

**CITY OF PATERSON**

**Financial Statements With  
Supplementary Information**

**June 30, 2019**

**(With Independent Auditors' Reports Thereon)**

**CITY OF PATERSON**

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**CITY OF PATERSON**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED JUNE 30, 2019**

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Paterson in the County of Passaic, New Jersey as of June 30, 2019, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The financial statements for the year ended June 30, 2018 were audited by other auditors whose report dated July 18, 2019 expressed an adverse opinion on the U.S. Generally Accepted Accounting Principles because of the significance of the requirement that the City of Paterson prepare and present its financial statements on the regulatory basis of accounting.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to 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.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Paterson on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Paterson as of June 30, 2019 or changes in financial position for the year then ended.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheets and account group as of June 30, 2019, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended June 30, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.



***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Paterson's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates 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 directly 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 supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures 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 April 21, 2020 on our consideration of the City of Paterson's internal control over financial reporting and on 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

Honorable Mayor and  
Members of the City Council  
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financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Paterson's internal control over financial reporting and compliance.

*Steven D. Wielkocz*

Steven D. Wielkocz, C.P.A.  
Registered Municipal Accountant  
No. CROO413

*Ferraioli, Wielkocz, Cerullo & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

April 21, 2020

## CITY OF PATERSON, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

June 30, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 18,175,105	20,453,535
Change Funds	A-5	200	685
Accounts Receivable:			
Senior Citizens and Veterans Deductions	A-7	117,400	89,000
		<u>18,292,705</u>	<u>20,543,220</u>
Receivables and Other Assets with Full Reserves:			
Revenue Accounts Receivable	A-8	433,785	
Tax Title Liens Receivable	A-9	19,266,592	16,790,990
Delinquent Taxes Receivable	A-10		160,749
Sewer Charges Receivable	A-11	1,758,350	61,680
Sewer Liens Receivable	A-12	740,045	845,369
Demolition Liens Receivable	A-13	1,306,320	1,514,154
Property Acquired for Taxes - Assessed Valuation	A-14	12,369,660	12,369,660
Sales Contracts Receivable	A-15	25,000	25,000
Interfund Accounts Receivable	A-17	1,002,106	1,077,123
		<u>36,901,858</u>	<u>32,844,725</u>
Deferred Charges:			
Deficit in Operations	A-16	727,868	2,692,504
Special Emergency Authorizations	A-16		1,320,156
		<u>727,868</u>	<u>4,012,660</u>
Total Current Fund		<u>55,922,431</u>	<u>57,400,605</u>
Federal and State Grant Fund:			
Grants Receivable	A-33	12,849,933	16,287,541
		<u>12,849,933</u>	<u>16,287,541</u>
		<u>\$ 68,772,364</u>	<u>73,688,146</u>

**CITY OF PATERSON, N.J.**  
**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**June 30, 2019 and 2018**

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-18	\$ 9,261,735	11,870,653
Encumbrances Payable	A-3/A-19	4,684,439	5,613,155
Accounts Payable	A-20	177,264	250,491
Tax Overpayments	A-21	1,254,485	5,095,192
Prepaid Taxes	A-22	338,747	223,455
Property Tax Suspense	A-23	86,581	472,454
Prepaid Sewers	A-24	25,309	13,688
Sewer Overpayments	A-25	151,850	158,056
Reserve for:			
Deposits on Sale of City Property	A-28	154,599	145,599
State Library Aid	A-29	61,359	89,757
Library Fines and Donations	A-30	78,672	104,310
ABC License Surcharge	A-31	25,972	30,372
Revaluation	A-32		2
Tax Appeals	A-33	1,000,000	
		<u>17,301,012</u>	<u>24,067,184</u>
Reserve for Receivables	Contra	36,901,858	32,844,725
Fund Balance	A-1	<u>1,719,561</u>	<u>488,696</u>
Total Current Fund		<u>55,922,431</u>	<u>57,400,605</u>
Federal and State Grant Fund:			
Interfund Accounts Payable	A-34	823,820	60,285
Reserve for Encumbrance	A-35	2,837,977	3,873,990
Appropriated Federal and State Grants	A-36	8,795,398	11,901,010
Unappropriated Federal and State Grants	A-37	200,795	260,313
Grant Overpayments	A-38	191,943	191,943
Total Federal and State Grant Fund		<u>12,849,933</u>	<u>16,287,541</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 68,772,364</u>	<u>\$ 73,688,146</u>

See accompanying notes to financial statements.

## CITY OF PATERSON, N.J.

Comparative Statement of Operations and Changes in  
Fund Balance - Regulatory Basis

## Current Fund

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues and Other Income:		
Fund Balance Utilized		8,640,100
Miscellaneous Revenue Anticipated	125,146,223	113,314,470
Receipts from Delinquent Taxes	2,723,618	2,740,818
Receipts from Current Taxes	244,045,238	232,108,081
Non-Budget Revenue	755,161	1,042,351
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	476,902	2,123,905
Interfunds Returned		206,582
Reserve for Revaluation	2	
Grants Cancelled		3,000
	<u>373,147,144</u>	<u>360,179,307</u>
Total Revenues and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	112,361,494	108,537,205
Other Expenses	112,041,620	121,173,473
Capital Improvement Fund	434,229	400,000
Municipal Debt Service	15,658,750	16,469,950
Deferred Charges and Statutory Expenditures - Municipal	36,528,607	28,821,613
Local District School Tax	41,962,513	41,961,814
County Taxes including Added Taxes	50,422,189	41,490,335
Prior Year Taxes Refunded Due to Appeals		4,101,063
Refund of Prior Year Revenue	206,962	72,496
Refunds	1,257,751	86,895
Change Fund Cancellations	485	
Re-establish Accounts Payable	39,555	
Grant Cancellation	18	
Interfunds Advanced	1,002,106	1,077,123
	<u>371,916,279</u>	<u>364,191,967</u>
Total Expenditures		
Excess (Deficit) Revenue Over Expenditures	<u>1,230,865</u>	<u>(4,012,660)</u>
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year:		
Special Emergency Appropriations - Insurance		1,320,156
	<u>1,230,865</u>	
Statutory Excess to Surplus		(2,692,504)
Deficit in Operations to be Raised in Budget of Succeeding Year		<u>(2,692,504)</u>
Fund Balance, January 1,	<u>488,696</u>	<u>9,128,796</u>
	488,696	9,128,796
Decreased by:		
Fund Balance Utilized as Budget Revenue		8,640,100
Fund Balance, December 31,	<u>1,719,561</u>	<u>488,696</u>

See accompanying notes to the financial statements.

## CITY OF PATERSON, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Miscellaneous Revenues:			
Licenses:	\$		
Alcoholic Beverages	199,627	206,658	7,031
Other	154,062	232,842	78,780
Fines and Costs:			
Municipal Court	5,047,019	5,031,580	(15,439)
Interest and Costs on Taxes	2,857,701	3,546,919	689,218
Interest and Delinquent Sewer Charges	386,493	269,434	(117,059)
Department of Public Works	83,918	410,695	326,777
Interest on Investments and Deposits	129,951	224,512	94,561
Division of Health	750,847	1,019,222	268,375
City-Wide Recycling Revenues	135,682	9,135	(126,547)
Board of Adjustment	170,453	257,335	86,882
Sale of Copies of Public Record	42,200	49,262	7,062
Ambulance Fees	3,384,030	3,454,002	69,972
Municipal Towing Contract Fees	294,435	249,972	(44,463)
Municipal Sewer User Charges (Current Year)	13,564,654	13,277,709	(286,945)
Prior Years' Sewer Charges	1,156,847	639,562	(517,285)
Fire Department Combustibles Inspection Revenues	972,730	948,728	(24,002)
Livery & Taxi License Fees	122,955	116,825	(6,130)
Transitional Aid	33,000,000	33,000,000	
Consolidated Municipal Property Tax Relief Act	9,850,056	9,850,056	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	22,872,744	22,872,744	
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	
Uniform Construction Code Fees			
Fees and Permits			
Construction Code Official	1,452,313	1,710,865	258,552
Other	713,385	737,824	24,439
Public and Private Revenues:			
Paterson Station House (FY19)	36,564	36,564	
NJ Distracted Driving Grant	5,500	5,500	
USDHHS Ryan White (3/18-2/19)	2,235,554	2,235,554	
USDHHS Ryan White (3/19-2/20)	4,009,022	4,009,022	
Uniform Career Guidance (FY19)	50,000	50,000	
Evening Reporting Program (FY19)	113,855	113,855	
Adult Literacy and Community Library (FY18)	82,843	82,843	
DHR School Based Youth Services (FY19)	307,831	307,831	
Clean Communities Grant (N.J.S.A. 13:1e-99.2)	179,929	179,929	
Urban Enterprise Zone (FY19)	324,200	324,200	
NJ DOH Sexually Transmitted Disease	88,535	88,535	
NJ Anti Violence Out of School (FY19)	1,000,000	1,000,000	
Body Armor Grant	38,992	38,992	
Museum History Project Grant (FY18)	2,400	2,400	
NJ DOH Lead Poisoning Grant	849,000	849,000	
UEZ Clean Communities Project (FY19)	298,278	298,278	
10 Minute Walk Planning Grant (FY19)	40,000	40,000	
NJ DOH TB Prevention Program	228,135	228,135	
Federal Tuberculosis (FY19)	106,966	106,966	
DHR School Based Youth Services (FY18)	2,000	2,000	
Paterson City Municipal Alliance	61,641	61,641	
Public Health Prep/Resp Boiter	219,955	219,955	
US DHHS Sponsors (FY18)	300,000	300,000	
HIV Health Ed & Risk Reduction (FY19)	50,000	50,000	
HIV Health Ed & Risk Reduction (CY19)	100,000	100,000	
Com FDTN NJ Give/Receive Summer	20,000	20,000	
Safe & Secure Communities Program	199,563	199,563	
Paterson City Life Skills & Family Center Program (FY19)	40,518	40,518	
Paterson City Senior Citizen & Disabled Trans (FY19)	202,000	202,000	
Byrne Memorial Asst. Equipmetn JAG (FY18)	124,135	124,135	
Byrne Memorial Asst. Equipmetn JAG (FY19)	114,463	114,463	
Urban Search & Rescue (FY19)	58,379	58,379	
Recycling Tonnage Grant (FY19)	236,051	236,051	
NJCH Grassroots Revival Project (FY19)	5,000	5,000	
NEA Big Read Grant (FY19)	15,000	15,000	
NJ Microgrid Feasibility Study (FY19)	173,000	173,000	
NJ DOH HIV Testing	243,400	243,400	
HDSRF-Leader Dyeing & Finishing (FY19)	72,354	72,354	
2017 Assistance to Firefighters	47,390	47,390	
Emergency Management Assistance (FY19)	10,000	10,000	
Senior Farmers Market Nutrition (FY19)	500	500	
Uniform Fire Safety Act	337,584	337,584	
PILOT Agreements			

## CITY OF PATERSON, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Aspen Hamilton	90,063	91,728	1,665
Colt Arms	377,661	472,641	94,980
Federation Apartments	207,183	206,225	(958)
Governor Paterson Towers	717,867	736,288	18,421
504 Madison Avenue	157,198	157,198	
INNCAA for Housing - North Triangle	170,367	170,367	
Cooke Building Associated	12,050	4,214	(7,836)
Jackson Slater	212,942	218,565	5,623
Riese Madison Park			
Brooke Sloate	175,633	174,582	(1,051)
Essex - Phoenix Mill	237,331	231,524	(5,807)
Christopher HOPE Development	107,790	107,790	
446-460 E. 19th Street	29,601	49,310	19,709
Belmont Towers/McBride Apartments	41,325	53,593	12,268
Sheltering Arms			
HOPE 98 North Main Scattered Sites	62,165	138,604	76,439
HOPE 98 Beech Street	32,426	34,285	1,859
HOPE 98 Van Houten Street	29,948	58,297	28,349
Rising Dove Senior Apartments	31,219	30,178	(1,041)
Congdon Mill	85,848	86,930	1,082
Belmont Towers 2007	17,560	17,022	(538)
Heritage Alexander Hamilton	132,448	149,723	17,275
Paterson Housing Authority	136,888	138,863	1,975
200 Godwin Avenue Urban Renewal			
City of Paterson Parking Authority Cooperative Agreement	204,000	221,000	17,000
City of Paterson Parking Authority Cooperative Agreement	204,000	221,000	17,000
PVWC Fire Hydrant Testing Reimbursement	197,100	197,400	300
Trust Fund Surplus	5,300	5,300	
PVSC Rebate Incentive Program	36,058	36,394	336
Private Host Benefit Fees	307,324	418,091	110,767
Cablevision Franchise Fees	861,030	832,355	(28,675)
Verizon Franchise Fees	328,993	327,282	(1,711)
Housing Authority Garage Reimbursement	95,000	95,000	
Coastal Distribution (Tunnel Hill Partners) - Host Benefit			
Fees FY2018	70,011		(70,011)
Passaic County Community College Rent	10,000	10,000	
Libby's Rent	30,995		(30,995)
Northeast Hydro Holdings - Rent	99,000	146,374	47,374
Board & Secure	398,747	319,440	(79,307)
Redemption Fees	123,046	121,140	(1,906)
Administrative Off-Duty Fees			
Mercantile License Fees	39,235	44,285	5,050
Parade Fees	63,160	50,301	(12,859)
Mobility	126,885	120,301	(6,584)
Prior Year Insurance Claims	170,000		(170,000)
Broadway Rent Income	26,000	24,000	(2,000)
Additional Off Duty Administrative Fee	1,025,784	794,440	(231,344)
North Jersey District Water Supply Training & Response	75,000	75,000	
Passaic Valley Water Commission	150,000	145,000	(5,000)
Due from Trust Fund - Liability Insurance Reserve	1,180,669	1,180,669	
CDBG Fund Interfund FY2018	1,016,838	1,016,838	
Grants Interfund from FY2018	60,283	60,283	
Sale of City Owned Property - Armory/PPA	670,000	1,056,127	386,127
Appropriation Cancellation	3,284,790	3,284,790	
<b>Total Miscellaneous Revenues</b>	<b>124,166,468</b>	<b>125,146,223</b>	<b>979,755</b>
Receipts from Delinquent Taxes	2,740,818	2,723,618	(17,200)
<b>Subtotal General Revenues</b>	<b>126,907,286</b>	<b>127,869,841</b>	<b>962,555</b>

**CITY OF PATERSON, N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended June 30, 2019**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes Minimum Library Tax	156,114,799 <u>2,179,790</u>	<u>159,778,452</u>	<u>1,483,863</u>
Total Amount to be Raised by Taxes	158,294,589	159,778,452	1,483,863
Budget Totals	285,201,875	287,648,293	2,446,418
Non-Budget Revenue		<u>755,161</u>	<u>755,161</u>
Total General Revenues	\$ <u>285,201,875</u>	<u>288,403,454</u>	<u>3,201,579</u>

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 245,045,238
Allocated to Municipal Open Space	
Allocated to Special District Taxes	
Allocated to County and Local and Regional School Taxes	<u>92,384,702</u>
Balance for Support of Municipal Budget Appropriations	152,660,536
Less: Reserve for Tax Appeals Pending State Division Tax Appeals	(1,000,000)
Add : Appropriation - Reserve for Uncollected Taxes	<u>8,117,916</u>
Amount for Support of Municipal Budget Appropriations	\$ <u>159,778,452</u>
Receipts from Delinquent Taxes:	
Delinquent Taxes	355,145
Municipal Liens	2,160,639
Demolition Liens	<u>207,834</u>
Delinquent Taxes	\$ <u>2,723,618</u>

Analysis of Non-budget Revenues

Stale Dated Checks	\$ 139,283
Excess Insurance Reimbursement	109,052
Tilcom Overpayment Reimb. 2016	98,007
Handicapped Permit	83,735
Ach Credit FEMA Reimb.	76,271
Film Permits	46,400
ACH CBP Treas. 310	32,782
NY Susquehanna Western Railway 2015-2017	23,133
Duplicate Bills	9,734
3rd Party Sewer Revenue	18,029
Tax Sale Premium 6/27/19	15,200
Parking Lot Revenue Parking Auth.	14,297
Hunt Hamlin & Ridley Setlmt	10,000
Garn S/Chg.	9,665
CDBG Reimbursement	9,473
Payment History	7,850
Municipal ID	7,680
Counterfieted Funds	6,426
NJ State Inspection Fines	5,855
PSE&G Reimb.	5,640
United Paterson Interprises, Inc.	5,201
St of NJ Qbond	3,784
Child Care S/Chg.	3,310
Wells Fargo Refund	3,036
CRC Refund	2,869
Inmate Telephone Communication	2,842
Sen nd Vet Admin	2,851
Bad Checks	<u>2,756</u>
	\$ <u>755,161</u>

See accompanying notes to the financial statements.



CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
General Government:					
Office of the Mayor					
Salaries and Wages	\$ 460,029	460,029	455,543	4,486	
Other Expenses	19,655	19,655	18,251	1,404	
City Council					
Salaries and Wages	630,000	630,000	624,195	5,805	
Other Expenses	156,937	156,937	124,371	32,566	
Office of the Clerk					
Salaries and Wages	399,000	399,000	391,718	7,282	
Other Expenses	135,150	135,150	121,880	13,270	
Elections					
Salaries and Wages	17,532	17,532	5,656	11,876	
Other Expenses	357,820	357,820	73,085	284,735	
Insurance:					
Salaries and Wages	187,511	187,511	187,343	168	
Other Expenses	43,634,076	43,054,252	42,283,804	770,448	
Worker Compensation	6,500,000	7,000,000	6,679,941	320,059	
Liability	5,000,000	5,225,000	5,011,237	213,763	
Auditing Services and Costs					
Annual Audit	56,000	56,000		56,000	
Other Expenses	62,500	62,500	15,000	47,500	
Cultural Affairs					
Salaries and Wages	74,000	74,000	72,181	1,819	
Other Expenses	79,000	79,000	45,922	33,078	
Department of Administration					
Office of the Business Administrator					
Salaries and Wages	404,044	404,044	317,422	86,622	
Other Expenses	65,505	65,505	45,370	20,135	
Division of Personnel					
Salaries and Wages	601,583	601,583	571,465	30,118	

CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Other Expenses	77,200	77,200	60,571	16,629	
Division of Purchasing					
Salaries and Wages	337,000	337,000	327,918	9,082	
Other Expenses	20,350	20,350	13,219	7,131	
Division of Data Processing					
Salaries and Wages	300,000	300,000	273,280	26,720	
Other Expenses	458,993	458,993	385,516	73,477	
Surveys and General					
Other Expenses	73,650	73,650	45,729	27,921	
Public Defender (P.L. 1997, c. 256)					
Salaries and Wages	104,980	104,980	104,980		
Other Expenses	571	571	571		
Department of Finance					
Office of the Director					
Salaries and Wages	220,000	222,000	221,439	561	
Other Expenses	47,150	47,150	6,417	40,733	
Division of Treasury					
Salaries and Wages	303,494	303,494	301,365	2,129	
Other Expenses	17,750	17,750	16,542	1,208	
Division of Accounts and Control					
Salaries and Wages	461,943	486,943	459,513	27,430	
Other Expenses	7,560	7,560	6,586	974	
Division of Sewer Collection					
Salaries and Wages	205,365	205,365	201,490	3,875	
Other Expenses	24,960	54,960	45,849	9,111	
Division of Tax Assessments					
Salaries and Wages	339,890	339,890	327,582	12,308	
Other Expenses	333,822	333,822	285,993	47,829	
Division of Revenue Collection					
Salaries and Wages	696,526	696,526	616,174	80,352	
Other Expenses	163,980	163,980	144,695	19,285	

CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	Budget after Modification and Transfer	<u>Paid or Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
Office of Internal Audit					
Salaries and Wages					
Other Expenses	800	800	303	497	
Department of Law					
Office of the Corporation Counsel					
Salaries and Wages	1,350,000	1,350,000	1,330,838	19,162	
Other Expenses	400,000	400,000	319,625	80,375	
Department of Public Safety					
Taxicab Division					
Salaries and Wages	114,790	114,790	114,745	45	
Other Expenses	7,368	7,368	47	7,321	
Division of Fire					
Salaries and Wages	39,266,833	39,266,833	38,397,539	869,294	
Other Expenses	1,599,879	1,599,879	1,597,059	2,820	
Division of Police					
Salaries and Wages	46,492,712	46,492,712	44,259,188	2,233,524	
Other Expenses	1,729,352	1,729,352	1,465,810	263,542	
Division of Animal Control					
Salaries and Wages	273,981	273,981	273,981		
Other Expenses	48,650	48,650	48,650		
Department of Public Works					
Office of the Director					
Salaries and Wages	625,000	625,000	616,228	8,772	
Other Expenses	32,718	32,718	17,405	15,313	
Division of Engineering					
Salaries and Wages	235,000	247,000	239,889	7,111	
Other Expenses	503,000	503,000	472,391	30,609	
Division of Traffic and Lighting					

CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Salaries and Wages	435,000	437,000	435,403	1,597	
Other Expenses	238,550	238,550	132,421	106,129	
Division of Water and Sewers					
Salaries and Wages	320,000	335,000	330,115	4,885	
Other Expenses	711,948	711,948	439,716	272,232	
Sewer Repairs					
Salaries and Wages	12,600	12,600		12,600	
Other Expenses					
Division of Streets					
Salaries and Wages	3,000,000	2,928,259	2,918,269	9,990	
Other Expenses	248,092	248,092	159,736	88,356	
Street Repair					
Salaries and Wages	40,000	40,000		40,000	
Other Expenses					
Division of Snow Removal					
Salaries and Wages	100,000	100,000	65,021	34,979	
Other Expenses	205,000	205,000	2,100	202,900	
Storm Recovery Reserve N.J.S.A. 40A:4-62.1	300,000	300,000	300,000		
Division of Auto Maintenance					
Salaries and Wages	280,000	295,000	290,775	4,225	
Other Expenses	512,957	512,957	421,680	91,277	
Division of Parks & Shade Tree					
Salaries and Wages	1,450,000	1,450,000	1,431,199	18,801	
Other Expenses	645,664	645,664	366,926	278,738	
Public Building Section					
Salaries and Wages	1,375,000	1,410,000	1,403,624	6,376	
Other Expenses	1,209,556	1,209,556	1,093,814	115,742	
Division of Recreation					
Salaries and Wages	1,700,000	1,700,000	1,632,681	67,319	
Other Expenses	396,100	396,100	349,532	46,568	

CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Division of Recycling					
Salaries and Wages	1,200,000	1,090,000	1,055,479	34,521	
Other Expenses	392,241	392,241	288,791	103,450	
Cable Communications					
Salaries and Wages	163,000	163,000	159,596	3,404	
Other Expenses	60,672	60,672	34,270	26,402	
Department of Economic Development					
Division of Planning & Zoning					
Salaries and Wages	400,000	396,000	369,202	26,798	
Other Expenses	9,000	13,000	9,282	3,718	
Division of Community Improvements					
Salaries and Wages	1,506,000	1,506,000	1,490,566	15,434	
Other Expenses	375,150	375,150	292,549	82,601	
Division of Economic Development					
Salaries and Wages	200,000	200,000	166,508	33,492	
Other Expenses	16,000	16,000	5,261	10,739	
Division of Redevelopment					
Salaries and Wages	30,000	30,000	18,848	11,152	
Other Expenses					
Department of Human Services					
Office of the Director					
Salaries and Wages	275,000	275,000	251,891	23,109	
Other Expenses	8,950	8,950	2,889	6,061	
Office on Aging & Disabled Service					
Salaries and Wages	155,000	155,000	135,345	19,655	
Other Expenses	20,800	20,800	3,677	17,123	
Social Services					
Salaries and Wages					
Other Expenses	202,102	202,102	202,102		

CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Division of Mercantile License					
Salaries and Wages	33,000	33,000	24,115	8,885	
Other Expenses	5,305	5,305	3,420	1,885	
Office of Consumer Protection					
Salaries and Wages	124,501	124,501	124,347	154	
Other Expenses	4,379	4,379	1,341	3,038	
Division of Youth Services					
Salaries and Wages	330,000	330,000	323,049	6,951	
Other Expenses	38,195	38,195	35,126	3,069	
Division of Health					
Salaries and Wages	1,800,000	1,740,000	1,647,337	92,663	
Other Expenses	250,398	250,398	226,070	24,328	
Statutory Agencies					
Museum					
Salaries and Wages	338,000	338,000	337,073	927	
Other Expenses	64,279	64,279	62,418	1,861	
Board of Adjustment					
Salaries and Wages	30,000	30,000	19,386	10,614	
Other Expenses	45,950	45,950	30,643	15,307	
Office of Emergency Management					
Salaries and Wages	160,000	160,000	158,046	1,954	
Other Expenses	79,298	79,298	77,080	2,218	
Planning Board					
Salaries and Wages	31,000	31,000	26,557	4,443	
Other Expenses	32,400	32,400	27,975	4,425	
Youth Guidance Council					
Salaries and Wages	15,650	15,650	7,115	8,535	
Other Expenses					
Historic Preservation Community					
Salaries and Wages	150,000	150,000	149,648	352	
Other Expenses	9,975	9,975	6,872	3,103	

CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Court	1,575,000	1,575,000	1,511,383	63,617	
Salaries and Wages	127,807	127,807	93,951	33,856	
Other Expenses					
Uniform Construction Code (N.J.A.C. 5:23-4.17)					
Community Improvements					
Salaries and Wages					
Other Expenses					
Unclassified					
Electricity	830,000	830,000	700,000	130,000	
Street Lighting	2,425,000	2,225,000	2,000,000	225,000	
Telephone	490,000	490,000	390,054	99,946	
Natural Gas	375,000	375,000	300,000	75,000	
Gasoline	805,000	805,000	717,987	87,013	
Solid Waste Disposal	9,850,000	10,050,000	9,798,494	251,506	
Total Operations within "CAPS"	193,930,128	193,969,563	185,102,266	8,867,297	
B. Contingent	20,000	20,000			20,000
Total Operations Including Contingent-within "CAPS"	193,950,128	193,989,563	185,102,266	8,867,297	20,000
Detail:					
Salaries & Wages	111,231,714	111,091,973	107,148,287	3,943,686	
Other Expenses (Including Contingent)	82,718,414	82,897,590	77,953,979	4,923,611	20,000

CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund						
Year Ended June 30, 2019						
	<u>Budget</u>	Budget after Modification and <u>Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"						
(1) DEFERRED CHARGES						
Prior Years Bills	280,982	280,982	280,094		888	
(2) STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System	3,895,000	3,779,825	3,779,825	179,490		
Social Security System (O.A.S.I.)	2,200,000	2,200,000	2,020,510	5,000		
Consolidated Police and Firemen's Pension	5,000	5,000		32,210		
Police and Firemen's Retirement System of N.J.	22,400,000	22,400,000	22,367,790			
Increase in Retirement Allowance (C143-L-1958)	135,000	135,000	135,000			
Unemployment Insurance	100,000	100,000	56,314	43,686		
Defined Contribution Retirement Program	145,000	145,000	86,260	58,740		
Medicare	1,652,000	1,652,000	1,612,881	39,119		
Excise Tax	10,896	10,896	10,896			
State Disability	170,000	170,000	144,320	25,680		
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	<u>30,993,878</u>	<u>30,878,703</u>	<u>30,493,890</u>	<u>383,925</u>	<u>888</u>	
(G) Cash Deficit of Preceding Year	1,964,636	1,964,636	1,964,636			
Total General Appropriations for Municipal Purposes within "CAPS"	<u>226,908,642</u>	<u>226,832,902</u>	<u>217,560,792</u>	<u>9,251,222</u>	<u>20,888</u>	
Operations - Excluded from "CAPS":						
Passaic Valley Sewer Commission	11,892,779	11,968,520	11,968,520			
Maintenance of Free Public Library	2,273,959	2,273,959	2,263,446	10,513		
Social Security System	130,000	130,000	130,000			
Medicare	30,000	30,000	30,000			
Insurance	1,091,368	1,091,368	1,091,368			
Safe & Secure - Local Share - Match	802,137	802,137	802,137			



CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
911 Salaries and Wages - Police	894,860	894,860	894,860		
911 Salaries and Wages - Fire	374,661	374,661	374,661		
Recycling Tax Appropriation	220,000	220,000	220,000		
2017 Assistance to Firefighters - Match	2,369	2,369	2,369		
2019 Assistance to Firefighters - Match	15,140	15,140	15,140		
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>17,727,273</b>	<b>17,803,014</b>	<b>17,792,501</b>	<b>10,513</b>	
<b>Public and Private Programs Offset by Revenues</b>					
Paterson Station House (FY19)	36,564	36,564	36,564		
NJ Distracted Driving Grant	5,500	5,500	5,500		
USDHHS Ryan White (3/18-2/19)	2,235,554	2,235,554	2,235,554		
USDHHS Ryan White (3/19-2/20)	4,009,022	4,009,022	4,009,022		
Uniform Career Guidance (FY19)	50,000	50,000	50,000		
Evening Reporting Program (FY19)	113,855	113,855	113,855		
Adult Literacy and Community Library (FY18)	82,843	82,843	82,843		
DHR School Based Youth Services (FY19)	307,831	307,831	307,831		
Clean Communities Grant (N.J.S.A. 13:1e-99.2)	179,929	179,929	179,929		
Urban Enterprise Zone (FY19)	324,200	324,200	324,200		
NJ DOH Sexually Transmitted Disease	88,535	88,535	88,535		
NJ Anti Violence Out of School (FY19)	1,000,000	1,000,000	1,000,000		
Body Armor Grant	38,992	38,992	38,992		
Museum History Project Grant (FY18)	2,400	2,400	2,400		
NJ DOH Lead Poisoning Grant	849,000	849,000	849,000		
UEZ Clean Communities Project (FY19)	298,278	298,278	298,278		
10 Minute Walk Planning Grant (FY19)	40,000	40,000	40,000		
NJ DOH TB Prevention Program	228,135	228,135	228,135		
Federal Tuberculosis (FY19)	106,966	106,966	106,966		
DHR School Based Youth Services (FY18)	2,000	2,000	2,000		
Paterson City Municipal Alliance	61,641	61,641	61,641		
Public Health Prep/Resp Boiter	219,955	219,955	219,955		

CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
US DHHS Sponsors (FY18)	300,000	300,000	300,000		
HIV Health Ed & Risk Reduction (FY19)	50,000	50,000	50,000		
HIV Health Ed & Risk Reduction (CY19)	100,000	100,000	100,000		
Corn FDTN NJ Give/Receive Summer	20,000	20,000	20,000		
Safe & Secure Communities Program	199,563	199,563	199,563		
Paterson City Life Skills & Family Center Program (FY19)	40,518	40,518	40,518		
Paterson City Senior Citizen & Disabled Trans (FY19)	202,000	202,000	202,000		
Byrne Memorial Asst. Equipmetn JAG (FY18)	124,135	124,135	124,135		
Byrne Memorial Asst. Equipmetn JAG (FY19)	114,463	114,463	114,463		
Urban Search & Rescue (FY19)	58,379	58,379	58,379		
Recycling Tonnage Grant (FY19)	236,051	236,051	236,051		
NJCH Grassroots Revival Project (FY19)	5,000	5,000	5,000		
NEA Big Read Grant (FY19)	15,000	15,000	15,000		
NJ Microgrid Feasibility Study (FY19)	173,000	173,000	173,000		
NJ DOH HIV Testing	243,400	243,400	243,400		
HDSRF-Leader Dyeing & Finishing (FY19)	72,354	72,354	72,354		
2017 Assistance to Firefighters	47,390	47,390	47,390		
Emergency Management Assistance (FY19)	10,000	10,000	10,000		
Senior Farmers Market Nutrition (FY19)	500	500	500		
Life Hazard Use Fees	337,584	337,584	337,584		
<b>Total Public and Private Programs Offset by Revenues</b>	<b>12,630,537</b>	<b>12,630,537</b>	<b>12,630,537</b>		
<b>Total Operations-Excluded from "CAPS"</b>	<b>30,357,810</b>	<b>30,433,551</b>	<b>30,423,038</b>	<b>10,513</b>	
Detail:					
Salaries and Wages	594,661	1,269,521	1,269,521		
Other Expenses	29,088,289	29,164,030	29,153,517	10,513	
<b>Capital Improvements - Excluded from "CAPS"</b>	<b>434,229</b>	<b>434,229</b>	<b>434,229</b>		
Capital Improvement Fund					

CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total Capital Improvements Excluded from "CAPS"	434,229	434,229	434,229		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	10,380,000	10,380,000	10,380,000		
Payment of Note Principal					
Interest on Bonds	4,162,348	4,162,348	4,162,348		
Interest on Notes	30,000	30,000			30,000
New Jersey Environmental Infrastructure Loan					
Payment of Loan Principal	909,893	909,893	909,893		
Interest on Loans	109,316	109,315	100,944		8,371
Green Trust Loan					
Payment of Loan Principal	102,434	102,434	102,434		
Interest on Loans	3,131	3,131	3,131		
<b>Total Municipal Debt Service-Excluded from "CAPS"</b>	<b>15,697,122</b>	<b>15,697,121</b>	<b>15,658,750</b>		<b>38,371</b>

Deferred Charges and Statutory Expenditures-  
Municipal excluded from "CAPS"  
(1) DEFERRED CHARGES:  
    Retirement Payout Refunding 766,000  
    ATP Site Security 100,000  
    Insurance Emergency 1,320,156  
    Refund of Tax Appeals (2 Year Payout) 1,500,000

CITY OF PATERSON, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total Deferred Charged and Statutory Expenditures-Municipal Excluded from "CAPS"	3,686,156	3,686,156	3,686,156		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>50,175,317</u>	<u>50,251,057</u>	<u>50,202,173</u>	<u>10,513</u>	<u>38,371</u>
Subtotal General Appropriations	277,083,959	277,083,959	267,762,965	9,261,735	59,259
Reserve for Uncollected Taxes	<u>8,117,916</u>	<u>8,117,916</u>	<u>8,117,916</u>		
Total General Appropriations	<u>\$ 285,201,875</u>	<u>285,201,875</u>	<u>275,880,881</u>	<u>9,261,735</u>	<u>59,259</u>
Appropriation by 40:A4-87	\$ 284,645				
Adopted Budget	<u>284,917,230</u>				
	<u>\$ 285,201,875</u>				
Reserve for Uncollected Taxes		\$ 8,117,916			
Federal and State Grants		12,630,537			
Deferred Charges		3,284,792			
Encumbrances		4,684,439			
Cash		<u>247,163,197</u>			
		<u>\$ 275,880,881</u>			

See accompanying notes to the financial statements.

CITY OF PATERSON, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

June 30, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Animal Trust Fund:			
Cash	B-2	<u>31,456</u>	<u>74,624</u>
Other Trust Funds:			
Cash	B-2	16,245,091	10,161,943
Cash - CDBG	B-2	803,855	798,379
Taxes Receivable - Special Improvement Districts	B-3	177,797	2,865
Due from Special Improvement Districts	B-4	8,746	
Grants Receivable	B-5	8,852,852	8,434,073
Redevelopment/CDBG Held Properties	B-10	172,930	172,930
Tax Title Lien - Special Improvement Districts	B-17	<u>16,801</u>	<u>18,560</u>
		<u>26,278,072</u>	<u>19,588,750</u>
		<u>\$ 26,309,528</u>	<u>19,663,374</u>

CITY OF PATERSON, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

June 30, 2019 and 2018

<u>Liabilities, Reserves &amp; Fund Balance</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Animal Trust Fund:			
Due to State of New Jersey	B-6	19	116
Reserve for Animal Trust Fund Expenditures	B-9	31,437	74,508
		<u>31,456</u>	<u>74,624</u>
Other Trust Fund:			
Due to Special Improvement Districts	B-4		73,806
Tax Overpayments - Special Improvement District	B-16	805	1,787
Prepaid Revenue - Speical Improvement District	B-18	7,983	23,270
Due to Current Fund	B-21	178,286	1,016,838
Reserve for:			
Off-Duty Police Officers	B-7	299,751	632,770
Off-Duty Police Officers Administration	B-8	1,447,531	759,675
Redevlopment/CDBG Held Properties	B-11	172,930	172,930
Parking Offense Adjudication Act	B-12	335,392	313,634
Weights and Measures	B-13	72,117	73,963
Reserve for Other Deposits	B-15	10,645,844	6,432,320
Public Defender Fees	B-14	84,591	41,629
Special Improvement District Taxes	B-19	194,598	21,425
Payroll Agency	B-20	2,665,484	1,803,790
Various Grants	B-22	9,478,421	8,215,613
Police Forfeiture	B-23	686,789	
Fund Balance	B-1	7,550	5,300
		<u>26,278,072</u>	<u>19,588,750</u>
		<u>\$ 26,309,528</u>	<u>19,663,374</u>

See accompanying notes to financial statements.

CITY OF PATERSON, N.J.

Comparative Statement of Changes in Fund Balance -  
Regulatory Basis

Trust Funds

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Increased by:</u>		
Cash Receipts	\$ 498,679	
Cancellations		5,300
	<u>498,679</u>	<u>5,300</u>
<u>Decreased by:</u>		
Cash Distributions Applied to		
Anticipated Revenue	496,429	5,332
	<u>496,429</u>	<u>5,332</u>
Net Decrease in Fund Balance	2,250	(32)
Balance, Beginning of Period	<u>5,300</u>	<u>5,332</u>
Balance, End of Period	\$ <u><u>7,550</u></u>	<u><u>5,300</u></u>

See accompanying notes to financial statements.

CITY OF PATERSON, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

June 30, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Cash	C-2/C-3	\$ 11,859,359	7,032,533
Deferred Charges to Future Taxation:			
Funded	C-4	87,597,059	97,002,044
Unfunded	C-5	49,342,325	40,011,137
Grant Funds Receivable	C-6	4,795,401	5,345,558
Due from New Jersey Environmental Infrastructure Trust Fund	C-7	1,372,763	1,537,672
Demolition Loan Receivable	C-8	768,624	
		<u>\$ 155,735,531</u>	<u>150,928,944</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-9	\$ 79,234,000	89,614,000
Environmental Infrastructure Loan	C-10	4,711,688	5,621,582
Green Acres Trust Loan Payable	C-11	1,664,028	1,766,462
Demolition Loan Payable	C-12	1,987,343	
Bond Anticipation Notes Payable	C-13	15,615,000	
Reserve for Encumbrances	C-15	17,564,909	15,478,084
Improvement Authorizations:			
Funded	C-15	14,968,978	17,016,153
Unfunded	C-15	19,941,534	21,384,612
Capital Improvement Fund	C-14	23,808	23,808
Fund Balance	C-1	24,243	24,243
		<u>\$ 155,735,531</u>	<u>150,928,944</u>

There were \$33,727,325 and \$40,011,137 of Bonds and Notes Authorized But Not Issued on June 30, 2019 and 2018 respectively (Exhibit C-17).

See accompanying notes to the financial statements.



**CITY OF PATERSON, N.J.**

**Comparative Statement of Changes in Fund Balance - Regulatory Basis**

**General Capital Fund**

**For the Years Ended June 30, 2019 and June 30, 2018**

	<u>2019</u>	<u>2018</u>
Balance - June 30,	\$ <u>24,243</u>	<u>24,243</u>
Balance - June 30,	\$ <u><u>24,243</u></u>	<u><u>24,243</u></u>

See accompanying notes to the financial statements.

CITY OF PATERSON, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>General Fixed Assets:</u>		
Land	\$ 3,275,466	3,257,443
Building and Improvements	42,788,789	41,298,494
Machinery and Equipment	<u>18,764,320</u>	<u>18,531,036</u>
	<u>\$ 64,828,575</u>	<u>63,086,973</u>
Investment in Fixed Assets	<u>\$ 64,828,575</u>	<u>63,086,973</u>

See accompanying notes to financial statements.

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the City of Paterson have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is another comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

**A. 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.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the City do not include the Public Library, which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The City uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain City Functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The City has the following funds and account group:

Current Fund – This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds – Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the City as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Animal License Fund – This fund is used to account for fees collected from animal licenses and expenditures, which are regulated by NJS 4:19-15.11.

Other Trust Fund – This fund is established to account for the assets and resources which are also held by the City as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include Special Improvement District tax collections, dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the City as collateral.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group – This account group is used to account for all general fixed assets of the City other than those accounted for in the water utility fund. The City's infrastructure is not reported in the account group.

Basis of Accounting

A modified accrual basis of accounting is followed by the City of Paterson. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11<sup>th</sup> day of the 11<sup>th</sup> month in the year when levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the City. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the City's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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 for the Current Fund and the water utility operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

The City is not required to adopt budgets for the following funds:

General Capital Fund  
Trust Fund

The governing body shall introduce and approve the annual budget not later than August 10, of the fiscal year. The budget shall be adopted not later than September 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted.

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

During the years ended June 30, 2019 and 2018, the City Council approved additional revenues and appropriations of \$284,645 and \$1,216,550, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2019 and 2018.

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 an encumbrance accounting system. Outstanding encumbrances at June 30, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at June 30, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Encumbrances - Contractual orders outstanding at June 30 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of 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 nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the City may levy taxes on all taxable property within the local unit to repay the debt. Annually, the City raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The City of Paterson has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds 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.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimate - The preparation of financial statements requires management of the City to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Accordingly, actual results could differ from these estimates.



**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended June 30, 2019, the City adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the City was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the City.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The City presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

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

**Cash**

**Custodial Credit Risk - Deposits**

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of June 30, 2019, \$0- of the City's bank balance of \$49,927,166 was exposed to custodial credit risk. As of June 30, 2018, \$0- of the City's bank balance of \$39,852,135 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the City or bonds or other obligations of the local unit or units within which the City is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The City places no limit on the amount the City may invest in any one issuer.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT**

Changes in long-term debt as of June 30, 2019 and 2018 were as follows:

	Balance			Balance	Amounts Due
	June 30, 2018	<u>Additions</u>	<u>Reductions</u>	June 30, 2019	Within
					<u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$89,614,000	\$	\$10,380,000	\$79,234,000	\$8,855,000
Other Liabilities:					
New Jersey:					
Green Acres Trust Loans	1,766,462		102,434	1,664,028	78,794
Environmental Infrastructure					
Trust Loans	5,621,582		909,894	4,711,688	927,214
Demolition Loan		<u>1,987,343</u>		<u>1,987,343</u>	<u>396,749</u>
	<u>\$97,002,044</u>	<u>\$1,987,343</u>	<u>\$11,392,328</u>	<u>\$87,597,059</u>	<u>\$10,257,757</u>

	Balance			Balance	Amounts Due
	June 30, 2017	<u>Additions</u>	<u>Reductions</u>	June 30, 2018	Within
					<u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$100,164,000	\$	\$10,550,000	\$89,614,000	\$10,380,000
Other Liabilities:					
New Jersey:					
Green Acres Trust Loans	1,868,184		101,722	1,766,462	102,437
Environmental Infrastructure					
Trust Loans	6,817,772		1,196,190	5,621,582	909,894
	<u>\$108,849,956</u>	<u>\$</u>	<u>\$11,847,912</u>	<u>\$97,002,044</u>	<u>\$11,392,331</u>

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. 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 and five months or retired by the issuance of bonds.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>
<u>Issued</u>			
General:			
General Serial Bonds	\$79,234,000	\$89,614,000	\$100,164,000
Bond Anticipation Notes	15,615,000		
Green Acres Trust Loan Payable	1,664,028	1,766,462	1,868,184
Environmental Infrastructure Loan	4,711,688	5,621,582	6,817,772
Demolition Loan Payable	<u>1,987,343</u>	<u>                    </u>	<u>                    </u>
Total Gross Statutory Debt Issued	103,212,059	97,002,044	108,849,956
Less Statutory Deductions to Debt Limit:			
Pension Refunding Bonds	<u>275,000</u>	<u>390,000</u>	<u>490,000</u>
Net Statutory Debt Issued	102,937,059	96,612,044	108,359,956
<u>Authorized But Not Issued</u>			
General Improvements	<u>33,727,325</u>	<u>40,011,137</u>	<u>15,441,145</u>
Net Statutory Debt Issued and Authorized but not Issued	<u>\$136,664,384</u>	<u>\$136,623,181</u>	<u>\$123,801,101</u>

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.027% for 2019:

<u>2019</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>\$136,939,384</u>	<u>\$275,000</u>	<u>\$136,664,384</u>

Net Debt of \$136,664,384 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended of \$6,743,594,950 equals 2.027%.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS,  
(continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.026% for 2018:

<u>2018</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>\$137,013,181</u>	<u>\$390,000</u>	<u>\$136,623,181</u>

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

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

	<u>2019</u>	<u>2018</u>
3 ½% of equalized valuation basis (municipal)	\$236,025,823	\$236,025,823
Net Debt	<u>136,664,384</u>	<u>136,623,181</u>
Remaining borrowing power	<u>\$99,361,439</u>	<u>\$99,402,642</u>

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

The City's long term debt consisted of the following at June 30, 2019:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>	
	<u>2019</u>	<u>2018</u>
\$13,044,671, 2003 Pension Obligation Refunding Bonds due in annual installments of \$100,000 to \$145,000 through April 2021, interest at 5.65%	\$275,000	\$390,000
\$23,294,000, 2009 General Improvement Bonds due in annual installments of \$2,225,000 to \$2,430,000 through June 2020, interest at 5.00%	2,430,000	4,750,000
\$4,875,000, 2012 Pension Obligation Refunding Bonds due in annual installments of \$2,500,000 to \$2,375,000 through March 2019, interest at 5.62% to 5.91%	-	2,375,000
\$8,015,000, 2013 Qualified General Refunding Bonds due in annual installments of \$1,145,000 to \$6,870,000 through March 2021, interest at 3.00% to 3.10%	8,015,000	8,015,000
\$3,570,000, 2013 Qualified Pension Refunding Bonds due in annual installments of \$725,000 to \$2,845,000 through March 2020, interest at 4.2% to 5.15%	2,845,000	3,570,000
\$22,519,000, 2013 Qualified General Improvement Bonds due in annual installments of \$4,219,000 to \$4,800,000 through January 2026, interest at 5.00%	22,519,000	22,519,000
\$24,795,000, 2015 Passaic County Improvement Authority Governmental Loan Revenue Bonds, Series 2015 (Passaic County Guaranteed) due in annual installments of \$1,050,000 to \$2,870,000 through August 2031, interest at 2.00% to 5.00%	15,020,000	17,015,000
\$33,385,000, 2017 Passaic County Improvement Authority Governmental Loan Revenue Bonds, Series 2017 (Passaic County Guaranteed) due in annual installments of \$1,050,000 to \$2,870,000 through August 2031, interest at 2.00% to 5.00%	28,130,000	30,980,000
Total Serial Bonds	<u>\$79,234,000</u>	<u>\$89,614,000</u>

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

General Intergovernmental Loans Payable

The City has entered into loan agreements with the New Jersey Green Acres Trust for the financing related to the various capital improvements listed by title. General intergovernmental loans outstanding at June 30 are as follows:

	<u>Amount Outstanding</u>	
	<u>2019</u>	<u>2018</u>
<u>Green Acres Trust Loans</u>		
\$231,650, 2006 Eastside Park Rehabilitation Loans due in semi-annual installments of \$6,266 to \$7,131 through March 2026, interest at 2.00%	\$93,657	\$106,003
\$267,000, 2006 Park Development Program Phase III Loans due in semi-annual installments of \$23,418 to \$23,891 through June 2019, interest at 2.00%	-	23,891
\$500,000, 2013 Restoration of Pennington Park - Lower Field Loans due in semi-installments of \$15,151 to \$15,152 through August 2030 at -0-%	348,484	378,787
\$700,000, 2013 Restoration of Pennington Park Loans due in semi-annual installments of \$17,948 to \$17,949 through August 2033, interest at -0-%	520,514	556,408
\$701,373, Mary Ellen Kramer Park Improvement Loans, not yet amortized - project not completed	<u>701,373</u>	<u>701,373</u>
Total Green Acres Trust Loans	<u>\$1,664,028</u>	<u>\$1,766,462</u>

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

General Intergovernmental Loans Payable

The City has entered into loan agreements with the New Jersey Environmental Infrastructure Trust for the financing related to the various improvements to the sanitary sewer system of the City. Utility intergovernmental loans outstanding at June 30 are as follows:

	<u>Amount Outstanding</u>	
<u>New Jersey Environmental Infrastructure Trust Loan</u>	<u>2019</u>	<u>2018</u>
\$2,160,000, Trust Loan Series 2003A Phase I due in annual installments of \$118,300 to \$154,015 through August 2023, interest at 2.00%	\$718,525	\$841,442
\$5,554,479, 2003 State of NJ Fund Loan Phase I due in semi-annual installments of \$13,234 to \$276,191 through August 2022, interest at -0-%	1,106,538	1,396,627
\$820,000, Trust Loan Series 2004A Phase II due in annual installments of \$32,525 to \$59,058 through August 2024, interest at 2.00%	271,668	304,193
\$2,326,943, 2004 State of NJ Fund Loan Phase II due in semi-annual installments of \$7,900 to \$114,018 through August 2022, interest at -0-%	415,629	532,841
\$970,000, Trust Loan Series 2005A Phase III due in annual installments of \$42,109 to \$61,591 through August 2025, interest at 2.00%	373,408	419,646
\$2,622,600, 2005 State of NJ Loan Phase III due in semi-annual installments of \$8,433 to \$130,371 through August 2023, interest at -0-%	586,717	725,986
\$2,265,000, Trust Loan Series 2008A Phase IV due in annual installments of \$41,000 to \$128,000 through August 2024, interest at 2.00%	628,000	738,000
\$515,000, Trust Loan Series 2010A Phase V due in annual installments of \$24,000 to \$38,000 through August 2029, interest at 2.00%	327,000	352,000
\$524,000, 2010 State of NJ Fund Loan Phase V due in semi-annual installments of \$8,881 to \$17,763 through August 2029, interest at -0-%	<u>284,203</u>	<u>310,847</u>
Total New Jersey Environmental Infrastructure Trust Loans	<u>\$4,711,688</u>	<u>\$5,621,582</u>



**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

General Intergovernmental Loans Payable

The City has entered into loan agreements with the New Jersey Demolition Loans for the financing related to the building demolition. Demolition loans outstanding at June 30 are as follows:

	<u>Amount Outstanding</u>	
<u>New Jersey Demolition Loans Payable</u>	<u>2019</u>	<u>2018</u>
\$1,987,343, 2019 State of NJ Demolition Loan due in annual installments of \$198,734 through January 2028 at -0-%	<u>\$1,987,343</u>	<u>\$ -0-</u>
Total New Jersey Demolition Loans Payable	<u>\$1,987,343</u>	<u>\$ -0-</u>

The City's principal and interest for bonded debt and loans issued and outstanding as of June 30, 2019 is as follows:

<u>Year</u>	<u>Total</u>	<u>General Serial Bonds</u>	
		<u>Principal</u>	<u>Interest</u>
2020	\$12,596,901	\$8,855,000	\$3,741,901
2021	12,471,013	9,135,000	3,336,013
2022	10,011,425	6,994,000	3,017,425
2023	9,819,125	7,135,000	2,684,125
2024	9,592,375	7,265,000	2,327,375
2025-2029	29,937,875	23,325,000	6,612,875
2030-2034	14,320,375	11,605,000	2,715,375
2035-2039	5,412,000	4,920,000	492,000
	<u>\$104,161,089</u>	<u>\$79,234,000</u>	<u>\$24,927,089</u>

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

		<u>Green Acres Trust Loans</u>	
		<u>General Capital Fund</u>	
<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$80,605	\$78,794	\$1,811
2021	80,606	79,049	1,557
2022	80,604	79,305	1,299
2023	80,605	79,569	1,036
2024	80,606	79,839	767
2025-2029	359,810	359,104	706
2030-2034	206,992	206,992	
Not Yet Amortized	<u>701,376</u>	<u>701,376</u>	<u>          </u>
	<u>\$1,671,204</u>	<u>\$1,664,028</u>	<u>\$7,176</u>

		<u>NJ Environmental Infrastructure Trust Loans</u>	
		<u>General Capital Fund</u>	
<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$1,020,042	\$927,213	\$92,829
2021	1,012,614	936,755	75,859
2022	1,008,914	949,547	59,367
2023	892,773	849,998	42,775
2024	510,457	484,861	25,596
2025-2029	537,531	507,551	29,980
2030-2034	<u>56,523</u>	<u>55,763</u>	<u>760</u>
	<u>\$5,038,854</u>	<u>\$4,711,688</u>	<u>\$327,166</u>

		<u>Demolition Loan Payable</u>	
		<u>General Capital Fund</u>	
<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$397,468	\$397,468	\$
2021	198,734	198,734	
2022	198,734	198,734	
2023	198,737	198,737	
2024	198,734	198,734	
2025-2029	<u>794,936</u>	<u>794,936</u>	<u>          </u>
	<u>\$1,987,343</u>	<u>\$1,987,343</u>	<u>\$</u>

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 4. 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 must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On June 30, 2019 and 2018, the City had \$15,615,000 and \$-0-, respectively, in outstanding General Capital bond anticipation notes.

The following activity related to bond anticipation notes occurred during the periods ended June 30, 2019 and 2018:

2019

<u>General Capital Notes Payable</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Cede & Co.	\$ _____	\$15,615,000	\$ _____	\$15,615,000
	<u>\$ _____</u>	<u>\$15,615,000</u>	<u>\$ _____</u>	<u>\$15,615,000</u>

2018

<u>General Capital Notes Payable</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
	\$ _____	\$ _____	\$ _____	\$ _____
	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 5. PENSION PLANS**

Description of Plans:

City employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

*Public Employees' Retirement System (PERS)*

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>a</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 5. PENSION PLANS, (continued)**

*Public Employees' Retirement System (PERS), (continued)*

credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

*Police and Firemens' Retirement System (PFRS)*

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

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.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 5. PENSION PLANS, (continued)**

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 81/4 percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 5. PENSION PLANS, (continued)**

Significant Legislation, (continued)

The City of Paterson opted for this deferral in the amount of \$5,603,902. The amount of the deferral paid during the years ended June 30, 2019 and 2018 as well as the short-term liability due, are as follows:

	Paid During Year ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>Due April 1, 2020</u>
PERS	\$129,921	\$129,198	\$130,975
PFRS	\$864,425	\$860,561	\$868,785

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The City's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2019	\$3,786,722	\$21,532,789	\$86,260
2018	3,369,648	19,491,913	40,420
2017	3,303,932	17,719,703	15,603

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 5. PENSION PLANS, (continued)**

Contribution Requirements, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

At June 30, 2019, the City had a liability of \$71,861,519 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the City's proportion was 0.3649737900 percent, which was an increase/(decrease) of 0.003484294786 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$3,786,722. At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,370,410	\$370,541
Changes of assumptions	11,841,588	22,977,492
Net difference between projected and actual earnings on pension plan investments		674,064
Changes in proportion and differences between the City's contributions and proportionate share of contributions	<u>5,088,056</u>	<u>2,357,339</u>
Total	<u>\$18,300,054</u>	<u>\$26,379,436</u>



**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 5. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Public Employees Retirement System (PERS), (continued)**

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$498,756
2020	(690,535)
2021	(4,951,694)
2022	(4,292,206)
2023	(1,374,421)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
City's Proportion	0.3649737900%	0.3484294786%

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 5. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2017 valuation 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.

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 5. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 5. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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. The State employer contributed 50% of the actuarially determined contributions and the 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2018, respectively, 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 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>4.66%</u>	<u>5.66%</u>	<u>6.66%</u>
City's proportionate share of the pension liability	\$90,357,582	\$71,861,519	\$56,344,507

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 5. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Police and Firemen's Retirement System (PFRS)**

At June 30, 2019, the City had a liability of \$298,036,034 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the City's proportion was 2.1370604715 percent, which was an increase/(decrease) of 0.03987280 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$21,532,789. At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference in actual and expected experience	\$3,032,128	\$1,233,343
Changes of assumptions	25,582,383	76,381,491
Net difference between projected and actual earnings on pension plan investments		1,630,527
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>22,658,456</u>	<u>3,196,001</u>
Total	<u>\$51,272,967</u>	<u>\$82,441,362</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$2,563,143
2020	(8,640,228)
2021	(24,172,184)
2022	(15,516,885)
2023	(4,864,695)

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 5. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

**Additional Information**

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
City's Proportion	2.1370604715%	2.0971876724%

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25 Percent
Salary Increases:	
Through 2026	2.10-8.98 Percent (based on age)
Thereafter	3.10-9.98 Percent (based on age)
Investment Rate of Return	7.00 Percent

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 5. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Mortality Rates**

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 5. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Police and Firemen's Retirement System, (continued)**

**Long-Term Rate of Return, (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 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 non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the



**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 5. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Police and Firemen's Retirement System, (continued)**

actuarially determined contributions and the 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2018 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 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.51%</u>	<u>6.51%</u>	<u>7.51%</u>
City's proportionate share of the pension liability	\$433,319,586	\$323,765,232	\$233,402,846

**Special Funding Situation - PFRS**

Under N.J.S.A. 43:16A-15, the City is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions 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. The amounts contributed on behalf of the City by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the City's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 5. PENSION PLANS, (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)**

**Police and Firemen's Retirement System, (continued)**

At June 30, 2019 and 2018, the State proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$40,483,266 and \$36,264,433, respectively. For the years ended June 30, 2019 and 2018, the pension system has determined the State's proportionate share of the pension expense attributable to the City for the PFRS special funding situation is \$4,795,179 and \$4,435,959, respectively, which is more than the actual contributions the State made on behalf of the City of \$2,397,587 and \$1,513,375, respectively. The State's proportionate share attributable to the City was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the City's financial statements.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 6. ACCUMULATED VACATION AND SICK PAY**

Under the existing policies and labor agreements of the City, employees are allowed to accumulate (with certain restrictions) sick pay over the life of their working careers. Employees are allowed to accumulate unused vacation pay and redeem such unused time in cash (with certain limitations) upon death or retirement.

