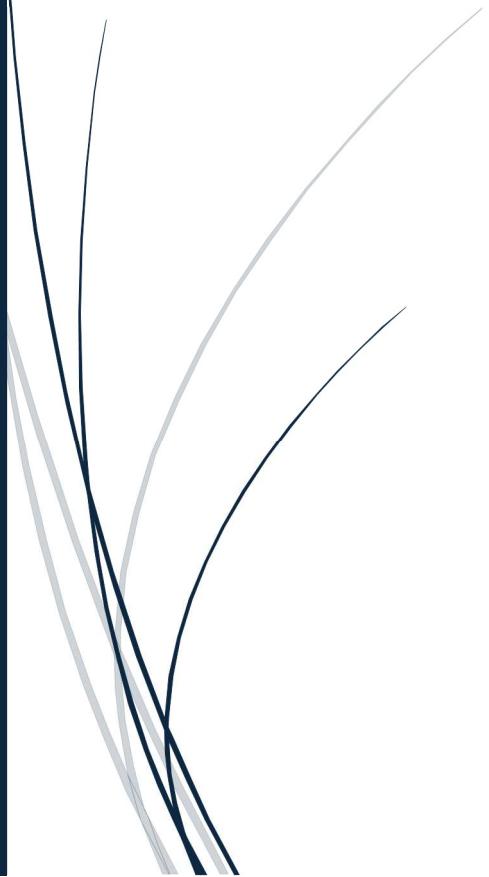


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Analytical Review

The City of Passaic



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I. Introduction

The City of Passaic is a city located in Passaic County, New Jersey. The City of Passaic has an approximate population of 71,600 residents. The city's mission is to provide safe, efficient, and equitable public services that support residents' health, safety, and quality of life. Departments emphasize public safety, community development, housing assistance, and disaster preparedness. Budgets play a major role in reaching the mission of the city. The City of Passaic annual budget is essential to pay for services such as police, fire, water, and waste system. A budget that is balanced will help guarantee these services remain available and reliable.

II. Operating Budget Analysis

The total municipal budget for 2025 is a total of \$118.7 million. For the City of Passaic, the main source of revenue comes from local property taxes. The local property taxes account for \$79.9 million which comes out to two thirds of the city's general revenue. Additional revenue comes in the form of permits, licenses, fines, sewer charges, and service fees. These amount to \$25.3 million in revenue collected. The City of Passaic is expecting \$12.7 million in grants and aid from the state. The City of Passaic has an anticipated surplus of \$13.5 million which shows that the City's management is in a healthy state and cautious against future issues. In reviewing the budget for the City of Passaic we can see that the city depends a lot on property tax revenue and surplus from previous years which tells us that the City has a healthy budget. It also paints a picture of a city that is less reliant on state and federal aid, which is especially important in a time where the current administration is cutting down on aid.

As for expenditure, the budget shows that the City of Passaic spends a large portion of the budget on employee related costs. The main employee related costs being salaries and wages. The City of Passaic spends \$53.2 million on salaries and wages which is almost half of the total budget. Close behind is the operating expenses, which come in as the second largest expenditure at \$45.6 million. Additionally, there are \$15.3 million in deferred charges and statutory obligations. Debt service and capital expenditure comes in at \$2.1 million. The story this tells us about the City of Passaic is that the city keeps its discretionary spending low and focuses mainly on its workforce and infrastructure maintenance. It shows that the management of the city is focused on serving its residents. Overall, the City of Passaic is limiting its spending and relies on its recurring local revenues instead of relying on external grants. Their use of surplus funds in the operating budget shows us that the city is focused on offsetting temporary costs and avoid using them to fund long term programs. Policy goals and values that are evident in these choices are that the City of Passaic has a commitment to essential services, fiscal stability, and fiscal sustainability.

III. Capital Budget Analysis

The city of Passaic has long-term investments in infrastructure and transportation upgrades, affordable housing, utilities/sewer maintenance, public space and community revitalization. The City of Passaic is funding these investments using multiple strategies. Pay as you go capital financing is used and they allocate \$700,000 in direct capital spending. Grants and Federal programs are also being used to fund some of their affordable housing investments. They also use public private partnerships to attract

private investors for their affordable investments. These investments tell a story that the City of Passaic is focusing on making Passaic a safer and economically livable city. These investments in affordable housing have a major long-term community impact. The affordable housing investment directly addresses things such as overcrowding and housing insecurity for low-income households.

While these investments paint a very positive picture for the City of Passaic there are some potential risks and challenges. The focus on affordable housing also comes with rising maintenance costs. Housing rehabilitation usually creates future operational expenses requiring continuous funding. A challenge the city faces is that they do not rely much on state and federal aid so this in turn means the city is limited in its ability to pursue large scale projects since major outside funding is not relied on.

IV. Comparative Insights

The operating budget funds the city's day-to-day activities such as employee salaries, maintenance and utilities. The capital budget is focused on addressing long-term projects such as road repairs, sewer upgrades and facility improvements. These two budgets are linked because the operating budget supports maintenance for projects once they're completed. Projects funded by capital budget such as repaired roads and improved public buildings are maintained by the operating budget once completed. The City of Passaic also uses operating funds to pay for smaller capital projects instead of borrowing money. This helps the city avoid future debt and is one of the most important parts of the pay as you go method being used. These are good examples of how capital projects create future

operating costs. Capital projects will always produce future upkeep in the form of maintenance, staffing, utility costs, repairs and replacements. In the case of the City of Passaic the city's short-term goals support its broader long-term objectives. The city funds police, fire department, and sanitation which ultimately support their long-term goal of maintaining safe and functional neighborhoods. The city also invests in affordable housing, which helps with housing stability for its residents.

The budget for the City of Passaic reflects very disciplined financial management. The city carefully avoids large debt and interest payments by using mostly cash and grants for capital projects. The city carefully balances their financial strategy by staying on top of vital city services, planning improvements, and keeping taxes stable. This says a lot about the overall fiscal health and shows that the city is focused on long term community needs rather than short term gains.

V. Conclusion

The city of Passaic has a balance of \$118.77 million for 2025. Most of the city's money comes from property taxes which have helped the stay have a healthy balanced budget. The biggest expenses the city faces are employee salaries, pensions, and public safety which total almost half of the budget. The city has expertly avoided obtaining large debt and has even managed to obtain leftover funds in surplus. This analysis reveals a lot about the city of Passaic and its goals of keeping a balanced budget. The city budget shows responsible financial management and management that takes a cautious approach. They do this by avoiding unnecessary borrowing, keeping spending under control and prioritizing

essential city services such as safety, sanitation and housing support. This is a great way of keeping a balanced budget because it allows the city to provide services without putting any future budgets at risk. The city still depends heavily on property taxes which will ultimately limit flexibility. To solve this, I would recommend adding more long-term revenue planning. It is necessary to find new ways to raise money besides property taxes. They can fix this possible issue by applying for more state and federal grants. They can also explore sharing services with nearby towns to save money. Overall, The City of Passaic can handle the budget carefully and is currently making smart choices to stay balanced. The City's approach to budgeting supports stability and balances the communities' needs.

Bibliography

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<https://www.cityofpassaic.com/>