u>	<u><u>\$ 34,335</u></u>

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

SCHEDULE OF SEWER LIENS RECEIVABLE

Balance: June 30, 2017	<u>Ref.</u> A		\$ 1,067,130
Increased by:			
Transfer from Sewer Charges Receivable	A-10		<u>260,219</u>
			1,327,349
Decreased by:			
Cash Receipts	A-2a, A-4	\$ 424,394	
Cancelled		<u>57,586</u>	
			<u>481,980</u>
Balance: June 30, 2018	A		<u><u>\$ 845,369</u></u>

Exhibit A-12

SCHEDULE OF DEMOLITION LIENS RECEIVABLE

Balance: June 30, 2017	<u>Ref.</u> A		\$ 1,513,224
Increased by:			
Billings			<u>464,368</u>
			1,977,592
Decreased by:			
Cancelled		\$ 338,738	
Cash Receipts	A-2a, A-4	<u>124,700</u>	
			<u>463,438</u>
Balance: June 30, 2018	A		<u><u>\$ 1,514,154</u></u>

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

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

	<u>Ref.</u>	
Balance: June 30, 2017	A	\$ 5,107,360
Increased by:		
Property Foreclosures		7,792,600
		<u>12,899,960</u>
Decreased by:		
Assessed Value of Sales Contracts Realized		530,300
		<u>530,300</u>
Balance: June 30, 2018	A	<u>\$ 12,369,660</u>

Exhibit A-14

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

	<u>Ref.</u>	
Balance: June 30, 2018 and 2017	A	<u>\$ 25,000</u>

Exhibit A-15

SCHEDULE OF DEFERRED CHARGES

	<u>Ref.</u>	
Balance: June 30, 2017		\$ -
Increased by:		
Emergency Authorizations:		
Insurance Emergency	A-1, A-3	\$ 1,320,156
Deficit in Operations	A-1	<u>2,692,504</u>
		<u>4,012,660</u>
Balance: June 30, 2018	A	<u>\$ 4,012,660</u>

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

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance June 30, 2017	Accrued	Collections		Balance June 30, 2018
			Cash	Other	
LOCAL REVENUES					
Licenses:					
Alcoholic Beverages	\$ -	\$ 199,626	\$ 199,626	\$ -	\$ -
Other Licenses	-	131,024	131,024	-	-
Municipal Court Fines and Costs	-	5,047,019	5,047,019	-	-
Interest and Costs on Taxes	-	1,848,972	1,848,972	-	-
Interest on Delinquent Sewer Charges	-	369,320	369,320	-	-
Department of Public Works	-	83,918	83,918	-	-
Interest on Investments and Deposits	-	129,951	129,951	-	-
Division of Health	-	750,847	750,847	-	-
City-Wide Recycling Revenues	-	135,682	135,682	-	-
Board of Adjustment	-	170,453	170,453	-	-
Sale of Copies of Public Records	-	42,200	42,200	-	-
Ambulance Fees	-	3,384,030	3,384,030	-	-
Municipal Towing Contract Fees	-	294,435	294,435	-	-
FD Combustibles Inspection Revenues	-	972,730	972,730	-	-
Livery and Taxi License Fees	-	122,955	122,955	-	-
STATE AID WITHOUT OFFSETTING APPROPRIATIONS					
Consolidated Municipal Property Tax Relief	-	10,852,660	-	10,852,660	-
Energy Receipts Tax	-	21,870,140	17,666,315	4,203,825	-
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	-	27,000,000	27,000,000	-	-
DEDICATED UNIFORM CONSTRUCTION CODE FEES					
OFFSET WITH APPROPRIATIONS					
Uniform Construction Code Fees and Permits					
Construction Code Official	-	1,952,313	1,952,313	-	-
Other	-	713,385	713,385	-	-
OTHER SPECIAL ITEMS					
Payments in Lieu of Taxes					
Aspen Hamilton	-	108,188	108,188	-	-
Colt Arms	-	677,920	677,920	-	-
Federation Apartments	-	216,160	216,160	-	-
Governor Paterson Towers	-	672,820	672,820	-	-
504 Madison Avenue	-	164,565	164,565	-	-
Incca for Housing - Carroll Street	-	137,431	137,431	-	-
Incca for Housing - North Triangle	-	222,120	222,120	-	-
Cooke Building Associates	-	9,323	9,323	-	-
Jackson Slater	-	225,899	225,899	-	-
Riese Madison Park	-	75,531	75,531	-	-
Essex - Phoenix Mill	-	236,842	236,842	-	-
Brooke Sloate	-	167,788	167,788	-	-
Christopher Columbus Development	-	113,985	113,985	-	-
446-460 E. 19th Street	-	19,905	19,905	-	-
Belmont/McBride Apartments	-	37,926	37,926	-	-
Sheltering Arms	-	5,976	5,976	-	-
Hope 98 - North Main Scattered Sites	-	23,437	23,437	-	-
Hope 98 - Beech Street	-	35,288	35,288	-	-
Hope 98 - Van Houten Street	-	15,674	15,674	-	-
Rising Dove Senior Housing	-	30,268	30,268	-	-
Paterson Housing Authority	-	147,963	147,963	-	-

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

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance June 30, 2017	Accrued	Collections		Balance June 30, 2018
			Cash	Other	
OTHER SPECIAL ITEMS - continued					
Payments in Lieu of Taxes - continued					
Congdon Mill	\$ -	\$ 85,842	\$ 85,842	\$ -	\$ -
Belmont Towers	-	21,515	21,515	-	-
Heritage - Alexander Hamilton	-	161,486	161,486	-	-
City of Paterson Parking Authority					
Cooperative Agreement 7/1 - 12/31	-	204,000	204,000	-	-
Cooperative Agreement 1/1 - 6/30	-	170,000	170,000	-	-
PVWC Fire Hydrant Testing Reimb.	-	294,150	294,150	-	-
Trust Fund Surplus	-	5,332	-	5,332	-
PVSC Rebate Incentive Program	-	36,058	36,058	-	-
Private Host Benefit Fees	-	307,324	307,324	-	-
Cable Vision Franchise Fees	-	861,030	861,030	-	-
Verizon Franchise Fees	-	328,994	328,994	-	-
Housing Authority Garbage Reimb.	-	95,000	95,000	-	-
Coastal Distribution - Host Benefit Fees	-	70,011	70,011	-	-
Passaic County Community College Rent	-	10,000	10,000	-	-
Libby's Rent	-	30,995	30,995	-	-
Northeast Hydro Holding Rent	-	99,000	99,000	-	-
Board and Secure	-	398,747	398,747	-	-
Redemption Fees	-	123,046	123,046	-	-
Administrative Off-Duty Fees	-	90,970	90,970	-	-
Mercantile License Fees	-	39,235	39,235	-	-
Parade Fees	-	63,160	63,160	-	-
Broadway Rent Income	-	26,000	26,000	-	-
Additional Off Duty Administrative Fee	-	565,863	565,863	-	-
Additional Off Duty Administrative Fee	-	368,951	368,951	-	-
North Jersey District Water Supply Training	-	93,750	93,750	-	-
N.J. District Water Supply Training FY17	-	18,750	18,750	-	-
Passaic Valley Water Commission	-	150,000	150,000	-	-
Sale of City Owned Property	-	863,465	863,465	-	-
Total Revenue and Other Credits to Income	\$ -	\$ 85,268,411	\$ 70,206,594	\$ 15,061,817	\$ -
Ref.		A-2a	A-4		
Qualified Bonds Paid by State		A-3a		\$ 15,056,485	
Surplus of Other Funds		A-17		5,332	
				<u>\$ 15,061,817</u>	

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

SCHEDULE OF INTERFUNDS RECEIVABLE (PAYABLE)

	Ref.	Total	General Capital	Grants Fund	Trust Funds	
					Other	Animal Control
Increased by:						
State and Federal Grants Budget	A-2a	\$ 14,469,818	\$ -	\$ 14,469,818	\$ -	\$ -
Life Hazard Use Fees	A-2a	354,740	-	354,740	-	-
Cash Disbursements - Allocation	A-4	7,032,523	7,032,523	-	-	-
Cash Disbursements	A-4	40,224,463	22,890,448	15,988,646	953,251	392,118
Surplus Anticipated	A-16	5,332	-	-	5,332	-
Cancelled to Operations	A-1	3,000	-	3,000	-	-
		<u>62,089,876</u>	<u>29,922,971</u>	<u>30,816,204</u>	<u>958,583</u>	<u>392,118</u>
Decreased by:						
State and Federal Grants Budget	A-3a	14,824,558	-	14,824,558	-	-
State and Federal Grants Matching	A-3a	899,985	-	899,985	-	-
Capital Improvement Fund	A-3a	400,000	400,000	-	-	-
Deferred Charges Raised	A-3a	1,500,000	1,500,000	-	-	-
Chargebacks to Budget	A-3a	392,118	-	-	-	392,118
Cash Receipts	A-4	18,916,938	4,192,537	14,576,074	148,327	-
Cash Receipts - Allocation	A-4	24,132,542	23,830,434	302,108	-	-
		<u>61,066,141</u>	<u>29,922,971</u>	<u>30,602,725</u>	<u>148,327</u>	<u>392,118</u>
Net Change in Interfunds		1,023,735	-	213,479	810,256	-
Balance: June 30, 2017						
Interfunds Receivable	A, A-1	206,582	-	-	206,582	-
Interfunds Payable	A	(153,194)	-	(153,194)	-	-
Balance: June 30, 2018						
Interfunds Receivable	A, A-1	<u>\$ 1,077,123</u>	<u>\$ -</u>	<u>\$ 60,285</u>	<u>\$ 1,016,838</u>	<u>\$ -</u>

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

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2017		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
(A) Operations - Within "CAPS"						
<u>GENERAL GOVERNMENT</u>						
Office of the Mayor						
Salaries and Wages	\$ 654	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	8,671	2,877	11,548	-	9,054	2,494
City Council						
Salaries and Wages	2	318	318	-	318	-
Other Expenses	4,359	33,065	37,424	-	36,133	1,291
Office of the City Clerk						
Salaries and Wages	7,673	-	-	-	-	-
Other Expenses	8,754	11,553	28,807	-	26,960	1,847
Elections						
Salaries and Wages	113	-	-	-	-	-
Other Expenses	837	20,309	51,146	-	26,595	24,551
Insurance						
Salaries and Wages	88	-	-	-	-	-
Other Expenses	1,355,859	12,639	1,251,348	-	1,251,348	-
Worker Compensation	8,208	121,992	877,249	-	877,249	-
Liability	1,835	-	140,483	-	122,483	18,000
Auditing Services and Costs						
Annual Audit	55,060	-	70,060	18,500	43,500	8,060
Other Audits	33,549	300,000	360,849	151,793	199,707	9,349
Cultural Affairs						
Salaries and Wages	1,108	-	-	-	-	-
Other Expenses	5,026	36,153	41,179	-	40,716	463
<u>DEPARTMENT OF ADMINISTRATION</u>						
Office of the Business Administrator						
Salaries and Wages	333	-	-	-	-	-
Other Expenses	2,598	20,021	22,619	-	18,163	4,456
Division of Personnel						
Salaries and Wages	1,865	-	-	-	-	-
Other Expenses	16,193	31,779	47,972	-	43,238	4,734
Division of Purchasing						
Salaries and Wages	9	-	-	-	-	-
Other Expenses	1,973	1,436	3,409	-	2,137	1,272
Division of Data Processing						
Salaries and Wages	1,009	-	-	-	-	-
Other Expenses	23,394	129,894	223,438	1,537	217,666	4,235
Surveys and General						
Other Expenses	6,229	-	-	-	-	-
<u>DEPARTMENT OF FINANCE</u>						
Office of the Director						
Salaries and Wages	12,412	-	-	-	-	-
Other Expenses	4,450	35,039	39,489	14,628	8,534	16,327
Division of Treasury						
Salaries and Wages	482	-	-	-	-	-
Other Expenses	919	3,056	3,975	-	3,057	918
Division of Accounts and Control						
Salaries and Wages	10,202	-	-	-	-	-
Other Expenses	457	2,265	2,722	-	1,583	1,139
Division of Sewer Collection						
Salaries and Wages	948	-	-	-	-	-
Other Expenses	3,810	9,392	13,202	-	10,911	2,291
Division of Assessments						
Salaries and Wages	41	-	-	-	-	-
Other Expenses	3,953	2,774	35,727	2,754	(5,953)	38,926

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

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2017		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
<u>DEPARTMENT OF FINANCE (continued)</u>						
Division of Revenue Collection						
Salaries and Wages	\$ 8,836	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	12,237	5,738	18,675	-	16,170	2,505
Office of Internal Audit						
Salaries and Wages	54	-	-	-	-	-
Other Expenses	3,015	-	3,015	2,760	9	246
<u>DEPARTMENT OF LAW</u>						
Office of the Corporation Counsel						
Salaries and Wages	94	-	-	-	-	-
Other Expenses	40,143	201,338	241,481	-	77,053	164,428
<u>DEPARTMENT OF PUBLIC SAFETY</u>						
Taxicab Division						
Other Expenses	17	-	17	-	-	17
Division of Fire						
Salaries and Wages	10,741	-	28,441	-	28,438	3
Other Expenses	28,755	305,365	334,120	2,750	254,381	76,989
Division of Police						
Salaries and Wages	498,650	-	366,013	-	28,066	337,947
Other Expenses	156,904	253,401	410,305	-	237,466	172,839
<u>DEPARTMENT OF PUBLIC WORKS</u>						
Office of the Director						
Salaries and Wages	5,222	-	5,222	-	5,222	-
Other Expenses	1,016	(209)	807	-	295	512
Division of Engineering						
Salaries and Wages	159	-	159	-	159	-
Other Expenses	75,594	20,490	96,084	-	76,668	19,416
Division of Traffic and Lighting						
Salaries and Wages	2,200	-	2,200	-	2,200	-
Other Expenses	19,752	28,235	47,987	1,620	44,391	1,976
Division of Water and Sewers						
Salaries and Wages	43,845	-	43,845	-	43,845	-
Other Expenses	15,234	98,713	113,947	-	113,947	-
Sewer Repairs	12,600	-	12,600	-	12,600	-
Division of Streets						
Salaries and Wages	366	-	366	-	366	-
Other Expenses	50,470	27,048	77,518	-	56,238	21,280
Street Repair	4,716	1,230	5,946	-	5,946	-
Snow Removal						
Salaries and Wages	4	-	4	-	4	-
Other Expenses	195,267	86,008	281,275	-	274,680	6,595
Division of Auto Maintenance						
Salaries and Wages	954	-	954	-	954	-
Other Expenses	146,115	67,978	214,093	-	152,686	61,407
Division of Public Properties						
Parks and Shade Trees Section						
Salaries and Wages	419	-	419	-	419	-
Other Expenses	27,782	104,749	132,531	-	44,906	87,625
Public Buildings Section						
Salaries and Wages	86,519	-	86,519	-	86,519	-
Other Expenses	60,221	251,964	330,185	7,630	86,761	235,794
Division of Recreation						
Salaries and Wages	25,431	-	-	-	-	-
Other Expenses	80,425	115,736	196,161	-	145,386	50,775
Division of Recycling						
Salaries and Wages	955	-	955	-	955	-
Other Expenses	18,405	14,606	33,011	-	19,770	13,241

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

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2017		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
<u>DEPARTMENT OF PUBLIC WORKS (continued)</u>						
Cable Communications						
Salaries and Wages	\$ 2,708	\$ -	\$ 2,708	\$ -	\$ 2,708	\$ -
Other Expenses	1,789	5,242	7,031	-	6,528	503
<u>DEPARTMENT OF COMMUNITY DEVELOPMENT</u>						
Division of Planning and Zoning						
Salaries and Wages	469	-	-	-	-	-
Other Expenses	662	2,219	2,881	-	2,026	855
Division of Community Improvements						
Salaries and Wages	6,050	-	-	-	-	-
Other Expenses	49,705	26,389	166,094	1,024	130,042	35,028
Division of Economic Development						
Salaries and Wages	6,472	-	-	-	-	-
Other Expenses	2,662	15,955	18,617	-	15,896	2,721
Division of Redevelopment						
Salaries and Wages	3	-	-	-	-	-
Other Expenses	6,486	11,227	17,713	-	-	17,713
<u>DEPARTMENT OF HUMAN SERVICES</u>						
Office of the Director						
Salaries and Wages	46	-	-	-	-	-
Other Expenses	300	205	505	-	462	43
Office of Aging and Disabled Services						
Salaries and Wages	4	-	-	-	-	-
Other Expenses	515	10	875	-	764	111
Social Services	41,075	55,388	80,463	-	70,062	10,401
Mercantile Licenses						
Salaries and Wages	903	-	903	-	903	-
Other Expenses	903	-	903	-	64	839
Division of Consumer Protection						
Other Expenses	89	151	240	-	120	120
Division of Youth Services						
Salaries and Wages	20	-	-	-	-	-
Other Expenses	1,030	9,721	10,751	-	10,751	-
Division of Health						
Salaries and Wages	57,995	-	27,995	-	22,123	5,872
Other Expenses	21,516	35,327	56,843	-	45,858	10,985
<u>STATUTORY AGENCIES</u>						
Museum						
Salaries and Wages	59	-	-	-	-	-
Other Expenses	3,302	11,254	14,556	-	14,288	268
Board of Adjustment						
Salaries and Wages	21	-	21	-	-	21
Other Expenses	5,701	424	6,125	-	4,968	1,157
Office of Emergency Management						
Salaries and Wages	9,061	-	-	-	-	-
Other Expenses	5,574	26,864	32,438	-	23,636	8,802
Planning Board						
Salaries and Wages	1,603	-	1,603	-	1,603	-
Other Expenses	2,883	530	4,733	-	2,641	2,092
Youth Guidance Council						
Other Expenses	20,311	-	20,311	-	-	20,311
Historic Preservation Commission						
Salaries and Wages	220	-	-	-	-	-
Other Expenses	518	728	1,246	-	790	456
Municipal Court						
Salaries and Wages	14,495	-	14,495	-	14,495	-
Other Expenses	9,467	2,236	11,703	-	9,426	2,277

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

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2017		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
UNCLASSIFIED						
Electricity	\$ 118,588	\$ 1,550	\$ 148,900	\$ -	\$ 145,814	\$ 3,086
Street Lighting	455,820	124,523	580,343	-	385,022	195,321
Telephone Service	102,002	60,799	162,801	45,495	69,903	47,403
Gas (Natural/Propane)	62,921	178	43,099	-	(759)	43,858
Gasoline	205,795	34,996	180,791	-	53,280	127,511
Solid Waste	1,103,630	589,486	1,416,116	-	1,370,628	45,488
(E) Deferred Charges and Statutory Expenditures within "CAPS"						
(2) STATUTORY EXPENDITURES						
Contribution to:						
PFRS	69,243	13,021	13,021	-		13,021
Social Security	192,468	-	142,468	-	90,335	52,133
Consolidated Police and						
Fire Retirement Fund	5,000	-	-	-	-	-
Unemployment Insurance	93,958	-	-		(362)	362
Increased Retirement Allowance						
Pursuant to: C143-L-1958	45,006	-	-			-
DCRP	149,953	-	49,953	-	18,708	31,245
Medicare	48,361	-	32,263	-	(17,517)	49,780
State Disability	-	-	-	-	(174)	174
Excise Tax	90,400	-	-	-	-	-
(A) Operations - Excluded From "CAPS"						
Maintenance of						
Free Public Libraries	63,000	53,094	116,094	-	116,094	-
TOTAL GENERAL						
APPROPRIATIONS	\$ 6,296,952	\$ 3,438,469	\$ 9,735,421	\$ 250,491	\$ 7,361,025	\$ 2,123,905
Ref.	A	A-19		A-19		A-1
		Cash Disbursements		A-4	\$ 7,329,440	
		Library Reserve		A-29	31,585	
					\$ 7,361,025	

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

SCHEDULE OF REQUISITIONS AND ACCOUNTS PAYABLE

Balance: June 30, 2017	<u>Ref.</u> A		\$ 3,438,957
Increased by Open Contracts and Purchase Orders:			
Budget Appropriations	A-3	\$ 5,605,890	
Appropriation Reserves to Accounts Payable	A-18	250,491	
Reserve for State Library Aid	A-28	<u>7,265</u>	
			<u>5,863,646</u>
			9,302,603
Decreased by:			
Opening Requisition Balances Added to:			
Appropriation Reserves	A-18	3,438,469	
Reserve for State Library Aid	A-28	<u>488</u>	
			<u>3,438,957</u>
Balance: June 30, 2018	A		<u>\$ 5,863,646</u>
	Requisitions Payable	\$ 5,613,155	
	Accounts Payable	<u>250,491</u>	
		<u>\$ 5,863,646</u>	

Exhibit A-20

SCHEDULE OF PREPAID TAXES

Balance: June 30, 2017	<u>Ref.</u> A	\$ 240,681
Increased by:		
Cash Receipts	A-4	<u>223,455</u>
		464,136
Decreased by:		
Applied to Current Year Taxes	A-7	<u>240,681</u>
Balance: June 30, 2018	A	<u>\$ 223,455</u>

**CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2018
SCHEDULE OF TAX OVERPAYMENTS**

Balance: June 30, 2017	<u>Ref.</u> A		\$ 4,692,803
Increased by:			
Overpayments of Current Taxes	A-2a	\$ 725,819	
Overpayments Charged to Operations	A-1	4,101,063	
Other Reserves	A-22	<u>14,004</u>	
			<u>4,840,886</u>
			9,533,689
Decreased by:			
Cash Disbursements	A-4		<u>4,438,497</u>
Balance: June 30, 2018	A		<u><u>\$ 5,095,192</u></u>

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

SCHEDULE OF OTHER RESERVES

	<u>Ref.</u>	<u>Total</u>	<u>Property Tax Suspense</u>	<u>Other Reserve</u>
Increased by:				
Transfers	contra	\$ 6,504	\$ -	\$ 6,504
Cash Receipts	A-4	1,845,859	460,788	1,385,071
		<u>1,852,363</u>	<u>460,788</u>	<u>1,391,575</u>
Decreased by:				
Transfers	contra	6,504	6,504	-
Tax Overpayments	A-21	14,004	-	14,004
Cash Disbursements	A-4	1,377,571	-	1,377,571
		<u>1,398,079</u>	<u>6,504</u>	<u>1,391,575</u>
Net Increase		454,284	454,284	-
Balance: June 30, 2017	A	<u>18,170</u>	<u>18,170</u>	<u>-</u>
Balance: June 30, 2018	A	<u>\$ 472,454</u>	<u>\$ 472,454</u>	<u>\$ -</u>

