

**THE CITY OF PATERSON, NEW JERSEY
AUDIT OF FINANCIAL STATEMENTS
AND
FEDERAL AND STATE GRANT PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007
WITH
REPORT OF INDEPENDENT AUDITOR'S
AND
LETTERS OF COMMENTS AND RECOMMENDATIONS**

THE CITY OF PATERSON
June 30, 2008

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June 30, 2008

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INTRODUCTORY SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of the individual funds of the City of Paterson, New Jersey (the "City") as of June 30, 2008 and 2007, the related statements of operations and changes in fund balance for the years then ended, and the related statement of revenues, expenditures, and fund balance for the year ended June 30, 2008 as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in conformity with accounting principles prescribed by the Division, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Paterson, as of June 30, 2008 and 2007, or the results of its operations for the years then ended.

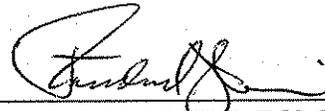
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the City of Paterson, New Jersey, as of June 30, 2008 and 2007, and the results of its operations of such funds and the changes in its fund balances for the years then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated March 31, 2009, on our consideration of the City's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the financial statements, taken as a whole. The financial information listed as Supplementary Data, Additional Information Relating to Federal and State Financial Assistance Programs, and Accompanying Information, in the foregoing table of contents, are presented for purposes of additional analysis as required by the Division and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Such information is also the responsibility of the management of the City and is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



DONOHUE, GIRONDA & DORIA
Certified Public Accountants



FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
March 31, 2009

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

We have audited the financial statements of the City of Paterson, New Jersey (the "City"), as of and for the year ended June 30, 2008, and have issued our report thereon dated March 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

As disclosed in Note 1, the financial statements were prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Paterson, State of New Jersey's financial statements are free of material misstatements, 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*.

This report is intended solely for the information of the Mayor, City Council, and management of the City of Paterson, Division of Local Government Services, applicable federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


DONOHUE, GIRONDA & DORIA
Certified Public Accountants


FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
March 31, 2009

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF NEW JERSEY'S CIRCULAR LETTER 04-04

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

Compliance

We have audited the compliance of the City of Paterson, New Jersey (the "City"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. The City's major federal and state programs are identified in the *Summary of Auditors' Results Section* of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB's Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit

does not provide a legal determination of the City's compliance with those requirements.

As described in item 08-01 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding reporting for the 911 Enhanced Equipment Grant.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Mayor, City Council, management of the City, Division of Local Government Services, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


DONOHUE, GIRONDA & DORIA
Certified Public Accountants


FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
March 31, 2009

FINANCIAL SECTION

CURRENT FUND

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008 AND 2007**

**COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE**

	Ref.	2008	2007
Refund of Prior Year's Revenue	A-4	\$ 1,222,312	\$ 229,407
Unallocated Receipts - Taxes and Sewer	A-4	330,242	294,076
Interfund Advances Originating in SFY 2007	A-4	34,190	906,391
Tax Overpayment Refunds	A-4	95,091	250,552
Local School District Taxes	A-33	36,391,256	36,388,955
Tax Overpayments	A-25		1,700,494
County Taxes	A-34	37,105,681	34,072,964
County Open Space Taxes	A-34	797,389	664,795
Due to County for Added Taxes	A-34	110,772	155,457
BAN Premium - Due to Capital	A-13	151,139	
		<u>76,238,072</u>	<u>74,663,091</u>
		<u>290,484,742</u>	<u>272,773,449</u>
Excess in Revenue		5,777,395	4,306,627
Fund Balance, July 1	A	5,677,374	4,138,747
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>4,306,559</u>	<u>2,768,000</u>
Fund Balance, June 30	A	<u>\$ 7,148,210</u>	<u>\$ 5,677,374</u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008 AND 2007**

**COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE**

	Ref.	2008	2007
<u>Revenue and Other Income</u>			
Fund Balance Utilized	A-2	\$ 4,306,559	\$ 2,768,000
Miscellaneous Revenue Anticipated	A-2	119,981,056	109,995,204
Receipts from Delinquent Taxes	A-2a	318,785	1,408,709
Receipts from Current Taxes	A-2a	167,318,813	157,892,881
Nonbudget Revenue	A-2	1,388,470	3,186,808
Unexpended Appropriation Cancelled	A-3	76,092	303,072
Other Credits to Income:			
Appropriation Reserves Lapsed	A-15	1,992,208	1,517,209
Encumbrance Payable Cancelled	A-17	161,048	143,760
Tax Overpayments Cancelled	A-18	674,550	642,063
Cancelled Grants	A-13	30,867	12,853
Sewer Overpayments Cancelled	A-21	13,689	9,517
		<u>296,262,137</u>	<u>277,880,076</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages		87,826,828	82,385,532
Other Expenses		61,401,702	58,611,622
Deferred Charges and Statutory			
Expenditures - Municipal		3,714,504	4,056,938
Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages		2,742,122	2,190,694
Other Expenses		43,627,160	34,044,826
Capital Improvements		318,000	1,060,079
Municipal Debt Service		10,945,038	14,233,911
Judgments		126,917	218,917
Type I District School Debt Service		657,478	1,307,839
Reserve for Uncollected Taxes		2,886,921	
	A-3	<u>214,246,670</u>	<u>198,110,358</u>

EXHIBIT A

**THE CITY OF PATERSON
CURRENT FUND
JUNE 30, 2008 AND 2007**

COMPARATIVE BALANCE SHEETS

	Ref.	2008	2007
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Current Fund</u>			
Appropriation Reserves	A-3, A-15	\$ 6,708,066	\$ 5,980,507
Requisitions Payable and Accounts Payable	A-17	9,411,812	9,746,968
Tax Overpayments	A-18	3,135,250	3,721,326
Prepaid Sewers	A-19	2,870	3,144
Sewer Overpayments	A-21	26,339	25,509
Prepaid Taxes	A-23	115,915	216,244
Property Tax Suspense	A-24	223,335	348,296
Prepaid PILOT Payments	A-16	118,645	
Due to Capital	A-13	151,139	
Reserve for:			
Tax Overpayments	A-25		1,700,494
State Library Aid	A-26	268,600	157,601
Deposits on Sale of City-Owned Property	A-27		1,500
Library Fines and Donations	A-28	54,336	26,417
Insurance Liability	A-29	956,978	706,327
State Tax Appeals	A-30	3,028,613	2,006,020
Preparation of Tax Map	A-31	53,358	65,573
Special Emergency Revaluation	A-35	698,526	753,966
Contested Forfeiture Funds	A-36	467,941	471,301
ABC License Surcharge	A-37	66,600	37,800
		<u>25,488,323</u>	<u>25,968,993</u>
Special Emergency Note Payable - Revaluation	A-32	500,000	1,000,000
Reserve for Receivables and Other Assets	A	4,017,642	6,264,844
Fund Balance	A-1	7,148,210	5,677,374
		<u>11,665,852</u>	<u>12,942,218</u>
		<u>37,154,175</u>	<u>38,911,211</u>
<u>Federal and State Grant Fund</u>			
Requisitions Payable and Accounts Payable	A-39	4,502,113	3,800,275
Due to Current Fund	A-40		906,391
Reserve for:			
Federal and State Grants Unappropriated	A-41	94,257	18,790
Federal and State Grants Appropriated	A-42	17,934,627	16,470,849
Due to State of New Jersey	A-43	2,051	2,051
		<u>22,533,048</u>	<u>21,198,356</u>
		<u>\$ 59,687,223</u>	<u>\$ 60,109,567</u>

See Accompanying Notes to the Financial Statements.

EXHIBIT A

**THE CITY OF PATERSON
CURRENT FUND
JUNE 30, 2008 AND 2007**

COMPARATIVE BALANCE SHEETS

	Ref.	2008	2007
ASSETS			
<u>Current Fund</u>			
Cash	A-4	\$ 32,437,099	\$ 31,447,680
Change Funds		685	685
Due from State of New Jersey			
Senior Citizens' Deductions (CH. 20, P.L. 1971)	A-20	198,750	198,000
		<u>32,636,534</u>	<u>31,646,365</u>
Deferred Charges:			
Special Emergency Revaluation	A-22	500,000	1,000,000
		<u>500,000</u>	<u>1,000,000</u>
Receivables with Full Reserves:			
Delinquent Taxes Receivable	A-6	7,564	12,089
Tax Title Liens	A-7	2,302,843	1,459,149
Sewer Liens Receivable	A-8	226,559	165,825
Demolition Liens Receivable	A-9	262,882	174,143
Property Acquired for Taxes at Assessed Valuation	A-10	852,850	877,850
Sale Contracts Receivable	A-11		2,406,000
Due from Trust Fund	A-13	77,758	
Delinquent Sewer Charges Receivable	A-12	287,185	263,399
Due from Federal and State Grant Fund	A-13		906,391
	A	<u>4,017,641</u>	<u>6,264,846</u>
		<u>37,154,175</u>	<u>38,911,211</u>
<u>Federal and State Grant Fund</u>			
Cash	A-4	1,973,534	
Federal and State Grants Receivable	A-38	20,559,514	21,198,356
		<u>22,533,048</u>	<u>21,198,356</u>
		<u>\$ 59,687,223</u>	<u>\$ 60,109,567</u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF REVENUES

Ref.	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 4,306,559	\$ -	\$ 4,306,559	\$ -
Total Surplus Anticipated	4,306,559	-	4,306,559	-
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	A-14 183,000		176,779	(6,221)
Other	A-14 134,000		128,860	(5,140)
Fines and Costs:				
Municipal Court	A-14 5,233,946		5,959,099	725,153
Interest and Costs on Taxes	A-14 1,533,000		1,106,843	(426,157)
Interest on Investments and Deposits	A-14 1,361,000		1,934,355	573,355
Interest on Delinquent Sewer Charges	A-14 122,000		113,328	(8,672)
Department of Public Works	A-14 393,000		283,616	(109,384)
Division of Health	A-14 876,000		834,843	(41,157)
City-Wide Recycling Revenues	A-14 292,000		461,109	169,109
Board of Adjustments	A-14 225,000		220,281	(4,719)
Sale of Copies of Public Records	A-14 70,000		81,217	11,217
Ambulance Fees	A-14 1,852,000		1,972,851	120,851
Municipal Towing Contract Fees	A-14 122,000		245,879	123,879
Municipal Sewer Use Charges -				
Current Year	A-2a 7,200,000		7,200,000	-
Prior Year	A-2a 180,000		180,000	-
Fire Department Combustible				
Inspection Revenue	A-14 180,000		305,898	125,898
Livery and Taxi License Fees	A-14 40,000		45,715	5,715
Legislative Initiative Municipal				
Block Grant	A-14 616,491		616,491	-
Consolidated Municipal Property				
Tax Relief	A-14 32,836,141		32,836,141	-
Energy Receipts Tax	A-14 6,226,426		6,226,426	-
Supplemental Energy Receipts Tax	A-14 262,651		262,651	-
Municipal Property Tax Assistance	A-14 789,440		789,440	-
Building Aid Allowance for Schools	A-14 720,133		720,133	-
Watershed Moratorium Offset Aid	A-14 329		329	-
Municipal Homeland Security	A-14 140,000		140,000	-
Additional State Aid	A-14 30,000,000		30,000,000	-
Construction Code Fees	A-14 615,800		982,025	366,225
Other Permits	A-14 334,100		403,925	69,825
Life Hazard Use Fees	A-14 263,474		263,474	-
State and Federal Revenues:				
Federal and State Programs	A-3 10,424,240	6,649,471	17,073,711	-
P.I.L.O.T.S.:				
Aspen Hamilton	A-14 55,462		55,671	209
Colt Arms	A-14 178,258		178,257	(1)
Federation Apartments	A-14 141,900		144,453	2,553
Governor Paterson Towers -				
Current Year	A-14 435,096		450,118	15,022
504 Madison Avenue	A-14 125,310		149,207	23,897
INCCA for Housing - Carroll Street	A-14 145,049		154,451	9,402
INCCA for Housing - North Triangle	A-14 144,295		159,079	14,784
Jackson Slater	A-14 173,503		184,039	10,536

EXHIBIT A-2

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF REVENUES

	Ref.	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenue (Continued):					-
P.I.L.O.T.S. (Continued):					-
NJ Community Housing Corporation -					-
Current Year	A-14	\$ 18,930		\$ 56,588	\$ 37,658
Cooke Building Associates	A-14	13,848		15,739	1,891
Riverview Towers -					-
Current Year	A-14	874,224		931,341	57,117
Essex - Phoenix Mall	A-14	152,591		161,499	8,908
Rosa Park - 400 Broadway	A-14	51,251		58,010	6,759
Garrett Heights	A-14	465,789		385,010	(80,779)
St. Joseph's Hospital -					-
Current Year	A-14	145,709		145,709	-
Christopher Columbus Development					-
Current Year	A-14	108,973		115,536	6,563
446 - 460 East 19th Street					-
Current Year	A-14	11,723		11,723	-
Governor Paterson Towers-					-
Audit Adjustment	A-14	21,350		21,350	-
Rising Dove Senior Apartments	A-14	25,276		24,547	(729)
Belmont/McBride Apts.	A-14	16,199		16,286	87
Sheltering Arms					-
Current Year	A-14	19,278		19,156	(122)
Audit Adjustment	A-14				-
Hope 98 North Main Scattered Sites -					-
Current Year	A-14	25,260		29,497	4,237
Hope 98 Beach Street -					-
Current Year	A-14	29,344		32,031	2,687
Hope 98 Van Houten Street -					-
Current Year	A-14	13,982		15,048	1,066
St. Joseph's Hospital - Waste -					-
Current Year Balance	A-14	37,397		37,397	-
St. Joseph's Hospital - Ambulance Fees	A-14	112,127		133,632	21,505
Cable Community Third Party Rent -					-
Current Year Balance	A-14	340,000		340,000	-
U.S. Cable of Paterson Franchise Fees	A-14	220,739		238,649	17,910
Sewer Rent - Third Party	A-14	54,000		9,516	(44,484)
City of Paterson Parking Authority Surplus	A-14	500,000		-	(500,000)
PVSC Rebate Incentive Program	A-14	39,411		39,411	-
Public School District 133 Ellison Lease	A-14	90,348		90,348	-
Private Host Benefit Fees -					-
Current Year	A-14	154,643		147,311	(7,332)
Prior Year	A-14	16,458		16,458	-
Capital Surplus Premium	A-13	30,000		30,000	-
Recycling Tire Fees	A-14	33,786		42,946	9,160
Sale of Property - River Main Corridor	A-14	300,000		300,000	-

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF REVENUES

	Ref.	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenue (Continued):					
Housing Authority Garage Reimbursement	A-14	\$ 180,000		\$ 180,000	\$ -
Interfund Grant Reimbursement Prior Year	Reserve	906,391		906,391	-
Hydrant Maintenance PVWC Reimbursement	A-14	120,342		121,892	1,550
Municipal Court - Prior Year	A-14	95,652		95,652	-
Municipal Court - Forfeited Bail	A-14	28,000		37,689	9,689
Sale of Property - Cliff Street/Belmont Ave	A-14	2,100,000		2,100,000	-
Trust Fund Surplus	A-13	34,000		34,000	-
Total Miscellaneous Revenue	A-1	<u>112,012,065</u>	<u>6,649,471</u>	<u>119,981,056</u>	<u>1,319,520</u>
Receipts from Delinquent Taxes	A-1, A-2a	606,000	-	318,785	(287,215)
Amount to be Raised by Taxes for Support of Municipal Budget	A-2a, A-6	<u>90,672,575</u>	-	<u>92,913,715</u>	<u>2,241,140</u>
		207,597,199		217,520,115	3,273,445
Nonbudget Revenue	A-1, A-2b	-	-	1,388,470	1,388,470
Total Revenue		<u>\$ 207,597,199</u>	<u>\$ 6,649,471</u>	<u>\$ 218,908,585</u>	<u>\$ 4,661,915</u>
	Ref.	A-3	A-3		

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**STATEMENT OF REVENUES
ANALYSIS OF REALIZED REVENUE**

	<u>Ref.</u>	<u>Total</u>	<u>Receipts from Delinquent Taxes</u>	<u>Current Tax Collections</u>
<u>Allocation of Tax Collections</u>				
Collection of Taxes Receivable:				
2007 Collections	A-6	\$ 166,274,261	\$ 159,213	\$ 166,115,048
2006 Collections	A-23	216,244	-	216,244
Demolition Liens Receivable	A-9	29,970	29,970	
Tax Title Liens Receivable	A-7	<u>129,602</u>	<u>129,602</u>	-
Total Revenue	A-1	<u>166,650,077</u>	<u>318,785</u>	<u>166,331,292</u>
Allocated to:				
Local District School Taxes	A-33	(36,391,256)	-	(36,391,256)
County Taxes	A-34	(38,013,242)	-	(38,013,242)
Reserve for State Tax Appeals	A-30	(1,900,000)	-	(1,900,000)
Plus: Reserve for Uncollected Taxes	A-3	<u>2,886,921</u>		<u>2,886,921</u>
		<u>(73,417,577)</u>	<u>-</u>	<u>(73,417,577)</u>
Realized Revenue	A-2	<u>\$ 93,232,500</u>	<u>\$ 318,785</u>	<u>\$ 92,913,715</u>
<u>Current Sewer Charges</u>				
Current Year Receipts	A-12	\$ 7,196,856		
Prepays Applied	A-12	3,144		
Realized Revenue	A-2	<u>\$ 7,200,000</u>		
<u>Prior Sewer Charges</u>				
Current Year Receipts	A-12	\$ 171,462		
Sewer Liens Receipts	A-8	8,538		
Realized Revenue	A-2	<u>\$ 180,000</u>		

EXHIBIT A-2b

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**STATEMENT OF REVENUES
ANALYSIS OF NONBUDGET REVENUES**

	<u>Ref.</u>	
Miscellaneous Revenue Not Anticipated:		
FEMA April 2007 Flood Reimbursement		\$ 390,496
Redemption Fees		102,985
State Dated Checks		14,183
Bail Forfeitures		8,921
1994 Insurance Settlement		91,728
Restitution State vs Atrace et al		68,509
PSE&G Standard Offer		33,759
Board and Secure Reimbursements		61,857
Mercantile License		9,950
New Jersey DMV Inspection Fees		140,145
DPW - Clean-up Fees		16,950
PILOT - Paterson Housing Authority		29,636
Retired Drug Subsidy		195,753
Police Seized Money		19,781
Fee Police Cars Usage		16,805
PILOT - State of New Jersey - Exempt Green Acres		10,871
Bid Specifications		9,580
PCCC Rent on Property		10,000
Settlement Payment		7,500
Parking Authority Fuel Reimbursement		32,682
Garnishee Service Charges		6,538
Prior Years Revenue from Trust		8,965
Refund State Escrow Fund		5,000
Re-Rentals		8,383
Vending Machines		13,500
Bad Check Fees		6,853
TCS Unidentified Receipt		3,504
Loud Speakers		4,760
Filming Permit		11,350
Duplicate Bills		4,176
Restitution - Joe Egan		2,505
City Clerk - Garage Sales		2,903
1988 Defeasance Escrow		1,823
Various Other Miscellaneous Revenues Not Anticipated		<u>13,679</u>
	A-4	1,366,030
Fringe Benefits Grants	A-13	14,580
Reimbursement from State -Senior & Veterans Handling Fees	A-20	<u>7,860</u>
	A-2	<u>\$ 1,388,470</u>

See Accompanying Notes to the Financial Statements.

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF EXPENDITURES

Appropriations	Ref.	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
		Budget	Chapter 159's Modified Budget		Encumbered	Reserved Unencumbered	
Appropriations within "CAPS"							
GENERAL GOVERNMENT SERVICES							
Office of the Mayor:							
Salaries and Wages		\$ 320,351	\$ -	\$ 310,515	\$ -	\$ 9,836	\$ -
Other Expenses		20,620		20,079	528	13	-
City Council:							
Salaries and Wages		590,844	590,844	509,919		80,925	-
Other Expenses		228,890	228,890	131,948	46,971	49,971	-
Office of the City Clerk:							
Salaries and Wages		346,612	346,612	309,583		37,029	-
Other Expenses		128,155	128,155	85,841	9,905	32,409	-
Elections:							
Salaries and Wages		7,639	7,639	6,723		916	-
Other Expenses		420,500	420,500	262,336	35,207	122,957	-
Insurance:							
Salaries and Wages		44,952	44,952	42,126		2,826	-
Other Expenses		26,248,255	26,248,255	25,745,764	10,945	491,546	-
Worker Compensation		2,270,503	2,270,503	2,248,006	13	22,484	-
Liability		3,330,500	3,330,500	2,788,023	424,636	117,841	-
Auditing Services:							
Annual Audit		41,000	41,000			41,000	-
Other Audits		25,000	25,000	6,885	1	18,114	-
Special Events:							
Salaries and Wages		65,266	65,266	61,012		4,254	-
Other Expenses		102,500	102,500	72,546	22,911	7,043	-
Total General Government Services		34,191,587	-	32,601,306	551,117	1,039,164	-
DEPARTMENT OF ADMINISTRATION							
Office of the Business Administrator:							
Salaries and Wages		456,811	456,811	387,042		69,769	-
Other Expenses		62,400	62,400	27,200	6,342	28,858	-
Division of Personnel:							
Salaries and Wages		299,717	299,717	255,327		44,390	-
Other Expenses		93,700	93,700	53,744	14,387	25,569	-
Division of Purchasing:							
Salaries and Wages		231,793	231,793	219,049		12,744	-
Other Expenses		32,500	32,500	30,639	824	1,037	-
Division of Data Processing:							
Salaries and Wages		379,733	379,733	336,159		43,574	-
Other Expenses		446,800	446,800	324,672	72,669	49,459	-
Surveys & General:							
Other Expenses		253,000	253,000	59,345	72,834	120,821	-
Public Defender:							
Salaries and Wages		45,674	45,674	25,000			20,674
Other Expenses		9,825	9,825	1,400			8,425
Total Department of Administration		2,311,953	-	1,719,577	167,056	396,221	29,099
DEPARTMENT OF FINANCE							
Office of the Director:							
Salaries and Wages		164,497	164,497	145,667		18,830	-
Other Expenses		36,550	36,550	7,526	27,360	1,664	-
Division of Treasury:							
Salaries and Wages		434,987	434,987	412,204		22,783	-
Other Expenses		33,095	33,095	25,509	6,229	1,357	-
Division of Accounts & Control:							
Salaries and Wages		381,810	381,810	365,393		16,417	-
Other Expenses		12,743	12,743	9,237	1,224	2,282	-
Division of Sewer Collection:							
Salaries and Wages		135,725	135,725	126,518		9,207	-
Other Expenses		23,600	23,600	13,948	3,650	6,002	-
Division of Assessments:							
Salaries and Wages		313,788	313,788	296,902		16,886	-
Other Expenses		43,500	43,560	37,014	1,077	5,469	-
Division of Revenue Collection:							
Salaries and Wages		580,496	580,496	549,152		31,344	-
Other Expenses		186,661	186,661	140,517	5,847	40,297	-
Office of Internal Audit:							
Salaries and Wages		123,477	123,477	114,941		8,536	-
Other Expenses		7,135	7,135	1,116	637	5,382	-
Total Department of Finance		2,478,064	-	2,245,644	46,024	186,456	-
DEPARTMENT OF LAW							
Office of the Corporation Counsel:							
Salaries and Wages		849,254	849,254	830,237		19,017	-
Other Expenses		147,770	147,770	119,892	22,393	5,485	-
Total Department of Law		997,024	-	950,129	22,393	24,502	-

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF EXPENDITURES

Appropriations	Ref.	Appropriations			Paid or Charged	Expended		Unexpended Balance Cancelled
		Budget	Chapter 159's	Modified Budget		Encumbered	Reserved Unencumbered	
DEPARTMENT OF PUBLIC SAFETY								
Office of the Director :		\$ 72,246	\$ -	72,246	\$ 72,235	\$ -	\$ 11	\$ -
Salaries and Wages				72,246				
Other Expenses		19,346	-	19,346	-	-	19,346	-
Taxicab Division:								
Salaries and Wages		39,962	-	39,962	37,513		2,449	-
Other Expenses		7,350	-	7,350	1,500		5,850	-
Division of Fire:								
Salaries and Wages		25,338,647	-	25,338,647	22,437,935		2,900,712	-
Other Expenses		1,703,860	-	1,703,860	1,302,001	290,397	111,462	-
Life Hazard Use Fees		263,474	-	263,474	263,474			-
Division of Police:								
Salaries and Wages		40,015,976	-	40,015,976	39,889,488		126,488	-
Other Expenses		1,910,450	-	1,910,450	1,108,686	610,496	191,268	-
Universal Hiring Program 2007 - Local Match		1,284,318	-	1,284,318	1,284,318			-
Animal Control:								
Salaries and Wages		211,328	-	211,328	211,328			-
Other Expenses		51,600	-	51,600	51,600			-
Total Department of Public Safety		<u>70,918,557</u>	<u>-</u>	<u>70,918,557</u>	<u>66,660,078</u>	<u>900,893</u>	<u>3,357,586</u>	<u>-</u>
DEPARTMENT OF PUBLIC WORKS								
Office of the Director:								
Salaries and Wages		409,066	-	409,066	399,575		9,491	-
Other Expenses		30,370	-	30,370	25,396	3,846	1,128	-
Division of Engineering:								
Salaries and Wages		121,824	-	121,824	116,437		5,387	-
Other Expenses		570,900	-	570,900	351,292	16,419	203,189	-
Division of Traffic and Lighting:								
Salaries and Wages		305,430	-	305,430	292,919		12,511	-
Other Expenses		205,700	-	205,700	152,480	37,594	15,626	-
Division of Water & Sewers:								
Salaries and Wages		280,530	-	280,530	268,606		11,924	-
Other Expenses		388,300	-	388,300	123,843	223,346	41,111	-
Sewer Repairs		50,000	-	50,000	37,508	1,980	10,512	-
Division of Streets:								
Salaries and Wages		2,467,343	-	2,467,343	2,373,672		93,671	-
Other Expenses		162,875	-	162,875	150,594	1,279	11,002	-
Street Repair		462,020	-	462,020	50,295	411,708	17	-
Snow Removal:								
Salaries and Wages		70,421	-	70,421	70,421			-
Other Expenses		325,750	-	325,750	309,163	15,963	624	-
Division of Auto Maintenance:								
Salaries and Wages		424,300	-	424,300	406,971		17,329	-
Other Expenses		474,990	-	474,990	432,720	17,225	25,045	-
Park & Shade Tree Section:								
Salaries and Wages		1,113,975	-	1,113,975	1,075,514		38,461	-
Other Expenses		529,525	-	529,525	329,995	182,508	17,022	-
Public Building Section:								
Salaries and Wages		1,248,531	-	1,248,531	1,198,397		50,134	-
Other Expenses		1,365,750	-	1,365,750	1,179,828	132,600	53,322	-
Division of Recreation:								
Salaries and Wages		1,915,146	-	1,915,146	1,894,283		20,863	-
Other Expenses		501,288	-	501,288	422,472	49,716	29,100	-
Division of Recycling:								
Salaries and Wages		909,652	-	909,652	863,798		45,854	-
Other Expenses		204,995	-	204,995	188,733	6,258	10,004	-
Division of Cable Communication:								
Salaries and Wages		114,820	-	114,820	108,312		6,508	-
Other Expenses		53,470	-	53,470	12,570	1,084	39,816	-
Total Department of Public Works		<u>14,706,971</u>	<u>-</u>	<u>14,706,971</u>	<u>12,835,794</u>	<u>1,101,526</u>	<u>769,651</u>	<u>-</u>
DEPARTMENT OF COMMUNITY DEVELOPMENT								
Division of Planning & Zoning:								
Salaries and Wages		318,256	-	318,256	307,143		11,113	-
Other Expenses		19,300	-	19,300	11,088	1,517	6,695	-
Division of Community Improvements:								
Salaries and Wages		87,313	-	87,313	51,177		36,136	-
Other Expenses		128,850	-	128,850	128,213		637	-
Division of Economic Development								
Salaries and Wages		114,994	-	114,994	110,839		4,155	-
Total Department of Community Development		<u>668,713</u>	<u>-</u>	<u>668,713</u>	<u>608,460</u>	<u>1,517</u>	<u>58,736</u>	<u>-</u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF EXPENDITURES