The estimated accumulated vacation time liability as of June 30, 2019 and 2018 was \$19,634,801 and \$24,127,270, respectively.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 7. FIXED ASSETS**

The following is a summary of General Fixed Assets Account Group for the years ended June 30, 2019 and 2018:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Land	\$3,257,443	\$18,023	\$	\$3,275,466
Buildings and Building Improvements	41,298,494	1,490,295		42,788,789
Machinery and Equipment	<u>18,531,036</u>	<u>233,284</u>	<u>          </u>	<u>18,764,320</u>
	<u>\$63,086,973</u>	<u>\$1,741,602</u>	<u>\$          </u>	<u>\$64,828,575</u>
	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Land	\$3,257,443	\$	\$	\$3,257,443
Buildings and Building Improvements	32,540,689	8,757,805		41,298,494
Machinery and Equipment	<u>17,581,098</u>	<u>949,938</u>	<u>          </u>	<u>18,531,036</u>
	<u>\$53,379,230</u>	<u>\$9,707,743</u>	<u>\$          </u>	<u>\$63,086,973</u>

**NOTE 8. DUE TO/FROM OTHER FUNDS**

Balances due from/to other funds at June 30, 2019 consist of the following:

\$823,820	Due to the Current Fund from the Federal and State Grant Fund for reimbursement of expenditures paid.
<u>178,286</u>	Due to the Current Fund from the Community Development Trust Fund for reimbursement of expenditures paid.
<u>\$1,002,106</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 9. RISK MANAGEMENT**

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 Commission;
- ◆ 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 included 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, 2019 and 2018 was \$411,193 and \$1,573,049, respectively. The City accounts for insurance claims and costs on a pay-as-you-go basis.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 10. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheets of the City of Paterson:

<u>2019</u>	Balance <u>June 30, 2018</u>	Added <u>in 2019</u>	Raised in <u>2019</u> <u>Budget</u>	Balance <u>June 30, 2019</u>
Current Fund:				
Deficit in 2018 Operations	\$1,320,156	\$	\$1,320,156	\$
Insurance Emergency	2,692,504		2,692,504	
Deficit in 2019 Operations	<u>                    </u>	<u>727,868</u>	<u>                    </u>	<u>727,868</u>
Total Current Fund	<u>\$4,012,660</u>	<u>\$727,868</u>	<u>\$4,012,660</u>	<u>\$727,868</u>
<u>2018</u>	Balance <u>June 30, 2017</u>	Added <u>in 2018</u>	Raised in <u>2018</u> <u>Budget</u>	Balance <u>June 30, 2018</u>
Current Fund:				
Deficit in 2015 Operations	\$13,999	\$	\$13,999	\$
Deficit in 2018 Operations		1,320,156		1,320,156
Insurance Emergency	<u>                    </u>	<u>2,692,504</u>	<u>                    </u>	<u>2,692,504</u>
Total Current Fund	<u>\$13,999</u>	<u>\$4,012,660</u>	<u>\$13,999</u>	<u>\$4,012,660</u>

**NOTE 11. TAXES COLLECTED IN ADVANCE**

Taxes and sewer fees collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance <u>June 30, 2019</u>	Balance <u>June 30, 2018</u>
Prepaid Taxes	\$338,747	\$223,455
Prepaid Sewer Taxes	<u>25,309</u>	<u>13,688</u>
Cash Liability for Taxes Collected in Advance	<u>\$364,056</u>	<u>\$237,143</u>

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 12. 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 5.6% for 2019 and 4.3% for 2018.

<u>2019 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	\$158,954,400	2.6%
Route 20 Retail Center, LLC	Commercial	31,979,100	0.5%
Getty Industrials	Industrial Warehousing	25,944,100	0.4%
Riverview Towers I	Housing	22,644,300	0.4%
Riverview Towers II	Housing	22,644,300	0.4%
INCCA Carroll St. Houses	Housing	20,580,000	0.3%
Center City Partners	Commercial	17,850,000	0.3%
Adjacent Passaic Property, LLC.	*	15,900,000	0.3%
1200 Madison Avenue Property, LLC.	Housing	15,372,000	0.2%
Okonite Co.	Cable Communication	<u>13,185,900</u>	0.2%
		<u>\$345,054,100</u>	5.6%

<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	<u>12,558,000</u>	0.2%
		<u>\$250,793,428</u>	4.3%

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(continued)**

**NOTE 12. 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, 2019 and 2018, 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, 2019 and 2018.

	<u>June 30, 2019</u>		<u>June 30, 2018</u>	
	<u>Amount</u>	<u>Percent of Revenue</u>	<u>Amount</u>	<u>Percent of Revenue</u>
State Formula Aid (4)	\$32,991,868	11.8%	\$32,991,868	11.5%
Transitional Aid	<u>33,000,000</u>	<u>11.4%</u>	<u>27,000,000</u>	<u>9.6%</u>
Total State Aid	65,991,868	23.2%	59,991,868	21.1%
Other Budget Revenues	<u>222,411,586</u>	<u>76.8%</u>	<u>223,760,376</u>	<u>78.9%</u>
Total Budget Revenues	<u>\$288,403,454</u>	<u>100.0%</u>	<u>\$283,752,244</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 FINANCIAL STATEMENTS  
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(continued)**

**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES**

**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.

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:

**H. v. City of Paterson**

This is an excessive force matter filed under 42 U.S.C. 1983 alleging that Paterson Police Officers intentionally assaulted Plaintiff during his arrest. Defendants filed a motion to dismiss the complaint in its entirety. Defendants' motion to dismiss is still pending before the federal district court. However, there are a number of officers still involved and this office was directed to continue to monitor the case. This matter is currently in the discovery stage. 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.



**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
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(continued)**

**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**A. v. Paterson**

Plaintiff claims that he was unlawfully arrested and charged with fabricated criminal violations.

Plaintiff alleges that various Paterson Police Officers responded to an altercation at a building owned by Plaintiff and that during that response Plaintiff was “unlawfully and without merit taken into custody by the Paterson Police Department, and subsequently charged with several fabricated criminal violations.” The Complaint includes our client in six counts for: (1) “Property taken without authorization, conversion, trover”; (2) “protection from fundamental unfair governmental action; (3) “public employee wrongfully enforcing law”; (4) “Punitive damages”; (5) “Street made unsafe for travel”; and (6) “false imprisonment.” To date, discovery has been mostly completed. Ultimately, our office will seek to have this case dismissed with prejudice against our client.

**A. v. Paterson (pre-litigation investigation)**

This office obtained the assignment of evaluating the potential claims that may be filed against the City based upon the notice of tort claim. The investigation revealed that Mr. A. refused to comply with police commands to show them his hands. While the officers attempted to engage Mr. A., he removed a knife from his pocket and lunged at one Officer. The second Officer then fired three rounds from his service weapon striking Mr. A. twice. A knife was recovered at the scene. Claimant alleged that the decedent was allegedly “the victim of excessive force, unnecessary gun shots that proved to be fatal and was caused to sustain severe personal injuries resulting in his death.” The Passaic County Prosecutor’s conducted an investigation. The results of the investigation were presented to a Grand Jury in Passaic County and the Grand Jury declined to issue an indictment. His use of force was found to be justified.

**K. v. Paterson**

This action arises out of an alleged employment dispute between the Plaintiffs and the City and the City of Paterson Board of Adjustment. 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. This firm filed a Motion to Dismiss Plaintiffs’ Initial Complaint on August 28, 2017. On May 2, 2018, the Court issued an Opinion granting in part and denying in part our Motion to

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

Dismiss. Specifically, Judge Vazquez dismissed Count Ten (“Patriot Act”) with prejudice. Judge Vazquez dismissed all of Plaintiffs 42 U.S.C. § 1983 (“Section 1983”) claims. After dismissing Plaintiffs’ federal claims, Judge Vazquez stated: “if Plaintiffs are unable to successfully plead their Section 1983 claims in an Amended Complaint, this Court will not have jurisdiction over Plaintiffs’ NJLAD claims.” On May 31, 2018, Plaintiffs filed an Amended Complaint based primarily on the same allegations set forth in the Initial Complaint. On July 13, 2018, this office filed a Motion to Dismiss Plaintiffs’ Amended Complaint. Once again, the Court granted Defendants’ motion to dismiss. All of Plaintiffs’ federal claims were dismissed with prejudice; however, the court declined to exercise supplemental jurisdiction over Plaintiffs’ state law claims. As a result, Plaintiffs’ commenced an action in the Superior Court of New Jersey, Law Division, Passaic County. The parties are currently in the process of exchanging discovery. Defendants are preparing to serve several thousands of pages worth of paper discovery this week.

**V. v. Paterson (pre-litigation investigation)**

This office obtained the assignment of evaluating the potential claims that may be filed against the City based upon the notice of tort claim. Claimant was shot by Paterson Police Officers. As a result of the negligence and improper use of deadly force by the Paterson Police Department, the claimant died as a result of the injuries sustained. The Passaic Prosecutor’s Office is still investigating this incident.

**B. v. Paterson**

This office represents the City of Paterson in this case. Claimant alleges he was shot by a Paterson police officer without provocation in the stomach thereby sustaining permanent damage. Notice of claim indicates a video exists of the incident. Notices of Claims were also filed by the girlfriend and kids based on interference and loss of familial relations and emotional distress, and intentional/negligent infliction of emotional distress. 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.

All discovery has been completed and experts reports have been exchanged. This office filed a summary judgment motion seeking dismissal of all of Plaintiff’s claims. Briefing was completed in March 2020 and we are awaiting the court’s decision.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(continued)**

**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**F. v. Paterson (pre-litigation investigation)**

Claimant alleges that he was confronted and assaulted by four Paterson Police Officers. Claimant was charged with (1) Criminal Trespass (2C:18-3B); (2) Throwing bodily fluid on a law enforcement officer (2C:12-13), (3) Aggravated Assault on a Police Officer (2C:12-1B (5)(A)); and (4) Resisting Arrest and Eluding an Officer 2C:29-2A (3)(B). According to the Affidavit of Probable Cause submitted in support of the arrest warrants, Officers approached the claimant because he was near the entrance of 17 Memorial Drive waving an illuminated object. Officers requested numerous times that he leave the premises. Claimant did not. The officers removed his hands from his pockets, but then the claimant resisted the compliance hold and began to flee toward the rear of the security vehicle. They placed his hands on the vehicle, but he dropped to the floor and grabbed the bumper. He refused to let go of the rear of the bumper, resisted the officers and began kicking them. Officers Calderon and Omar began administering closed fist punches to his upper body. The claimant continued to resist and kicked the officers and spat blood into Officer Omar's right eye. The officers pepper sprayed claimant and were then able to handcuff him. Claimant's medical records reveal that he was "clinically intoxicated" when he arrived at the hospital. 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.

**P. v. Paterson (pre-litigation investigation)**

This office was assigned a pre-litigation review of this matter. A. was driving a motorcycle and struck by a vehicle. In the accident report, the driver of the other vehicle, states that she was driving north on Belmont Avenue when she observed A. on his motorcycle crossing lanes. The driver was driving a private ambulance, A&M Medical Services and she reports that she attempted to stop, but was unable to do so to prevent the collision. When the EMS arrived, Mr. A. was trapped under the vehicle. A. died on the scene.

According to the Paterson Fire Department Report, the accident occurred and the alarm call was made at 8:41am. The fire department arrived on the scene at 8:44am. The fire department provided basic life support and investigated the scene. There were 4 vehicles that responded to the scene: (1) L-2: staged and assisted rescue; (2) Bat-3: arrived on the scene and took Arias vitals with negative results; (3) Rescue 2: used a jack to lift the vehicle and remove the victim; (4) Engine 4: the victim was unresponsive. The engine stretched a hose as a precaution while Rescue 2 removed the victim. The hose was used to wash down the area.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(continued)**

**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

The Notice of Claim identifies the following potential claims: (1) Negligence, (2) Negligent Supervision; (3) Respondent Superior; (4) Failure to respond in a timely manner resulting in Claimant's death; and (5) Deviation from standard of care to providing life assistance life support services.

**D. v. Paterson**

Plaintiff claims that the City violated his rights under the New Jersey Law Against Discrimination (Disability discrimination) and under the New Jersey and United States Constitution. Specifically, Plaintiff alleges that the City Defendants violated the New Jersey Law Against Discrimination by: (1) not appointing him to the position of firefighter without providing him with a reasonable accommodation; and (2) by retaliating against him. Plaintiff also alleges that the City Defendants have violated his rights under the New Jersey Constitution, and presumably the New Jersey Civil Rights Act, as a result of his "non- appointment." This office filed a motion to dismiss Plaintiff's complain, which was denied by the Court. The parties are currently in the process of exchanging discovery.

**L. v. Paterson and K. v. Paterson**

This office is handling two lawsuits with the same underlying facts. The companion claim was filed by K. Claimant has filed against the City based on allegations that he was wrongfully convicted of various crimes including felony murder, robbery, and first degree conspiracy in 1996. Claimant claims he was wrongfully convicted of these crimes and was incarcerated for over 24 years. Claimant states that his claim is no less than \$48 million. This office filed a motion to dismiss all of Plaintiff's claims. That motion is currently pending. This case was consolidated for discovery purposes with K. v. Paterson. Despite the motion to dismiss, the court has ordered that the parties engage in discovery. The parties have exchanged discovery requests and have exchanged Rule 26 disclosures. The City will seek to limit the amount of discovery conducted while the motion to dismiss is pending.

**Li v. Paterson**

Plaintiff L. ("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. Plaintiff alleges that on April 1<sup>st</sup> or 2<sup>nd</sup> 2016, Plaintiff had a dispute with her former landlord. Plaintiff alleges that her former landlord obtained a temporary restraining order ("TRO") against Plaintiff as a result of the events that took place on the date of the Incident.

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(continued)**

**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

Plaintiff claims that she was not arrested until after officers met in private with the landlord who advised the officers that Plaintiff threatened her with a knife. Plaintiff was charged with third-degree terroristic threats and lodged for 5 days in the Passaic County Jail. 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 as an accountant. 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. Plaintiff claims that unnamed officers and/or supervisors effectuated and/or failed to intervene to prevent an arrest that was made in violation of Plaintiff's rights.

This office filed a Motion to dismiss for failure to state a claim on January 10, 2019. That motion was partially granted by the court and all that remains is one count alleging negligence. This office successfully dismissed this case because Plaintiff failed to provide discovery requests. However, before filing for dismissal with prejudice. Plaintiff reactivated this case. Accordingly, this will be proceeding. 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.

**G. v. Paterson**

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 claims stem from an alleged incident, when the Officer responded to Union Avenue, Paterson, New Jersey (the "Property") and observed Plaintiff in a "scuffle" with a female. Plaintiff claims that the Officer attempted to restrain Plaintiff from behind. Plaintiff admits that she resisted the Officer and claims that the Officer threw her to the ground causing her head and right arm to strike the curb and lose consciousness. Plaintiff claims that she regained consciousness in the City of Paterson Police Department. Plaintiff alleges that she immediately advised the nearest officer that she was in pain, and that the Police Department failed to provide medical attention until the evening of April 29, 2016. Plaintiff alleges that she was admitted to the emergency department of St. Joseph's Regional Medical Center. According to Plaintiff, she continued to complain about pain and on April 30, 2016 was transported to St. Joseph's Regional Medical Center for additional examination and treatment. Additional X-Rays were taken of Plaintiff's arm and she claims that doctors determined she suffered a displaced fracture of the distal humeral shaft. Plaintiff alleges that she was again released to

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(continued)**

**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

police custody and continued experiencing worsening pain which the police ignored. Plaintiff was released from police custody on or about May 5, 2016. On a follow up visit to Montefiore Medical Center the radiology department determined that her right humerus bone was shattered and scheduled next day surgery for an open reduction and internal fixation procedure. Surgery was conducted on May 6, 2016. Id. ¶ 37. According to Plaintiff, she has been unable to regain full use of her arm.

This office successfully filed a motion to dismiss, limiting Plaintiff's claims to one count against the City and the officer. Thereafter, this office dismissed Plaintiff's claims without prejudice. This office has now moved to dismiss this case with prejudice.

**D. v. Paterson**

This lawsuit involves a motor vehicle accident between the plaintiffs and former City employee. This office has filed an Answer on behalf of itself and former City employee. The City submits that the former City employee did not cause the accident; in any event, the plaintiffs' injuries, respectively, do not pierce the Title 59 permanency threshold. This office intends to complete discovery including witness and expert discovery, and eventually move for summary judgment. Should a jury find in favor of plaintiffs, the plaintiffs may be entitled to compensatory damages.

**M. v. Paterson**

This federal matter involves an altercation that broke out at a Walgreens Pharmacy in the City of Paterson. Plaintiff alleges that he saw this altercation between two individuals, who he did not know. Plaintiff then subsequently intervened in the altercation. Walgreens security and the Paterson Police Department stopped the fight, and Plaintiff was thereafter arrested by Paterson Officer Eudy Ramos. This office filed a motion to dismiss the Complaint because the Complaint is woefully deficient in terms of any factual or legal allegations against the City. Further, the Complaint is completely barren of facts that establish or support the Plaintiff's claims that: (1) the City inadequately trained or supervised the Co-Defendant or other officers on the force; (2) the City adopted a policy or custom, leading to the instant incident; and, (3) the City knew of similar unlawful conduct in the past committed by the Officer, but failed to take precautions against future violations, and that this failure led to Plaintiff's injury. Thus, this office's motion to dismiss is premised on the following: (1) Plaintiff failed to satisfy FRCP Rule 8 because there are no facts provided to impose liability; (2) Plaintiff has not successfully plead a cognizable

**CITY OF PATERSON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

custom or policy under Monell v. Department of Social Services of the City of New York, 436 U.S. 658 (1978); (3) Plaintiff's relief for stand-alone respondeat superior liability is not permitted under state or federal law; and (4) the City is entitled to dismissal because the City and its employees are entitled to qualified immunity. In the event this motion is denied, this office intends to complete discovery including witness and expert discovery, and move for summary judgment.

**C. v. Paterson**

The Plaintiff alleges he was subject to excessive force, among other claims. The officers who "dealt" the excessive force were both criminally sentenced and are in prison. The Plaintiff recently committed suicide allegedly as a direct result of this excessive force incident. A joint discovery plan is in effect in this case. Discovery has been served by all parties. The Plaintiff intends to file an amended complaint, adding a count for wrongful death.

**R. v. Paterson**

Plaintiff was a fire fighter that claimed workers compensation for an injury. There were suspicions that his injuries were not legitimate. The City sought to terminate him and litigated the case before the Office of Administrative Law This ("OAL") and lost the matter. The City was instructed to reinstate the Plaintiff and provide him with backpay. The City refused to reinstate and sought less in back pay than was ordered. The Plaintiff now claims retaliation for failure to accommodate. The discovery end date for this retaliation lawsuit is May 23, 2020. It has not been previously extended. The City has served its responsive discovery.

**B. v. City of Paterson**

Plaintiff, a clerk assigned to the municipal court, alleges that she was touched inappropriately by a co-worker who was the acting Prosecutor at the time. Plaintiff alleges she was touched in open court. The discovery end date is July 9, 2020. Depositions of the Plaintiff and Co-Defendant Albert Asphalt have recently taken place. Co-Defendant and Plaintiff have served discovery. A confidentiality order is in effect for this litigation.

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
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(continued)**

**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**X. v. Paterson**

This matter arises out of Plaintiff's trip to St. Joseph's Regional Medical Center in Paterson. Plaintiff was taken to the hospital for an alleged PTSD episode and seizure. While at the hospital, he began arguing with his nurses and doctors. Plaintiff alleges that instead of easing the situation, one of the City's police officers hit Plaintiff repeatedly and subjected him to excessive force. This office filed a motion to dismiss the Complaint for failure to demonstrate Monell liability. This office is in receipt of reports pertaining to this incident. We have yet to receive discovery demands from the Plaintiff. The discovery end date is July 11, 2020 and has not been previously extended. The decision to retain experts needs to be addressed once Plaintiff's discovery is received.

**H. v. Paterson**

Plaintiff alleges under the New Jersey Civil Rights Act that, while he was a passenger in a vehicle driven by his brother, defendant police officers stopped said vehicle without a reasonable basis for believing that the individuals within the vehicle committed any crime. Plaintiff alleges that the defendant police officers stole large sums of money from the individuals within the vehicle. Our office filed an answer and we are currently in the process of exchanging discovery.

**W. (N.Y.) v. Paterson**

Plaintiff alleges she was subjected to sexual harassment and retaliation under the New Jersey Law Against Discrimination. Defendants filed an answer and we are currently in the process of exchanging discovery.

**L. v. Paterson (Pre-litigation)**

The City has been retained to conduct a pre-litigation investigation in this matter. According to claimant's notice of claim, the claimant was a bystander at a crime scene investigation located on Governor Street in Paterson. Claimant alleges that at said time and place, Police officers assaulted the claimant and subsequently wrongfully arrested claimant and charged claimant with baseless crimes.



**CITY OF PATERSON**  
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**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**T. v. Paterson**

In this matter, Plaintiff complains, pursuant to the Family Medical Leave Act, the American with Disabilities Act, Title VII of the Civil Rights Act of 1964, the New Jersey Workers Compensation Act, and the New Jersey Law Against Discrimination. Specifically, Plaintiff alleges he was retaliated against and terminated after filing a worker's compensation claim. Plaintiff also alleges that the City failed to accommodate him under the Family Medical Leave Act. We are currently contemplating filing a motion to dismiss this matter.

**M. v. Paterson**

This lawsuit involves a motor vehicle accident between the plaintiffs and an unknown city employee. This office will be filing a motion to dismiss on behalf of Defendants on several grounds, including immunity under the Tort Claims Act, failure to state a claim under R. 4:6-2(e), and failure to file a timely notice of tort claim with the City as required under Tile 59.

**M. v. Paterson**

This is a wrongful death case. The Plaintiff alleges that the decedent was injured and was killed as a result of the City of Paterson's negligent or careless security measures on the premises of a private restaurant. The complaint fails to detail any facts leading up to the alleged injury. Accordingly, this office will be filing a motion to dismiss for failure to state a claim.

**WU Associates v. Paterson**

This is a breach of contract case. Plaintiff alleges that they entered into a contract with the City to provide services associated with certain "Stadium Signs" and that they relied on representations made by the City to their detriment. Plaintiff claims that despite the agreement with the City, the City has failed to pay invoices for work that was performed. The Plaintiff's lawsuit asserts claims for breach of contract, negligence, and fraud. This office will be filing a responsive pleading and is contemplating and exploring the possibility of filing a motion to dismiss. If successful, Plaintiff would be able to enforce the contract or recover compensatory damages in the amount of \$1,485,725.

**CITY OF PATERSON  
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(continued)**

**NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**Center City Partners v. Paterson**

Plaintiffs' claim that they were members of the City of Paterson's special improvement district ("SID"). Said district is created by statute. Plaintiff claims that the City violated the district's By-Laws by holding a budget meeting and vote without providing Plaintiffs notice or letting them participate in violation of their rights and the statute. Plaintiffs seek to invalidate the decisions made by the District in Plaintiffs' absence and seeks counsel fees. At this time, it is difficult to determine the monetary amount Plaintiff seeks and what the City's damages exposure is given the facts in the Complaint. Regardless, the City will file a motion to dismiss because the Plaintiffs have failed to abide by the applicable statute of limitations for these types of actions. The value of exposure is reflective towards the amount of SID payments made by Plaintiff's which could turn into tax credits in the future in the amount of \$1,000,000.00.

**Tax Appeals**

There were numerous tax appeal cases pending at June 30, 2019. These cases, when resolved, will be paid by future taxation or reserve for tax appeals. The reserve for tax appeals at June 30, 2019 has a balance of \$1,000,000.

**NOTE 14. FUND BALANCES**

Fund balance as of June 30, 2019 that has been anticipated as revenue in the 2020 budget is as follows:

Current Fund	\$-0-
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**NOTE 15. 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.

**CITY OF PATERSON  
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(continued)**

**NOTE 15. POST RETIREMENT BENEFITS, (continued)**

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, 2019 and 2018.

As of June 30, 2019 and 2018, the plan membership data is as follows:

	<u>2019</u>	<u>2018</u>
Active Employees	1,480	1,480
Retirees	851	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 \$21,523,526 (851), \$24,836,787 (982) and \$20,467,438 (798) for the years ended June 30, 2019, 2018 and 2017.

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 in 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.

