

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)

COMPREHENSIVE ANNUAL
FINANCAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|------------------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1-4 |
| Roster of Officials as of December 31, 2016 | 5 |
| Organizational Chart | 6 |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 7-9 |
| 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 | 10-11 |
| Management's Discussion and Analysis | 12-17 |
| Basic Financial Statements | <u>Exhibit</u> |
| Comparative Statements of Net Position | A 18 |
| Comparative Statements of Revenues, Expenses and Changes in Net Position | B 19 |
| Comparative Statements of Cash Flows | C 20 |
| Notes to the Financial Statements | 21-28 |
| Supplementary Information | <u>Schedule</u> |
| Schedule of Revenues, Expenses and Changes in Fund Net Position - Restricted and Unrestricted | 1 29 |
| Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Cash Equivalents | 2 30 |

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)

TABLE OF CONTENTS

Supplementary Information (Continued)

Schedule

| | |
|---|---------|
| Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget with Comparative Actual Amounts | 3 31 |
| Comments and Recommendations | 32 |

STATISTICAL SECTION

| | |
|--------------------------|----|
| Revenues by Function | 33 |
| Expenditures by Function | 34 |



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Mayor

City of Union City
Union City Redevelopment Agency
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Kennedy Ng
Executive Director

The Honorable Commissioners
Union City Redevelopment Agency
Union City, New Jersey

State law requires that all local authorities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Union City Redevelopment Agency (the Agency) for the year ended December 31, 2016.

The report consists of Management's representations concerning the finances of the Agency. We believe it is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Agency as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the Agency's financial affairs have been included. Responsibility for completeness and clarity of the report, including disclosures, rests with management of the Agency and ultimately with the Board of Commissioners. By utilizing the CAFR format, it is the Agency's intent to facilitate an understanding by the non-financially oriented system user as well as provide all necessary information for the most sophisticated financial observer.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the report of the independent auditor.

Organization of Report

The CAFR is presented in several sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, a list of principal officials, and an organizational chart. The Financial Section includes the independent auditor's reports, Management's discussion and analysis, the basic financial statements, including the notes to the financial statements, and supplementary information required by the State of New Jersey Division of Local Government Services. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis.

Government Structure and Services

The Agency's governing body consists of seven board members appointed by the Mayor of the City of Union City (the "City") with the advice and consent of the Commissioners. Members are generally appointed for terms of five years.

The Agency is a municipal redevelopment entity created for the purpose of reviewing various properties within the City to determine the need for revitalization of these areas for the purpose of redevelopment to help create better business opportunities and development of the City.

Internal Accounting Controls

Management of the Agency is responsible for establishing and maintaining an adequate internal control structure. In developing and evaluating the Agency's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits expected to be derived. All internal control evaluations occur within the above framework. We believe the Agency's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

Basis of Accounting

The Agency's accounting records are maintained on a accrual basis and in accordance with GAAP, as promulgated by the Governmental Accounting Standards Board. The Agency is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Annual Budget

The annual budget serves as the foundation for the Agency's financial planning and control. Management prepares a proposed budget, which is presented to the Agency's Board of Commissioners for review and approval. Prior to adoption by the Board of Commissioners, the budget is reviewed and approved by the State of New Jersey Division of Local Government Services.

Cash Management

The Agency strives to keep abreast of current developments and procedures in cash management to insure efficient and profitable use of available cash resources. The investment policy of the Agency is guided in large part by New Jersey Statutes. Cash is deposited in institutions located in New Jersey which are protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. Funds not needed immediately are invested as certificates of deposit or other allowable investments.

Risk Management

The Agency carries various forms on insurance, including, but not limited to, general liability.

Pension Benefits

All Agency employees are also employees of the City. Through their employment with the City, all Agency employees participate in the New Jersey Public Employees Retirement System (PERS). Participation in the same PERS plan is not allowed for multiple employers, therefore, all current Agency employees do not participate in the PERS through the Agency.

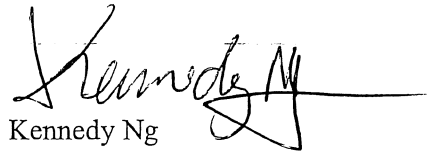
Annual Independent Audit

The Agency's financial statements have been audited by Donohue, Gironde, Doria & Tomkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the year ended December 31, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the Agency's financial statements for the year ended December 31, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is included in the financial section of this report.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff and the Commissioners of the Agency. We would like to express our appreciation to all those assisted and contributed to the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kennedy Ng', with a long horizontal line extending to the right from the end of the signature.