Appropriations	Ref.	Appropriations			Paid or Charged	Expended		Unexpended Balance Cancelled
		Budget	Chapter 159's	Modified Budget		Encumbered	Reserved Unencumbered	
DEPARTMENT OF HUMAN RESOURCES								
Office of the Director::								
Salaries and Wages		\$ 224,172	\$ -	\$ 224,172	\$ 218,630	\$ -	\$ 5,542	\$ -
Other Expenses		15,000	-	15,000	1,395	264	13,341	-
Office of Aging & Disabled::								
Salaries and Wages		46,093	-	46,093	43,264	-	2,829	-
Other Expenses		41,875	-	41,875	32,312	1,979	7,584	-
Social Services		523,735	-	523,735	408,528	60,236	54,971	-
Senior/Handicapped Transportation		35,800	-	35,800	32,489	3,311	-	-
Council of Aging		3,150	-	3,150	-	-	3,150	-
Council on Handicapped		3,150	-	3,150	-	-	3,150	-
Division of Consumer Protection:								
Salaries and Wages		117,426	-	117,426	112,157	-	5,269	-
Other Expenses		19,290	-	19,290	6,838	847	11,605	-
Division of Youth Services:								
Salaries and Wages		267,328	-	267,328	255,640	-	11,688	-
Other Expenses		27,981	-	27,981	17,747	3,629	6,605	-
Division of Health:								
Salaries and Wages		1,844,858	-	1,844,858	1,766,366	-	78,492	-
Other Expenses		391,140	-	391,140	283,914	96,546	10,680	-
Total Department of Human Resources		<u>3,560,998</u>	<u>-</u>	<u>3,560,998</u>	<u>3,179,280</u>	<u>166,812</u>	<u>214,906</u>	<u>-</u>
STATUTORY AGENCIES								
Historic Preservation Commission:								
Salaries and Wages		72,218	-	72,218	66,218	-	6,000	-
Other Expenses		15,435	-	15,435	11,104	2,226	2,105	-
Museum:								
Salaries and Wages		204,382	-	204,382	189,396	-	14,986	-
Other Expenses		38,650	-	38,650	21,833	11,827	4,990	-
Board of Adjustment:								
Salaries and Wages		58,351	-	58,351	54,706	-	3,645	-
Other Expenses		52,400	-	52,400	47,813	136	4,451	-
Office of Emergency Management:								
Salaries and Wages		94,935	-	94,935	90,264	-	4,671	-
Other Expenses		72,870	-	72,870	39,430	4,369	29,071	-
Planning Board:								
Salaries and Wages		49,347	-	49,347	44,763	-	4,584	-
Other Expenses		33,950	-	33,950	10,785	2,060	21,105	-
Youth Guidance Council								
Other Expenses		27,000	-	27,000	16,873	1,414	8,713	-
Municipal Court								
Salaries and Wages		1,309,040	-	1,309,040	1,239,391	-	69,649	-
Other Expenses		178,240	-	178,240	155,183	15,331	7,726	-
Total Statutory Agencies		<u>2,206,818</u>	<u>-</u>	<u>2,206,818</u>	<u>1,987,759</u>	<u>37,363</u>	<u>181,696</u>	<u>-</u>
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)								
Community Improvements:								
Salaries and Wages		637,700	-	637,700	637,700	-	-	-
Other Expenses		312,200	-	312,200	147,933	164,267	-	-
		<u>949,900</u>	<u>-</u>	<u>949,900</u>	<u>785,633</u>	<u>164,267</u>	<u>-</u>	<u>-</u>
UNCLASSIFIED								
Electricity		988,000	-	988,000	861,757	119,555	6,688	-
Street Lighting		2,501,000	-	2,501,000	2,293,728	187,272	20,000	-
Telephone Service		468,100	-	468,100	388,488	26,728	52,884	-
Gas		557,000	-	557,000	437,241	116,359	3,400	-
Fuel Oil		21,000	-	21,000	16,221	4,779	-	-
Gasoline		1,259,400	-	1,259,400	1,178,816	76,059	4,525	-
Solid Waste		10,438,385	-	10,438,385	9,346,847	907,737	183,801	-
Total Unclassified		<u>16,232,885</u>	<u>-</u>	<u>16,232,885</u>	<u>14,523,098</u>	<u>1,438,489</u>	<u>271,298</u>	<u>-</u>
TOTAL OPERATIONS WITHIN "CAPS"								
Contingent		5,000	-	5,000	-	-	-	5,000
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"								
		<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Details:								
Salaries and Wages	A-1	87,826,828	-	87,826,828	83,756,321	-	4,049,835	20,672
Other Expenses	A-1	61,401,702	-	61,401,702	54,340,439	4,597,457	2,450,381	13,425
		<u>149,228,530</u>	<u>-</u>	<u>149,228,530</u>	<u>138,096,760</u>	<u>4,597,457</u>	<u>6,500,216</u>	<u>34,097</u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF EXPENDITURES

Appropriations	Ref	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
		Budget	Chapter 159's Modified Budget		Encumbered	Reserved Unencumbered	
DEFERRED CHARGES							
Prior Period Bills		\$ 7,246	\$ -	\$ 7,246	\$ -	\$ -	\$ -
COPS More 1995 Unallowable Costs		94,921	-	94,921	-	-	-
STATUTORY EXPENDITURES							
Contributions to:							
Social Security System (O.A.S.I.)		1,988,779	-	1,988,779	1,966,367	22,412	-
Consolidated Police & Firemen's Pension Fund		10,000	-	10,000	1,363	8,637	-
Increased Retirement Allowance Pursuant to C-143-L-1958		327,036	-	327,036	327,036	-	-
Medicare		1,031,722	-	1,031,722	993,109	38,613	-
State Disability Insurance		119,300	-	119,300	119,300	-	-
Unemployment Compensation Insurance		135,500	-	135,500	135,500	-	-
Total Deferred Charges and Statutory Expenditures	A-1	3,714,504	-	3,714,504	3,644,842	69,662	-
Total General Appropriations Within "CAPS"		3,719,504	-	3,719,504	3,644,842	69,662	5,000
APPROPRIATIONS EXCLUDED FROM "CAPS"							
OPERATIONS							
Passaic Valley Sewerage Commission		9,831,967	-	9,831,967	9,825,333	-	6,634
Maintenance of Free Public Libraries							
Salaries and Wages		1,892,604	-	1,892,604	1,745,183	11,937	135,484
Municipal Court & Library Fringe Benefits:							
Social Security		94,609	-	94,609	94,609	-	-
Medicare		22,127	-	22,127	22,127	-	-
Insurance		879,193	-	879,193	879,193	-	-
State Board Reductions - Prior Years		800,000	-	800,000	800,000	-	-
Safe & Secure - Local Match		695,169	-	695,169	695,169	-	-
S.A.F.E.R. Firefighters		1,374,025	-	1,374,025	1,374,025	-	-
Workers Compensation							
Contributions to:							
Public Employees Retirement System		1,481,320	-	1,481,320	1,478,616	2,704	-
Police & Fireman's Retirement System		11,375,039	-	11,375,039	11,365,565	-	9,474
911 Salaries & W+CI3ages - Police		472,799	-	472,799	472,799	-	-
911 Salaries & Wages - Fire		271,309	-	271,309	271,309	-	-
Assistance to Firefighters Match - Local Match		105,410	-	105,410	105,410	-	-
Total Operations Excluded from "CAPS"		29,295,571	-	29,295,571	29,129,338	11,937	138,188
STATE AND FEDERAL PROGRAMS							
OFFSET BY REVENUES							
NJ Department of Commerce and Economic Development -							
Urban Enterprise Zone -							
Administration		658,208	-	658,208	658,208	-	-
Revolving Loan Program		2,500,000	-	2,500,000	2,500,000	-	-
Video Surveillance Project Phase I		124,890	-	124,890	124,890	-	-
Marketing & Business Development Phase II			300,000	300,000	300,000	-	-
Sidewalk Grant Phase III			200,000	200,000	200,000	-	-
Silk City Trolley			43,295	43,295	43,295	-	-
Small Business Development Center Year 7		110,000	-	110,000	110,000	-	-
Hazardous Discharge Site Remediation - Addy Mill		102,857	-	102,857	102,857	-	-
Hazardous Discharge Site Remediation Apollo Dye House			1,720,855	1,720,855	1,720,855	-	-
Hazardous Discharge Site Remediation Spruce Pre Assessment		5,500	-	5,500	5,500	-	-
Hazardous Discharge Site Remediation ATP		641,996	-	641,996	641,996	-	-
Hazardous Discharge Site Remediation Columbia Textile		122,012	-	122,012	122,012	-	-
NJ Department of Community Affairs -							
Fire Safety Life Hazard Use Fees 2007			25,683	25,683	25,683	-	-
Paterson Public Library Improvement		500,000	-	500,000	500,000	-	-
DWI Surcharge		17,556	17,900	35,456	35,456	-	-
STATE AND FEDERAL PROGRAMS							
OFFSET BY REVENUES (Continued)							
NJ Department of Environmental Protection -							
Clean Communities			116,458	116,458	116,458	-	-
Recycling Tonnage Grant		50,314	-	50,314	50,314	-	-
Parris Grant NJ Dept of State		84,000	-	84,000	84,000	-	-
NJ Department of Human Services -							
School Based Youth Services Program 2008			4,402	4,402	4,402	-	-
School Based Youth Services Program 2007		293,452	-	293,452	293,452	-	-
CDBG Lead Based Paint Testing Program		30,000	-	30,000	30,000	-	-
Total Lifestyle Support Program Additional 2008			49,111	49,111	49,111	-	-
Total Lifestyle Support Program 2007		84,922	-	84,922	84,922	-	-
Teen Parenting Program		81,169	1,217	82,386	82,386	-	-

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF EXPENDITURES

Appropriations	Ref.	Appropriations			Paid or Charged	Expended		Unexpended Balance Cancelled
		Budget	Chapter 159's	Modified Budget		Encumbered	Reserved Unencumbered	
NJ Department of Health and Human Services -								
Bioterrorism Preparedness 2008		\$ 341,698		\$ 341,698	\$ 341,698	\$ -	\$ -	\$ -
Childhood Lead Poisoning		332,000	14,000	346,000	346,000	-	-	-
HIV Counseling, Testing & Referral-2007		27,062		27,062	27,062	-	-	-
HIV Counseling, Testing & Referral-2008		112,688		112,688	112,688	-	-	-
Public Health Priority Funding		152,816		152,816	152,816	-	-	-
Sexually Transmitted Disease Control		82,020		82,020	82,020	-	-	-
Tuberculosis Control 2007		209,599		209,599	209,599	-	-	-
County of Passaic -								
Cable Vision Cable Studio Grant		137,816		137,816	137,816	-	-	-
Health Officers Grant			10,000	10,000	10,000	-	-	-
Minority Aids Initiative Program		287,493		287,493	287,493	-	-	-
Senior Citizen/Disabled Transportation Program			396,854	396,854	396,854	-	-	-
2008 SPNS Grant		400,000		400,000	400,000	-	-	-
FEMA Flood Federal		410,557		410,557	410,557	-	-	-
Museum Breshure Grant Donald Baer		1,000		1,000	1,000	-	-	-
NJ Department of Law and Public Safety -								
Law Enforcement Officers Training & Equipment Fund		18,790		18,790	18,790	-	-	-
2008 Pedestrian Safety Grant		22,000		22,000	22,000	-	-	-
GREAT Grant		10,379		10,379	10,379	-	-	-
GREAT Grant Match		1,153		1,153	1,153	-	-	-
FEMA Flood State		132,973		132,973	132,973	-	-	-
Paterson Safe Neighborhoods		41,262		41,262	41,262	-	-	-
Emergency Management Assistance Funding 2007		10,000		10,000	10,000	-	-	-
Body Armor Replacement Fund		54,359		54,359	54,359	-	-	-
Speed Aggressive Driving Grant		4,000		4,000	4,000	-	-	-
E 911 Equipment		864,257		864,257	864,257	-	-	-
E 911 Grant General Assitance		137,855	137,855	275,710	275,710	-	-	-
Other:								
Passaic County Open Space Preservation Trust -								
M.E. Kramer Pk		50,000		50,000	50,000	-	-	-
Overlook Park Improvements - Westside Park		62,000		62,000	62,000	-	-	-
Passaic County Board of Social Services -								
Childhood Immunization 2007		35,900	7,350	43,250	43,250	-	-	-
Childhood Immunization 2008		30,000	37,676	67,676	67,676	-	-	-
Paterson School District -								
Recreation Basketball League			70,720	70,720	70,720	-	-	-
Passaic County Community College -								
2006 Byrne Memorial Assitance Grant JAG		112,184		112,184	112,184	-	-	-
2007 Byrne Memorial Assitance Grant JAG		187,875		187,875	187,875	-	-	-
Multi Narcotics Task Force		9,849		9,849	9,849	-	-	-
US Department of Agriculture -								
Nutrition Project		196,755		196,755	196,755	-	-	-
US Department of Health and Human Services -								
Ryan White HIV Emergency Relief			3,496,095	3,496,095	3,496,095	-	-	-
Federal TB Control		108,792		108,792	108,792	-	-	-
US Department of Justice -								
NJ Department of Law and Public Safety -								
Village Initiative Grant Match		10,592		10,592	10,592	-	-	-
2007 Assistance to Firefighters Grant		421,640		421,640	421,640	-	-	-
Total State and Federal Program Offset by Revenues		10,424,240	6,649,471	17,073,711	17,073,711	-	-	-
Total Operational Excluded from "CAPS"		39,719,811	6,649,471	46,369,282	46,203,049	11,937	138,188	16,108
Details:								
Salaries and Wages	A-1	2,742,122	-	2,742,122	2,594,701	11,937	135,484	-
Other Expenses	A-1	36,977,689	6,649,471	43,627,160	44,892,666	-	2,704	-
		39,719,811	6,649,471	46,369,282	47,487,367	11,937	138,188	-
CAPITAL IMPROVEMENTS								
Capital Improvement Fund		318,000	-	318,000	318,000	-	-	-
Total Capital Improvements	A-1	318,000	-	318,000	318,000	-	-	-

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF EXPENDITURES

Appropriations	Ref	Appropriations			Paid or Charged	Expended		Unexpended Balance Cancelled
		Budget	Chapter 159's	Modified Budget		Encumbered	Reserved Unencumbered	
MUNICIPAL DEBT SERVICE								
Payment of Bond Principal		\$ 7,579,600	\$ -	\$ 7,579,600	\$ 7,579,600	\$ -	\$ -	\$ -
Payment of Bond Emergency Notes		500,000	-	500,000	500,000	-	-	-
Interest on Bonds		1,274,730	-	1,274,730	1,274,730	-	-	-
Interest on Notes		37,500	-	37,500	37,500	-	-	-
Interest on Emergency Notes		454,535	-	454,535	454,535	-	-	-
Green Trust Loan Program:								
Loan Repayment for Principal and Interest:								
Payment on Principal		97,350	-	97,350	97,350	-	-	-
Payment on Interest		16,041	-	16,041	16,041	-	-	-
EDA Loan Program - Payment of Principal		22,540	-	22,540	22,540	-	-	-
DCA Demolition Loan Program		88,250	-	88,250	88,250	-	-	-
Environmental Infrastructure Trust Loan -								
Payment on Principal		704,904	-	704,904	703,006	-	-	1,898
Payment on Interest		169,588	-	169,588	155,601	-	-	13,987
Total Municipal Debt Services	A-1	<u>10,945,038</u>	<u>-</u>	<u>10,945,038</u>	<u>10,929,153</u>	<u>-</u>	<u>-</u>	<u>15,885</u>
DEFERRED CHARGES - Municipal - Excluded from "CAPS"								
Judgments		10,000	-	10,000				10,000
Armory Improvement Study		75,000	-	75,000		75,000		-
Capital Fund (DEP Settlement)		41,917	-	41,917	41,917			-
Total Deferred Charges- Municipal Excluded from "CAPS"	A-1	<u>126,917</u>	<u>-</u>	<u>126,917</u>	<u>41,917</u>	<u>75,000</u>	<u>-</u>	<u>10,000</u>
LOCAL DISTRICT SCHOOL PURPOSES								
Type I District School Debt Service:								
Payment of Bond Principal		\$ 522,667	\$ -	\$ 522,667	\$ 522,667	\$ -	\$ -	\$ -
Interest on Bonds		134,811	-	134,811	134,811	-	-	-
Total Local District School Purposes	A-1	<u>657,478</u>	<u>-</u>	<u>657,478</u>	<u>657,478</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"		<u>51,767,244</u>	<u>6,649,471</u>	<u>58,416,715</u>	<u>58,149,597</u>	<u>86,937</u>	<u>138,188</u>	<u>41,993</u>
Subtotal General Appropriations	A-1	<u>204,710,278</u>	<u>6,649,471</u>	<u>211,359,749</u>	<u>199,891,197</u>	<u>4,684,397</u>	<u>6,708,066</u>	<u>76,092</u>
Reserve for Uncollected Taxes		2,886,921	-	2,886,921	2,886,921	-	-	-
TOTAL GENERAL APPROPRIATIONS		<u>207,597,199</u>	<u>6,649,471</u>	<u>214,246,670</u>	<u>202,778,118</u>	<u>4,684,397</u>	<u>6,708,066</u>	<u>76,092</u>
TOTAL GENERAL APPROPRIATIONS AND SPECIAL ITEMS AND EMERGENCY APPROPRIATIONS		<u>\$ 207,597,199</u>	<u>\$ 6,649,471</u>	<u>\$ 214,246,670</u>	<u>\$ 202,778,118</u>	<u>\$ 4,684,397</u>	<u>\$ 6,708,066</u>	<u>\$ 76,092</u>
	Ref.			Below	Below	A-17	A	A-1
Adopted Budget	A-2			\$ 207,597,199	\$ -			
Appropriations Added by N.J.S.A. 40A:4-87	A-2			6,649,471	-			
Grants Revenue	A-2			-	17,073,711			
Reserve for Uncollected Taxes	A-2a			-	2,886,921			
Cash Disbursements	A-4			-	177,744,684			
Special Emergency Notes Payable	A-22			-	500,000			
Capital Improvement Fund	A-13			-	318,000			
Local Match	A-13			-	3,454,802			
Reserve for Tax Appeals	A-30			-	800,000			
				<u>\$ 214,246,670</u>	<u>\$ 202,778,118</u>			

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TRUST FUNDS

THE CITY OF PATERSON
TRUST FUNDS
JUNE 30, 2008 AND 2007

COMPARATIVE BALANCE SHEETS

	Ref.	2008	2007
<u>ASSETS</u>			
Animal Control Trust Fund:			
Cash	B-2	\$ 123,792	\$ 67,194
General Trust Fund:			
Cash - Community Development	B-2	10,379,482	10,262,235
Cash - Other Trust	B-2	4,299,230	5,388,112
Taxes Receivable - Special Improvement Districts	B-3	557	557
Grants Receivable	B-4	16,033,556	16,746,758
Due from Municipal Utility Authority	B-8	3,199,181	3,199,181
Redevelopment/CDBG Held Properties	B-12	210,930	210,930
Tax Title Lien - Special Improvement Districts	B-20	9,918	8,473
Total General Trust Fund		34,132,854	35,816,246
Total Assets		\$ 34,256,646	\$ 35,883,440
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Trust Fund:			
Due to State of New Jersey	B-5	\$ 109	\$ 105
Reserve for Animal Control Fund Expenditures	B-11	123,683	67,089
Total Animal Control Trust Fund		123,792	67,194
General Trust Fund:			
Reserve for Municipal Utility Authority Receivable	B-9	3,199,181	3,199,181
Due to Special Improvement District	B-10	31,271	100,157
Redevelopment/CDBG Held Properties	B-13	210,930	210,930
Reserve for:			
Off-Duty Police Officers	B-6	308,792	151,257
Off-Duty Police Officers Administration	B-7	4,785	105,921
Weights and Measures	B-15	\$ 82,770	\$ 100,702
Parking Offense Adjudication Act	B-14	90,872	77,708
Public Defender Fees	B-16	6,364	2,750
Family Self-Sufficiency Escrow	B-17	88,468	87,215
Various Reserves and Deposits	B-18	2,570,719	3,782,636
Payroll Agency	B-23	1,077,748	999,939
Tax Overpayments - Special Improvement District	B-19	3,216	1,315
Prepaid Revenue - Special Improvement District	B-21	28,312	31,385
Reserve for Special Improvement District Taxes	B-22	10,475	9,030
Reserve for Various Grants	B-24	26,281,222	26,873,953
Due to Current Fund	B-25	77,758	
Due to Housing Authority			
Straight and Narrow	B-26	43,348	47,825
Fund Balance	B-1	16,623	34,342
Total General Trust Fund		34,132,854	35,816,246
Total Liabilities, Reserves and Fund Balance		\$ 34,256,646	\$ 35,883,440

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance, June 30, 2007	B	\$ 34,342
Increased by:		
Deposit Cancellations	B-18	<u>17,981</u>
		<u>17,981</u>
		52,323
Decreased by:		
Cash Disbursements Applied to Anticipated Revenue	B-2	<u>35,700</u>
Balance, June 30, 2008	B	<u><u>\$ 16,623</u></u>

See Accompanying Notes to the Financial Statements.

GENERAL CAPITAL FUND

**THE CITY OF PATERSON
GENERAL CAPITAL FUND
JUNE 30, 2008 AND 2007**

COMPARATIVE BALANCE SHEETS

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
ASSETS AND DEFERRED CHARGES			
Cash	C-2, C-3	\$ 12,252,596	\$ 13,048,782
Grants Receivable - State	C-4	9,296,984	8,783,697
Grants Receivable - Federal	C-5	356,531	633,930
Deferred Charges to Future Taxation:			
Funded:			
To be Raised by Future Taxation	C-7	51,111,345	60,126,656
Unfunded	C-9	40,662,858	31,558,193
Due to Current Fund	C-21	151,139	
Due from New Jersey Environmental Infrastructure Trust Fund	C-8	3,888,009	4,489,837
NJ Department of Environmental Protection Settlement	C-6	<u>251,501</u>	<u>293,418</u>
Total Assets and Deferred Charges		<u>\$117,970,963</u>	<u>\$118,934,513</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 33,628,983	\$ 41,208,583
Bond Anticipation Notes	C-13	16,373,000	11,993,000
Improvement Authorizations:			
Funded	C-14	18,797,670	19,423,453
Unfunded	C-14	31,145,641	26,894,035
Capital Improvement Fund	C-15	138,113	169,113
Due to State of New Jersey:			
Green Acres Trust Loan Payable	C-16	728,908	826,258
Demolition Loan Payable	C-17	443,000	531,250
Environmental Infrastructure Loan	C-11	12,855,326	13,560,230
Economic Development Agency Payable:			
Municipal	C-18	45,080	67,620
School	C-19	3,410,048	3,932,715
Reserve for Economic Development Loan:			
Interest Earned - Municipal	C-20		2,284
NJ Department of Environmental Protection Settlement Payable	C-12	251,501	293,418
Fund Balance	C-1	<u>153,693</u>	<u>32,554</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 117,970,963</u>	<u>\$ 118,934,513</u>
Bonds and Notes Authorized But Not Issued	C-22	<u>\$ 24,289,858</u>	<u>\$ 19,565,193</u>

See Accompanying Notes to the Financial Statements.

**THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance, June 30, 2007	C	\$ 32,554
Increased by:		
Premium on Bond Anticipation Notes	C-21	151,139
Decreased by:		
Due to Current Fund -		
Fund Balance Anticipated as Revenue	C-21	<u>30,000</u>
Balance, June 30, 2008	C	<u><u>\$ 153,693</u></u>

See Accompanying Notes to the Financial Statements.

FIXED ASSET GROUP OF ACCOUNTS

**THE CITY OF PATERSON
FIXED ASSET GROUP OF ACCOUNTS
JUNE 30, 2008 AND 2007**

COMPARATIVE BALANCE SHEETS

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>FIXED ASSETS</u>			
Building		\$ 39,034,660	\$ 39,034,660
Land		3,257,443	3,257,443
Equipment		<u>32,370,746</u>	<u>29,103,564</u>
	D-1	<u>\$ 74,662,849</u>	<u>\$ 71,395,667</u>
<u>RESERVE</u>			
Investment in General Fixed Assets		<u>\$ 74,662,849</u>	<u>\$ 71,395,667</u>

See Accompanying Notes to the Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Paterson (the "City") is organized as a Mayor - Council municipality under the provisions of N.J.S.A. 40:69A. The City is governed by an elected Mayor and Council, and by such other officers and employees as may be duly appointed. The Council consists of nine members, three of which are elected at large by voters of the municipality and serve for a term of four years beginning on the first day of January next following their election. The Mayor is also elected directly by the voters of the municipality at the regular municipal election and also serves a term of four years beginning the first day of January following the election.

The financial statements of the City include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by the provisions of N.J.S. 40A:5-5. Accordingly, the financial statements of the City do not include the operations of the Municipal Library, the Board of Education, the Municipal Utilities Authority, the Parking Authority, the Passaic Valley Water Commission, the Passaic Valley Sewerage Commission, the Bunker Hill Special Improvement District or the Downtown Paterson Special Improvement District; inasmuch as their activities are administered by separate boards.

Governmental Accounting Standards Board (GASB) Statement 14 establishes criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the City to be reported separately. If the provisions of GASB No. 14 had been complied with, the following financial statements of the component units would have been discretely presented with the financial statements of the City, the primary government:

Paterson Board of Education
Paterson Municipal Utilities Authority
Paterson Parking Authority
Paterson Library

Audit reports of the component units are available at each of the respective component units. If the report were prepared in conformity with accounting principles generally accepted in the United States of America, these component units would be included in the City's financial statements.

THE CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounting policies of the City conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City of accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP. A fund is an accounting entity with a separate set of self-balancing accounts established to record the financial position and the results of operation of a specific government activity. As required by the Division of Local Government Services, the City accounts for its financial transactions through the following individual funds:

Current Fund - resources and expenditures for governmental operations of a general nature. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Fund - receipts, disbursements and custodianship of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund are maintained in this fund, as well as related long-term debt accounts.

Fixed Asset Group of Accounts – used to account for fixed assets required in general operations.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the State Division of Local Government Services, in accordance with N.J.S.A. 40A:4 et seq. Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are explained in the following paragraphs:

Grant Revenues - federal and state grants, entitlements or shared revenues received for purposes normally financed through the current fund are recognized when anticipated in the City budget. GAAP requires such revenue to be recognized in the accounting period when they become available and measurable.

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis, realized as revenues when collected. Receivables for property taxes and other items that are susceptible to accrual are recorded with fully offsetting reserves on the balance sheet of the City's current fund. Accordingly, no provision has been made to estimate that portion of receivables that are uncollectible. GAAP requires such revenue to be recognized in the accounting period in which they become available and measurable, reduced by an allowance for doubtful accounts.

Reserve for Uncollected Taxes - the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

THE CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - unexpended or uncommitted appropriations, at year-end, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures in the current fund, to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at year-end are reported as expenditures through establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures or liabilities under GAAP.

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

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

Property Acquired for Taxes - is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded as a fixed asset at market value on the date of acquisition.

Sale of Municipal Assets - the proceeds of the sale of municipal assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

Self-Insurance Contributions - Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Interfunds - advances from the current fund are reported as interfunds receivable with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfunds receivable in the other funds are not offset by reserves. Under GAAP, interfunds receivable are not recorded through operations.

Deferred Charges to Future Taxation - Funded and Unfunded - upon the authorization of capital projects, the City establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized costs of capital projects. According to the N.J.S.A. 40A:2-4, the City may levy taxes on all taxable property within the local unit, to repay the debt. Annually, the City raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced. GAAP does not require the establishment of deferred charges to future taxation.

Improvement authorizations - in the general capital fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the current fund. GAAP does not recognize these amounts as liabilities.

Inventories of Supplies - the costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Use of Estimates - the preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs - The City charges advertising costs against the appropriate budget line as they occur and does not engage in direct-response advertising.

General Fixed Assets - N.J.A.C. 5:30-5.6 codifies Technical Accounting Directive No. 86-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, requires the inclusion of a statement of general fixed assets of the City as part of its basic financial statements. It also requires the City to place a value on all fixed assets put into service, to maintain a subsidiary

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

ledger of detailed records of fixed assets and to provide property management standards to control fixed assets

General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than five years and an acquisition cost of \$5,000 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in a separate General Fixed Assets Fund rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements (Exhibit D). Fixed assets acquired through grants in aid or contributed capital has not been accounted for separately. GAAP requires the recording of infrastructure assets and requires capital assets be depreciated over their estimated useful life unless they are either inexhaustible or are infrastructure assets reported using the modified approach.