**CITY OF PATERSON  
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**NOTE 15. POST RETIREMENT BENEFITS, (continued)**

**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, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Total OPEB Liability	\$781,508,348	\$813,652,559
OPEB Plan Fiduciary Net Position	_____	_____
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 FINANCIAL STATEMENTS**  
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**(continued)**

**NOTE 15. 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:

	<u>2019</u>	<u>2018</u>
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay Cost Method (EAN)	Entry Age Normal Level Percentage of Pay Cost Method (EAN)
Salary Increase	2.50%	2.50%
Discount Rate	3.87%	3.87%
Healthcare Cost Trend Rates	5.9% for 2018 decreasing to an ultimate rate of 3.9% by 2075	5.9% for 2018 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) in 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) in 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, 2019 and 2018, respectively, as well what the City's net OPEB liability would be if it were calculated using a discount rate 1% lower and 1% higher than the current discount rate:

	<u>2019</u>	<u>2018</u>
At:		
1% Decrease	\$645,207,398	\$645,207,398
Current Discount Rate	781,508,348	781,508,348
1% Increase	963,556,949	963,556,949

**CITY OF PATERSON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018  
(continued)**

**NOTE 15. 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, 2019 and 2018, 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>2019</u>	<u>2018</u>
At:		
1% Decrease	\$629,306,044	\$629,306,044
Current Healthcare Cost Trend Rate	781,508,348	781,508,348
1% Increase	987,012,112	987,012,112

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources**

The OPEB expense and deferred outflows and deferred inflows of resources at June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Employer Service Cost	\$10,964,741	\$10,964,741
Interest Cost	29,080,630	29,080,630
Changes in Assumptions or Other Inputs	<u>(6,764,685)</u>	<u>(6,764,685)</u>
OPEB Expense	<u>\$33,280,686</u>	<u>\$33,280,686</u>
Deferred Inflows of Resources	(40,588,110)	(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 FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**  
**(continued)**

**NOTE 15. 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total OPEB Liability - Beginning of Year	\$813,652,559	\$813,652,559
Additional Liability Recognized Under GASB 75	-	-
OPEB Expense	33,280,686	33,280,686
Changes in Assumptions or Other Inputs	(40,588,110)	(40,588,110)
Contributions Made	<u>(24,836,787)</u>	<u>(24,836,787)</u>
Decrease/Increase in OPEB Liability	(32,144,211)	(32,144,211)
Decrease/Increase in OPEB Liability	<u>\$781,508,348</u>	<u>\$781,508,348</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>\$781,508,348</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll	119,376,702	119,376,702
Net OPEB Liability as a Percentage of Covered Payroll	654.7%	654.7%

**NOTE 16. SUBSEQUENT EVENTS**

The City has evaluated subsequent events through April 21, 2020, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**SUPPLEMENTARY DATA AND SCHEDULES**



**CITY OF PATERSON, N.J.**

**Supplementary Data**

Comparative Schedule of Tax Rate Information

	Year Ended June 30, <u>2019</u>	Year Ended June 30, <u>2018</u>	Year Ended June 30, <u>2017</u>
Tax rate	4.184	4.326	4.160
Apportionment of tax rate:			
Municipal	2.56	2.779	2.661
School	0.727	0.722	0.738
County	0.897	0.825	0.761

Assessed Value

Year Ended

June 30,

2019	\$ 6,220,103,228
2018	5,813,334,628
2017	4,195,031,585

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year Ended June 30,</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2019	\$ 251,881,615	245,045,238	97.29%
2018	239,892,278	232,108,081	96.76%
2017	244,401,505	233,829,930	95.67%

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentages, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

<u>June 30,</u>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2019	\$	19,266,592	19,266,592	7.65%
2018		160,749	16,790,990	7.07%
2017		225,617	16,999,724	7.05%

**CITY OF PATERSON, N.J.**

**Supplementary data**

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2019 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by litigation of tax title liens on June 30, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>		<u>Amount</u>
2019	\$	12,369,660
2018		12,369,660
2017		5,107,360

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>June 30,</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2019	\$	1,719,561	
	2018		488,696	
	2017		9,128,796	8,640,100

**CITY OF PATERSON**

**OFFICIALS IN OFFICE**

(For July 1, 2018 Through the Audit Report Date Unless Otherwise Noted)

<u>Name</u>	<u>Title</u>
<b>Governing Body:</b>	
Andre Sayegh .....	Mayor (commencing July 1, 2018)
Michael Jackson .....	1st Ward Councilman (July 1, 2016 through June 30, 2020)
Shahin Khalique .....	2nd Ward Councilman (July 1, 2016 through June 30, 2020)
William C. McKoy .....	3rd Ward Councilman (July 1, 2016 through June 30, 2020)
Ruby N. Cotton .....	4th Ward Councilwoman (July 1, 2016 through June 30, 2020) Council President (FY2018)
Luis Velez .....	5th Ward Councilman (July 1, 2016 through June 30, 2020)
Alaa "Al" Abdelaziz .....	6th Ward Councilman (November 27, 2018 though June 30, 2020)
Maritza Davila .....	Councilwoman-at-Large (July 1, 2018 through June 30, 2022)
Flavio Rivera .....	Councilman-at-Large (July 1, 2018 through June 30, 2022)
Lilisa Mimms.....	Councilman-at-Large (July 1, 2018 through June 30, 2022)
<b>Other Officials:</b>	
Sonia L. Gordon .....	City Clerk (December 20, 2019 through December 20, 2022)
Vaughn L. McKoy.....	Business Administrator (commencing July 1, 2018 through February 14, 2020)
Kathleen Long.....	Business Administrator (commencing July 18, 2020)
Khalifah Shabazz.....	Corporation Counsel (commencing July 1, 2018 - August 7, 2019 )
Farrah Irving .....	Corporation Counsel (commencing December 17, 2019)
Domenick Stampone .....	First Assistant Corporation Counsel (commencing July 1, 2018)
Ben David Seligman, Esq. ....	Second Assistant Corporation Counsel
(A) Margaret S. Cherone .....	Chief Municipal Finance Officer/Director of Finance/Budget Officer
Aaron Hoffstatter .....	Director of Division of Treasury
Javier Silva .....	Director of Accounts and Controls, Comptroller
Joanne Bottler .....	Tax Searches
Richard Marra .....	Tax Assessor
Bilal Bici .....	Tax Assessor
(B) Sonia Schulman .....	Tax Collector, (commencing October 5, 2017)
Ruben Gomez .....	Director of Department of Community Development (through December 31, 2018)
Michael Powell .....	Director of Department of Economic Development (commencing July 30, 2018)
Barbara Blake-McLennon .....	Acting Director of Department of Community Development
David Gilmore .....	Director of Community Improvements (commencing February 29, 2016)
Paul Persaud.....	Health Officer
Robert Ardis .....	Supervisor of Accounts - Health Division
Karen Sizer-Martin .....	Registrar of Vital Statistics
Manuel Ojeda .....	Director of Department of Public Works (through June 30, 2018)
William Rodriguez .....	Director of Department of Public Works (commencing February 12, 2019)
Ryan Foote .....	Director of Information Technology / Data Processing
Michele Ralph-Rawls.....	Director of Personnel (commencing September 18, 2018)
Debra Hannibal .....	Interim Director of Personnel

**CITY OF PATERSON**

**OFFICIALS IN OFFICE**

(For July 1, 2018 Through the Audit Report Date Unless Otherwise Noted)

Name	Title
Fred Margron .....	City Engineer

**Other Officials (continued):**

(D) Hon. Abdelmageid "John" Abdelhadi	Judge (commencing August 18, 2017)
(D) Hon. Jeremias Batista.....	Judge (commencing August 18, 2017 - Resigned 11/20/19 )
(D) Hon. Vincenzo Stampone .....	Judge (commencing January 6, 2020)
(D) Hon. Cecilia Guzman .....	Judge (commencing August 18, 2017)
(D) Hon. Dawn Blakely-Harper .....	Judge (commencing August 18, 2017)
(D) Hon. Xavier Rodriguez.....	Judge (commencing June 17, 2019)
(D) Hon. Guiseppe C. Randazzo .....	Chief Judge (commencing August 18, 2017)
(D) Manuel Quiles .....	Court Director
(D) Beverly Valentine .....	Court Administrator (commencing April 9, 2019)
Corey M. Fleming .....	Director of Free Public Library (commencing October 16, 2017)
Paul Persaud .....	Acting Director of Human Services (July 1, 2018 thru September 2, 2019)
Oshin Castillo-Cruz.....	Director of Human Services (commencing September 3rd, 2019)
Harry Cevallos .....	Qualified Purchasing Agent

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

CITY OF PATERSON, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended June 30, 2019

	Current <u>Fund</u>
Balance - June 30, 2018	\$ 20,453,535
Increased by Receipts:	
Taxes Receivable	244,008,824
Miscellaneous Revenue Not Anticipated	755,161
Tax Overpayments	1,973,910
Prepaid Taxes	338,747
Property Tax Suspense	216,356
Petty Cash	10,000
Interfunds	59,643,309
Prepaid Sewer Taxes	25,309
Due from State - Senior Citizen and Veteran Deductions	139,704
Revenue Accounts Receivable	95,881,508
Municipal Liens	2,160,639
Sewer Charges	13,917,271
Municipal Sewer Liens	327,994
Demolition Liens	207,834
Sale of Property	9,000
Library State Aid	92,275
ABC License Surcharge	25,600
Reserve for Tax Appeals	1,000,000
	<hr/>
	420,733,441
	<hr/>
	441,186,976
Decreased by Disbursements:	
Current Year Budget Appropriations	247,163,197
Petty Cash	10,000
Appropriation Reserves	13,655,559
Accounts Payable	112,782
Tax Overpayment Refunds	5,820,823
Local District School Taxes	41,962,513
County Taxes Payable	50,422,189
Property Tax Suspense	602,229
Library State Aid	156,625
ABC License Surcharge	30,000
Interfunds	61,611,241
Refund of Prior Year Revenue	206,962
Refunds	1,257,751
	<hr/>
	423,011,871
	<hr/>
Balance - June 30, 2019	\$ <u><u>18,175,105</u></u>

**Exhibit A-5**

**CITY OF PATERSON, N.J.**

**Schedule of Change Fund**

**Current Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$ <u>685</u>
Decreased by:	
Cancelled	<u>485</u>
Balance - June 30, 2019	\$ <u><u>200</u></u>

**Exhibit A-6**

**Schedule of Cash - Petty Cash**

**Current Fund**

**Year Ended June 30, 2019**

Increased by:	
Disbursed	\$ <u>10,000</u>
Decreased by:	
Returned to Treasurer	\$ <u><u>10,000</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Amount Due (to)/from State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 129 P.L. 1976**

**Current Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018		\$	89,000
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	79,875	
Veterans' Deductions Per Tax Billing		<u>102,750</u>	
			<u>182,625</u>
			271,625
Decreased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash		139,704	
Senior Citizen's and Veteran's Disallowed - 2019		<u>14,521</u>	
			<u>154,225</u>
Balance - June 30, 2019		\$	<u><u>117,400</u></u>

## CITY OF PATERSON, N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

## Year Ended June 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>June 30, 2019</u>
Licenses:				
Alcoholic Beverages	\$	206,658	206,658	
Other		232,842	232,842	
Fines and Costs:				
Municipal Court		5,465,365	5,031,580	433,785
Interest and Costs on Taxes		3,546,919	3,546,919	
Interest and Delinquent Sewer Charges		269,434	269,434	
Department of Public Works		410,695	410,695	
Interest on Investments and Deposits		224,512	224,512	
Division of Health		1,019,222	1,019,222	
City-Wide Recycling Revenues		9,135	9,135	
Board of Adjustment		257,335	257,335	
Sale of Copies of Public Record		49,262	49,262	
Ambulance Fees		3,454,002	3,454,002	
Municipal Towing Contract Fees		249,972	249,972	
Municipal Sewer User Charges (Current Year)		13,277,709	13,277,709	
Prior Years' Sewer Charges		639,562	639,562	
Fire Department Combustibles Inspection Revenues		948,728	948,728	
Livery & Taxi License Fees		116,825	116,825	
Transitional Aid		33,000,000	33,000,000	
Consolidated Municipal Property Tax Relief Act		9,850,056	9,850,056	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		22,872,744	22,872,744	
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	
Uniform Construction Code Fees				
Fees and Permits				
Construction Code Official		1,710,865	1,710,865	
Other		737,824	737,824	
Uniform Fire Safety Act		337,584	337,584	
PILOT Agreements				
Aspen Hamilton		91,728	91,728	
Colt Arms		472,641	472,641	
Federation Apartments		206,225	206,225	
Governor Paterson Towers		736,288	736,288	
504 Madison Avenue		157,198	157,198	
INNCAA for Housing - North Triangle		170,367	170,367	
Cooke Building Associated		4,214	4,214	
Jackson Slater		218,565	218,565	
Brooke Sloate		174,582	174,582	
Essex - Phoenix Mill		231,524	231,524	
Christopher HOPE Development		107,790	107,790	
446-460 E. 19th Street		49,310	49,310	
Belmont Towers/McBride Apartments		53,593	53,593	
HOPE 98 North Main Scattered Sites		138,604	138,604	
HOPE 98 Beech Street		34,285	34,285	
HOPE 98 Van Houten Street		58,297	58,297	
Rising Dove Senior Apartments		30,178	30,178	
PILOT Agreements (continued)				
Congdon Mill		86,930	86,930	



CITY OF PATERSON, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended June 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>June 30, 2019</u>
Belmont Towers 2007		17,022	17,022	
Heritage Alexander Hamilton		149,723	149,723	
Paterson Housing Authority		138,863	138,863	
City of Paterson Parking Authority Cooperative Agreement		221,000	221,000	
City of Paterson Parking Authority Cooperative Agreement		221,000	221,000	
PVWC Fire Hydrant Testing Reimbursement		197,400	197,400	
Trust Fund Surplus		5,300	5,300	
PVSC Rebate Incentive Program		36,394	36,394	
Private Host Benefit Fees		418,091	418,091	
Cablevision Franchise Fees		832,355	832,355	
Verizon Franchise Fees		327,282	327,282	
Housing Authority Garage Reimbursement		95,000	95,000	
Passaic County Community College Rent		10,000	10,000	
Northeast Hydro Holdings - Rent		146,374	146,374	
Board & Secure		319,440	319,440	
Redemption Fees		121,140	121,140	
Mercantile License Fees		44,285	44,285	
Parade Fees		50,301	50,301	
Mobility		120,301	120,301	
Broadway Rent Income		24,000	24,000	
Additional Off Duty Administrative Fee		794,440	794,440	
North Jersey District Water Supply Training & Response		75,000	75,000	
Passaic Valley Water Commission		145,000	145,000	
Due from Trust Fund - Liability Insurance Reserve		1,180,669	1,180,669	
CDBG Fund Interfund FY2018		1,016,838	1,016,838	
Grants Interfund from FY2018		60,283	60,283	
Sale of City Owned Property - Armory/PPA		1,056,127	1,056,127	
Appropriation Cancellation		3,284,790	3,284,790	
	<u>\$</u>	<u>113,287,055</u>	<u>112,853,270</u>	<u>433,785</u>
		Interfunds \$		
		Appropriation Reserve Cancellation	3,284,790	
		Sewer Charges Receivable	13,686,972	
		Cash	95,881,508	
			<u>\$ 112,853,270</u>	

**CITY OF PATERSON, N.J.**

**Schedule of Tax Title Lien Receivable**

**Current Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018		\$ 16,790,990
Increased by:		
Transferred from Delinquent Taxes - Tax Sale	\$ 4,570,278	
Interest and costs - tax sale	65,963	
Subsequent Taxes	<u>183,017</u>	
		<u>4,819,258</u>
Decreased by:		
Cancelled	183,017	
Redeemed	<u>2,160,639</u>	
		<u>2,343,656</u>
Balance - June 30, 2019		\$ <u><u>19,266,592</u></u>

CITY OF PATERSON, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended June 30, 2019

Year	Balance, June 30, 2018	Levy	2018	2019	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, June 30, 2019
2015	1,217			1,217				
2016	13,703			13,703				
2017	25,058			25,058				
2018	120,771	194,396		315,167				
2019	160,749	194,396		355,145				
		251,881,615	223,455	244,653,679	168,104	4,570,278	2,266,099	
	\$ 160,749	252,076,011	223,455	245,008,824	168,104	4,570,278	2,266,099	
				Cash Receipts \$ 244,008,824				
				Reserve for Tax Appeals 1,000,000				
				\$ 245,008,824				
				Analysis of Tax Levy				
				General Purpose Tax \$ 251,755,982				
				Added Tax (R.S. 54:4-63.1 et seq.) 125,633				
				\$ 251,881,615				
				Local District School Tax \$ 41,962,513				
				County Tax \$ 50,296,556				
				County Added and Omitted Taxes 125,633				
				\$ 50,422,189				
				Local Tax for Municipal Purposes \$ 158,294,589				
				Add: Additional Taxes Levied 1,202,324				
				Local Tax for Municipal Purposes 159,496,913				
				\$ 251,881,615				

CITY OF PATERSON, N.J.

Schedule of Sewer Charges Receivable

Current Fund

Year Ended June 30, 2019

<u>Year</u>	<u>Balance, June 30, 2018</u>	<u>Levy</u>	<u>2018</u>	<u>Collected 2019</u>	<u>Billing Adjustment</u>	<u>Transfer to Sewer Lien Receivable</u>	<u>Balance, June 30, 2019</u>
Prior	61,680	346,890		639,562	242,277	11,285	
2019	61,680	346,890		639,562	242,277	11,285	
		15,503,409	13,688	13,277,709	(242,277)	211,385	1,758,350
	\$ 61,680	15,850,299	13,688	13,917,271		222,670	1,758,350

Cash Receipts \$ 13,917,271

\$ 13,917,271

**CITY OF PATERSON, N.J.**  
**Schedule of Sewer Lien Receivable**  
**Current Fund**  
**Year Ended June 30, 2019**

Balance -June 30, 2018	\$	845,369
Increased by:		
Transfer from Sewer Charges Receivable		222,670
		1,068,039
Decreased by:		
Cash Receipts		327,994
Balance - June 30, 2019	\$	740,045

**Schedule of Demolition Liens Receivable**  
**Current Fund**  
**Year Ended June 30, 2019**

Balance - June 30, 2018	\$	1,514,154
Decreased by:		
Cash Receipts		207,834
Balance - June 30, 2019	\$	1,306,320

**CITY OF PATERSON, N.J.**

**Schedule of Property Acquired for Taxes -  
Assessed Valuation**

**Current Fund**

**Year Ended June 30, 2019**

Balance - December 31, 2018 \$ 12,369,660

Balance - December 31, 2019 \$ 12,369,660

**Schedule of Sales Contracts Receivable**

**Current Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018 \$ 25,000

Balance - June 30, 2019 \$ 25,000

**CITY OF PATERSON, N.J.**

**Schedule of Deferred Charges**

**Current Fund**

**Year Ended June 30, 2019**

	Balance, June 30, <u>2018</u>	Amount in <u>2019 Budget</u>	Amount Resulting from <u>2019</u>	Balance, June 30, <u>2019</u>
Cash Deficit of Preceding Year	\$ 2,692,504	1,964,636		727,868
Emergency Authorizations:				
Insurance Emergency	<u>1,320,156</u>	<u>1,320,156</u>		
	<u>\$ 4,012,660</u>	<u>3,284,792</u>		<u>727,868</u>

CITY OF PATERSON, N.J.

Schedule of Interfunds

Current Fund

Year Ended June 30, 2019

<u>Fund</u>	Due from/(to) Balance <u>June 30, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>June 30, 2019</u>
Federal and State Grant Fund	\$ 60,285	14,564,696	13,801,161	823,820
General Capital Fund		27,381,536	27,381,536	
Other Trust Fund		7,594,507	7,594,507	
Community Development Trust Fund	1,016,838	4,430,060	5,268,612	178,286
SID Trust Fund		4,325	4,325	
Dedicated Revenue		576,140	576,140	
Police Off Duty Trust Fund		7,075,177	7,075,177	
	<u>\$ 1,077,123</u>	<u>61,626,441</u>	<u>61,701,458</u>	<u>1,002,106</u>
Due to Current Fund	<u>1,077,123</u>	<u>61,626,441</u>	<u>61,701,458</u>	<u>1,002,106</u>
	<u>\$ 1,077,123</u>	<u>61,626,441</u>	<u>61,701,458</u>	<u>1,002,106</u>
			Cash Receipts \$ 59,643,309	
		Cash Disbursements 61,611,241		
		Deposit in Error 15,200		
			Reimbursement for Expenditures 1,306,411	
			Capital Improvement Fund 434,229	
			Grant Cash Match 317,509	
		<u>\$ 61,626,441</u>	<u>61,701,458</u>	



## CITY OF PATERSON, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended June 30, 2019

	Balance, June 30, <u>2018</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	<u>Cancelled</u>
Salaries and Wages Within "CAPS":					
Office of the Mayor	\$ 40,000	40,000	40,000		
Office of the Business Administrator	49,500	48,716	48,716		
Division of Personnel	15,000	(10,981)	(10,981)		
Division of Data Processing	500				
Public Defender (P.L. 1997, c.256)	500				
Director of Finance	4,800				
Division of Treasury	12,000				
Division of Accounts and Control	500				
Office of the Corporation Counsel	3				
Division of Fire	400,345	570,345	549,842		20,503
Division of Police	147,581	758,407	703,599	16,164	38,644
Director of Public Works	40				
Division of Engineering	15				
Division of Water and Sewers	22				
Division of Community Improvements		(6,286)	(6,286)		
Division of Health		(18,765)	(18,899)	134	
<b>Total Salaries and Wages Within "CAPS"</b>	<b>670,806</b>	<b>1,381,436</b>	<b>1,305,991</b>	<b>16,298</b>	<b>59,147</b>
Other Expenses Within "CAPS":					
Office of the Mayor	737	1,606	1,135	471	
City Council	5,829	15,688	15,688		
Office of the City Clerk	8,470	70,341	18,671	11,670	40,000
Elections	63,095	168,399	128,626	9,773	30,000
Insurance					
Other Expenses	6,219,784	6,715,425	5,395,269		1,320,156
Worker Compensation	233,077	236,937	236,187		750
Liability	810,529	550,644	550,644		
Auditing Services and Costs					
Annual Audit	56,000	56,000	25,500	30,500	
Other Audits	9,260	50,200	21,090	29,110	
Cultural Affairs	1,601	34,555	34,484	71	
Office of the Business Administrator	4,612	5,061	991	2,070	2,000
Division of Personnel	13,000	32,011	15,224	3,491	13,296
Division of Purchasing	200	2,100	1,523	19	558
Division of Data Processing	46,190	192,761	176,570	15,639	552
Surveys and General	30,000	11,050	9,660		1,390
Public Defender (P.L. 1997, c.256)	48				
Director of Finance	2,800	28,323	349	7,974	20,000
Division of Treasury	825	2,134	601	708	825
Division of Accounts and Control	500	995	942	53	
Division of Sewer Collection	892	1,867	172	1,695	
Division of Assessments	18,935	43,877	20,419	3,458	20,000
Division of Revenue Collection	7,066	29,735	24,613	5,122	
Office of Internal Audit		205	205		

## CITY OF PATERSON, N.J.

## Schedule of Appropriation Reserves

## Current Fund

## Year Ended June 30, 2019

	Balance, June 30, 2018	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed	Cancelled
Office of the Corporation Counsel	47,564	192,825	176,716	1,109	15,000
Taxicab Division	14	14			14
Division of Fire	74,418	395,009	357,384	2,531	35,094
Division of Police	16,422	313,425	154,685	255	158,485
Animal Control					
Director of Public Works	1,021	8,535	4,246	1,205	3,084
Division of Engineering	393	25,087	20,037		5,050
Division of Traffic and Lighting	46,146	71,683	19,485	60	52,138
Division of Water and Sewers	57,380	234,219	84,288	17,681	132,250
Sewer Repair	600	600			600
Division of Streets	7,000	71,950	28,804	2,074	41,072
Street Repair	83,870	34,036		18,247	15,789
Snow Removal					
Other Expenses		91,879	91,879		
Storm Recovery Reserve	421,433	500,000	372,940		127,060
Division of Auto Maintenance	30,445	141,020	71,339	10,117	59,564
Div. of Public Property-Parks and Shade Trees	49,879	326,036	130,673	1,918	193,445
Div. of Public Property-Public Building	166,039	414,152	256,774	56,293	101,085
Division of Recreation	12,912	100,640	70,571	24,947	5,122
Division of Recycling	170	58,443	26,237	3,430	28,776
Cable Communications	833	11,338	3,143	7,362	833
Division of Planning and Zoning	95	2,701	1,445	84	1,172
Division of Community Improvements	112,530	79,423	61,177	3	18,243
Division of Economic Development	2,714	4,229	2,829		1,400
Division of Redevelopment	82,469	34,834	4,778		30,056
Director of Human Services	400	467	133	67	267
Office of Aging and Disabled Services	1,518	4,098	3,268		830
Social Services	21,674	42,748	21,141	1,372	20,235
Mercantile Licenses	261	261	218	43	
Division of Consumer Protection	1,200	1,272		72	1,200
Division of Youth Services		19,206	9,108	98	10,000
Division of Health	10,324	42,128	27,745	7,871	6,512
Museum	20,187	30,639	10,338	723	19,578
Board of Adjustment	1,823	8,596	8,596		
Office of Emergency Management	4,830	41,349	32,919		8,430
Planning Board	17,258	18,818	6,600	2,053	10,165
Youth Guidance Council	8,106	8,106	2,625	55	5,426
Historic Preservation	54	504	504		
Municipal Court	20,013	28,011	13,461	3,105	11,445
Unclassified					
Electricity	175,486	361,534	290,625	7,739	63,170
Street Lighting	628,333	1,146,326	778,833	156,519	210,974
Telephone Service	161,523	174,276	87,096	11,747	75,433
Natural Gas	180,510	167,059	100,783		66,276
Gasoline	14,777	84,700	68,643		16,057
Solid Waste	711,334	1,088,557	1,042,933		45,624
Total Other expenses Within "CAPS"	10,727,408	14,630,647	11,123,562	460,604	3,046,481

CITY OF PATERSON, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2019

	Balance, June 30, <u>2018</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	<u>Cancelled</u>
Deferred Charges and Statutory Expenditures Within "CAPS":					
Public Employees' Retirement System	33,402				
Social Security System (O.A.S.I.)	14,000	(73,110)	(73,110)		
Consolidated Police and Firemen's Pension	5,000				
Police and Fire Retirement System	24,326	(28,525)	(28,525)		
Unemployment Insurance	2,000	(631)	(631)		
Increased Retirement Allowance	23,357				
Defined Contribution Pension Plan	142,311	6,767	6,767		
Medicare	46,000	(19,277)	(19,277)		
State Disability	705				
Insurance Emergency		1,320,156	1,320,156		
	<u>291,101</u>	<u>1,205,380</u>	<u>1,205,380</u>		
Total Deferred Charges and Statutory Expenditures Within "CAPS"					
Other Expenses Excluded From "CAPS":					
Maintenance of Free Public Library	181,338	259,080	79,918		179,162
	<u>181,338</u>	<u>259,080</u>	<u>79,918</u>		<u>179,162</u>
Total Other Expenses Excluded from "CAPS"					
	<u>181,338</u>	<u>259,080</u>	<u>79,918</u>		<u>179,162</u>
 Total Reserves	 <u>\$ 11,870,653</u>	 <u>17,476,543</u>	 <u>13,714,851</u>	 <u>476,902</u>	 <u>3,284,790</u>
		Appropriation Reserves \$ 11,870,653			
		Encumbrances <u>5,605,890</u>			
		<u>\$ 17,476,543</u>			
		Cash Disbursed \$ 13,655,559			
		Transfer to Reserve for Library <u>59,292</u>			
		<u>\$ 13,714,851</u>			

**CITY OF PATERSON, N.J.**

**Schedule of Encumbrances Payable**

**Current Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018		\$	5,613,155
Increased by:			
Transferred from Current Year Budget			<u>4,684,439</u>
			10,297,594
Decreased by:			
Transferred to Appropriation Reserves	\$	5,605,890	
Transferred to Reserve for State Library Aid		<u>7,265</u>	
			<u>5,613,155</u>
Balance - June 30, 2019	\$		<u><u>4,684,439</u></u>

**Schedule of Accounts Payable**

**Current Fund**

**Year Ended June 30, 2019**

Balance - December 30, 2018		\$	250,491
Increased by:			
Transferred from Fund Balance			<u>39,555</u>
			290,046
Decreased by:			
Cash Disbursements			<u>112,782</u>
Balance - December 30, 2019	\$		<u><u>177,264</u></u>

**CITY OF PATERSON, N.J.**  
**Schedule of Tax Overpayments**  
**Current Fund**  
**Year Ended June 30, 2019**

Balance - June 30, 2018		\$	5,095,192
Increased by:			
Transfer from Sewer Overpayment	\$	6,206	
Collections		<u>1,973,910</u>	
			<u>1,980,116</u>
			7,075,308
Decreased by:			
Cash Disbursements			<u>5,820,823</u>
Balance - June 30, 2019		\$	<u><u>1,254,485</u></u>

**Schedule of Prepaid Taxes**  
**Current Fund**  
**Year Ended June 30, 2019**

Balance - June 30, 2018		\$	223,455
Increased by:			
Collections			<u>338,747</u>
			562,202
Decreased by:			
Applied to 2019 Taxes Receivable			<u>223,455</u>
Balance - June 30, 2019		\$	<u><u>338,747</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Reserve for Property Tax Suspense**

**Current Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$	472,454
Increased by:		
Cash Receipts		<u>216,356</u>
		688,810
Decreased by:		
Cash Disbursements		<u>602,229</u>
Balance - June 30, 2019	\$	<u><u>86,581</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Prepaid Sewers**

**Current Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$ 13,688
Increased by:	
Cash Receipts	<u>25,309</u>
	38,997
Decreased by:	
Applied to Current Year	<u>13,688</u>
Balance - June 30, 2019	<u><u>\$ 25,309</u></u>

**Schedule of Sewer Overpayments**

**Current Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$ 158,056
Decreased by:	
Transfer to Tax Overpayments	<u>6,206</u>
Balance - June 30, 2019	<u><u>\$ 151,850</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Local School District Tax Payable**

**Current Fund**

**Year Ended December 31, 2019**

Increased by:		
2019 Levy	\$	<u>41,962,513</u>
Decreased by:		
Payments	\$	<u>41,962,513</u>

**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended June 30, 2019**

Increased by:			
2019 Levy	\$	49,619,959	
2019 Open Space		676,597	
2019 Added Assessments		<u>125,633</u>	
			<u>50,422,189</u>
Decreased by:			
Payments	\$		<u>50,422,189</u>



**CITY OF PATERSON, N.J.**

**Schedule of Reserve for Deposits on Sale of  
Property Acquired for Taxes**

**Current Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$	145,599
Increased by:		
Cash Receipts		<u>9,000</u>
Balance - June 30, 2019	\$	<u><u>154,599</u></u>

**Schedule of Reserve for State Library Aid**

**Current Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$	89,757
Increased by:		
Transfer from Reserve for Library	28,687	
Transfer from Reserve for Encumbrances	7,265	
Cash Receipts	<u>92,275</u>	
		<u>128,227</u>
		217,984
Decreased by:		
Cash Disbursements		<u>156,625</u>
Balance - December 31, 2019	\$	<u><u>61,359</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Reserve for Library**

**Current Fund**

**Year Ended June 30, 2019**

	<u>Total</u>	<u>Due for City Appropriations</u>	<u>Library Fines and Donations</u>
Balance - June 30, 2018	\$ 104,310	31,585	72,725
Increased by:			
Transfer from Appropriation Reserves	59,292	59,292	
	163,602	90,877	72,725
Decreased by:			
Transfer to Reserve for Library State Aid	28,687	28,687	
Interfund - Due to Grant Fund	56,243		56,243
	84,930	28,687	56,243
Balance - June 30, 2019	\$ 78,672	\$ 62,190	\$ 16,482

CITY OF PATERSON, N.J.

