

**PASSAIC REDEVELOPMENT AGENCY**  
**(A component unit of the City of Passaic)**  
**REPORT OF AUDIT**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**PASSAIC REDEVELOPMENT AGENCY**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members  
of the Board of Commissioners  
Passaic Redevelopment Agency  
Passaic, New Jersey

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Passaic Redevelopment Agency, a component unit of the City of Passaic as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Passaic Redevelopment Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Passaic Redevelopment Agency as of December 31, 2024 and 2023, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Passaic Redevelopment Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Passaic Redevelopment Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Passaic Redevelopment Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Passaic Redevelopment Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information 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 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Passaic Redevelopment Agency as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The 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 supplementary schedules listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2025 on our consideration of the Passaic Redevelopment 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 solely 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 effectiveness of the Passaic Redevelopment Agency's 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 Passaic Redevelopment Agency's internal control over financial reporting and compliance.

  
LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

Fair Lawn, New Jersey  
June 13, 2025

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**

**PASSAIC REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2024**

This section of the Passaic Redevelopment Agency's ("Agency") annual financial report presents our discussion and analysis of the Agency's financial performance during the year ended December 31, 2024. Please read it in conjunction with the Agency's basic financial statements and accompanying notes.

The purpose of the Agency is to carryout the redevelopment plans of the City of Passaic.

**FINANCIAL HIGHLIGHTS**

- The Agency's assets exceeded its liabilities at December 31, 2024 by \$334,115.
- The Agency's total assets increased by \$3,464.
- Operating revenues decreased by \$78,873.
- Operating expenses decreased by \$21,326.
- Operating income decreased by \$57,547.

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. 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.

Enterprise fund financial statements offer short- and long-term financial information about the activities and operations of the Agency. These statements are presented in the Government Accounting Standards Board ("GASB") prescribed manner.

**FINANCIAL ANALYSIS OF THE AGENCY**

*Net Position* – The following is a summary of the Agency's financial position as of December 31, 2024, 2023 and 2022:

	December 31, <u>2024</u>	December 31, <u>2023</u>	December 31, <u>2022</u>
Current Assets	\$ 773,490	\$ 770,026	\$ 774,160
Total Assets	<u>773,490</u>	<u>770,026</u>	<u>774,160</u>
Current Liabilities	<u>439,375</u>	<u>406,797</u>	<u>439,610</u>
Total Liabilities	<u>439,375</u>	<u>406,797</u>	<u>439,610</u>
Net Position:			
Unrestricted	<u>334,115</u>	<u>363,229</u>	<u>334,550</u>
Total Net Position	<u>\$ 334,115</u>	<u>\$ 363,229</u>	<u>\$ 334,550</u>

**PASSAIC REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2024**

*(Continued)*

**FINANCIAL ANALYSIS OF THE AGENCY (Continued)**

The Agency's Net Position decreased \$29,114, or 8% during the year ended December 31, 2024.

*Operating Activities* – The following table summarizes the revenues, expenses and changes in net position for the years ended December 31, 2024, 2023 and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
OPERATING REVENUES			
Redevelopers' Fees and Contributions	\$ 23,985	\$ 102,858	\$ 108,665
Intergovernmental Contributions	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total Operating Revenues	<u>33,985</u>	<u>112,858</u>	<u>118,665</u>
OPERATING EXPENSES			
Administration	47,595	55,313	43,546
Cost of Providing Services	<u>16,449</u>	<u>30,057</u>	<u>32,830</u>
Total Operating Expenses	<u>64,044</u>	<u>85,370</u>	<u>76,376</u>
OPERATING INCOME	(30,059)	27,488	42,289
NON-OPERATING REVENUES			
Interest Income	<u>945</u>	<u>1,191</u>	<u>1,145</u>
CHANGE IN NET POSITION	(29,114)	28,679	43,434
NET POSITION, BEGINNING OF YEAR	<u>363,229</u>	<u>334,550</u>	<u>291,116</u>
NET POSITION, END OF YEAR	<u>\$ 334,115</u>	<u>\$ 363,229</u>	<u>\$ 334,550</u>

Operating Revenues decreased \$78,873 or 70% in 2024 mainly as a result of decreased amounts received for redeveloper fees and contributions.