Cash and Investments - New Jersey municipal units are required by N.J.S.A. 40A:5-14, to deposit public funds in a bank or trust company having its place of business in the State of New Jersey, and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units. The cash management plan adopted by the City requires it to deposit funds in public depositories protected from loss under the provisions of the Government Unit Depository 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. N.J.S.A.17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any governmental unit. Public depositories include banks (both State and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Cash and Investments (Continued)

Cash equivalents include certificate of deposits with an original maturity date of less than three (3) months.

Also see Note 2 - Cash and Cash Equivalents.

D. Basic Financial Statements

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

2. CASH AND CASH EQUIVALENTS

A. DEPOSITS

All cash and cash equivalents on deposit as of the years ended June 30, 2008 and 2007 are partially insured by the Federal Deposit Insurance Corporation (herein referred to as "FDIC") up to \$100,000 for each depository. Deposits in excess of FDIC limits are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act (see Note 1 - Cash and Investments) or are on deposit with the New Jersey Cash Management Fund.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Borough does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

2. CASH AND CASH EQUIVALENTS (Continued)

A. DEPOSITS (Continued)

- a. Uncollateralized.
- b. Collateralized with securities held by the pledging financial institution.
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the City's deposits as of June 30, 2008 and 2007 are held in foreign currency.

As of June 30, 2008 and 2007, none of the City's deposits of \$73,816,759 and \$85,286,451 were exposed to either custodial credit risk or foreign currency risk.

At June 30, 2008 and 2007, the City's deposits are summarized as follows:

	2008	2007
Insured- FDIC	\$ 700,000	\$ 600,000
Insured - GUDPA	72,160,381	82,617,420
NJ Cash Management	956,378	2,069,031
	\$73,816,759	\$85,286,451

The FDIC insured balances above are as of June 30, 2008 at \$100,000 per financial institution. Congress has temporarily increased FDIC deposit insurance from \$100,000 to \$250,000 per depositor from October 3, 2008 through December 31, 2009.

B. Investments

New Jersey statutes permit the City to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- Government money market mutual funds.
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units
- Local government investment pools.
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281 (C.52:18A-90.4).
- Agreements for the repurchase of fully collateralized securities if
 - (a) the underlying securities are permitted investments pursuant to the first and third bullets on the preceding page, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

Custodial Credit Risk - In the case of investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty or its trust department or agent, but not in the City's name.

Foreign Currency Risk - Investments are also exposed to the same foreign currency risk as deposits as mentioned in Note 2A. It is the risk that changes in exchange rates will adversely affect investments. The City did not have any investments denominated in foreign currency as of June 30, 2008 and 2007.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates

Credit Risk - The City does not have an investment policy regarding the management of credit risk but holds no debt security investments other than obligations of or guaranteed by the federal government.

Concentration of Credit Risk - The City places no formal limit on the amount the City may invest in any one issuer.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

NOTE 2. CASH AND CASH EQUIVALENTS (continued)

B. INVESTMENTS

New Jersey Cash Management Fund - All investments in the New Jersey Cash Management Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the Other-than-State participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. The City does not own specific identifiable securities, but instead has a net realizable interest in the joint value of the fund. As of June 30, 2008 and 2007, the City had a balance of \$956,378 and \$31,611,631, respectively, in the New Jersey Cash Management Fund.

NOTE 3. PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

A. PROPERTY TAXES RECEIVABLE

Delinquent Taxes and Tax Title Liens - As mentioned in Note 1, taxes receivable and tax title liens are realized as revenue when collected. Uncollected receivables are fully reserved, so no provision is made for the uncollectible portions of these taxes. For the years ended June 30, 2008 and 2007, property taxes receivable were \$7,564 and \$12,089, respectively and tax title liens receivable were \$2,302,843 and \$1,459,149, respectively.

Property Acquired by Tax Title Lien Liquidation - The City held its annual accelerated tax sale on June 26, 2008. All properties with delinquent taxes at May 31, 2008 were subject to tax sale, with the exception of any property where the owner is bankrupt or there is a court order. The value of properties acquired by tax title liens at June 30, 2008 and 2007 were \$852,850 and \$877,850, respectively.

Prepaid Taxes - Taxes collected in advance are recorded as cash liabilities in the financial statements and were \$115,915 and \$216,244 for the years ended June 30, 2008 and 2007, respectively.

Tax Overpayments - Overpaid taxes collected during the year and due to taxpayers either as a refund or tax credit are recorded as cash liabilities in the financial statements and were \$3,135,250 and \$3,721,326 for the years ended June 30, 2008 and 2007, respectively.

THE CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

NOTE 3. PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR (continued)

A. PROPERTY TAXES RECEIVABLE (continued)

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the City's annual budget protects the City from taxes not paid currently and, as mentioned in Note 1, is the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year. It is a budget appropriation and is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. For the years ended June 30, 2008 and 2007, the budgeted reserve for uncollected taxes was \$2,886,921 and \$2,374,678, respectively.

B. PROPERTY TAX CALENDAR

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1 and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with State statutes. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budget of the entities that follow:

School Taxes - The City is responsible for levying, collecting and remitting school taxes for the Board of Education. Operations is charged for the full amount required to be raised from taxation to operate the local school district.

County Taxes - The City is responsible for levying, collecting and remitting county taxes for the County of Passaic. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

4. LONG-TERM DEBT

The New Jersey Local Bond Law governs the issuance of Bonds to finance general municipal and utility capital expenditures. All Bonds are retired in serial installments within the statutory period of usefulness. General Capital Serial Bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

4. LONG-TERM DEBT (CONTINUED)

**SUMMARY OF MUNICIPAL DEBT
(EXCLUDING OPERATING, SCHOOL, AND PARKING AUTHORITY DEBT)**

	June 30, 2007	Bonds and Notes			June 30, 2008	Amounts Due Within One Year
		Authorized	Issued/ (Unissued)	Paid		
Issued:						
Serial Bonds	\$ 41,208,583	\$ -	\$ -	\$ 7,579,600	\$33,628,983	\$ 8,866,321
Bond Anticipation Notes	11,993,000	4,380,000	11,993,000	11,993,000	16,373,000	16,373,000
Loans Payable:						
Green Acres Trust	826,258	-		97,350	728,908	113,390
Economic Development						
Agency	67,620	-		22,540	45,080	22,540
Demolition Loan Payable	531,250	-		88,250	443,000	88,250
Environmental Infrastructure						
Loan	13,560,230	-		704,904	12,855,326	869,006
Authorized But Not Issued	19,565,193	9,104,665	4,380,000		24,289,858	
Total General Debt	87,752,134	13,484,665	16,373,000	20,485,644	88,364,155	
School Serial Bonds	3,932,715			522,667	3,410,048	
Total	<u>\$ 91,684,849</u>	<u>\$ 13,484,665</u>	<u>\$ 16,373,000</u>	<u>\$ 21,008,311</u>	<u>\$91,774,203</u>	

**SUMMARY OF STATUTORY DEBT CONDITION
(ANNUAL DEBT STATEMENTS)**

The summary statement of debt condition at June 30, 2008, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.27%.

	Gross Debt	Deductions	Net Debt
Local School District	\$ 3,410,048	\$ 3,410,048	\$ -
General Debt	<u>88,364,155</u>	<u>9,840,983</u>	<u>78,523,172</u>
	<u>\$ 91,774,203</u>	<u>\$ 13,251,031</u>	<u>\$ 78,523,172</u>

Net Debt, \$78,523,172 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$6,060,399,980 equals 1.30%.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

4. LONG-TERM DEBT (CONTINUED)

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

	<u>June 30, 2008</u>
3-1/2% of Equalized Valuation Basis	\$ 252,495,773
Net Debt	<u>78,523,172</u>
Remaining Borrowing Power	<u>\$ 173,972,601</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

SCHOOL DEBT DEDUCTIONS

School debt is deductible up to the extent of 6.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

THE CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

4. LONG-TERM DEBT (CONTINUED)

**SCHEDULE OF ANNUAL DEBT SERVICE PRINCIPAL AND INTEREST FOR
BONDED DEBT ISSUED AND OUTSTANDING AS OF JUNE 30, 2008**

Year Ended June 30,	General		Total
	Principal	Interest	
2009	7,766,015	1,100,306	8,866,321
2010	3,845,542	1,047,018	4,892,560
2011	3,863,811	1,043,155	4,906,966
2012	3,906,089	1,044,377	4,950,466
2013	3,922,753	1,049,400	4,972,153
2014	3,932,151	1,065,784	4,997,935
2015	3,917,145	1,090,665	5,007,810
2016	1,001,640	1,121,045	2,122,685
2017	983,837	1,263,848	2,247,685
2018	100,000	27,685	127,685
2019	115,000	22,035	137,035
2020	130,000	15,538	145,538
2021	145,000	8,192	153,192
	<u>\$33,628,983</u>	<u>\$ 9,899,048</u>	<u>\$43,528,031</u>

**SCHEDULE OF ANNUAL DEBT SERVICE
FOR DEMOLITION LOAN PROGRAM**

Year Ended June 30,	Principal
2009	88,250
2010	88,250
2011	88,250
2012	88,250
2013	45,000
2014	45,000
	<u>\$ 443,000</u>

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

4. LONG-TERM DEBT (CONTINUED)

**SCHEDULE OF ANNUAL DEBT SERVICE
FOR GREEN TRUST LOAN PROGRAM**

Year Ended June 30,	Principal	Interest	Total
2009	99,307	14,083	113,390
2010	87,911	12,087	99,998
2011	76,156	10,455	86,611
2012	63,934	8,923	72,857
2013	51,330	7,777	59,107
2014	52,362	6,745	59,107
2015	53,414	5,693	59,107
2016	44,261	4,618	48,879
2017	34,821	3,832	38,653
2018	35,521	3,132	38,653
2019	36,234	2,419	38,653
2020	12,594	1,810	14,404
2021	12,848	1,557	14,405
2022	13,105	1,299	14,404
2023	13,369	1,036	14,405
2024	13,638	766	14,404
2025	13,912	493	14,405
2026	14,191	213	14,404
	<u>\$ 728,908</u>	<u>\$ 86,938</u>	<u>\$ 815,846</u>

THE CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

4. LONG-TERM DEBT (CONTINUED)

The City has received a loan from the Economic Development Agency for both the Municipality and the School District.

The City has received a loan from the New Jersey Environmental Infrastructure Trust

SCHEDULE OF ANNUAL DEBT SERVICE FOR NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

Year Ended June 30,	Non Interest	Interest Bearing Loan		Total
	Bearing Loan Principal	Principal	Interest	
2009	556,293	150,000	162,713	869,006
2010	551,649	155,000	155,263	861,912
2011	566,011	170,000	148,088	884,099
2012	552,531	170,000	140,538	863,069
2013	545,779	175,000	131,913	852,692
2014	556,725	190,000	122,787	869,512
2015	548,563	195,000	113,362	856,925
2016	550,744	205,000	104,587	860,331
2017	553,798	215,000	96,187	864,985
2018	546,272	220,000	87,138	853,410
2019	546,570	230,000	77,331	853,901
2020	553,627	245,000	66,356	864,983
2021	549,833	255,000	54,212	859,045
2022	545,988	265,000	41,925	852,913
2023	558,990	285,000	29,141	873,131
2024	543,885	290,000	15,803	849,688
2025	262,371	135,000	6,234	403,605
2026	140,697	75,000	1,641	217,338
	<u>\$ 9,230,326</u>	<u>\$ 3,625,000</u>	<u>\$ 1,555,219</u>	<u>\$ 14,410,545</u>

THE CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

4. LONG-TERM DEBT (CONTINUED)

**SCHEDULE OF ANNUAL DEBT SERVICE FOR
ECONOMIC DEVELOPMENT AGENCY LOAN PAYABLE**

Year Ended June 30,	Municipal	Type I School		Total
	Principal	Principal	Interest	
2009	\$ 22,540	\$ 534,751	\$ 115,981	\$ 673,272
2010	22,540	547,023	96,506	666,069
2011	-	560,238	76,359	636,597
2012	-	574,135	55,494	629,629
2013	-	589,096	33,866	622,962
2014	-	604,805	11,427	616,232
	<u>\$ 45,080</u>	<u>\$ 3,410,048</u>	<u>\$ 389,633</u>	<u>\$ 3,844,761</u>

**SUMMARY OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR THE NEXT FIVE YEARS AND IN FIVE YEAR INCREMENTS TO
FINAL MATURITY FOR BONDED DEBT ISSUED AND
OUTSTANDING AS OF JUNE 30, 2008**

Year Ended June 30,	General		Type I School	
	Principal	Interest	Principal	Interest
2009	8,682,405	1,277,102	534,751	115,981
2010	4,750,892	1,214,368	547,023	96,506
2011	4,764,228	1,201,698	560,238	76,359
2012	4,780,804	1,193,838	574,135	55,494
2013	4,739,862	1,189,090	589,096	33,866
2014-2018	13,981,254	5,117,108	604,805	11,427
2019 - 2023	4,513,158	322,851	-	-
2024 - 2026	1,488,694	25,150	-	-
	<u>\$ 47,701,297</u>	<u>\$ 11,541,205</u>	<u>\$ 3,410,048</u>	<u>\$ 389,633</u>

THE CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

4. LONG-TERM DEBT (CONTINUED)

BOND ANTICIPATION NOTES

The City issues Bond Anticipation Notes to temporarily fund various capital projects prior to the issuance of Serial Bonds. The term of the Notes cannot exceed one year, but the Notes may be renewed from time to time for a period not exceeding one year. All such Notes must be paid, or permanent financing obtained, no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original Note. The State of New Jersey also prescribes that on or before the third anniversary date of the original Note, a payment of an amount at least equal to the first legally payable installment of the Bonds in anticipation of which such Notes were issued, be paid or retired. Legal installments must be paid on or before each subsequent anniversary date of the original issuance.

At June 30, 2008 and 2007, the City had bond anticipation notes outstanding of \$16,373,000 and \$11,993,000, respectively.

	<u>Date of Maturity</u>	<u>Interest Rate %</u>	<u>Balance June 30, 2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2008</u>
General	06/19/08	3.79%	\$ 952,000	\$ -	\$ 952,000	\$ -
General	06/18/09	3.00%		952,000	-	952,000
General	06/19/08	3.79%	2,152,000	-	2,152,000	-
General	06/18/09	3.00%		2,152,000	-	2,152,000
General	06/19/08	3.79%	1,861,000	-	1,861,000	-
General	06/18/09	3.00%	-	1,861,000	-	1,861,000
General	06/19/08	3.79%	2,380,000	-	2,380,000	-
General	06/18/09	3.00%	-	2,380,000	-	2,380,000
General	06/19/08	3.79%	1,877,000	-	1,877,000	-
General	06/18/09	3.00%		1,877,000	-	1,877,000
General	06/19/08	3.79%	476,000	-	476,000	-
General	06/18/09	3.00%		476,000	-	476,000
General	06/19/08	3.79%	771,000	-	771,000	-
General	06/18/09	3.00%		771,000	-	771,000
General	06/19/08	3.79%	1,524,000	-	1,524,000	-
General	06/18/09	3.00%		1,524,000	-	1,524,000
General	06/19/08	3.00%	-	2,380,000	-	2,380,000
General	06/19/08	3.00%	-	2,000,000	-	2,000,000
			<u>\$ 11,993,000</u>	<u>\$ 16,373,000</u>	<u>\$ 11,993,000</u>	<u>\$ 16,373,000</u>

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

5. PENSION PLANS

Substantially all City employees participate in either the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System of New Jersey (PFRS). The PERS and PFRS are cost-sharing multiple-employer defined benefit plans. Some retired employees are receiving benefits from the Consolidated Police and Firemen's Pension Fund (CPFPPF). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges the City annually for their respective contributions.

According to state law, all obligations of the above pension systems will be assumed by the State of New Jersey should any system terminate. The State of New Jersey issued publicly available financial reports that include the financial statements and required supplementary information of each system. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Public Employees' Retirement System

The Public Employees' Retirement System (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. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 (veterans at age 55) with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after ten years of membership. A member may retire at age 55 with a benefit equal to 2 percent of average compensation for each year of creditable service up to 30 years, plus 1 percent for each year of creditable service in excess of 30 years.

THE CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

5. PENSION PLANS (CONTINUED)

Consolidated Police and Firemen's Pension Fund

The Consolidated Police and Firemen's Pension Fund ("CPFPF") was established in January 1952, under the provisions of N.J.S.A. 43:16, to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members.

The contribution policy for PFRS and PERS is set by laws of the State of New Jersey, and requires contributions by active members and their employers. Plan member and employer contributions may be amended by legislation of the State of New Jersey. Contributions made by employees for the previous three years are as follows:

System	Employee Contribution Percentage at June 30,		
	2008	2007	2006
PERS	5.50%	5.00%	5.00%
PFRS	8.50%	8.50%	8.50%

Employers are required to contribute at an actuarially determined rate in all three systems. During the previous three years, the City made the following contributions:

Employer Contribution at June 30,		
2008	2007	2006
\$ 13,289,934	\$ 8,029,535	\$ 5,404,045

6. DEFERRED COMPENSATION PLAN (Unaudited)

The City of Paterson offers its employees a deferred compensation plan created in accordance with the provision of N.J.S. 43:15B et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until terminations, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

6. DEFERRED COMPENSATION PLAN (Unaudited) (Continued)

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries. The City of Paterson authorized such modifications to their plan by resolution of the City Council.

The Deferred Compensation Plan is administered by the Variable Annuity Life Insurance Company.

7. RISK MANAGEMENT

Due to the lack of catastrophic insurance coverage available during 1986, the City established a self-insurance fund pursuant to P.L. 1997, C230, for the following multi-peril insurance coverage:

1. To insure against any loss or damage however caused to any property, motor vehicles, equipment or apparatus owned by the city, or under the control of any of the City's Departments, Boards, Agencies or Commissions;
2. To insure against liability resulting from the use or operation of motor vehicles, equipment or apparatus owned by or controlled by the City, or owned by or under the control of any of the City's Departments, Boards, Agencies or Commissions;
3. To insure against liability for the City's negligence and that of its officers, employees and servants, whether or not compensated or part-time, who are authorized to perform any act or services, but not including an independent contractor within the limitations of the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et seq.).

The minimum amount of the insurance fund established is \$400,000 and the maximum amount is \$2 million. The Municipal Council, from time to time, can provide for the disposition of any excess over and above the maximum amount fixed, or, of the interest or revenues arising there from when the fund shall reach the maximum limit. The Reserve for Insurance Liability at June 30, 2008 and June 30, 2007 was \$956,978 and \$706,327. The City accounts for insurance claims and costs on a pay-as-you-go basis. Expenditures during the year ended June 30, 2008 and June 30, 2007, amounted to \$2,682,921 and \$4,893,257, respectively.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

7. RISK MANAGEMENT (Continued)

In addition to the annual budget appropriations and the catastrophic insurance coverage, the City does have excess coverage for Workers' Compensation, General Liability and Auto. The SIR on Workers' Compensation is \$500,000 with statutory limits, and the SIR on General Liability and Auto is \$500,000 with excess coverage of \$10,000,000.

Disaster Recovery

The City has entered into contracts with various vendors in an effort to protect its financial processes and data in the event unforeseen disaster should occur. Included in these contracts are offsites storage of financial data tapes and payroll data offsite backup. The latter also provides the City the ability to run such process offsite if needed.

8. CONTINGENT LIABILITIES

A. Compensated Absences

Under the existing policy of the City, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers, which may be taken as time off, or paid at a later date, at an agreed upon rate. The total number of unused vacation and sick days at June 30, 2008 and June 30, 2007 was 55,677 days valued at \$11,517,886 and 31,199 days valued at \$5,541,108, respectively.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such paid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on June 30, 2008.

B. Tax Appeals

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for years through 2008. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The City has made provisions from tax revenues, in the amount of \$3,028,613 for these appeals in the event that the tax reductions are granted.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

8. CONTINGENT LIABILITIES (Continued)

C. Federal and State Awards

The City participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. The state and federal grants received and expensed in State Fiscal Year 2008 were subject to the Single Audit Act Amendments of 1996 and State of New Jersey OMB Circular 04-04, which mandates that grant revenues and expenditures be audited in conjunction with the City's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II, Schedule of Findings and Questioned Costs. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of June 30, 2008, the City does not believe that any material liabilities will result from such audits.

D. Litigation

The City is currently named as defendant in several lawsuits/complaints. The significant pending or threatened litigation includes:

Crusader Servicing Corporation v. Market Realty Corp., et al v. City of Paterson

This is a dispute over the validity of a PILOT agreement. Taxes were paid by third-party investors. In the event taxes and interest are to be refunded to said investors, the liability could be in excess of \$500,000.

Heffernan v. City of Paterson

This is a First Amendment Civil Rights Case. The City's exposure could exceed \$250,000.

Tatianna Renee Cabrera v. City of Paterson

This is a discrimination harassment case. The City's exposure could exceed \$200,000.

Selby, et al v. City of Paterson and the City of Paterson Fire Department, et als.

This is a civil rights case. The City's exposure could exceed \$300,000.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

8. CONTINGENT LIABILITIES (Continued)

D. Litigation (Continued)

Wilson v. City of Paterson

This a police excessive force case. The City's exposure could exceed \$250,000.

Rasheed v. City of Paterson

This is a Title 59 slip and fall matter in state court. The City's exposure could exceed \$400,000.

The City has been named in several civil rights cases alleging that actions/inactions of the Police or Fire Department and the City created a hostile work environment and in some cases, constituted sexual harassment. Cumulatively, there is significant exposure in excess of \$100,000.

This City has also been named in several police excessive force and civil rights cases where cumulatively there is significant exposure in excess of \$100,000.

9. ECONOMIC DEPENDENCY

The City does not have significant economic dependence on any one taxpayer. However, the ten largest taxpayers of the City as listed in the following table comprise over 4% of the City's assessed valuation taxable:

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

9. ECONOMIC DEPENDENCY (Continued)

Top 10 Taxpayers		
Name	Type of Business	2008 Assessed Valuation
297 Paterson, LLC	Industrial Warehousing	\$ 24,093,700
Beckwith Paterson Joint Venture	Industrial Warehousing	21,974,500
Rt 20 Retail Center, LLC	Commercial	21,449,000
Paterson Plaza LLC	Office	20,357,400
Okonite Company, Inc.	Cable Communication	18,403,700
Great Falls Realty Associates, LLC	Housing	17,884,000
Riverview Towers, LLC	Housing	15,742,900
Park East Terrace	Housing	14,998,200
The Realty Associates Fund, LLC	Industrial Warehousing	14,187,100
Paterson Fidelco Co., LLC	Industrial Warehousing	14,122,000

10. DEFICIENCY AND GUARANTEE AGREEMENTS

Several regional and City agencies have issued debt for the payment of which the City is responsible in varying degrees. A description of those agencies and the relationship of each to the City is as follows:

North Jersey District Water Supply Commission

The City is a contracting municipality with North Jersey District Water Supply Commission (NJDWSC). As such, it is entitled to 20% of the water supplied by NJDWSC and is liable for 20% of the annual operating charges, including debt service of NJDWSC. Historically, these charges have been totally defrayed by the water revenues of NJDWSC.

Paterson Municipal Utilities Authority

The sharp rise in energy prices during the 1970's prompted the City to consider restoration of the hydroelectric facility at the Great Falls to active use. In April 1981, the Federal Energy Regulatory Commission issued a 40-year license for a restored facility. Further, the City obtained a capital grant award from the U.S. Department of Energy equal to 15% of the restoration project cost and created the Paterson Municipal Utilities Authority (MUA) as a financing vehicle for the project. Enabling legislation was also secured from the State so that the remaining project costs could be financed through the issuance of tax exempt revenue bonds.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

10. DEFICIENCY AND GUARANTEE AGREEMENTS (Continued)

Paterson Municipal Utilities Authority (Continued)

Without such legislation, the Local Bond Law would have permitted the project to be financed through tax exempt bonds, but only if the bonds were general obligations of the City.

In anticipation of the restoration project, the City sold the existing hydroelectric facility to the MUA in 1982 for \$2,000,000 in cash plus an interest in future revenues of the facility. The U.S. Department of Housing and Urban Development then loaned the MUA the amount of the cash purchase price on the security of anticipated future federal grants to the City.

Under the promissory note held by the Department of Housing and Urban Development, the loan bore interest at 14.21% and was repayable in six annual installments which began August 1, 1983. Because MUA has not been operating, principal and interest payments on MUA's loan from the Department of Housing and Urban Development were made through the City's Community Development Block Grant allotment. Payments of \$517,303 were made in 1988, 1987, 1986, 1985 and 1984 and \$612,664 in 1983. These amounts are reported as fully reserved receivables within the trust fund financial statements. The City is presently seeking reimbursement from the MUA.

MUA entered into a contract with a development company which has a power purchase commitment from Public Service Electric & Gas Company. The development company developed and operates the hydroelectric facility, and pays to the MUA an annual adjustment of 5% of the adjusted gross revenues less the minimum rental amount.

11. POST RETIREMENT BENEFITS

The City currently provides lifetime medical benefits to employees who retire on a paid pension under the following conditions:

- After twenty-five years of service with the City; or
- After fifteen years of service with the City at age 62 or older; or
- On an accidental disability pension with not less than five years of continuous service with the City in the case of firemen and policemen, or ten years in the case of employees in the Public Employees' Retirement System.

Coverage is also provided for family members per the employees union contracts and paid by the City for the life of the retiree.

THE CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

11. POST RETIREMENT BENEFITS (Continued)

Upon the death of the retiree, the surviving spouse and dependent children under the age of twenty-three shall be entitled to remain enrolled in the City's medical-hospital insurance plan. This coverage ceases when any of the following occurs:

- Spouse dies; or
- Spouse remarries; or
- Spouse reaches age 65.

Prescription drug benefits are provided and paid by the City under the same circumstances except upon retiree's death, coverage would be provided for the surviving spouse only, and would be discontinued upon;

- Surviving spouse's remarriage; or
- Surviving spouse's obtaining coverage from another source.

The City accounts for these post retirement benefits on a pay-as-you-go basis. Expenditures during the year ended June 30, 2008 and June 30, 2007, amounted to \$9,197,538 and \$9,036,295, respectively. The number of employees eligible to receive benefits as of June 30, 2008 and June 30, 2007 were 872 and 852, respectively.

Under GASB Statement 45 the City would recognize the cost of other post-employment benefits in the year when the employee services are received, report the accumulated liability from prior years, and provide information useful in assessing potential demands on the City's future cash flows. The accumulated liability from prior years is phased in over the 30 year period beginning the year ended June 30, 2008. However, since the City is using the modified accrual basis of accounting as prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the County is not required to show any accrued liability on the face of its financial statements, only to the notes to those financial statements.

Actuarial Valuation Results

The Actuarial Accrued Liability for current retirees is \$214,622,913, and for current active employees is \$250,126,313, for a total accrued liability of \$464,749,226.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

11. POST RETIREMENT BENEFITS (Continued)

Post-Retirement Medical Valuation	
Actuarial Accrued Liability	
Retiree	\$ 214,622,913
Active	250,126,313
Unfunded Actuarial Accrued Liability	464,749,226
Discount Rate	4.25%
Normal Cost	\$ 24,740,647

For the fiscal year ended June 30, 2008, the City's annual OPEB cost of \$41,336,000 equaled its Annual Required Contribution. After taking into consideration the City contribution, as determined by the actuarial valuation, of \$9,455,000, the net OPEB obligation increased \$31,881,000 during the year ended June 30, 2008.

The following table utilizes the actuarially determined contribution for the year ended June 30, 2008 as opposed to actual payments. Differences between the actual expenditures and the actuarial contributions include discounts, deductibles, co-payments, and actuarial factors identified under 'actuarial assumptions and methods' below.

Level Percent of Pay	
Calculation of Annual Required Contribution under Projected Unit Cost Method	
Normal Cost with Interest	\$24,740,000
Amortization of Unfunded Actuarial Accrued Liability over 30 Years	16,596,000
Annual Required Contribution	41,336,000
Interest on Net OPEB Obligation	-
Adjustments to Annual Required Contribution	-
Annual OPEB Cost	41,336,000
Actuarial Contribution Determination	9,455,000
Increase in Net OPEB Obligation	31,881,000
Net OPEB Obligation, Beginning of Year	-
Net OPEB Obligation, End of Year	\$31,881,000

The actuarial valuation projected cash costs totaling \$153,514,000 through the year 2016 for current and future retiree medical benefits as follows:

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

11. POST RETIREMENT BENEFITS (Continued)

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2008	\$13,124,000	2009	\$13,660,000
2010	14,409,000	2011	15,364,000
2012	16,536,000	2013	18,074,000
2014	19,144,000	2015	20,657,000
2016	22,546,000		

Actuarial Assumptions and Methods

The actuarial assumptions used to value the City's post-employment benefits are of three types, economic, medical benefit and demographic.