Kennedy Ng
Executive Director

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
ROSTER OF OFFICIALS

AS OF DECEMBER 31, 2016

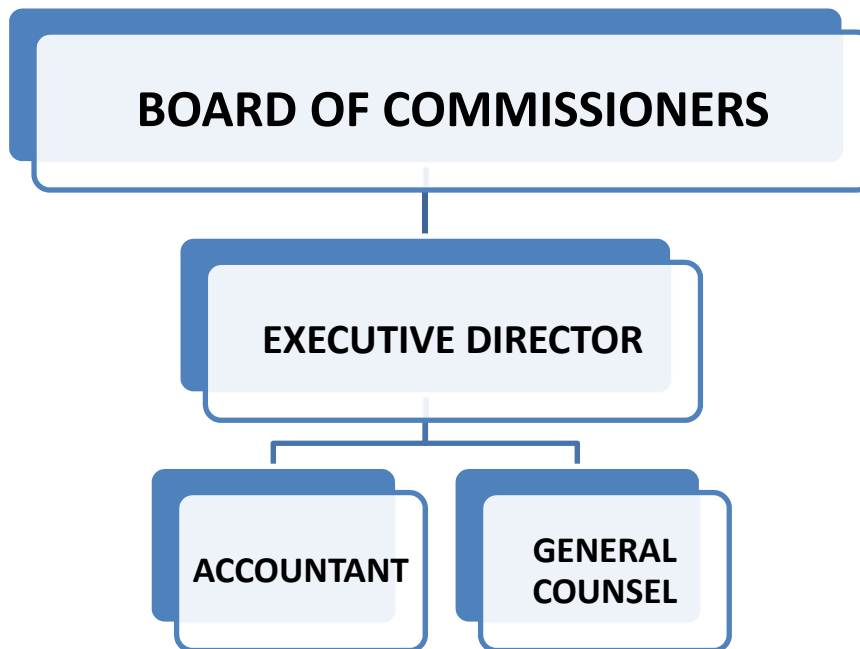
| <u>Agency Members</u> | <u>Position</u> | <u>Term Expires</u> |
|------------------------------|------------------------|----------------------------|
| Lucio Fernandez | Commissioner | August 14, 2021 |
| Eva Marie Festa | Commissioner | February 15, 2020 |
| Rafael Nova | Commissioner | December 17, 2018 |
| Carlos Vallejo | Commissioner | February 15, 2017 |
| Vincent Bonito | Commissioner | October 31, 2018 |
| Paul Casper | Commissioner | December 17, 2018 |
| Wilmer E. Izquierdo | Commissioner | February 3, 2020 |

Other Officials

| | |
|------------------------------|--------------------|
| Kennedy Ng | Executive Director |
| Florio, Kenny & Raval, L.L.P | General Counsel |

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
ORGANIZATIONAL CHART

DECEMBER 31, 2016



DONOHUE, GIRONDA, DORIA & TOMKINS LLC

Certified Public Accountants

Matthew A. Donohue, CPA
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Robert G. Doria, CPA (N.J. & N.Y.)
Frederick J. Tomkins, CPA, RMA

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Jason R. Gironda, CPA
Mauricio Canto, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Union City Redevelopment Agency
Union City, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Union City Redevelopment Agency (the "Agency"), (A Component Unit of the City of Union City, New Jersey) as of December 31, 2016, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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.

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 purposes 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2016, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Economic Dependence

As described in Note 4, the Agency is the recipient of funding from the City of Union City (the “City”), the amount of which is material to funding the operations of the Agency. This funding is anticipated in the Agency’s 2017 budget. Our opinion on the basic financial statements is not affected by the receipt of this funding from the City.

Other Matters

Prior Period Financial Statements

The financial statements of the Agency as of December 31, 2015 were audited by other auditors whose report dated May 25, 2016, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Agency's basic financial statements as a whole. The introductory section, supplementary information and statistical section are presented for the purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017 on our consideration of the Agency'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 financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

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

Bayonne, New Jersey
October 4, 2017

DONOHUE, GIRONDA, DORIA & TOMKINS LLC

Certified Public Accountants

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

The Board of Commissioners
Union City Redevelopment Agency
Union City, 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 of the Union City Redevelopment Agency (the "Agency") (A Component Unit of the City of Union City, New Jersey), as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2017.

Internal Control Over Financial Reporting

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

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

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

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Bayonne, New Jersey
October 4, 2017

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

As management of the Union City Redevelopment Agency, we offer this narrative overview and analysis of the Agency's financial performance during the fiscal year ended December 31, 2016. Please read this analysis in conjunction with the Agency's financial statements, which follow this section.