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

SCHEDULE OF PREPAID SEWERS

Balance: June 30, 2017	<u>Ref.</u> A	\$ 47,517
Increased by:		
Cash Receipts	A-4	<u>13,688</u>
		61,205
Decreased by:		
Applied to Current Year Charges	A-2a, A-10	<u>47,517</u>
Balance: June 30, 2018	A	<u><u>\$ 13,688</u></u>

Exhibit A-24

SCHEDULE OF SEWER OVERPAYMENTS

Balance: June 30, 2017	<u>Ref.</u> A	\$ 107,200
Increased by:		
Overpayments Charged to Operations	A-1	<u>72,496</u>
		179,696
Decreased by:		
Cancel Prior Year Credits	A-2a	<u>21,640</u>
Balance: June 30, 2018	A	<u><u>\$ 158,056</u></u>

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

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance: June 30, 2017		\$ -
Increased by:		
Levy - School Year July 1, 2017 to June 30, 2018	A-2a	41,961,814
		<u>41,961,814</u>
Decreased by:		
Cash Disbursements	A-4	41,961,814
		<u>41,961,814</u>
Balance: June 30, 2018		<u>\$ -</u>
2018 Liability for Local District School Tax:		
Tax Paid		\$ 41,961,814
Tax Payable - June 30, 2018		-
		<u>41,961,814</u>
Less: Tax Payable June 30, 2017		<u>-</u>
Amount Charged to 2018 Operations	A-1	<u>\$ 41,961,814</u>

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

SCHEDULE OF COUNTY TAXES PAYABLE

Balance: June 30, 2017	<u>Ref.</u> A	\$ -
Increased by:		
General County Levy		\$ 40,897,478
County Open Space Preservation Levy		592,194
Due County for Added and Omitted Taxes		<u>663</u>
	A-2a	<u>41,490,335</u>
		41,490,335
Decreased by:		
Cash Disbursements	A-4	<u>41,490,335</u>
Balance: June 30, 2018		<u><u>\$ -</u></u>
2018 Liability for County Tax:		
Tax Paid		\$ 41,490,335
Tax Payable - June 30, 2018		<u>-</u>
		41,490,335
Less: Tax Payable June 30, 2017		<u>-</u>
Amount Charged to 2018 Operations		<u><u>\$ 41,490,335</u></u>
	A-1	\$ 41,489,672
	A-1	<u>663</u>
		<u><u>\$ 41,490,335</u></u>

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

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

Balance: June 30, 2017	<u>Ref.</u> A	\$ 19,714
Increased by:		
Cash Receipts	A-4	<u>163,085</u>
		182,799
Decreased by:		
Cash Disbursements	A-4	<u>37,200</u>
Balance: June 30, 2018	A	<u><u>\$ 145,599</u></u>

Exhibit A-28

SCHEDULE OF RESERVE FOR STATE LIBRARY AID

Balance: June 30, 2017	<u>Ref.</u> A	\$ 65,474
Increased by:		
Cash Receipts	A-4	\$ 76,057
Transfer from Library Fines and Donations	A-29	14,415
Prior Year Requisitions Payable	A-19	<u>488</u>
		<u>90,960</u>
		156,434
Decreased by:		
Cash Disbursements	A-4	59,412
Requisitions Payable	A-19	<u>7,265</u>
		<u>66,677</u>
Balance: June 30, 2018	A	<u><u>\$ 89,757</u></u>

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

SCHEDULE OF RESERVE FOR LIBRARY

	<u>Ref.</u>	<u>Total</u>	<u>Due for City Appropriations</u>	<u>Library Fines and Donations</u>
Balance: June 30, 2017	A	\$ 87,140	\$ -	\$ 87,140
Increased by:				
Charge to Appropriation Reserves	A-18	<u>31,585</u>	<u>31,585</u>	<u>-</u>
		118,725	31,585	87,140
Decreased by:				
Reclass Receipts	A-28	<u>14,415</u>	<u>-</u>	<u>14,415</u>
Balance: June 30, 2018	A	<u><u>\$ 104,310</u></u>	<u><u>\$ 31,585</u></u>	<u><u>\$ 72,725</u></u>

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

SCHEDULE OF RESERVE FOR ABC LICENSE SURCHARGE

	<u>Ref.</u>	
Balance: June 30, 2017	A	\$ 68,415
Increased by:		
Surcharges Collected	A-4	23,600
		<u>92,015</u>
Decreased by:		
Surcharges Disbursed	A-4	61,643
		<u>61,643</u>
Balance: June 30, 2018	A	<u><u>\$ 30,372</u></u>

Exhibit A-31

SCHEDULE OF RESERVE FOR REVALUATION

	<u>Ref.</u>	
Balance: June 30, 2018 and 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, 2018**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2017	Current Year Awards		Cash Receipts	Transfer From Unappropriated Reserve	Re-Allocations/ Cancellations	Balance, June 30, 2018
		Budget as Adopted	Added by NJSA 40A:4-87				
US Department of Health and Human Services							
Special Projects of National Significance Grant							
FY2016	\$ 43,379	\$ -	\$ -	\$ 43,379	\$ -	\$ -	\$ -
FY2017	113,258	-	-	113,258	-	-	-
FY2018	-	300,000	-	15,855	-	-	284,145
Ryan White HIV Program / HIV Emergency Relief Project Grants							
FY2017/ FY2018	1,147,540	2,216,511	-	3,186,060	-	-	177,991
FY2018/ FY2019	-	855,047	1,003,654	566,351	-	-	1,292,350
<i>Passed through NJ Department of Health and Senior Services:</i>							
Sexually Transmitted Disease (STD)							
FY2017	967	-	-	45,885	-	(44,918)	-
FY2018	-	88,535	-	53,252	-	-	35,283
STD Education/Screening-High Risk Populations							
FY2017	65,789	-	-	27,603	-	-	38,186
FY2018	-	100,000	-	54,581	-	-	45,419
Tuberculosis Control (TB), Specialty Clinic Services							
FY2017	75,828	-	-	75,213	-	615	-
FY2018	-	97,254	-	21,734	-	-	75,520
Tuberculosis Clinical, Nursing Case Management and Outreach Services							
FY2017	116,471	-	-	71,553	-	44,918	-
FY2018	-	208,700	-	154,811	-	-	53,889
Child Health							
FY2017	124,989	-	-	124,989	-	-	-
FY2018	-	809,319	-	321,065	-	-	488,254
HIV/AIDS Counseling and Testing/Notification Assistance Program							
FY2017	92,645	-	-	71,475	-	-	21,170
FY2018	-	243,400	-	148,690	-	-	94,710
Gilead Integrating HCV Screening							
FY2017	89,760	-	-	89,760	-	-	-
<i>Passed through County of Passaic Department of Senior Services, Disability and Veterans Affairs</i>							
Senior Citizen & Disabled Transportation Assistance							
FY2016	46,460	-	-	46,460	-	-	-
FY2017	202,000	-	-	155,540	-	-	46,460
FY2018	-	202,000	-	-	-	-	202,000
US Department of Transportation/FHWA							
<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							
FY2014	10,000	-	-	-	-	-	10,000
<i>Passed through NJ Department of Transportation</i>							
Spruce - McBride Intersection							
*	175,999	-	-	-	-	-	175,999
Spruce - McBride Intersection							
FY2018	-	35,000	-	-	-	-	35,000
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	-	-	-
FY2018	-	24,500	-	-	-	-	24,500
Green Acres Hinchcliffe Stadium/Overlook							
FY2018	-	4,273,304	-	-	-	-	4,273,304

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2017	Current Year Awards		Cash Receipts	Transfer From Unappropriated Reserve	Re-Allocations/ Cancellations	Balance, June 30, 2018
		Budget as Adopted	Added by NJSA 40A:4-87				
US Department of Justice							
COPS Hiring Program (CHP)							
FY2017	\$ 2,692,874	\$ -	\$ -	\$ 860,575	\$ -	\$ -	\$ 1,832,299
Passed through City of Passaic							
Byrne Memorial Justice Assistance Grant							
FY2016	137,505	-	-	-	-	-	137,505
Assistance to Firefighters Grant							
FY2018	-	716,608	-	-	-	716,088	520
Byrne Memorial Justice Assistance Grant -							
Joint Application for the Cities of Clifton, Passaic and Paterson							
FY2015	48,556	-	-	48,556	-	-	-
FY2016	132,581	-	-	-	-	-	132,581
US Department of Homeland Security - Federal Emergency Management Agency							
SAFER Fire Retention							
FY2016	2,541,908	-	-	3,257,996	-	(716,088)	-
Passed through County of Passaic (through NJ Department of Law and Public Safety)							
Hazardous Mitigation Grant							
*	4,029,481	-	-	1,096,719	-	-	2,932,762
Passed through County of Union							
State Police, Fire Urban Search and Rescue (USAR):							
Metro Strike Team, Structure Collapse and Annual Must Exercise FD Programs							
FY2018	-	22,820	-	-	22,820	-	-
USAR Fire Program							
FY2018	-	40,326	92,616	110,122	-	-	22,820
Passed through NJ Department of Environmental Protection							
Blue Acres Fund	314,561	-	-	240,198	-	-	74,363
US Department of Agriculture							
Passed through NJ Department of Health and Senior Services							
Senior Farmer's Market Nutrition Project							
FY2018	-	500	-	500	-	-	-
US Department of Housing and Urban Development							
Passed through County of Passaic							
CDBG-R Disaster Recovery Fuds							
FY2014	70,577	-	-	-	-	-	70,577
TOTAL FEDERAL GRANTS	12,297,628	10,233,824	1,096,270	11,026,680	22,820	615	12,577,607

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2017	Current Year Awards		Cash Receipts	Transfer From Unappropriated Reserve	Re-Allocations/ Cancellations	Balance, June 30, 2018
		Budget as Adopted	Added by NJSA 40A:4-87				
NJ Department of Commerce and Economic Development							
Urban Enterprise Zone (UEZ) Grants:							
Marketing & Business Dev. -							
Phase II	\$ 51,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,076
<i>Passed through Paterson Restoration Corp.:</i>							
William Paterson University Small Business Development Center Year 16							
FY2015	23,597	-	-	-	-	-	23,597
Clean Communities Project							
*	210,640	-	-	-	-	-	210,640
FY2018	-	187,966	-	-	187,966	-	-
Administration							
FY2013	12,052	-	-	-	-	-	12,052
FY2014	45,841	-	-	-	-	-	45,841
FY2016	103,203	-	-	-	-	-	103,203
FY2017	182,800	-	-	63,031	-	-	119,769
FY2018	-	296,600	-	74,178	-	-	222,422
NJ Department of Environmental Protection							
Municipal Storm Water Regulation Program							
FY2015	10,310	-	-	-	-	-	10,310
Solid Waste Administration:							
Recycling Tonnage Grant							
FY2018	-	229,614	-	229,614	-	-	-
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
Cliff Street / Belmont Apartments							
*	20,264	-	-	-	-	-	20,264
Paterson Armory							
FY2016	398,780	-	-	352,170	-	-	46,610
Hinchcliffe Stadium							
FY2016	42,279	-	-	42,279	-	-	-
Hazardous Discharge Site							
FY2017	14,020	-	-	-	-	-	14,020
BDA HAZ Steam Plant - Overlook Pk							
FY2017	420,307	-	-	-	-	-	420,307
Rutgers Cooperative - Water Resources/Overlook Park Bioretention							
FY2018	-	100,000	-	-	-	-	100,000
NJ Department of Community Affairs							
Division of Fire Safety							
Life Hazard Use Fees - LEA Rebate							
FY2017	122,740	-	-	81,848	-	-	40,892
FY2018	-	238,960	115,780	200,660	-	200	153,880
Anti-Violence Out of School Youth Summer Program							
FY2018	-	1,000,000	-	500,000	-	-	500,000
NJ Historic Trust							
Hinchcliffe 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							
FY2017	62,555	-	-	62,555	-	-	-
FY2018	-	219,955	-	162,846	-	-	57,109

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2017	Current Year Awards		Cash Receipts	Transfer From Unappropriated Reserve	Re-Allocations/ Cancellations	Balance, June 30, 2018
		Budget as Adopted	Added by NJSA 40A:4-87				
NJ Department of Law and Public Safety							
Division of Criminal Justice							
Safe and Secure Communities Program							
FY2018	\$ -	\$ 199,563	\$ -	\$ 199,563	\$ -	\$ -	\$ -
Body Armor Replacement Fund							
FY2018	-	33,200	-	33,200	-	-	-
Drunk Driving Enforcement Fund							
FY2015	6,071	-	-	-	5,280	-	791
Distracted Driving							
FY2016	5,000	-	-	-	-	5,000	-
Drive Sober Year End Crackdown Grant							
FY2018	-	27,365	-	-	27,365	-	-
Alcohol Rehabilitation Grant							
FY2018	-	4,954	-	-	-	-	4,954
<i>Passed Through Passaic County Youth Services Commission</i>							
Evening Reporting Program							
FY2015	30,962	-	-	-	-	-	30,962
FY2017	86,463	-	-	86,463	-	-	-
FY2018	-	113,855	-	-	-	-	113,855
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							
FY2018	-	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							
FY2017	61,641	-	-	57,461	-	-	4,180
FY2018	-	61,641	-	-	-	-	61,641
NJ Department of Children and Families							
School Based Youth Services Program:							
School Linked State							
FY2017	12,625	-	-	-	-	12,625	-
FY2018	-	304,690	-	304,690	-	-	-
Teen Parenting Program:							
FY2018	-	54,113	-	28,616	-	25,497	-
<i>Passed Through Passaic County Youth Services Commission - Family Court Funding</i>							
Total Lifestyle and Support Program							
FY2017	65,235	-	-	65,235	-	-	-
FY2018	-	40,518	-	-	-	-	40,518
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	109	-	-	-	-	-	109
TOTAL STATE GRANTS	2,569,002	3,131,486	115,780	2,562,901	220,611	43,322	2,989,434

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2017	Current Year Awards		Cash Receipts	Transfer From Unappropriated Reserve	Re-Allocations/ Cancellations	Balance, June 30, 2018
		Budget as Adopted	Added by NJSA 40A:4-87				
COUNTY, LOCAL AND PRIVATE GRANTS							
Private Donations							
Community Foundation of New Jersey of Morristown, NJ							
T-GARP (Give and Receive) Support Grant							
Summer 2017	\$ -	\$ 20,000	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -
Adult Literacy Community Guidance							
FY2017	28,035	-	-	5,397	-	-	22,638
American National Trust Hincliff Stadium							
FY2017	150,000	-	-	-	-	-	150,000
Uniform Career Guidance							
FY2017	10,119	-	-	13,209	-	(3,090)	-
FY2018	-	50,000	-	37,508	-	3,090	9,402
Passaic County Open Space and Farmland Preservation Trust Fund							
Overlook Park Improvements	110,379	-	-	110,379	-	-	-
Overlook Park	145,000	-	-	50,000	-	-	95,000
Vista Parks	-	97,658	-	84,000	-	-	13,658
Mary Ellen Kramer Park Improvements							
Rollover	45,000	-	-	45,000	-	-	-
Middle-Lower Raceway	-	-	-	-	-	-	-
- Rollover	80,150	-	-	67,023	-	-	13,127
Passaic River Waterfront Study	30,000	-	-	-	-	-	30,000
McBride Avenue Hazardous Discharge Site Remediation							
FY2017	-	40,681	-	-	-	-	40,681
Pennington Park Gazebo	2,000	-	-	-	-	-	2,000
Eastside Park Concession Stand / Cricket House							
FY2013	200,599	-	-	-	-	-	200,599
Landscaping Improvements at Overlook Park							
FY2016	171,983	-	-	95,000	-	-	76,983
FY2017	239,065	-	-	176,933	-	-	62,132
Other Grants							
Passaic County Cultural Heritage Council							
Conservation of Monuments	-	3,424	-	2,811	-	-	613
Art Project	-	2,835	-	1,418	-	-	1,417
Art Project Project No. 2	-	-	4,500	2,250	-	-	2,250
Museum Grant	-	2,500	-	1,250	1,250	-	-
<i>Passed through Passaic County Community College</i>							
Historic Projects	-	1,600	-	-	1,600	-	-
Intelligence Transportation System							
FY2018	-	24,000	-	24,000	-	-	-
TOTAL COUNTY, LOCAL AND PRIVATE	1,212,330	242,698	4,500	726,178	12,850	-	720,500
GRAND TOTAL	\$ 16,078,960	\$ 13,608,008	\$ 1,216,550	\$ 14,315,759	\$ 256,281	\$ 43,937	\$ 16,287,541
Ref.	A	A-33	A-33	A-33	A-36	A-34	A
Life Hazard Use Fees		\$ 238,960	\$ 115,780				
Public and Private Programs		13,369,048	1,100,770				
		\$ 13,608,008	\$ 1,216,550				

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF DUE FROM (TO) CURRENT FUND

	<u>Ref.</u>		
Increased by:			
Allocation of Interfund	A-4	\$ 302,108	
Grant Funds Collected in Current	A-32	14,315,759	
Budget Appropriations as Modified	A-34	14,824,558	
City Match	A-34	899,985	
Unappropriated Grants	A-35	<u>260,315</u>	
			\$ 30,602,725
Decreased by:			
Anticipated Grant Revenues	A-32	13,608,008	
Chapter 159 Grant Revenues	A-32	1,216,550	
Cancelled to Operations	A-34	3,000	
Grant Expenditures Paid by Current, Net	A-34	<u>15,988,646</u>	
			<u>30,816,204</u>
Net Change in Interfund			(213,479)
Balance: June 30, 2017	A		<u>153,194</u>
Balance: June 30, 2018	A		<u><u>\$ (60,285)</u></u>

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2017		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2018	
	Reserved	Encumbered					Encumbered	Reserved
FEDERAL GRANTS								
US Department of Health and Human Services								
Special Projects of National Significance 9/1/15 - 8/31/16	\$ 33,379	\$ 10,000	\$ -	\$ -	\$ 43,379	\$ -	\$ -	-
Special Projects of National Significance 9/1/16 - 8/31/17	48,109	62,565	-	-	110,674	-	-	-
Special Projects of National Significance 9/1/17 - 8/31/18	-	-	300,000	-	17,041	-	239,994	42,965
Minority Aids Initiative Program 3/17-2/18	56,666	-	209,080	-	263,903	-	-	1,843
Minority Aids Initiative Program 3/18-2/19	-	-	155,799	-	63,046	-	13,489	79,264
(Ryan White 3/1/18-2/28/19) HIV Emergency Relief Project Grants	-	-	1,702,902	-	507,472	-	62,668	1,132,762
(Ryan White 3/1/16-2/28/17) HIV Emergency Relief Project Grants	-	1	-	-	1	-	-	-
(Ryan White 3/1/17-2/28/18) HIV Emergency Relief Project Grants	884,847	31,208	2,007,431	-	2,923,486	-	-	-
HIV/AIDS Counseling and Testing/Notification Assistance Program	29,703	9,998	-	-	18,531	-	-	21,170
HIV/AIDS Counseling and Testing/Notification Assistance Program	-	-	243,400	-	218,587	-	8,564	16,249
Passed through NJ Department of Health and Senior Services								
Sexually Transmitted Disease (STD) & STD Education/Screening-High Ris	10,258	100	-	-	10,358	-	-	-
STD Education/Screening-High Risk Populations	-	-	88,535	-	87,528	-	-	1,007
Tuberculosis Control (TB), Specialty Clinic Services	-	-	97,254	-	45,904	-	2,595	48,755
Tuberculosis Control (TB), Specialty Clinic Services	-	-	208,700	-	207,619	-	841	240
Tuberculosis Control (TB), Specialty Clinic Services 2017	4,127	9,256	-	-	12,110	-	174	1,099
Federal Tuberculosis Control (TB) Grant FY 2017	44,381	2,830	-	-	46,596	615	-	-
Tuberculosis Clinical, Nursing Case Mgmt. and Outreach Services	1,008	-	-	-	-	-	-	1,008
Child Health 2017	-	44,304	-	-	44,201	-	103	-
Child Health 2018	-	-	809,319	-	565,583	-	163,881	79,855
Passed through National Association of County and City Health Officials								
Medical Reserve Corps Grant	1,524	100	-	-	100	-	-	1,524
Passed through NJ Department of Children and Families								
School Based Youth Services Program	-	-	304,690	-	281,878	1,440	5,223	16,149
NJ DHS School Based Youth Services FY17	15,331	4,289	-	-	7,267	12,353	-	-
School Based Youth Services Program - School Linked State	10,103	1,822	-	-	-	-	1,822	10,103
Parent Linking Project	-	1,521	-	-	1,521	-	-	-
Parent Linking Program	-	381	-	-	-	-	381	-
NJ DHS Teen Parenting Program FY17	-	-	-	-	35,851	272	-	-
NJ DHS Teen Parenting Program FY18	-	-	54,113	-	27,056	27,057	-	-

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2017		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2018	
	Reserved	Encumbered					Encumbered	Reserved
US Department of Health and Human Services (continued)								
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)	46	-	-	-	-	-	-	46
Senior Citizen & Disabled Transportation Assistance (2)	80,432	6,412	-	-	84,816	-	30	1,998
Senior Citizen & Disabled Transportation Assistance (2)	-	-	202,000	-	112,507	-	-	89,493
US Department of Transportation/FHWA								
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	9,985	-	-	-	-	-	-	9,985
Passed through NJ Department of Transportation								
Spruce-McBride Avenue Intersection	108,796	5,488	-	-	-	-	5,488	108,796
Local Aid Infrastructure Fund	-	-	35,000	-	-	-	-	35,000
US Department of Interior								
Passed through NJ Department of Environmental Protection								
Historic Preservation Fund Grants-In-Aid: Certified Local Government (CLG) Historic District Grant	-	24,500	-	-	24,500	-	-	-
FY2017 Grant	-	-	24,500	-	-	-	-	24,500
FY2018 Grant	-	-	-	-	-	-	-	-
Overlook Park Improvements	239,065	-	-	-	-	-	239,065	-
US Department of Justice								
COPS Hiring Program (CHP)								
Bulletproof Vest Partnership Program	2,464,604	-	-	-	788,821	-	-	1,675,783
Passed through City of Passaic								
2014 Byrne Memorial Justice Assistance Grant - Joint Application for the Cities of Clifton, Passaic and Paterson	35,118	7,271	-	-	42,389	-	-	-
2015 Byrne Memorial Justice Assistance Grant - Joint Application for the Cities of Clifton, Passaic and Paterson	1	132,580	-	-	132,581	-	-	-
2016 Byrne Memorial Justice Assistance Grant - Joint Application for the Cities of Clifton, Passaic and Paterson	137,505	-	-	-	108,357	-	3,455	25,693