Economic assumptions include the discount rate, or rate of return on investments, and health care cost trend rates and account for changes in the costs of benefits over time and the time value of money. The actuarial valuation assumes the City will continue to pay for benefits on a pay-as-you-go basis and continue to not fund the plan, therefore the discount rate used, 4.25%, is based on the rate of return of the City's assets, since there are no plan assets. Health care trend rates through the year 2022 and later assumed are: increases in costs of traditional benefit plans ranging from 5.0% to 11.0%, prescription drug plan increases ranging from 5.0% to 12.0% and Medicare Part B cost increases of 5.0% to 6.5%.

Regarding medical benefit assumptions, the City's actuarial valuation elected to use age-banded incurred claims costs based on the claims costs used by the New Jersey State Health Benefits Program since the Traditional Indemnity Plan which primarily covers City retirees is similar in design to the State Health Benefits Traditional Plan. However, there were adjustments to reflect City medical and prescription drug claims experience and demographics. In addition, surviving spouses and direct-bill employees identified under 'plan description' above contribute 100% of the medical coverage cost and therefore, it was concluded by the actuary these groups have no direct or implicit subsidy which is required to be considered in measuring the City's post-employment benefit liabilities.

Demographic assumptions include the following rates: mortality, retirement, withdrawal, disability, participation, dependent coverage and expenses. Of these, factors to note are participation rates are assumed at 100% of future retirees.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

11. POST RETIREMENT BENEFITS (Continued)

The actuarial cost method utilized for the City's actuarial valuation is the Projected Unit Credit method. It is an acceptable method under GASB Statement 45 and is a method whereas an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The normal cost amount is expected to increase annually at the discount rate, currently 4.25%.

The asset valuation method is not applicable, as the plan is currently unfunded.

12. REGIONAL CONTRIBUTION AGREEMENTS

The New Jersey Supreme Court through its ruling in South Burlington County in 1983, referred to as the Mount Laurel Agreement, determined that a municipality may transfer up to 50% of its fair share of its regions present and prospective needs for housing for low and moderate income families to another municipality within its housing region by means of a contractual agreement into which the two municipalities voluntarily enter. The municipality who proposes the transfer enters into a Regional Contribution Agreement and obtains approval by the County Planning Board and Council on Affordable Housing. Regional Contribution Agreements entered subsequent to December 20, 2004 will be based on a new growth share approach. Under this new approach a portion of the actual growth taking place in the region will be the municipality's affordable housing obligation.

The City entered into a Regional Contribution Agreement with the Township of Wayne on December 29, 1990, whereby the City will implement the rehabilitation and/or construction of 497 units of very low and low income housing over a five year period. The City received \$8,330,000 as of June 30, 2001, which was deposited into an escrow account. During FY 2000, \$735,000 of accumulated interest was appropriated for the same purpose. As of June 30, 2008 and June 30, 2007, the City's cumulative expenditures were \$6,931,589 and \$6,871,941, respectively. During FY 2008, the City received an additional \$101,642 in interest which was also deposited in the escrow account.

THE CITY OF PATERSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

12. REGIONAL CONTRIBUTION AGREEMENTS (Continued)

The City also entered into a Regional Contribution Agreement with the Borough of West Paterson on December 1, 1999, where the City will acquire and rehabilitate 21 vacant buildings each containing two to three units. The rehabilitated units will be sold to 21 moderate income households who will become owner-occupant and, in turn, rent the second or third unit to low income households. The City received \$700,000 as of June 30, 2003, which was deposited into an escrow account. As of June 30, 2008 and June 30, 2007, the City's cumulative expenditures were \$108,000 and \$72,000, respectively. The City received \$5,116 in interest during FY 2008, which was deposited into an escrow account.

The City also entered into a Regional Contribution Agreement with the Borough of Hawthorne on September 14, 2005, where the City will acquire and rehabilitate 23 scattered sites within the City of Paterson. The rehabilitated units will be sold or rented by low or moderate income households. The City received \$575,000 for the year ended June 30, 2007. There was no activity for the year ended June 30, 2008.

13. FUND BALANCE APPROPRIATED

Fund Balance at June 30, 2008 and 2007 was \$7,299,349 and \$5,677,374, respectively. As of the date of this report the City plans to utilize \$5,498,365 as revenue in the budget for fiscal year ending June 30, 2009. The City utilized \$4,306,559 as revenue in the budget for the year ending June 30, 2008.

14. SUBSEQUENT EVENTS

On August 19, 2008, the City issued \$13,744,800 and \$4,581,600 in General Improvement Bonds to modify the City's combined sewer overflow project under the New Jersey Infrastructure Trust Financing Program.

On March 16, 2009, the New Jersey Senate approved a bill allowing financially strapped New Jersey towns to put off making half their payments to the public employee pension system.

The legislation was proposed to provide property tax relief to municipalities during the recession. The proposal called for a three-year deferral, but the compromise legislation allows for 50 percent of 2009's payments to be delayed. The City elected to deferred \$5,603,902 and \$822,126 for PFRS and PERS, respectively.

The City will make up the payment shortfall over 15 years along with their regular contributions.

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SUPPLEMENTARY DATA – CURRENT FUND

EXHIBIT A-4

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

	Ref.	Current Fund	Federal and State Grant Fund
Balance, June 30, 2007	A	\$ 31,447,680	-
Increased by Receipts:			
Collector	A-5	\$ 188,061,638	
Miscellaneous Revenue Not Anticipated	A-2b	1,366,030	
Interfund	A-13	12,979,409	
Revenue Accounts Receivable	A-14	82,387,339	
Reserve for:			
State Library Aid	A-26	162,199	
Deposits on Sale of City Owned Property	A-27	2,100,000	
Library Fines and Donations	A-28	27,919	
Insurance Liability	A-29	250,651	
Special Emergency Note Payable	A-32	500,000	
Reserve for ABC License Surcharge	A-37	28,800	
Federal and State Grants Receivable	A-38		17,337,185
Due to Current Fund	A-40		17,820,977
Reserve for Unappropriated Federal and State Grants	A-41	287,863,985	94,257
		<u>319,311,665</u>	<u>35,252,419</u>

EXHIBIT A-4

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

	Ref.	Current Fund	Federal and State Grant Fund
Decreased by Disbursements:			
Refund of Prior Year Revenue	A-1	\$ 1,222,312	\$ -
Unallocated Receipts Taxes and Sewer	A-1	330,242	
Tax Overpayment Refunds	A-1	95,090	
2008 Budget Appropriations	A-3	177,744,684	15,272,566
Interfund	A-40		
Appropriation Reserves	A-15	7,951,716	
Interfund	A-13	15,736,373	
Other Refunds	A-1	34,190	
Requisitions Payable and Accounts Payable	A-17	893,949	
Refund of Tax Overpayments	A-18	2,665,477	
Property Tax Suspense	A-24	941,525	
Reserve for Tax Overpayments	A-25	1,629,055	
Reserve for Library State Aid	A-26	52,340	
Reserve for Deposits on Sale of City-Owned Property	A-27	2,101,500	
Reserve for Preparation of Tax Map	A-31	12,215	
Special Emergency Note Payable	A-32	1,000,000	
Local District School Tax	A-33	36,391,256	
County Taxes	A-34	38,013,842	
Court Ordered Municipal Wide Revaluation	A-35	55,440	
Contested Forfeiture Funds	A-36	3,360	
Reserve for Federal and State Grants Appropriated	A-42		18,006,319
		<u>286,874,566</u>	<u>33,278,885</u>
Balance, June 30, 2008	A	<u>\$ 32,437,099</u>	<u>\$ 1,973,534</u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF CURRENT CASH - COLLECTOR

	<u>Ref.</u>		
Increased by:			
Taxes Receivable	A-6	\$ 165,876,410	
Tax Title Liens	A-7	129,602	
Sewer Liens	A-8	8,538	
Sewer User Charges	A-12	7,196,856	
Delinquent Sewer Charges	A-12	171,462	
Senior Citizens and Veterans	A-20	400,860	
Demolition Liens Receivable	A-9	29,970	
Tax Overpayments	A-18	1,009,806	
Prepaid Sewer Charges	A-19	2,870	
Revenue Accounts Receivable	A-14	12,169,621	
Sewer Overpayments	A-21	14,519	
Prepaid PILOT	A-16	118,645	
Property Suspense	A-24	816,564	
Prepaid Taxes	A-23	<u>115,915</u>	
			\$ 188,061,638
Decreased by:			
Turnover to Treasurer	A-4		<u>188,061,638</u>
Balance, June 30, 2008			<u>\$ -</u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 1,459,149
Increased by:			
Transferred from Taxes Receivable	A-6	\$ 921,443	
Added Tax Title Liens	Reserve	<u>73,883</u>	
			<u>995,326</u>
			2,454,475
Decreased by:			
Collected	A-2a, A-5	129,602	
Cancellations	Reserve	<u>22,030</u>	
			<u>151,632</u>
Balance, June 30, 2008	A		<u><u>\$ 2,302,843</u></u>

EXHIBIT A-8

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 165,825
Increased by:			
Transferred from Sewer			
Charges Receivable	A-12	\$ 71,512	
Interest and Costs	Reserve	<u>1,765</u>	
			<u>73,277</u>
			239,102
Decreased by:			
Collected	A-2a, A-5	8,538	
Cancellations	Reserve	<u>4,005</u>	
			<u>12,543</u>
Balance, June 30, 2008	A		<u>\$ 226,559</u>

EXHIBIT A-9

SCHEDULE OF DEMOLITION LIENS RECEIVABLE

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 174,143
Increased by:			
Added Demolition Liens	Reserve		<u>119,321</u>
			293,464
Decreased by:			
Cash Receipts	A-2a, A-5		<u>29,970</u>
Balance, June 30, 2008	A		<u>\$ 263,494</u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 877,850
Increased by:		
Cancelled Sales Contracts Receivable	A-11	<u>2,406,000</u>
		3,283,850
Decreased by:		
Contracts Receivable	Reserve	\$ 2,430,500
Adjustment to Assessed Valuation	Reserve	<u>499</u>
		<u>2,430,999</u>
Balance, June 30, 2008	A	<u><u>\$ 852,851</u></u>

SCHEDULE OF SALES CONTRACTS RECEIVABLE

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 2,406,000
Decreased by:		
Contracts Cancelled	A-10	<u>2,406,000</u>
Balance, June 30, 2008	A	<u><u>\$ -</u></u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF SEWER CHARGES RECEIVABLE

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 263,399
Increased by:			
2008 Sewer Utility Charges - Net	Reserve		<u>7,466,760</u>
			7,730,159
Decreased by:			
Sewer Utility Collector:			
Current Year	A-2a, A-5	\$ 7,196,856	
Prior Year	A-2a, A-5	171,462	
Prepays Applied	A-2a, A-19	3,144	
Transfer to Sewer Utility Liens	A-8	<u>71,512</u>	
			<u>7,442,974</u>
Balance, June 30, 2008	A		<u><u>\$ 287,185</u></u>

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF INTERFUNDS RECEIVABLE/PAYABLE

	Ref.	Total	Federal and State Grant	Trust Fund			General Capital Fund
				Other	Dedicated Revenue		
Balance, June 30, 2007	A	\$ 906,391	\$ 906,391	\$ -	\$ -	\$ -	\$ -
Increased by:							
Current Year Cash Advances	A-2, A-4	15,736,373	2,502,964	77,758	154,643	13,078,766	
Interest Earned on Trust	Reserve						
Grants Cancelled	A-1	30,867	30,867				30,000
Anticipated Revenue	A-2	64,000		34,000			
Applied to Miscellaneous Revenue							
Not Anticipated - Fringe Benefits Grants	A-2b	14,580	14,580				
		<u>16,752,211</u>	<u>3,454,802</u>	<u>111,758</u>	<u>154,643</u>	<u>13,108,766</u>	
Decreased by:							
2007 Budget Appropriations:							
Capital Improvement Fund	A-3	318,000					318,000
Local Match	A-3	3,454,802	3,454,802				151,139
BAN Premium - Due to Capital Settlements	A-1	12,979,409		34,000	154,643	12,790,766	
	A-4	<u>16,752,211</u>	<u>3,454,802</u>	<u>34,000</u>	<u>154,643</u>	<u>13,259,905</u>	
Balance, June 30, 2008	A	\$ -	\$ -	\$ 77,758	\$ -	\$ (151,139)	

EXHIBIT A-14

THE CITY OF PATERSON
CURRENT FUND
June 30, 2008

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Accrued in 2008	Collections	
			Collector	Treasurer
Licenses:				
Alcoholic Beverages	A-2	\$ 176,779	\$ 176,779	\$ -
Other	A-2	128,860	128,860	
Fines and Costs:				
Municipal Court	A-2	5,959,099		5,959,099
Interest and Costs on Taxes	A-2	1,106,843	1,106,843	
Interest on Investments and Deposits	A-2	1,934,355		1,934,355
Interest on Delinquent Sewer Charges	A-2	113,328	113,328	
Department of Public Works	A-2	283,616	283,616	
Division of Health	A-2	834,843	834,843	
City-Wide Recycling Revenues	A-2	461,109	-	461,109
Board of Adjustments	A-2	220,281	220,281	
Sale of Copies of Public Records	A-2	81,217	81,217	
Ambulance Fees	A-2	1,972,851	1,972,851	
Municipal Towing Contract Fees	A-2	245,879		245,879
Inspection Revenue	A-2	305,898	305,898	
Livery and Taxi License Fees	A-2	45,715	45,715	
Legislative Initiative Municipal Block Grant	A-2	616,491		616,491
Consolidated Municipal Property Tax Relief	A-2	32,836,141		32,836,141
Additional State Aid	A-2	30,000,000		30,000,000
Energy Receipts Tax	A-2	6,226,426		6,226,426
Supplemental Energy Receipts Tax	A-2	262,651		262,651
Municipal Property Tax Assistance	A-2	789,440	789,440	
Building Aid Allowance for Schools	A-2	720,133	720,133	
Watershed Moratorium Offset Aid	A-2	329		329
Municipal Homeland Security	A-2	140,000	140,000	
Construction Code Fees	A-2	982,025	982,025	
Other Permits	A-2	403,925	403,925	
Life Hazard Use Fees	A-2	263,474		263,474
P.I.L.O.T.S.:				
Aspen Hamilton	A-2	55,671	55,671	
Colt Arms	A-2	178,257	178,257	
Federation Apartments	A-2	144,453	144,453	
Governor Paterson Towers	A-2	450,118	450,118	
504 Madison Avenue	A-2	149,207	149,207	
INCCA for Housing - Carroll Street	A-2	154,451	154,451	

EXHIBIT A-14

THE CITY OF PATERSON
CURRENT FUND
June 30, 2008

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Accrued in 2008	Collections	
			Collector	Treasurer
INCCA for Housing - North Triangle	A-2	\$ 159,079	\$ 159,079	\$
Jackson Slater	A-2	184,039	184,039	
NJ Community Housing Corporation	A-2	56,588	56,588	
Cooke Building Associates	A-2	15,739	15,739	
Riverview Towers	A-2	931,341	931,341	
Essex - Phoenix Mall	A-2	161,499	161,499	
Rising Dove Senior Apartments	A-2	24,547	24,547	
Rosa Park - 400 Broadway	A-2	58,010	58,010	
Garrett Heights	A-2	385,010	385,010	
St. Joseph's Hospital	A-2	145,709	145,709	
Christopher Columbus Development	A-2	115,536	115,536	
446 - 460 East 19th Street	A-2	11,723	11,723	
Belmont/McBride Apts.	A-2	16,286	16,286	
Sheltering Arms	A-2	19,156	19,156	
Hope 98 North Main Scattered Sites	A-2	29,497	29,497	
Hope 98 Beach Street	A-2	32,031	32,031	
Hope 98 Van Houten Street	A-2	15,048	15,048	
Governor Paterson Towers-	A-2	21,350	21,350	
St. Joseph's Hospital - Waste	A-2	37,397		37,397
St. Joseph's Hospital - Ambulance Fees	A-2	133,632		133,632
Cable Community Third Party Rent	A-2	340,000	340,000	
U.S. Cable of Paterson Franchise Fees	A-2	238,649		238,649
Sewer Rent - Third Party	A-2	9,522	9,522	
PVSC Rebate Incentive Program	A-2	39,411		39,411
Public School District 133 Ellison Lease	A-2	90,348		90,348
Private Host Benefit Fees -				
Current Year	A-2	147,311		147,311
Prior Year	A-2	16,458		16,458
Recycling Tire Fees	A-2	42,946		42,946
Sale of Property - River Main Corridor	A-2	300,000		300,000
Housing Authority Garage Reimbursement	A-2	180,000		180,000
Hydrant Maintenance PVWC Reimbursement	A-2	121,892		121,892
Municipal Court - Prior Year	A-2	95,652		95,652
Municipal Court - Forfeited Bail	A-2	37,689		37,689
Sale of Property - Cliff Street/Belmont Ave	A-2	2,100,000		2,100,000
		<u>\$ 94,556,960</u>	<u>\$ 12,169,621</u>	<u>\$ 82,387,339</u>
	<u>Ref.</u>		A-5	A-4

EXHIBIT A-15

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF APPROPRIATION RESERVES

Appropriations	Balance, June 30, 2006		Transfers	Balance After Transfer	Paid or Charged	Balance Lapsed
	Encumbered	Unencumbered				
Appropriations within "CAPS"						
GENERAL GOVERNMENT SERVICES						
Office of the Mayor:						
Salaries and Wages	\$ -	\$ 4,379	\$ -	\$ 4,379	\$ -	\$ 4,379
Other Expenses	27	1,334		1,361	1,259	102
City Council:						
Salaries and Wages	-	39,906		39,906	-	39,906
Other Expenses	48,047	20,876	28,000	96,923	96,923	-
Office of the City Clerk:						
Salaries and Wages	-	3,593		3,593	-	3,593
Other Expenses	15,753	6,837	5,000	27,590	27,590	-
Election:						
Other Expenses	1,186	45,406	(17,000)	29,592	29,592	-
Insurance:						
Other Expenses	1,467,895	227,592	124,000	1,819,488	1,819,150	338
Insurance Workmen Compensation	193,899	153,896	(20,000)	327,795	253,486	74,309
Insurance Liability	315,002	80,256		395,258	163,434	231,824
Auditing Services:						
Annual Audit	-	41,000		41,000	35,000	6,000
Other Audits	30,000	25,000		55,000	39,000	16,000
Special Events:						
Other Expenses	15,010	3,100	-	18,110	16,932	1,178
Total General Government Services	2,086,819	653,175	120,000	2,859,995	2,482,366	377,629
DEPARTMENT OF ADMINISTRATION						
Office of the Business Administrator:						
Salaries and Wages	-	89,031	10,000	99,031	96,987	2,044
Other Expenses	18,804	18,856	7,000	44,660	44,642	18
Division of Personnel:						
Other Expenses	2,173	30,039	-	32,212	26,674	5,538
Division of Purchasing:						
Other Expenses	2,093	222	1,800	4,115	3,455	660
Division of Data Processing:						
Other Expenses	50,691	81,431	(56,000)	76,121	65,866	10,255
Surveys and General:						
Other Expenses	91,952	64,809	10,000	166,760	166,478	282
Total Department of Administration	165,712	284,387	(27,200)	422,899	404,101	18,797
DEPARTMENT OF FINANCE						
Office of the Director:						
Salaries and Wages	-	37,481	(15,000)	22,481	17,939	4,542
Other Expenses	23,474	4,057		27,531	23,191	4,340
Division of Treasury:						
Other Expenses	3,598	5,445		9,044	4,045	4,999
Division of Accounts and Control:						
Salaries and Wages	-	13,322	-	13,322	2,740	10,582
Other Expenses	2,689	669	-	3,358	3,089	269
Division of Sewer Collection:						
Salaries and Wages	-	5,000	-	5,000	1,011	3,989
Other Expenses	3,101	4,780		7,881	3,189	4,692
Division of Assessments:						
Other Expenses	779	2,799		3,578	1,445	2,133

EXHIBIT A-15

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
SCHEDULE OF APPROPRIATION RESERVES

Appropriations	Balance, June 30, 2006		Transfers	Balance After Transfer	Paid or Charged	Balance Lapsed
	Encumbered	Unencumbered				
DEPARTMENT OF FINANCE (Continued)						
Division of Revenue Collection:						
Salaries and Wages	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ 4,784	\$ 216
Other Expenses	10,599	31,981		42,580	27,330	15,250
Office of Internal Audit:						
Salaries and Wages	-	5,000	-	5,000		5,000
Other Expenses	857	8,490	(8,500)	847	205	642
Total Department of Finance	45,097	124,025	(23,500)	145,622	88,968	56,654
DEPARTMENT OF LAW						
Office of the Corporation Counsel:						
Salaries and Wages	-	30,000	(25,000)	5,000	(4,505)	9,505
Other Expenses	6,319	54,066	(20,000)	40,386	17,335	23,051
Total Department of Law	6,319	84,066	(45,000)	45,386	12,830	32,556
DEPARTMENT OF PUBLIC SAFETY						
Office of the Director:						
Other Expenses	-	17,406	(14,900)	2,506		2,506
Taxicab Division:						
Other Expenses	-	5,300	(4,000)	1,300		1,300
Division of Fire:						
Salaries and Wages	-	2,661,673	242,950	2,904,623	2,904,623	-
Other Expenses	1,023,069	39,535	54,000	1,116,604	1,106,402	10,202
Division of Police:						
Salaries and Wages	-	584,178	-	584,178	216,072	368,106
Other Expenses	688,852	75,223	-	764,075	761,317	2,758
Total Department of Public Safety	1,711,922	3,383,314	278,050	5,373,286	4,988,414	384,872
DEPARTMENT OF PUBLIC WORKS						
Office of the Director:						
Salaries and Wages	-	2,411	-	2,411	-	2,411
Other Expenses	1,185	1,354	-	2,539	1,690	849
Division of Engineering:						
Other Expenses	15,604	28,871	-	44,474	37,832	6,642
Division of Traffic and Lighting:						
Other Expenses	26,948	2,583	(12,000)	17,531	15,752	1,779
Division of Water and Sewers:						
Other Expenses	21,126	67,598	(20,000)	68,724	14,654	54,070
Sewer Repairs	2,121	10,295	20,000	32,416	31,394	1,023
Division of Streets:						
Other Expenses	12,334	1,849	18,000	32,184	31,090	1,094
Street Repair	2,280	65,570	-	67,850	205	67,645
Snow Removal:						
Other Expenses	2,247	-	-	2,247	-	2,247
Division of Auto Maintenance:						
Other Expenses	39,610	9,752	41,000	90,362	66,086	24,276
Parks and Shade Trees Section:						
Other Expenses	139,016	25,956	(43,000)	121,972	102,738	19,234
Public Buildings Section:						
Other Expenses	725,430	413,572	-	1,139,002	887,747	251,255

EXHIBIT A-15

THE CITY OF PATERSON
CURRENT FUND

FOR FISCAL YEAR END JUNE 30, 2007
SCHEDULE OF APPROPRIATION RESERVES

Appropriations	Balance, June 30, 2006		Transfers	Balance After Transfer	Paid or Charged	Balance Lapsed
	Encumbered	Unencumbered				
DEPARTMENT OF PUBLIC WORKS (Continued)						
Division of Recreation:						
Other Expenses	\$ 50,868	\$ 27,750	\$ 5,000	\$ 83,618	\$ 83,274	\$ 344
Division of Recycling:						
Other Expenses	12,189	21,534	-	33,723	32,454	1,269
Division of Cable Communicaitons:						
Other Expenses	1,101	48,093	(37,000)	12,194	617	11,577
Total Department of Public Works	<u>1,052,059</u>	<u>727,186</u>	<u>(28,000)</u>	<u>1,751,247</u>	<u>1,305,531</u>	<u>445,715</u>
DEPARTMENT OF COMMUNITY DEVELOPMENT						
Division of Planning and Zoning:						
Other Expenses	836	6,590	-	7,426	3,997	3,429
Division of Community Improvements:						
Other Expenses	7,671	113,916	(90,000)	31,587	17,310	14,277
Total Department of Community Development	<u>8,507</u>	<u>120,506</u>	<u>(90,000)</u>	<u>39,013</u>	<u>21,308</u>	<u>17,706</u>
DEPARTMENT OF HUMAN RESOURCES						
Office of the Director:						
Other Expenses	842	5,491	-	6,333	2,112	4,221
Office of Aging and Disabled Services:						
Other Expenses	679	6,232	-	6,911	126	6,785
Social Services	15,002	199,329	-	214,331	164,447	49,884
Senior/Handicapped Transportation	-	108	-	108	108	-
Division of Consumer Protection:						
Other Expenses	2,491	2,520	-	5,011	1,277	3,735
Division of Youth Services:						
Salaries and Wages	-	-	-	-	(2,212)	2,212
Other Expenses	13,260	580	2,550	16,391	6,357	10,034
Division of Health:						
Salaries and Wages	-	-	-	-	(41,637)	41,637
Other Expenses	76,509	9,505	-	86,014	73,841	12,173
Total Department of Human Resources	<u>108,784</u>	<u>223,766</u>	<u>2,550</u>	<u>335,099</u>	<u>204,419</u>	<u>130,681</u>
STATUTORY AGENCIES						
Historic Preservation Commission:						
Salaries and Wages	-	5,000	-	5,000	-	5,000
Other Expenses	1,119	9,223	-	10,342	1,160	9,182
Museum:						
Other Expenses	902	8,419	-	9,320	9,320	-
Municipal Court:						
Salaries and Wages	-	5,980	-	5,980	4,420	1,560
Other Expenses	336	43,566	-	43,902	43,902	-
Board of Adjustment:						
Salaries and Wages	-	336	2,600	2,936	2,669	267
Other Expenses	456	10,957	2,000	13,412	13,068	344
Office of Emergency Management:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	25,416	18,072	-	43,488	24,566	18,922

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
SCHEDULE OF APPROPRIATION RESERVES

Appropriations	Balance, June 30, 2006		Transfers	Balance After Transfer	Paid or Charged	Balance Lapsed
	Encumbered	Unencumbered				
STATUTORY AGENCIES (Continued)						
Planning Board:						
Salaries and Wages	\$ -	\$ 2,352	\$ -	\$ 2,352	\$ 825	\$ 1,527
Other Expenses	376	11,358	-	11,734	6,109	5,625
Youth Guidance Council:						
Other Expenses	3,500	11,046	-	14,546	4,173	10,373
Total Statutory Agencies	<u>32,104</u>	<u>126,308</u>	<u>4,600</u>	<u>163,012</u>	<u>110,211</u>	<u>52,800</u>
Community Improvements:						
Uniform Construction Code	-	19,166	-	19,166	-	19,166
UNCLASSIFIED:						
Electricity	130,587	3,586	52,000	186,173	163,628	22,545
Street Lighting	452,614	-	(25,500)	427,114	372,314	54,800
Telephone Service	63,655	41,403	82,000	187,058	127,698	59,360
Gas	268,049	6,400	(175,000)	99,449	31,620	67,829
Fuel Oil	27,224	-	-	27,224	-	27,224
Gasoline	168,700	500	-	169,200	117,466	51,734
Solid Waste	1,110,327	46,213	(125,000)	1,031,541	1,010,864	20,677
Total Unclassified	<u>2,221,155</u>	<u>98,102</u>	<u>(191,500)</u>	<u>2,127,759</u>	<u>1,823,590</u>	<u>304,169</u>
TOTAL OPERATIONS WITHIN "CAPS"	<u>7,438,478</u>	<u>5,844,001</u>	<u>-</u>	<u>13,282,484</u>	<u>11,441,738</u>	<u>1,840,746</u>
Contingent	-	10,000	-	10,000	-	10,000
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>7,438,478</u>	<u>5,854,001</u>	<u>-</u>	<u>13,292,484</u>	<u>11,441,738</u>	<u>1,850,746</u>
Deferred Charges						
Prior Period Bills		1		1	-	1
Statutory Expenditures						
Increased Retirement Allowance		-		-		-
Social Security System		30,720		30,720	(8,293)	39,013
Medicare		26,558		26,558	(5,120)	31,678
Unemployment Compensation		196		196	196	-
State Disability		-		-	-	-
Consolidated Police & Firemen's Pension Fund		7,390		7,390	5,338	2,052
DEFERRED CHARGES AND STATUTORY EXPENDITURES	<u>-</u>	<u>64,865</u>	<u>-</u>	<u>64,865</u>	<u>(7,878)</u>	<u>72,743</u>
TOTAL OPERATIONS WITHIN "CAPS"	<u>7,438,478</u>	<u>5,918,866</u>	<u>-</u>	<u>13,357,349</u>	<u>11,433,860</u>	<u>1,923,489</u>