2016 FINANCIAL HIGHLIGHTS

- The Agency's total net position increased \$34,915 or 185%
- Cash and cash equivalents decreased by \$6,860 or 12.04%
- Unrestricted assets decreased by \$99,583 or 70.39%
- Restricted assets increased by \$34 or 0.14%
- Current liabilities decreased by \$134,464 or 91.09%
- Operating revenues decreased by \$113,334 or 46.97%
- Operating expenses decreased by \$104,474 or 52.89%
- Operating income decreased by \$8,860 or 20.26%

2015 FINANCIAL HIGHLIGHTS

- The Agency's total net position increased \$23,957 or 4,701.2%
- Cash and cash equivalents increased by \$56,811 or 32,838.7%
- Unrestricted assets increased by \$104,696 or 284.7%
- Restricted assets increased by \$25,010 or 100%
- Current liabilities increased by \$105,749 or 252.5%
- Operating revenues increased by \$123,164 or 104.3%

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

2015 FINANCIAL HIGHLIGHTS (Continued)

- Operating expenses increased by \$83,093 or 72.6%
- Operating income increased by \$40,070 or 1,091.9%

Overview of the Financial Statements

The Agency is a corporate and politic body organized under the laws of the State of New Jersey. The Financial section of this Comprehensive Annual Financial Report includes Management's Discussion and Analysis and Financial Statements with notes to explain in more detail some of the information in the financial statements. The Supplementary information includes detailed financial information along with general comments and recommendations.

Required Financial Statements

The financial statements of the Agency report information about the Agency using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The *Statement of Net Position* includes all of the Agency's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Agency creditors (liabilities). It also provides the basis for evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency.

The *Statement of Revenues, Expenses and Changes in Net Position* reports how the Agency's net position changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Agency's distinct activities or functions on revenues provided by the Agency's customers and other funding sources. This statement measures the results of the Agency's operations over the past year and can be used to determine whether the Agency has recovered all its costs through user fees and other changes, operational stability and credit worthiness.

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Overview of the Financial Statements (Continued)

Required Financial Statements (Continued)

The *Statement of Cash Flows* reports cash receipts and cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as what operational sources provided cash, what was the cash used for, and what was the change in cash balance during the reporting period.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This supplementary information follows the notes to the financial statements.

Financial Analysis of the Agency

One of the most important questions asked about the Agency's finances is "Is the Agency as a whole better able to fulfill its mission as a result of this years activities?" The *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* report information about the Agency's activities in a way that will help answer this question. These two statements report net position of the Agency and the changes in those positions. The reader can think of the Agency's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Net Position

As year-to-year financial information is accumulated on a consistent basis, changes in fund net position may be observed and used to discuss the changing financial position of the Agency as a whole.

The Agency's net position at December 31, 2016 is \$53,577. This is a \$34,915 increase from the December 31, 2015 net position of \$18,862 and a \$58,872 increase from the December 31, 2014 net position of \$(5,095). A summary of the Agency's statement of net position is presented in the following table:

Condensed Statement of Net Position

| | Totals | | |
|---------------------|------------------------|-------------------------|--------------------------|
| | December 31, | | |
| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Unrestricted Assets | \$41,893 | \$ 141,476 | \$ 36,780 |
| Restricted Assets | <u>25,044</u> | <u>25,010</u> | <u>-</u> |
| Total Assets | <u>66,937</u> | <u>166,486</u> | <u>36,780</u> |
| Current Liabilities | <u>13,160</u> | <u>147,624</u> | <u>41,875</u> |
| Total Liabilities | <u>13,160</u> | <u>147,624</u> | <u>41,875</u> |
| Net Position | | | |
| Restricted | 25,044 | 25,010 | - |
| Unrestricted | <u>28,733</u> | <u>(6,148)</u> | <u>(5,095)</u> |
| Total Net Position | <u><u>\$53,777</u></u> | <u><u>\$ 18,862</u></u> | <u><u>\$ (5,095)</u></u> |

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Net Position (Continued)

While the *Statement of Net Position* shows the change in financial position, the *Statement of Revenues, Expenses and Changes in Net Position* provides answers as to the nature and source of these changes. As can be seen in the following table, operating revenues and expenses were substantially higher in 2015 versus 2016 and 2014 as \$92,689 was both received and spent in that year in relation to a redevelopment project. That project is now substantially complete.

Operating income increased \$40,071 from 2014 to 2015, mostly as the result of one-time fees received from developers and an increase in the subsidy from the City. Operating income decreased by \$8,860 from 2015 to 2016 due to a decrease in revenue for the previously mentioned developers fees which were not received in 2016, offset with a decrease in administrative expenses.