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2017		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2018	
	Reserved	Encumbered					Encumbered	Reserved
<u>US Department of Homeland Security - Federal Emergency Management Agency</u>								
SAFER Fire Retention Grant	\$ 2,994,338	\$ -	\$ -	-	\$ 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	-	-	716,608	71,608	709,190	-	-	79,026
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	5,994	15	-	-	-	-	8	6,001
State Police, Fire Urban Search and Rescue (USAR): Metro Strike Team, Structure Collapse and Annual Must Exercise FD Programs	73,590	-	22,820	-	51,355	-	20,835	24,220
State Police, Fire Urban Search and Rescue (USAR): Metro Strike Team, Structure Collapse and Annual Must Exercise FD Programs	-	-	132,942	-	240	-	-	132,702
<i>Passed through NJ Department of Environmental Protection</i>								
Blue Acres Fund	2,871,865	492,881	-	-	580,620	-	-	2,784,126
<u>US Department of Agriculture</u>								
NIDOH Senior Farmer's Market	500	-	-	-	-	-	-	500
NIDOH Senior Farmer's Market	16	-	-	-	-	-	-	16
NIDOH Senior Farmer's Market FY17	19	-	-	-	-	-	-	19
NIDOH Senior Farmer's Market FY18	-	-	500	-	-	-	-	500
<u>US Department of Housing and Urban Development</u>								
Passed through County of Passaic								
CDBG-R Disaster Recovery Fuds	3,237	-	-	-	2,475	-	-	762
TOTAL FEDERAL GRANTS								
	\$ 10,194,093	\$ 887,083	\$ 7,315,593	\$ 71,608	\$ 11,171,881	\$ 41,737	\$ 772,054	\$ 6,482,705

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2017		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2018	
	Reserved	Encumbered					Encumbered	Reserved
STATE GRANTS								
<u>NJ Department of Commerce and Economic Development</u>								
Urban Enterprise Zone Grants								
Marketing & Business Development Prog. Phase II	\$	54,072	\$	-	\$	-	\$	54,072
<i>Passed through Paterson Restoration Corp.</i>								
William Paterson University Small Business Dev. Center Year 16		14,545		-		-		14,545
Clean Communities Project		188,608		-		-		188,608
Administration 2014		20,017		-		-	1,166	20,017
Administration 2016		98,080		-	16,300	-	168	80,500
Administration 2017		138,344		-	21,426	-	1,280	114,153
Administration 2018		-	296,600	-	111,386	-	4,892	185,214
<u>NJ Department of Environmental Protection</u>								
Municipal Storm Water Regulation Program		538		-		-		538
Recycling Tonnage Grant 2008		15,433		-	15,433	-		
Recycling Tonnage Grant		77,554		-	45,790	-		31,764
Recycling Tonnage Grant		227,131		-	155,210	-		71,921
Recycling Tonnage Grant		-	229,614	-	19,864	-	8,952	200,798
Hazardous Waste - 2013 Recycling Tonnage Grant		47,931		-	47,615	-	3,256	
NJDEP Recycling Tonnage Grant		44,186		-	2,850	-		
NJDEP Clean Communities		-	187,966	-	164,494	-	1,143	41,336
Solid Waste Administration - FY2015 Clean Communities Program Grant		6,213		-	6,213	-	1,485	22,329
Solid Waste Administration - FY2016 Clean Communities Program Grant		21,220		-	48,414	-	301	275
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		-		-	13,121	-	482	
Addy Mill		-		-	8,252	-	193,683	
BDA HAZ Steam Plant - Overlook Park		420,307		-	85,789	-	334,518	
Cliff Street/Belmont Apartments		-		-	-	-	20,263	
Site Investigation - ATP Great Lawn Area		-		-	6,045	-	49,112	
Site Investigation - Paterson Armory		300,000		-	-	-	59,460	300,000
Site Investigation - Steam Plant		-		-	-	-	1,184	
Site Investigation - Hinchcliffe Stadium		-		-	271	-	4,164	

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2017		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2018	
	Reserved	Encumbered					Encumbered	Reserved
<u>NJ Department of Environmental Protection (continued)</u>								
Office of Brownfield Reuse - Site Remediation and Waste Management Program (SEP) Supplemental Environmental Project Property								
Mary Ellen Kramer Park	\$ 95,000	\$ 18,743	\$ -	\$ -	-	\$ -	\$ 18,743	\$ 95,000
Rutgers Cooperative Water RSR/Overlook Park Bioretention FY'18	-	-	100,000	-	-	-	100,000	-
<u>NJ Department of Community Affairs</u>								
Life Hazard Use Fees 2018	-	-	354,740	-	354,540	200	-	-
Anti-Violence Out of School Grant	-	-	1,000,000	-	1,350	-	395,261	603,389
<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 F18	-	-	199,563	802,137	961,505	-	-	40,195
Alcohol Education Rehabilitation Enforcement Fund / Alcohol Education Rehab	422	-	-	-	-	-	-	422
Alcohol Education Enforcement Fund	1,244	-	-	-	-	-	-	1,244
Alcohol Education Enforcement Fund	-	-	4,954	-	-	-	-	4,954
Body Armor Replacement Fund FY17	-	-	-	-	31,617	-	-	-
Body Armor Replacement Fund FY18	-	31,617	33,200	-	21,695	-	11,505	-
Body Armor Replacement Fund (BARF)	8,287	-	-	-	8,287	-	-	-
DWI/Drunk Driving Enforcement Fund	3,621	-	-	-	-	-	-	3,621
2015 Distracted Driving Statewide Crackdown Grant	5,000	-	-	-	-	5,000	-	-
2017 Distracted Driving Statewide Crackdown Grant	5,000	-	27,365	-	-	-	-	27,365
2018 Distracted Driving Statewide Crackdown Grant	-	-	-	-	-	-	-	15,000
Operation Cease Fire	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	7,680	97	-	-	847	-	97	6,833
Evening Reporting Program 2016 (3)	14,605	8,441	-	-	(21,826)	-	8,441	36,431
Evening Reporting Program 2017	100,018	1,900	-	-	81,917	-	1,311	18,690
Evening Reporting Program 2018	-	-	113,855	-	42,986	-	12,269	58,600

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2017		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2018	
	Reserved	Encumbered					Encumbered	Reserved
<u>NJ Historic Trust</u>								
Hinchcliffe Stadium Grant	\$ 500,000	\$ -	\$ -	\$ -	-	\$ -	\$ 500,000	\$ -
<u>NJ Department of Labor and Workforce Development</u>								
Uniform Career Guidance FY17	47,597	-	-	-	1,248	-	1,863	44,486
Uniform Career Guidance FY18	-	-	50,000	-	-	-	-	50,000
Adult Literacy Community Guidance	75,165	-	-	-	37,352	-	2,648	35,165
<u>Green Acres</u>								
Hinchcliff Overlook	-	-	4,273,304	-	1,501,233	-	617,801	2,154,270
<u>NJ Department of Health and Senior Services</u>								
<u>Passed through County of Passaic</u>								
Bioterrorism Preparedness FY17	-	1,115	-	-	(171)	-	624	662
Public Health Preparedness and Response for Bioterrorism FY18	-	-	219,955	-	217,740	-	-	2,215
HIV Health Education & Risk Reduction FY17	30,378	22,210	-	-	14,401	-	-	38,187
HIV Health Education & Risk Reduction FY18	-	-	100,000	-	74,996	-	3,752	21,252
<u>NJ Department of Human / Youth Services</u>								
<u>Passed through County of Passaic Youth Services Commission</u>								
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 2018	-	-	18,492	-	2,035	-	-	16,457
<u>NJ Governor's Council on Alcohol and Drug Abuse (GCADA)</u>								
<u>Passed through County of Passaic Department of Human Services</u>								
Paterson Municipal Alliance Prevention Program (PMAPP)								
FY2014 Municipal Alliance Strategic Plan	284	1,644	-	-	-	-	1,646	282
FY2015 Municipal Alliance Strategic Plan	343	14,400	-	-	-	-	14,400	343
FY2016 Municipal Alliance Strategic Plan	21,402	173	-	-	-	-	173	21,402
FY2017 Municipal Alliance Strategic Plan	12,242	5,865	-	-	10,059	-	1,203	6,845
FY2017 Municipal Alliance Strategic Plan	-	-	61,641	15,140	35,448	-	24,511	16,822

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2017		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2018	
	Reserved	Encumbered					Encumbered	Reserved
<u>NJ Department of Children and Families</u>								
<i>Passed Through Passaic County Youth Services Commission - Family Court Funding</i>								
Lifestyle Support Program Additional Funding - 2012	\$ 18,638	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ 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)	3,426	-	-	-	(17,840)	-	-	21,266
Total Lifestyle and Support Program (Family Court Grant)	-	-	40,518	-	17,109	-	-	23,409
Total Lifestyle and Support Program CY2017	55,647	-	-	-	55,647	-	-	-
<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>								
<u>NJ Historical Commission</u>								
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
Historic Project 2018	-	-	1,600	-	591	-	-	1,009
Local Art 2018	-	-	2,500	-	2,140	-	-	360
TOTAL STATE GRANTS								
	\$ 2,997,517	\$ 568,565	\$ 7,315,867	\$ 817,277	\$ 4,253,819	\$ 5,200	\$ 2,431,134	\$ 5,009,073

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2017		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2018	
	Reserved	Encumbered					Encumbered	Reserved
COUNTY, LOCAL AND PRIVATE GRANTS								
Private Donations and Other								
1st Ward Library Renovation Insurance Grant	\$ 227,408	\$ 2,278	\$ -	-	\$ 10,612	\$ -	\$ 12,670	\$ 206,404
Anita Tenk Spay & Neuter Program	-	56	-	-	-	-	56	-
Cablevision Public Education and Government Access Grant	30,443	-	-	-	2,240	-	-	28,203
Cool Kids	500	-	-	-	-	-	-	500
American National Treasures Grant - Hinchcliff 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	192	173	-	-	365	-	-	-
Summer 2018 T-GARP Support Grant	-	-	20,000	-	20,000	-	-	-
Hannah Family Memorial Grant	1,436	-	-	-	-	-	-	1,436
Gilead Integrating HCV Screening CY17	81,608	43,896	-	-	122,665	-	779	2,060
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
Passaic County Cultural & Heritage Council at Passaic County Community College								
Art Museum 2018	-	-	4,500	-	-	-	-	4,500
Conservation of Monuments	-	-	3,424	-	-	-	-	3,424
Council Art Project	-	-	2,835	-	-	-	-	2,835
Paterson Restoration Corporation								
Division of Community Improvements Technology Upgrade Grant	41,068	-	-	-	-	-	-	41,068
PRC Master Plan Grant	1,000	-	-	-	-	-	-	1,000
Passaic County								
Passaic County Intelligence Transportation System	-	-	24,000	-	-	-	23,795	205

**CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2017		Current Year Awards	City Match	Paid or Charged	Adjusted/Cancelled	Balance: June 30, 2018	
	Reserved	Encumbered					Encumbered	Reserved
<u>Passaic County Open Space</u>								
Overlook Park Improvements	\$ 54,889	\$ 4,100	\$ -	-	\$ 51,843	\$ -	\$ -	7,146
Open Space Overlook Park	145,000	-	-	-	145,000	-	-	-
Landscaping Improvements at Overlook Park	111,983	60,000	-	-	92,085	-	79,898	-
Middle - Lower Raceway Investigation and Design	397	41,611	-	-	29,286	-	12,325	397
Passaic River Waterfront Study	30,000	-	-	-	-	-	-	30,000
Pennington Park Gazebo	4,477	-	-	-	-	-	-	4,477
Eastside Park Concession Stand / Cricket House	228,245	-	-	-	4,850	-	200,598	22,797
Vista Parks	-	-	97,658	11,100	84,000	-	-	24,758
Hazardous Discharge Site/Remediation of McBride	-	-	40,681	-	-	-	40,681	-
<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
TOTAL COUNTY, LOCAL AND PRIVATE GRANTS	<u>\$ 1,286,668</u>	<u>\$ 152,114</u>	<u>\$ 193,098</u>	<u>\$ 11,100</u>	<u>\$ 562,946</u>	<u>\$ -</u>	<u>\$ 670,802</u>	<u>\$ 409,232</u>
GRAND TOTAL	<u>\$ 14,478,278</u>	<u>\$ 1,607,762</u>	<u>\$ 14,824,558</u>	<u>\$ 899,985</u>	<u>\$ 15,988,646</u>	<u>\$ 46,937</u>	<u>\$ 3,873,990</u>	<u>\$ 11,901,010</u>
	<u>A</u>	<u>A</u>	<u>A-33</u>	<u>A-33</u>	<u>A-33</u>	<u>A</u>	<u>A</u>	<u>A</u>
Analysis of Current Year Awards and City Match								
Adopted Budget:			Analysis of Cancellations					
Public and Private Programs	\$ 13,369,048		\$ 82,708	A-32		\$ 43,937	Grant Receivable	
Other Operations outside Cap	-		817,277	A-33		3,000	Operations	
Life Hazard Use Fees	238,960		-			<u>\$ 46,937</u>		
Added by Chapter 159:								
Public and Private Programs	1,100,770		-					
Life Hazard Use Fees	115,780		-					
	<u>\$ 14,824,558</u>		<u>\$ 899,985</u>					

(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, 2018**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance, June 30, 2017	Increased by: Grants Received	Appropriated in Budget of Current Year	Balance, June 30, 2018
NJ Adult Literacy	\$ -	\$ 44,771	\$ -	\$ 44,771
Community Foundation of Morristown				
Summer T-GARP Support Grant	10,000	10,000	10,000	10,000
Urban Search and Rescue Grant	22,820	25,214	22,820	25,214
Museum Art Project Grant	1,600	400	1,600	400
Museum History Project Grant	1,250	-	1,250	-
Clean Communities	187,965	179,929	187,966	179,928
Drunk Driving Enforcement Fund	27,364	1	27,365	-
Distracted Driving IncentiveGrant	5,280	-	5,280	-
	<u>\$ 256,279</u>	<u>\$ 260,315</u>	<u>\$ 256,281</u>	<u>\$ 260,313</u>
<u>Ref.</u>	A	A-33	A-32	A

Exhibit A-36

SCHEDULE OF RESERVE FOR GRANT OVERPAYMENTS

	Balance, June 30, 2017	Balance, June 30, 2018
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>
<u>Ref.</u>	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, 2018**

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - TREASURER

		Animal Control	Community Development	Trust Other
	<u>Ref.</u>			
Increased by Receipts:				
Interest Earned	B-22	\$ -	\$ 2,637	\$ -
Due to Special Improvement Districts	B-4	-	-	298,303
Grants Receivable	B-5	-	5,141,655	-
Off Duty Police Officers	B-7	-	-	7,645,923
Off Duty Police Officers - Administration	B-8	-	-	1,140,060
Reserve for Animal Control Expenditures	B-9	373,267	-	-
Parking Offense Adjudication Act	B-12	-	-	70,162
Reserve for Weights and Measures	B-13	-	-	238
Reserve for Public Defender Fees	B-14	-	-	132,922
Other Deposits	B-15	-	-	22,072,782
Due from Special Improvement Districts	B-21	-	610,493	-
Prepaid Revenue	B-18	-	-	23,270
Reserve for Payroll Agency	B-20	-	-	80,153,470
Reserve for Various Grants	B-22	-	51,236	-
		<u>373,267</u>	<u>5,806,021</u>	<u>111,537,130</u>
Decreased by Disbursements:				
Fund Balance	B-1	-	-	5,332
Due to Special Improvement Districts	B-4	-	-	326,815
Due to State of New Jersey	B-6	2,402	-	-
Reserve for Off Duty Police Officers	B-7	-	-	8,146,990
Reserve for Admin-Off Duty Police Officers	B-8	-	-	1,051,739
Other Deposits	B-15	-	-	19,086,412
Reserve for Payroll Agency	B-20	-	-	82,093,698
Due to Current	B-21	392,118	-	148,327
Grant Expenditures	B-22	-	5,803,401	-
		<u>394,520</u>	<u>5,803,401</u>	<u>110,859,313</u>
Net Change in Cash		(21,253)	2,620	677,817
Balance: June 30, 2017	B	<u>95,877</u>	<u>795,759</u>	<u>9,484,126</u>
Balance: June 30, 2018	B	<u>\$ 74,624</u>	<u>\$ 798,379</u>	<u>\$ 10,161,943</u>

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

SCHEDULE OF TAXES RECEIVABLE - SPECIAL IMPROVEMENT DISTRICTS

		<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
	<u>Ref.</u>			
Balance: June 30, 2017	B	\$ 2,313	\$ 7	\$ 2,306
Increased by:				
Billings	B-19	322,482	170,483	151,999
		<u>324,795</u>	<u>170,490</u>	<u>154,305</u>
Decreased by:				
Transfer to Lien	B-17	7,597	5,785	1,812
Prepaid Revenue Applied	B-19	55,845	18,450	37,395
Realized Revenue	B-19	258,471	146,248	112,223
Cancellations	B-19	17	-	17
		<u>321,930</u>	<u>170,483</u>	<u>151,447</u>
Balance: June 30, 2018	B	<u>\$ 2,865</u>	<u>\$ 7</u>	<u>\$ 2,858</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, 2017	B	\$ 48,260	\$ 16,240	\$ 32,020
Increased by:				
Cash Receipts	B-2	298,303	179,070	119,233
Prepaid Applied	B-18	55,845	18,450	37,395
		<u>354,148</u>	<u>197,520</u>	<u>156,628</u>
Decreased by:				
Overpayments	B-16	1,787	48	1,739
Cash Disbursements	B-2	326,815	143,639	183,175
		<u>328,602</u>	<u>143,687</u>	<u>184,914</u>
Balance: June 30, 2018	B	<u>\$ 73,806</u>	<u>\$ 70,072</u>	<u>\$ 3,734</u>

**CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
SCHEDULE OF GRANTS RECEIVABLE**

	Balance June 30, 2017	Increased by Grant Awards	Reallocation	Decreased by Cash Receipts	Balance June 30, 2018
Community Development Block Grant	\$ 3,140,613	\$ 2,057,746	\$ 97,126	\$ 2,455,120	\$ 2,840,365
Neighborhood Stabilization	145,574	-	-	250	145,324
Emergency Shelter Grant	117,185	366,186	-	175,185	308,186
Way Finding Signage	97,726	-	(97,126)	-	600
Housing Opportunities for Persons with AIDS	1,928,962	1,511,657	-	1,278,130	2,162,489
HUD Home Program	3,268,966	941,113	-	1,232,970	2,977,109
	<u>\$ 8,699,026</u>	<u>\$ 4,876,702</u>	<u>\$ -</u>	<u>\$ 5,141,655</u>	<u>\$ 8,434,073</u>
	<u>B</u>	<u>B-22</u>		<u>B-2</u>	<u>B</u>
<u>Ref.</u>					

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

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

Balance: June 30, 2017	<u>Ref.</u> B	\$ 80
Increased by:		
Fees Collected	B-9	<u>2,438</u>
		2,518
Decreased by:		
Cash Disbursements	B-2	<u>2,402</u>
Balance: June 30, 2018	B	<u><u>\$ 116</u></u>

Exhibit B-7

SCHEDULE OF RESERVE FOR OFF-DUTY POLICE OFFICERS

Balance: June 30, 2017	<u>Ref.</u> B	\$ 1,133,837
Increased by:		
Cash Receipts	B-2	<u>7,645,923</u>
		8,779,760
Decreased by:		
Cash Disbursements	B-2	<u>8,146,990</u>
Balance: June 30, 2018	B	<u><u>\$ 632,770</u></u>

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

SCHEDULE OF RESERVE FOR ADMINISTRATION OFF-DUTY POLICE OFFICERS

Balance: June 30, 2017	<u>Ref.</u> B	\$ 671,354
Increased by:		
Transfer from Reserve for Off-Duty Police Officers	B-2	<u>1,140,060</u>
		1,811,414
Decreased by:		
Off-Duty Salaries	B-2	<u>1,051,739</u>
Balance: June 30, 2018	B	<u><u>\$ 759,675</u></u>

Exhibit B-9

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance: June 30, 2017	<u>Ref.</u> B	\$ 95,797
Increased by:		
Budget Appropriation		\$ 332,424
Contracting Towns		30,078
License Fees		<u>10,765</u>
	B-2	<u>373,267</u>
		469,064
Decreased by:		
Expenditures under R.S. 4:19-15. 11	B-21	392,118
State Fees	B-6	<u>2,438</u>
		<u>394,556</u>
Balance: June 30, 2018	B	<u><u>\$ 74,508</u></u>
		License Fees Collected:
	2017	\$ 415,702
	2016	<u>363,807</u>
Maximum Allowable Reserve		<u><u>\$ 779,509</u></u>

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

SCHEDULE OF REDEVELOPMENT/CDBG HELD PROPERTY

	<u>Ref.</u>	
Balance: June 30, 2018 and 2017	B	\$ <u>172,930</u>

Exhibit B-11

SCHEDULE OF RESERVE FOR REDEVELOPMENT/CDBG HELD PROPERTY

	<u>Ref.</u>	
Balance: June 30, 2018 and 2017	B	\$ <u>172,930</u>

Exhibit B-12

SCHEDULE OF RESERVE FOR PARKING OFFENSE ADJUDICATION ACT

	<u>Ref.</u>	
Balance: June 30, 2017	B	\$ 287,042
Increased by:		
Fees Collected	B-2	<u>70,162</u>
		357,204
Decreased by:		
Due To Current Fund	B-21	<u>43,570</u>
Balance: June 30, 2018	B	\$ <u>313,634</u>

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

SCHEDULE OF RESERVE FOR WEIGHTS AND MEASURES

Balance: June 30, 2017	<u>Ref.</u> B	\$ 74,267
Increased by:		
Fees Collected	B-2	<u>238</u>
		74,505
Decreased by:		
Due to Current Fund	B-21	<u>542</u>
Balance: June 30, 2018	B	<u><u>\$ 73,963</u></u>

Exhibit B-14

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEES

Balance: June 30, 2017	<u>Ref.</u> B	\$ 12,918
Increased by:		
Fees Collected	B-2	<u>132,922</u>
		145,840
Decreased by:		
Due to Current Fund	B-21	<u>104,212</u>
Balance: June 30, 2018	B	<u><u>\$ 41,628</u></u>