THE CITY OF PATERSON
CURRENT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2007
SCHEDULE OF APPROPRIATION RESERVES

Appropriations	Balance, June 30, 2006		Transfers	Balance After Transfer	Paid or Charged	Balance Lapsed
	Encumbered	Unencumbered				
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Libraries:						
Other Expenses	\$ 686	\$ 463		\$ 1,149	\$ 880	\$ 269
Employee Health	-	-	-	-	-	-
Workers Compensation	-	-	-	-	-	-
General Liability	-	-	-	-	-	-
Public Employees Retirement System	-	12,992	-	12,992	897	12,095
Police & Fire Retirement System	-	-	-	-	(8,174)	8,174
Total Operations Excluded from "CAPS"	686	13,455	-	14,141	(6,397)	20,538
Capital Improvements						
Reconstruction of Various Parks						
Street Improvements	106,934	40,181	-	147,115	106,934	40,181
	106,934	40,181	-	147,115	106,934	40,181
DEFERRED CHARGES						
Judgments	-	8,000	-	8,000	-	8,000
Subtotal General Appropriations	107,620	61,636	-	169,256	100,537	68,719
TOTAL GENERAL APPROPRIATIONS	\$ 7,546,098	\$ 5,980,502	\$ -	\$ 13,526,605	\$ 11,534,397	\$ 1,992,208
	Ref.	A-17	A			A-1
Cash Disbursements	A-4				\$ 7,951,716	
Transfer to Requisitions Payable	A-17				3,582,681	
					<u>\$ 11,534,397</u>	

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF DUE PREPAID PAYMENTS IN LIEU OF TAXES

	<u>Ref.</u>	
Increased by:		
Cash Receipts	A-5	\$ 118,645
Balance, June 30, 2008	A	<u>\$ 118,645</u>

SCHEDULE OF REQUISITIONS PAYABLE AND ACCOUNTS PAYABLE

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 9,746,969
Increased by:			
Transfer from Budget Appropriation	A-3	\$ 4,684,397	
Transfer from Appropriation Reserves	A-15	3,582,681	
Transfer from Reserve for Library State Aid	A-26	<u>3,611</u>	
			<u>8,270,689</u>
			18,017,658
Decreased by:			
Cancellations	A-1	161,048	
Cash Disbursements	A-4	893,949	
Transfer to Reserve for Library State Aid	A-26	4,751	
Transfer to Appropriation Reserves	A-15	<u>7,546,098</u>	
			<u>8,605,846</u>
Balance, June 30, 2008	A		<u>\$ 9,411,812</u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 3,721,326
Increased by:			
Transfer from State Board Appeals	A-30	\$ 1,677,407	
Transfer form Reserve for Tax Overpayment	A-25	66,738	
Collections	A-5	<u>1,009,806</u>	
			<u>2,753,951</u>
			<u>6,475,277</u>
Decreased by:			
Refunds	A-4	2,665,477	
Cancellations	A-1	<u>674,550</u>	
			<u>3,340,027</u>
Balance, June 30, 2008	A		<u><u>\$ 3,135,250</u></u>

SCHEDULE OF PREPAID SEWERS

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 3,144
Increased by:			
Collections	A-5		<u>2,870</u>
			6,014
Decreased by:			
Applied to Sewer Receivable	A-12		<u>3,144</u>
Balance, June 30, 2008	A		<u><u>\$ 2,870</u></u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 198,000
Increased by:			
Senior Citizens' Deductions per Tax Billings	Below	\$ 167,500	
Veterans' Deductions per Tax Billings	Below	214,250	
Deductions Allowed by Tax Collector			
2008 Senior Citizens' Deductions Allowed	Below	8,125	
2007 Senior Citizens' Deductions Allowed	Below	4,750	
2008 Veterans' Deductions Allowed	Below	4,125	
2007 Veterans' Deductions Allowed	Below	2,250	
Applied to Miscellaneous Revenue			
Not Anticipated - Handling Fees	A-2b	<u>7,860</u>	
			<u>408,860</u>
			606,860
Decreased by:			
Deductions Disallowed by Tax Collector:			
2008 Senior Citizens' Deductions Disallowed	Below	5,625	
2007 Senior Citizens' Deductions Disallowed	Below	1,625	
Collections	A-5	<u>400,860</u>	
			<u>408,110</u>
Balance, June 30, 2008	A		<u><u>\$ 198,750</u></u>

Analysis of State's Share of Senior Citizens' and Veterans' Deductions

Current Year:			
Senior Citizens' Deductions:			
Per Tax Billings	Above	\$ 167,500	
Allowed by Tax Collector	Above	8,125	
Disallowed by Tax Collector	Above	(5,625)	
Veterans' Deductions:			
Per Tax Billings	Above	214,250	
Allowed by Tax Collector	Above	<u>4,125</u>	
			\$ 388,375
Prior Year:			
Senior Citizens' Deductions:			
Allowed by Tax Collector	Above	4,750	
Disallowed by Tax Collector	Above	(1,625)	
Veterans' Deductions:			
Allowed by Tax Collector	Above	<u>2,250</u>	
			<u>5,375</u>
	A-6		<u><u>\$ 393,750</u></u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF SEWER OVERPAYMENTS

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 25,509
Increased by:		
Cash Receipts	A-5	<u>14,519</u>
		40,028
Decreased by:		
Cancellations	A-1	<u>13,689</u>
Balance, June 30, 2008	A	<u><u>\$ 26,339</u></u>

SCHEDULE OF DEFERRED CHARGES

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 1,000,000
Decreased by:		
2008 Budget Appropriations:		
Special Emergency Note Payable	A-3	<u>500,000</u>
Balance, June 30, 2008	A	<u><u>\$ 500,000</u></u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 216,244
Increased by:		
Collections	A-5	<u>115,915</u>
		332,159
Decreased by:		
Applied to 2008 Taxes	A-2a, A-6	<u>216,244</u>
Balance, June 30, 2008	A	<u><u>\$ 115,915</u></u>

SCHEDULE OF PROPERTY TAX SUSPENSE

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 348,296
Increased by:		
Cash Receipts	A-5	<u>816,564</u>
		1,164,860
Decreased by:		
Cash Disbursements	A-4	<u>941,525</u>
Balance, June 30, 2008	A	<u><u>\$ 223,335</u></u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

RESERVE FOR TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance, June 30, 2007	A,A-1		\$ 1,700,494
Decreased by:			
Cash Disbursed	A-4	\$ 1,629,055	
Transfer to Tax Overpayments	A-18	66,738	
Transfer to 2008 Taxes	A-6	<u>4,701</u>	
			<u>1,700,494</u>
Balance, June 30, 2008	A,A-1		<u><u>\$ -</u></u>

SCHEDULE OF RESERVE FOR STATE LIBRARY AID

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 157,601
Increased by:			
Cash Receipts	A-4	\$ 162,199	
Transfers from Requisition Payable	A-17	<u>4,751</u>	
			<u>166,950</u>
			324,551
Decreased by:			
Cash Disbursements	A-4	52,340	
Transfers to Requisition Payable	A-17	<u>3,611</u>	
			<u>55,951</u>
Balance, June 30, 2008	A		<u><u>\$ 268,600</u></u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR DEPOSITS ON SALE OF CITY-OWNED PROPERTY

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 1,500
Increased by:		
Cash Receipts	A-4	<u>2,100,000</u>
		2,101,500
Decreased by:		
Cash Disbursements	A-4	<u>2,101,500</u>
Balance, June 30, 2008	A	<u><u>\$ -</u></u>

SCHEDULE OF RESERVE FOR LIBRARY FINES AND DONATIONS

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 26,417
Increased by:		
Cash Receipts	A-4	<u>27,919</u>
Balance, June 30, 2008	A	<u><u>\$ 54,336</u></u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR INSURANCE LIABILITY

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 706,327
Increased by:		
Cash Receipts	A-4	<u>250,651</u>
Balance, June 30, 2008	A	<u><u>\$ 956,978</u></u>

SCHEDULE OF RESERVE FOR STATE TAX APPEALS

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 2,006,020
Increased by:			
Transferred from 2008 Budget Contested Amount of Taxes Which are Pending Appeal: Fiscal Year 2008 Taxes	A-3	\$ 800,000	
	A-2a	<u>1,900,000</u>	
			<u>2,700,000</u>
			4,706,020
Decreased by:			
Transfer to Tax Overpayments	A-18		<u>1,677,407</u>
Balance, June 30, 2008	A		<u><u>\$ 3,028,613</u></u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR PREPARATION OF TAX MAP

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 65,573
Decreased by:		
Cash Disbursements	A-4	<u>12,215</u>
Balance, June 30, 2008	A	<u>\$ 53,358</u>

SCHEDULE OF SPECIAL EMERGENCY NOTE PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 1,000,000
Increased by:		
Cash Receipts	A-4	<u>500,000</u> 1,500,000
Decreased by:		
Cash Disbursements	A-4	<u>1,000,000</u>
Balance, June 30, 2008	Below	<u>\$ 500,000</u>
Tax Maps	A	<u>500,000</u>
	Above	<u>\$ 500,000</u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Increased by:		
Levy School Year	A-1, A-2a, A-6	\$ 36,391,256
Decreased by:		
Cash Disbursements	A-4	<u>36,391,256</u>
Balance, June 30, 2008		<u><u>\$ -</u></u>

EXHIBIT A-34

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>	
Increased by:		
County Taxes	A-1, A-6	\$ 37,105,681
County Open Space Taxes	A-1, A-6	797,389
Added Taxes	A-1, A-6	<u>110,772</u>
	A-2a	\$ 38,013,842
Decreased by:		
Cash Disbursements	A-4	<u>38,013,842</u>
Balance, June 30, 2008		<u><u>\$ -</u></u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR REVALUATION

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 753,966
Decreased by:		
Cash Disbursements	A-4	<u>55,440</u>
Balance, June 30, 2008	A	<u>\$ 698,526</u>

SCHEDULE OF RESERVE FOR CONTESTED FORFEITURE FUNDS

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 471,301
Decreased by:		
Cash Disbursements	A-4	<u>3,360</u>
Balance, June 30, 2008	A	<u>\$ 467,941</u>

**THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE RESERVE FOR ABC LICENSE SURCHARGE

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 37,800
Increased by:		
Cash Receipts	A-4	<u>28,800</u>
Balance, June 30, 2008	A	<u><u>\$ 66,600</u></u>

SUPPLEMENTARY DATA - FEDERAL AND STATE GRANT FUND

**THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 21,198,356
Increased by:			
Revenue Anticipated	A-42		<u>17,341,305</u>
			38,539,661
Decreased by:			
Cash Receipts	A-4	\$ 17,337,185	
Unappropriated Reserves	A-41	18,790	
Appropriated Reserves	A-42	<u>624,172</u>	
			<u>17,980,147</u>
Balance, June 30, 2008	A		<u><u>\$ 20,559,514</u></u>

Analysis of Balance

Balanced Housing -			
Kiwi			\$ 110,233
Barclay Street Viaduct Design Phase			2
Bioterrorism Grant 2008			187,861
Brownfield Pilot Project			61,009
Byrne Memorial Justice Assistance 2005			21,797
Byrne Memorial Justice Assistance 2006			112,184
Byrne Memorial Justice Assistance 2007			187,875
CDBG - Riverside Vets Senior Nutrition Center			175,634
Childhood Lead Poisoning Control 2008			130,825
Childhood Immunization 2008			50,757
FEMA Flood Grant			2,852
FEMA Flood Grant-Federal			8,637
FEMA Assistance to Firefighters 2007			421,640
G.R.E.A.T Grant			10,379
Hazardous Discharge Site Remediation Apollo Dye House			1,720,855
Hazardous Discharge Site Remediation Colombia Textile			69,670
Hazardous Discharge Site Remediation Addy Mill			30,432
HIV Testing 2008			45,007

**THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Analysis of Balance (Continued)

Lead Based Paint Abatement in Low & Moderate Income Housing	19,292
Life Hazard Use Fees - LEA Rebate 2008	158,394
Minority Aids Initiative Program 2008	287,493
Municipal Stormwater Regulation Program	10,310
NJ Department of Transportation - Spruce - McBride Intersection	200,000
Passaic County Municipal Alliance 2007	42,800
Passaic County Nutrition Project 2008	196,755
Passaic County Open Space Improvements Mary Ellen Kramer Prk Phase I	125,000
Passaic County Open Space Improvements Mary Ellen Kramer Prk Phase II	125,000
Passaic County Open Space Improvements Mary Ellen Kramer Prk Phase III	50,000
Passaic County Open Space Improvements Pennington Park Improvement	125,000
Passaic County Open Space Overlook Park Improvements	150,000
Passaic County Open Space Buckley Park Improvement	55,000
Passaic County Open Space Westside Park	62,000
Pedestrian Safety Grant 2008	22,000
Public Archives & Records Infrastructure Supplement (PARIS) 2008	42,000
Public Health Priority Funding 2008	76,408
Public Library Improvement	250,000
Recreation Opportunities Individuals with Disabilities 2007	4,460
Ryan White HIV Program 2008	3,109,980
Ryan White HIV Program 2007	519,200
Safe Streets to School	100,000
Safe & Secure Communities 2006	3,671,205
Safe Neighborhoods 2008	30,936
Senior Citizen & Disabled Resident Transportation 2008	396,854
Sexually Transmitted Disease 2008	30,802
SPNS Grant 2008	400,000
Statewide Livable Comm Local Library Aid Grant	90,000
Statewide Livable Comm Public Safety Complex	190,000
Total Lifestyle Support Program Additional Funding 2008	24,552

**THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Analysis of Balance (Continued)

Tuberculosis Control-Federal Funds 200	85,771
Tuberculosis Control-State Funds 2008	24,523
Urban Enterprise Zone -	
Administration 2008	413,700
Business Improvement Grant Phase II	494,207
Business Improvement Matching Grant Program 2002	200,000
Main St. Improvements Phase I 2004	762,677
Main St Façade Matching Grant	1,497,301
Main St. Amenities Bus Shelters	95,800
Marketing & Business Development Program 2005	116,427
Marketing & Business Development Program 2008	300,000
Revolving Loan Program - Phase II 2003	35,079
Revolving Loan Program - Phase II 2008	2,330,394
Sidewalk Matching Grant - Phase II 2008	35,079
Silk City Trolley 2008	26,692
Small Business Development Center 2008	61,366
Video Surveillance Project	263,500
Village Initiative Youth Job Training	14,141
	<hr/>
	<u>\$ 20,559,514</u>

**THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF REQUISITIONS PAYABLE AND ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 3,800,275
Increased by:		
Transfer from Reserve for Federal and State Grants - Appropriated	A-42	4,502,113
		<u>8,302,388</u>
Decreased by:		
Transfer to Reserve for Federal and State Grants - Appropriated	A-42	3,800,275
		<u>3,800,275</u>
Balance, June 30, 2008	A	<u><u>\$ 4,502,113</u></u>

EXHIBIT A-40

SCHEDULE DUE TO CURRENT FUND

	<u>Ref.</u>		
Balance, June 30, 2007	A		\$ 906,391
Increased by:			
Cash Receipts	A-4		17,820,977
			<u>18,727,368</u>
Decreased by:			
Cash Disbursements	A-4	\$ 15,272,566	
Local Match	A-42	<u>3,454,802</u>	
			<u>18,727,368</u>
Balance, June 30, 2008	A		<u><u>\$ -</u></u>

**THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS -
UNAPPROPRIATED**

	<u>Ref.</u>	
Balance, June 30, 2007	A	\$ 18,790
Increased by:		
Cash Receipts	A-4	94,257
		<u>113,047</u>
Decreased by:		
Revenue Applied to Federal and State Grants Receivable	A-38	18,790
		<u>18,790</u>
Balance, June 30, 2008	A	<u><u>\$ 94,257</u></u>

Analysis of Unappropriated

Law Enforcement Officers Training and Equipment 2009	\$ 19,025
New Jersey State Police UASI Rescue Training Reimbursements	<u>75,232</u>
	<u><u>\$ 94,257</u></u>

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2007			June 30, 2008				
	Balance	Encumbered	Adjusted Balance	2008 Grant	Expenditures	Encumbered	Cancelled	Balance
NJ Department of Commerce and Economic Development -								
Urban Enterprise Zone -								
Administration 2008	\$ -	\$ -	\$ -	\$ 658,208	\$ 400,831	\$ 22,792	\$ -	\$ 257,377
Administration 2007	264,046	19,533	283,579	-	80,816	-	202,763	-
Main Street Amenities - Bus Shelters	95,800	-	95,800	-	-	-	-	95,800
Business Improvement Matching Grant 2002	505	-	505	-	-	-	505	-
Business Improvement Matching Grant 2006	365,791	147,879	513,670	-	187,884	72,777	24,730	228,279
Main Street Façade Matching	973,213	494,513	1,467,726	-	55,533	452,753	-	959,440
Main Street Improvement Program - Phase I	909,500	61,088	970,588	-	207,910	145,503	-	617,175
Market, Broadway, Memorial & Ellison Street Lighting	1	519,369	519,370	-	519,370	41,102	-	50,463
Marketing and Business Development Program	141,855	16,351	158,206	-	66,641	-	-	300,000
Marketing and Business Development Program Phase II				300,000				
Revolving Loan Program / Phase II	1,090,950	-	1,090,950	-	1,090,950	-	-	1,980,394
Revolving Loan Program / Phase III	325,000	-	325,000	2,500,000	519,606	-	-	-
St. Joseph's Hospital Center Pocket Park	275,000	-	275,000	-	325,000	-	-	-
Zone Amenities - Receptacles	110	875,000	875,110	124,890	275,000	138,500	-	125,000
Video Surveillance Project	19,111	6,000	25,111	-	736,500	5,500	-	846
Sidewalk Matching Grant / Phase II				200,000	18,765	16,500	-	183,500
Sidewalk Matching Grant / Phase III				-	25,354	-	-	-
Small Business Development Center Year 8		28,139	28,139	110,000	75,987	34,013	-	-
Small Business Development Center Year 9				43,295	16,602	26,693	-	-
Silk City Trolley				-	-	-	31,152	-
Small Farmers Market Revitalization Program	31,152	-	31,152	-	-	41,290	-	-
Local Tourism Grant - Passaic Falls Overlook Park		41,290	41,290	-	-	59,669	-	-
Hazardous Discharge Site Remediation Addy Mill				102,857	12,756	16,613	-	30,432
Hazardous Discharge Site Remediation Leader Dye				-	8,861	-	-	-
	4,492,034	2,234,636	6,726,670	4,039,250	4,624,366	1,073,705	261,935	4,828,706
NJ Department of Community Affairs -								
Fire Safety Life Hazard Use Fees 2006	383	-	383	-	383	-	-	-
Fire Safety Life Hazard Use Fees 2007	101,247	18,292	119,539	25,683	144,926	296	-	-
Fire Safety Life Hazard Use Fees 2008				263,474	191,148	9,802	-	62,524
Lead Based Paint Abatement in Low and Moderate Income Housing				-	-	-	259,125	-
Neighborhood Preservation Balanced Housing Program - Kiwi	271,723	214	271,937	-	12,812	-	-	-
Rising Dove	110,233	-	110,233	-	-	-	-	110,233
Public Library Improvement	73,500	-	73,500	500,000	73,500	60,214	-	439,786
Recreational Opportunities Individuals with Disabilities 2003	936	-	936	-	-	-	936	-
Recreational Opportunities Individuals with Disabilities 2006	6,897	-	6,897	-	2,667	-	34	4,196

**THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2007		Adjusted Balance	2008 Grant	June 30, 2008			Balance
	Balance	Encumbered			Expenditures	Encumbered	Cancelled	
NJ Department of Community Affairs (Continued) -								
Statewide Livable Communities -								
Local Library Aid Grant 2006	\$ 84,750	\$ 300	85,050	\$ -	\$ 64,410	\$ 20,640	\$ -	\$ 141,575
Facility Improvement Public Safety Complex	152,000	14,250	166,250		2,850	21,825		
Demolition and Remediation Grant		276,777	276,777		276,777			
Passed through the County of Passaic:								
Municipal Alliance 2006	25,405		25,405				25,405	
Municipal Alliance 2007	39,507		39,507		5,070			34,437
	866,581	309,833	1,176,414	789,157	774,543	112,777	285,500	176,012
NJ Department of Environmental Protection -								
Clean Communities 2003	17,741		17,741			17,741		
Clean Communities 2004	37,210		37,210				37,210	
Clean Communities 2006	25,007	10,888	35,895		28,717	6,359		819
Clean Communities 2007	111,346		111,346	116,458	47,240	10,644		53,462
Clean Communities 2008					3,164			116,458
Municipal Storm Water Regulation Program 2005	19,839		19,839					16,675
Municipal Storm Water Regulation Program 2006	20,619		20,619					20,619
Recycling Tonnage Grant 2006				50,314				50,314
Recycling Tonnage Grant 2007	54,360	1,271	55,631		17,661	2,013		35,957
Statewide Livable Communities Grant	158,983		158,983			1		158,982
Renovation of Eastside Park	445,105	12,159	457,264	166,772	96,782	36,758	37,210	453,286
NJ Department of State -								
Public Archives & Records Infrastructure				84,000				84,000
Support Grant (PARIS) 2007								
Public Archives & Records Infrastructure		12,629	12,629			12,629		
Support Grant (PARIS) 2006		12,629	12,629	84,000		12,629		84,000
NJ Department of Treasury -								
911 Equipment				864,257		864,242		15
911 General Assistance 2007				137,855		137,855		
911 General Assistance 2008				137,855				137,855
Upgrades Public Safety Communications Systems	225,000		225,000		16,500	208,433		67
	225,000		225,000	1,139,967	16,500	1,210,530		137,937

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2007			June 30, 2008				
	Balance	Encumbered	Adjusted Balance	Grant	Expenditures	Encumbered	Cancelled	Balance
NJ Department of Health and Human Services -	\$ 9,033	\$ -	\$ 9,033	\$ -	\$ -	\$ -	\$ -	\$ 9,033
School Based Youth Services Program 2004	73,981	60,111	134,092		133,480			612
School Based Youth Services Program 2007				297,854	275,084	5,838		16,932
School Based Youth Services Program - 2008					14,580			
21st Century Grant 2002	14,580		14,580					
Total Lifestyle Support Program Additional Funding 2005	364		364					364
Total Lifestyle Support Program Additional Funding 2008				49,111	49,111			
Total Lifestyle Support Program 2007				84,922	60,646			24,276
Minority Aids Initiative Program				287,493	71,737	175		215,581
Special Project of National Significance				400,000	188,615	159,949		51,436
Teen Parenting Program 2007	6,000	54,544	60,544		54,544			6,000
Teen Parenting Program 2008				82,386	62,340	18,829		1,217
Bioterrorism Preparedness 2008				341,698	243,204	10,015		88,479
Childhood Lead Poisoning 2008	17,493	38,842	56,335		56,335			
HIV Counseling, Testing & Referral 2008				346,000	315,088	9,989		20,923
HIV Counseling, Testing & Referral 2007	11,818	1,415	13,233		111,049	55		1,584
Public Health Priority Funding 2007	63,041		63,041	27,062	40,295			
Public Health Priority Funding 2008				152,816	61,446			1,595
Sexually Transmitted Disease Control 2007	15,673	174	15,847		63,094	20,800		68,922
Sexually Transmitted Disease Control 2008				82,020	15,847	1,482		4,962
Tuberculosis Control 2007	9,523	3,460	12,983		75,576			
Tuberculosis Control 2008				209,599	173,140	28,904		7,555
Pateron Community Health Center -								
Bioterrorism Emergency Response	20,782		20,782					
Bioterrorism Emergency Response	128,356	22,887	151,243		150,568	675		20,782
Passed through County of Passaic:								
Senior Citizen/Disabled Transportation Program 2008				396,854		396,854		
Senior Citizen/Disabled Transportation Program 2007	295,189		295,189		295,189			
Father and Son Program	1,314		1,314					1,314
Lifestyle Support Program 2005	24,184		24,184					24,184
Lifestyle Support Program 2006	39,962		39,962					39,962
Parenting Program	3,300		3,300				3,300	
	734,593	181,433	916,026	2,870,503	2,523,951	653,565	3,300	605,713

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2007			June 30, 2008				
	Balance	Encumbered	Adjusted Balance	2008 Grant	Expenditures	Encumbered	Cancelled	Balance
NJ Department of Law and Public Safety -								
Body Armor Replacement Fund 2005	\$ -	\$ 26,570	\$ 26,570	\$ -	\$ 26,570	\$ -	\$ -	\$ -
Body Armor Replacement Fund 2006	37,137		37,137		3,031	34,106		
Body Armor Replacement Fund 2007	42,636		42,636	54,359	26,570	64,350		6,075
DWI Surcharge 2005	383		383		383			
DWI Surcharge 2007	19,645		19,645		14,828			4,817
DWI Surcharge 2008				35,456	14,550			35,456
Pedestrian Safety Grant 2008				22,000	695,169			7,450
Safe & Secure Communities Program 2008						282		497
Community Emergency Response Team Trailers	767	12	779	4,000	4,000			18,790
Speed/Aggressive Driving Pilot Enforcement				18,790	41,629			58
Law Enforcement Officers Training Equipment Fund	41,687		41,687	543,530	462,836			80,694
UASI Rescue Training Reimbursement Funds 2007								2,500
FEMA Flood Grant	2,500		2,500	10,000	10,000			
Emergency Management Assistance Funding 2006		138,000	138,000		138,000			
Emergency Management Assistance Funding 2008		164,582	309,337	1,383,304	1,437,566	98,738		156,337
Enhanced 911 2006	144,755							
NJ Department of Transportation -								
Barclay Street Viaduct Design Phase	175,000	8,881	183,881		7,882	999		175,000
Spruce-McBride Avenue Intersection	100,000		100,000			100,000		
Safe Streets to School	275,000	8,881	283,881		7,882	100,999		175,000
NJ Administrative Department of Courts -								
Alcohol Education and Rehabilitation 2007	3,287		3,287					3,287
	3,287		3,287					3,287
NJ Economic Development Corporation -								
Hazardous Discharge Site Remediation -				122,012		110,920		11,092
Process Discharge Site - Columbia Textile				1,720,855				1,720,855
Process Discharge Site - Apollo Dye House		2,500	2,500			2,500		
Process Discharge Site - NJ Transit		11,592	11,592	641,996	11,092	500		
Process Discharge Site Investigation - ATP		3,250	3,250		61,598	580,398		
Zerga Totowa Avenue Project				5,500	3,250	3,750		
Process Discharge Site Investigation - 34-50 Spruce St		17,342	17,342	2,490,363	77,690	698,068		1,731,947

**THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2007			June 30, 2008			
	Balance	Encumbered	Adjusted Balance	2008 Grant	Encumbered	Cancelled	Balance
NJ State Library -							
Digital Highway Museum Grant	\$ 2,866	-	\$ 2,866	\$ -	-	-	\$ 2,866
	<u>2,866</u>	<u>-</u>	<u>2,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,866</u>
Other -							
Passaic County Cultural & Heritage Museum Grant	960		960				960
Pennington Park Improvements	125,000		125,000				125,000
Buckley Park Improvement	5,350	49,650	55,000		49,650		5,350
M.E. Kramer Pk	52,400	26,356	78,756		1		78,755
M.E. Kramer Pk Phase 2	125,000		125,000				125,000
M.E. Kramer Pk Phase 3				50,000			50,000
Westside Park	143,059		143,059	62,000	36,463		25,537
Overlook Park Improvements							143,059
Passaic County Board of Social Services -							
Childhood Immunization 2006	19,272	2,364	19,272	43,250	19,272		-
Childhood Immunization 2007	59		2,423	67,676	45,673		-
Childhood Immunization 2008					25,067	2,465	40,144
Multi-Narcotics Task Force				9,849			9,849
Cablevision Cable Studio Grant				137,816			137,816
Museum Brochure Grant Donald Baer				1,000			1,000
Paterson Museum Mineral Hall Collection Donations	10,000		10,000				10,000
Paterson School District -							
Recreation Basketball League 2003	5,100		5,100			5,100	-
Recreation Basketball League 2005	33		33			33	-
Recreation Basketball League 2006	44		44				44
Recreation Basketball League 2007				70,720	5,444		-
Paterson Restoration Corporation Graffiti Program	4,250		4,250				4,250
Passaic County Community College -							
City of Passaic Byrne Memorial Justice Assistance	25,795	11,880	37,675		3,360		6,530
NJ Redevelopment Authority -							
95-113 Cliff St. Demolition		9,972	9,972		9,972		-
Cablevision Public Education and Government Access Grant	82,980		82,980		2,452		77,840
MRC Health Officers Grants	1,436		1,436				7,548
Hannah Family Memorial Grant	184		184				1,436
FM Global Insurance Fire Grant	600,922	100,222	701,144	452,311	23,878	5,133	850,118
	<u>7,790,143</u>	<u>3,041,717</u>	<u>10,831,860</u>	<u>13,415,627</u>	<u>4,021,647</u>	<u>593,078</u>	<u>9,613,819</u>
Total State							

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2007		Adjusted Balance	2008 Grant	June 30, 2008			
	Balance	Encumbered			Expenditures	Encumbered	Cancelled	Balance
US Department of Agriculture -								
Nutrition Project 2006	\$ 10	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -
Nutrition Project 2007	63,615	80,896	144,511	196,755	143,696	815	44,022	-
Nutrition Project 2008	63,625	80,896	144,521	196,755	105,393	47,340	44,022	-
					249,089	48,155		
US Department of Health and Human Services -								
Ryan White HIV Emergency Relief 2006	320,785	8,278	329,063		305,165		23,898	
Ryan White HIV Emergency Relief 2007	3,241,543	90,000	3,331,543	3,496,095	2,812,343	31,242	487,958	
Ryan White HIV Emergency Relief 2008				108,792	386,115	142,812	2,967,168	
Tuberculosis Control Federal Grant 2008	58,988	7,334	66,322		49,582	12,227	46,983	
Tuberculosis Control Federal Grant 2007	3,621,316	105,612	3,726,928	3,604,887	66,322	186,281	3,502,109	
					3,619,527	23,898		
US Department of Opportunity Initiative -								
National Preservation Section -	6,750	-	6,750	-	-	-	6,750	-
Urban History Initiative Grant	6,750	-	6,750	-	-	-	6,750	-
US Department of Justice -								
Bulletproof Vest Program 2006	506	6,529	7,035	1,284,318	6,529		506	
COPS Universal Hiring Program 2003	1,944	5,563	1,944		1,047,154		239,108	
Local Law Enforcement Block Grant Year 10	1,588		7,151		6,313		838	
Local Law Enforcement Block Grant Year 11	20,039		20,039				20,039	
NJ Juvenile Justice Center -				112,184			112,184	
Byrne Memorial Justice Assistance 2006				187,875			187,875	
Byrne Memorial Justice Assistance 2007	445		445					445
Juvenile Justice Village Initiative 2005				11,532	8,401	13	3,118	
Juvenile Justice Accountability	26,392		26,392	10,592	34,584		2,400	
Juvenile Village Initiative Youth Job Training Component				41,262	15,534		25,728	
Paterson Safe Neighborhoods	50,914	12,092	63,006	1,647,763	1,118,515	13	591,796	
US Department of Environmental Protection -								
Brownfield Pilot Project	2,703	58,306	61,009		10,075	48,231	2,703	
	2,703	58,306	61,009		10,075	48,231	2,703	
US Federal Emergency Management Agency -								
Assistance to Firefighters Grant 2007				527,050			527,050	
				527,050			527,050	

**THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2007			June 30, 2008			Balance	
	Balance	Encumbered	Adjusted Balance	2008 Grant	Expenditures	Encumbered		Cancelled
US Department of Housing and Urban Development - Pass through the City of New York - Housing Opportunities for Persons with AIDS 2004 Community Development Block Grant - Riverside Yets Senior Nutrition Center Lead Based Paint Testing	\$ 18,115	\$ 501,652	519,767	\$ -	\$ 518,312	\$ -	\$ -	\$ 1,455
	198,000	-	198,000	30,000	22,366	12,453	-	175,634
	<u>216,115</u>	<u>501,652</u>	<u>717,767</u>	<u>30,000</u>	<u>555,819</u>	<u>12,453</u>	<u>-</u>	<u>179,495</u>
US Department of Homeland Security S.A.F.E.R. Grant	4,719,283	-	4,719,283	4,956,045	2,619,685	185,332	-	6,870,311
	<u>4,719,283</u>	<u>-</u>	<u>4,719,283</u>	<u>4,956,045</u>	<u>2,619,685</u>	<u>185,332</u>	<u>-</u>	<u>6,870,311</u>
Total Federal	8,680,706	758,558	9,439,264	10,962,500	8,172,710	480,465	31,093	11,717,486
	<u>\$ 16,470,849</u>	<u>\$ 3,800,275</u>	<u>\$ 20,271,124</u>	<u>\$ 20,796,106</u>	<u>\$ 18,006,316</u>	<u>\$ 4,502,112</u>	<u>\$ 624,171</u>	<u>\$ 1,734,627</u>
Ref.	A	A-39		Below	A-4	A-39	A-38	A
Grants Receivable				\$ 17,341,305				
Local Match				3,454,802				
Above				<u>\$ 20,796,107</u>				

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF DUE TO STATE OF NEW JERSEY
GRANTS OVERPAYMENTS

	<u>Ref.</u>	
Balance, June 30, 2007	A	<u>\$ 2,051</u>
Balance, June 30, 2008	A	<u><u>\$ 2,051</u></u>

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SUPPLEMENTARY DATA - TRUST FUNDS

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - TREASURER

	Ref.	Total	Animal Control	Community Development	Trust Other
Balance, June 30, 2007	B	\$ 15,717,541	\$ 67,194	\$ 10,262,235	\$ 5,388,112
Increased by Receipts:					
Interest Earned:					
Trust Other	B-1	77,758			77,758
Various Grants	B-24	249,987		249,987	
Grants Receivable	B-4	7,265,729		7,265,729	
Due to State of New Jersey	B-5	4,123	4,123		
Reserve for Off Duty Police Officers	B-6	3,827,343			3,827,343
Reserve for Off Duty Police Officers	B-7	526,039			526,039
Due to Special Improvement Districts	B-10	559,164			559,164
Reserve for Animal Control Expenditures	B-11	293,583	293,583		
Parking Offense Adjudication Act	B-14	72,868			72,868
Weights and Measures	B-15	23,152			23,152
Reserve for Public Defender Fees	B-16	37,036			37,036
Reserve for Family Self-Sufficient Escrow	B-17	1,253		1,253	
Other Deposits	B-18	11,128,164			11,128,164
Overpayments Received	B-19	3,216			3,216
Prepaid Revenue	B-21	28,312			28,312
Reserve for Payroll Agency	B-23	55,024,564			55,024,564
Reserve for Various Grants	B-24	53,959		53,959	
		<u>79,176,250</u>	<u>297,706</u>	<u>7,570,928</u>	<u>71,307,616</u>
		<u>94,893,791</u>	<u>364,900</u>	<u>17,833,163</u>	<u>76,695,728</u>
Decreased by Disbursements:					
Fund Balance	B-1	35,700			35,700
Due to State of New Jersey	B-5	4,119	4,119		
Reserve for Off Duty Police Officers	B-6	3,669,808			3,669,808
Transfer to Administration	B-6	1,315			1,315
Reserve for Admin-Off Duty Police Officers	B-7	627,175			627,175
Due to Special Improvement Districts	B-10	659,435			659,435
Other Deposits	B-18	12,322,100			12,322,100
Reserve for Payroll Agency	B-23	54,946,755			54,946,755
Grant Expenditures	B-24	7,453,681		7,453,681	
Due to Current	B-25	371,199	236,989		134,210
		<u>80,091,287</u>	<u>241,108</u>	<u>7,453,681</u>	<u>72,396,498</u>
Balance, June 30, 2008	B	<u>\$ 14,802,504</u>	<u>\$ 123,792</u>	<u>\$ 10,379,482</u>	<u>\$ 4,299,230</u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF TAXES RECEIVABLE - SPECIAL IMPROVEMENT DISTRICTS

	<u>Ref.</u>	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance, June 30, 2007	B	\$ 557	\$ 7	\$ 550
Increased by:				
Billings	B-22	551,006	201,000	350,006
		<u>551,563</u>	<u>201,007</u>	<u>350,556</u>
Decreased by:				
Transferred to Lien	B-20	2,664	2,664	-
Prepaid Revenue Applied	B-21	31,385	10,708	20,677
Realized Revenue	B-22	516,864	187,548	329,316
Cancellations	B-22	93	80	13
		<u>551,006</u>	<u>201,000</u>	<u>350,006</u>
Balance, June 30, 2008	B	<u>\$ 557</u>	<u>\$ 7</u>	<u>\$ 550</u>

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF GRANTS RECEIVABLE

Ref.	Total	Community Development Block Grant	Emergency Shelter Grant	Housing Opportunities with Aids	Sheltering Arms	HUD Home Program
Balance, June 30, 2007	\$ 16,746,758	\$ 3,996,122	\$ 148,214	\$ 3,904,576	\$ 1,041,866	\$ 7,655,980
Increased by:						
Grant Awards	6,552,527	2,937,671	125,908	1,250,000	-	2,238,948
	<u>23,299,285</u>	<u>6,933,793</u>	<u>274,122</u>	<u>5,154,576</u>	<u>1,041,866</u>	<u>9,894,928</u>
Decreased by:						
Cash Receipts	7,265,729	2,369,526	114,135	1,880,039	226,880	2,675,149
Balance, June 30, 2008	\$ 16,033,556	\$ 4,564,267	\$ 159,987	\$ 3,274,537	\$ 814,986	\$ 7,219,779

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

	<u>Ref.</u>	
Balance, June 30, 2007	B	\$ 105
Increased by:		
Fees Collected	B-2	4,123
		<u>4,228</u>
Decreased by:		
Cash Disbursements	B-2	4,119
		<u>4,119</u>
Balance, June 30, 2008	B	<u>\$ 109</u>

SCHEDULE OF RESERVE FOR OFF-DUTY POLICE OFFICERS

	<u>Ref.</u>	
Balance, June 30, 2007	B	\$ 151,257
Increased by:		
Cash Receipts	B-2	3,827,343
		<u>3,978,600</u>
Decreased by:		
Cash Disbursements-Current Fund for Off-Duty Salaries	B-2	3,669,808
		<u>3,669,808</u>
Balance, June 30, 2008	B	<u>\$ 308,792</u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR ADMINISTRATION OFF-DUTY POLICE OFFICERS

	<u>Ref.</u>	
Balance, June 30, 2007	B	\$ 105,921
Increased by:		
Transfer from Reserve for Off-Duty Police Officers	B-2	<u>526,039</u>
		631,960
Decreased by:		
Cash Disbursements-Current Fund for Administration Off-Duty Salaries	B-2	<u>627,175</u>
Balance, June 30, 2008	B	<u>\$ 4,785</u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF DUE FROM MUNICIPAL UTILITY AUTHORITY

	<u>Ref.</u>	
Balance, June 30, 2007	B	<u>\$ 3,199,181</u>
Balance, June 30, 2008	B	<u><u>\$ 3,199,181</u></u>

SCHEDULE OF RESERVE FOR MUNICIPAL UTILITY AUTHORITY RECEIVABLE

	<u>Ref.</u>	
Balance, June 30, 2007	B	<u>\$ 3,199,181</u>
Balance, June 30, 2008	B	<u><u>\$ 3,199,181</u></u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF DUE TO SPECIAL IMPROVEMENT DISTRICTS

	<u>Ref.</u>	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance, June 30, 2007	B	\$ 100,157	\$ 15,565	\$ 84,592
Increased by:				
Cash Receipts	B-2	559,164	192,969	366,195
Prepaid Applied	B-22	31,385	10,708	20,677
		<u>590,549</u>	<u>203,677</u>	<u>386,872</u>
		<u>690,706</u>	<u>219,242</u>	<u>471,464</u>
Decreased by:				
Cash Disbursements	B-2	659,435	215,327	444,108
		<u>659,435</u>	<u>215,327</u>	<u>444,108</u>
Balance, June 30, 2008	B	<u>\$ 31,271</u>	<u>\$ 3,915</u>	<u>\$ 27,356</u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

	<u>Ref.</u>	
Balance, June 30, 2007	B	\$ 67,089
Increased by:		
Cash Receipts	B-2	<u>293,583</u>
		360,672
Decreased by:		
Expenditures under R.S. 4:19-15. 11	B-25	<u>236,989</u>
Balance, June 30, 2008	B	<u><u>\$ 123,683</u></u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF REDEVELOPMENT/CDBG HELD PROPERTY

	<u>Ref.</u>	
Balance, June 30, 2007	B	<u>\$ 210,930</u>
Balance, June 30, 2008	B	<u>\$ 210,930</u>

SCHEDULE OF RESERVE FOR REDEVELOPMENT/CDBG HELD PROPERTY

	<u>Ref.</u>	
Balance, June 30, 2007	B	<u>\$ 210,930</u>
Balance, June 30, 2008	B	<u>\$ 210,930</u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR PARKING OFFENSE ADJUDICATION ACT

	<u>Ref.</u>	
Balance, June 30, 2007	B	\$ 77,708
Increased by:		
Fees Collected		\$ 70,567
Interest		<u>2,301</u>
	B-2	<u>72,868</u>
		150,576
Decreased by:		
Due from Current Fund	B-25	<u>59,704</u>
Balance, June 30, 2008	B	<u><u>\$ 90,872</u></u>

SCHEDULE OF RESERVE FOR WEIGHTS AND MEASURES

	<u>Ref.</u>	
Balance, June 30, 2007	B	\$ 100,702
Increased by:		
Fees Collected	B-2	<u>23,152</u>
		123,854
Decreased by:		
Due to Current Fund	B-25	<u>41,084</u>
Balance, June 30, 2008	B	<u><u>\$ 82,770</u></u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEES

	<u>Ref.</u>		
Balance, June 30, 2007	B		\$ 2,750
Increased by:			
Interest Earned		\$ 23	
Fees Collected		<u>37,013</u>	
	B-2		<u>37,036</u>
			39,786
Decreased by:			
Due to Current Fund	B-25		<u>33,422</u>
Balance, June 30, 2008	B		<u><u>\$ 6,364</u></u>

SCHEDULE OF RESERVE FOR FAMILY SELF-SUFFICIENCY ESCROW

	<u>Ref.</u>		
Balance, June 30, 2007	B		\$ 87,215
Increased by:			
Interest Earned	B-2		<u>1,253</u>
Balance, June 30, 2008	B		<u><u>\$ 88,468</u></u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF RESERVE FOR OTHER DEPOSITS

	Balance June 30, 2007	Increase	Decrease	Balance June 30, 2008
Street Opening Deposits	\$ 20,400	\$ 8,000	\$ 12,950	\$ 15,450
Bid Deposits	87,466	71,843	86,724	72,585
Dumpster Deposits	18,100	14,500	19,200	13,400
Fire Insurance	30,751		-	30,751
Sewerage Connections Facilities	103		-	103
Park and Recreation Deposits	8,550	2,500	-	11,050
Tax Lien Certificates	45,658		-	45,658
Franklin Reward	15,100		15,100	-
Donation: Peru Earthquake		4,728	4,728	-
Home Depot Engineering	5,000		-	5,000
Tax Sale Premium	3,409,990	927,600	2,216,190	2,121,400
Reserve for Remedial Escrow	3,000		-	3,000
Historic Preservation Fund	746	3,100	2,458	1,388
Veola Host Community Benefit Rebate Agreement	-	113,931	-	113,931
Special Recreation Fund	2,386		-	2,386
Reserve for ATP Site Escrow	36,921	841	-	37,762
Developers Escrow Account	167	11,780	11,780	167
Developers Agreement	2,000	4,000	6,000	-
Developer's Bond Monuments	1,000	-	-	1,000
Estate of John Burhams	1,627	879	175	2,331
Koar George	93,040	3,067	2,750	93,357
Vending Commission Confiscated	131	-	131	-
Reserve for Tax Sale Redemption	-	9,961,395	9,961,395	-
Going out of Business	500	-	500	-
	<u>\$ 3,782,636</u>	<u>\$ 11,128,164</u>	<u>\$ 12,340,081</u>	<u>\$ 2,570,719</u>
	Ref.	B	B-2	Below
Fund Balance - Cancellations	B-1			\$ 17,981
Cash Disbursements	B-2			<u>12,322,100</u>
	Above			<u>\$ 12,340,081</u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

	<u>Ref.</u>	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance, June 30, 2007	B	\$ 1,315	\$ 441	\$ 874
Increased by:				
Cash Receipts	B-2	3,216	3,216	-
		<u>4,531</u>	<u>3,657</u>	<u>874</u>
Decreased by:				
Due to Special Improvement Districts	B-2	1,315	441	874
		<u>1,315</u>	<u>441</u>	<u>874</u>
Balance, June 30, 2008	B	<u>\$ 3,216</u>	<u>\$ 3,216</u>	<u>\$ -</u>

**SCHEDULE OF TAX TITLE LIENS RECEIVABLE -
SPECIAL IMPROVEMENT DISTRICTS**

	<u>Ref.</u>	<u>Total</u>	<u>Bunker Hill</u>	<u>Downtown Paterson</u>
Balance, June 30, 2007	B	\$ 8,473	\$ 508	\$ 7,965
Increased by:				
Transferred from 2006 Taxes	B-3	2,664	2,664	
Costs Reimbursements	B-22	134	134	
		<u>2,798</u>	<u>2,798</u>	<u>-</u>
		<u>11,271</u>	<u>3,306</u>	<u>7,965</u>
Decreased by:				
Realized Revenue	B-22	1,353	68	1,285
		<u>1,353</u>	<u>68</u>	<u>1,285</u>
Balance, June 30, 2008	B	<u>\$ 9,918</u>	<u>\$ 3,238</u>	<u>\$ 6,680</u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance, June 30, 2007	B	\$ 31,385	\$ 10,708	\$ 20,677
Increased by:				
Cash Receipts	B-2	28,312	13,360	14,952
		<u>59,697</u>	<u>24,068</u>	<u>35,629</u>
Decreased by:				
Applied to Receivable	B-3	31,385	10,708	20,677
Balance, June 30, 2008	B	<u>\$ 28,312</u>	<u>\$ 13,360</u>	<u>\$ 14,952</u>

EXHIBIT B-22

**SCHEDULE OF RESERVE FOR TAXES RECEIVABLE -
SPECIAL IMPROVEMENT DISTRICTS**

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance, June 30, 2007	B	\$ 9,030	\$ 515	\$ 8,515
Increased by:				
Billings	B-3	551,006	201,000	350,006
Costs Reimbursements	B-20	134	134	-
		<u>551,140</u>	<u>201,134</u>	<u>350,006</u>
		<u>560,170</u>	<u>201,649</u>	<u>358,521</u>
Decreased by:				
Realized Revenue:				
Taxes	B-3	516,864	187,548	329,316
Liens	B-20	1,353	68	1,285
Cancelled:				
Billings	B-3	93	80	13
Prepaid Revenue Applied	B-10	31,385	10,708	20,677
		<u>549,695</u>	<u>198,404</u>	<u>351,291</u>
Balance, June 30, 2008	B	<u>\$ 10,475</u>	<u>\$ 3,245</u>	<u>\$ 7,230</u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
SCHEDULE OF RESERVE FOR PAYROLL AGENCY**

	<u>Ref.</u>	
Balance, June 30, 2007	B	\$ 999,939
Increased by:		
Cash Receipts	B-2	<u>55,024,564</u> 56,024,503
Decreased by:		
Cash Disbursements	B-2	<u>54,946,755</u>
Balance, June 30, 2008	B	<u><u>\$ 1,077,748</u></u>

**THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF DUE TO CURRENT FUND

	<u>Ref.</u>		
Increased by:			
Cash Disbursements	B-2		\$ 371,199
Decreased by:			
Cash Receipts			
Dog Fund	B-11	\$ 236,989	
Weights and Measures	B-15	41,084	
Interest Earned	B-25	77,758	
POAA	B-14	59,704	
Public Defender	B-16	<u>33,422</u>	
			<u>448,957</u>
Balance, June 30, 2008			<u><u>\$ 77,758</u></u>

**SCHEDULE OF DUE TO HOUSING AUTHORITY-
STRAIGHT & NARROW**

	<u>Ref.</u>		
Balance, June 30, 2007	B		\$ 47,825
Decreased by:			
Transfer	B-24		<u>4,477</u>
Balance, June 30, 2008	B		<u><u>\$ 43,348</u></u>

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SUPPLEMENTARY DATA - GENERAL CAPITAL FUND

**THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance, June 30, 2007	C		\$ 13,048,782
Increased by:			
Due to Current Fund	C-21	\$ 12,252,587	
State Grant Receivable	C-4	2,029,521	
Federal Grant Receivable	C-5	124,797	
Reserve for Economic Development Loan:			
Interest Earned	C-20	73	
Bond Proceeds Due from			
New Jersey Environmental			
Infrastructure Trust Fund	C-8	<u>601,828</u>	
			<u>15,008,806</u>
			28,057,588
Decreased by:			
Due from Current Fund	C-21		<u>15,804,992</u>
Balance, June 30, 2008	C		<u><u>\$ 12,252,596</u></u>

EXHIBIT C-3

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

ANALYSIS OF CASH

Improvement Authorizations	Balance		Cash		Transfers		Balance June 30, 2008
	June 30, 2007	Receipts	Disbursements	To	From	June 30, 2008	
National Historic Landmark District	\$ 464,318	\$ -	\$ -	\$ -	\$ 163,202	\$ -	\$ 301,116
Combined Sewer Overflow Control Design Project	(852)	-	-	-	-	-	(852)
Various Capital Improvements:							
Acquisition of Equipment	53,286	-	-	-	53,286	-	-
Various Public Works Projects	558,386	-	-	-	-	-	558,386
Acquisition of a Communications Network and Computer Upgrade of Hardware and Software	27,978	-	-	-	18,126	-	9,852
2000 Road Resurfacing Program - D.O.T.	30,997	-	-	-	8,459	-	22,538
Various Capital Improvements:							
Building Improvements	151,792	-	-	-	77,000	-	74,792
Sewer Reconstruction	139,193	-	-	-	17,000	-	122,193
Acquisition of Development Rights - ATP Site	140,857	-	-	-	140,857	-	-
2002 Road Resurfacing Program	1,718,515	-	-	-	286,938	-	1,431,577
Combined Sewer Outflow Phase I	520,923	-	-	-	161,143	-	359,780
Various Capital Improvements-Facilities	7,473,625	-	-	-	3,711,912	-	3,761,713
Combined Sewer Outflow Phase III	1,631,250	-	-	-	397,855	-	1,233,395
Main/Market Street Streetscape Project	7,181	-	-	-	7,181	-	-
2004 Road Resurfacing Program	14,418	-	-	-	3,230	-	11,188
2004 City Road Resurfacing Program	250,000	-	-	-	-	-	250,000
Construction of a Bikeway/Walkway at ATP Site							
Sewer Reconstruction							
2005 Road Resurfacing Program	525,000	-	-	-	525,000	-	-
Combined Sewer Outflow Phase III	(109,201)	-	-	3,592,600	493,976	-	2,989,423
Combined Sewer Outflow Phase III NJ Inf. Trust	1,055,967	-	-	-	5,000	-	(5,000)
Various Park Improvements	40,084	-	-	-	95,478	-	960,489
Various Sewer Reconstruction	1,234,908	-	-	-	28,556	-	11,528
Capital Improvements	400,000	-	-	-	635,571	-	599,337
2006 City Road Resurfacing Program	175,000	-	-	-	394,737	-	5,263
Main/Market Street Streetscape Project	1,497,400	-	-	-	175,000	-	-
Various Sewer Reconstruction	1,940,858	-	-	-	1,237,128	-	260,272
Various Capital Improvements-Equipment					1,637,454		303,404

EXHIBIT C-3

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

ANALYSIS OF CASH

Improvement Authorizations	Balance June 30, 2007	Cash Receipts		Cash Disbursements	Transfers		Balance June 30, 2008
					To	From	
Various Capital Improvements-Facilities	\$ 499,935	\$ -	\$ -	\$ -	\$ 1,164	\$ 498,771	
Various Capital Improvements-Roadways	809,894	-	-	-	1,885	808,009	
Barclay/Marchall Street Signalization	400,000	-	-	-	-	400,000	
Barclay Street Viaduct Project	3,500,000	-	-	-	304,429	3,195,571	
Various Capital Improvements	1,600,583	-	-	-	1,263,936	336,647	
City Road Resurfacing Program		2,100,000	-	2,100,000	488	2,099,512	
Sewer Reconstruction		2,500,000	-	2,500,000	258,116	2,241,884	
Various Capital Improvement-Equipment		39,000	-	39,000	-	39,000	
Various Capital Improvement-Facility		90,000	-	90,000	-	90,000	
Various Capital Improvement-ATP Site Park		1,283,665	-	1,283,665	-	1,283,665	
Various Capital Improvement-Pennington Park		1,400,000	-	1,400,000	-	1,400,000	
<u>Other Accounts</u>							
Fund Balance	32,554				30,000	2,554	
Grants Receivable - State	(8,783,697)	2,029,521		140,857	2,683,665	(9,296,984)	
Grants Receivable - Federal	(633,930)	124,797		152,602	-	(356,531)	
Capital Improvement Fund	169,113			318,000	349,000	138,113	
Reserve for EDA Interest Earned - Municipal	2,284	73		-	2,357	-	
Due Current Fund		12,252,587		8,250,405	4,698,000	-	
Due From New Jersey Environmental Infrastructure Trust Fund	(4,489,837)	601,828		-	-	(3,888,009)	
	<u>\$ 13,048,782</u>	<u>\$ 15,008,806</u>		<u>\$ 15,804,992</u>	<u>\$ 19,867,129</u>	<u>\$ 12,252,596</u>	

Ref. C C-2 C-21 Contra C, C-2

**THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF GRANT FUNDS RECEIVABLE - STATE

	<u>Ref.</u>		
Balance, June 30, 2007	C		\$ 8,783,697
Increased by:			
Improvement Authorizations	C-14		<u>2,683,665</u>
			11,467,362
Decreased by:			
Cash Receipts	C-2	\$ 2,029,521	
Improvement Authorizations Cancelled	C-14	<u>140,857</u>	
			<u>2,170,378</u>
Balance, June 30, 2008	C		<u><u>\$ 9,296,984</u></u>

SCHEDULE OF GRANT FUNDS RECEIVABLE - FEDERAL

	<u>Ref.</u>		
Balance, June 30, 2007	C		\$ 633,930
Decreased by:			
Cash Receipts	C-2	\$ 124,797	
Improvement Authorizations Cancelled	C-14	<u>152,602</u>	
			<u>277,399</u>
Balance, June 30, 2008	C		<u><u>\$ 356,531</u></u>

**THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**SCHEDULE OF DEFERRED CHARGES UNFUNDED - NEW JERSEY DEPARTMENT
OF ENVIRONMENTAL PROTECTION SETTLEMENT**

	<u>Ref.</u>	
Balance, June 30, 2007	C	\$ 293,418
Decreased by:		
New Jersey Department of Environmental Protection Settlement Payable	C-12	<u>41,917</u>
Balance, June 30, 2008	C	<u>\$ 251,501</u>

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

	<u>Ref.</u>		
Balance, June 30, 2007	C		\$ 60,126,656
Decreased by:			
2008 Budget Appropriations to Pay Debt			
General Serial Bonds	C-10	\$ 7,579,600	
Environmental Infrastructure Trust Loan	C-11	704,904	
Green Acres Trust Loan	C-16	97,350	
Demolition Loan	C-17	88,250	
Economic Development Agency Loans:			
Municipal	C-18	22,540	
School	C-19	522,667	
			<u>9,015,311</u>
Balance, June 30, 2008	C		<u>\$ 51,111,345</u>

THE CITY OF PATERSON
 GENERAL CAPITAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