Schedule of Reserve for ABC License Surcharge

Current Fund

Year Ended June 30, 2019

Balance - June 30, 2018	\$	30,372
Increased by:		
Surcharges Collected		<u>25,600</u>
		55,972
Decreased by:		
Surcharges Discharged		<u>30,000</u>
Balance - June 30, 2019	\$	<u><u>25,972</u></u>

Schedule of Reserve for Revaluation

Current Fund

Year Ended June 30, 2019

Balance - June 30, 2018	\$	<u>2</u>
Decreased by:		
Cancelled - Fund Balance	\$	<u><u>2</u></u>

**CITY OF PATERSON, N.J.**  
**Schedule of Reserve for Tax Appeals**  
**Current Fund**  
**Year Ended June 30, 2019**

Increased by:	
Cash Receipt	\$ <u>1,000,000</u>
Balance - June 30, 2019	\$ <u><u>1,000,000</u></u>

## CITY OF PATERSON, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended June 30, 2019

<u>Grant</u>	Balance, June 30, 2018	2019 Budget Revenue <u>Realized</u>	<u>Received</u>	<u>Adjustments</u>	<u>Canceled</u>	Balance, June 30, 2019
Municipal Storm Water Regulation Program	\$ 10,310					10,310
Supplemental Grant for BDA (Brownfield Development Area) Site Investigation - Addy Mill	30,432					30,432
Supplemental Grant for BDA (Brownfield Development Area) Site Investigation - Cliff Street / Belmont Apartments	20,264					20,264
Supplemental Grant for BDA (Brownfield Development Area) Site Investigation - Paterson Armory	46,610					46,610
Supplemental Grant for BDA (Brownfield Development Area) Site Investigation - Dairy Queen	14,020					14,020
Supplemental Grant for BDA (Brownfield Development Area) Site Investigation - BDA HAZ Steam Plant - Overlook Park	420,307					420,307
Supplemental Grant for BDA (Brownfield Development Area) Site Investigation - Paterson Falls/McBride Avenue Site	40,681		40,681			
Supplemental Grant for BDA (Brownfield Development Area) Site Investigation-Haz. Discharge Site-Leader Dyeing & Finishing Co.-2019		72,354				72,354
Rutgers Cooperative - Water Resources/Overlook Park Bioretention Recycling Tonnage Grant - 2019	100,000		100,000			
Clean Communities Program Grant - 2019		236,050	236,050			
Life Hazard Use Fees - LEA Rebate - 2017	40,892	179,929	179,929		40,892	
Life Hazard Use Fees - LEA Rebate - 2018	153,880		145,441		8,439	
Life Hazard Use Fees - LEA Rebate - 2019		337,584	162,567			175,017
Anti-Violence Out of School Grant - 2018	500,000		395,820			104,180
Anti-Violence Out of School Grant - 2019		1,000,000	500,000			500,000
Hinchliffe Stadium Grant	500,000					500,000
Public Health Preparedness & Response for Bioterrorism - 2018	57,109		54,454		2,655	
Public Health Preparedness & Response for Bioterrorism - 2019		219,955	158,626			61,329
Paterson Station House Adjustment Program		36,564	36,563		1	
Drunk Driving Enforcement Fund	791				791	
Alcohol Rehabilitation Grant - 2018	4,954					4,954
Evening Reporting Program - 2015	30,962				30,962	
Evening Reporting Program - 2018	113,855		113,855			
Evening Reporting Program - 2019		113,855				113,855
Safe & Secure Communities Program - 2019		199,563	199,563			
Body Armor Grant - 2019		38,992	38,992			
DWI Grant NJDPS Drive Sober Year-End Crackdown - 2019		5,500				5,500
Municipal Alliance Strategic - 2017	4,180				4,180	
Municipal Alliance Strategic - 2018	61,641		59,204		2,437	
Municipal Alliance Strategic - 2019		61,641	4,414			57,227
Life Skills & Family Court Program - 2018	40,518		40,518			
Life Skills & Family Court Program - 2019		40,518				40,518
Transfer for Development Rights Feasibility Grant Program	50,000					50,000
NJ Historical Commission Delaware - Lenape Culture Permanent Exhibit of the Paterson Museum	109		90		19	
Microgrid Feasibility Study Grant		173,000	173,000			
Grassroots Arts Commission		5,000	4,500			500
NJ Career Connection Uniform Career Guidance - 2018	9,402		8,840		562	
NJ Career Connection Uniform Career Guidance - 2019		50,000	16,838			33,162
Adult Literacy Community Guidance - 2017	22,638					22,638
Adult Literacy Community Guidance - 2018		82,843	60,073			22,770
American National Trust Hinchliffe Stadium	150,000					150,000
Community Foundation of NJ - Give & Receive (GARP)		20,000	20,000			
National Endowment of Arts Big Read Grant - 2019		15,000				15,000
NRPA Planning & Tech Assistance		40,000	40,000			
Special Projects of National Significance Grant - 2017/2018	284,145		284,145			
Special Projects of National Significance Grant - 2018/2019		300,000	224,436			75,564

CITY OF PATERSON, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended June 30, 2019

<u>Grant</u>	Balance, June 30, 2018	2019 Budget Revenue <u>Realized</u>	<u>Received</u>	<u>Adjustments</u>	<u>Canceled</u>	Balance, June 30, 2019
Ryan White HIV Program/HIV Relief Projects Grant - 2017/2018	177,991		176,148		1,843	
Ryan White HIV Program/HIV Relief Projects Grant - 2018/2019	1,292,350	2,235,554	3,404,542			123,362
Ryan White HIV Program/HIV Relief Projects Grant - 2019/2020		4,009,022	144,748			3,864,274
STD Education/Screening-High Risk Populations - 2018	35,283		35,283			
STD Education/Screening-High Risk Populations - 2019		88,535	64,246			24,289
Tuberculosis Control, Specialty Clinic Services - 2018	75,520	4,856	80,376			
Tuberculosis Control, Specialty Clinic Services - 2019		228,135	153,317			74,818
TB Clinical, Nursing Case Management & Outreach Services - 2018	53,889		53,889			
TB Clinical, Nursing Case Management & Outreach Services - 2019		102,110	22,544			79,566
HIV/AIDS Counseling & Testing/Notification Assist. Program - 2017	21,170				21,170	
HIV/AIDS Counseling & Testing/Notification Assist. Program - 2018	94,710		78,469			16,241
HIV/AIDS Counseling & Testing/Notification Assist. Program - 2019		243,400	175,273			68,127
HIV Health Education & Risk Reduction - 2017	38,186				38,186	
HIV Health Education & Risk Reduction - 2018	45,419		25,153		20,266	
HIV Health Education & Risk Reduction - 2019		50,000	48,352			1,648
HIV Health Education & Risk Reduction - 2019		100,000	21,430			78,570
Senior Citizen & Disabled Transportation Assistance - 2017	46,460		46,460			
Senior Citizen & Disabled Transportation Assistance - 2018	202,000		202,000			
Senior Citizen & Disabled Transportation Assistance - 2019		202,000				202,000
Childhood Lead Poisoning Control Program - 2018	488,254		427,207			61,047
Childhood Lead Poisoning Control Program - 2019		849,000	542,023			306,977
School Based Youth Services/Professional Wage Increase - 2018		2,000				2,000
School Based Youth Services/Professional Wage Increase - 2019		307,832	307,832			
HUD Sustainable Community Planning Grant - North Jersey Sustainable Community Program Administration	10,000					10,000
Spruce - McBride Intersection	175,999					175,999
Local Aid Infrastructure Fund - 2018	35,000					35,000
CLG Historic District Grant - 2018	24,500		24,500			
Green Acres Hinchcliffe Stadium/Overlook - 2018	4,273,304		1,576,808			2,696,496
COPS Hiring Program (CHP) - 2017	1,832,299		948,813			883,486
Byrne Memorial Justice Assistance Grant - 2016	132,581					132,581
Byrne Memorial Justice Assistance Grant - 2017	137,505					137,505
Byrne Memorial Justice Assistance Grant - 2018		124,135				124,135
Byrne Memorial Justice Assistance Grant - 2019		114,463				114,463
Hazardous Mitigation Grant	2,932,762		162,939		2,769,823	
USAR Fire Program - 2018	22,820				22,820	
USAR Fire Program - 2019		58,379	58,379			
Blue Acres Fund	74,363				74,363	
Assistance to Firefighters Grant - 2018	520					520
Assistance to Firefighters Grant - 2019		47,390	47,390			
Emergency Management Grant (EMAA) - 2019		10,000	10,000			
CDBG-R Disaster Recovery Funds	70,577				70,577	
Senior Farmers Market - 2019		500	500			
UEZ Marketing & Business Dev. - Phase II	51,076					51,076
UEZ William Paterson University Small Business Development Center Y	23,597					23,597
UEZ Clean Communities Project	210,640					210,640
UEZ Clean Communities Project - 2019		298,278	24,139			274,139
UEZ Administration Grant - 2013	12,052					12,052
UEZ Administration Grant - 2014	45,841			(4,950)		40,891
UEZ Administration Grant - 2016	103,203					103,203
UEZ Administration Grant - 2017	119,769					119,769
UEZ Administration Grant - 2018	222,422		37,208		185,214	
UEZ Administration Grant - 2019		324,200	128,034			196,166

CITY OF PATERSON, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended June 30, 2019

<u>Grant</u>	Balance, June 30, 2018	2019 Budget Revenue Realized	<u>Received</u>	<u>Adjustments</u>	<u>Canceled</u>	Balance, June 30, 2019
Overlook Park	95,000			(95,000)		
Vista Parks	13,658					13,658
Middle-Lower Raceway - Rollover	13,127					13,127
Passaic River Waterfront Study	30,000					30,000
Pennington Park Gazebo	2,000					2,000
Eastside Park Concession Stand / Cricket House	200,599		200,599			
Landscaping Improvements at Overlook Park - 2016	76,983			(76,983)		
Landscaping Improvements at Overlook Park - 2017	62,132		239,065	176,933		
Passaic County Cultural Heritage Council - Conservation of Monuments	613		613			
Passaic County Cultural Heritage Council - Historic Projects		2,400	1,900		500	
Passaic County Cultural Heritage Council - Art Project	1,417		1,417			
Passaic County Cultural Heritage Council - Art Project No. 2	2,250		2,250			
	<u>\$ 16,287,541</u>	<u>12,630,537</u>	<u>12,772,445</u>	<u></u>	<u>3,295,700</u>	<u>12,849,933</u>
		Adopted Budget 12,345,892				
		Added by N.J.S.A. 40A:4-87 284,645				
		<u>\$ 12,630,537</u>				
			Cash \$ 12,503,644			
			Unappropriated 260,313			
			Transferred to Trust Fund 8,488			
			<u>\$ 12,772,445</u>			

CITY OF PATERSON, N.J.

Schedule of Amount Due from/(to) Current Fund

Federal and State Grant Fund

Year Ended June 30, 2019

<u>Fund</u>	Due from/(to) Balance <u>June 30, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>June 30, 2019</u>
Current Fund	\$ (60,285)	13,801,161	14,564,696	(823,820)
	<u>\$ (60,285)</u>	<u>13,801,161</u>	<u>14,564,696</u>	<u>(823,820)</u>
Due from Federal and State Grant Fund	<u>(60,285)</u>	<u>13,801,161</u>	<u>14,564,696</u>	<u>(823,820)</u>
	<u>\$ (60,285)</u>	<u>13,801,161</u>	<u>14,564,696</u>	<u>(823,820)</u>

Grants Receivable	\$ 12,772,445		
Appropriated Reserves			10,422,406
Reserve for Encumbrances			2,837,977
Allocation of Interfund	8,005		1,304,313
Grant Match	819,916		
Unappropriated Reserves	<u>200,795</u>		
	<u>\$ 13,801,161</u>	<u>14,564,696</u>	

Schedule of Encumbrances Payable

Federal and State Grant Fund

Year Ended June 30, 2019

Balance - June 30, 2018	\$ 3,873,990
Increased by:	
Transferred from Current Year Budget	<u>2,837,977</u>
	6,711,967
Decreased by:	
Cash Disbursed	<u>3,873,990</u>
Balance - June 30, 2019	<u>\$ 2,837,977</u>



## CITY OF PATERSON, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended June 30, 2019

Grant	Balance, June 30, 2018	Transfer From 2019 Budget	# # #	Cash Match	Expended	Canceled	Balance, June 30, 2019
Special Projects of National Significance - 2017/2018	\$ 42,965				42,965		
Special Projects of National Significance - 2018/2019		300,000			242,069		57,931
Minority Aids Initiative Program - 2017/2018	1,843					1,843	
Ryan White HIV Program/HIV Relief Projects Grant - 2018/2019	1,212,026	2,235,554			3,417,408		30,172
Ryan White HIV Program/HIV Relief Projects Grant - 2019/2020		4,009,022			910,970		3,098,052
HIV/AIDS Counseling & Testing/Notification Assist. Program - 2017	21,170					21,170	
HIV/AIDS Counseling & Testing/Notification Assist. Program - 2018	16,249		#		(69)		16,318
HIV/AIDS Counseling & Testing/Notification Assist. Program - 2019		243,400	#		243,286		114
HIV Health Education & Risk Reduction - 2017	38,187					38,187	
HIV Health Education & Risk Reduction - 2018	21,252				986	20,266	
HIV Health Education & Risk Reduction - 2019		50,000			48,699		1,301
HIV Health Education & Risk Reduction - 2019		100,000			59,604		40,396
STD Education/Screening-High Risk Populations	1,007				1,007		
STD Education/Screening-High Risk Populations		88,535			88,378		157
Tuberculosis Control, Specialty Clinic Services - 2017	1,099						1,099
Tuberculosis Control, Specialty Clinic Services - 2018	240				(538)		778
Tuberculosis Control, Specialty Clinic Services - 2019		228,135			226,828		1,307
Tuberculosis Control Grant - 2015	1,008						1,008
Tuberculosis Control Grant - 2018	48,755	4,856			48,755		4,856
Tuberculosis Control Grant - 2019		102,110			51,065		51,045
Childhood Lead Poisoning Control Program - 2018	79,855				32,524		47,331
Childhood Lead Poisoning Control Program - 2019		849,000			770,903		78,097
Medical Reserve Corps Grant	1,524				762		762
School Based Youth Services Program - 2015	10,103						10,103
School Based Youth Services/Professional Wage Increase - 2018	16,149	2,000			18,112		37
School Based Youth Services/Professional Wage Increase - 2019		307,832			286,481		21,351
Senior Citizen & Disabled Transportation Assistance - 2014	211						211
Senior Citizen & Disabled Transportation Assistance - 2015	4,235						4,235
Senior Citizen & Disabled Transportation Assistance - 2016	46						46
Senior Citizen & Disabled Transportation Assistance - 2017	1,998						1,998
Senior Citizen & Disabled Transportation Assistance - 2018	89,493				88,161		1,332
Senior Citizen & Disabled Transportation Assistance - 2019		202,000			113,789		88,211
HUD Sustainable Community Planning Grant - North Jersey							
Sustainable Community Program Administration	9,985						9,985
Spruce-McBride Avenue Intersection	108,796						108,796
Local Aid Infrastructure Fund	35,000						35,000
Historic Preservation Fund Grants-In-Aid: Certified Local							
Government (CLG) Historic District Grant	24,500				24,500		
COPS Hiring Program (CHP)	1,675,783				1,075,179		600,604
Byrne Memorial Justice Assistance Grant-Joint Application - 2017	25,693				18,178		7,515
Byrne Memorial Justice Assistance Grant-Joint Application - 2018		124,135			54,837		69,298
Byrne Memorial Justice Assistance Grant-Joint Application - 2019		114,463			2,362		112,101
Emergency Management Agency Assistance (EMAA) Application - 2013	10,000						10,000
Emergency Management Agency Assistance (EMAA) Application - 2014	15,000						15,000
Emergency Management Agency Assistance (EMAA) Application - 2019		10,000					10,000
FEMA Assistance to Firefighters Grant - 2011	100						100
FEMA Assistance to Firefighters Grant - 2018	79,026						79,026
FEMA Assistance to Firefighters Grant - 2019		47,390		2,369	49,759		
USAR Fire Program - 2016	6,001				6,001		
USAR Fire Program - 2017	24,220				24,220		
USAR Fire Program - 2018	132,702				109,227	22,819	656
USAR Fire Program - 2019		58,379					58,379
Blue Acres Fund	2,784,126				(60,060)	2,844,186	
Senior Farmers Market - 2015	500						500
Senior Farmers Market - 2016	16						16
Senior Farmers Market - 2017	19						19
Senior Farmers Market - 2018	500						500
Senior Farmers Market - 2019		500					500
CDBG-R Disaster Recovery Funds	762				(69,815)	70,577	
UEZ Marketing & Business Dev. - Phase II	54,072						54,072
UEZ William Paterson University Small Business Dev. Center Year 16	14,545						14,545
UEZ Clean Communities Project	188,608						188,608
UEZ Clean Communities Project - 2019		298,278			24,139		274,139
UEZ Administration - 2014	20,017						20,017
UEZ Administration - 2016	80,500				3,712		76,788
UEZ Administration - 2017	114,153				152		114,001
UEZ Administration - 2018	185,214					185,214	
UEZ Administration - 2019		324,200			128,175		196,025
Municipal Storm Water Regulation Program	538						538

## CITY OF PATERSON, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended June 30, 2019

Grant	Balance, June 30, 2018	Transfer From 2019 Budget #	Cash Match	Expended	Canceled	Balance, June 30, 2019
Recycling Tonnage Grant - 2013	41,336					41,336
Recycling Tonnage Grant - 2014	31,764			31,674		90
Recycling Tonnage Grant - 2017	71,921			32,895		39,026
Recycling Tonnage Grant - 2018	200,798			191,482		9,316
Recycling Tonnage Grant - 2019		236,050		53,150		182,900
NJDEP Clean Communities Grant - 2015				(317)		317
NJDEP Clean Communities Grant - 2016	275					275
NJDEP Clean Communities Grant - 2018	22,330			22,330		
NJDEP Clean Communities Grant - 2019		179,929		127,970		51,959
HDSRF Supp. Grant for BDA Site Investigation - Paterson Armory	300,000					300,000
HDSRF Supp. Grant for BDA Site Investigation - Leader Dyeing & Finishing Co.		72,354				72,354
Supplemental Environmental Project Property - Mary Ellen Kramer Park	95,000					95,000
Life Hazard Use Fees - LEA Rebate - 2017				(40,892)	40,892	
Life Hazard Use Fees - LEA Rebate - 2018				(8,439)	8,439	
Life Hazard Use Fees - LEA Rebate - 2019		337,584		337,584		
Anti-Violence Out of School Grant - 2018	603,389			587,296		16,093
Anti-Violence Out of School Grant - 2019		1,000,000		104,146		895,854
Safe and Secure Communities Program - 2018	40,195			40,195		
Safe and Secure Communities Program - 2019		199,563	802,137	1,001,700		
Alcohol Education Enforcement Fund - 2012	1,244					1,244
Alcohol Education Enforcement Fund - 2014	422					422
Alcohol Education Enforcement Fund - 2018	4,954					4,954
Body Armor Replacement Fund - 2019		38,992		8,566		30,426
DWI Drunk Driving Enforcement Fund - 2015	3,621			2,829	792	
Distracted Driving Statewide Crackdown Grant - 2016/2017	5,000					5,000
Distracted Driving Statewide Crackdown Grant - 2015/2016	27,365					27,365
DWI Grant NJDPS Drive Sober Year-End Crackdown - 2019		5,500				5,500
Operation Cease Fire	15,000					15,000
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	6,833			(24,129)	30,962	
Evening Reporting Program - 2016	36,431			24,129		12,302
Evening Reporting Program - 2017	18,690			654		18,036
Evening Reporting Program - 2018	58,600			52,135		6,465
Evening Reporting Program - 2019		113,855		42,936		70,919
Uniform Career Guidance - 2017	44,486			2,838		41,648
Uniform Career Guidance - 2018	50,000			49,438	562	
Uniform Career Guidance - 2019		50,000		15,194		34,806
Adult Literacy Community Guidance - 2017	35,165			33,112		2,053
Adult Literacy Community Guidance - 2018		82,843				82,843
Green Acres - Hincheliff Overlook	2,154,270			1,887,353		266,917
Public Health Preparedness and Response for Bioterrorism - 2017	662					662
Public Health Preparedness and Response for Bioterrorism - 2018	2,215			(440)	2,655	
Public Health Preparedness and Response for Bioterrorism - 2019		219,955		217,914		2,041
Passaic County Paterson Station House Adjustment Program - 2012	25					25
Passaic County Paterson Station House Adjustment Program - 2014	317					317
Passaic County Paterson Station House Adjustment Program - 2018	16,457			16,457		
Passaic County Paterson Station House Adjustment Program - 2019		36,564		36,563	1	
Municipal Alliance Strategic Plan - 2013	282					282
Municipal Alliance Strategic Plan - 2015	343					343
Municipal Alliance Strategic Plan - 2016	21,402					21,402
Municipal Alliance Strategic Plan - 2017	6,845				4,180	2,665
Municipal Alliance Strategic Plan - 2018	16,822			2,794	2,437	11,591
Municipal Alliance Strategic Plan - 2019		61,641	15,410	68,769		8,282
Lifestyle Support Program Additional Funding - 2012	18,638					18,638
Life Skills and Family Court Program - 2012	46,561					46,561
Life Skills and Family Court Program - 2014	4,129					4,129
Life Skills and Family Court Program - 2015	1,718					1,718
Life Skills and Family Court Program - 2016	21,266					21,266
Life Skills and Family Court Program - 2018	23,409			17,559		5,850
Life Skills and Family Court Program - 2019		40,518		9,828		30,690
Transfer of Development Rights Feasibility Grant Program	50,000					50,000
NJ Historical Commission Delaware - Lenape Culture Permanent Exhibit of the Paterson Museum	1,200					1,200
Microgrid Feasibility Study Grant - 2019		173,000		173,000		
Grassroots Arts Commission		5,000				5,000
Quarterly Visual Art Exhibition Series Grant	1,600					1,600
Public Archives & Records Infrastructure Support Grant (PARIS) - 2006	12,629					12,629

## CITY OF PATERSON, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended June 30, 2019

Grant	Balance, June 30, 2018	Transfer From 2019 Budget #	Cash Match	Expended	Canceled	Balance, June 30, 2019
Passaic County Cultural & Heritage Council Exhibit Freedom Boulevard Gate	440					440
Passaic County Cultural & Heritage Council Art by Hugo Munoz Grant	330					330
Passaic County Cultural & Heritage Council Museum Grant	335					335
Passaic County Cultural & Heritage Council Historic Project 2018	1,009	400				1,409
Passaic County Cultural & Heritage Council Local Art 2018	360					360
1st Ward Library Renovation Insurance Grant	206,404					206,404
Cablevision Public Education and Government Access Grant	28,203			2,080		26,123
Cool Kids Grant	500					500
Community Foundation of NJ - Give & Receive (GARP) - 2013	133					133
Community Foundation of NJ - Give & Receive (GARP) - 2015	1,063					1,063
Community Foundation of NJ - Give & Receive (GARP) - 2016	159					159
Community Foundation of NJ - Give & Receive (GARP) - 2019		20,000		18,281		1,719
National Endowments of the Arts Big Read Grant		15,000				15,000
NRPA 10-Minute Walk Planning & Technical Assistance - 2019		40,000		1,940		38,060
Hannah Family Memorial Grant	1,436					1,436
Gilead Integrating HVC Screening CY17	2,060			(613)		2,673
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
Paterson Museum Mineral Display Grant	5,000					5,000
Paterson Museum Pharmacy Exhibit Donations	711					711
Paterson Museum Dan Oliff Memorial Veterans Exhibit	2,829					2,829
Silk City Woman's Club Museum Grant	1,000					1,000
PSE&G Emergency Preparedness Grant (Go Bags)	112					112
Passaic County Cultural & Heritage Council Art Museum Grant - 2018	4,500			4,287		213
Passaic County Cultural & Heritage Council Conservation of Monuments - 2018	3,424			3,424		
Passaic County Cultural & Heritage Council Art Project - 2018	2,835					2,835
Passaic County Cultural & Heritage Council Historic Project - 2019		2,000			500	1,500
Division of Community Improvements Technology Upgrade Grant	41,068					41,068
PRC Master Plan Grant	1,000					1,000
Passaic County Intelligence Transportation System	205					205
Passaic County Open Space - Overlook Park Improvements	7,145					7,145
Passaic County Open Space - Middle/Lower Raceway Investigation & Design	397					397
Passaic County Open Space - Passaic River Waterfront Study	30,000			30,000		
Passaic County Open Space - Pennington Park Gazebo	4,477					4,477
Passaic County Open Space - Eastside Park Concession Stand/Cricket House	22,797					22,797
Passaic County Open Space - Vista Parks - 2018	24,758					24,758
Passaic County Prosecutor's Office - Franklin Reward	2,500					2,500
Passaic County Prosecutor's Office - Confidential Forfeiture Fund	9,000					9,000
	<u>11,901,010</u>	<u>12,630,537</u>	<u>819,916</u>	<u>13,260,383</u>	<u>3,295,682</u>	<u>8,795,398</u>
\$						
Adopted Budget		12,345,892				
Added by N.J.S.A. 40A:4-87		284,645				
		<u>\$ 12,630,537</u>				
			Encumbrances	2,837,977		
			Transferred to Trust Fund			
			Interfund			
			Cash Disbursements	<u>10,422,406</u>		
				<u>\$ 13,260,383</u>		

CITY OF PATERSON, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended June 30, 2019

<u>Grant</u>	Balance, June 30, 2018	Transfer To 2019 Budget	<u>Received</u>	Balance, June 30, 2019
NJ Adult Literacy	\$ 44,771	44,771		
Community Foundation of Morristown Summer T-GARP Support Grant	10,000	10,000		
	25,214	25,214		
Museum Art Oroject Grant	400	400		
Clean Communities	<u>179,928</u>	<u>179,928</u>	<u>200,795</u>	<u>200,795</u>
	<u>\$ 260,313</u>	<u>260,313</u>	<u>200,795</u>	<u>200,795</u>

CITY OF PATERSON, N.J.

Schedule of Reserve for Grant Overpayments

Federal and State Grant Fund

Year Ended June 30, 2019

<u>Grant</u>	Balance, June 30, <u>2018</u>	Balance, June 30, <u>2019</u>
Evening Reporting Grant	\$ 61,690	61,690
Total Lifestyle Grant 2007	541	541
Community Foundation Summer 2014		0
	97	97
FEMA - Hurricane Sandy	127,631	127,631
Other	<u>1,984</u>	<u>1,984</u>
	<u>\$ 191,943</u>	<u>191,943</u>

## CITY OF PATERSON, N.J.

## Schedule of Cash

## Trust Funds

Year Ended June 30, 2019

	Animal Trust Fund	Community Development Trust Fund	Other Trust Fund
Balance - June 30, 2018	\$ 74,624	798,379	10,161,943
Increase by Receipts:			
Grants Receivable			
Off Duty Police Officers			5,887,576
Off Duty Police Officers - Administration			1,253,022
POAA			88,159
Reserve for Public Defender Fees			146,275
Various Reserves and Deposits			8,649,627
Schedule of Reserve for Animal Control Expenditures	357,835		
State Fees	1,851		
Interest Income/ Gain on Investment		5,476	
Due from Special Improvement Districts			277,104
Reserve for Payroll Agency			83,992,990
Prepaid Revenue			7,983
Reserve for Police Forfeiture			662,009
Total Receipts	<u>359,686</u>	<u>5,476</u>	<u>100,964,745</u>
	<u>434,310</u>	<u>803,855</u>	<u>111,126,688</u>
Decreased by Disbursements:			
Fund Balance			496,429
State Fees	1,948		
Reserve for Off Duty Police Officers			6,220,595
Reserve for Admin-Off Duty Police Officers			565,166
Reserve for POAA			66,401
Reserve for Wiegths and Measures			1,846
Reserve for Public Defender Fees			103,313
Various Reserves and Deposits			3,912,643
Reserve for Payroll Agency			83,131,296
Due to Special Improvement Districts			383,908
Interfunds	400,906		
Total Disbursements	<u>402,854</u>		<u>94,881,597</u>
Balance - June 30, 2019	<u>\$ 31,456</u>	<u>803,855</u>	<u>16,245,091</u>

CITY OF PATERSON, N.J.

Schedule of Taxes Receivable - Special Improvement District

Trust Funds

Year Ended June 30, 2019

	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance - June 30, 2018	2,865	7	2,858
Increased by:			
Billings	472,000	168,000	304,000
	<u>474,865</u>	<u>168,007</u>	<u>306,858</u>
Decreased by:			
Prepaid Revenue Applied	23,270	23,270	
Revenue Realized	273,798	54,414	219,384
	<u>297,068</u>	<u>77,684</u>	<u>219,384</u>
Balance - June 30, 2019	\$ <u>177,797</u>	<u>90,323</u>	<u>87,474</u>

**CITY OF PATERSON, N.J.**

**Schedule of Due to Special Improvement Districts**

**Trust Funds**

**Year Ended June 30, 2019**

	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance - June 30, 2018	73,806	70,072	3,734
Increased by:			
Cash Receipts	277,104	54,877	222,227
Overpayment Applied	1,787	49	1,738
Prepaid Applied	23,270	23,270	
	<u>375,967</u>	<u>148,268</u>	<u>227,699</u>
Decreased by:			
Overpayments	805		805
Cash Disbursements	383,908	148,261	235,647
	<u>384,713</u>	<u>148,261</u>	<u>236,452</u>
Balance - June 30, 2019	<u>\$ (8,746)</u>	<u>7</u>	<u>(8,753)</u>



CITY OF PATERSON, N.J.