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

SCHEDULE OF RESERVE FOR OTHER DEPOSITS

	Balance June 30, 2017	Cash Receipts	Decrease	Balance June 30, 2018
Street Opening Deposits	\$ 9,600	\$ 1,950	\$ 4,650	\$ 6,900
Bid Deposits	53,500	57,000	55,000	55,500
Dumpster Deposits	9,700	18,200	13,200	14,700
Park and Recreation Deposits	17,150	500	-	17,650
Tax Lien Certificates	6,589	-	-	6,589
Tax Sale Premium	1,537,310	3,889,200	1,058,500	4,368,010
Tax Sale Redemption Certificate	-	17,829,403	17,829,403	-
Park Use Fees	17,210	10,800	-	28,010
Historic Preservation Fund	1,741	5,675	6,978	438
Fetty Wop Concert/Donations	7,265	900	6,544	1,621
Special Recreation Fund	2,386	-	-	2,386
Estate of John Burhams	5,469	604	-	6,073
EEO Retainage	53,077	-	-	53,077
Ho Ho Kus Training	17,496	11,066	3,119	25,443
Koar George	92,940	274	-	93,214
Developers Agree/Board Offs	-	207,700	66,495	141,205
Insurance Liability	1,552,606	20,443	-	1,573,049
Police Narcotics	-	9,000	-	9,000
County Forfeitures	28,262	3,217	6,699	24,780
Donations:				
Museum Donations	-	250	-	250
Police Donations	-	2,500	2,500	-
City Council Donations	4,950	4,100	5,689	3,361
Hinchliffe Donations	30,000	-	30,000	-
Overlook Park Donations	1,500	-	1,175	325
Eastside Park Donations	2,500	-	1,760	740
	<u>\$ 3,451,251</u>	<u>\$ 22,072,782</u>	<u>\$ 19,091,712</u>	<u>\$ 6,432,320</u>
	B	B-2		B
Cancellations		B-1	\$ 5,300	
Cash Disbursements		B-2	<u>19,086,412</u>	
			<u>\$ 19,091,712</u>	

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

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

		<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
	<u>Ref.</u>			
Balance: June 30, 2017	B	\$ 549	\$ 549	\$ -
Increased by:				
Cash Receipts	B-3	1,787	48	1,739
		2,336	597	1,739
Decreased by:				
Cash Disbursements	B-19	549	549	-
Balance: June 30, 2018	B	<u>\$ 1,787</u>	<u>\$ 48</u>	<u>\$ 1,739</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, 2017	B	\$ 24,624	\$ 18,784	\$ 5,840
Increased by:				
Transfer to Lien	B-3	7,597	5,785	1,812
Charges Receivable	B-19	665	-	665
		32,886	24,569	8,317
Decreased by:				
Cancellations	B-19	4,431	3,860	571
Realized Revenue	B-19	9,895	6,221	3,674
		14,326	10,081	4,245
Balance: June 30, 2018	B	<u>\$ 18,560</u>	<u>\$ 14,488</u>	<u>\$ 4,072</u>

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

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

	<u>Ref.</u>	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance: June 30, 2017	B	\$ 55,845	\$ 18,450	\$ 37,395
Increased by:				
Cash Receipts	B-2	23,270	23,270	-
		<u>79,115</u>	<u>41,720</u>	<u>37,395</u>
Decreased by:				
Applied to Receivable	B-4	55,845	18,450	37,395
Balance: June 30, 2018	B	<u>\$ 23,270</u>	<u>\$ 23,270</u>	<u>\$ -</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, 2017	B	\$ 26,388	\$ 18,242	\$ 8,146
Increased by:				
Overpayments Received	B-16	549	549	-
Liens Receivable	B-17	665	-	665
Billings	B-3	322,482	170,483	151,999
		<u>350,084</u>	<u>189,274</u>	<u>160,810</u>
Decreased by:				
Realized Revenue:				
Taxes	B-3	258,471	146,248	112,223
Liens	B-17	9,895	6,221	3,674
Cancelled Billings:				
Charges	B-3	17	-	17
Liens	B-17	4,431	3,859	572
Prepaid Revenue Applied	B-3	55,845	18,450	37,395
		<u>328,659</u>	<u>174,778</u>	<u>153,881</u>
Balance: June 30, 2018	B	<u>\$ 21,425</u>	<u>\$ 14,496</u>	<u>\$ 6,929</u>

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

SCHEDULE OF RESERVE FOR PAYROLL AGENCY

Balance: June 30, 2017	<u>Ref.</u> B	\$ 3,744,018
Increased by:		
Cash Receipts	B-2	<u>80,153,470</u>
		83,897,488
Decreased by:		
Cash Disbursements	B-2	<u>82,093,698</u>
Balance: June 30, 2018	B	<u><u>\$ 1,803,790</u></u>
Reserved for:		
Pensions: PFRS, PERS		\$ 1,130,775
Federal Withholding		1,186
State Withholdings		135,794
IRS Penalty		37,083
Retro Reimbursement		6,937
Pension Holds		396,543
DCRP		42,687
Garnishments Prior to April, 2016		52,724
Miscellaneous		13,467
Social Security and Medicare		<u>(13,406)</u>
		<u><u>\$ 1,803,790</u></u>

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

SCHEDULE OF DUE TO CURRENT FUND

		Animal Control	Trust Other
	<u>Ref.</u>		
Increased by:			
Cash Disbursed	B-2	\$ 392,118	\$ 148,327
		<u>392,118</u>	<u>148,327</u>
Decreased by:			
Community Development Cash Receipts	B-2	-	610,493
Animal Control Expenditures	B-9	392,118	-
Parking Offenses Adjudication Act (POAA)	B-12	-	43,570
Weights and Measures	B-13	-	542
Public Defender	B-14	-	104,212
Grant Reserves	B-22	-	199,766
		<u>392,118</u>	<u>958,583</u>
Net Change in Interfunds		-	(810,256)
Balance: June 30, 2017			
Interfunds Payable	B	<u>-</u>	<u>206,582</u>
Balance: June 30, 2018			
Interfunds Payable	B	<u>\$ -</u>	<u>\$ 1,016,838</u>

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

SCHEDULE OF RESERVE FOR VARIOUS GRANTS

	Balance June 30, 2017	Increased by:			Reallocation	Interfund	Decreased by:		Balance June 30, 2018
		Interest Earned	Program Income	Grants Awards			Cash Disbursements		
Community Development Block Grant	\$ 2,604,747	\$ -	\$ 36,816	\$ 2,057,746	\$ 142,324	\$ (230,432)	\$ 2,975,673	\$ 1,635,528	
Section 8: Earned Administration Balances	491,309	19	-	-	-	-	-	491,328	
Neighborhood Stabilization	163,642	-	-	-	-	-	250	163,392	
Emergency Shelter Grant	44,264	-	-	366,186	(16,535)	-	219,210	174,705	
Housing Opportunities for Persons with AIDS	1,862,169	-	-	1,511,657	-	-	1,354,711	2,019,115	
Way Finding Signage	97,126	-	-	-	(97,126)	-	-	-	
HUD Home Program	3,229,209	-	14,420	941,113	(28,663)	30,666	1,253,557	2,933,188	
Regional Contribution Agreements:									
Wayne	120,686	180	-	-	-	-	-	120,866	
Woodland Park	577,289	2,218	-	-	-	-	-	579,507	
Hawthorne	97,764	220	-	-	-	-	-	97,984	
	<u>\$ 9,288,205</u>	<u>\$ 2,637</u>	<u>\$ 51,236</u>	<u>\$ 4,876,702</u>	<u>\$ -</u>	<u>\$ (199,766)</u>	<u>\$ 5,803,401</u>	<u>\$ 8,215,613</u>	
Ref.	<u>B</u>	<u>B-2</u>	<u>B-2</u>	<u>B-5</u>		<u>B-21</u>	<u>B-2</u>	<u>B</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, 2018

SCHEDULE OF CASH - TREASURER**

Balance: June 30, 2017	<u>Ref.</u> C; C-3	\$ 23,830,444
Increased by:		
Prior Year Interfund Returned	C-3; C-8	<u>7,032,523</u>
		30,862,967
Decreased by:		
Cash Reallocation	C-8	<u>23,830,434</u>
Balance: June 30, 2018	C, C-3	<u><u>\$ 7,032,533</u></u>

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Ordinance Number	Description	Balance June 30, 2017	Cash Receipts	Cash Disbursements		Transfers		Balance June 30, 2018
				Improvement Authorizations	Miscellaneous	From	To	
	Fund Balance	\$ 24,243	\$ -	\$ -	-	\$ -	\$ -	\$ 24,243
	Grants Receivable	(4,536,685)	434,989	-	-	1,243,862	-	(5,345,558)
	Capital Improvement Fund	330,953	400,000	-	-	707,145	-	23,808
	Reserve for Encumbrances	-	-	-	-	-	15,478,084	15,478,084
	Due From New Jersey Environmental Infrastructure Trust Fund	(8,757,606)	3,757,548	-	-	-	3,462,386	(1,537,672)
Improvement Authorizations:								
* 02-045	Sewer Reconstruction	1,109	-	-	-	1,109	-	-
04-003	Combined Sewer Overflow Phase I	72,878	-	2,831	-	65,001	-	5,046
* 05-005	Combined Sewer Overflow Phase II	458,279	-	530	-	362,666	-	95,083
05-072	Combined Sewer Overflow Phase III NJ Inf. Trust	7,181,106	-	1,004,148	-	6,056,423	-	120,535
05-072	Combined Sewer Overflow Phase III	(7,083,562)	-	132,643	-	62,600	-	(7,278,805)
13-041	Various Park Improvements, Loan	(184,149)	-	-	-	350,514	-	(534,663)
06-010	Various Park Improvements, Grant	-	-	-	-	-	1,328	1,328
08-020	Great Falls and Pocket Parks, Grant	-	-	-	-	-	348,000	348,000
08-021	Capital Improvements	2,167	-	-	-	1,807	-	360
08-022	Various Capital Improvements - Facility	97,200	-	-	-	-	-	97,200
08-037	Various Capital Improvements - ATP Site Park	1,283,665	-	138,279	-	-	-	1,145,386
09-010	Various Capital Improvements - Pennington Park	77,320	-	-	-	11,024	-	66,296
09-013	2009 City Road Resurfacing Program	55	-	-	-	-	-	55
09-030	Construction of Fire House	6,144	-	6,144	-	-	-	-
09-032	DOT Spruce Street & McBride Ave - Signalization	6,159	-	-	-	-	-	6,159
11-016	2010 Road Resurfacing	13,523	-	2,307	-	2,307	-	8,909
11-017	Various Capital Improvements	88,686	-	-	-	88,285	-	401
12-004	Recreation Facility Improvement	785,035	-	71,363	-	713,672	-	-
13-040	Sewer Reconstruction	1,066	-	1,066	-	-	-	-
13-042	Sewer Reconstruction	19,799	-	19,799	-	-	-	-
13-043	Various Capital Improvements	298,004	-	298,004	-	-	-	-
	Street Sweeper and Finance Software	221,237	-	182,198	-	29,802	-	9,237
		139,274	-	108,500	-	-	-	30,774

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Ordinance Number	Description	Balance June 30, 2017	Cash Receipts	Cash Disbursements		Transfers		Balance June 30, 2018
				Improvement Authorizations	Miscellaneous	From	To	
Improvement Authorizations: (continued)								
14-035	2014 DOT Road Resurfacing Program Grant	\$ 24,636	\$ -	\$ -	\$ -	\$ 24,226	\$ -	\$ 410
14-042,								
16-092	Resurfacing of Various Roads	25,776,481	-	9,218,259	-	3,566,298	-	12,991,924
16-001	Pateron Armory	374,803	-	4,288	-	8,168	-	362,347
16-004	Software Upgrades	250,891	-	148,676	-	79,842	-	22,373
16-088	Combined Sewer Outflow Phase III, Amend 05-044	6,045,382	-	4,097,190	-	1,884,897	-	63,295
16-089	Communication System Improvements	1,400,000	-	1,362,798	-	37,202	-	-
16-090	Workers Compensation and Litigation Costs	1,381,327	-	858,973	-	-	-	522,354
	Road Reconstruction and Resurfacing,							
16-091	2015 DOT Road Resurfacing Program Grant	501,962	-	356,965	-	-	-	144,997
16-091	City Funding	460,014	-	378,898	-	-	-	81,116
17-093	Unsafe Building Demolition	-	-	1,226,518	-	105,463	-	(1,331,981)
17-054	Tax Appeal Settlements	(3,000,000)	1,500,000	-	-	-	-	(1,500,000)
17-058	Recreation Improvements	69,048	-	418,497	-	260,074	-	(609,523)
17-081	CSO Phase III - Amend Ord. 05-044 / 16-088	-	-	-	-	-	142,858	142,858
18-025	Road Resurfacing - 2016 and 2017	-	-	-	-	579,986	1,243,862	663,876
17-076	Contractually Required Severance Liabilities	-	-	2,596,486	-	-	-	(2,596,486)
17-078	Emergency Sewer Reconstruction 2018	-	-	157,588	-	4,998,432	380,953	(4,775,067)
18-024	HVAC Improvements - Museum and Police HQ	-	-	97,500	-	-	183,334	85,834
		\$ 23,830,444	\$ 6,092,537	\$ 22,890,448	\$ -	\$ 21,240,805	\$ 21,240,805	\$ 7,032,533
		C	C-8	C-8	C-1	Contra	Contra	C

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

SCHEDULE OF GRANT FUNDS RECEIVABLE

	<u>Balance:</u> <u>June 30, 2017</u>	<u>Increased by:</u> <u>Grant Awards</u>	<u>Decreased by:</u> <u>Cash Receipts</u>	<u>Balance:</u> <u>June 30, 2018</u>
Department of Transportation Grants				
Ordinance No. 16-091:				
2015 Road Resurfacing	\$ 579,986	\$ -	\$ 434,989	\$ 144,997
Ordinance No. 14-035:				
2014 Road Resurfacing	12,459	-	-	12,459
Ordinance No. 18-025				
Amend & Supplement 14-042 & 16-092:				
2016 Road Resurfacing	-	579,986	-	579,986
2017 Road Resurfacing	-	663,876	-	663,876
Department of Environmental Protection				
Ordinance No. 08-022:				
Pennington Park	25,065	-	-	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>\$ 4,536,685</u>	<u>\$ 1,243,862</u>	<u>\$ 434,989</u>	<u>\$ 5,345,558</u>
	C, C-3	C-9	C-8	C, C-3

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

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

	<u>Ref.</u>		
Balance: June 30, 2017	C		\$ 108,849,956
Decreased by:			
2018 Budget Appropriations to Pay Debt			
General Serial Bonds	C-10	\$ 10,550,000	
Environmental Infrastructure Trust Loan	C-11	1,196,190	
Green Acres Trust Loan	C-13	<u>101,722</u>	
			<u>11,847,912</u>
Balance: June 30, 2018	C		<u><u>\$ 97,002,044</u></u>
Analysis of Ending Balance:			
Green Acres Trust Loan Payable	C-13	\$ 1,766,462	
Environmental Infrastructure Trust Loan	C-11	5,621,582	
General Serial Bonds	C-10	<u>89,614,000</u>	
			<u><u>\$ 97,002,044</u></u>

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

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. Number	Improvement Description	Balance June 30, 2017	Increased by:		Funded by:	Balance June 30, 2018
			Current Year Authorizations	Funding Cancelled	Budget Appropriations	
17-093	Unsafe Building Demolition	\$ 1,987,343	\$ -	\$ -	\$ -	\$ 1,987,343
17-054	Tax Appeal Settlements	3,000,000	-	-	1,500,000	1,500,000
17-058	Recreation Improvements	1,380,952	-	-	-	1,380,952
17-076	Contractual Severance Liabilities	-	5,000,000	-	-	5,000,000
17-077	Allied Textile Site Safety Imp.	-	500,000	-	-	500,000
17-078	Emergency Sewer Reconstruction	-	7,619,047	-	-	7,619,047
18-024	HVAC Imp., Museum & Police HQ	-	3,666,666	-	-	3,666,666
Environmental Infrastructure Trust Projects:						
	Combined Sewer Outflow Ordinances:					
05-044	Phase III Initial Funding	7,405,195	-	-	-	7,405,195
17-081	Phase III: Amend 05-044, 16-088	-	2,857,142	-	-	2,857,142
*	Phase IV	-	-	3,462,386	-	3,462,386
17-080	West Railway Ave	-	2,000,000	-	-	2,000,000
Green Acres Projects:						
05-072,	Various Park Improvements, amended to	535,990	-	-	-	535,990
13-041	Include Great Falls and Pocket Parks	348,000	-	-	-	348,000
08-021	Various Park Improvements	783,665	-	-	-	783,665
18-023	Great Falls and Pocket Park Imp.	-	964,751	-	-	964,751
		<u>\$ 15,441,145</u>	<u>\$ 22,607,606</u>	<u>\$ 3,462,386</u>	<u>\$ 1,500,000</u>	<u>\$ 40,011,137</u>
		C	C-9; C-14		C-8	C, C-6a

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

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

Ord. Number	Improvement Description	Balance June 30, 2018	Debt Authorized But Not Issued	Non-Financed Improvement Authorizations	
				Unexpended	Expended
17-093	Unsafe Building Demolition	\$ 1,987,343	\$ 1,987,343	\$ 655,362	\$ 1,331,981
17-054	Tax Appeal Settlements	1,500,000	1,500,000	-	1,500,000
17-058	Re Include Great Falls and Pocket Parks	1,380,952	1,380,952	771,429	609,523
17-076	Contractual Severance Liabilities	5,000,000	5,000,000	2,403,514	2,596,486
17-077	Allied Textile Site Safety Imp.	500,000	500,000	500,000	-
17-078	Emergency Sewer Reconstruction	7,619,047	7,619,047	2,843,980	4,775,067
18-024	HVAC Imp., Museum & Police HQ	3,666,666	3,666,666	3,666,666	-
Environmental Infrastructure Trust Projects:					
Combined Sewer Outflow Ordinances:					
05-044	Phase III Initial Funding	7,405,195	7,405,195	126,390	7,278,805
17-081	Phase III: Amend 05-044, 16-088	2,857,142	2,857,142	2,857,142	-
*	Phase IV	3,462,386	3,462,386	3,462,386	-
17-080	West Railway Ave	2,000,000	2,000,000	2,000,000	-
Green Acres Projects:					
05-072,	Various Park Improvements, amended to	535,990	535,990	1,327	534,663
13-041	Include Great Falls and Pocket Parks	348,000	348,000	348,000	-
08-021	Various Park Improvements	783,665	783,665	783,665	-
18-023	Great Falls and Pocket Park Imp.	964,751	964,751	964,751	-
		<u>\$ 40,011,137</u>	<u>\$ 40,011,137</u>	<u>\$ 21,384,612</u>	<u>\$ 18,626,525</u>
		C-6	C-14		

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

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

	<u>Ref.</u>	<u>Phase IV</u>
Balance: June 30, 2017	C, C-3	\$ 8,757,606
Less: NJDEP Adjustment to Allowable Cost	C-6	<u>3,462,386</u>
Revised Allowable Cost		5,295,220
Decreased by:		
Cash Receipts	C-2	<u>3,757,548</u>
Balance: June 30, 2018 and 2017	C, C-3	<u><u>\$ 1,537,672</u></u>

Exhibit C-8

SCHEDULE OF DUE FROM CURRENT FUND

	<u>Ref.</u>		
Balance: June 30, 2017		\$	-
Increased by:			
Grants Receivable	C-4	\$ 434,989	
NJEIT Receivable	C-7	3,757,548	
Deferred Charges Raised by Budget Appropriation	C-6	1,500,000	
Capital Improvement Fund	C-13	<u>400,000</u>	
	C-3	6,092,537	
Cash Disbursed on Reallocation	C-2	<u>23,830,434</u>	
			<u>29,922,971</u>
			29,922,971
Decreased by:			
Authorizations Paid by Current Fund	C-3, C-9	22,890,448	
Cash Receipts on Reallocation	C-2	<u>7,032,523</u>	
			<u>29,922,971</u>
			29,922,971
		\$	-
Balance: June 30, 2018			

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

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance No.	Amount		Balance: June 30, 2017		2018 Authorizations	Reallocated	Paid or Charged	Encumbered	Balance: June 30, 2018	
			\$	\$	Funded	Unfunded					Funded	Unfunded
Sewer Reconstruction	07/17/01	*	\$ 151,000	\$	1,109	-	-	-	-	1,109	-	-
Combined Sewer Outflow Phase I - Grant	12/17/02	02-045	10,942,000		72,878	-	-	-	2,831	65,001	5,046	-
Combined Sewer Outflow Phase II - Grant	01/27/04	04-003	6,538,000		458,279	-	-	-	530	362,666	95,083	-
(1) Combined Sewer Outflow Phase III Ordinances												
Initial Ordinance	06/14/05	05-044	21,919,000		-	321,633	-	-	132,643	62,600	-	126,390
Amends Ord. No. 05-044	12/20/16	16-088	8,111,607		6,045,382	-	-	-	4,097,190	1,884,897	63,295	-
Amends Ord. No. 05-044 and 16-088	11/21/17	17-081	3,000,000		-	-	3,000,000	-	-	-	142,858	2,857,142
Combined Sewer Outflow Phase IV												
Loans	*	*	5,295,220		7,181,106	-	-	(3,462,386)	1,004,148	2,594,037	120,535	-
Bonds and Notes	*	*	13,031,180		-	-	-	3,462,386	-	-	-	3,462,386
Various Park Improvements, Amended by 13-041												
Loans	10/25/05	05-072	1,237,363		-	-	-	-	-	593	-	1,327
Grant	10/25/05	05-072	1,237,363		1,921	-	-	-	-	593	1,328	-
Amend 06-001, Supplement Great Falls and Pocket Parks												
Loans	09/24/13	13-041	348,000		-	348,000	-	-	-	-	-	348,000
Grant	09/24/13	13-041	348,000		348,000	-	-	-	-	-	348,000	-
Capital Improvements	02/14/06	06-010	1,955,000		2,167	-	-	-	-	1,807	360	-
Penning Park Improvements	06/24/08	08-022	1,400,000		77,320	-	-	-	-	11,024	66,296	-
ATP Site Park Improvements - Grant/Loan	06/24/08	08-021	2,067,330		1,283,665	783,665	-	-	138,279	-	1,145,386	783,665
Various Capital Improvements-Facility	06/24/08	08-020	2,670,000		97,200	-	-	-	-	-	97,200	-
2009 City Road Resurfacing Program	11/12/08	08-037	2,100,000		55	-	-	-	-	-	55	-
Construction of Fire House	05/26/09	09-013	3,360,000		6,144	-	-	-	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	-	-	-	2,307	2,307	8,909	-
Various Capital Improvements	10/27/09	09-032	2,195,000		88,686	-	-	-	-	88,285	401	-
Recreation Facility Improvements	3/30/2011	11-016	2,250,000		785,035	-	-	-	71,363	713,672	-	-
Sewer Reconstruction	4/12/2011	11-017	3,000,000		1,066	-	-	-	1,066	-	-	-
Sewer Reconstruction	1/24/2012	12-004	4,200,000		19,799	-	-	-	19,799	-	-	-
Sewer Reconstruction	09/24/13	13-040	2,800,000		298,004	-	-	-	298,004	-	-	-
Various Capital Improvements	09/24/13	13-042	5,073,000		221,237	-	-	-	182,198	29,802	9,237	-
Street Sweeper and Finance Software	09/24/13	13-043	1,485,000		139,274	-	-	-	108,500	-	30,774	-
2014 DOT Road Resurfacing Program Grant	08/19/14	14-035	607,860		24,636	-	-	-	-	24,226	410	-
(2) Resurfacing of Various Roads	09/16/14	14-042	36,750,000		-	-	-	-	-	-	-	-
Amends Ord. No. 14-042	01/24/17	16-092	635,000		25,776,481	-	-	-	9,218,259	3,566,298	12,991,924	-
Amends & Supplements Ord. No. 14-042 & 16-092												
State Aid Road Resurfacing 2016	03/27/18	18-025	579,986		-	-	579,986	-	-	579,986	-	-
State Aid Road Resurfacing 2017	03/27/18	18-025	663,876		-	-	663,876	-	-	-	663,876	-
Paterson Armory	01/19/16	16-001	1,100,000		374,803	-	-	-	4,288	8,168	362,347	-
Software Upgrades (Reappropriate Ord. 09-032)	02/09/16	16-004	338,921		250,891	-	-	-	148,676	79,842	22,373	-
Communication System Improvements	12/20/16	16-089	1,400,000		1,400,000	-	-	-	1,362,798	37,202	-	-
Workers Compensation and Litigation Settlement	12/20/16	16-090	3,000,000		1,381,327	-	-	-	858,973	-	522,354	-