Operating Expenses decreased \$21,326 or 25% in 2024 mainly as a result of decreased expenses for costs of providing services.

**PASSAIC REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

The Agency had no capital assets as of December 31, 2024, 2023 and 2022.

*Debt*

The Agency had no debt as of December 31, 2024, 2023 and 2022.

**OTHER FINANCIAL INFORMATION**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Agency has committed itself to financial excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

The budget for the calendar year ended December 31, 2024 was approved by the Division of Local Government Services and adopted by the Agency.

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the City of Passaic, New Jersey citizens and redevelopers with a general overview of the Agency's finances to demonstrate the Passaic Redevelopment Agency's accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the office of the Executive Director at 330 Passaic Street, Passaic, New Jersey 07055.

**FINANCIAL STATEMENTS**

**PASSAIC REDEVELOPMENT AGENCY  
COMPARATIVE STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Unrestricted Current Assets:		
Cash	\$ 770,889	\$ 767,452
Total Unrestricted Current Assets	<u>770,889</u>	<u>767,452</u>
Restricted Current Assets:		
Cash	<u>2,601</u>	<u>2,574</u>
Total Restricted Current Assets	<u>2,601</u>	<u>2,574</u>
Total Assets	<u>773,490</u>	<u>770,026</u>
<b>LIABILITIES</b>		
Current Liabilities (Payable from Unrestricted Assets)		
Accounts Payable	19,136	6,600
Due to City of Passaic	251,032	250,032
Escrow Deposits Payable	<u>166,606</u>	<u>147,591</u>
Total Current Liabilities (Payable from Unrestricted Assets)	<u>436,774</u>	<u>404,223</u>
Current Liabilities (Payable from Restricted Assets)		
Escrow Deposits Payable	<u>2,601</u>	<u>2,574</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>2,601</u>	<u>2,574</u>
Total Current Liabilities	<u>439,375</u>	<u>406,797</u>
<b>NET POSITION</b>		
Unrestricted	<u>334,115</u>	<u>363,229</u>
Total Net Position	<u>\$ 334,115</u>	<u>\$ 363,229</u>

**PASSAIC REDEVELOPMENT AGENCY**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>OPERATING REVENUES</b>		
Redevelopers Fees and Contributions	\$ 23,985	\$ 102,858
Municipal Contribution	<u>10,000</u>	<u>10,000</u>
Total Operating Revenues	<u>33,985</u>	<u>112,858</u>
<b>OPERATING EXPENSES</b>		
Administration		
Interlocal Agreement - Salaries and Wages	33,500	33,750
Professional Fees	13,235	21,430
Other Expenses	<u>860</u>	<u>133</u>
Total Administration Expenses	<u>47,595</u>	<u>55,313</u>
Cost of Providing Services		
Other Expenses	<u>16,449</u>	<u>30,057</u>
Total Cost of Providing Services	<u>16,449</u>	<u>30,057</u>
Total Operating Expenses	<u>64,044</u>	<u>85,370</u>
OPERATING INCOME (LOSS)	<u>(30,059)</u>	<u>27,488</u>
<b>NON-OPERATING REVENUES</b>		
Interest Revenue	<u>945</u>	<u>1,191</u>
Total Non-Operating Revenue	<u>945</u>	<u>1,191</u>
<b>CHANGE IN NET POSITION</b>	(29,114)	28,679
Total Net Position, January 1,	<u>363,229</u>	<u>334,550</u>
Total Net Position, December 31,	<u>\$ 334,115</u>	<u>\$ 363,229</u>