Schedule of Grants Receivable

Trust Funds

Year Ended June 30, 2019

	Balance <u>June 30, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>June 30, 2019</u>
Community Development Block Grant	\$ 2,840,365	2,272,921	2,426,209	2,687,077
Neighborhood Stabilization	145,324			145,324
Emergency Shelter Grant	308,186	185,243	404,213	89,216
Way Finding Signage	600			600
Housing Opportunities for Persons with AIDS	2,162,489	1,608,136	1,343,384	2,427,241
HUD Home Program	<u>2,977,109</u>	<u>1,334,211</u>	<u>807,926</u>	<u>3,503,394</u>
	<u>\$ 8,434,073</u>	<u>5,400,511</u>	<u>4,981,732</u>	<u>8,852,852</u>

**CITY OF PATERSON, N.J.**  
**Schedule of Due to State of New Jersey**  
**Trust Funds**  
**Year Ended June 30, 2019**

	Dog License <u>Fees</u>
Balance - June 30, 2018	\$ <u>116</u>
Increased by:	
Dog License Fees	1,851
	<u>1,851</u>
	1,967
Decreased by:	
Cash Disbursements	<u>1,948</u>
Balance - June 30, 2019	\$ <u><u>19</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Reserve for Off-Duty Police Officers**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$	632,770
Increased by:		
Cash Receipts		<u>5,887,576</u>
		6,520,346
Decreased by:		
Cash Disbursements		<u>6,220,595</u>
Balance - June 30, 2019	\$	<u><u>299,751</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Reserve for Administration Off-Duty Police Officers**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$ 759,675
Increased by:	
Transfer from Reserve for Off-Duty Police Officers	<u>1,253,022</u>
	2,012,697
Decreased by:	
Cash Disbursements	<u>565,166</u>
Balance - June 30, 2019	<u><u>\$ 1,447,531</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Reserve for Animal Control Expenditures**

**Trust Funds**

**Year Ended June 30, 2019**

Balance - June 30, 2018		\$	74,508
Increased by:			
Budget Appropriation	323,195		
Contracting Towns	27,527		
License Fees	<u>7,113</u>		
			<u>357,835</u>
			432,343
Decreased by:			
Expenditures Under R.S. 4:19-15.11	<u>400,906</u>		
			<u>400,906</u>
Balance - June 30, 2019		\$	<u><u>31,437</u></u>

Animal License Fees Collected

	<u>Year</u>	
	2018	40,843
	2017	<u>35,549</u>
Maximum Reserve \$		<u><u>76,392</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Redevelopment/CDBG Held Property**

**Trust Funds**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$ <u>172,930</u>
Balance - June 30, 2019	\$ <u><u>172,930</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Reserve for Redevelopment/CDBG Held Property  
Compensation Trust Fund Expenditures**

**Trust Funds**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$ <u>172,930</u>
Balance - June 30, 2019	\$ <u><u>172,930</u></u>

CITY OF PATERSON, N.J.

Schedule of Reserve for Parking Offense Adjudication Act

Trust Funds

Year Ended June 30, 2019

Balance - June 30, 2018	\$ 313,634
Increased by:	
Fees Collected	<u>88,159</u>
	401,793
Decreased by:	
Due to Current Fund	<u>66,401</u>
Balance - June 30, 2019	<u><u>\$ 335,392</u></u>



CITY OF PATERSON, N.J.

Schedule of Reserve for Weights and Measures

Trust Funds

Year Ended June 30, 2019

Balance - June 30, 2018	\$ 73,963
Decreased by:	
Due to Current Fund	<u>1,846</u>
Balance - June 30, 2019	<u><u>\$ 72,117</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Reserve for Public Defender Fees**

**Trust Funds**

**Year Ended June 30, 2019**

Balance - June 30, 2018		\$	41,629
Increased by:			
Fees Collected	40,724		
Budget Appropriations	105,551		
	<hr/>		146,275
			187,904
Decreased by:			
Due to Current Fund			<hr/>
			103,313
Balance - June 30, 2019		\$	<hr/> <hr/>
			84,591

CITY OF PATERSON, N.J.

Schedule of Various Reserves and Deposits

Trust Funds

Year Ended June 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>June 30, 2019</u>
Street Opening Deposits	\$ 6,900	1,350	5,400	2,850
Bid Deposits	55,500	10,500	35,000	31,000
Dumpster Deposits	14,700	17,100	12,800	19,000
Park and Recreation Deposits	17,650	500	3,000	15,150
Tax Lien Certificates	6,589			6,589
Tax Sale Premium	4,368,010	7,286,200	2,439,400	9,214,810
Park Use Fees	28,010	12,600	500	40,110
Historic Preservation Fund	438		326	112
Fetty Wop Concert/Donations	1,621	150	1,722	49
Special Recreation Fund	2,386			2,386
Estate of John Burhams	6,073	682		6,755
EEO Retainage	53,077			53,077
Ho Ho Kus Training	25,443			25,443
Koar George	93,214	171	485	92,900
Developers Agree/Board Offs	141,205		139,735	1,470
Insurance Liability	1,573,049	18,813	1,180,669	411,193
Police Narcotics	9,000		9,000	
County Forfeitures	24,780		24,780	
Developers Agreement		6,000		6,000
Premium Non-Discount		27,000	2,500	24,500
Premium Discount Over Bids		36,926		36,926
Lien Auction Over-Bid		282,256	79,086	203,170
Storm Recovery Deposit		450,000		450,000
Donations:				
Museum Donations	250			250
Police Donations		300		300
City Council Donations	3,361	400	3,021	740
Overlook Park Donations	325			325
Eastside Park Donations	739			739
	<u>\$ 6,432,320</u>	<u>8,150,948</u>	<u>3,937,424</u>	<u>10,645,844</u>
		Cash Receipts 8,150,948		
		Cash Disbursements 3,912,643		
		Transfer 24,780		
		<u>\$ 8,150,948</u>	<u>3,937,423</u>	

CITY OF PATERSON, N.J.

Schedule of Tax Overpayments - Special Improvement Districts

Trust Funds

Year Ended June 30, 2019

	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance - June 30, 2018	\$ 1,787	48	1,739
Increased by:			
Cash Receipts	<u>805</u>	<u>          </u>	<u>805</u>
	<u>2,592</u>	<u>48</u>	<u>2,544</u>
Decreased by:			
Cash Disbursements	<u>1,787</u>	<u>48</u>	<u>1,739</u>
	<u>1,787</u>	<u>48</u>	<u>1,739</u>
Balance - June 30, 2019	<u>\$ 805</u>	<u>          </u>	<u>805</u>

**CITY OF PATERSON, N.J.**

**Schedule of Tax Title Liens Receivable  
- Special Improvement Districts**

**Trust Funds**

**Year Ended June 30, 2019**

	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance - June 30, 2018	\$ 18,560	14,488	4,072
Decreased by:			
Realized Revenue	<u>1,759</u>	<u>          </u>	<u>1,759</u>
Balance - June 30, 2019	<u>\$ 16,801</u>	<u>14,488</u>	<u>2,313</u>

CITY OF PATERSON, N.J.

Schedule of Prepaid Revenue - Special Improvement Districts

Trust Funds

Year Ended June 30, 2019

	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance - June 30, 2018	\$ 23,270	23,270	
Increased by:			
Cash Receipts	<u>7,983</u>	<u>          </u>	<u>7,983</u>
	<u>31,253</u>	<u>23,270</u>	<u>7,983</u>
Decreased by:			
Applied to Receivable	<u>23,270</u>	<u>23,270</u>	<u>          </u>
	<u>23,270</u>	<u>23,270</u>	<u>          </u>
Balance - June 30, 2019	\$ <u><u>7,983</u></u>	<u><u>          </u></u>	<u><u>7,983</u></u>

CITY OF PATERSON, N.J.

Schedule of Reserve for Taxes Receivable  
- Special Improvement Districts

Trust Funds

Year Ended June 30, 2019

	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance - June 30, 2018	21,425	14,496	6,929
Increased by:			
Billings	<u>472,000</u>	<u>168,000</u>	<u>304,000</u>
	<u>493,425</u>	<u>182,496</u>	<u>310,929</u>
Decreased by:			
Realized Revenue:			
Taxes	273,798	54,414	219,384
Liens	1,759		1,759
Prepaid Revenue Applied	<u>23,270</u>	<u>23,270</u>	
	<u>298,827</u>	<u>77,684</u>	<u>221,143</u>
Balance - June 30, 2019	<u>\$ 194,598</u>	<u>104,812</u>	<u>89,786</u>

**CITY OF PATERSON, N.J.**  
**Schedule of Reserve for Payroll Agency**  
**Trust Funds**  
**Year Ended June 30, 2019**

Balance - June 30, 2018	\$	1,803,790
Increased by:		
Cash Receipts		83,992,990
		85,796,780
Decreased by:		
Cash Disbursements		83,131,296
Balance - June 30, 2019	\$	2,665,484
Reserved for:		
Pensions: PFRS, PERS		2,038,861
Federal Withholding		3,149
State Withholdings		115,398
Pension Holds		402,999
DCRP		40,456
Garnishments Prior to April 2016		51,952
Miscellaneous		14,038
Social Security and Medicare		(1,369)
	\$	2,665,484



CITY OF PATERSON, N.J.

Schedule of Interfunds Receivable/(Payable)

Trust Funds

Year Ended June 30, 2019

	Balance <u>June 30, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>June 30, 2019</u>
Animal Control Trust: Current Fund	\$ _____	400,906	400,906	_____
Other Trust Fund: Current Fund	<u>(1,016,838)</u>	<u>5,069,899</u>	<u>4,231,347</u>	<u>(178,286)</u>
	<u>(1,016,838)</u>	<u>5,470,805</u>	<u>4,632,253</u>	<u>(178,286)</u>
Due from Trust Funds	<u>(1,016,838)</u>	<u>5,470,805</u>	<u>4,632,253</u>	<u>(178,286)</u>
	\$ <u>(1,016,838)</u>	<u>5,470,805</u>	<u>4,632,253</u>	<u>(178,286)</u>
		Cash Receipts 5,069,899		
		Cash Disbursements	4,632,253	
		Reimbursement for Expenditures 400,906	_____	
		\$ <u>5,470,805</u>	<u>4,632,253</u>	

CITY OF PATERSON, N.J.

Schedule of Reserve for Various Grants

Trust Funds

Year Ended June 30, 2019

	Balance		Increased by:			Decreased by:		Balance June 30, 2019
	June 30, 2018	June 30, 2019	Interest Earned	Program Income	Grant Awards	Reallocation	Interfund	
Community Development Block Grant	\$ 1,635,528	\$ 2,272,921		\$ 72,718	\$ 2,272,921		\$ (1,687,413)	\$ 2,293,754
Section 8: Earned Administration Balances	491,328							491,328
Neighborhood Stabilization	163,392				185,243		(297,367)	163,392
Emergency Shelter Grant	174,705				1,608,136		(1,447,480)	62,581
Housing Opportunities for Persons with AIDS	2,019,115			15,450	1,334,211		(799,087)	2,179,771
HUD Home Program	2,933,188							3,483,762
Regional Contributions Agreements:								
Wayne	120,866		176					121,042
Woodland Park	579,507		4,740					584,247
Hawthorne	97,984		560					98,544
	\$ 8,215,613	\$ 5,400,511	\$ 5,476	\$ 88,168	\$ 5,400,511	\$ -	\$ (4,231,347)	\$ 9,478,421

**CITY OF PATERSON, N.J.**

**Schedule of Reserve for Police Forfeiture**

**Year Ended June 30, 2019**

Balance - June 30, 2018	\$	-
Increased by:		
Cash Receipts		662,009
Transfer from Reserve for County Forfeiture		<u>24,780</u>
Balance - June 30, 2019	\$	<u><u>686,789</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Cash**

**General Capital Fund**

**Year Ended June 30, 2019**

Balance - June 30, 2018		\$	7,032,533
Increased by Receipts:			
Grant Funds Receivable	\$	550,157	
Infrastructure Loans Receivable		164,909	
Demolition Loans Receivable		1,218,719	
Interfunds		<u>11,859,349</u>	
			<u>13,793,134</u>
			20,825,667
Decreased by Disbursements:			
Interfunds			<u>8,966,308</u>
Balance - June 30, 2019		\$	<u><u>11,859,359</u></u>

CITY OF PATERSON, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2019

Capital Improvement Fund	\$ 23,808
Grant Funds Receivable	(4,795,401)
Due from New Jersey Environmental Infrastructure Trust Fund	(1,372,763)
Demolition Loan Receivable	(768,624)
Reserve for Encumbrances	17,564,909
Fund Balance	24,243

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
*	Sewer Reconstruction	
02-045	Combined Sewer Overflow Phase I	5,113
04-003	Combined Sewer Overflow Phase II	3,109
05-044	Combined Sewer Overflow Phase III NJ Inf. Trust	(7,360,959)
05-072	Varios Park Improvements, Loan	(534,663)
05-072	Various Park Improvements, Grant	1,328
13-041	Great Falls and Pocket Parks, Grant	348,000
08-021	Various Capital Improvements - ATP Site Park	1,245,386
08-022	Various Capital Improvements - Pennington Park	66,296
09-030	2010 Road Resurfacing	1,939
13-042	Various Capital Improvements	37,589
13-043	Street Sweeper and Finance Software	30,774
14-035	2014 DOT Road Resurfacing Program Grant	410
14-042, 16-092	Resurfacing of Various Roads	10,419,675
16-001	Paterson Armory	164,089
16-004	Software Upgrades	239
16-088	Combined Sewer Putflow Phase III, Amend 05-044	174,892
16-090	Workers Compensation and Litigation Costs	522,354
16-091	Road Reconstruction and Resurfacing: 2015 DOT Road Resurfacing Program Grant	130,329
16-091	City Funding	81,116
17-093	Unsafe Building Demolition	655,360
17-058	Recreation Improvements	156,478
17-081	CSO Phase III - Amend Ord. 05-044 / 16-088	142,858
17-081	Bonds and Notes	122,428
17-076	Contractually Required Severance Liabilities	368,601
17-077	Allied Textile Printing Safety Improvements	500,000
17-078	Emergency Sewer Reconstruction 2018	1,839,342
18-024	HVAC Improvements - Museum and Police HQ	1,686,851
18-055	Contractually Required Severance Liability	(5,000,000)
18-057	Various Sewer Improvements	(3,552,165)
18-058	Various Sewer Improvements - PHASE I	95,239
18-059	Various Capital Improvements	195,376
18-060	Various Capital Improvements	(1,364,197)
		<u>\$ 11,859,359</u>

CITY OF PATERSON, N.J.

Schedule of Deferred Charges to Future  
Taxation - Funded

General Capital Fund

Year Ended June 30, 2019

Balance - June 30, 2018		\$ 97,002,044
Increased by:		
Demolition Loan Payable		<u>1,987,343</u>
		98,989,387
Decreased by:		
Current year Budget Appropriations:		
General Serial Bonds	\$ 10,380,000	
Environmental Infrastructure Trust Loan	909,894	
Green Acrea Trust loan	<u>102,434</u>	
		<u>11,392,328</u>
Balance - June 30, 2019		\$ <u><u>87,597,059</u></u>

CITY OF PATERSON, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended June 30, 2019

Ordinance Number	Improvement Description	Balance June 30, 2018	2019 Authorizations	Decreased By:	Balance June 30, 2019	Analysis of Balance		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
<b>General Improvements:</b>								
17-093	Tax Appeal Refunds	\$ 1,987,343		1,987,343				
17-054	Acquisition of Telephone Equipment	1,500,000		1,500,000				
17-058	Refunding of Insurance and Workers	1,380,952		766,000	614,952			614,952
17-076	Tax Appeal Refunds	5,000,000			5,000,000	3,830,000		1,170,000
17-077	Various Repairs to Municipal Court	500,000			500,000	500,000		
17-078	Refunding Bond Ord. - Pension	7,619,047			7,619,047	7,619,000		47
18-024	Refunding Bond Ord. - Pension Refunding Bonds	3,666,666			3,666,666	3,666,000		666
<b>Environmental Infrastructure Trust Projects:</b>								
Combined Sewer Outflow Ordinance:								
05-044	Phase III: Initial Funding	7,405,195			7,405,195		7,360,959	44,236
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
<b>Green Acres Projects:</b>								
05-072	Various Park Improvements, Grant	535,990			535,990		534,663	1,327
13-041	Great Falls and Pocket Parks, Grant	348,000			348,000			348,000
08-021	Various Capital Improvements - ATP Site Park	783,665		100,000	683,665			683,665
18-023	Great Falls and Pocket Park Improvement	964,751			964,751			964,751
18-055	Contractually Required Severance Liability		5,000,000		5,000,000		5,000,000	
18-057	Various Sewer Improvements		4,088,342		4,088,342		3,552,165	536,177
18-058	Various Sewer Improvements - PHASE I		1,904,761		1,904,761			1,904,761
18-060	Various Capital Improvements		2,691,428		2,691,428		1,364,197	1,327,231
		\$ 40,011,137	13,684,531	4,353,343	49,342,325	15,615,000	17,811,984	15,915,341
Budget Appropriations \$ 2,366,000								
Cancelled 1,987,343								
\$ 4,353,343								
Improvement Authorizations - Unfunded \$ 19,941,534								
Less: Unexpended proceeds of Bond Anticipation Notes								
Ordinance:								
17-077 500,000								
17-078 1,839,342								
18-024 1,686,851								
						4,026,193		
						\$ 15,915,341		

**CITY OF PATERSON, N.J.**  
**Schedule of Grant Funds Receivable**  
**General Capital Fund**  
**Year Ended June 30, 2019**

	<u>Balance</u> <u>June 30, 2018</u>	<u>Decreased by:</u> <u>Cash Receipts</u>	<u>Balance</u> <u>June 30, 2019</u>
Department of Transportation Grants			
Ordinance No. 14-035:			
2014 Road Resurfacing	12,459		12,459
Ordinance No. 16-091:			
2015 Road Resurfacing	144,997	144,997	
Ordinance No. 18-025 - Amend & Supplement 14-042 & 16-092:			
2016 Road Resurfacing	579,986	405,160	174,826
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>\$5,345,558</u>	<u>\$550,157</u>	<u>\$4,795,401</u>
	<u>\$5,345,558</u>	<u>\$550,157</u>	<u>\$4,795,401</u>



**CITY OF PATERSON, N.J.**

**Schedule of Bond Sale Proceeds Due from New Jersey  
Environmental Infrastructure Trust Fund**

**General Capital Fund**

**Year Ended June 30, 2019**

	<u>Phase IV</u>
Balance - June 30, 2018	\$ 1,537,672
Decreased by:	
Cash Receipts	<u>164,909</u>
Balance - June 30, 2019	<u><u>\$ 1,372,763</u></u>

**CITY OF PATERSON, N.J.**

**Schedule of Proceeds Due from New Jersey  
Demolition Loan Fund**

**General Capital Fund**

**Year Ended June 30, 2019**

Increased by:	
Loan Award	\$ <u>1,987,343</u>
Decreased by:	
Cash Receipts	<u>1,218,719</u>
Balance - June 30, 2019	\$ <u><u>768,624</u></u>

CITY OF PATERSON, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended June 30, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2019		Interest Rate	Balance June 30, 2018	Decreased	Balance June 30, 2019
			Date	Amount				
Pension Refunding Bonds	April 3, 2003	13,044,671	04/01/20 04/01/21	130,000 145,000	5.650% 5.650%	390,000	115,000	275,000
General Improvement Bonds	June 15, 2009	23,294,000	06/15/20	2,430,000	5.000%	4,750,000	2,320,000	2,430,000
General Obligation Refunding Bonds	March 30, 2012	3,145,000				2,375,000		
Pension Refunding Bonds	March 30, 2012	1,730,000						

CITY OF PATERSON, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended June 30, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2019		Interest Rate	Balance June 30, 2018	Decreased	Balance June 30, 2019
			Date	Amount				
Qualified General Improvement Refunding Bonds - Non-Callable	March 20, 2013	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	March 20, 2013	3,570,000	03/15/20	2,845,000	5.150%	3,570,000	725,000	2,845,000
Qualified General Improvement Bonds Callable	May 22, 2013	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%			
Passaic County Improvement Authority Governmental Loan Revenue Bonds, Series 2015 (Passaic County Guaranteed)	December 14, 2015	24,795,000	08/01/19	1,485,000	5.000%	17,015,000	1,995,000	15,020,000
			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

CITY OF PATERSON, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended June 30, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2019		Interest Rate	Balance June 30, 2018	Decreased	Balance June 30, 2019
			Date	Amount				
Governmental Loan Revenue Bonds, Series 2017 (Passaic County Guaranteed)	June 20, 2017	33,835,000	06/15/20	820,000	4.000%	30,980,000	2,850,000	28,130,000
			06/15/21	1,070,000	4.000%			
			06/15/22	1,640,000	4.000%			
			06/15/23	1,640,000	5.000%			
			06/15/24	1,640,000	5.000%			
			06/15/25	1,640,000	5.000%			
			06/15/26	1,640,000	5.000%			
			06/15/27	1,640,000	5.000%			
			06/15/28	1,640,000	5.000%			
			06/15/29	1,640,000	5.000%			
			06/15/30	1,640,000	5.000%			
			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%				
						\$ 89,614,000	10,380,000	79,234,000

## CITY OF PATERSON, N.J.

## Schedule of New Jersey Environmental Infrastructure Loan Payable

## General Capital Fund

## Year Ended June 30, 2019

Improvement Description	Date of Issue	Original Issue	Maturities of Loans Outstanding, June 30, 2019		Interest Rate	Balance June 30, 2018	Decreased	Balance June 30, 2019
			Date	Amount				
Trust Loan Series 2003A Phase I (S340 926-01)	October 15, 2003 Less: Forgiven	2,160,000	8/1/2019	132,983	2.00%	\$ 841,442	122,917	718,525
		<u>91,134</u>	8/1/2020	137,857				
		<u>2,068,866</u>	8/1/2021	142,540				
			8/1/2022	151,130				
			8/1/2023	154,015				
State of NJ Fund Loan Phase I (S340 926-01)	October 15, 2003 Less: Forgiven	5,554,479	8/1/2019	271,262	0.0%	1,396,627	290,089	1,106,538
		<u>356,113</u>	2/1/2020	25,235				
		<u>5,198,366</u>	8/1/2020	273,834				
			2/1/2021	19,020				
			8/1/2021	276,191				
			2/1/2022	13,234				
	8/1/2022	227,762						
Trust Loan Series 2004A Phase II (S340 926-02)	October 13, 2004 Less: Forgiven	820,000	8/1/2019	36,777	2.00%	304,193	32,525	271,668
		<u>102,385</u>	8/1/2020	36,217				
		<u>717,615</u>	8/1/2021	40,365				
			8/1/2022	44,589				
			8/1/2023	54,662				
			8/1/2024	59,058				
State of NJ Fund Loan Phase II (S340 926-02)	October 13, 2004 Less: Forgiven	2,326,943	8/1/2019	109,312	0.0%	532,841	117,212	415,629
		<u>317,532</u>	2/1/2020	12,841				
		<u>2,009,411</u>	8/1/2020	106,959				
			2/1/2021	10,488				
			8/1/2021	114,018				
			2/1/2022	7,900				
			8/1/2022	54,111				
Trust Loan Series 2005A Phase III (S340 850-02)	November 10, 2005 Less: Forgiven	970,000	8/1/2019	46,182	2.00%	419,646	46,238	373,408
		<u>108,493</u>	8/1/2020	50,203				
		<u>861,507</u>	8/1/2021	50,010				
			8/1/2022	53,958				
			8/1/2023	53,782				
			8/1/2024	57,682				
			8/1/2025	61,591				
State of NJ Fund Loan Phase III (S340 850-02)	November 10, 2005 Less: Forgiven	2,622,600	8/1/2019	119,046	0.0%	725,986	139,269	586,717
		<u>372,864</u>	2/1/2020	15,931				
		<u>2,249,736</u>	8/1/2020	126,080				
			2/1/2021	13,453				
			8/1/2021	123,601				
			2/1/2022	11,044				
			8/1/2022	130,371				
			2/1/2023	8,433				
			8/1/2023	38,758				
Trust Loan Series 2008A Phase IV (N92 850-03)	November 6, 2008 Less: Forgiven Less: Defeased	2,265,000	8/1/2019	107,000	2.00%	738,000	110,000	628,000
		<u>52,000</u>	8/1/2020	112,000				
		<u>775,000</u>	8/1/2021	116,000				
		<u>1,438,000</u>	8/1/2022	124,000				

## CITY OF PATERSON, N.J.

## Schedule of New Jersey Environmental Infrastructure Loan Payable

## General Capital Fund

## Year Ended June 30, 2019

Improvement Description	Date of Issue	Original Issue	Maturities of Loans Outstanding, June 30, 2019		Interest Rate	Balance June 30, 2018	Decreased	Balance June 30, 2019							
			Date	Amount											
Trust Loan Series 2010A Phase V (S340 850-04)	September 1, 2010 Less: Forgiven	515,000 18,000 <u>497,000</u>	8/1/2019	24,000	2.00%	352,000	25,000	327,000							
			8/1/2020	24,000											
			8/1/2021	28,000											
			8/1/2022	29,000											
			8/1/2023	29,000											
			8/1/2024	28,000											
			8/1/2025	28,000											
			8/1/2026	33,000											
			8/1/2027	33,000											
			8/1/2028	33,000											
			8/1/2029	38,000											
			State of NJ Fund Loan Phase V (S340 850-04)	March 10, 2010					524,000	8/1/2019	17,763	0.0%	310,847	26,644	284,203
										2/1/2020	8,881				
8/1/2020	17,763														
2/1/2021	8,881														
8/1/2021	17,763														
2/1/2022	8,881														
8/1/2022	17,763														
2/1/2023	8,881														
8/1/2023	17,763														
2/1/2024	8,881														
8/1/2024	17,763														
2/1/2025	8,881														
8/1/2025	17,763														
2/1/2026	8,881														
8/1/2026	17,763														
2/1/2027	8,881														
8/1/2027	17,763														
2/1/2028	8,881														
8/1/2028	17,763														
2/1/2029	8,881														
8/1/2029	17,763														
						\$	<u>5,621,582</u>	<u>909,894</u>	<u>4,711,688</u>						

## CITY OF PATERSON, N.J.

## Schedule of New Jersey Green Acres Trust Loan Payable

## General Capital Fund

## Year Ended June 30, 2019

Improvement Description	Date of Issue	Original Issue	Maturities of Loans Outstanding, June 30, 2019		Interest Rate	Balance June 30, 2018	Decreased	Balance June 30, 2019
			Date	Amount				
Eastside Park Rehabilitation	June 26, 2006	231,650	9/30/2019	6,266	2.00% \$	106,003	12,346	93,657
			3/30/2020	6,328				
			9/30/2020	6,392				
			3/30/2021	6,456				
			9/30/2021	6,520				
			3/30/2022	6,585				
			9/30/2022	6,651				
			3/30/2023	6,718				
			9/30/2023	6,785				
			3/30/2024	6,853				
			9/30/2024	6,921				
			3/30/2025	6,991				
			9/30/2025	7,060				
3/30/2026	7,131							
Park Development Program - Phase III	June 26, 2006	267,000				23,891	23,891	
Restoration of Pennington Park - Lower Field	December 9, 2013	500,000	8/15/2019	15,151	0.00%	378,787	30,303	348,484
			2/15/2020	15,152				
			8/15/2020	15,151				
			2/15/2021	15,152				
			8/15/2021	15,151				
			2/15/2022	15,152				
			8/15/2022	15,151				
			2/15/2023	15,152				
			8/15/2023	15,151				
			2/15/2024	15,152				
			8/15/2024	15,151				
			2/15/2025	15,152				
			8/15/2025	15,151				
			2/15/2026	15,152				
			8/15/2026	15,151				
			2/15/2027	15,152				
			8/15/2027	15,151				
2/15/2028	15,152							
8/15/2028	15,151							
2/15/2029	15,152							
8/15/2029	15,151							
2/15/2030	15,152							
8/15/2030	15,151							



CITY OF PATERSON, N.J.