**Condensed Statement of Revenues, Expenses
And Changes in Net Position**

| | Unrestricted | | Restricted | | Totals | | |
|--|------------------|------------------|------------------|------------------|-------------------|--|--|
| | | | | | December 31, | | |
| | General | Escrow Trust | 2016 | 2015 | 2014 | | |
| | Fund | Fund | | | | | |
| Operating Revenues: | | | | | | | |
| Local Subsidies and Donations | \$ 125,483 | \$ - | \$ 125,483 | \$ 123,500 | \$ 118,050 | | |
| Receipts from Developers' Fees | - | - | - | 25,000 | 71 | | |
| Other | 2,468 | - | 2,468 | 96 | - | | |
| School Development Authority Construction Grant | - | - | - | 92,689 | - | | |
| Total Operating Revenue | 127,951 | - | 127,951 | 241,285 | 118,121 | | |
| Operating Expenses: | | | | | | | |
| Salaries and Wages | 43,060 | - | 43,060 | 40,327 | 14,491 | | |
| Administrative, Executive and Professional | 50,010 | - | 50,010 | 64,528 | 99,960 | | |
| Redevelopment Expenses | - | - | - | 92,689 | - | | |
| Total Operating Expenses | 93,070 | - | 93,070 | 197,544 | 114,451 | | |
| Operating Income(Loss) | 34,881 | - | 34,881 | 43,741 | 3,670 | | |
| Non-Operating Revenue(Expenses): | | | | | | | |
| Cancellation of Grants Receivable | - | - | - | (19,794) | - | | |
| Interest received from Escrow Deposits | - | 34 | 34 | 10 | - | | |
| Cancellation of prior year void checks | - | - | - | - | 325 | | |
| Non-Operating Income(Loss) | - | 34 | 34 | (19,784) | 325 | | |
| Change in Net Position | 34,881 | 34 | 34,915 | 23,957 | 3,995 | | |
| Net Position, beginning of year | (6,148) | 25,010 | 18,862 | (5,095) | (9,090) | | |
| Net Position, end of year | \$ 28,733 | \$ 25,044 | \$ 53,777 | \$ 18,862 | \$ (5,095) | | |

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Contacting the Agency's Financial Management

This financial report is designed to provide City of Union City citizens and taxpayers, and our customers, clients, investors and creditors, with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the appropriations and grants that it receives. If you have questions about this report or need additional financial information, you may contact the Agency's Executive Director at 3715 Palisade Avenue, Union City, New Jersey 07087 or at (201) 348-5642.

EXHIBIT A

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
COMPARATIVE STATEMENTS OF NET POSITION

DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|--|-----------|-----------|
| ASSETS | | |
| Unrestricted Current Assets: | | |
| Cash and Cash Equivalents | \$ 25,080 | \$ 31,974 |
| Due from State of New Jersey - SDA Grant | 16,813 | 109,502 |
| Total Unrestricted Current Assets | 41,893 | 141,476 |
| Restricted Current Assets: | | |
| Escrow Account | | |
| Cash and Cash Equivalents | 25,044 | 25,010 |
| Total Restricted Current Assets | 25,044 | 25,010 |
| Total Assets | 66,937 | 166,486 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Due to City of Union City | - | 2,483 |
| Advanced Subsidy from City of Union City | - | 28,500 |
| Accounts Payable | 13,160 | 116,641 |
| Total Current Liabilities | 13,160 | 147,624 |
| NET POSITION | | |
| Unrestricted | 28,733 | (6,148) |
| Restricted | 25,044 | 25,010 |
| Total Net Position | \$ 53,777 | \$ 18,862 |

See Accompanying Notes to Financial Statements.

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | Unrestricted | Restricted | Totals | |
|--|------------------|----------------------|------------------|------------------|
| | General Fund | Escrow Trust Fund | December 31, | |
| | | | 2016 | 2015 |
| Operating Revenues: | | | | |
| Local Subsidies and Donations | \$ 125,483 | \$ - | \$ 125,483 | \$ 123,500 |
| Receipts from Developers' Fees | - | - | - | 25,000 |
| Other | 2,468 | - | 2,468 | 96 |
| School Development Authority Construction Grant | - | - | - | 92,689 |
| Total Operating Revenue | <u>127,951</u> | <u>-</u> | <u>127,951</u> | <u>241,285</u> |
| Operating Expenses: | | | | |
| Salaries and Wages | 43,060 | - | 43,060 | 40,327 |
| Administrative, Executive and Professional Redevelopment Expenses | 50,010 | - | 50,010 | 64,528 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>92,689</u> |
| Total Operating Expenses | <u>93,070</u> | <u>-</u> | <u>93,070</u> | <u>197,544</u> |
| Operating Income | <u>34,881</u> | <u>-</u> | <u>34,881</u> | <u>43,741</u> |
| Non-Operating Revenue (Expenses): | | | | |
| Cancellation of Grants Receivable | - | - | - | (19,794) |
| Interest received from Escrow Deposits | <u>-</u> | <u>34</u> | <u>34</u> | <u>10</u> |
| Non-Operating Income(Loss) | <u>-</u> | <u>34</u> | <u>34</u> | <u>(19,784)</u> |
| Change in Net Position | 34,881 | 34 | 34,915 | 23,957 |
| Net Position, January 1 | <u>(6,148)</u> | <u>25,010</u> | <u>18,862</u> | <u>(5,095)</u> |
| Net Position, December 31 | <u>\$ 28,733</u> | <u>\$ 25,044</u> | <u>\$ 53,777</u> | <u>\$ 18,862</u> |