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance: June 30, 2017		2018		Paid or Charged	Encumbered	Balance: June 30, 2018	
	Date	No.	Amount	Funded	Unfunded	Authorizations			Funded	Unfunded
Road Reconstruction and Resurfacing, Cancel 15-042										
2015 DOT Road Resurfacing Program Grant	01/24/17	16-091	\$ 579,986	\$ 501,962	\$ -	\$ -	\$ 356,965	\$ -	\$ 144,997	\$ -
City Funding	01/24/17	16-091	460,014	460,014	-	-	378,898	-	81,116	-
Unsafe Building Demolition	01/24/17	17-093	1,987,343	-	1,987,343	-	1,226,518	105,463	-	655,362
Environmental Remediation, Improvements & Construction to Hinchliffe Stadium, Overlook Park & ATP Quarry Riverwalk at Great Falls	06/27/17	17-058	1,450,000	69,048	1,380,952	-	418,497	260,074	-	771,429
Contractually Required Severance Liabilities	11/21/17	17-076	5,000,000	-	-	5,000,000	2,596,486	-	-	2,403,514
Allied Textile Printing Site Safety Improvements	11/21/17	17-077	500,000	-	-	500,000	-	-	-	500,000
Emergency Sewer Reconstruction 2018	11/21/17	17-078	8,000,000	-	-	8,000,000	157,588	4,998,432	-	2,843,980
Combined Sewer Outflow - West Railway Ave	11/21/17	17-080	2,000,000	-	-	2,000,000	-	-	-	2,000,000
Great Falls and Pocket Park Improvements	03/27/18	18-023	964,751	-	-	964,751	-	-	-	964,751
HVAC Improvements - Museum and Police HQ	03/27/18	18-024	3,850,000	-	-	3,850,000	97,500	-	85,834	3,666,666
				\$ 47,387,171	\$ 4,823,513	\$ 24,558,613	\$ 22,890,448	\$ 15,478,084	\$ 17,016,153	\$ 21,384,612
			<u>Ref</u>	C	C		C-8	C	C	C
Bonds and Notes Authorized						\$ 19,642,855				
Green Acres Loan/Grant/Bonds						964,751				
NJEIT Loan/Bonds						2,000,000				
					C-6	22,607,606				
Capital Improvement Fund					C-13	707,145				
Grants Receivable					C-4	1,243,862				
						\$ 24,558,613				

- (1) Total Authorized for Ordinance 05-044 as amended and supplemented by 16-088 and 17-081: \$33,030,607.
(2) Total Authorized for Ordinance 14-042 as amended and supplemented by 16-092 and 18-025: \$38,628,862.

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

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate %	Balance June 30, 2017	Bonds Issued	Paid by Budget Appropriation	Balance June 30, 2018
			Outstanding at June 30, 2018	Amount					
Pension Refunding	04/03/03	\$ 13,044,671	04/01/19	\$ 115,000	5.650	\$ 490,000	\$ -	\$ 100,000	\$ 390,000
			04/01/20	130,000	5.650				
			04/01/21	145,000	5.650				
General Improvement Bonds	06/15/09	23,294,000	06/15/19	2,320,000	5.000	6,975,000	-	2,225,000	4,750,000
			06/15/20	2,430,000	5.000				
General Obligation Refunding Bonds Pension Refunding Bonds	03/30/12 03/30/12	3,145,000 1,730,000	03/15/19	2,375,000	4.000	4,875,000	-	2,500,000	2,375,000
Qualified General Improvement Refunding Bonds - Non-Callable	03/20/13	8,015,000	03/15/20	1,145,000	3.000	8,015,000	-	-	8,015,000
			03/15/21	6,870,000	3.100				
Qualified Pension Refunding Bonds (Federally Taxable) - Non-Callable	03/20/13	3,570,000	03/15/19	725,000	4.200	3,570,000	-	-	3,570,000
			03/15/20	2,845,000	5.150				
Qualified General Improvement Bonds Callable	05/22/13	22,519,000	01/15/22	4,219,000	5.000	22,519,000	-	-	22,519,000
			01/15/23	4,360,000	5.000				
			01/15/24	4,490,000	5.000				
			01/15/25	4,650,000	5.000				
			01/15/26	4,800,000	5.000				

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

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate %	Balance June 30, 2017	Bonds Issued	Paid by Budget Appropriation	Balance June 30, 2018
			Outstanding at June 30, 2018	Amount					
Passaic County Improvement Authority Governmental Loan Revenue Bonds, Series 2015 (Passaic County Guaranteed)	12/14/15	\$ 24,795,000	08/01/18	\$ 1,995,000	5.000	\$ 19,885,000	\$ -	\$ 2,870,000	\$ 17,015,000
			08/01/19	1,485,000	5.000				
			08/01/20	1,050,000	5.000				
			08/01/21	1,135,000	5.000				
			08/01/22	1,135,000	5.000				
			08/01/23	1,135,000	5.000				
			08/01/24	1,135,000	5.000				
			08/01/25	1,135,000	5.000				
			08/01/26	1,135,000	5.000				
			08/01/27	1,135,000	5.000				
			08/01/28	1,135,000	5.000				
			08/01/29	1,135,000	5.000				
			08/01/30	1,135,000	5.000				
			08/01/31	1,135,000	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	06/15/19	1,490,000	3.000	2,980,000	-	1,490,000	1,490,000
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	06/15/19	540,000	3.000	1,085,000	-	545,000	540,000

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

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate %	Balance June 30, 2017	Bonds Issued	Paid by Budget Appropriation	Balance June 30, 2018
			Outstanding at June 30, 2018	Date	Amount					
Passaic County Improvement Authority	06/20/17	\$ 29,770,000		06/15/19	\$ 820,000	3.000	\$ 29,770,000	\$ -	\$ 820,000	\$ 28,950,000
Governmental Loan Revenue Bonds, Series 2017				06/15/20	820,000	4.000				
(Passaic County Guaranteed)				06/15/21	1,070,000	4.000				
-To Refund Notes Issued June 29, 2016 for:				06/15/22	1,640,000	4.000				
\$11,665,000 Resurfacing of Various Roads (Ord. 14-042)				06/15/23	1,640,000	5.000				
\$1,045,000 Paterson Armory (Ord. 16-001)				06/15/24	1,640,000	5.000				
-To Refund Notes Issued March 2, 2017 for:				06/15/25	1,640,000	5.000				
\$1,333,000 Communication System (Ord. 16-089)				06/15/26	1,640,000	5.000				
\$7,725,131 Combined Sewer Outflow (Ord. 16-088)				06/15/27	1,640,000	5.000				
-To Finance the Projects Not Previously Funded:				06/15/28	1,640,000	5.000				
\$11,670,000 Resurfacing of Various Roads (Ord. 14-042)				06/15/29	1,640,000	5.000				
\$438,108 Resurfacing of Various Roads (Ord. 16-091)				06/15/30	1,640,000	5.000				
\$604,761 Resurfacing of Various Roads (Ord. 16-092)				06/15/31	1,640,000	5.000				
				06/15/32	1,640,000	5.000				
				06/15/33	1,640,000	5.000				
				06/15/34	1,640,000	5.000				
				06/15/35	1,640,000	5.000				
				06/15/36	1,640,000	5.000				
				06/15/37	1,640,000	5.000				
							\$ 100,164,000	\$ -	\$ 10,550,000	\$ 89,614,000
							C		C-5	C
							Ref.			

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

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest	Balance June 30, 2017	Decreased by:		Balance June 30, 2018
			Outstanding at June 30, 2018	Principal			Budget Appropriation		
Trust Loan Series 2003A Phase I (S340 926-01)	10/15/03	\$ 2,160,000	08/01/18	\$ 122,917	2.0%	\$ 959,742	\$ 118,300	\$ 841,442	
	Less: Forgiven	91,134	08/01/19	132,983					
		<u>\$ 2,068,866</u>	08/01/20	137,857					
			08/01/21	142,540					
			08/01/22	151,130					
			08/01/23	154,015					
State of NJ Fund Loan Phase I (S340 926-01)	10/15/03	\$ 5,554,479	08/01/18	258,853	0.0%	1,687,380	290,753	1,396,627	
	Less: Forgiven	356,113	02/01/19	31,236					
		<u>\$ 5,198,366</u>	08/01/19	271,262					
			02/01/20	25,235					
			08/01/20	273,834					
			02/01/21	19,020					
Trust Loan Series 2004A Phase II (S340 926-02)	10/13/04	\$ 820,000	08/01/18	32,525	2.0%	337,179	32,986	304,193	
	Less: Forgiven	102,385	08/01/19	36,777					
		<u>\$ 717,615</u>	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, 2018**

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest	Balance June 30, 2017	Decreased by:		Balance June 30, 2018
			Outstanding at June 30, 2018	Principal			Budget	Appropriation	
State of NJ Fund Loan Phase II (S340 926-02)	10/13/04 Less: Forgiven	\$ 2,326,943 317,532 <u>\$ 2,009,411</u>	Date	Principal					
			08/01/18	\$ 102,018	0.0%	\$ 654,288	\$ 121,447	\$	532,841
			02/01/19	15,194					
			08/01/19	109,312					
			02/01/20	12,841					
			08/01/20	106,959					
			02/01/21	10,488					
			08/01/21	114,018					
			02/01/22	7,900					
			08/01/22	54,111					
Trust Loan Series 2005A Phase III (S340 850-02)	11/10/05 Less: Forgiven	\$ 970,000 108,493 <u>\$ 861,507</u>	08/01/18	46,238	2.0%	461,755	42,109		419,646
			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					
			08/01/24	57,682					
			08/01/25	61,591					

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

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest	Balance June 30, 2017	Decreased by:		Balance June 30, 2018
			Outstanding at June 30, 2018	Principal			Budget Appropriation		
State of NJ Fund Loan Phase III (S340 850-02)	11/10/05	\$ 2,622,600	08/01/18	\$ 121,192	0.0%	\$ 860,057	\$ 134,071	\$	725,986
	Less: Forgiven	372,864	02/01/19	18,077					
		<u>\$ 2,249,736</u>	08/01/19	119,046					
			02/01/20	15,931					
			08/01/20	126,080					
			02/01/21	13,453					
			08/01/21	123,601					
			02/01/22	11,044					
			08/01/22	130,371					
			02/01/23	8,433					
			08/01/23	38,758					
Trust Loan Series 2008A Phase IV (N92 850-03)	11/06/08	\$ 2,265,000	08/01/18	110,000	2.0%	838,000	100,000		738,000
	Less: Forgiven	52,000	08/01/19	107,000					
	Less: Defeased	775,000	08/01/20	112,000					
		<u>\$ 1,438,000</u>	08/01/21	116,000					
			08/01/22	124,000					
			08/01/23	128,000					
			08/01/24	41,000					

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

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest	Balance June 30, 2017	Decreased by:		Balance June 30, 2018
			Outstanding at June 30, 2018	Principal			Budget	Appropriation	
			Date						
State of NJ Fund Loan Phase IV (N92 850-03)	11/06/08 Less: Forgiven	\$ 6,568,205 3,655,834 <u>\$ 2,912,371</u>	Fully amortized in FY2018.		0.0%	\$ 304,880	\$ 304,880	\$ -	\$ -
Trust Loan Series 2010A Phase V (S340 850-04)	09/01/10 Less: Forgiven	\$ 515,000 18,000 <u>\$ 497,000</u>	08/01/18 08/01/19 08/01/20 08/01/21 08/01/22 08/01/23 08/01/24 08/01/25 08/01/26 08/01/27 08/01/28 08/01/29	25,000 24,000 24,000 28,000 29,000 29,000 28,000 33,000 33,000 33,000 38,000	2.0%	377,000	25,000		352,000

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

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Purpose	Maturities of Loans				Interest	Balance June 30, 2017	Decreased by:		Balance June 30, 2018			
	Date of Issue	Original Issue	Outstanding at June 30, 2018				Appropriation	Budget				
			Date	Principal								
State of NJ Fund Loan Phase V (S340 850-04)	03/10/10	\$	524,000	08/01/18	\$	17,763	\$	337,491	\$	26,644	\$	310,847
				02/01/19		8,881						
				08/01/19		17,763						
				02/01/20		8,881						
				08/01/20		17,763						
				02/01/21		8,881						
				08/01/21		17,763						
				02/01/22		8,881						
				08/01/22		17,763						
				02/01/23		8,881						
				08/01/23		17,763						
				02/01/24		8,881						
				08/01/24		17,763						
				02/01/25		8,881						
				08/01/25		17,763						
				02/01/26		8,881						
				08/01/26		17,763						
				02/01/27		8,881						
				08/01/27		17,763						
				02/01/28		8,881						
				08/01/28		17,763						
				02/01/29		8,881						
				08/01/29		17,763						

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

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

Purpose	Amount of Original Issue	Maturities of Loans Outstanding at June 30, 2018		Interest Rate %	Balance June 30, 2017	Decreased by Budget Appropriation	Balance June 30, 2018
		Date	Amount				
Eastside Park Rehab Ord. Dated June 26, 2006	\$ 231,650	09/30/18	\$ 6,142	2.00	\$ 118,106	12,103	\$ 106,003
		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	09/30/18	11,886	2.00	47,309	23,418	23,891
		03/30/19	12,005				
Restoration of Pennington Park - Lower Field Ord. No. 08-022 Loan No. 1608-05-029	500,000	08/15/18	15,151	0.00%	409,090	30,303	378,787
		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, 2018**

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

Purpose	Amount of Original Issue	Maturities of Loans		Interest Rate %	Balance June 30, 2017	Decreased by Budget Appropriation	Balance June 30, 2018
		Outstanding at June 30, 2018					
		Date	Amount				
Restoration of Pennington Park Ord. No. 08-022 Loan No. 1608-05-029	\$ 700,000	08/15/18	\$ 17,948	0.00	\$ 592,306	35,898	\$ 556,408
		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 Ord. No. 06-001/05-072 Loan No. 1608-03-066	1,237,363	Not yet amortized. Project not completed.			701,373	-	701,373
Great Falls and Pocket Parks Ordinance No. 13-041 (added to 06-001/05-072)	\$ 348,000						
					\$ 1,868,184	\$ 101,722	\$ 1,766,462
Ref.					C	C-5	C

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

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance: June 30, 2017	<u>Ref.</u> C, C-3	\$ 330,953
Increased by:		
Budget Appropriation	C-8	<u>400,000</u>
		730,953
Decreased by:		
Appropriated to Finance Improvement Authorizations:		
Ord. No. 17-078: Emergency Sewer Reconstruction 2018	\$ 380,953	
Ord. No. 17-081: Combined Sewer Outflow Phase III		
Amending Ord. 05-044 and 16-088	142,858	
Ord. No. 18-024: HVAC Improvements - Museum and Police	<u>183,334</u>	
	C-9	<u>707,145</u>
Balance: June 30, 2018	C, C-3	<u>\$ 23,808</u>

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

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance		Improvement Description	Bonds and Notes Authorized	Balance June 30, 2017	Increased by:		Decreased by:		Balance June 30, 2018
Number	Date				Current Year Authorization	Funding Cancelled	Budget Appropriation		
17-093	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	-	-	-	1,500,000	1,500,000
17-058	06/27/17	Recreation Improvements	1,380,952	1,380,952	-	-	-	-	1,380,952
17-076	11/21/17	Contractual Severance Liabilities	5,000,000	-	5,000,000	-	-	-	5,000,000
17-077	11/21/17	Allied Textile Site Safety Imp.	500,000	-	500,000	-	-	-	500,000
17-078	11/21/17	Emergency Sewer Reconstruction	7,619,047	-	7,619,047	-	-	-	7,619,047
18-024	03/27/18	HVAC Imp., Museum & Police HQ	3,666,666	-	3,666,666	-	-	-	3,666,666
Environmental Infrastructure Trust Projects:									
Combined Sewer Outflow Ordinances:									
05-044	06/14/05	Phase III Initial Funding	21,919,000	7,405,195	-	-	-	-	7,405,195
17-081	11/21/17	Phase III: Amend 05-044, 16-088	2,857,142	-	2,857,142	-	-	-	2,857,142
*	*	Phase IV	-	-	-	3,462,386	-	-	3,462,386
17-080	11/21/17	West Railway Ave	2,000,000	-	2,000,000	-	-	-	2,000,000
Green Acres Projects:									
05-072	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
18-023	03/27/18	Great Falls and Pocket Park Imp.	964,751	-	964,751	-	-	-	964,751
				<u>\$ 15,441,145</u>	<u>\$ 22,607,606</u>	<u>\$ 3,462,386</u>	<u>\$ 1,500,000</u>	<u>\$ 40,011,137</u>	
Ref.				C	C-6	C-6; C-7	C-8		C, C-6a

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, 2018**

SCHEDULE OF CHANGES IN FIXED ASSETS BY CLASS

	Balance, June 30, 2017	Net Adjustment Due to Appraisal		Balance, June 30, 2018
		Additions	Disposals	
Land	\$ 3,257,443	\$ -	\$ -	\$ 3,257,443
Building and Improvements	32,540,689	8,757,805	-	41,298,494
Machinery and Equipment	17,581,098	1,614,273	664,335	18,531,036
	<u>\$ 53,379,230</u>	<u>\$ 10,372,078</u>	<u>\$ 664,335</u>	<u>\$ 63,086,973</u>
<u>Ref.</u>	D			D

SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS

Balance: June 30, 2017	<u>Ref.</u> D	\$ 53,379,230
Increased by:		
Additions	D-1	<u>10,372,078</u>
		63,751,308
Decreased by:		
Dispositions	D-1	<u>664,335</u>
Balance: June 30, 2018	D	<u>\$ 63,086,973</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

	June 30, 2017		June 30, 2018	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Fund Balance Utilized	\$ 11,425,500	3.09%	\$ 8,640,100	2.40%
Miscellaneous Revenue Anticipated	114,379,357	30.92%	113,314,470	31.46%
Receipts from Delinquent Taxes	7,689,581	2.08%	2,740,818	0.76%
Receipts from Current Taxes	233,829,930	63.21%	232,108,081	64.44%
Miscellaneous Revenue Not Anticipated	293,458	0.08%	1,042,351	0.29%
Other Credits to Income	2,305,935	0.62%	2,333,487	0.65%
	<u>369,923,761</u>	<u>100.00%</u>	<u>360,179,307</u>	<u>100.00%</u>
Expenditures:				
Budget Appropriations	268,907,985	74.45%	275,402,241	75.62%
School and County Taxes	91,232,567	25.26%	83,452,149	22.91%
Other Charges	1,040,314	0.29%	5,337,577	1.47%
	<u>361,180,866</u>	<u>100.00%</u>	<u>364,191,967</u>	<u>100.00%</u>
Change in Operations, net of Surplus Utilized	8,742,895		(4,012,660)	
Adjustments to Income: Deferred Charges of Budget of Succeeding Year	<u>-</u>		<u>1,320,156</u>	
Deficit in Operations to be Raised in Budget of Succeeding Year			2,692,504	
Statutory Excess to Operations	8,742,895		-	
Fund Balance, July 1	<u>11,811,401</u>		<u>9,128,796</u>	
	20,554,296		9,128,796	
Decreased by Fund Balance Utilized as Anticipated Revenue	<u>11,425,500</u>		<u>8,640,100</u>	
Fund Balance, June 30	<u>\$ 9,128,796</u>		<u>\$ 488,696</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>
2018	4.326	2.779	0.825	0.722
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

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>
2018	\$ 16,790,990	\$ 160,749	\$ 16,951,739	7.07%
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%

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>
2018	\$ 239,892,278	\$ 232,108,081	96.76%
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%

Table 5

SCHEDULE OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

<u>Year Ended June 30,</u>	<u>Amount</u>
2018	\$ 12,369,660
2017	5,107,360
2016	5,107,360
2015	5,107,360
2014	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>
2018	\$ 5,813,344,628	\$ 7,424,683,436	78.3%
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%

CITY OF PATERSON

OFFICIALS IN OFFICE

(For July 1, 2017 Through the Audit Report Date Unless Otherwise Noted)

Name	Title
Governing Body:	
Andre Sayegh	Mayor (commencing July 1, 2018) 6th Ward Councilman (through June 30, 2017)
Jane Williams-Warren	Acting Mayor (commencing September 29, 2017)
Jose "Joey" Torres	Mayor (through September 25, 2017)
Michael Jackson	1st Ward Councilman
Shahin Khaliq	2nd Ward Councilman
William C. McKoy	3rd Ward Councilman
Ruby N. Cotton	4th Ward Councilwoman / Council President (FY2018) Acting Mayor, Sept. 25, 2017 - Sept 29, 2017
Luis Velez	5th 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 Director of Finance
Aaron Hoffstatter	Director of Division of Treasury
Javier Silva	Director of Accounts and Controls, Comptroller
(B) Kathleen Gibson	Tax Collector, (through August 31, 2017)
(E) 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, 2017 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.
- (E) Current Tax Collector was not bonded for the year under audit. An audit findings has been reported.