Schedule of New Jersey Green Acres Trust Loan Payable

General Capital Fund

Year Ended June 30, 2019

Improvement Description	Date of Issue	Original Issue	Maturities of Loans Outstanding, June 30, 2019		Interest Rate	Balance June 30, 2018	Decreased	Balance June 30, 2019
			Date	Amount				
Restoration of Pennington Park	December 9, 2013	700,000	8/15/2019	17,949	0.00%	556,408	35,894	520,514
			2/15/2020	17,948				
			8/15/2020	17,949				
			2/15/2021	17,949				
			8/15/2021	17,948				
			2/15/2022	17,949				
			8/15/2022	17,949				
			2/15/2023	17,948				
			8/15/2023	17,949				
			2/15/2024	17,949				
			8/15/2024	17,948				
			2/15/2025	17,949				
			8/15/2025	17,949				
			2/15/2026	17,948				
			8/15/2026	17,949				
			2/15/2027	17,949				
			8/15/2027	17,948				
			2/15/2028	17,949				
			8/15/2028	17,949				
			2/15/2029	17,948				
			8/15/2029	17,949				
			2/15/2030	17,949				
			8/15/2030	17,948				
2/15/2031	17,949							
8/15/2031	17,948							
2/15/2032	17,949							
8/15/2032	17,948							
2/15/2033	17,949							
8/15/2033	17,949							
Mary Ellen Kramer Park Improvements		1,237,363	Not yet amortized. Project not completed.			701,373		701,373
Great Falls and Pocket Parks		348,000						
						<u>\$ 1,766,462</u>	<u>102,434</u>	<u>1,664,028</u>

CITY OF PATERSON, N.J.

Schedule of New Jersey Demolition Loan Payable

General Capital Fund

Year Ended June 30, 2019

Improvement Description	Date of Issue	Original Issue	Maturities of Loans Outstanding, June 30, 2019		Interest Rate	Balance June 30, 2018	Increased	Balance June 30, 2019
			Date	Amount				
Demolition Loan	1/5/2022	1,987,343	1/5/2023	198,734	0.0% \$		1,987,343	1,987,343
			1/5/2024	198,735				
			1/5/2025	198,734				
			1/5/2026	198,735				
			1/5/2027	198,734				
			1/5/2028	198,735				
			1/5/2029	198,734				
			1/5/2030	198,734				
			1/5/2031	198,734				
			1/5/2032	198,734				
					\$	<u>1,987,343</u>	<u>1,987,343</u>	

**CITY OF PATERSON, N.J.**  
**Schedule of Bond Anticipation Notes Payable**  
**General Capital Fund**  
**Year ended December 31, 2019**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of issue of original notes</u>	<u>Date of issue</u>	<u>Date of Maturity</u>	<u>Interest rate</u>	<u>Balance, July 1, 2018</u>	<u>Increased</u>	<u>Balance, June 30, 2019</u>
17-076	Tax Appeal Refunds	Sept. 19, 2018	Sept. 19, 2018	Aug. 27, 2019	3.25%		3,830,000	3,830,000
17-077	Various Repairs to Municipal Court	Sept. 19, 2018	Sept. 19, 2018	Aug. 27, 2019	3.25%		500,000	500,000
17-078	Refunding Bond Ord. - Pension	Sept. 19, 2018	Sept. 19, 2018	Aug. 27, 2019	3.25%		7,619,000	7,619,000
18-024	Refunding Bond Ord. - Pension Refunding Bonds	Sept. 19, 2018	Sept. 19, 2018	Aug. 27, 2019	3.25%		3,666,000	3,666,000
						\$	<u>15,615,000</u>	<u>15,615,000</u>

**CITY OF PATERSON, N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended June 30, 2019**

Balance - June 30, 2018	\$ <u>23,808</u>
Increased by:	
Interfunds	<u>434,229</u>
	458,037
Decreased by:	
Downpayment on Improvement Authorizations	<u>434,229</u>
Balance - December 30, 2019	\$ <u><u>23,808</u></u>

CITY OF PATERSON, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended June 30, 2019

Ordinance Number	Improvement Description	Ordinance Amount	Balance June 30, 2018		2019 Authorizations Re-appropriated	Paid or Charged	Balance June 30, 2019	
			Funded	Unfunded			Funded	Unfunded
	General Improvements:							
*	Sewer Improvements	151,000	\$		(1,109)	(1,109)		
02-045	Combined Sewer Outflow Phase I - Grant	10,942,000	5,046		(67)	5,113		
04-003	Combined Sewer Outflow Phase II - Grant	6,538,000	95,083		91,974	3,109		
05-044	Combined Sewer Outflow Phase III Ordinances			126,390			44,236	
	Initial Ordinance	21,919,000						
16-088	Amends Ord. No. 05-044	8,111,607	63,295		(111,597)	174,892		
17-081	Amends Ord. No. 05-044 and 16-088	3,000,000	142,858	2,857,142		142,858	2,857,142	
	Combined Sewer Outflow Phase IV							
*	Loans	5,295,220	120,535			120,535		
*	Bonds and Notes	13,031,180		3,462,386		(122,430)	3,462,386	
	Various Park Improvements, Amended by 13-041							1,327
05-072	Loans	1,237,363	1,328			1,328		
05-072	Grant	1,237,363						
	Amend 06-001, Supplement Great Falls and Pocket Parks			348,000				348,000
13-041	Loans	348,000						
13-041	Grant	348,000	348,000			348,000		
06-010	Capital Improvements	1,955,000	360					
08-022	Pemung Park Improvements	1,400,000	66,296		(2,167)	(1,807)		
08-021	ATP Site Park Improvements - Grant/Loan	2,067,330	1,145,386	783,665		66,296		683,665
08-020	Various Capital Improvements - Facility	2,670,000	97,200		(97,200)	1,245,386		
08-037	2009 City Road Resurfacing Program	2,100,000	55		(55)			
09-013	Construction of Fire House	3,360,000						
09-010	DOT Spruce St. & McBride Ave. Signalization Grant	250,257	6,159		(6,159)			
09-030	2010 Road Resurfacing	2,100,000	8,909			1,939		
09-032	Various Capital Improvements	2,195,000	401		(88,686)			
		908,325						
11-016	Recreation Facility Improvements	2,250,000						
		3,400,000						
11-017	Sewer Reconstruction	3,000,000						
12-004	Sewer Reconstruction	4,200,000						
13-040	Sewer Reconstruction	2,800,000						
13-042	Various Capital Improvements	5,073,000	9,237			37,589		
13-043	Street Sweeper and Finance Software	1,485,000	30,774			30,774		

CITY OF PATERSON, N.J.  
 Schedule of Improvement Authorizations

General Capital Fund

Year Ended June 30, 2019

Ordinance Number	Improvement Description	Ordinance Amount	Balance June 30, 2018		2019 Authorizations Re-appropriated	Paid or Charged	Balance June 30, 2019	
			Funded	Unfunded			Funded	Unfunded
14-035	2014 DOT Road Resurfacing Program Grant	607,860	410				410	
14-042	Resurfacing of Various Roads	36,750,000						
16-092	Amends Ord. No. 14-042	635,000						
	Amends & Supplements Ord. No. 14-042 & 16-092		12,991,924			2,572,249	10,419,675	
18-025	State Aid Road Resurfacing 2016	579,986						
18-025	State Aid Resurfacing 2017	663,879	663,876			663,876		
16-001	Paterson Armory	1,100,000	362,347			198,258	164,089	
16-004	Software Upgrades (Reappropriate Ord. 09-032)	338,921	22,373			22,134	239	
16-089	Communication System Improvements	1,400,000						
16-090	Workers Compensation and Litigation Settlement	3,000,000	522,354				522,354	
	Road Reconstruction and Resurfacing, Cancel 15-042							
16-091	2015 DOT Road Resurfacing Program Grant	579,986	144,997			14,670	130,327	
16-091	City Funding	460,014	81,116				81,116	
17-093	Unsafe Building Demolition	1,987,343		655,362		2	655,360	
	Environmental Remediation, Improvements & Construction to Hincheliffe Stadium, Overlook Park & ATP Quarry							
17-058	Riverwalk at Great Falls	1,450,000		771,429			156,478	614,952
17-076	Contractually Required Severance Liabilities	5,000,000		2,403,514		864,913	368,601	1,170,000
17-077	Allied Textile Printing Site Safety Improvements	500,000		500,000				500,000
17-078	Emergency Sewer Reconstruction 2018	8,000,000		2,843,980		1,004,591		1,839,389
17-080	Combined Sewer Outflow - West Railway Ave.	2,000,000		2,000,000				2,000,000
18-023	Great Falls and Pocket Park Improvements	964,751		964,751				964,751
18-024	HVAC Improvements - Museum and Police HQ	3,850,000	85,834	3,666,666				1,687,517
18-055	Contractually Required Severance Liability	5,000,000			5,000,000			536,177
18-057	Various Sewer Improvements	4,292,760			4,292,760			1,904,761
18-058	Various Sewer Improvements - PHASE I	2,000,000			2,000,000			95,239
18-059	Various Capital Improvements	195,376					195,376	
18-060	Various Capital Improvements	2,826,000				1,498,769		1,327,231
			\$ 17,016,153	21,384,612		17,609,013	14,968,978	19,941,534

Capital Improvement Fund \$ 434,229  
 Authorized not Issued 13,684,531  
 \$ 14,118,760

Interfunds \$ 15,522,187  
 Prior Year Encumbrances (15,478,084)  
 Current year Encumbrances 17,564,909  
 \$ 17,609,013

**CITY OF PATERSON, N.J.**

**Schedule of Interfunds**

**General Capital Fund**

**Year ended June 30, 2019**

	<u>Increased</u>	<u>Decreased</u>
Current Fund	\$ <u>27,381,536</u>	<u>27,381,536</u>
	<u>\$ 27,381,536</u>	<u>27,381,536</u>
Capital Improvement Fund	434,229	
Paydown of Tax Appeals	2,366,000	
Bond Anticipation Notes	15,615,000	
Cash Disbursements on Reallocation	8,966,307	
Authorizations Paid by Current Fund		15,522,187
Cash Receipts on Reallocation		<u>11,859,349</u>
	<u>27,381,536</u>	<u>27,381,536</u>

## CITY OF PATERSON, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended June 30, 2019

Ordinance Number	Improvement Description	Balance June 30, 2018	2019 Authorizations	Decreased	Balance June 30, 2019
17-093	Unsafe Building Demolition	1,987,343		1,987,343	
17-054	Tax Appeal Settlements	1,500,000		1,500,000	
17-058	Recreation Improvements	1,380,952		766,000	614,952
17-076	Contractual Severance Liabilities	5,000,000		3,830,000	1,170,000
17-07	Allied Textile Site Safety Improvements	500,000		500,000	
17-078	Emergency Sewer Reconstruction	7,619,047		7,619,000	47
18-024	HVAC Improvements, Museum & Police HQ	3,666,666		3,666,000	666
<b>Environmental Infrastructure Trust Projects:</b>					
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
<b>Green Acres Projects:</b>					
05-072	Various Park Improvements	535,990			535,990
13-041	Great Falls and Pocket Parks	348,000			348,000
08-021	ATP Site (& Various) Parks	783,665		100,000	683,665
18-023	Great Falls and Pocket Park Improvements	964,751			964,751
18-055	Contractually Required Severance Liability		5,000,000		5,000,000
18-057	Various Sewer Improvements		4,088,342		4,088,342
18-058	Various Sewer Improvements - PHASE I		1,904,761		1,904,761
18-060	Various Capital Improvements		2,691,428		2,691,428
		<u>\$ 40,011,137</u>	<u>13,684,531</u>	<u>19,968,343</u>	<u>33,727,325</u>
			Budget Appropriations \$	2,366,000	
			Cancelled	1,987,343	
			Bond Anticipation Notes Issued	<u>15,615,000</u>	
				<u>\$ 19,968,343</u>	



**CITY OF PATERSON**

**\* \* \* \* \***

**PART II**

**LETTER ON COMPLIANCE AND ON INTERNAL CONTROL**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED JUNE 30, 2019**

# Ferraioli, Wielkott, Cerullo & Cuva, P.A.

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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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the City of Paterson in the County of Passaic as of and for the year ended June 30, 2019 and the related notes to the financial statements, and have issued our report thereon dated April 21, 2020, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for failure to update fixed assets and for not having an up to date actuarial for GASB 75.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements-regulatory basis, we considered the City of Paterson's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the City of Paterson's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Paterson'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

Honorable Mayor and  
Members of the City Council  
Page 2.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 of Paterson's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain immaterial instances of noncompliance that we have reported to the management of the City of Paterson 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 of Paterson'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 of Paterson's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

*Steven D. Wielkotz*

Steven D. Wielkotz, C.P.A.  
Registered Municipal Accountant  
No. CR00413

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

April 21, 2020

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

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

### **Report on Compliance for Each Major Federal and State Program**

We have audited the City of Paterson in the County of Passaic compliance with the types of compliance requirements described in the OMB Compliance Supplement and N.J. Office of Management and Budget (OMB) Circular 15-08 Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019. The City of Paterson'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 each of its major federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Paterson's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. 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 state program occurred. An audit includes examining, on a test basis, evidence about the City of Paterson'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 on the City of Paterson's compliance.

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

In our opinion, the City of Paterson complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the City of Paterson 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 of Paterson's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal and state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance 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 of Paterson'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 and 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 and 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 and 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and  
Members of the City Council  
Page 3.

The City of Paterson's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Paterson'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.

**Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and NJ OMB Circular 15-08**

We have audited the financial statements of the City of Paterson, New Jersey as of and for the year ended June 30, 2019, and have issued our report thereon dated April 21, 2020, which contained an unmodified opinion on those financial statements on a regulatory basis. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and the Uniform Guidance and NJ OMB Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and State financial assistance are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Steven D. Wielkocz*

Steven D. Wielkocz  
Registered Municipal Accountant  
No. 413

*Ferraioli, Wielkocz, Cerullo & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

April 21, 2020

CITY OF PATERSON

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

Program	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO Cumulative Total Expenditures
<u>Federal and State Grant Fund:</u>									
<u>U.S. Department of Agriculture</u>									
Passed through the State of New Jersey									
Department of Health, Division of Family Health Services:									
Senior Farmer's Market Nutrition Project	10.576		100-046-4220	2014	500				*
Senior Farmer's Market Nutrition Project	10.576		100-046-4220	2016	500				* 48
Senior Farmer's Market Nutrition Project	10.576		100-046-4220	2017	500				* 481
Senior Farmer's Market Nutrition Project	10.576		027070	2018	500				*
Senior Farmer's Market Nutrition Project	10.576			2019	500	500			
<u>Total U.S. Department of Agriculture</u>					500	500			529
<u>U.S. Department of Housing and Urban Development</u>									
Passed through County of Passaic:									
CDBG - Disaster Recovery 2013	14.218		100-022-8020	2013-2015	2,075,000		(69,815)	70,577	* 2,004,423
Passed through NJ Transportation Planning Authority / NJIT-Rutgers									
Office of Research and Sponsored Programs									
HUD Sustainable Community Planning Grant - North Jersey	14.703			*	10,000				*
Sustainable Community Program Administration									15
<u>Total U.S. Department of Housing and Urban Development</u>							(69,815)	70,577	2,004,438
<u>U.S. Department of Interior</u>									
Passed through the NJ Department of Environmental Protection									
Historic Preservation Fund Grants-In-Aid: CLG Historic District Grant	15.904		100-042-4875	2018	24,500	24,500	24,500		* 24,500
Danforth Memorial Library Preservation Plan									
U.S. National Park Service, Landscape Rehabilitation & Improvements to Overlook Park	15.954			2017-2020	239,065	239,065	239,065	(176,933)	* 239,065
<u>Total U.S. Department of Interior</u>					263,565	263,565	263,565	(176,933)	* 263,565

**CITY OF PATERSON**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2019**

Program	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO	
									Cumulative Total Expenditures	Total Expenditures
U.S. Department of Justice Bulletproof Vest Partnership Program	16.607			2014	3,285	948,813	2,483		*	2,483
COPS Hiring Program	16.710			2016-2019	2,820,053	948,813	1,075,180		*	2,219,450
Passed through City of Passaic:										
Byrne Memorial Justice Assistance Grant	16.738			2016						
Byrne Memorial Justice Assistance Grant	16.738		2016-H4390-NJ-DJ	2017	137,505		19,254		*	127,611
Byrne Memorial Justice Assistance Grant	16.738		2017-DJ-BX-0070	2018	124,135		3,650		*	3,650
Byrne Memorial Justice Assistance Grant	16.738		2018-DJ-BX-0162	2019	114,463					
<b>Total U.S. Department of Justice</b>						948,813	1,100,567			2,353,194
U.S. Department of Labor Passed through NJ Department of Labor & Workforce Development WIOA - NJ Libraries New Jersey Career Connections Grant:										
Grant for Uniform Career Guidance and Job Search Assistance Services	17.258			2017	50,000		4,701		*	3,651
Grant for Uniform Career Guidance and Job Search Assistance Services	17.258			2018	50,000	8,840	49,438	(562)	*	49,438
Grant for Uniform Career Guidance and Job Search Assistance Services	17.258			2019	50,000	16,838	15,194	(562)	*	53,089
<b>Total U.S. Department of Labor</b>						25,678	69,333	(562)	*	53,089
U.S. Department of Transportation Passed through the State of NJ Department of Transportation Highway Planning and Construction Cluster Spruce Street and McBride Avenue Intersection										
	20.205		078-6320-480	2001	200,000				*	85,716
<b>Total U.S. Department of Transportation</b>									*	85,716
Passed through the State of NJ Department of Law and Public Safety Highway Safety Cluster										
Distracted Driving Incentive Grant - DWI Grant NJDPS Sober Year	20.616		100-066-1160	2015/2016	27,365				*	27,365
Drive Sober or Get Pulled Over - Year End Crackdown Grant	20.606			2016/2017	5,000				*	
Drive Sober or Get Pulled Over - Year End Crackdown Grant	20.606			2019	5,500				*	27,365
<b>Total U.S. Department of Transportation</b>									*	113,081



**CITY OF PATERSON**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2019**

Program	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO	
									Cumulative Total	Expenditures
U.S. Department of Health and Human Services Passed through National Association of County and City Health Officials: Medical Reserve Corps Grant	93.008		MRC-CSG101005	2015	3,500		762		*	2,738
Passed through the County of Passaic Department of Senior Services, Disability and Veterans Affairs:										
Senior Citizen & Disabled Transportation Assistance	93.044			2014	222,000				*	221,711
Senior Citizen & Disabled Transportation Assistance	93.044			2015	202,000				*	197,690
Senior Citizen & Disabled Transportation Assistance	93.044			2016	202,000				*	201,954
Senior Citizen & Disabled Transportation Assistance	93.044			2017	202,000	46,460			*	199,972
Senior Citizen & Disabled Transportation Assistance	93.044			2018	202,000	202,000	88,161		*	200,668
Senior Citizen & Disabled Transportation Assistance	93.044			2019	202,000	248,460	113,789		*	113,789
						201,950			*	1,135,784
Passed through NJ Department of Health & County of Passaic:										
Public Health Preparedness & Response for Bioterrorism	93.069			2017	229,955				*	223,669
Public Health Preparedness & Response for Bioterrorism	93.069			2018	219,955	54,454	(440)	(2,655)	*	217,300
Public Health Preparedness & Response for Bioterrorism	93.069			2019	219,955	158,626	217,914		*	217,914
						213,080	217,474	(2,655)	*	658,883
Passed through NJ Department of Health Tuberculosis Prevention and Control and Laboratory Program:										
Tuberculosis Clinical, Nursing Case Management and Outreach Services	93.116		EPID14TAC001	2015	97,254				*	96,246
Tuberculosis Clinical, Nursing Case Management and Outreach Services	93.116		32430	2018	97,254	53,889	51,350		*	92,398
Tuberculosis Clinical, Nursing Case Management and Outreach Services	93.116			2019	102,110	22,544	50,235		*	50,235
Tuberculosis Control (TB), Specialty Clinic Services	93.116		100-046-4220	2017	208,700				*	207,427
Tuberculosis Control (TB), Specialty Clinic Services	93.116		20080	2018	213,556	80,376	303		*	207,922
Tuberculosis Control (TB), Specialty Clinic Services	93.116			2019	228,135	153,317	204,851		*	204,851
						310,126	306,739		*	859,079
Passed through the State of New Jersey Department of Children and Families: TANF Cluster										
School Based Youth Services Program	93.558		100-016-1630	2015	304,690				*	292,765
School Based Youth Services Program	93.558		030160 / 030040	2018	306,690		23,336		*	306,653
School Based Youth Services Program	93.558			2019	307,832	307,832	285,653		*	285,653
						307,832	308,989		*	885,071
Passed through the State of New Jersey Department of Children and Families: Parent Linking Program - School Based Youth Services	93.596		100-016-1630	2015	81,169				*	80,788
Passed through Passaic County Youth Services Commission - Family Court Funding: Life Skills and Family Court Program Additional Funding	93.778		018820, 17020	2012	49,111				*	26,380

**CITY OF PATERSON**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2019**

Program	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO	
									Cumulative Total Expenditures	Expenditures
Health Resources and Services Administration (HRSA):										
(Ryan White) HIV Emergency Relief Project Grants - Minority AIDS Initiative Program	93.914			2018-2019	3,743,600	3,202,876	3,205,862	*	3,713,334	
(Ryan White) HIV Emergency Relief Project Grants - Minority AIDS Initiative Program	93.914			2017-2018	349,323			(1,843)	347,480	
(Ryan White) HIV Emergency Relief Project Grants - Minority AIDS Initiative Program	93.914			2018-2019	350,655	201,666	280,930	*	343,976	
(Ryan White) HIV Emergency Relief Project Grants - Minority AIDS Initiative Program	93.914			2019-2020	4,009,022	144,748	686,680		686,680	
						3,549,290	4,173,472	(1,843)	5,091,470	
Passed through the State of New Jersey Department of Health, Division of HIV, STD and TB Services HIV Care Formula Grants:										
HIV/AIDS Counseling and Testing/Notification Assistance Program	93.917		100-046-4245	2017	243,400			(21,170)	222,230	
HIV/AIDS Counseling and Testing/Notification Assistance Program	93.917		120080	2018	243,400	78,469	8,496	*	243,323	
HIV/AIDS Counseling and Testing/Notification Assistance Program	93.917			2019	243,400	175,273	242,333		244,196	
HIV/AIDS Health Education Risk Reduction/Prevention Services	93.917		100-046-4245	2017	100,000			(38,187)	61,813	
HIV/AIDS Health Education Risk Reduction/Prevention Services	93.917		120080	2018	100,000	25,153	4,738	*	79,734	
HIV/AIDS Health Education Risk Reduction/Prevention Services	93.917			2019	50,000	48,352	48,699	(20,266)	48,699	
HIV/AIDS Health Education Risk Reduction/Prevention Services	93.917			2019	100,000	21,430	44,604		44,604	
Sexually Transmitted Disease (STD) 2018	93.917		120800 / 020080	2018	88,535	35,283	1,007	*	88,535	
Sexually Transmitted Disease (STD) 2019	93.917			2019	88,535	64,246	88,378		88,378	
						448,206	438,255	(79,623)	1,033,134	
Health Resources and Services Administration (HRSA):										
Special Projects of National Significance - Improving HIV Health Outcomes	93.928			2017-2018	300,000	284,145	282,959	*	300,000	
Special Projects of National Significance - Improving HIV Health Outcomes	93.928			2018-2019	300,000	224,436	231,665			
						508,581	514,624		300,000	
Passed through the State of New Jersey Department of Health and Senior Services:										
Childhood Lead Poisoning Control Program	93.994		100-046-4220	2017	272,939			*	272,836	
Childhood Lead Poisoning Control Program	93.994		022070 / 020080	2018	809,319	427,207	172,419	*	738,002	
Childhood Lead Poisoning Control Program	93.994			2019	849,000	542,023	730,145		730,145	
						969,230	902,564	*	1,740,983	
Total U.S. Department of Health and Human Services						6,554,805	7,064,829	(84,121)	11,814,310	

CITY OF PATERSON

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

Program	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO Cumulative Total Expenditures
U.S. Department of Homeland Security Passed through the State of New Jersey Department of Law and Public Safety									
USAR Fire Program	97.025			2016	67,669	6,009		*	67,661
USAR Fire Program	97.025			2017	40,326	39,055			34,326
USAR Fire Program	97.025			2018	132,942	96,505		*	96,745
USAR Fire Program	97.025			2019	58,379	58,379	141,569	*	198,732
Blue Acres Grant / Hazard Mitigation Grant	97.039		100-066-1200	2011	5,773,115	162,939	(60,060)	(74,363) *	2,928,929
Passed through the NJ Department of Law and Public Safety:									
Emergency Management Agency Assistance (EMAA) Application	97.042		EMPG-EMAA 1608	2015	10,000			*	
Emergency Management Agency Assistance (EMAA) Application	97.042		EMPG-EMAA 1608	2015	15,000			*	
Emergency Management Agency Assistance (EMAA) Application	97.042		EMPG-EMAA 1608	2019	10,000	10,000		*	
Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants	97.044			2011	68,204				68,104
Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants	97.044			2018	716,608				638,102
Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants	97.044			2019	47,390	47,390	46,980	*	706,206
<u>Total U.S. Department of Homeland Security</u>						278,708	128,489	(74,363) *	3,833,867
Total Federal and State Grant Fund:						8,072,069	8,556,968	(265,402)	20,436,073
Trust Funds									
U.S. Department of Housing and Urban Development									
Community Development Block Grant	14.218	B01UC340100		2001	3,359,000			*	3,358,155
Community Development Block Grant	14.218	B08UC340100		2008	2,937,671			*	2,781,004
Community Development Block Grant	14.218	B12UC340100		2012	2,683,971	191,988			2,683,971
Community Development Block Grant	14.218	B13UC340100		2013	2,855,480				2,855,480
Community Development Block Grant	14.218	B14UC340100		2014	2,816,168	445,403	12,737	*	2,913,294
Community Development Block Grant	14.218	B15UC340100		2015	2,810,941		238,705	*	2,496,418
Community Development Block Grant	14.218	B16UC340100		2016	2,785,251		235,174	*	2,961,305
Community Development Block Grant	14.218	B17UC340100		2017	2,740,728	608,966	226,163	40,000 *	2,615,211
Community Development Block Grant	14.218	B18UC340100		2018	2,057,746	473,495	175,509	42,824 *	1,856,147
Community Development Block Grant	14.218	B19UC340100		2019	2,272,921	706,357	799,124	69,893	799,124
<u>Total U.S. Department of Housing and Urban Development</u>						2,426,209	1,687,412	152,717 *	25,320,109

**CITY OF PATERSON**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2019**

Program	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO	
									Cumulative Total Expenditures	Total Expenditures
Emergency Shelter Grant	14.231			2003	118,000		118,000		118,000	118,000
Emergency Shelter Grant	14.231			2004	118,000		118,000		118,000	236,000
Emergency Shelter Grant	14.231			2008	125,908		125,908		125,908	361,908
Emergency Shelter Grant	14.231			2009	126,574		126,574		126,574	488,482
Emergency Shelter Grant	14.231			2013	129,776		129,776		129,776	618,258
Emergency Shelter Grant	14.231			2017	271,038		271,038		271,038	889,296
Emergency Shelter Grant	14.231			2018	366,186	249,409	146,652	*	322,490	1,211,786
Emergency Shelter Grant	14.231			2019	185,243	154,804	150,714		150,714	1,362,500
						404,213	297,366			
HOME Investment Partnership Program	14.239			2009	1,770,553	42,545			1,770,553	1,770,553
HOME Investment Partnership Program	14.239			2010	1,662,102				1,662,102	3,432,655
HOME Investment Partnership Program	14.239			2011	1,651,083				1,651,083	5,083,738
HOME Investment Partnership Program	14.239			2012	1,423,581				1,423,581	6,507,319
HOME Investment Partnership Program	14.239			2013	1,161,788	24,815	24,815	*	1,161,788	7,669,107
HOME Investment Partnership Program	14.239			2014	1,060,232	6,051			1,091,872	8,760,979
HOME Investment Partnership Program	14.239			2015	1,067,774	261,045	336,577	*	358,116	9,119,095
HOME Investment Partnership Program	14.239			2016	931,364	54,589	54,589	*	633,768	9,752,863
HOME Investment Partnership Program	14.239			2017	1,000,066	249,219	252,108	*	666,124	10,418,987
HOME Investment Partnership Program	14.239			2018	941,113	56,734	31,304	*	88,798	11,307,785
HOME Investment Partnership Program	14.239			2019	1,349,661	112,927	99,692	15,450	99,692	12,407,477
						807,925	799,085	15,450		
Housing Opportunities for Persons with AIDS	14.241			2010	1,301,766				1,301,766	1,301,766
Housing Opportunities for Persons with AIDS	14.241			2011	1,404,206				1,404,206	2,705,972
Housing Opportunities for Persons with AIDS	14.241			2012	1,381,032				1,381,032	4,086,984
Housing Opportunities for Persons with AIDS	14.241			2013	1,380,000				1,378,413	5,465,397
Housing Opportunities for Persons with AIDS	14.241			2014	1,294,558				1,260,985	6,726,382
Housing Opportunities for Persons with AIDS	14.241			2015	1,356,224				1,354,424	8,080,806
Housing Opportunities for Persons with AIDS	14.241			2016	1,351,464	2,988	4,026	*	1,351,118	9,431,924
Housing Opportunities for Persons with AIDS	14.241			2017	1,363,496	577,937	474,713	*	1,333,035	10,764,959
Housing Opportunities for Persons with AIDS	14.241			2018	1,511,657	726,526	929,869	*	968,917	11,733,876
Housing Opportunities for Persons with AIDS	14.241			2019	1,608,136	35,933	38,871		38,871	12,141,727
						1,343,384	1,447,479		11,772,767	
Neighborhood Stabilization	14.264			2012	1,196,877			*	1,033,485	1,033,485
Housing Voucher Cluster	14.871			*	*			*	*	*
Section 8: Earned Administration Balances										
Total U.S. Housing and Urban Development					4,981,731	4,231,342	168,167		50,096,338	