See Accompanying Notes to the Financial Statements

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
COMPARATIVE STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | Unrestricted | Restricted | | Totals December 31, | |
|---|-------------------|-----------------|--|------------------------|------------------|
| | | General Fund | Roosevelt Stadium Demonstration Grant Project Fund | Escrow Trust Fund | 2016 |
| Cash Flows from Operating Activities: | | | | | |
| Receipts from Local Subsidies and Donations | \$ 94,500 | \$ 92,689 | \$ - | \$ 187,189 | \$ 152,000 |
| Cash Received from Redevelopers | - | - | - | - | 25,000 |
| Administrative, Executive and Professional Expenses Paid | (103,862) | - | - | (103,862) | (122,655) |
| Redevelopment Expenses Paid | - | (92,689) | - | (92,689) | - |
| Other Activity | 60 | - | - | 60 | 96 |
| Refunds | 2,408 | - | - | 2,408 | 911 |
| Due to City - Payroll | - | - | - | - | 1,449 |
| Net Cash (Used) Provided by Operating Activities | <u>(6,894)</u> | <u>-</u> | <u>-</u> | <u>(6,894)</u> | <u>56,801</u> |
| Cash Flows from Investing Activities: | | | | | |
| Interest received from Escrow Deposits | - | - | 34 | 34 | 10 |
| Net Cash Provided by Investing Activities | <u>-</u> | <u>-</u> | <u>34</u> | <u>34</u> | <u>10</u> |
| (Decrease) Increase Cash and Cash Equivalents | (6,894) | - | 34 | (6,860) | 56,811 |
| Cash and Cash Equivalents, January 1 | 31,974 | - | 25,010 | 56,984 | 173 |
| Cash and Cash Equivalents, December 31 | <u>\$ 25,080</u> | <u>\$ -</u> | <u>\$ 25,044</u> | <u>\$ 50,124</u> | <u>\$ 56,984</u> |
| Analysis of Balance at December 31, | | | | | |
| Unrestricted - Cash and Cash Equivalents | | | | \$ 25,080 | \$ 31,974 |
| Restricted - Cash and Cash Equivalents | | | | 25,044 | 25,010 |
| | | | | <u>\$ 50,124</u> | <u>\$ 56,984</u> |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities | | | | | |
| Operating Income | \$ 34,881 | \$ - | \$ - | \$ 34,881 | \$ 43,741 |
| Adjustments to Reconcile Operating Income to Net Cash (Used) Provided by Operating Activities: | | | | | |
| Decrease (Increase) in Due from State of New Jersey | - | 92,689 | - | 92,689 | (92,689) |
| (Decrease) Increase in Due to City of Union City | (2,483) | - | - | (2,483) | 1,449 |
| (Decrease) Increase in Deferred Subsidy | (28,500) | - | - | (28,500) | 28,500 |
| (Decrease) Increase in Accounts Payable | (10,792) | (92,689) | - | (103,481) | 75,800 |
| | <u>\$ (6,894)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (6,894)</u> | <u>\$ 56,801</u> |

See Accompanying Notes to the Financial Statements

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Union City Redevelopment Agency (the “Agency”) is a corporate and political body created on January 19, 1998. The Agency has the right, power and authority to acquire, use and hold all real and personal property and make and perform all contracts and do all things proper or necessary for approved redevelopment projects. As a public body, under existing statute, the Agency is exempt from both federal and state taxes. The Agency is governed by a Board of Commissioners consisting of seven members, each of whom is appointed by the Mayor of the City of Union City, New Jersey (the “City”) with the advice and consent of the City Commissioners.

The Agency's fiscal year is the twelve-month period ending December 31, on any year, or such other twelve-month period, which the Agency may establish by resolution.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

GASB Statement 14 requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and either the primary government is able to impose its will on the organization; or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The Agency is considered a component unit of the City.

C. Basis of Presentation

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to enterprise funds of state and local governmental units. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, accountability or other purposes.