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, 2018 and 2017, 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 July 18, 2019. 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. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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.

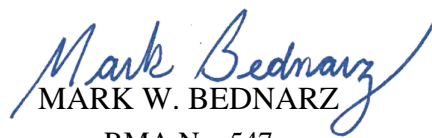
Purpose of this Report

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

July 18, 2019

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

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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, 2018. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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.

Basis for Qualified Opinion on the Federal Equitable Sharing Program – Department of Justice Grant (CFDA 16.922)

As described in Finding 2018-001 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

Finding No.	CFDA No.	Program (or Cluster) Name	Compliance Requirement
2018-001	16.922	Federal Equitable Sharing – Department of Justice	(C) – Cash Management (L) – Reporting (F) – Equipment and Real Property Management

Qualified Opinion on the Federal Equitable Sharing Program – Department of Justice Grant (CFDA 16.922)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Federal Equitable Sharing – Department of Justice Grant for the year ended June 30, 2018.

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the summary of auditor's results sections of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Emphasis of Matter Regarding Reissuance of Compliance Reports

As discussed in Note Q to the financial statements and Note H to the Schedules of Expenditures of Federal Awards and State Financial Assistance, the United States Department of Justice conducted a compliance review of the City's Federal Equitable Sharing Program and determined expenditures were omitted from the City's Schedule of Expenditures of Federal Awards in the amount of \$1,247,510 and \$315,951 for the Fiscal Years ended June 30, 2014 and 2017, respectively. In each of these years, Major Programs were omitted from testing, necessitating the reissuance of the *Auditor's Report on Compliance for Each Major Federal Program* of Fiscal Years ended June 30, 2014 and 2017.

Other Matters

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on 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 identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questions costs as Finding 2018-001, which we consider to be a material weakness.

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

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



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants



MARK W. BEDNARZ

RMA No. 547

Bayonne, New Jersey

July 18, 2019

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

Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018		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															
			\$	500	\$	-	\$	-	\$	-	\$	-	\$	500	\$
		100-046-4220		500	-	-	-	-	-	-	-	-	-	16	48
	*	100-046-4220		500	-	-	16	-	-	-	-	-	-	19	481
	*	100-046-4220		500	-	-	19	-	-	-	-	-	-	500	-
	*	027070		500	-	-	-	500	-	-	-	-	-	-	-
Total Department of Agriculture and CFDA 10.576				\$	500	\$	-	\$	535	\$	-	\$	-	\$	1,035
Department of Housing and Urban Development															
CDBG - Entitlement Grants Cluster															
Community Development Block Grant															
		Direct Award	\$	3,359,000	\$	-	\$	-	\$	-	\$	-	\$	845	\$
		Direct Award		2,937,671	-	-	845	-	-	-	-	-	-	106	3,358,155
		Direct Award		-	-	-	106	-	-	-	-	-	-	106	2,781,004
		Direct Award		94,505	-	-	147,022	-	231,411	-	97,126	-	-	12,737	2,900,557
		Direct Award		2,816,168	-	-	640,058	-	7,364	-	(173,532)	-	-	459,162	2,257,713
		Direct Award		10,200	-	-	590,068	-	282,457	-	18,659	-	-	326,270	2,726,131
		Direct Award		2,785,251	-	-	182,272	-	775,326	-	(72,864)	-	-	378,458	2,389,048
		Direct Award		2,740,728	-	-	863,375	-	1,679,115	-	79,319	-	-	457,950	1,680,638
		Direct Award		2,057,746	-	-	1,226,648	-	2,975,673	-	(51,292)	-	-	1,635,528	-
		Wayfinding Signage		2,455,120	-	-	-	2,057,746	-	-	-	-	-	-	100,600
		Direct Award		197,726	-	-	97,126	-	-	-	(97,126)	-	-	-	-
Total CFDA 14.218 and CDBG - Entitlement Grants Cluster				2,455,120	-	-	2,701,873	2,057,746	2,975,673	-	(148,418)	-	1,635,528	-	
Passed through County of Passaic															
Community Development Block Grants/State's Program															
CDBG-Disaster Recovery 2013															
		100-022-8020	2,075,000	-	-	-	3,237	-	2,475	-	-	-	762	2,074,238	
		Emergency Shelter Grant													
		Direct Award	193,085	9,052	-	-	-	-	-	-	-	-	-	193,085	
		Direct Award	206,042	4,733	-	-	-	-	-	-	-	-	-	191,619	
		Direct Award	271,038	72,674	-	-	44,264	-	43,372	-	(892)	-	-	183,371	
		Direct Award	366,186	88,725	-	-	-	366,186	175,838	-	(15,643)	-	174,705	175,838	
Total CFDA 14.231				175,184	-	-	44,264	366,186	219,210	-	(16,535)	-	174,705	-	
HOME Investment Partnership Program															
		Direct Award	1,770,553	-	-	-	42,545	-	42,545	-	-	-	-	1,861,686	
		Direct Award	1,161,788	-	-	-	24,815	-	-	-	-	-	24,815	1,136,973	
		Direct Award	1,060,232	19,607	-	-	42,058	-	25,658	-	(16,400)	-	-	1,091,872	
		Direct Award	1,067,774	413,268	-	-	1,423,148	-	376,913	-	(17,835)	-	1,028,400	21,539	
		Direct Award	931,364	403,817	-	-	756,002	-	403,817	-	27,055	-	379,240	579,179	
		Direct Award	1,000,066	334,400	-	-	940,641	-	316,464	-	11,214	-	635,391	414,016	
		Direct Award	941,113	61,878	-	-	-	941,113	88,160	-	16,423	-	865,342	57,494	
Total CFDA 14.239				1,232,970	-	-	3,229,209	941,113	1,253,537	-	16,423	-	2,933,188	-	

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

Department of Housing and Urban Development (continued)														
Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018		Cumulative Expenditures
						Funds Available	Encumbered					Encumbered	Funds Available	
Housing Opportunities for Persons with AIDS														
07/01/2012 - 06/30/2013	14.241	--	Direct Award	\$ 1,380,000	\$ -	\$ 1,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,587	\$ 1,378,413
07/01/2013 - 06/30/2014	14.241	--	Direct Award	1,294,558	-	33,573	-	-	-	-	-	-	33,573	1,260,985
07/01/2014 - 06/30/2015	14.241	--	Direct Award	1,356,224	-	1,800	-	-	-	-	-	-	1,800	1,354,424
07/01/2015 - 06/30/2016	14.241	--	Direct Award	532,864	-	501,640	-	-	497,268	-	-	-	4,372	1,347,092
07/01/2016 - 06/30/2017	14.241	--	Direct Award	1,363,496	-	1,323,569	-	-	818,395	-	-	-	505,174	858,322
07/01/2017 - 06/30/2018	14.241	--	Direct Award	1,511,657	-	34,711	-	1,511,657	39,048	-	-	-	1,472,609	39,048
Total CFDA 14.241						1,278,130	-	1,511,657	1,354,711	-	-	-	2,019,115	
Neighborhood Stabilization														
07/01/2011 - 06/30/2012	14.264	--	Direct Award	1,196,877	250	-	-	-	250	-	-	-	163,392	988,727
Housing Voucher Cluster														
Section 8: Earned Administration Balances														
* - *	14.871	--	Direct Award	*	-	491,309	-	-	-	-	19	-	491,328	*
Total Department of Housing and Urban Development						\$ 5,141,654	\$ -	\$ 4,876,702	\$ 5,805,876	\$ -	\$ (148,511)	\$ -	\$ 7,418,018	
Department of Interior														
Passed through NJ Department of Environmental Protection - State Parks Service														
US National Park Service, Historic Preservation Fund Grants-In-Aid:														
NJ Certified Local Government (CLG) Program - Historic District Grant														
Van Houten House														
05/12/2016 - *	15.904	--	100-042-4875	\$ 24,500	\$ -	\$ -	\$ 24,500	\$ -	\$ 24,500	\$ -	\$ -	\$ -	\$ -	\$ 24,500
Certified Local Government Grant - Danforth Memorial Library Preservation Plan														
* - *	15.904	--	100-042-4875	24,500	-	-	-	24,500	-	-	-	-	24,500	-
Total CFDA 15.904						24,500	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	15.954	--	Direct Award	239,065	176,933	-	-	-	-	-	-	239,065	-	-
National Preservation Trust														
* - *	15.U01	--	Direct Award	2,500	-	-	-	-	-	-	-	-	-	2,500
Total Department of Interior						\$ 201,433	\$ -	\$ 24,500	\$ 24,500	\$ -	\$ -	\$ 239,065	\$ 24,500	
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	16.710	--	Direct Award	2,820,053	860,575	-	-	-	788,821	-	-	-	1,675,783	1,144,270
Total CFDA 16.710						860,575	-	-	788,821	-	-	-	1,675,783	
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	-	1	132,580	-	132,581	-	-	-	-	132,581
* - *	16.738	--	2016-H4390-NJ-DJ	137,505	-	-	137,505	-	108,357	-	-	3,455	25,693	108,357
10/01/2012 - 09/30/2016	16.738	--	2014-H3763-NJ-DJ	147,423	-	-	7,271	-	35,118	-	-	42,389	-	147,423
Total CFDA 16.738						48,556	139,851	-	283,327	-	-	3,455	25,693	
Passed through City of Passaic														
Federal Equitable Sharing														
ongoing - ongoing	16.922	--	*	\$ 31,479	\$ 3,217	\$ -	\$ 28,263	\$ 350,015	\$ 353,498	\$ -	\$ -	\$ -	\$ 24,780	\$ 6,699
Total Department of Justice						\$ 912,348	\$ -	\$ 350,015	\$ 1,425,646	\$ -	\$ -	\$ 6,740	\$ 1,726,256	

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, 2018

Department of Labor														
Passed through NJ Department of Labor and Workforce Development WIOA - New Jersey Libraries New Jersey Career Connections Grant for Uniform Career Guidance and Job Search Assistance Services														
Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017 Funds Available	Encumbered	Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018 Encumbered	Funds Available	Cumulative Expenditures
			\$ 50,000	\$ 37,508	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000	-
Total Department of Labor				\$ 37,508	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000	
Department of Transportation														
Passed through NJ Department of Transportation Highway Planning and Construction Cluster Spruce Street and Mc Bride Avenue Stabilization 03/29/2009 - 06/30/2010 20.205 -- 078-6320-480														
			\$ 250,257	\$ -	\$ -	\$ 6,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,159	\$ 244,098
Spruce Street McBride Avenue Intersection 07/01/2000 - 06/30/2001 20.205 -- 078-6320-480				200,000	-	108,796	5,488	-	-	-	-	5,488	108,796	85,716
Total CFDA 20.205 & Highway Planning and Construction Cluster				-	-	114,955	5,488	-	-	-	-	5,488	114,955	
Passed through NJ Department of Law and Public Safety Highway Safety Cluster														
Distracted Driving Statewide Crackdown Grant 04/01/2015 - 04/21/2015 20.616 -- *				5,000	-	5,000	-	-	-	-	(5,000)	-	-	-
Distracted Driving Incentive Grant - DWI Grant NJDPS Sober Year End Crackdown 07/01/2015 - 06/30/2016 20.616 --				27,365	-	-	-	27,365	-	-	-	-	27,365	27,365
Driver Sober or Get Pulled Over - Year end Crackdown Grant 12/09/2016 - 01/01/2017 20.616 -- 100-066-1160				5,000	-	5,000	-	-	-	-	-	-	5,000	
Total CFDA 20.616 & Highway Safety Cluster				-	-	10,000	-	27,365	-	-	(5,000)	-	32,365	
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				\$ -	\$ -	\$ 134,940	\$ 5,488	\$ 27,365	\$ -	\$ -	\$ (5,000)	\$ 5,488	\$ 157,305	
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	\$ -	\$ -	\$ 72,878	\$ -	\$ -	\$ 2,831	\$ -	\$ -	\$ 65,001	\$ 5,046	\$ 10,871,019
Phase II 01/27/2004 - Completion 66.458 --				6,538,000	-	458,279	-	-	530	-	-	362,666	95,083	6,079,317
Combined Sewer Outflow - West Railway Ave 11/21/2017 - Completion 66.458 --				1,000,000	-	-	-	1,000,000	-	-	-	-	1,000,000	-
Total DEP, CFDA 66.458 & Clean Water State Revolving Fund Cluster				\$ -	\$ -	\$ 531,157	\$ -	\$ 1,000,000	\$ 3,361	\$ -	\$ -	\$ 427,667	\$ 1,100,129	

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

Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018		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	\$ -	\$ -	\$ 100	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 1,524	\$ 1,976
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	*	222,000	-	-	78	-	-	-	-	78	211	221,711
01/01/2015 - 12/03/2015	93.044	G	*	202,000	-	-	75	-	-	-	-	75	4,235	197,690
01/01/2016 - 12/31/2016	93.044	G	*	202,000	46,460	-	46	-	-	-	-	-	46	201,954
01/01/2017 - 12/31/2017	93.044	G	*	202,000	155,540	-	80,432	-	84,816	-	-	30	1,998	199,972
01/01/2018 - 12/01/2018	93.044	G	*	202,000	-	-	-	202,000	112,507	-	-	-	89,493	112,507
Total CFDA 93.044 and Aging Cluster				202,000	-	-	6,565	202,000	197,323	-	-	183	95,983	
Passed through NJ Department of Health														
PHILIP (Lines Agencies) & Zika Outreach														
07/01/2016 - 06/30/2017	93.069	G	*	229,955	62,555	-	1,115	-	(171)	-	-	624	662	223,669
Passed through NJ Department of Health and County of Passaic														
Local Core Capacity for Public Health Emergency Preparedness Grant														
07/01/2017 - 06/30/2018	93.069	--	*	219,955	162,846	-	-	219,955	217,740	-	-	-	2,215	217,740
				225,401	-	-	1,115	219,955	217,569	-	-	624	2,877	
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	97,254	-	-	-	-	-	-	-	-	1,008	96,246
01/01/2018 - 12/31/2018	93.116	--	032430	97,254	21,734	-	-	97,254	45,904	-	-	2,595	48,755	45,904
Tuberculosis Control (TB), Specialty Clinic Services														
07/01/2016 - 06/30/2017	93.116	--	100-046-4220	208,700	71,553	-	9,256	-	12,110	-	-	174	1,099	207,427
07/01/2017 - 06/30/2018	93.116	--	020080	208,700	154,811	-	-	208,700	207,619	-	-	841	240	207,619
Tuberculosis Ambulatory Care				84,028	-	-	2,830	-	46,596	-	(615)	-	-	97,254
01/01/2017 - 12/31/2017	93.116	--	100-046-4230	97,869	332,126	-	12,086	305,954	312,229	-	(615)	3,610	51,102	
Total CFDA 93.116														
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	154,797	-	-	1,521	-	1,521	-	-	-	-	154,797
07/01/2016 - 06/30/2017	93.500	G	100-016-1630	165,805	-	-	36,123	-	35,851	-	(272)	-	-	165,533
Total CFDA 93.500					-	-	37,644	-	37,372	-	(272)	-	-	
Passed through NJ Department of Children and Families														
TANF Cluster														
School Based Youth Services Program														
07/01/2016 - 06/30/2017	93.558	G	100-016-1630	304,690	-	-	4,289	-	7,267	-	(12,353)	-	-	292,337
07/01/2014 - 06/30/2015	93.558	G	100-016-1630	304,690	-	-	1,822	-	-	-	-	1,822	10,103	292,765
07/01/2017 - 06/30/2018	93.558	G	030160/030040	304,690	304,690	-	-	304,690	281,878	-	(1,440)	5,223	16,149	281,878
Parent Linking Program - Parent Linking CCBG														
07/01/2017 - 06/30/2018	93.558	--	030160/030040	54,113	28,616	-	-	54,113	27,056	-	(27,057)	-	-	27,056
Total CFDA 93.558 and TANF Cluster				333,306	-	-	6,111	358,803	316,201	-	(40,850)	7,045	26,252	

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

	Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018		Cumulative Expenditures
							Funds Available	Encumbered					Encumbered	Funds Available	
Department of Health and Human Services (continued)															
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	\$ 81,169	\$ -	\$ -	\$ -	\$ 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	49,111	-	-	-	-	-	-	-	-	-	18,638	26,380
Health Resources and Services Administration (HRSA)															
(Ryan White) HIV Emergency Relief Project Grants															
03/01/2017 - 02/28/2018	93.914	--	Direct Award	3,777,381	-	-	-	31,208	2,007,431	2,923,486	-	-	-	-	3,777,381
03/01/2016 - 02/28/2017	93.914	--	Direct Award	3,875,326	-	-	-	1	-	1	-	-	-	-	3,875,324
03/01/2018 - 02/28/2019	93.914	--	Direct Award	1,702,902	566,351	-	-	-	1,702,902	507,472	-	-	62,668	1,132,762	507,472
Minority Aids Initiative Program															
03/01/2017 - 02/28/2018	93.914	--	Direct Award	349,323	3,186,060	-	-	-	209,080	263,903	-	-	-	1,843	347,480
03/01/2018 - 02/28/2019	93.914	--	Direct Award	155,799	-	-	-	-	155,799	63,046	-	-	13,489	79,264	63,046
Total CFDA 93.914					3,752,411	-	-	31,209	4,075,212	3,757,908	-	-	76,157	1,213,869	
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	243,400	71,475	-	-	9,998	-	18,531	-	-	-	21,170	222,230
07/01/2017 - 06/30/2018	93.917	--	120080	243,400	148,690	-	-	-	243,400	218,587	-	-	8,564	16,249	218,587
HIV/AIDS Health Education Risk Reduction/Prevention Services															
07/01/2016 - 06/30/2017	93.917	--	100-046-4245	100,000	27,603	-	-	22,210	-	14,401	-	-	-	38,187	61,813
07/01/2017 - 06/30/2018	93.917	--	120080	100,000	54,581	-	-	-	100,000	74,996	-	-	3,752	21,252	74,996
Sexually Transmitted Disease (STD) 2018															
07/01/2017 - 06/30/2018	93.917	--	120800 / 020080	88,535	53,252	-	-	-	88,535	87,528	-	-	-	1,007	87,528
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	93.917	G	100-046-4230/45	111,710	45,885	-	-	100	-	10,358	-	-	-	-	111,710
Total CFDA 93.917					401,486	-	-	32,308	431,935	424,401	-	-	12,316	97,865	
Health Resources and Services Administration (HRSA)															
Special Projects of National Significance															
09/01/2015 - 08/31/2016	93.928	--	Direct Award	500,000	43,379	-	-	10,000	-	43,379	-	-	-	-	691,838
09/01/2016 - 08/31/2017	93.928	--	Direct Award	482,500	113,258	-	-	62,565	-	110,674	-	-	-	-	482,500
Special Projects of National Significance															
Improving HIV Health Outcomes through the Coordination of Supportive Employment and Housing Services															
09/30/2017 - 09/29/2018	93.928	--	Direct Award	300,000	15,855	-	-	-	300,000	17,041	-	-	-	239,994	17,041
Total CFDA 93.928					172,492	-	-	72,565	300,000	171,094	-	-	-	239,994	42,965
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	272,939	124,989	-	-	44,304	-	44,201	-	-	103	-	272,836
Child Health															
07/01/2017 - 06/30/2018	93.994	--	022070 / 020080	809,319	321,065	-	-	-	809,319	565,583	-	-	-	163,881	79,855
Total CFDA 93.994					446,054	-	-	44,304	809,319	609,784	-	-	-	163,984	79,855
Total Department of Health and Human Services															
					\$ 5,865,276	\$ -	\$ 1,273,376	\$ 244,388	\$ 6,703,178	\$ 6,043,981	\$ -	\$ (41,737)	\$ 504,294	\$ 1,630,930	

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

Federal CFDA Number	See Also Note	Pass-Through Entity Identifying No.	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017 Funds Available	Encumbered	Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018 Funds Available	Cumulative Expenditures	
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														
*	-	*	\$ 67,669	\$ -	\$ -	5,994	15	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ 61,660	
97.025	--	*	22,820	-	-	-	-	22,820	22,820	-	-	-	22,820	
97.025	--	100-066-1200	12,586	-	-	12,586	-	-	12,586	-	-	-	12,586	
97.025	--	066860	132,942	110,122	-	-	-	132,942	240	-	-	132,702	240	
97.025	--	*	25,214	25,214	-	-	-	-	35,646	-	-	-	-	
Total CFDA 97.025				135,336	-	18,580	15	155,762	-	-	-	8	138,703	
Passed through NJ Department of Law and Public Safety														
Disaster Grants - Public Assistance (Presidentially Declared Disasters)														
Hurricane Irene														
08/26/2011 - 08/26/2011	--	068250	25,511	25,511	-	-	-	25,511	25,511	-	-	-	25,511	
Total CFDA 97.036				25,511	-	-	-	25,511	-	-	-	-	-	
Blue Acres Grant / Hazard Mitigation Grant														
08/27/2011 - 09/05/2011	--	100-066-1200	5,773,115	1,336,917	-	2,871,865	492,881	-	580,620	-	-	-	2,988,989	
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	68,204	-	-	100	-	-	-	-	-	100	68,104	
05/12/2017 - 05/11/2018	--	Direct Award	716,608	-	-	-	-	716,608	637,582	-	-	79,026	709,190	
05/12/2017 - 05/11/2018	--	City Match	71,608	-	-	-	-	71,608	71,608	71,608	-	-	709,190	
Total CFDA 97.044				-	-	100	-	788,216	637,582	71,608	-	79,126	-	
Passed through NJ Department of Law and Public Safety														
Urban Area Security Initiative Grants - Homeland Security Grant Program														
*	-	*	97.067	-	-	61,004	-	-	15,949	-	-	24,220	15,949	
Staffing for Adequate Fire and Emergency Response (SAFER)														
*	-	*	97.083	--	Direct Award	7,498,372	-	-	2,994,338	-	-	-	7,498,372	
Total Department of Homeland Security				\$ 4,755,760	\$ -	\$ 5,970,887	\$ 492,896	\$ 969,489	\$ 4,289,646	\$ 71,608	\$ -	\$ 20,843	\$ 3,051,175	
TOTAL FEDERAL AWARDS				\$ 16,914,479	\$ -	\$ 19,311,154	\$ 910,408	\$ 14,001,749	\$ 17,593,010	\$ 71,608	\$ (195,248)	\$ 1,204,097	\$ 15,159,348	