CITY OF PATERSON

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

Program	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO Cumulative Total Expenditures
U.S. Department of Justice Passed through County of Passaic; Federal Equitable Sharing	16.922		*	2018 - *	691,743	660,263		*	6,699
Total Trust Funds:						5,641,994	4,231,342	168,167	50,103,037
General Capital Funds									
U.S. Department of Environmental Protection Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds Passed through the State on New Jersey:	66.458 66.458 66.458			2002-2019 2004-2019 2017-2019	10,942,000 6,538,000 1,000,000		213,890	*	10,871,019 6,293,207
Environmental Infrastructure Fund Loan - Phase I Environmental Infrastructure Fund Loan - Phase II Combined Sewer Outflow - West Railway Ave. Total U.S. Department of Environmental Protection							213,890	*	17,164,226
U.S. Department of Transportation Passed through the State of NJ Department of Transportation Highway Planning and Construction Cluster Spruce Street and McBride Avenue Stabilization Total U.S. Department of Transportation	20.205		078-6320-480	2010	250,257			*	244,098
Total Capital Funds:							213,890		17,408,324
Total Federal Awards:						13,714,063	13,002,200	(97,235)	87,947,434

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance

**BOROUGH OF PATERSON**  
**Schedule of Expenditures of State and Local Financial Assistance**  
**Year ended June 30, 2019**

	Grant Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO Cumulative Total Expenditures
<b>Federal and State Grant Fund:</b>							
N.J. Governor's Council on Alcohol and Drug Abuse (GCADA)							
	2000-082-995120-44	2013	39,680				33,263
	Municipal Alliance Strategic Plan	2015	61,641				46,855
	2000-082-995120-44	2016	61,641				39,630
	Municipal Alliance Strategic Plan	2017	61,641			(4,180) *	53,593
	2000-082-995120-44	2018	61,641	59,204	25,097	(2,437) *	20,308
	Municipal Alliance Strategic Plan	2019	61,641	4,414	19,793	(6,617)	19,793
	2000-082-995120-44			63,618	44,890		213,442
	Municipal Alliance Strategic Plan						
<b>Total NJ Governor's Council on Alcohol &amp; Drug Abuse</b>							
			80,430		29,800		72,417
	767-062-4545	2017	82,843	60,073			
	767-4545-005	2018		60,073	29,800		72,417
<b>Total Department of Labor and Workforce Development</b>							
			33,200		10,560		32,255
	1020-718-001-066	2018	38,992	38,992			
	Body Armor Replacement Fund	2019		38,992	10,560		32,255
	Body Armor Replacement Fund						
<b>Department of Law and Public Safety</b>							
Passed through the County of Passaic Youth Services Commission:							
Family Court and State Community Partnership Grants:							
	100-066-1500-021	2009	124,527				56,044
	Evening Reporting Program	2010	124,650				24,514
	100-066-1500-021	2011	106,830				105,925
	Evening Reporting Program	2012	116,830				112,449
	100-066-1500-021	2015	103,855		(24,129)	(30,962) *	72,796
	Evening Reporting Program	2016	103,855		24,129		83,070
	100-066-1500-021	2017	103,855		1,965		83,854
	Evening Reporting Program	2018	113,855	113,855	60,121		42,986
	100-066-1500-021	2019	113,855		38,211		
	Evening Reporting Program			113,855	100,297	(30,962) *	581,638
	Alcohol Education Rehabilitation Enforcement Fund	2012	3,182				1,938
	9735-760-098-Y900-001-X100	2014	422				
	Alcohol Education Rehabilitation Enforcement Fund	2018	4,954				1,938
	9735-760-098-Y900-001-X100						
	Alcohol Education Rehabilitation Enforcement Fund						
		2018	802,137		40,195		802,137
	Safe and Secure Communities Program	2019	199,563	199,563	199,563		199,563
	Safe and Secure Communities Program			199,563	239,758		1,001,700
	Operation Cease Fire	2011	15,000				
				352,410	350,615	(30,962) *	1,617,531
	<b>Total Department of Law and Public Safety</b>						

**BOROUGH OF PATERSON**  
**Schedule of Expenditures of State and Local Financial Assistance**  
**Year ended June 30, 2019**

	Grant Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO Cumulative Total Expenditures
<u>State Judiciary</u>							
DWI Drunk Driving Enforcement Fund (DDEF)	6400-100-078-6400	2015	22,345		2,829	(792) *	18,724
<u>Total State Judiciary</u>					2,829	(792) *	18,724
<u>Department of Children and Families</u>							
Passed through Passaic County Youth Services Commission - Family Court Funding							
Total Lifestyle and Support Program	100-54-7570-280	2012	87,633			*	41,072
Total Lifestyle and Support Program	100-54-7570-280	2014	52,633			*	78,504
Total Lifestyle and Support Program	100-54-7570-280	2015	86,980			*	85,262
Total Lifestyle and Support Program	100-54-7570-280	2016	86,980			*	65,714
Total Lifestyle and Support Program	100-54-7570-280	2018	40,518	17,559		*	17,109
Total Lifestyle and Support Program	100-54-7570-280	2019	40,518	9,465			
<u>Total Department of Children and Families</u>				40,518	27,024		287,661
<u>Department of State</u>							
Public Archives & Records Infrastructure Support Grant (PARIS)	100-74-2545-033	2006	130,000			*	
Public Archives & Records Infrastructure Support Grant (PARIS)	100-74-2545-033	2007				*	
<u>NJ Historical Commission:</u>							
Delaware-Lenape Cultural Permanent Exhibit of the Paterson Museum		2013	1,200	90		(19) *	665
Passed through the Passaic County Cultural & Heritage Council - Museum Grant	100-075-2530-032	2006	1,000	90		(19) *	665
<u>NJ State Council on the Arts - Partner Agency of the National Endowment for the Arts:</u>							
Quarterly Visual Art Exhibition Series	100-074-2530-032	2014	1,600			*	
Art by Hugo Munoz Grant	100-074-2530-032	2011	330			*	
Exhibit Freedom Boulevard Gate	100-074-2530-032	2011	440			*	
Paterson Museum Eco-Structures	100-074-2530-032	2018	2,000	400		*	591
Museum "Paterson in World War I" Exhibit	100-074-2530-032	2018	2,500			*	2,140
Historic Project	100-074-2530-032	2019	2,000	1,500		*	
				1,900			2,731
<u>Total Department of State</u>				1,990		(19) *	3,396
<u>Department of Human Services</u>							
Passed through the County of Passaic Youth Services Commission: Family Court and State Community Partnership (Mixed Funding)							
Paterson Station House Adjustment Program	JABG-12	2012	19,021			*	18,996
Paterson Station House Adjustment Program	JABG-13	2014-2015	18,869			*	18,552
Paterson Station House Adjustment Program	*	2018	18,492		16,457	*	18,492
Paterson Station House Adjustment Program	*	2019	36,564		36,563		36,563
				36,563	53,020		92,603
<u>Total Department of Human Services</u>				36,563	53,020		92,603

**BOROUGH OF PATERSON**  
**Schedule of Expenditures of State and Local Financial Assistance**  
**Year ended June 30, 2019**

	Grant Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO Cumulative Total Expenditures
<b>Department of Environmental Protection</b>							
Office of Brownfield Reuse - Site Remediation & Waste Management Program							
Hazardous Discharge Site Remediation Fund (HDSRF) - Supplemental Grant for BDA (Brownfield Development Area) Site Investigation:							
	G000027658	2011	305,743				285,480
	G000024509	2016	124,938		12,615		88,441
	593859	2016	398,780				39,320
	477140	2016	33,540				32,356
	477139	2016	42,279				38,115
	477293	2017	21,865				21,383
	P39595	2017	201,935		10,576		18,828
	477140	2018	420,307		334,518		420,307
	*	2018	40,681	40,681	5,720		
	G000001487	2019	72,354				
	NEA140001-U1892	2016	200,000		363,429		86,257
				40,681			1,030,487
<b>Municipal Storm Water Regulation Program</b>							
	100-042-4900/4840	2006	538				
<b>Rutgers Cooperative Extension (RCE) Water Resources Program</b>							
City of Paterson Green Infrastructure Demonstration Project - Overlook Park Bioretention Parking Island							
	4900-752-178810-60	2013	219,496		3,256		219,496
	4900-752-178810-60	2013	238,701				197,365
	4900-752-178810-60	2014	222,858		31,674		222,768
	4900-752-178810-60	2017	227,131		32,895		188,105
	4900-752-178810-60	2018	229,614		198,490		227,306
	4900-752-178810-60	2019	236,050		40,689		40,689
			236,050	236,050			
				236,050	307,004		1,095,729
	4900-765-178910-60	2015	193,565		1,168		193,248
	4900-765-178910-60	2016	221,251		301		220,976
	4900-765-178910-60	2018	187,966		23,472		187,966
	4900-765-178910-60	2019	179,929		108,971		108,971
	4900-765-178910-60	2020	200,795				
			200,795	200,795			
				380,724	133,912		711,161
<b>Green Acres Trust Local Programs:</b>							
	566-042-4800	2018 - completion	4,273,304				
	Hinchcliffe Stadium / Overlook			1,576,808	783,435		2,284,668
				1,576,808	783,435		2,284,668
			2,334,263		1,687,780		5,222,045
<b>Total Department of Environmental Protection</b>							
<b>Department of Commerce and Economic Development</b>							
Urban Enterprise Zone - Passed through the Paterson Restoration Corp.:							
	2830-763-250120-50	2006	750,000				695,928
	2830-763-250120-50	2015	50,000				35,455
	2830-763-250120-50	2012	350,000				160,226
	2830-763-250120-50	2019	298,278		24,139		24,139
	2830-763-250120-50	2013	*				
	2830-763-250120-50	2014	198,800			4,950	178,615
	2830-763-250120-50	2016	236,400		3,160		157,780
	2830-763-250120-50	2017	240,900				121,855
	2830-763-250120-50	2018	296,600			(185,214)	111,386
	2830-763-250120-50	2019	324,200		128,175		128,175
			189,381	189,381	135,474	(180,264)	1,613,559
<b>Total Department of Commerce and Economic Development</b>							



BOROUGH OF PATERSON

Schedule of Expenditures of State and Local Financial Assistance

Year ended June 30, 2019

	Grant Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO Cumulative Total Expenditures
State of New Jersey Historic Trust							
Hincheville Stadium Grant	2010.2014	2013	500,000		419,350	*	
Total State of New Jersey Historic Trust							
Highlands Water Protection and Planning Council							
Transfer of Development Rights Feasibility Grant Program	14-033-080-1608	2014	50,000			*	
Total Highlands Water Protection and Planning Council							
Department of Community Affairs							
Division of Fire Safety:							
Life Hazard Use Fees - LEA Rebate		2017	238,961		(40,892)	(40,892)	198,069
Life Hazard Use Fees - LEA Rebate		2018	354,540	145,441	(8,439)	(8,439)	346,101
Life Hazard Use Fees - LEA Rebate		2019	337,584	162,567	337,584		337,584
				308,008	288,253	(49,331)	881,754
Community Policing Initiative - Anti-Violence Out-of-School Grant:							
Youth Interdiction and Education Initiative	2018-05163-0366-00	2018	1,000,000	395,820	982,057	*	982,057
Youth Interdiction and Education Initiative	2019-05163-0366-00	2019	1,000,000	500,000	88,562		88,562
				895,820	1,070,619		1,070,619
				1,203,828	1,358,872	(49,331)	1,952,373
Total Department of Community Affairs							
State of New Jersey Board of Public Utilities							
Microgrid Feasibility Study Grant		2019	173,000		173,000		173,000
Total New Jersey Board of Public Utilities							
				173,000	173,000		173,000
Total Federal and State Grant Fund:				4,455,644	4,302,654	(267,985)	11,266,751
General Capital Fund							
Department of Transportation							
Local Aid Infrastructure Fund		2018	35,000			*	
Road Resurfacing		2014	607,860			*	583,224
Road Resurfacing		2015	579,986	144,997	(1)	*	579,986
Road Resurfacing		2016	579,986	405,160	417,704	*	
Road Resurfacing		2017	663,876	550,157	417,703	*	1,163,210
Total Department of Transportation							
Department of Environmental Protection							
Municipal Storm Water Regulation Program:							
Environmental Infrastructure Trust Loan - Phase IV	4860-510-041	2005-completion	10,486,570		83,692	*	4,393,304
Combined Sewer Outflow - West Railway Avenue		2017-completion	1,000,000		83,692	*	4,393,304

BOROUGH OF PATERSON

Schedule of Expenditures of State and Local Financial Assistance

Year ended June 30, 2019

	Grant Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO Cumulative Total Expenditures
Green Acres Trust Local Programs:							
Various Park Improvements - Loan	545-042-4800	2005-completion	1,585,363				1,235,442
Various Park Improvements - Grant	545-042-4800	2005-completion	1,585,363				1,235,443
Restoration and Revitalization of Pennington Park - Grant	4800-006-6020	2018-2010	1,400,000				1,849,967
ATP Site/Haines Overlook Park Riverwalk Extension - Loan	566-042-4800	2008-completion	783,665				
ATP Site/Haines Overlook Park Riverwalk Extension - Grant	566-042-4800	2008-completion	1,283,665				138,729
Great Falls and Pocket Park Improvements - Grant		2008-completion	964,751				4,459,581
<b>Total Department of Environmental Protection</b>					83,692		8,852,885
<b>Total General Capital Fund:</b>			550,157	501,395			10,016,095
<b>Total State Assistance:</b>			5,005,801	4,804,049	(267,985)		21,282,846
Other State and Local Agencies							
Private Donations and Other:							
Antia Tank Spray and Neuter Program		2002-2013	9,656				9,600
Atlantic Health System - Cool Kids Project		2016	500				
Paterson Museum Mineral Display Grant		2013	2,000				
Paterson Museum Mineral Display Grant		2015	5,000				
Paterson Museum Mineral Hall Collection Donations		2004	10,000				7,485
First Ward Library Renovation Insurance Grant		2012	326,413		10,392		107,339
Community Foundation of NJ - Give & Receive (GARP)		2013	20,000				19,867
Community Foundation of NJ - Give & Receive (GARP)		2015	20,000				18,937
Community Foundation of NJ - Give & Receive (GARP)		2016	20,430				20,271
Community Foundation of NJ - Give & Receive (GARP)		2019	20,000	20,000	18,281		18,281
Silk City Woman's Club Museum Grant		2012	1,000				
Hannah Family Memorial Grant		2008	2,000				564
Museum Brochure Grant - Donald Baer		2013	1,000				
PSE&G Emergency Preparedness Grant		2005	5,000				4,888
Cablevision Public Education and Government Access Program		2017-2018	100,000		2,080		71,797
Gilead Sciences, Inc. - FOCUS Grant		2017-2018	224,400		99		221,660
County of Passaic Intelligent Transportation System - Grand St. Corridor		2018	24,000		23,795		23,795
American National Treasures Grant - Hinchcliffe Stadium Ticket Booths		2016	300,000		300,000		300,000
NJ Council for the Humanities - Grassroots Arts Commission Grant		2019	5,000	4,500			
Paterson Museum Pharmacy Exhibit Donations	2019-02	2015	711				
Paterson Museum Dan Oliff Memorial Veterans Exhibit		2015	10,000				7,171
National Endowment of Arts Big Read Grant		2019	15,000				
NRPA 10-Minute Walk Planning & Technical Assistance		2019	40,000		1,940		1,940
<b>Total Private Donations and Other:</b>			64,500	356,387			833,595
Passaic County Open Space Preservation Trust							
Pennington Park Gazebo		2012	175,000				170,523
Passaic River Waterfront Study		2011	30,000		30,000		30,000
Middle Lower Raceway Investigation and Design		2011	596,267				543,545
Overlook Park Improvements		2006	150,000				142,855
Landscaping Improvements at Overlook Park		2016	176,933	176,933	21,967	(99,950)	119,002
Eastside Park Concession Stand / Cricket House		2014	260,000	200,599			237,203
Vista Parks		*	108,758				84,000
<b>Total Passaic County Open Space Preservation Trust</b>			377,532	252,566	(99,950)		1,327,128

BOROUGH OF PATERSON

Schedule of Expenditures of State and Local Financial Assistance  
Year ended June 30, 2019

	Grant Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustments/ Canceled	MEMO Cumulative Total Expenditures
Passaic County Cultural & Heritage Council at Passaic County Community College Cleaning & Conservation of Two Federici Monuments at Paterson's City Hall Plaza 2018 Arts Project		2018-2019	3,424	613	3,424		3,424
2018 Arts Project		2018-2019	2,835	1,417			
2018 Arts Project #2		2018-2019	4,500	2,250	4,287		4,287
				4,280	7,711		7,711
Passaic County Prosecutor							
Passaic County Prosecutor's Office Franklin Reward		2011	30,000				27,500
Passaic County Prosecutor's Office Franklin Reward		2013	10,000				1,000
							28,500
Paterson Restoration Corporation							
Paterson Restoration Corporation Master Plan Grant		2012	130,000				129,000
Division of Community Improvements Technology Upgrade Grant		2014	125,000				83,932
							212,932
Total Other State and Local Agencies				446,312	616,864	(99,950)	2,409,866
Total State and Local Financial Assistance				5,452,113	5,420,913	(367,935)	23,692,712

Note: This schedule was not subject to an audit in accordance with N.J. OMB 15-08

**CITY OF PATERSON  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the City of Paterson, County of Passaic. The City is defined in Note 1A to the City's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for counties by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the City's financial statements.

**NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules do not agree with amounts reported in the City's financial statements because encumbrances are not reported in the accompanying schedules. Financial assistance awards are reported in the City's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Federal and State Grant Fund	\$8,556,968	\$4,302,654	\$400,761	\$13,260,383
Trust Fund	4,231,342			4,231,342
General Capital Fund	<u>213,890</u>	<u>501,395</u>	<u>216,103</u>	<u>931,388</u>
Total Current Fund	<u>\$13,002,200</u>	<u>\$4,804,049</u>	<u>\$616,864</u>	<u>\$18,423,113</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree, in all material respect, with the amounts reported in the related federal and state financial reports. However, we noted certain differences which are reported in the accompanying schedule of findings of noncompliance and questioned costs.

**NOTE 5. ADJUSTMENTS**

Amounts reported in the accompanying schedules were adjusted to report the financial assistance awards as described in Note 2 Basis of Accounting.

**CITY OF PATERSON  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING**

The City's federal and state loans outstanding at June 30, 2019, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Total</u>
New Jersey Environmental Infrastructure Loans	\$4,711,688
State of New Jersey Green Acres Trust Loans	1,664,028
State of New Jersey Demolition Loans	<u>1,987,343</u>
	<u>\$8,363,059</u>

**NOTE 7. INDIRECT COST RATE**

The City of Paterson has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CITY OF PATERSON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: adverse - USGAAP  
unmodified - regulatory

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses?  X  yes   none

reported

2. Material weakness(es) identified?   yes  X  no

Noncompliance material to financial statements noted?  X  yes   no

**Federal Awards Section**

Dollar threshold used to determine type A programs: \$  750,000

Auditee qualified as low-risk auditee?   yes  X  no

Type of auditors' report on compliance for major programs:  unmodified

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses?   yes  X  none

reported

2. Material weakness(es) identified?   yes  X  no

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?   yes  X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
<u>14.231</u>	<u>Emergency Solutions Grant Program</u>
<u>14.241</u>	<u>Housing Opportunities for Persons with AIDS</u>
<u>93.914</u>	<u>HV Emergency Relief Project Grant</u>
<u>93.994</u>	<u>Maternal &amp; Child Health Services Block Grant</u>

**CITY OF PATERSON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019  
(continued)**

*Section I - Summary of Auditor's Results, (continued)*

**State Awards Section**

Dollar threshold used to determine type A programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes                      X no

Type of auditors' report on compliance for major programs: unmodified

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes                      X none

reported

2. Material weakness(es) identified? \_\_\_\_\_ yes                      X no

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? \_\_\_\_\_ yes                      X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
6320-480-Variou	State Aid DOT Projects
566-042-4800	NJDEP Hinchcliff/Overlook Green Acres Grant
2018-05163-0366-0	Community Policing Initiative-Antiviolence Out-of-School Grant

**CITY OF PATERSON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(continued)**

*Section II – Financial Statement Findings*

**NONE**

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

**NONE**

**STATUS OF PRIOR YEAR FINDINGS**

This section identifies the status of prior year audit findings related to the general purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB's Circular 15-08, as amended.

**NONE**



## CITY OF PATERSON

### GENERAL COMMENTS

#### Contracts and Agreements Requiring Advertisement for Bid

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term ‘competitive contracting’, which is defined as “the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors’ formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received.”

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. “When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500 or \$25,000 if there is a certified purchasing agent, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations.”

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. “Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months.”

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500 or \$36,000 if there is a certified purchasing agent. On July 1, 2015, the threshold with a qualified purchasing agency was increased to \$40,000.

The governing body has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising for the following items:

Purchase and delivery of Forms and NCR Printing

Purchase and delivery of trophies and plaques

Purchase and delivery of office supplies for various departments and divisions

Inmate cord free telephone system

Maintenance of the upper and lower turf fields at Pennington Park

Masonry and related work - Brine System at Montgomery St City Yard

Service and repairs for the CPA Vehicle Fleet

Purchase of t-shirts and accessories for various departments and divisions

Purchase of Janitorial Supplies

Purchase and delivery of hardware supplies

2018 City Wide Road Resurfacing Program

2017 State Aid Road Resurfacing Program

General and emergency HVAC Maintenance, repairs and installation services

Purchase and delivery of electrical supplies for (2) years

Maintenance of the Lou Costello and Riverside Vets Pool

Purchase (1) 2018 or new Chevrolet Express Cargo Van - Animal Control Division

Disposal of vegetative waste

Purchase and delivery of plumbing supplies

Electrical work

Purchase and delivery of lumber and related supplies

Purchase and delivery of forms for various departments

TV Inspection and Cleaning of Sewers and Utility Markouts

Emergency Sewer Main Repairs and Replacement up to 48” in diameter

Emergency Sewer Lateral Repairs

Sewer Main Repairs and Replacement up to 48” in diameter

Emergency demolition, preservation and salvage of the Paterson Armory

Purchase and delivery of clinical/medical supplies

Purchase and delivery of (2) lead paint analyzers with portable data records

Disposal or recycled newspaper, corrugated cardboard and commingled material

## CITY OF PATERSON

### GENERAL COMMENTS, (continued)

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

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A.40A:11-4.

Resolutions were adopted authorizing the awarding of contract or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

#### **Collection of Interest on Delinquent Taxes and Assessments**

The governing body, on July 1, 2018, adopted the following amended resolution authorizing interest to be charged on delinquent taxes:

“BE IT FURTHER RESOLVED, by the City of Paterson, in the County of Passaic, State of New Jersey, that the interest on delinquent taxes during the year 2016 be charged at the rate of eight (8) percent of the first \$1,500 of the delinquency on any lot, and at the rate of eighteen (18) percent on any amount in excess of \$1,500, the same calculated from the date the tax was payable until the date of the actual payment, provided however, that no interest be charged if payment of taxes is made within 10 days after the date upon which the same became payable.

BE IT FURTHER RESOLVED, that pursuant to N.J.S.A. 54-4-67 delinquencies in excess of \$10,000 at the end of the Calendar Year 2016, be charged an additional six (6) percent end of year penalty.”

It appears from an examination of the Collector’s records that interest was collected in accordance with the forgoing resolution.

#### **Delinquent Taxes and Tax Title Liens**

A tax sale was held on June 27, 2019.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

**CITY OF PATERSON**

**GENERAL COMMENTS, (continued)**

The following comparison is made of the number of tax title liens receivable on the last three years:

	<u>Number of Liens</u>
June 30, 2019	470
June 30, 2018	470
June 30, 2017	851

**Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

**CITY OF PATERSON  
COMMENTS & RECOMMENDATIONS  
JUNE 30, 2019**

**COMMENTS:**

**Finance:**

1. The Budget per the Edmunds Accounting System does not accurately reflect the allocation between accounts in the 2019 Adopted Budget.
2. There is an old Sales Contract Receivable in the Current Fund.
3. Not all cash receipts and/or revenue are posted through the computerized accounting system.
4. Prior year tax and sewer overpayments were not refunded in a timely manner.
5. A detailed list of open encumbrances and accounts payable that agrees to the general ledger balance could not be provided at the time of audit.
6. Prior year sewer charges refunds are being net against current year anticipated revenue for prior year sewer receivables rather than being charged directly against surplus.
7. The City could not provide a detailed listing of the following third party liens outstanding:
  - Tax Title Liens
  - Sewer Liens
  - Demolition Liens
8. Special Improvement District – Billing was not done in a timely manner.
9. Special Improvement District – Receivables and Reserves were not recorded for the year in the General Ledger.
10. Resolutions are awarding contracts for the periods prior to the meeting date of approval.
11. The City of Paterson does not collect the required 10% bid guarantee for contracts, with the exception for construction contracts.

**CITY OF PATERSON  
COMMENTS & RECOMMENDATIONS  
JUNE 30, 2019  
(CONTINUED)**

**COMMENTS: (continued)**

**Municipal Court:**

1. Bank reconciliations for both the Bail Account & Fines Account include outstanding checks greater than 180 days as reconciling items.
2. A review of the December monthly management report indicated the following:
  - a. There is an excessive amount of tickets eligible for FTA over 14 days.
  - b. There is an excessive amount of tickets under Other Statuses.
  - c. There is an excessive amount of tickets assigned over 181 days.
  - d. There is an excessive amount of tickets issued but not assigned.

**Departments:**

1. Cash - The City did not record the Library cash management account in their General Ledger.
2. Licensing Department – Fees calculated on the Monthly Dog License Report do not always foot.
3. Fire Department – Receipts are not turned over to the Tax Collector within 48 hours.
4. Planning & Zoning – Receipts are not turned over to the Tax Collector within 48 hours.

**CITY OF PATERSON  
COMMENTS & RECOMMENDATIONS  
JUNE 30, 2019  
(CONTINUED)**

**RECOMMENDATIONS:**

**Finance:**

1. The budget per the Edmunds Accounting System should accurately reflect the budget adopted by Mayor and Council.
2. All old receivables in the Current Fund should be reviewed and cancelled if necessary.
3. All cash receipts and/or revenue should be posted through one computerized accounting system to take advantage of the system's controls and ensure postings are complete.
4. All overpayments should be reviewed and refunded, if applicable.
5. A detailed list of open purchase orders that agrees to the general ledger should be maintained and made available at time of audit.
6. Refunds of prior year sewer charges should be charged directly against surplus rather than being net against current year anticipated revenue.
7. A detailed listing of third party liens should be maintained and accurate within the computerized accounting system.
8. Special Improvement District – That billings for SID be done once Resolution for budget is passed.
9. Special Improvement District – Receivables and Reserves in the General Ledger should be maintained through the fiscal year.
10. Contract periods should be awarded after approval of resolution by Mayor and Council.
11. The City should collect the required 10% bid guarantee as specified in Local Public Contracts Law.

**CITY OF PATERSON  
COMMENTS & RECOMMENDATIONS  
JUNE 30, 2019  
(CONTINUED)**

**RECOMMEDATIONS: (continued)**

**Municipal Court:**

1. All stale dated outstanding checks should be reviewed and voided in a timely manner.
2. The following Municipal Court's management report areas should be reviewed and corrections made as necessary:
  - a. Tickets eligible for FTA over 14 days.
  - b. Tickets listed as Other Status.
  - c. Tickets assigned over 181 days.
  - d. Tickets issued not assigned.

**Departments:**

1. Cash - The City should incorporate the account into their accounting system.
2. Licensing Department – That amounts on the Monthly Dog License Report be reviewed to ensure accuracy.
3. Fire Department – That receipts be turned over within 48 hours.
4. Planning & Zoning – That receipts be turned over within 48 hours.

**CITY OF PATERSON**

**STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS**

A review was performed on all prior year recommendations and corrective action was taken on all, except for those recommendations denoted with an asterisk (“\*”).

The problems and weaknesses noted in our audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Respectfully submitted,

*Steven D. Wielkotz*

Steven D. Wielkotz  
Registered Municipal Accountant  
No. CR00413

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*

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Pompton Lakes, New Jersey

April 21, 2020