D. Measurement Focus and Basis of Accounting

The Agency's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Agency has elected not to follow FASB guidance issued subsequent to December 1, 1989.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency are local subsidies and donations, and developers fees. Operating expenses include the cost of operations and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Cash and Cash Equivalents

Cash and cash equivalents include money market funds and short-term investments including certificates of deposit, with a maturity of three months or less carried at cost, which approximates market.

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents (Continued)

The Agency's investment practices are governed by New Jersey State Statute 40A:5-15. Statutes authorize the Agency to invest in certificates of deposit, repurchase agreements, passbooks, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds and a maturity date not greater than 12 months from the date of purchase. In addition, the Agency can invest in direct debt securities of the United States or obligations guaranteed by the United States, bonds and other obligations of the local municipality or bonds or obligations of school districts of which the Agency is a part or within which the Agency is located unless such investments are expressly prohibited by law.

F. Inventory

The costs of inventories are deemed immaterial and are recognized as expenses when purchased. The Agency does not record inventory on its statement of net position.

G. Accounts Receivable

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

H. Plant and Equipment

Plant and Equipment are stated at cost, which includes direct acquisition costs and other expenditures related to acquisition or construction. Acquisitions that do not provide both current and future benefits are charged to current operating results.

Depreciation is determined on a straight-line basis for all plant and equipment. Depreciation is provided for over the following estimated useful lives:

| | |
|-----------------------------------|----------|
| Furniture, Fixtures and Equipment | 10 Years |
| Vehicles | 5 Years |

At December 31, 2016 and 2015, the Agency did not own any property, plant or equipment.

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Position

Restricted net position represents funds segregated in conjunction with a specific purpose. Unrestricted net position represents funds available to be used at the discretion of the Agency for any legally authorized purpose.

J. Net Position Flow Assumption

Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

K. Budgetary Procedures

The Agency annually prepares an operating budget. The budget is prepared in accordance with the Budget Manual for Local Public Authorities as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America. The budgets serve as a plan for expenses and the proposed means for financing them. Unexpended appropriations lapse at year end.

The annual budget is generally approved at least sixty days prior to the beginning of the fiscal year. The budgets must be approved by the Board of Commissioners and submitted to the Division of Local Government Services, Bureau of Authority regulation for approval prior to adoption. Budget adoptions and amendments are recorded in the Agency's minutes.

Six Year Capital budgets are also prepared. Included within the budget are individual projects along with their estimated cost, completion date and source of funding.

The encumbrance method of accounting is utilized by the Agency for budgetary purposes. Under this method purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve a portion of the applicable budget appropriation.

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Budgetary Procedures (Continued)

In accordance with GAAP, outstanding encumbrances at year-end for which goods or services are received, are classified to expenses and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year-end and are either cancelled or are included as re-appropriations of fund equity for the subsequent year. Encumbrances at year-end in funds that are budgeted on a project basis automatically carry forward along with their related appropriations and are not subject to annual cancellations and re-appropriations.

L. Use of Estimates

The process of preparing financial statements in conformity with GAAP requires the use of 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. Actual results could differ from those estimates.

NOTE 2. CASH AND CASH EQUIVALENTS

General Authorization

The Agency's deposit and investment practices are governed by New Jersey State Statute 40A:5-15.

GASB Statement No.3, amended by GASB Statement No. 40, requires disclosure of the level of custodial credit risk assumed by the Agency in its cash, cash equivalents and investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits. The Agency does not have a policy for custodial credit risk; however, the State of New Jersey imposes certain collateral requirements for governmental units that have been adopted in the Agency's cash management plan. These requirements are disclosed in detail in Note 1E.

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

Deposits

The Agency's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unity Deposit Protection Act (GUDPA). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. Operating cash, in the form of various checking, savings and NOW Accounts, are held in the Agency's name by commercial banking institutions. At December 31, 2016 and 2015, the carrying amount of the Agency's deposits was \$50,124 and \$56,984, respectively, and the bank balance was \$54,702 and \$56,981, respectively. The total bank balance of \$54,702 and \$56,981 were insured by the FDIC.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures", the Agency's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty, the Agency would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged by the depositor), collateralized with securities held by the pledging institution or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2016 and 2015, all of the Agency's deposits were insured with Federal Deposit Insurance or under the provisions of GUDPA and were not exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency's investment maturities are limited by its bond indenture as a means of managing its exposure to interest rate risk. Additionally, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Monies in the funds established under the Resolutions may be invested at the Agency's direction in Investment Obligations, which are defined by the Resolutions.

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3. PENSION PLANS

The State of New Jersey sponsors and administers the Public Employees' Retirement System (PERS) which is a contributory defined benefit public employee retirement system covering substantially all state and local government employees which includes those Agency employees who are eligible for pension coverage.