**PASSAIC REDEVELOPMENT AGENCY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Redevelopers	\$ 75,981	\$ 84,519
Cash Received from City Contribution	10,000	10,000
Cash Paid to Redevelopers	(32,981)	-
Cash Paid to Suppliers for Goods and Services	(18,008)	(67,344)
Cash Paid to City of Passaic - Interlocal Agreement	<u>(32,500)</u>	<u>(32,500)</u>
Net Cash Provided by Operating Activities	<u>2,492</u>	<u>(5,325)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interest Received from Escrow Deposits	<u>27</u>	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	<u>27</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	<u>945</u>	<u>1,191</u>
Net Cash Provided by Investment Activities	<u>945</u>	<u>1,191</u>
Net Increase in Cash	3,464	(4,134)
Cash, January 1,	<u>770,026</u>	<u>774,160</u>
Cash, December 31,	<u>\$ 773,490</u>	<u>\$ 770,026</u>
<b>ANALYSIS OF BALANCE AT DECEMBER 31,</b>		
Unrestricted - Cash	\$ 770,889	\$ 767,452
Restricted - Cash	<u>2,601</u>	<u>2,574</u>
	<u>\$ 773,490</u>	<u>\$ 770,026</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>		
Operating Income (Loss)	\$ (30,059)	\$ 27,488
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Increase/(Decrease) in Accounts Payable	12,536	(15,724)
Increase/(Decrease) in Due to City of Passaic	1,000	1,250
Increase/(Decrease) in Escrow Deposits Payable	<u>19,015</u>	<u>(18,339)</u>
Total Adjustments	<u>32,551</u>	<u>(32,813)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,492</u>	<u>\$ (5,325)</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**PASSAIC REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Reporting Entity and Activities**

The Passaic Redevelopment Agency (the "Agency") is a public body corporate and politic of the State of New Jersey. The Agency was created by municipal ordinance on June 3, 2002 pursuant to the provisions of N.J.S.A. 40A:12A-1, et seq., for the purpose of carrying out the redevelopment plans for the City of Passaic. The Agency is empowered to exercise public and essential government functions, including acquisition, condemnation, clearance, renovation and redevelopment of property in designated blighted areas and to carry out redevelopment plans for the City of Passaic.

The Agency is governed by a Board of Commissioners (the "Board") consisting of seven members, who are appointed by the Mayor with the advice and consent of the City Council. The Board of Commissioners determines policy actions, approves resolutions and selects an executive director to be responsible for the overall operation of the Agency.

On August 5, 1992, the Legislature of the State of New Jersey adopted the Local Redevelopment and Housing Law (NJSA 40A:12A-1 et. seq.) which became effective on a retroactive basis to January 1, 1992. This law requires all redevelopment agencies to be subject to the provisions of the "Local Authorities Fiscal Control Law". As a result of this legislation, the Passaic Redevelopment Agency is subject to the laws, rules and regulations promulgated for Authorities in the State of New Jersey and must report to the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The Passaic Redevelopment Agency includes in its financial statements the primary government and those component units for which the primary government is financially accountable. Component units are legally separate organizations for which the Agency is financially accountable or other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Agency is financially accountable for an organization if the Agency appoints a voting majority of the organization's board, and (1) the Agency is able to significantly influence the programs or services performed or provided by the organization; or (2) the Agency is legally entitled to or can otherwise access the organization's resources; the Agency is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the Agency is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Agency in that the Agency approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Agency has no component units. The Agency would be includable as a component unit of the City of Passaic on the basis of such criteria.

**B. New Accounting Standards**

During the years ended December 31, 2024 and 2023, the Agency adopted the following GASB Statements:

- GASB No. 96, *Subscription – Based Information Technology Arrangements*. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

**PASSAIC REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.
- GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Other accounting standards that the Agency is currently reviewing for its potential impact on the financial statements include:

- GASB Statement No. 102, Certain Risk Disclosures, will be effective beginning with the fiscal year ended December 31, 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.
- GASB Statement No. 103, Financial Reporting Model Improvements, will be effective beginning with the fiscal year ended December 31, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.
- GASB Statement No. 104, Disclosure of Certain Capital Assets, will be effective beginning with the fiscal year ended December 31, 2026. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

PASSAIC REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The accounts of the Agency are organized and operated on the basis of funds. The agency maintains an Enterprise Fund to account for its operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related, legal and contractual provisions. A description of the Agency's fund type it maintains to account for its financial transactions is as follows:

*Proprietary Fund Types* – This fund type accounts for operations that are organized to be self-supporting and includes Enterprise Funds. An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the entity has decided that the periodic determination of revenues earned, costs incurred and/or net income is appropriate for management accountability purposes.

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.