	Ref.	Total	Phase I	Phase II	Phase III
Balance, June 30, 2007	C	\$ 4,489,837	\$ 488,312	\$ 504,725	\$ 3,496,800
Decreased by:					
Cash Receipts	C-2	<u>601,828</u>	<u>13,496</u>	<u>81,348</u>	<u>506,984</u>
Balance, June 30, 2008	C	<u>\$ 3,888,009</u>	<u>\$ 474,816</u>	<u>\$ 423,377</u>	<u>\$ 2,989,816</u>

EXHIBIT C-9

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance June 30, 2007	Authorizations 2008	Balance June 30, 2008	Analysis of Balance June 30, 2008	
					Expenditures	Unexpended Improvement Authorization
98-45	Combined Sewer Overflow: Control Design Project	\$ 852	\$ -	\$ 852	\$ 852	\$ -
02-45	Combined Sewer Outflow Phase I	521		521		521
04-03	Combined Sewer Outflow Phase II	57		57		57
05-05	Combined Sewer Outflow Phase III	18,326,400		18,326,400	5,000	18,321,400
05-06	Various Streets Resurfacing	952,000		952,000	952,000	
06-01	Various Park Improvements	1,237,363		1,237,363	138,437	1,098,926
06-02	Various Sewer Reconstruction	2,152,000		2,152,000	2,140,472	11,528
06-03	Capital Improvements	1,861,000		1,861,000	1,261,663	599,337
06-067	Various Sewer Reconstruction	2,380,000		2,380,000	1,780,663	599,337
07-006	Various Capital Improvements-Equipment	1,877,000		1,877,000	1,573,596	303,404
07-006	Various Capital Improvements-Facilities	476,000		476,000		476,000
07-006	Various Capital Improvements-Roadways	771,000		771,000		771,000
07-023	Various Capital Improvements	1,524,000		1,524,000	1,187,353	336,647
07-050	City Road Resurfacing Program		2,000,000	2,000,000		2,000,000
07-059	Sewer Construction		2,380,000	2,380,000	138,116	2,241,884

EXHIBIT C-9

THE CITY OF PATERSON
 GENERAL CAPITAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance June 30, 2007	Authorizations 2008	Balance June 30, 2008	Analysis of Balance June 30, 2008	
					Expenditures	Unexpended Improvement Authorization
08-020	Various Capital Improvements-Equipment	\$ -	\$ 761,000	\$ 761,000	\$ -	\$ 761,000
08-020	Various Capital Improvements-Facility		1,780,000	1,780,000		1,780,000
08-021	Various Park Improvements-ATP Site Park		783,665	783,665		783,665
08-022	Various Park Improvements-Pennington		1,400,000	1,400,000		1,400,000
		<u>\$ 31,538,193</u>	<u>\$ 9,104,665</u>	<u>\$ 40,662,858</u>	<u>\$ 9,178,152</u>	<u>\$ 31,484,706</u>
	Ref.	C	C-14, C-22	C		C, C-14

THE CITY OF PATERSON
 GENERAL CAPITAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding	Interest Rate %	Balance	
					June 30, 2007	June 30, 2008
			Date	Amount	Decrease	
General Improvement Bonds	06/01/01	\$ 16,374,000	07/15/08	\$ 5,888,000	\$ 5,900,000	\$ 5,888,000
General Obligation Refunding	04/03/03	13,044,671	04/01/09	1,078,015	4.240	
			04/01/10	1,070,542	4.600	
			04/01/11	1,063,811	4.860	
			04/01/12	1,056,089	5.070	
			04/01/13	1,047,753	5.240	
			04/01/14	1,032,151	5.440	
			04/01/15	1,017,145	5.620	
			04/01/16	1,001,640	5.770	
			04/01/17	983,837	5.910	
			04/01/18	100,000	5.650	
			04/01/19	115,000	5.650	
	04/01/20	130,000	5.650			
	04/01/21	145,000	5.650			
				10,920,583	1,079,600	9,840,983
General Improvement Bonds	06/01/05	18,999,000	02/01/09	800,000	3.500	
			02/01/10	2,775,000	3.625	
			02/01/11	2,800,000	3.625	
			02/01/12	2,850,000	3.625	
			02/01/13	2,875,000	3.625	
			02/01/14	2,900,000	3.625	
			02/01/15	2,900,000	3.625	
				18,500,000	600,000	17,900,000
				\$ 41,208,583	\$ 7,579,600	\$ 33,628,983

Ref. C C-7 C

**THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN

	<u>Ref.</u>	
Balance, June 30, 2007	C	\$ 13,560,230
Decreased by:		
Deferred Charges to Future Taxation - Funded	C-7	<u>704,904</u>
Balance, June 30, 2008	C	<u><u>\$ 12,855,326</u></u>

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF NEW JERSEY DEPARTMENT OF ENVIRONMENTAL
PROTECTION SETTLEMENT PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2007	C	\$ 293,418
Decreased by:		
Deferred Charges to Future Taxation - Funded Due From State of New Jersey	C-6	<u>41,917</u>
Balance, June 30, 2008	C	<u>\$ 251,501</u>

THE CITY OF PATERSON
 GENERAL CAPITAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate %	Balance June 30, 2007	Increase	Decrease	Balance June 30, 2008
05-06	Various Streets Resurfacing	06/20/06	06/19/07	06/19/08	3.79%	\$ 952,000	\$ -	\$ 952,000	\$ -
05-06	Various Streets Resurfacing	06/20/06	06/19/08	06/18/09	3.00%		952,000		952,000
06-02	Various Sewer Reconstruction	06/20/06	06/19/07	06/19/08	3.79%	2,152,000		2,152,000	
06-02	Various Sewer Reconstruction	06/20/06	06/19/08	06/18/09	3.00%		2,152,000		2,152,000
06-03	Capital Improvements	06/20/06	06/19/07	06/19/08	3.79%	1,861,000		1,861,000	
06-03	Capital Improvements	06/20/06	06/19/08	06/18/09	3.00%		1,861,000		1,861,000
06-067	Various Sewer Reconstruction	06/19/07	06/19/07	06/19/08	3.79%	2,380,000		2,380,000	
06-067	Various Sewer Reconstruction	06/19/07	06/19/08	06/18/09	3.00%		2,380,000		2,380,000
07-006	Various Capital Improvements-Equipment	06/19/07	06/19/07	06/19/08	3.79%	1,877,000		1,877,000	
07-006	Various Capital Improvements-Equipment	06/19/07	06/19/08	06/18/09	3.00%		1,877,000		1,877,000
07-006	Various Capital Improvements-Facilities	06/19/07	06/19/07	06/19/08	3.79%	476,000		476,000	
07-006	Various Capital Improvements-Facilities	06/19/07	06/19/08	06/18/09	3.00%		476,000		476,000
07-006	Various Capital Improvements-Roadways	06/19/07	06/19/07	06/19/08	3.79%	771,000		771,000	
07-006	Various Capital Improvements-Roadways	06/19/07	06/19/08	06/18/09	3.00%		771,000		771,000
07-023	Various Capital Improvements	06/19/07	06/19/07	06/19/08	3.79%	1,524,000		1,524,000	
07-023	Various Capital Improvements	06/19/07	06/19/08	06/18/09	3.00%		1,524,000		1,524,000
07-050	City Resurfacing Road Program	06/18/08	06/18/08	06/18/09	3.00%	2,380,000		2,380,000	
07-059	Sewer Reconstruction	06/18/08	06/18/08	06/18/09	3.00%	2,000,000		2,000,000	
						<u>\$ 11,993,000</u>	<u>\$ 16,373,000</u>	<u>\$ 11,993,000</u>	<u>\$ 16,373,000</u>
					Ref.			C-21	C
	Renewals				Contra	\$ 11,993,000		\$ 11,993,000	
	Bonds & Notes Authorized						4,380,000		
	But Not Issued				C-21, C-22				
						<u>\$ 16,373,000</u>	<u>\$ 16,373,000</u>	<u>\$ 11,993,000</u>	<u>\$ 11,993,000</u>

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance	Balance, June 30, 2007		2008 Authorizations	Cancellations	Paid or Charged	Balance, June 30, 2008	
			Funded	Unfunded				Funded	Unfunded
National Historic Landmark District	09/12/95	\$ 3,539,352	\$ 464,318	\$ -	\$ -	\$ 152,602	\$ 10,600	\$ 301,116	\$ -
Various Capital Improvements:									
Acquisition of Equipment	06/11/99	1,464,000	53,286	-	-	-	53,286	558,386	-
Various Public Works Projects	06/11/99	2,016,000	558,386	-	-	-	-	-	-
Acquisition of a Communications Network and Computer Upgrade of Hardware and Software	08/24/99	5,000,000	27,978	-	-	-	18,126	9,852	-
2000 Road Resurfacing Program - D.O.T.	05/23/00	1,000,000	30,997	-	-	-	8,459	22,538	-
Various Capital Improvements:									
Building Improvements	07/17/01	1,106,000	151,792	-	-	-	77,000	74,792	-
Sewer Reconstruction	07/17/01	151,000	139,193	-	-	-	17,000	122,193	-
2002 Road Resurfacing Program	09/24/02	650,000	140,857	-	140,857	-	-	-	-
Combined Sewer Outflow Phase I	12/17/02	10,942,000	1,718,515	521	-	-	286,938	1,431,577	521
Various Capital Improvements-Facilities	05/27/03	1,856,000	520,923	-	-	-	161,143	359,780	-
Combined Sewer Outflow Phase II	01/27/04	6,538,000	3,881,025	57	-	-	119,312	3,761,713	57
Main/Market Street Streetscape Project	04/13/04	1,760,000	1,631,250	-	-	-	397,855	1,233,395	-
2004 Road Resurfacing Program	04/13/04	600,000	7,181	-	-	-	7,181	-	-
Construction of a Bikeway/Walkway at the ATP Site	06/24/04	900,000	14,418	-	-	-	3,230	11,188	-
2005 Road Resurfacing Program	07/13/04	250,000	250,000	-	-	-	-	250,000	-
Combined Sewer Outflow Phase III NJ Inf Trust	04/26/05	525,000	525,000	-	-	-	525,000	-	-
Various Park Improvements	05/24/05	18,326,400	3,483,399	-	-	-	5,000	-	18,321,400
Capital Improvements	05/24/05	21,919,000	1,146,665	-	-	-	493,976	2,989,423	-
2006 City Road Resurfacing Program	10/25/05	2,474,726	1,146,665	1,146,665	-	-	95,478	1,098,926	1,098,926
Main/Market Street Streetscape Project	10/25/05	2,260,000	40,084	-	-	-	28,556	-	11,528
Various Capital Improvements	02/14/06	1,955,000	1,234,908	-	-	-	635,571	-	599,337
Capital Improvements	06/13/06	400,000	400,000	-	-	-	394,737	5,263	-
2006 City Road Resurfacing Program	12/19/06	175,000	175,000	-	-	-	175,000	-	-

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance	Balance, June 30, 2007		2008 Authorizations	Cancellations	Paid or Charged	Balance, June 30, 2008	
			Funded	Unfunded				Funded	Unfunded
Various Sewer Reconstruction	12/24/06	\$ 2,500,000	\$ -	\$ 1,497,400	\$ -	\$ 1,237,128	\$ -	\$ 260,272	
Various Capital Improvements-Equipment	02/27/07	1,971,000	63,858	1,877,000	-	1,637,454	-	303,404	
Various Capital Improvements-Facilities	02/27/07	500,000	23,935	476,000	-	1,164	22,771	476,000	
Various Capital Improvements-Roadways	02/27/07	810,000	38,894	771,000	-	1,885	37,009	771,000	
Barclay/Marchall Street Signalization	03/27/07	400,000	400,000	-	-	-	400,000	-	
Barclay Street Viaduct Project	04/10/07	3,500,000	3,500,000	-	-	304,429	3,195,571	-	
Various Capital Improvements	05/15/07	1,601,000	76,583	1,524,000	-	1,263,936	-	336,647	
City Road Resurfacing Program	09/25/07	2,100,000	-	-	2,100,000	488	99,512	2,000,000	
Sewer Reconstruction	11/07/07	2,500,000	-	-	2,500,000	258,116	-	2,241,884	
Various Park Improvements-Pennington Park	06/24/08	2,800,000	-	-	2,800,000	-	1,400,000	1,400,000	
Various Park Improvements-ATP Site Park	06/24/08	2,067,330	-	-	2,067,330	-	1,283,665	783,665	
Acquisition of Equipment	06/24/08	800,000	-	-	800,000	-	39,000	761,000	
Various Capital Improvements-Facility	06/24/08	1,870,000	-	-	1,870,000	-	90,000	1,780,000	
			<u>\$ 19,423,453</u>	<u>\$ 26,894,035</u>	<u>\$ 12,137,330</u>	<u>\$ 293,459</u>	<u>\$ 18,797,670</u>	<u>\$ 31,145,641</u>	
		Ref.	C	C	Below	C-1	C	C	
Due from State of New Jersey		C-4			\$ 2,683,665				
Deferred Charge to Future Taxation - Unfunded		C-9, C-23			9,104,665				
Capital Improvement Fund		C-15			349,000				
		Above			<u>\$ 12,137,330</u>				
Due from Federal Government		C-5			152,602				
Due from State of New Jersey		C-4			140,857				
					<u>\$ 293,459</u>				

**THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, June 30, 2007	C	\$ 169,113
Increased by:		
Budget Appropriation	C-21	<u>318,000</u>
		487,113
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-14	<u>349,000</u>
Balance, June 30, 2008	C	<u><u>\$ 138,113</u></u>

EXHIBIT C-16

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

Purpose	Ordinance Date	Amount of Original Issue	Maturities of Loans Outstanding June 30, 2008		Interest Rate %	Balance June 30, 2007	Decrease	Balance June 30, 2008
			Date	Amount				
Park Development Program	11/22/88	\$ 403,152	07/12/08	\$ 12,997	2.00	\$ 64,990	\$ 25,608	\$ 39,382
			01/12/09	13,127				
			07/12/09	13,258				
River Front Project	08/29/90	375,000	10/24/08	12,826	2.00	117,796	25,273	92,523
			04/24/09	12,955				
			10/24/09	13,084				
			04/24/10	13,215				
			10/24/10	13,347				
			04/24/11	13,481				
10/24/11	13,615							
Park Development Program - Phase I	07/26/94	315,000	10/30/08	8,809		8,636		
	07/26/94	315,000	04/30/09	8,898				
Park Development Program - Phase II			10/30/09	8,986				
			04/30/10	9,076				
			10/30/10	9,167				
			04/30/11	9,259				
			10/30/11	9,351				
			04/30/12	9,445				
			10/30/12	9,539				
			04/30/13	9,635				
			10/30/13	9,731				
			04/30/14	9,828				
			10/30/14	9,927				
			10/30/15	10,026				
10/30/16	10,127							
					2.00	150,526	8,722	141,804

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

Purpose	Ordinance Date	Amount of Original Issue	Maturities of Loans Outstanding June 30, 2008		Interest Rate %	Balance June 30, 2007	Decrease	Balance June 30, 2008
			Date	Amount				
Park Development Program - Phase III	06/28/06	\$ 231,650	09/30/08	\$ 5,034				
			03/30/09	5,084				
			09/30/09	5,135				
			03/30/10	5,186				
			09/30/10	5,238				
			03/30/11	5,291				
			09/30/11	5,344				
			03/30/12	5,397				
			09/30/12	5,451				
			03/30/13	5,506				
			09/30/13	5,561				
			03/30/14	5,616				
			09/30/14	5,672				
			03/30/15	5,729				
			09/30/15	5,786				
			03/30/16	5,844				
			09/30/16	5,903				
			03/30/17	5,962				
			09/30/17	6,021				
			03/30/18	6,082				
			09/30/18	6,142				
			03/30/19	6,204				
			09/30/19	6,266				
			03/30/20	6,328				
			09/30/20	6,392				
		03/30/21	6,456					
		09/30/21	6,520					
		03/30/22	6,585					
		09/30/22	6,651					
		03/30/23	6,718					
		09/30/23	6,785					
		03/30/24	6,853					
		09/30/24	6,921					
		03/30/25	6,991					

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

Purpose	Ordinance Date	Amount of Original Issue	Maturities of Loans Outstanding June 30, 2008		Interest Rate %	Balance June 30, 2007	Decrease	Balance June 30, 2008
			Date	Amount				
Park Development Program - Phase III (Continued)			09/30/25	\$ 7,060	2.00	\$ 226,764	\$ 9,919	\$ 216,845
			03/30/26	7,131				
Various Park Improvements	06/26/06	267,000	09/30/08	\$ 9,740	2.00	257,546	19,192	238,354
			03/30/09	9,837				
			09/30/09	9,936				
			03/30/10	10,035				
			09/30/10	10,136				
			03/30/11	10,237				
			09/30/11	10,339				
			03/30/12	10,443				
			09/30/12	10,547				
			03/30/13	10,652				
			09/30/13	10,759				
			03/30/14	10,867				
			09/30/14	10,975				
			03/30/15	11,085				
			09/30/15	11,196				
			03/30/16	11,308				
09/30/16	11,421							
03/30/17	11,535							
09/30/17	11,651							
03/30/18	11,767							
09/30/18	11,885							
03/30/19	12,003							
					2.00	257,546	19,192	238,354
						\$ 826,258	\$ 97,350	\$ 728,908

Ref. C C-7 C

THE CITY OF PATERSON
 GENERAL CAPITAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008
 SCHEDULE OF DEMOLITION LOAN PAYABLE

Purpose	Ordinance Date	Amount of Original Issue	Maturities of Loans Outstanding June 30, 2008		Interest Rate %	Balance June 30, 2007	Decrease	Balance June 30, 2008
			Date	Amount				
Urban and Rural Centers Unsafe Building Demolition Bond Loan	03/28/00	432,500	09/07/08	\$ 43,250	0%	\$ 216,250	\$ 43,250	\$ 173,000
			09/07/09	43,250				
			09/07/10	43,250				
			09/07/11	43,250				
Urban and Rural Centers Unsafe Building Demolition Bond Loan	01/26/05	450,000	03/25/09	45,000	0%	315,000	45,000	270,000
			03/25/10	45,000				
			03/25/11	45,000				
			03/25/12	45,000				
			03/25/13	45,000				
03/25/14	45,000							
						\$ 531,250	\$ 88,250	\$ 443,000
						C	C-7	C

**THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF ECONOMIC DEVELOPMENT LOAN PAYABLE - MUNICIPAL

	<u>Ref.</u>	
Balance, June 30, 2007	C	\$ 67,620
Decreased by:		
2008 Budget Appropriations	C-7	<u>22,540</u>
Balance, June 30, 2008	C	<u><u>\$ 45,080</u></u>

SCHEDULE OF ECONOMIC DEVELOPMENT LOAN PAYABLE - SCHOOL

	<u>Ref.</u>	
Balance, June 30, 2007	C	\$ 3,932,715
Decreased by:		
2008 Budget Appropriations	C-7	<u>522,667</u>
Balance, June 30, 2008	C	<u><u>\$ 3,410,048</u></u>

**THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**SCHEDULE OF RESERVE FOR ECONOMIC DEVELOPMENT LOAN
INTEREST EARNED - MUNICIPAL**

	<u>Ref.</u>	
Balance, June 30, 2007	C	\$ 2,284
Increased by:		
Interest on Investments	C-2	<u>73</u>
		2,357
Decreased by:		
Transfer to Current Fund	C-21	<u>2,357</u>
Balance, June 30, 2008	C	<u>\$ -</u>

SCHEDULE OF DUE TO CURRENT FUND

	<u>Ref.</u>		
Increased by:			
Cash Disbursements	C-2, C-3	\$ 15,804,992	
Premium on Bond Anticipation Notes	C-1	151,139	
Bond Anticipation Notes	C-13	4,380,000	
Capital Improvement Fund	C-15	<u>318,000</u>	
			\$ 20,654,131
Decreased by:			
Cash Receipts	C-2	12,252,587	
Capital Surplus	C-1	30,000	
Improvement Authorizations	C-14	8,218,048	
Reserve for Economic Development Loan	C-20	<u>2,357</u>	
Plus Interest Earned Municipal			<u>20,502,992</u>
Balance, June 30, 2008	C		<u>\$ 151,139</u>

**THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance June 30, 2007	Authorized	Notes Issued	Balance June 30, 2008
98-45	Combined Sewer Overflow Solids/ Floatable Control Design Projects	\$ 852	\$ -	\$ -	\$ 852
02-45	Combined Sewer Outflow Project	521			521
04-03	Combined Sewer Outflow Phase II	57			57
05-05	Combined Sewer Out Flow Phase III	18,326,400			18,326,400
06-01	Various Park Improvements	1,237,363			1,237,363
07-050	City Road Resurfacing Program		2,000,000	2,000,000	-
07-054	Sewer Reconstruction		2,380,000	2,380,000	-
08-020	Various Capital Improvements Acquisition of Equipment		761,000		761,000
08-020	Various Capital Improvements Facility Improvements		1,780,000		1,780,000
08-021	Various Park Improvements ATP Site Park		783,665		783,665
08-022	Various Park Improvements Pennington Park		1,400,000		1,400,000
		<u>\$ 19,565,193</u>	<u>\$ 9,104,665</u>	<u>\$ 4,380,000</u>	<u>\$ 24,289,858</u>
<u>Ref.</u>		C	C-9, C-14	C-13	C

SUPPLEMENTARY DATA - FIXED ASSET GROUP OF ACCOUNTS



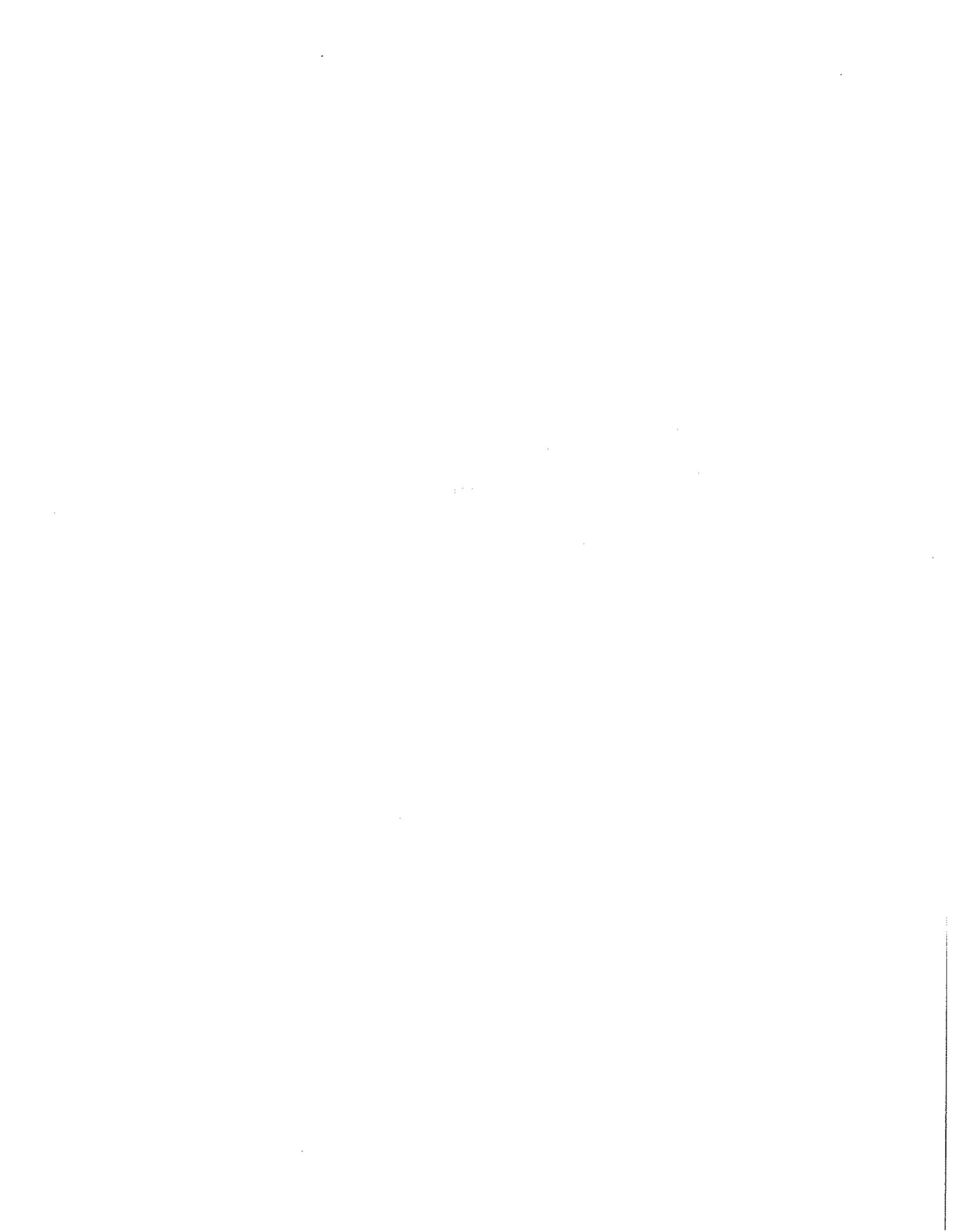
**THE CITY OF PATERSON
FIXED ASSET GROUP OF ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SCHEDULE OF FIXED ASSETS - ACQUISITIONS AND DISPOSALS

	<u>Ref.</u>	
Balance, June 30, 2007	D	\$ 71,395,667
Increased by:		
Purchase of Equipment		<u>3,267,182</u>
Balance, June 30, 2008	D	<u><u>\$ 74,662,849</u></u>

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**ADDITIONAL INFORMATION RELATING TO FEDERAL AND
STATE FINANCIAL ASSISTANCE PROGRAMS**



THE CITY OF PATERSON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal CFDA Number	State Account/Grant Number	Grant Period From To	Grant Award	Funds Received	Balance July 1, 2007	Revenue Recognized	Expenditures	Reprogrammed/Adjusted	Program Income	Balance June 30, 2008	Cumulative Expenditures
Department of Justice											
16.710	NA	12/01/93	\$16,360,743	\$	\$ 1,944	\$ 1,284,318	\$ 1,047,154	\$	\$	\$ 239,108	\$ 16,121,635
16.579	NA	07/01/07	18,790	18,790	20,039	18,790				18,790	3,101
16.579	NA	07/01/06	23,140		1,588		6,313	5,563		20,039	12,825
16.579	NA	07/01/05	8,100			187,875				187,875	
16.607	NA	07/01/05	112,184		506	112,184				112,184	
16.579	NA	07/01/05	7,035	17,637		10,592	34,584	26,392		2,400	6,529
16.523	NA	07/01/06	11,532	10,592		11,532	8,414			3,118	8,414
			47,019		24,077	1,625,291	1,096,465	31,955		584,858	
Total Department of Justice											
20.609	066-1160-100-14	07/01/07	4,000	4,000		4,000	4,000				4,000
Department of Highway Safety											
Total Department of Highway Safety											
97.036	066-1200-100-979	07/01/07	543,530	532,040		543,530	462,836			80,694	462,836
97.042	066-1200-100-72	10/01/07	10,000	10,000		10,000	10,000				10,000
97.042	066-1200-100-72	10/01/06	10,000		2,500					2,500	7,500
16.853	NA	07/01/07	527,050			527,050				527,050	
			542,040		2,500	1,080,580	472,836			610,244	
Total Federal Emergency Management											
Department of Health and Human Services											
93.915	NA	03/01/08	3,496,095	386,115		3,496,095	528,927			2,967,168	528,927
93.915	NA	02/28/08	3,582,473	2,812,343	3,241,543		2,843,585	89,999		487,957	3,094,516
93.917	NA	03/01/06	4,485,650	305,165	320,785		305,165	(15,620)			4,485,650
93.917	046-4245-100-056	07/01/07	112,688	67,681		112,688	111,105		1,583	111,105	1,583
93.917	046-4245-100-056	07/01/06	27,062	97,518	11,818	27,062	40,294	1,414		28,476	71,912
		07/01/07	287,493			287,493	71,912			215,581	
93.283	046-4230-100-360	03/01/05	2/28/2006	331,383	20,782					20,782	348,564
93.116	046-4230-100-146	07/01/07	6/30/08	23,021		400,000	348,564			51,436	61,809
93.116	046-4230-100-146	07/01/07	6/30/08	83,339	58,987	108,792	66,322	7,335		46,983	108,792
		07/01/06	6/30/07	4,106,565	3,653,915	4,432,130	4,377,683	83,128	1,583	3,929,488	
Total Department of Health and Human Services											
Department of Homeland Security											
97.083	NA	03/05/06	03/04/11	1,928,273	4,719,283	1,374,025	2,619,674			3,473,634	4,564,542
				1,928,273	4,719,283	1,374,025	2,619,674			3,473,634	
Total Department of Homeland Security											

** S.A.F.E.R. Grant

See Accompanying Notes to Expenditures of Federal Awards and State Financial Assistance.