(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, 2018

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018		Cumulative Expenditures
				Funds Available	Encumbered					Encumbered	Funds Available	
<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	\$ -	-	\$ 284	\$ 1,644	\$ -	\$ -	\$ -	\$ -	\$ 1,646	\$ 282	\$ 33,263
07/01/2014 - 06/30/2015	61,641	-	-	343	14,400	-	-	-	-	14,400	343	46,855
07/01/2015 - 06/30/2016	61,641	-	-	21,402	173	-	-	-	-	173	21,402	39,630
07/01/2016 - 06/30/2017	61,641	57,461	-	12,242	5,865	-	10,059	-	-	1,203	6,845	53,593
07/01/2017 - 06/30/2018	61,641	-	-	-	-	61,641	20,308	-	-	24,511	16,822	20,308
City Match	15,140	-	-	-	-	15,140	-	15,140	-	-	-	15,140
Total Municipal Alliance Grant and Governor's Council on Alcohol and Drug Abuse (GCADA)		\$ 57,461	\$ -	\$ 34,271	\$ 22,082	\$ 76,781	\$ 30,367	\$ 15,140	\$ -	\$ 41,933	\$ 45,694	

Department of Labor and Workforce Development

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	\$ 13,209	\$ -	\$ 47,597	\$ -	\$ -	\$ 1,248	\$ -	\$ -	\$ 1,863	\$ 44,486	\$ 3,651
06/01/2016 - 05/31/2017	80,430	50,168	-	75,165	-	-	37,352	-	-	2,648	35,165	42,617
Total Department of Labor and Workforce Development		\$ 63,377	\$ -	\$ 122,762	\$ -	\$ -	\$ 38,600	\$ -	\$ -	\$ 4,511	\$ 79,651	

Department of Law and Public Safety

Body Armor Replacement Fund (BARE) Program

10/27/2016 - 06/30/2017	\$ 34,598	\$ -	\$ -	\$ 8,287	\$ -	\$ -	\$ 8,287	\$ -	\$ -	\$ -	\$ -	\$ 34,598
09/01/2016 - 06/30/2017	31,617	-	-	-	31,617	-	31,617	-	-	-	-	31,617
09/01/2016 - 06/30/2017	33,200	33,200	-	-	-	33,200	21,695	-	-	11,505	-	21,695
Total Body Armor Replacement Fund		33,200	-	8,287	31,617	33,200	61,599	-	-	11,505	-	-

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	-	-	7,680	97	-	847	-	-	97	6,833	96,925
01/01/2016 - 12/31/2016	103,855	-	-	14,605	8,441	-	(21,826)	-	-	8,441	36,431	58,941
01/01/2017 - 12/31/2017	103,855	86,463	-	100,018	1,900	-	81,917	-	-	1,311	18,690	83,854
01/01/2017 - 12/31/2017	113,855	-	-	-	-	113,855	42,986	-	-	12,269	58,600	42,986
Total Evening Reporting Program		86,463	-	296,208	10,438	113,855	103,924	-	-	22,118	294,459	

Alcohol Education Rehabilitation Enforcement Fund / Alcohol Education Rehab Fund DWI

07/01/2011 - 06/30/2012	3,182	-	-	422	-	-	-	-	-	-	422	-
07/01/2011 - 06/30/2012	4,954	-	-	1,244	-	-	-	-	-	-	1,244	1,938
Total Alcohol Education Rehabilitation Enforcement Fund		-	-	1,666	-	4,954	-	-	-	-	4,954	-

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, 2018

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017 Funds Available	Encumbered	Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018 Encumbered	Funds Available	Cumulative Expenditures
<u>Department of Law and Public Safety (continued)</u>												
Pedestrian Safety Enforcement and Education Fund												
Safe and Secure Communities Program												
03/22/2017 - 03/21/2018	090940	\$ 199,563	\$ -	\$ -	\$ -	\$ 199,563	\$ 199,563	\$ -	\$ -	\$ -	\$ -	\$ 199,563
03/22/2017 - 03/21/2018	City Match	802,137	-	-	-	802,137	-	761,942	-	-	40,195	761,942
Total Safe and Secure Communities Program		199,563	-	-	-	1,001,700	199,563	761,942	-	-	40,195	
Operation Cease Fire												
07/01/2010 - 06/30/2011	*	15,000	-	15,000	-	-	-	-	-	-	15,000	-
Total Department of Law and Public Safety		\$ 319,226	\$ -	\$ 321,161	\$ 42,055	\$ 1,153,709	\$ 365,086	\$ 761,942	\$ -	\$ 33,623	\$ 356,274	
<u>State Judiciary</u>												
DWI Drunk Driving Enforcement Fund (DDEF)												
07/01/2013 - 12/31/2014	760-098-9735	22,345	-	3,621	-	-	-	-	-	-	3,621	18,724
Total State Judiciary		\$ 1	\$ -	\$ 3,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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	-	3,426	-	-	(17,840)	-	-	-	21,266	65,714
01/01/2017 - 12/31/2017	*	86,980	-	55,647	-	-	55,647	-	-	-	-	86,980
* - *	*	40,518	-	-	-	40,518	17,109	-	-	-	23,409	17,109
Total Lifestyle and Support Program and Department of Children and Families		\$ 65,235	\$ -	\$ 111,481	\$ -	\$ 40,518	\$ 54,916	\$ -	\$ -	\$ -	\$ 97,083	
<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		-	-	12,629	29,377	-	-	-	-	29,377	12,629	
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
Total NJ Historical Commission		-	-	1,535	-	-	-	-	-	-	1,535	

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, 2018

Department of State (continued)												
NJ State Council on the Arts - Partner Agency of the National Endowment for the Arts												
Quarterly Visual Art Exhibition Series												
State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018		Cumulative Expenditures
				Funds Available	Encumbered					Encumbered	Funds Available	
01/01/2012 - 12/31/2012	\$ 1,600	\$ -	\$ -	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,600	\$ -
Art Grant												
07/01/2010 - 06/30/2011	330	-	-	330	-	-	-	-	-	-	330	-
Exhibit Freedom Boulevard Gate												
07/01/2010 - 06/30/2011	440	-	-	440	-	-	-	-	-	-	440	-
Passed through Passaic County Community College												
Paterson Museum Eco-Structures												
01/01/2017 - 12/31/2017	1,600	-	-	-	-	1,600	591	-	-	-	1,009	591
Museum "Paterson in World War I" Exhibit												
01/01/2017 - 12/31/2017	2,500	1,250	-	-	-	2,500	2,140	-	-	-	360	2,140
Total NJ State Council on the Arts		1,250	-	2,370	-	4,100	2,731	-	-	-	3,739	
Total Department of State		\$ 1,250	\$ -	\$ 16,534	\$ 29,377	\$ 4,100	\$ 2,731	\$ -	\$ -	\$ 29,377	\$ 17,903	

Department of Human Services

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	\$ 18,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317	\$ 18,552
07/01/2011 - 06/30/2012	JABG-12	19,021	-	-	-	-	-	-	-	-	25	18,996
* - *	*	18,492	-	-	-	-	9,150	-	-	-	-	18,492
* - *	*	18,492	-	-	-	18,492	2,035	-	-	-	16,457	2,035
Total Station House Adjustment Program and Department of Human Services												
		\$ 18,492	\$ -	\$ 9,492	\$ -	\$ 18,492	\$ 11,185	\$ -	\$ -	\$ -	\$ 16,799	

Economic Development Authority

Passaic Falls Overlook Park

* - *	*	\$ -	\$ -	\$ -	\$ 41,290	\$ -	\$ 41,290	\$ -	\$ -	\$ -	\$ -	41,290
Total Economic Development Authority												
		\$ -	\$ -	\$ -	\$ 41,290	\$ -	\$ 41,290	\$ -	\$ -	\$ -	\$ -	

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

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018		Cumulative Expenditures
				Funds Available	Encumbered					Encumbered	Funds Available	
<u>Department of Environmental Protection</u>												
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	-	-	-	55,157	-	6,045	-	-	49,112	-	75,826
Paterson Armory (461-473 Market Street)												
03/10/2016 - *	398,780	352,170	-	-	59,460	-	-	-	-	59,460	300,000	39,320
Paterson Steam Plant (76-108 McBride Avenue)												
03/10/2016 - *	33,540	-	-	-	1,184	-	-	-	-	1,184	-	\$ 32,356
Hinchcliffe Stadium												
03/10/2016 - *	42,279	42,279	-	-	4,435	-	271	-	-	4,164	-	38,115
Dairy Queen												
10/03/2016 - *	21,865	-	-	-	13,603	-	13,121	-	-	482	-	21,383
Addy Mill												
10/03/2016 - *	201,935	-	-	-	201,935	-	8,252	-	-	193,683	-	8,252
Paterson Steam Plant - Overlook Park Site (Great Falls BDA)												
03/28/2017 - *	420,307	-	-	-	420,307	-	85,789	-	-	334,518	-	85,789
Paterson Falls (22-26 McBride Ave Site)												
* - * *	40,681	-	-	-	-	40,681	-	-	-	40,681	-	-
Office of Brownfield Reuse - Site Remediation and Waste Management Program												
(SEP) Supplemental Environmental Project Property												
Mary Ellen Kramer Park												
* - * *	200,000	-	-	-	18,743	-	-	-	-	18,743	95,000	86,257
Total Supplemental Grant for BDA Site Investigation												
		394,449	-	-	815,307	40,681	113,478	-	-	722,290	395,000	
Rutgers Cooperative Extension (RCE) Water Resources Program												
City of Paterson Green Infrastructure Demonstration Project - Overlook Park Bioretention Parking Island												
* - * *	100,000	-	-	-	-	100,000	-	-	-	100,000	-	-
Recycling Tonnage Grant												
State Recycling Fund - County and Local Grants												
07/01/2012 - 06/30/2013	238,701	-	-	-	44,186	-	2,850	-	-	-	41,336	197,365
07/01/2008 - 06/30/2009	222,858	-	-	-	77,554	-	45,790	-	-	-	31,764	191,094
* - * *	221,874	-	-	-	15,433	-	15,433	-	-	-	-	221,874
2013 - *	219,496	-	-	-	2,940	-	47,615	-	-	3,256	-	216,240
2014 - *	227,131	-	-	-	227,131	-	155,210	-	-	-	71,921	155,210
* - * *	229,614	229,614	-	-	-	229,614	19,864	-	-	8,952	200,798	19,864
Total Recycling Tonnage Grant												
		229,614	-	-	2,940	229,614	286,762	-	-	12,208	345,819	
Solid Waste Administration - Clean Communities Program Grant												
* - * *	193,565	-	-	-	1,485	-	6,213	-	-	1,485	-	192,080
2016 - *	221,251	-	-	-	21,220	-	48,414	-	-	301	275	220,675
* - * *	187,966	-	-	-	-	187,966	164,494	-	-	1,143	22,329	164,494
* - * *	179,929	179,929	-	-	-	-	-	-	-	-	-	-
Total Clean Communities Grant Program												
		179,929	-	-	27,433	187,966	219,121	-	-	2,929	22,604	

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, 2018

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018		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	545-042-4800	\$	-	\$	349,921	\$	-	\$	-	\$	593	\$ 1,235,442
Various Park Improvements - Grant												
10/25/2005 - Completion	545-042-4800		-		349,920		-		-		593	1,235,443
Restoration and Revitalization of Pennington Park - Grant												
12/22/2008 - 12/22/2010	4800-006-6020		-		77,320		-		-		11,024	1,849,967
ATP Site/Haines Overlook Park Riverwalk Extension -Loan												
11/02/2008 - Completion	566-042-4800		-		783,665		-		-		783,665	
ATP Site/Haines Overlook Park Riverwalk Extension -Grant												
11/02/2008 - Completion	566-042-4800		-		1,283,665		138,279		-		1,145,386	138,279
Great Falls and Pocket Park Improvements - Grant												
03/27/2018 - Completion			-		-		964,751		-		964,751	-
Hincheliff Stadium / Overlook												
* - Completion	566-042-4800		-		-		4,273,304		-		2,154,270	1,501,233
Total Green Acres Trust Local Programs			-		2,844,491		1,639,512		-		5,813,023	
Municipal Storm Water Regulation Program												
Environmental Infrastructure Trust Loan - Phase III												
07/01/2005 - 06/30/2006	100-042-4900/4840		-		538		-		-		538	-
11/10/2005 - Completion	4860-510-041	3,757,548	-		7,181,106		1,004,148		(3,462,386)	2,594,037	120,535	4,309,612
Combined Sewer Outflow - West Railway Ave												
11/21/2017 - Completion			-		-		1,000,000		-		1,000,000	-
Total Municipal Storm Water Regulation Program		3,757,548	-		7,181,644		1,004,148		(3,462,386)	2,594,037	1,121,073	
Total Department of Environmental Protection												
		\$ 4,561,540	\$ -	\$ 11,281,110	\$ 406,975	\$ 6,796,316	\$ 3,263,021	\$ -	\$ (3,462,386)	\$ 4,061,475	\$ 7,697,519	
<u>Department of Commerce and Economic Development</u>												
Urban Enterprise Zone -												
Passed through Paterson Restoration Corp.												
Marketing and Business Development Program Phase II												
07/01/2005 - 06/30/2006	*		-		54,072		-		-		54,072	695,928
Administration												
07/01/2013 - 06/30/2014	*		-		20,017	168	-		-	168	20,017	178,615
07/01/2015 - 06/30/2016	*		-		98,080		16,300		-	1,280	80,500	154,620
07/01/2016 - 06/30/2017	*	63,031	-		138,344	2,127	21,426		-	4,892	114,153	121,855
William Paterson University Small Business Development Center Year 16												
07/01/2014 - 06/30/2015	*		-		14,545		-		-		14,545	35,455
UEZ - Clean Communities Project												
07/01/2011 - 06/30/2012	*		-		188,608	1,166	-		-	1,166	188,608	160,226
* - *	*	74,178	-		-		111,386		-	-	185,214	111,386
Total UEZ Grants and												
		\$ 137,209	\$ -	\$ 513,666	\$ 3,461	\$ 296,600	\$ 149,112	\$ -	\$ -	\$ 7,506	\$ 657,109	
Department of Commerce and Economic Development												

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

State Account Number or Other Identifier	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	City Match Expended	Program Income, Cancellations & Adjustments	Balance: June 30, 2018		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>												
Local Aid Infrastructure Fund * - *	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ -
Road Resurfacing												
600854, 609164, 2014 - *	\$ 607,860	\$ -	\$ -	\$ 24,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,226	\$ 410	\$ 583,224
2015 - *	\$ 579,986	\$ 434,989	\$ -	\$ 501,962	\$ -	\$ -	\$ 356,965	\$ -	\$ -	\$ -	\$ 144,997	\$ 579,986
600855, 609165												
2016 - *	\$ 579,986	\$ -	\$ -	\$ -	\$ -	\$ 579,986	\$ -	\$ -	\$ -	\$ 579,986	\$ -	\$ -
2017 - *	\$ 663,876	\$ -	\$ -	\$ -	\$ -	\$ 663,876	\$ -	\$ -	\$ -	\$ -	\$ 663,876	\$ -
Total Department of Transportation		\$ 434,989	\$ -	\$ 526,598	\$ -	\$ 1,278,862	\$ 356,965	\$ -	\$ -	\$ 604,212	\$ 844,283	
<u>Department of Community Affairs</u>												
Community Policing Initiative - Anti-Violence Out-of-School Grant: Youth Interdiction and Education Initiative 07/01/2017 - 06/30/2018	\$ 1,000,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,350	\$ -	\$ -	\$ 395,261	\$ 603,389	\$ -
Total State of New Jersey Historic Trust		\$ 500,000	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,350	\$ -	\$ -	\$ 395,261	\$ 603,389	
<u>Total State Financial Assistance</u>												
		\$ 6,158,780	\$ -	\$ 13,490,696	\$ 545,240	\$ 10,665,378	\$ 4,314,623	\$ 777,082	\$ (3,462,386)	\$ 5,677,898	\$ 10,469,325	
- Information not available												

* - Information not available

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF OTHER FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Grant Reference Number	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	Cancellations & Adjustments	Balance: June 30, 2018		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 Proejct											
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	-	-	227,408	2,278	-	10,612	-	12,670	206,404	107,339
(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	-	-	192	173	-	365	-	-	-	20,527
Summer 2018 T-GARP Support Grant											
06/01/17 - 08/31/17	20,000	20,000	-	-	-	20,000	20,000	-	-	-	20,000
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	-
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	-	-	30,443	-	-	2,240	-	-	28,203	71,797
Gilead Sciences, Inc. - FOCUS Grant											
07/01/16 - 07/31/17	224,400	89,760	-	81,608	43,896	-	122,665	-	779	2,060	221,561
County of Passaic											
Intelligent Transportation System - Grand St. Corridor											
* - *	24,000	24,000	-	-	-	24,000	-	-	23,795	205	-
Museum Art Project Grant											
* - *	400	400	-	-	-	-	-	-	-	-	-

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF OTHER FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Grant Reference Number	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	Cancellations & Adjustments	Balance: June 30, 2018		Cumulative Expenditures
					Funds Available	Encumbered				Encumbered	Funds Available	
<u>Other Grants (continued)</u>												
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	\$ -	\$ -	\$ -	\$ 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			134,160	-	-	658,109	46,403	44,000	-	337,300	255,330	
<u>Passaic County Open Space Preservation Trust:</u>												
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	-
Middle Lower Raceway Investigation and Design												
	07/01/10 - 06/30/11	596,267	67,023	-	-	397	41,611	-	-	12,325	397	543,545
Overlook Park Improvements												
	07/01/05 - 06/30/06	150,000	110,379	-	-	54,889	4,100	-	-	-	7,146	142,854
Overlook Park Improvements (Re-Appropriation from Mary Ellen Kramer Park)												
	* - *	145,000	95,000	-	-	145,000	-	-	-	-	-	145,000
Landscaping Improvements at Overlook Park												
	10/01/15 - *	176,933	95,000	-	-	111,983	60,000	-	-	79,898	-	97,035
Eastside Park Concession Stand / Cricket House												
	10/08/13 - *	260,000	-	-	-	228,245	-	-	-	200,598	22,797	36,605
Vista Parks												
	* - *	108,758	84,000	-	-	-	-	108,758	-	-	24,758	84,000
Total Open Space Preservation Trust			451,402	-	-	574,991	105,711	108,758	-	292,821	89,575	
<u>Passaic County Cultural & Heritage Council at Passaic County Community College</u>												
Cleaning and Conservation of Two Federici Monuments at Paterson's City Hall Plaza												
	01/01/18 - 12/31/18	\$ 3,424	\$ 2,811	-	-	\$ -	-	\$ 3,424	\$ -	\$ -	3,424	\$ -
2018 Arts Project												
	01/01/18 - 12/31/18	2,835	1,418	-	-	-	-	2,835	-	-	2,835	-
	01/01/18 - 12/31/18	4,500	2,250	-	-	-	-	4,500	-	-	4,500	-
Total Passaic County Cultural & Heritage Council at Passaic County Community College			6,479	-	-	-	-	10,759	-	-	10,759	

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, 2018

Grant Reference Number	Program or Award Amount	Funds Received	Passed Through to Subrecipients	Balance: June 30, 2017		Current Year Appropriations	Grant Funds Expended	Cancellations & Adjustments	Balance: June 30, 2018		Cumulative Expenditures
				Funds Available	Encumbered				Encumbered	Funds Available	
<u>Passaic County Prosecutor</u>											
Passaic County Prosecutor's Office Franklin Reward											
	\$ 30,000	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	2,500	\$ 27,500
	07/01/10 - 06/30/11										
	10,000	-	-	9,000	-	-	-	-	-	9,000	1,000
	07/01/12 - 06/30/13										
Total Passaic County Prosecutor											
		-	-	11,500	-	-	-	-	-	11,500	
<u>Paterson Restoration Corporation</u>											
Paterson Restoration Corporation Master Plan Grant											
	130,000	-	-	1,000	-	-	-	-	-	1,000	129,000
	07/01/11 - 06/30/12										
Division of Comm. Improvements Technology Upgrade Grant											
	125,000	-	-	41,068	-	-	-	-	-	41,068	83,932
	09/25/13 - *										
Total Paterson Restoration Corporation											
		-	-	42,068	-	-	-	-	-	42,068	
Total Other Financial Assistance											
		\$ 592,041	\$ -	\$ 1,286,668	\$ 152,114	\$ 163,517	\$ 562,946	\$ -	\$ 630,121	\$ 409,232	1,991,001

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

FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

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.

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.

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.

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

FOR THE YEAR ENDED JUNE 30, 2018

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:

		Federal Funds					State Funds			County
		Title III Older Americans	TANF	Parent Linking	CCBG	HIV Care Formula Grants	Public Health Emergency Preparedness	State Casino Revenue	School Linked State	Health LINCS
Award Year	TOTAL AWARD	93.044	93.558	93.500	93.596	93.917	93.069	Funds		
Aging Cluster - Special Programs for the Aging - Senior Citizen and Disabled Transportation Assistance										
2018	202,000	46,460	.....	.....	.....	.....	.....	155,540	.....	.....
2017	202,000	46,460	.....	.....	.....	.....	.....	155,540	.....	.....
2016	202,000	46,460	.....	.....	.....	.....	.....	155,540	.....	.....
2015	202,000	46,460	.....	.....	.....	.....	.....	155,540	.....	.....
2014	222,000	46,460	.....	.....	.....	.....	.....	175,540	.....	.....
PHILEP (Lincs Agencies) & Zika Outreach										
2017	229,955	.....	.....	.....	.....	.....	224,955	.....	.....	5,000
Parent Linking Program - Support Pregnant and Parenting Teens										
2017	165,805	.....	.....	84,636	81,169	.....	.....	.....	.....	.....
TANF Cluster - School Based Youth Services Program										
2018	304,690	.....	47,276	.....	.....	.....	.....	.....	257,414	.....
2017	304,690	.....	47,276	.....	.....	.....	.....	.....	257,414	.....
2015	304,690	.....	47,276	.....	.....	.....	.....	.....	257,414	.....
Sexually Transmitted Disease (STD) & STD Education/Screening - High Risk Populations										
Including Funds for STD/Zika Screenings and Public Interventions										
2017	111,710	.....	.....	.....	.....	88,535	23,175	.....	.....	.....