1. **Use of Estimates** – The preparation of financial statements requires management of the Agency 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 accrued revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.
2. **Reclassifications** – Certain reclassifications may have been made to the December 31, 2023 balances to confirm to the December 31, 2024 presentation.

**D. Assets, Liabilities and Net Position**

1. **Cash, Cash Equivalents and Investments** – The Agency considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments are stated at fair value and are limited by N.J.S.A. 40A:5-15.1. See Note 3 for specific disclosures on cash and investments.
2. **Restricted Assets** – Certain assets are classified restricted because they are maintained in separate bank accounts and their use is limited as the result of certain agreements entered into between the Agency and third parties.
3. **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.
4. **Capital Assets** – Property held for redevelopment is recorded at cost or, if donated or contributed, is stated at the estimated fair market value on the date of receipt by the Agency. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are expensed.
5. **Net Position** – In the statement of net position, there is one class of net position:
  - **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.
6. **Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 redeveloper fees and contributions. Operating expenses include the cost of operations and services which includes administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**PASSAIC REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Information**

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 approved at least sixty days prior to the beginning of the fiscal year. The budgets must be approved by the Board 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.

In accordance with accounting principles generally accepted in the United States of America, 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 reappropriations 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 reappropriations.

**B. Revenue Recognition**

Revenues from redeveloper fees and contributions are recognized on the accrual basis, when earned. City budget appropriations are recognized as operating revenue when they become available as appropriations in the City's budget. Grants received are recognized as revenue when the resources are expended for the purpose specified in the grant agreement. Grant funds received and the related program income not yet expended are reported as unearned revenue.

***Designated Unrestricted Net Position***

The Agency is permitted under budgetary accounting practices promulgated by the Division of Local Government Services to designate unrestricted net position. The Authority Board of Commissioners may formally dedicate net position to establish designations of unrestricted net position to meet policy adopted by the Board. As of December 31, 2024 and 2023, the Agency has designated \$92,000 and \$92,000, respectively, of its unrestricted net position to balance the subsequent year's budget.

**NOTE 3 DEPOSITS AND INVESTMENTS**

**Cash Deposits** – The Agency's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Agency is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protect Act requires all banks doing business in the State of New Jersey to pledge plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC or NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution, SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At 2024 and 2023, the book value of the Agency's deposits were \$773,490 and \$770,026, respectively, and the bank balance of the Agency's cash and deposits amounted to \$773,490 and \$771,489, respectively.

**PASSAIC REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

The Agency's deposits which are displayed on the balance sheet as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Insured		
Unrestricted	\$770,889	\$768,915
Restricted	<u>2,601</u>	<u>2,574</u>
	<u>\$773,490</u>	<u>\$771,489</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Agency does not have a formal policy for custodial credit risk.

**Investments** – The Agency is permitted to invest unrestricted operating funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Agency or bonds or other obligations of the school districts which are part of the Agency or school districts located within the Agency, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e). As of December 31, 2024 and 2023 the Agency has no outstanding investments.

**NOTE 4 CAPITAL ASSETS**

The Agency had no capital assets activity for the years ended December 31, 2024 and 2023.

**NOTE 5 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the cost-sharing contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees. Employees of the Passaic Redevelopment Agency who are eligible for pension coverage are enrolled in the City’s Public Employees Retirement System (PERS) pension plan. Therefore, the Agency was not required to directly contribute for normal cost pension contributions.

**Post-Retirement Medical Benefits** - The Agency currently does not provide employer paid post-retirement medical benefits to its active or retired employees.

**NOTE 6 RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to general liability, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is included in the City of Passaic’s insurance policy to guard against these events which are intended to provide minimum exposure to the Agency should they occur.

On January 22, 2005, the Agency approved a resolution to indemnify, hold harmless, and defend its employees, officers, commissioners, board members and others from lawsuits, actions and claims asserted against them based on their official actions taken in the course of their duties with the Agency. As of December 31, 2024 and 2023, there have been no claims filed or pending against the Agency to the knowledge of the Agency’s General Counsel.