The PERS was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system.

During the years ended December 31, 2016 and 2015 all of the Agency's employees were also employed by the City, and participated in the PERS as employees of the City. The PERS does not allow membership in the same pension plan for more than one employer location. Accordingly, none of the Agency's employees were enrolled in the PERS as Agency employees.

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

There were no Agency employees eligible for enrollment in DCRP during the years ended December 31, 2016 or 2015.

NOTE 4. LOCAL SUBSIDIES AND DONATIONS

For the years ended December 31, 2016 and 2015 the City contributed \$126,000 and \$121,000, respectively, to the Agency. The City has appropriated \$126,000 in its June 30, 2017 budget to contribute to the Agency in 2017.

NOTE 5. DEMONSTRATION GRANT

In 2004 the Agency, the City and the Union City Board of Education, together, with the Agency taking the lead, applied for and received a Demonstration Grant from the New Jersey School Development Authority to construct a new high school, 250 units of subsidized housing, 300 units of market rate housing, a health clinic, 75,000 square feet of retail/commercial space and a 196 car garage.

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 5. DEMONSTRATION GRANT (Continued)

At December 31, 2016, construction of the project has been completed.

The final grant award was as follows:

| | |
|--------------------------|--------------------------|
| Land Acquisition | \$23,589,104 |
| Design | 7,085,801 |
| Preconstruction Services | 2,450,095 |
| Construction | <u>138,307,396</u> |
| Total Grant Amount | <u>\$171,432,396</u> |

At December 31, 2016 and 2015 the grant receivable balance due to the Agency was \$16,813 and \$109,502, respectively.

NOTE 6. REDEVELOPMENT AGREEMENT

The Agency entered into a Redevelopment Agreement with PBG Realty Associates, LLC (“PBG”) on June 6, 2006. The Redeveloper has not been able to proceed with the project due to the general economic conditions and real estate market and last had the agreement extended in 2015. The parties negotiated an administrative fee to be paid to the Agency in three installments. The first installment was paid in April of 2015. The second installment was due April 1, 2016, and the final installment is due April 1, 2017. The second and third installment were not paid by PBG.

PBG has made a request for the City and the Agency to amend its redevelopment plan in relation to the number of allowed units for the project. That issue, along with the non-payment of the second and third installments, is being considered and negotiated by the City and the Agency.

The Agency has not recorded a receivable at December 31, 2016 for the second and third installments pending the outcome of the current negotiations between PBG, the City and the Agency.

NOTE 7. SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through October 4, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - RESTRICTED AND UNRESTRICTED**

FOR THE YEAR ENDED DECEMBER 31, 2016

GENERAL FUND

| | <u>Unrestricted Funds</u> |
|--|-------------------------------|
| Operating Revenues: | |
| Local Subsidies and Donations | \$ 125,483 |
| Other | 2,468 |
| | <u>127,951</u> |
| Operating Expenses: | |
| Salaries and Wages | 43,060 |
| Administrative, Executive and Professional | 50,010 |
| | <u>93,070</u> |
| Operating Income | 34,881 |
| Increase in Net Position | 34,881 |
| Net Position, December 31, 2015 | <u>(6,148)</u> |
| Net Position, December 31, 2016 | <u>\$ 28,733</u> |

ESCROW TRUST FUND

| | <u>Restricted Funds</u> |
|--|-----------------------------|
| Nonoperating Revenue: | |
| Interest received from Escrow Deposits | \$ 34 |
| | <u>34</u> |
| Increase in Net Position | 34 |
| Net Position, December 31, 2015 | <u>25,010</u> |
| Net Position, December 31, 2016 | <u>\$ 25,044</u> |

SCHEDULE 2

**UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND CASH EQUIVALENTS**

FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>General Fund</u> | <u>Escrow Trust Fund</u> | <u>Total</u> |
|--|-------------------------|------------------------------|------------------|
| Cash and Cash Equivalents, January 1 | \$ 31,974 | \$ 25,010 | \$ 56,984 |
| Increased by Receipts: | | | |
| Local Subsidies and Donations | 94,500 | - | 94,500 |
| Other | 60 | - | 60 |
| Interest received from Escrow Deposits | - | 34 | 34 |
| Refunds | 2,408 | - | 2,408 |
| | <u>96,968</u> | <u>34</u> | <u>97,002</u> |
| Decreased by Disbursements: | | | |
| Administrative, Executive and Professional | 103,862 | - | 103,862 |
| | <u>103,862</u> | <u>-</u> | <u>103,862</u> |
| Cash and Cash Equivalents, December 31 | <u>\$ 25,080</u> | <u>\$ 25,044</u> | <u>\$ 50,124</u> |