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

FOR THE YEAR ENDED JUNE 30, 2018

NOTE H. SUBSEQUENT EVENTS – Reissuance of Prior Year Auditor’s Report on Compliance for Each Major Federal Program

In January, 2019, the United States Department of Justice (DOJ) conducted a compliance review of the Paterson Police Department’s Federal Equitable Sharing Program (FES). As a result of this review, the DOJ determined the City omitted expenditures from its Schedules of Expenditures of Federal Awards for each of the four fiscal years ended June 30, 2014 through 2017, as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Expenditures</u>
2014	\$ 1,247,510
2015	446,917
2016	204,603
2017	<u>315,951</u>
Total	<u>\$ 2,214,981</u>

The City omitted these expenditures partly because the DOJ wired the City’s share of FES Program funds directly to the Passaic County Prosecutor’s Office (PCPO). The PCPO did not pass these funds through to the City directly, but retained the funds with the knowledge of the City Police Department. Though these funds were held and directly disbursed by the PCPO, they constitute the City’s proportionate share of forfeited funds resulting from joint law enforcement activities with the U.S. Department of Justice and were expended only by request of representatives of the City Police Department.

Had the FES Program expenditures for Fiscal Years Ended June 30, 2014 and June 30, 2017 been included in the respective Schedules of Expenditures of Federal Awards, additional Major Programs would be required to be tested. Consequently, the *Auditor’s Report on Compliance for Each Major Federal Program* is therefore required to be reissued for each year in which a Major Program was omitted. The effect is specifically as follows:

- ◆ The FES Program was not audited as a Major Program in FY 2014, despite exceeding Type A Program thresholds and otherwise qualifying as a Major Program for requirements in place at that time.
- ◆ The addition of FES Program expenditures to the FY 2017 Schedule of Expenditures of Federal Awards increases total expenditures to the extent that the City single audit did not comply with the percentage of coverage rule. An additional program must be audited.

CITY OF PATERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified (as prescribed by NJ DLGS) Adverse (according to GAAP)
--	--

Internal Control over Financial Reporting:

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

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

Internal control over major federal programs:

1) Material weakness(es) identified?	✓	Yes	2018-001	No
2) Significant deficiency(ies) identified?	Yes	✓	No	

Type of auditor's report on compliance for major programs:

Unmodified for all major federal programs, except for the following which are all Qualified: <u>CFDA 16.922 - Federal Equitable Sharing - Department of Justice</u>	
--	--

Any audit findings disclosed that are required to be reported
 in accordance with 2 CFR 200.516(a)?

✓	Yes	2018-001	No
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Identification of major Federal Programs:

CFDA No.	Name of Federal Program or Cluster
----------	------------------------------------

16.922	- Federal Equitable Sharing - Department of Justice
93.914	- (Ryan White) HIV Emergency Relief Project Grants
97.083	- Staffing for Adequate Fire and Emergency Response (SAFER)

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, 2018**

Section I - Summary of Auditor's Results

State Financial Assistance

Internal control over major state programs:

1) Material weakness(es) identified?	<u>Yes</u>	<u>✓</u>	<u>No</u>
2) Significant deficiency(ies) identified?	<u>Yes</u>	<u>✓</u>	<u>No</u>

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?

<u>Yes</u>	<u>✓</u> <u>No</u>
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Identification of major state programs:

<u>State Grant No.</u>	<u>Name of State Program</u>
100-066-1020	- Safe and Secure Communities Program
*	- Green Acres Trust Local Programs

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

CITY OF PATERSON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2018**

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.)

None noted.

CITY OF PATERSON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2018**

**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.)

Finding 2018-001 United States Department of Justice
(Indirect Federal Funding – Passed through County of Passaic)
CFDA No. 16.922 – Federal Equitable Sharing Program

Material Weakness in Internal Control Over Compliance

Material Noncompliance: (C) – Cash Management
 (L) – Reporting
 (F) – Equipment and Real Property Management

Context: In January, 2019, the United States Department of Justice (DOJ) conducted a compliance review of the Paterson Police Department’s Federal Equitable Sharing Program (FES). As a result of this review, the DOJ determined the City omitted expenditures from its Schedules of Expenditures of Federal Awards for each of the four fiscal years ended June 30, 2014 through 2017.

Criteria: The *Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies* (the “Guide”) sets forth compliance requirements with the FES Program. Clarified Statements on Auditing Standards Section AU-C provides criteria regarding the necessity to reissue compliance reports.

Condition: (1) The City is required to reissue its *Auditor’s Report on Compliance for Each Major Federal Program* for each of the years ended June 30, 2014 and 2017.

 (2) The City did not maintain an FES Program-specific account ledger sufficient to track transaction details as required by Section VI of the aforementioned Guide.

 (3) The City did not maintain an asset tracking inventory system for property purchased with FES Program funds as required by Section VI of the Guide.

CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued) FOR THE YEAR ENDED JUNE 30, 2018

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

Finding 2018-001 (continued)

Effect: Had the FES Program expenditures for Fiscal Years Ended June 30, 2014 and June 30, 2017 been included in the respective Schedules of Expenditures of Federal Awards, additional Major Programs would be required to be tested. In accordance with AU-C 935, the *Auditor's Report on Compliance for Each Major Federal Program* is therefore required to be reissued for each year in which a Major Program was omitted. The effect is specifically as follows:

- ◆ The FES Program was not audited as a Major Program in FY 2014, despite exceeding Type A Program thresholds and otherwise qualifying as a Major Program for requirements in place at that time.
- ◆ The addition of FES Program expenditures to the FY 2017 Schedule of Expenditures of Federal Awards increases total expenditures to the extent that the City single audit did not comply with the percentage of coverage rule. An additional program must be audited.

Cause: The DOJ wired the City's share of FES Program funds directly to the Passaic County Prosecutor's Office (PCPO). The PCPO did not pass these funds through to the City directly, but retained the funds with the knowledge of the City Police Department. Though these funds were held and directly disbursed by the PCPO, they constitute the City's proportionate share of forfeited funds resulting from joint law enforcement activities with the U.S. Department of Justice and were expended only by request of representatives of the City Police Department. This relationship represents that of a pass-through entity (the County) and a sub-recipient (the City). In such relationships, both entities are required to present the expended funds on their respective Schedules of Expenditures of Federal Awards. The omission of this program's expenditures from the Schedule of Expenditures of Federal Awards for the years ended June 30, 2014 through 2017 were in the following amounts:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Expenditures</u>
2014	\$ 1,247,510
2015	446,917
2016	204,603
2017	315,951
Total	<u>\$ 2,214,981</u>

CITY OF PATERSON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2018**

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

Finding 2018-001 (continued)

Questioned Costs: None noted.

Recommendation: The City should reissue its *Auditor's Report on Compliance for Each Major Federal Program* for the Fiscal Years 2014 and 2017 for the purposes of auditing additional Major Program as necessitated by the effects of having previously omitted Department of Justice Federal Equitable Sharing Funds from its Schedule of Expenditures of Federal Awards. In addition, the City should establish for these Funds a program-specific account ledger and asset tracking inventory system as required by agencies participating in the Federal Equitable Sharing Program.

Views of Responsible Officials of the City (unaudited):

We have entered into an engagement for the reissuance of audit reports for the Fiscal Years 2014 and 2017. In addition, we have established a general ledger account for the Federal Equitable Sharing Program beginning with the transfer of assets to the City on March 8, 2019. We are currently in the process of establishing an asset tracking inventory system which will differentiate assets purchased with Federal Equitable Sharing Program funds as well as other Federal Program funds.

CITY OF PATERSON

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

FOR THE YEAR ENDED JUNE 30, 2018

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

Status of Prior Year Findings

FINDING 2017-001

FINDING 2016-001 (as modified by 2017-001)

Significant Deficiency in Internal Control – Payment of Overtime

Material Noncompliance – 29 CFR 778.106

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.

Current Status:

Related audit procedures for the Fiscal Year Ended June 30, 2018 resulted in certain exceptions as further identified in Findings 2018-010 and 2018-011 of the 'Comments and Recommendations' section of this report.

CITY OF PATERSON
GENERAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

N.J.S.A.40A:11-3 states: “When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent 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, 2018

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:

- | | |
|--|---|
| - Purchase of New Audio/Visual Equipment for Council Control Room | - Removal, Transportation and Disposal of Recycled Electronic Equipment |
| - General and Emergency Plumbing Repairs and Installation Services | - Emergency Sewer Main Repairs and Replacement over 48" in Diameter |
| - Maintenance of the Lou Costello and Riverside Vets Pools | - Emergency Sewer Lateral Repairs |
| - Electrical Supplies | - Demolition of Various Properties |
| - Landscaping for Overlook Park | - Referee Services for Basketball Season |
| - T.V. Inspection Services | - Emergency Sewer Main Repairs |
| - Purchase of New Tires and Tubes for Vehicles | - Service and Repairs of Vehicles/Trucks |
| - Purchase of CSO Nets | - Towing and Vehicle Storage Services |
| - Electrical Services for MSCC Center | - Site/Construction Work at Vistas Park |
| - Repair of Communication Equipment | - Leasing of Traffic Poles for Wireless Communication |
| - Seventeen (17) Harley Davidson Motorcycles | - Purchase of EMS Supplies |
| - One (1) Electronic Billboard | - Repair of Vactor Truck |
| - Design of Solids and Floatables Facilities | - Three (3) Lead Paint Analyzers |

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, 2018

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, 2018

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, 2018:

<u>Year</u>	<u>Amount</u>
2015	\$ 1,217
2016	13,703
2017	25,058
2018	120,771
	<u>\$ 160,749</u>

A tax sale was held on June 27, 2018 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>
2018	470
2017	851
2016	1,063
2015	953
2014	762

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.

CITY OF PATERSON
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

(Finding References below are continued from Section II and Section III of the Schedule of Findings and Questioned Costs found on pages 207 through 210.)

FINDING 2018-002:

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 indicated four instances in which the asset inventory listing included items which were previously disposed.

A similar finding was reported in the prior year audit.

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

FINDING 2018-003: Uniform Construction Code – Fees Charged

Of a sample of 30 Construction Permits selected for audit testing, the following instances were noted in which the City did not charge fees in accordance with the established fee schedule:

- ◆ Four permits in which the electrical subcode fee for fixtures was improperly charged. In three of the four permits, a fee of \$118 was charged, totaling \$354. Per established fee schedules, it appears a total of \$1,258 should have been charged, for an undercharge of \$904. The fourth instance was a permit in which \$70 was charged for two fixtures, whereas the fee ordinance suggested a fee of \$46 as appropriate, an overcharge of \$24.
- ◆ Four instances in which the incorrect DCA Fee was charged, comprised of two permits in which square footage was used to calculate the fee instead of cubic footage as required and two permits in which the alteration fee was charged instead of the new construction fee.
- ◆ One permit indicated a building subcode charge of \$320, but established fee ordinances suggest a fee of \$450 was appropriate.

Recommendation: The City's Division of Community Improvements must charge Uniform Construction Code fees in accordance with State law and City Ordinances, as appropriate.

CITY OF PATERSON
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

FINDING 2018-004: Uniform Construction Code – Fee Ordinances

The City's Code, at Chapter 183-16, indicates DCA Surcharge Fees of \$0.00334 per cubic foot of volume of new construction and \$1.70 per \$1,000 of alterations. Surcharge fees as established by State Regulations revised these fees, effective October 5, 2014, to \$0.00371 per cubic foot of volume of new construction and \$1.70 per \$1,000 of alterations. Therefore, the City's Code is inconsistent with State Regulations and the amount being charged by the City for DCA Surcharge Fees.

Recommendation: The City should update City Code Chapter 183-16 via fee ordinance so as to render the City Code consistent with State Regulations pertaining to DCA Fees Charged.

FINDING 2018-005: Uniform Construction Code – Annual Report

The City Uniform Construction Code (UCC) Official is required to file an Annual Report with the State. Pursuant to Local Finance Notice 2017-15, effective Fiscal Year 2018, the City audit is required to test Construction Code Fee compliance in accordance with N.J.A.C. 5:23-4.17 and to file a dedicated report summarizing total revenues and expenditures of the UCC Office.

It should also be noted the City Code, at Chapter 183-17, requires the City Construction Official to prepare and submit to the City Council, biannually, a report recommending a fee schedule based on the operating expenses of the agency and any other expenses of the City fairly attributable to the enforcement of the State Uniform Construction Code Act.

The Department of Community Improvement could not provide documentation sufficient to support the costs included in the Fiscal Year 2018 Uniform Construction Code Annual Report as filed with the State. As a result, this filing could not be audited as required by Statute. Further, there is no practical evidence that City Code Chapter 183-17 is being followed.

Recommendation: The Department of Community Improvement must retain all calculations, documentation and other evidential matter sufficient to support the Annual Uniform Construction Code Report filed with the State. The City should consider budgeting Uniform Construction Code costs separately from those costs of the Division of Community Improvements which are not UCC related. Further, the Construction Code Official should submit biannual reports to City Council in accordance with City Code Chapter 183-17.

CITY OF PATERSON
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

FINDING 2018-006: Division of Health –Vital Statistics and Environmental Health Receipts

Procedures of each of the Offices of Vital Statistics and Environmental Health include preparing a daily reconciliation from a packet of applications (including Vital Check website processing totals) and license renewals, respectively, processed the previous day. The Division of Health then creates, together with daily reconciliations prepared by the Office of Environmental Health, a monthly revenue collection log which is then forwarded to the Tax Office for deposit.

Audit procedures included selecting a sample of 15 days' receipts of the Office of Vital Statistics and agreeing this information to the daily reconciliations. Audit procedures also included selecting three months of license renewals and agreeing this information to the monthly revenue collection logs.

As a result of these audit procedures, the following was noted:

- A. The Division does not retain a copy of the daily reconciliations with the filed applications, rendering it difficult to correlate applications with the daily reconciliations, which are filed separately.
 - None of the 15 days of Vital Statistics application receipts sampled could be agreed to the daily reconciliations in total or by type of certificate.
 - None of the three days of Environmental Health license renewals sampled could be agreed to the monthly revenue collection log.
- B. Individual license renewals collected by Environmental Health for the month of July, 2017, included three applications totaling \$845 in which the method of payment was identified as cash, however, only \$90 of cash was identified on the Tax Office receipt stubs attached to this month's daily reconciliation forms. These receipt stubs are retained as proof of the amount turned over from the Division of Health to the Tax Office.
- C. Daily reconciliations are prepared from applications and license renewals processed the previous day, and not performed prior to the close of business.
- D. Daily reconciliations are not reconciled to system totals.
- E. Auditors found an undeposited money order commingled with Vital Statistics filed applications in the amount of \$25 dated December 6, 2017, a clear violation of N.J.S.A. 40A:5-15 which requires receipts to be deposited within 48 hours. This money order was turned over to Vital Statistics personnel.
- F. During periods of high volume, there is often a backlog, of up to several weeks, in the processing of license renewals. Environmental Health does not turn over monies received for license renewals until they are processed. This is a violation of N.J.S.A. 40A:5-15 which requires receipts to be deposited within 48 hours.

CITY OF PATERSON
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

FINDING 2018-006: (continued)

Such lapses in reconciliatory controls prevent the City from detecting and correcting possible errors and misappropriation on a timely basis, and policies to not turn over receipts until the corresponding licenses are processed result in violations of statutes requiring deposit within 48 hours of receipt.

A certain matter as it relates to the Division of Health came to our attention during the course of the audits. A Special Confidential Report has been filed with the Director of the Division of Local Government Services and the City, as required when such situations arise.

Recommendation: The City's Division of Health should consider strengthening controls over the processing of receipts, including but not limited to: performing daily reconciliations prior to the close of business, as opposed to the next day; reconciling to daily system register totals; retaining copies of daily reconciliation sheets with the applications to which they are applicable; consider incorporating the use of pre-numbered applications where possible. In addition, all receipts must be deposited within 48 hours as required by N.J.S.A. 40A:5-15, regardless of the backlog of processing transactions.

FINDING 2018-007: Tax Collector – Receipts

Audit sampling of 25 days' Tax Collector's Office receipts identified a cash overage of \$698 and a cash shortage of \$1,000. Because these instances occurred in back to back days, it is possible the overage is directly correlated to the shortage, however, that determination cannot be made with certainty. Subsequent to the year of audit, the City identified an additional cash shortage of \$1,335.

A Special Confidential Report has been filed with the Director of the Division of Local Government Services and the City, as required when such situations arise.

Recommendation: The City should further research the cause of the \$698 overage and \$2,335 shortage in the Tax Collector's Office and determine whether there is a need for further action.

CITY OF PATERSON
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

FINDING 2018-008: Tax Assessor – Exempt Properties

N.J.S.A. 54:4-4.4 requires the City to obtain by November 1 of every third succeeding year, said a further statement under oath from each owner of real property for which a tax exemption is claimed. The purpose of this further statement is to determine whether there has been any change of use of any of property initially determined as being entitled to exemption, and whether that property should remain exempt. An audit sample of 25 exempt properties identified the following 16 exceptions:

- A. Four properties were no longer eligible for exemption, but only paid sewer fees in the most recent quarter.
- B. 12 properties did not file a further statement within the past three years.

Recommendation: The City should obtain further statements for all exempt properties as required by N.J.S.A. 54:4-4.4. Properties failing to file the required further statement should be followed up with by the City Assessor's office and a determination should be made whether the property should remain as exempt on the City's tax records.

FINDING 2018-009: Payment Processing – Business Registration Certificates

P.L. 2004, c.57 requires all government contracting units in the State of New Jersey to obtain Business Registration Certificates (BRC's) for vendors when the value of the individual contract or annual aggregate value with the vendor exceeds 15% of the contracting agency's bid threshold, or \$6,000 in the case of the City. The City has no standard policy for assuring BRC's are obtained prior to payment to vendors aggregating in excess of \$6,000 in payments in a given fiscal year.

Recommendation: The City should obtain and retain Business Registration Certificates for all vendors paid in excess of 15% of the City's bid threshold.

FINDING 2018-010: Payroll – Off-Duty Pay

Title 29, Part 778 of the Code of Federal Regulations (29 CFR 778.106) provides that overtime compensation earned in a particular workweek must be paid on the regular pay day for the period in which such workweek ends. It further provides that 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.

Inquiry of City personnel indicates Police Off-Duty hours are often not paid until receipt of vendor funds, causing delay in payment of Off-Duty hours accrued. Therefore 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
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

FINDING 2018-010: (continued)

Recommendation: The City should apply the recommendations of the Division of Local Government Services as noted in Local Finance Notice (LFN) 2000-14 regarding the payment of Police Off-Duty hours in order to make certain the City is in compliance with the Fair Labor Standards. LFN 2000-14 recommends that private persons or entities requesting the services of police officers be required to submit payment, based on estimates of the work to be done, in advance of services rendered.

FINDING 2018-011: Payroll – Overtime

Audit procedures included sampling 68 instances of overtime paid to City employees, resulting in the following exceptions:

- A. One instance in which overtime authorizations requested to support two hours of overtime paid were not available for audit review.
- B. One instance in which authorization forms supporting six hours of paid overtime were not signed by any level of authorizing supervisors.
- C. One instance in which overtime authorization forms supporting 12 hours of paid overtime did not contain a Division Head signature.
- D. One instance in which overtime authorizations forms supporting 19 hours of paid overtime did not contain a Department Head signature.
- E. One instance in which employee authorizations supported 24 hours of overtime, but for which the employee was paid 21 hours.

The prior year audit reported a Significant Deficiency in Internal Control over the Payment of Overtime and Material Noncompliance finding as Finding 2017-001. Refer to “Status of Prior Year Findings” on page 211 for the prior year condition.

Recommendation: All overtime authorizations must be fully executed and retained in accordance with applicable records retention schedules.

CITY OF PATERSON
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

FINDING 2018-012: Personnel – Retention of Authorizations

Of a sample of 53 employees selected for payroll testing:

- A. Three instances were noted in which no Form W-4 was on file. The IRC requires employers to retain Form W-4 for a period of four years from the date taxes were paid.
- B. Several instances were noted in which 3.75 forms, which are a key aspect of the City's internal control over payroll processing, were not available to support a change in pay occurring during Fiscal Year 2018.
- C. Several instances in which documentation support employee voluntary deductions were not retained in the personnel file.
- D. The City did not maintain files supporting hiring information for the two election employees selected for audit sampling.

Recommendation: The City should retain documentation supporting all hiring, change in pay and employee voluntary deductions. The City should also retain Form W-4 for all employees for a minimum of four years after termination with the City.

FINDING 2018-013: Health Benefits - Deductions

Of 43 employees selected for health benefit testing, five instances were noted in which employees did not contribute to their share of dental insurance as required by Chapter 78 of the Laws of 2011.

Recommendation: The City should review health benefit contribution calculations to make certain all employees are contributing amounts as required by Chapter 78 of the Laws of 2011.

FINDING 2018-014: Health Benefits - Eligibility

Audit procedures including testing 100% of individuals listed on the June, 2018 prescription benefit to verify their status as current employees and therefore eligible for such benefits. Four instances were noted in which individuals were not active employees as of June, 2018.

Recommendation: The City should implement procedures which remove terminated employees from the prescription benefit listing and/or periodically reconcile the listing to a list of recently terminated employees.

CITY OF PATERSON
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

FINDING 2018-015: Risk Management – Surety Bonds

The City did not obtain a surety bond for its Tax Collector as required by N.J.A.C. 5:30-8.3. Pursuant to the statute, the City was required to obtain a surety bond in Fiscal Year 2018 for its Tax Collector in the amount of \$680,000. No surety bond was obtained.

Recommendation: The City should immediately obtain a surety bond for its Tax Collector in accordance with N.J.A.C. 5:30-8.3, and establish procedures to review the bond annually to maintain statutory compliance.

FINDING 2018-016: Municipal Court – Caseload Backlog

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. 632 tickets on "Other Case Statuses",
- B. 32,197 tickets "Assigned Not Issued" over 180 days,
- C. 1,541 tickets "Issued Not Assigned",
- D. 368 complaints "Eligible for FTA"

This finding is repeated from the prior year, however, it should be noted the volume of backlog for concerns labeled 'A', 'B' and 'C' was reduced by 13%, 25% and 15% respectively. The concern labeled 'D' remained relatively unchanged from a 2017 backlog amount of 363.

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.

CITY OF PATERSON
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

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 207. 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.

END OF DOCUMENT