**SUPPLEMENTARY SCHEDULE**

**PASSAIC REDEVELOPMENT AGENCY**  
**SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**BUDGETARY BASIS**

(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024 Adopted <u>Budget</u>	2024 <u>Actual</u>	Variance Excess (Deficit)	2023 <u>Actual</u>
<b>OPERATING REVENUES</b>				
Intergovernmental - City of Passaic Contribution	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Redevelopers Fees and Contributions	<u>-</u>	<u>12,500</u>	<u>12,500</u>	<u>77,501</u>
Total Operating Revenues	<u>10,000</u>	<u>22,500</u>	<u>12,500</u>	<u>87,501</u>
<b>NON-OPERATING REVENUES</b>				
Interest	<u>-</u>	<u>945</u>	<u>945</u>	<u>1,191</u>
Total Non-Operating Revenues	<u>-</u>	<u>945</u>	<u>945</u>	<u>1,191</u>
Total Revenues	<u>10,000</u>	<u>23,445</u>	<u>13,445</u>	<u>88,692</u>
<b>OPERATING APPROPRIATIONS</b>				
Administration:				
Interlocal Agreement - Salaries and Wages	40,000	33,500	6,500	33,750
Professional Fees	40,000	13,235	26,765	21,430
Other Expenses	<u>3,000</u>	<u>860</u>	<u>2,140</u>	<u>133</u>
Total Administration	<u>83,000</u>	<u>47,595</u>	<u>35,405</u>	<u>55,313</u>
Cost of Providing Services				
Professional Fees	<u>19,000</u>	<u>4,964</u>	<u>14,036</u>	<u>4,700</u>
Total Cost of Providing Services	<u>19,000</u>	<u>4,964</u>	<u>14,036</u>	<u>4,700</u>
Total Operating Appropriations	<u>102,000</u>	<u>52,559</u>	<u>49,441</u>	<u>60,013</u>
Budgetary Inoome (Loss)	<u>\$ (92,000)</u>	<u>\$ (29,114)</u>	<u>\$ 62,886</u>	<u>\$ 28,679</u>
<b>Reconciliation of Budgetary Income (Loss) to Change in Net Position</b>				
Increases to Budgetary Income:				
Redeveloper Reimbursements		11,485		25,357
Decreases to Budgetary Income:				
Redeveloper Expenses		<u>(11,485)</u>		<u>(25,357)</u>
<b>Change in Net Position</b>		<u>\$ (29,114)</u>		<u>\$ 28,679</u>

**GOVERNMENT AUDITING STANDARDS REPORT**



DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
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ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA, PSA  
CHRISTOPHER VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA  
JOHN CUIFFO, CPA

**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**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Chairman and Members  
of the Board of Commissioners  
Passaic Redevelopment Agency  
Passaic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 Passaic Redevelopment Agency, as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the table of contents which collectively comprise the Passaic Redevelopment Agency's basic financial statements, and have issued our report thereon dated June 13, 2025.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Passaic Redevelopment Agency's internal control over financial reporting (internal control) as a basis for designing 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 Passaic Redevelopment Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Passaic Redevelopment 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 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.

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 Passaic Redevelopment Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Passaic Redevelopment 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 Passaic Redevelopment Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

Fair Lawn, New Jersey  
June 13, 2025

**ROSTER OF OFFICIALS**  
**AND**  
**GENERAL COMMENTS AND RECOMMENDATIONS**

## **ROSTER OF OFFICIALS**

**DECEMBER 31, 2024**

<u>Name</u>	<u>Title</u>
Arthur Soto	Chairman
David Spector	Vice-Chairman
Ruth Perez	Commissioner
Peter Cedeno-Castro	Commissioner
Chaim Munk	Commissioner
Kimberly Perez	Commissioner
Angel U. Torres	Commissioner
Hector C. Lora	Mayor
Ricardo Fernandez	Executive Director
Omar Garcia	Chief Financial Officer

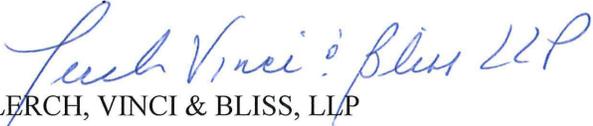
**Comments/Recommendations**

There are none

**Appreciation**

We desire to express our appreciation of the assistance of the Executive Director, Chief Financial Officer and Agency staff during the course of our audit.

Respectfully submitted,

  
LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Registered Municipal Accountants