SCHEDULE 3

**UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING
REVENUES COMPARED TO BUDGET**

FOR THE YEAR ENDED DECEMBER 31, 2016

GENERAL FUND

| Revenues | <u>2016 Budget</u> | <u>2016 Actual</u> |
|---|------------------------|------------------------|
| Revenue Anticipated | | |
| Local Subsidies and Donation | \$ 126,000 | \$ 125,483 |
| Other | - | 2,468 |
| Total Revenue Anticipated | <u>126,000</u> | <u>127,951</u> |
| Total Revenue | <u>\$ 126,000</u> | <u>\$ 127,951</u> |
| Appropriations | | |
| Operating Appropriations: | | |
| Salary and Wages | \$ 44,000 | \$ 43,060 |
| Other Expenses | 82,000 | 50,010 |
| Total Operating Appropriations | <u>126,000</u> | <u>93,070</u> |
| Total Appropriations | <u>\$ 126,000</u> | <u>\$ 93,070</u> |
| Budgetary Income | | <u>\$ 34,881</u> |
| Change in Net Position - GAAP Basis | | <u>\$ 34,881</u> |

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
COMMENTS AND RECOMMENDATIONS

DECEMBER 31, 2016

Comments

NONE

Recommendations

NONE

Status of Prior Years' Audit Recommendations

In accordance with Government Auditing Standards, a review was performed on all prior year's recommendations. Corrective action was taken on all prior year recommendations.

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
REVENUES BY FUNCTION
LAST TEN YEARS

| Year Ended December 31, | Developer's Fees | Local Subsidies | SDA Pre- | | SDA | | Roosevelt Stadium Demonstration | | Litigation- Remediation | Interest Income | Other Revenues | Total |
|----------------------------|---------------------|-----------------|----------------------|-----------------------|-----------------------|----------------------------|--|-----------|----------------------------|--------------------|-------------------|---------------|
| | | | Development Grant | Construction Grant | Construction Grant | City Board of Education | Construction - Union City Board of Education | | | | | |
| 2007 | \$ 100,000 | \$ 25,000 | \$ - | \$ 1,168,649 | \$ 72,828,876 | \$ 2,267,507 | \$ 3,405 | \$ 14,736 | \$ 375,040 | \$ 3,405 | \$ 14,736 | \$ 76,783,213 |
| 2008 | 40,000 | - | 71,841 | 399,697 | 33,413,197 | 3,641,404 | 211 | 23,983 | - | 211 | 23,983 | 37,590,333 |
| 2009 | - | - | - | - | 13,466,862 | 1,138,720 | - | 65,817 | - | - | 65,817 | 14,671,399 |
| 2010 | - | - | - | - | 1,191,569 | 23,112 | - | 165 | - | - | 165 | 1,214,846 |
| 2011 | - | - | - | - | 2,980,441 | - | - | 23 | - | - | 23 | 2,980,464 |
| 2012 | - | 70,000 | 22,604 | - | 698,531 | 190,069 | - | 22,604 | - | - | 22,604 | 1,003,808 |
| 2013 | - | 77,221 | - | - | - | - | - | 22 | - | - | 22 | 77,243 |
| 2014 | - | 118,050 | - | - | - | - | - | 71 | - | - | 71 | 118,121 |
| 2015 | 25,000 | 123,500 | - | - | 92,689 | - | 10 | 96 | - | 10 | 96 | 241,295 |
| 2016 | - | 125,483 | - | - | - | - | 34 | 2,468 | - | 34 | 2,468 | 127,985 |

UNION CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Union City, New Jersey)
EXPENDITURES BY FUNCTION
LAST TEN YEARS

| <u>Year Ended December 31,</u> | <u>Salaries and Wages</u> | <u>Administration, Executive and Professional</u> | <u>Redevelopment Expense</u> | <u>Total</u> |
|------------------------------------|---------------------------|---|----------------------------------|---------------|
| 2007 | \$ 114,082 | \$ 93,465 | \$ 76,134,064 | \$ 76,341,611 |
| 2008 | 60,951 | 73,754 | 37,389,119 | 37,523,824 |
| 2009 | 60,409 | 317,505 | 14,537,330 | 14,915,244 |
| 2010 | 13,346 | 117,121 | 1,214,681 | 1,345,148 |
| 2011 | 15,000 | 55,500 | 2,980,441 | 3,050,941 |
| 2012 | 15,000 | 103,115 | 911,204 | 1,029,319 |
| 2013 | 15,000 | 85,211 | - | 100,211 |
| 2014 | 14,491 | 99,960 | - | 114,451 |
| 2015 | 40,327 | 64,528 | 92,689 | 197,544 |
| 2016 | 43,060 | 50,010 | - | 93,070 |