THE CITY OF PATERSON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal CFDA Number	State Account/Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance July 1, 2007	Revenue Recognized	Expenditures	Reprogrammed/Adjusted	Program Income	Balance June 30, 2008	Cumulative Expenditures
15-904	046-4220-100-156	09/01/04	10/25/05	20,900	20,900	6,750	-	-	(6,750)	-	-	20,900
15-912	NA	*	*	*	20,900	6,750	-	-	(6,750)	-	-	*
Department of Interior												
Historic Preservation Adaptive Re-Use Colt Gun Mill Urban History Initiative Grant												
Total Department of Interior												
Department of Housing and Urban Development												
14.238	NA	07/01/07	06/30/08	125,908	445,214	1,041,866	125,908	70,822	(156,058)	-	814,986	52,412
14.231	NA	07/01/05	06/30/06	86,577	2,071	2,072	86,577	52,412	3,038	-	73,496	52,412
14.231	NA	07/01/04	06/30/05	127,186	2,071	6,072	127,186	351	-	-	34,165	122,427
14.231	NA	07/01/03	06/30/04	121,000	5,900	7,789	121,000	9,330	-	-	6,072	114,928
14.231	NA	07/01/02	06/30/03	118,000	18,000	13,493	118,000	-	-	-	7,789	118,000
14.231	NA	07/01/01	06/30/02	117,000	1,836,703	360,052	117,000	178,561	6,620	-	20,113	96,887
14.239	NA	07/01/07	06/30/08	641,460	418,581	41,010	641,460	196,155	8,060	-	1,666,202	170,501
14.239	NA	07/01/06	06/30/07	2,097,762	239,718	2,479,335	2,097,762	631,216	(135,750)	402,245	2,114,614	385,393
14.239	NA	07/01/05	06/30/06	2,263,640	187,950	2,160,384	2,263,640	406,042	205,000	-	1,959,342	304,298
14.239	NA	07/01/04	06/30/05	1,824,000	490,346	1,224,300	1,824,000	104,938	(205,000)	-	914,362	1,128,318
14.239	NA	07/01/03	06/30/04	1,827,000	138,560	313,884	1,827,000	907,933	-	-	409,023	1,414,977
14.239	NA	07/01/02	06/30/03	1,645,000	23,940	41,010	1,645,000	247,423	-	-	66,471	1,760,229
14.239	NA	07/01/01	06/30/02	1,642,000	675,625	675,625	1,642,000	675,625	-	-	1,603,990	1,603,990
14.239	NA	07/01/99	06/30/00	1,524,000	297,175	38,443	1,524,000	38,443	-	-	38,443	1,485,557
14.239	NA	07/01/98	06/30/99	*	*	297,175	*	297,175	-	-	297,175	*
14.239	NA	07/01/96	06/30/97	*	*	124,317	*	124,317	-	-	124,317	*
14.239	NA	07/01/95	06/30/96	*	*	773,122	*	773,122	1,454	-	1,454	*
14.241	NA	07/01/03	06/30/04	1,250,000	16,433	1,265,567	1,250,000	437,659	1,450	-	1,250,000	452,642
14.241	NA	07/01/02	06/30/03	1,368,000	162,614	1,227,050	1,368,000	460,798	-	-	829,358	498,748
14.241	NA	07/01/01	06/30/02	1,252,000	4,473	20,218	1,252,000	983,213	-	-	766,252	1,368,000
14.241	NA	07/01/00	06/30/01	1,160,000	55,257	237,918	1,160,000	18,497	-	-	20,218	1,312,782
14.856	NA	07/01/07	06/30/08	13,033,995	13,033,995	5,000	13,033,995	12,137,014	-	-	896,981	6,031,082
14.856	NA	07/01/06	06/30/07	15,177,214	15,177,214	2,937,671	15,177,214	1,380,980	-	-	5,000	12,137,014
14.218	NA	07/01/07	06/30/08	2,937,671	1,581,452	1,605,828	2,937,671	523,295	283,214	103,221	1,659,912	1,271,759
14.218	NA	07/01/06	06/30/07	3,303,484	421,996	1,159,072	3,303,484	130,629	(605,185)	-	1,365,747	1,937,737
14.218	NA	07/01/05	06/30/06	3,417,000	95,300	520,138	3,417,000	106,223	18,497	-	423,258	2,966,221
14.218	NA	07/01/04	06/30/05	3,477,000	74,893	214,173	3,477,000	61,498	(18,402)	-	162,984	2,878,365
14.218	NA	07/01/03	06/30/04	3,477,000	15,142	263,351	3,477,000	19,169	-	-	195,004	3,314,016
14.218	NA	07/01/02	06/30/03	3,477,000	5,855	839	3,477,000	108,322	102,467	-	263,351	3,447,960
14.218	NA	07/01/01	06/30/02	3,296,000	102,467	88,576	3,296,000	839	-	-	3,213,649	3,250,678
14.218	NA	07/01/99	06/30/00	*	*	102,467	*	102,467	-	-	839	3,295,161
14.218	NA	07/01/95	06/30/96	*	*	88,576	*	88,576	-	-	88,576	*
14.218	NA	07/01/94	06/30/95	*	*	88,576	*	88,576	-	-	88,576	*

See Accompanying Notes to Expenditures of Federal Awards and State Financial Assistance.

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal CFDA Number	State Account/Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance July 1, 2007	Revenue Recognized	Expenditures	Reprogrammed/Adjusted	Program Income	Balance June 30, 2008	Cumulative Expenditures
Department of Housing and Urban Development (Continued)												
14.9	022-8020-100-07	10/01/03	12/31/06	533,000	56,550	271,723		12,812	(258,911)		11,077	533,000
14.218	NA	07/01/93	06/30/94	*		11,077					2,401	27,599
14.218	NA	07/01/07	06/30/08	30,000	10,708		30,000	27,599			2,358	262,642
14.218	NA	07/01/05	06/30/06	265,000		2,358						
					33,537,632	17,513,525	19,214,277	19,032,261	(613,756)	505,466	17,587,251	
											17,587,251	
Total Department of Housing and Urban Development												
Department of Agriculture												
10.570	NA	07/01/07	06/30/08	196,755			196,755	152,732			44,023	152,732
10.570	NA	07/01/06	06/30/07	249,750	249,750	63,614		144,511	80,897			330,647
10.570	NA	07/01/05	06/30/06	265,750		9		9				265,750
					249,750	63,623		144,520	80,897			
Total Department of Agriculture												
Department of Environmental Protection												
66.311	NA	10/01/98	09/30/00	200,000		2,704					2,704	197,296
						2,704						
Total Department of Environmental Protection												
TOTAL FEDERAL AWARDS												
					\$40,432,179	\$ 25,986,377	\$ 27,730,303	\$ 27,747,439	\$ (424,576)	\$ 507,049	\$ 26,188,179	

* - Information not available
 ** - Denotes a Major Program
 NA- not applicable

SCHEDULE 2

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

State Department and Program	State Account Number/ Grant Number	Grant Period		Grant Award	Funds Received	Balance June 30, 2007	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Balance June 30, 2008	Cumulative Expenditures	
		From	To									
Department of Community Affairs												
Statewide Livable Communities -	05-2305-00	01/01/05	12/31/06	\$ 90,000	\$ -	\$ 84,750	\$ -	\$ 85,050	\$ 300	\$ -	\$ 90,300	
Local Library Aid	05-2475-05	01/01/06	04/30/07	190,000	-	152,000	-	24,675	14,250	141,575	62,675	
Facility Improvement Public Safety Complex												
Neighborhood Preservation Balanced Housing Program -												
Kiva	8020-100-022-8020-101-F352-6120	08/01/06	07/31/09	877,329		110,233				110,233	767,096	
Rising Dove		08/01/06	07/31/09	735,000	73,500	73,500		73,500			735,000	
Veterans Services Grant		07/01/05	06/30/07	198,000	22,366			22,365	197,999	175,634	220,365	
Public Library Improvement		01/01/08	12/31/08	500,000			500,000	60,214		439,786	60,214	
Fire Safety Life Hazard Use Fees - 2008		01/01/08	12/31/08	263,474	105,080		263,474	200,950		62,524	200,950	
Fire Safety Life Hazard Use Fees - 2007		01/01/07	12/31/07	289,158	222,009	101,247	25,682	145,222	18,293	-	307,451	
Fire Safety Life Hazard Use Fees - 2006		01/01/06	12/31/06	268,379		383		383		-	268,379	
Recreational Opportunities for Individuals with Disabilities		07/01/06	06/30/07	6,862	4,523	6,862	2,666	2,666	(35)	4,196	2,666	
Recreational Opportunities for Individuals with Disabilities		07/01/05	06/30/06	7,010		35			(996)	-	6,975	
Recreational Opportunities for Individuals with Disabilities		07/01/02	06/30/03	10,936		936				-	10,000	
Passed through the County of Passaic												
Municipal Alliance -2006		07/01/05	06/30/06	42,800	22,206	25,405		5,070	(25,405)	-	17,395	
Municipal Alliance -2007		07/01/06	06/30/07	42,800		39,507				34,437	8,363	
Total Department of Community Affairs				449,684		594,858	789,156	620,095	204,466	968,385		
Department of Law and Public Safety												
** Safe and Secure Communities Program	066-1020-100-232	03/21/07	03/20/08	695,169			695,169				695,169	
** Safe and Secure Communities Program	066-1020-100-232	03/21/07	03/20/08	199,563	199,563						199,563	
USAI Rescue Training Reimbursement Funds		07/01/06	06/30/07	76,762		41,687		41,629	11	58	76,704	
Community Emergency Response Team Trailers		07/01/06	06/30/07	1,200		767		282		496	715	
Local Law Enforcement Officers Training and Equipment		07/01/07	06/30/08	18,790	18,790		18,790				18,790	
Local Law Enforcement Officers Training and Equipment		07/01/06	06/30/07	23,140	235	20,039					23,140	
Local Law Enforcement Officers Training and Equipment		07/01/05	06/30/06	1,588		1,588		6,313	(5,563)	6,076	838	
Body Armor Replacement Fund		07/01/07	06/30/08	54,359	54,359		54,359				54,359	
Body Armor Replacement Fund		07/01/06	06/30/07	42,636		42,636		42,636			42,636	
Body Armor Replacement Fund		07/01/05	06/30/06	37,137		37,137		37,137			37,137	
Body Armor Replacement Fund				22,000			22,000				22,000	
Pedestrian Safety Grant		07/01/07	06/30/08	9,849	9,849		9,849			7,450	14,550	
Multi-jurisdictional Narcotics Task Force		07/01/07	06/30/08	35,456	35,456		35,456			35,456		
DWI Surcharge Grant	6400-100-78-64000-YYYY	07/01/06	06/30/07	19,645		19,645		14,828		4,817	14,828	
DWI Surcharge Grant	6400-100-78-64000-YYYY	07/01/04	06/30/05	40,426		383		383			40,426	
Total Department of Law and Public Safety				318,252		163,882	140,454	206,041	(5,552)	64,202		
Department of Treasury												
911 General Assistance	082-2034-100-081	01/01/08	12/31/08	137,855	137,855		137,855			137,855		
911 General Assistance	082-2034-100-081	01/01/07	12/31/07	864,257	864,257		864,257				864,257	
911 Equipment	082-2034-100-081			300,000							300,000	
Treasury Upgrades Public Safety Communications System		07/01/04	12/31/05			225,000		224,933		67	299,933	
Total Department of Treasury				1,139,967		225,000	1,139,967	1,227,030	-	137,937		

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance.

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

State Department and Program	State Account Number/ Grant Number	Grant Period		Funds Received	Balance June 30, 2007	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Balance June 30, 2008	Cumulative Expenditures
		From	To							
Economic Development Authority										
Hazardous Discharge Site Remediation Fund - Process Discharge Site - 34-50 Spruce Street	*	07/01/07	06/30/08	5,500	-	5,500	5,500	-	-	5,500
Process Discharge Site - Apollo Dye House	*	07/01/07	06/30/08	1,720,855	-	1,720,855	1,720,855	-	-	1,720,855
Process Discharge Site - ATP	*	07/01/07	06/30/08	641,996	-	641,996	641,996	-	-	641,996
Process Discharge Site - Addy Mill	*	07/01/07	06/30/08	102,857	-	102,857	72,425	-	11,092	102,857
Process Discharge Site - Columbia Textiles	*	07/01/07	06/30/08	52,342	-	122,012	110,920	-	11,092	110,920
Total Economic Development Authority				772,263	-	2,593,220	830,841	-	11,092	-
Department of Transportation										
Safe Streets to School	66320-480-78-6320-497-TCAP-6010	07/01/05	06/30/07	-	100,000	-	-	-	100,000	-
Spruce Street McBride Avenue Intersection	66320-480-78-6320-497-TCAP-6010	07/01/00	06/30/01	-	175,000	-	-	-	175,000	-
Total Department of Transportation				-	275,000	-	-	-	275,000	-
Department of Health and Human Services										
** School Based Youth Services Program	016-1630-100-013	07/01/07	06/30/08	297,854	73,981	297,854	280,922	60,111	16,932	280,922
** School Based Youth Services Program	016-1630-100-013	07/01/06	06/30/07	-	80	-	133,480	-	612	59,499
** School Based Youth Services Program	016-1630-100-013	07/01/05	06/30/06	-	9,033	-	80	-	9,033	-
** School Based Youth Services Program - 21st Century Grant	016-1630-100-013	01/01/04	12/01/04	-	-	-	-	-	-	-
Teen Parenting Program	016-1630-100-013	07/01/01	06/30/02	82,386	14,580	82,386	14,580	-	1,217	81,169
Teen Parenting Program	016-1630-100-013	07/01/07	06/30/08	-	6,000	-	83,894	-	68,922	83,894
Public Health Priority Funding	046-4230-100-307	07/01/06	12/31/08	99,349	63,041	152,816	61,446	-	1,595	51,218
Public Health Priority Funding	046-4230-100-307	01/01/08	12/31/07	55,191	-	51,218	51,218	-	-	82,020
Sexually Transmitted Diseases Control	100-046-4782-101-6120	07/01/07	06/30/08	24,161	15,673	51,218	15,673	-	39,962	60,646
Sexually Transmitted Diseases Control	100-046-4782-101-6120	07/01/06	06/30/07	82,020	39,962	84,922	60,646	-	24,276	49,111
Lifestyle Support Program	016-1610-100-039	01/01/07	12/31/07	84,922	-	49,111	49,111	-	-	-
Lifestyle Support Program	016-1610-100-039	01/01/08	12/31/08	24,559	-	-	-	-	-	-
Lifestyle Support Program	016-1610-100-039	01/01/07	12/31/07	21,958	-	-	-	-	-	-
Total Lifestyle Support Program Additional Funding	016-1610-100-039	01/01/05	12/31/05	364	364	-	-	-	364	-
Total Lifestyle Support Program Additional Funding	016-1610-100-039	01/01/08	12/31/08	55,000	17,493	436,000	415,077	38,842	20,923	415,077
Childhood Lead Poisoning	046-4220-100-087	01/01/07	12/31/07	185,076	9,523	209,599	202,044	-	7,555	38,842
Childhood Lead Poisoning	046-4220-100-087	07/01/07	06/30/08	87,331	-	209,599	202,044	-	-	202,044
Tuberculosis Control Grant	100-046-4785-080-6120	07/01/06	06/30/07	153,837	9,523	341,698	253,219	3,459	88,479	3,459
Tuberculosis Control Grant	100-046-4785-080-6120	07/01/07	06/30/08	177,546	128,356	341,698	151,243	22,887	-	253,219
Public Health Preparedness and Response Bioterrorism	046-4230-100-360	07/01/06	06/30/07	-	-	-	-	-	-	22,887
Public Health Preparedness and Response Bioterrorism	046-4230-100-360	07/01/05	06/30/06	-	-	-	-	-	-	-
Public Health Preparedness and Response Bioterrorism	046-4230-100-360	07/01/05	06/30/06	-	-	-	-	-	-	-
Passed through County of Passaic	8060-491-084520-50	01/01/08	12/31/08	334,892	295,189	396,854	396,854	-	-	396,854
Senior Citizen Disabled Transportation Program	8060-491-084520-50	07/01/07	12/31/07	6,800	1,314	295,189	295,189	-	1,314	-
Senior Citizen Disabled Transportation Program	*	07/01/05	06/30/06	-	24,184	-	-	-	24,184	-
Father and Son Program	*	07/01/05	06/30/06	-	3,300	-	-	-	-	-
Lifestyle Support Program	*	07/01/05	06/30/06	-	-	-	-	(3,300)	-	-
Parenting Program	*	07/01/05	06/30/06	-	-	-	-	-	-	-
Total Department of Health and Human Services				1,692,862	702,073	2,102,458	2,615,162	121,999	305,368	396,854

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

State Department and Program	State Account Number/ Grant Number	Grant Period		Grant Award	Funds Received	Balance June 30, 2007	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Balance June 30, 2008	Cumulative Expenditures
		From	To								
Department of State											
Public Archives and Records Infrastructure Support	074-2545-100-033	07/01/06	06/30/07	130,000	25,000	-	84,000	-	-	84,000	130,000
Public Archives and Records Infrastructure Support	074-2545-100-033	07/01/07	06/30/08	84,000	42,000	-	-	-	-	-	-
Total Department of State					67,000	-	84,000	-	-	84,000	-
Department of Environmental Protection											
Clean Communities	042-4900-765-004	07/01/07	06/30/08	116,458	116,458	-	116,458	57,884	10,888	116,458	-
Clean Communities	042-4900-765-004	07/01/06	06/30/07	111,346	111,346	-	-	57,884	-	53,462	-
Clean Communities	042-4900-765-004	07/01/05	06/30/06	95,346	25,007	-	-	35,076	(37,210)	819	105,415
Clean Communities	042-4900-765-004	07/01/03	06/30/04	91,512	37,210	-	-	17,741	-	-	54,302
Clean Communities	042-4900-765-004	07/01/02	06/30/03	88,232	17,741	-	-	-	-	-	88,232
Clean Communities	042-4900-765-004	07/01/05	06/30/06	20,619	20,619	-	-	-	-	20,619	-
Municipal Storm Water Regulation Program	4900-100-042-4840-091	07/01/04	06/30/05	20,619	19,839	-	-	-	3,164	23,003	780
Municipal Storm Water Regulation Program	4900-100-042-4840-091	07/01/07	06/30/08	50,314	50,314	-	50,314	56,335	1,975	50,314	-
Recycling Tonnage Grant	042-4900-752-001	07/01/06	06/30/07	73,021	54,360	-	-	-	-	-	74,996
Recycling Tonnage Grant	042-4900-752-001	07/01/03	06/30/04	57,410	-	-	-	-	-	-	57,410
Renovation of Eastside Park	4875-100-042-4875-353-VVVV-6020	07/01/02	06/30/03	200,000	158,983	-	-	167,036	(21,183)	158,983	41,017
Total Department of Environmental Protection					166,772	445,105	50,314	167,036	(21,183)	307,200	-
Department of Commerce & Economic Development											
** Urban Enterprise Zone -											
Sidewalk Matching Grant / Phase II	20-2030-763-032	07/01/03	06/30/04	150,000	18,765	19,111	200,000	16,500	(31,152)	19,111	130,889
Sidewalk Matching Grant / Phase II	20-2030-763-032	07/01/07	06/30/08	200,000	-	-	-	-	-	183,500	16,500
Small Farmers Market Revitalization Program	20-2030-763-032	07/01/03	06/30/04	2,115,850	85,350	31,152	973,213	13,772	-	959,441	2,084,698
Main Street Facade Matching	20-2030-763-032	07/01/98	12/31/01	2,000,000	325,000	325,000	-	325,000	-	-	1,040,559
St. Joseph's Hospital Center Pocket Park	20-2030-763-032	07/01/06	06/30/07	325,000	519,369	-	-	-	-	-	325,000
Broadway Market, Memorial & Ellison Lighting	20-2030-763-032	07/01/07	06/30/08	124,890	-	-	124,890	-	-	124,890	-
Video Surveillance Project	20-2030-763-032	07/01/06	06/30/07	875,110	736,500	110	-	-	-	110	875,000
Revolving Loan Program	20-2030-763-032	07/01/07	06/30/08	2,500,000	169,606	-	2,500,000	519,606	-	1,980,394	519,606
Revolving Loan Program	20-2030-763-032	07/01/02	06/30/03	1,500,000	1,090,950	1,090,950	-	1,090,950	-	1,500,000	1,500,000
Revolving Loan Program	20-2030-763-032	02/01/99	06/30/03	2,000,000	-	-	-	-	-	-	2,000,000
Main St. Amenities - Bus Shelters	20-2030-763-032	07/01/03	06/30/04	95,800	95,800	95,800	-	-	-	95,800	-
Zone Amenities - Receiptacles	20-2030-763-032	07/01/06	06/30/07	275,000	275,000	275,000	-	-	-	275,000	-
Main Street Improvement Program - Phase I	20-2030-763-032	07/01/03	06/30/04	1,000,000	207,910	909,500	-	-	61,087	617,175	443,912
Silk City Trolley Administration	20-2030-763-032	07/01/07	06/30/08	43,295	16,602	-	43,295	43,295	-	43,295	43,295
Administration	20-2030-763-025	07/01/06	06/30/07	658,208	244,508	264,046	658,208	264,046	-	234,585	423,623
Administration	20-2030-763-025	07/01/05	06/30/06	478,289	314,864	-	-	-	-	-	605,406
Small Business Development Center Year 9	20-2030-763-032	07/01/05	06/30/06	110,000	48,634	-	110,000	110,000	-	-	478,289
Small Business Development Center Year 8	20-2030-763-032	07/01/06	06/30/07	100,000	71,504	-	-	-	-	-	110,000
Small Business Development Center Year 7	20-2030-763-032	07/01/05	06/30/06	100,000	-	-	-	-	-	-	100,000
Marketing and Business Development Program	20-2030-763-032	07/01/07	06/30/08	300,000	300,000	-	300,000	107,743	16,352	300,000	-
Marketing and Business Development Program	20-2030-763-032	07/01/04	06/30/05	250,000	36,776	141,855	-	-	-	50,464	215,888
Market Street Lighting - Phase 3	20-2030-763-032	07/01/06	06/30/07	692,493	91,702	365,791	-	-	-	228,279	692,493
Business Improvement Matching Grant	20-2030-763-032	07/01/05	06/30/06	750,000	42,866	-	-	-	(506)	-	521,721
Business Improvement Matching Grant	20-2030-763-032	07/01/01	06/30/02	500,000	4,295,906	4,492,034	3,936,393	3,680,459	45,781	4,793,749	499,494
Total Department of Commerce & Economic Development					4,295,906	4,492,034	3,936,393	3,680,459	45,781	4,793,749	-

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance.

SCHEDULE 2

THE CITY OF PATERSON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

State Department and Program	State Account Number/ Grant Number	Grant Period From To	Grant Award	Funds Received	Balance June 30, 2007	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Balance June 30, 2008	Cumulative Expenditures
Administrative Office of the Courts										
Alcohol Education and Rehabilitation	9735-760-060000-60	07/01/06 06/30/07	3,287	-	3,287	-	-	-	3,287	250
Total Administrative Office of the Courts					3,287	-	-	-	3,287	
Department of the State Library										
Digital Highway Museum Grant	2006-0951	09/01/05 08/31/06	20,000	-	2,866	-	-	-	2,866	17,134
Total Department of the State Library					2,866	-	-	-	2,866	
Other										
Paterason School District:										
Recreational Basketball League	*	07/01/07 06/30/08	70,720	70,720	-	70,720	70,720	-	-	70,720
Recreational Basketball League	*	07/01/05 06/30/06	72,600	44	44	-	-	44	44	72,556
Recreational Basketball League	*	07/01/04 06/30/05	57,600	33	33	-	-	(33)	-	57,567
Recreational Basketball League	*	07/01/02 06/30/03	54,100	5,100	5,100	-	-	(5,100)	-	49,000
Passaic County College.	*	07/01/07 06/30/08	1,000	1,000	1,000	-	-	-	1,000	-
Museum Brochure Grant- Donald Baer										
County of Passaic:										
Board of Social Services -										
Childhood Immunization	*	07/01/07 06/30/08	67,676	16,919	67,676	-	-	-	40,144	27,532
Childhood Immunization	*	07/01/06 06/30/07	73,274	56,775	59	43,250	43,191	-	-	116,465
Childhood Immunization	*	01/01/06 12/01/06	70,856	19,272	19,272	-	-	-	-	70,856
Childhood Immunization	*	01/01/05 12/01/05	67,490	-	-	-	-	-	-	67,490
Opens Space Preservation Trust -										
Westside Park	*	07/01/07 06/30/08	62,000	62,000	62,000	36,463	36,463	-	25,537	36,463
Buckley Park Improvements	*	07/01/06 06/30/07	55,000	5,350	5,350	-	-	-	5,350	49,650
Pennington Park Improvements	*	07/01/06 06/30/07	125,000	125,000	50,000	-	-	-	125,000	-
M.E. Kramer Park - Phase 3	*	07/01/07 06/30/08	50,000	50,000	50,000	-	-	-	50,000	-
M.E. Kramer Park - Phase 2	*	07/01/06 06/30/07	125,000	125,000	125,000	-	-	-	125,000	-
M.E. Kramer Park	*	07/01/05 06/30/06	125,000	52,400	52,400	-	-	-	52,400	72,600
Overbrook Park Improvements	*	07/01/05 06/30/06	150,000	143,059	143,059	-	-	-	143,059	6,941
Cultural and Heritage Museum Grant										
City of Passaic Byrne Memorial Justice Assistance	2005-DJ-BX-0601	10/01/04 9/31/08	80,060	19,868	25,795	31,145	31,145	11,879	6,529	85,410
Governors Advisory Council Emergency Services -										
Hannah Family Memorial Grant	*	07/01/07 06/30/08	58,532	10,000	1,436	2,452	2,452	-	1,436	57,096
Health Officer Grant	*	07/01/07 06/30/08	137,816	137,816	-	-	-	-	7,548	2,452
Cablevision Cable Studio Grant	*	07/01/04 06/30/05	100,000	82,980	82,980	5,140	5,140	-	77,840	137,816
Paterason Museum Mineral Hall Collection Donations	*	07/01/03 06/30/04	10,000	10,000	10,000	-	-	-	10,000	22,160
Paterason Restoration Corporation Graffiti Program	*	07/01/06 06/30/07	20,000	4,250	4,250	-	-	-	4,250	-
FM Global Insurance Fire Grant	*	07/01/05 06/30/06	2,309	184	184	-	-	-	-	15,750
Total Other				313,098	600,922	261,396	236,158	49,937	676,097	2,309
Total State Awards				\$ 9,215,804	\$ 7,505,027	\$ 11,097,358	\$ 9,582,822	\$ 395,448	\$ 7,629,183	

* - Information not available
** - Denotes a Major Program

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THE CITY OF PATERSON

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2008

A. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state financial assistance includes the federal and state grant activity of the City of Paterson and is presented on the modified accrual basis of accounting. Revenues are recorded when measurable and available and expenditures are recognized when the liability to pay is incurred, and the available resources are used to liquidate the liability. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions of New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All amounts presented in these schedules equal those amounts presented in, or used in the preparation of the financial statements.

Federal Awards provided to subrecipients are treated as expenditures when paid to the subrecipients.

B. REPORTING ENTITY

The City of Paterson, New Jersey (the "City") for purposes of the Supplementary Schedule of Expenditures of Federal Awards includes all the funds of the primary government as defined by GASB 14, *The Financial Reporting Entity*.

The City administers certain federal and state award programs through subrecipients. Those subrecipients are not considered part of the City's reporting entity.

C. PASS-THROUGH AWARDS

The City receives certain federal awards from pass-through awards of the state. The amounts received are commingled by the state with other funds and cannot be separately identified. The total amount of such pass-through awards is included in the Supplementary Schedule of Expenditures of Federal and State Awards.

D. LOCAL CONTRIBUTIONS

Local matching contributions are required by certain federal and state grants. The percentage of matching contributions varies with each program.

THE CITY OF PATERSON

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2008

E. MONITORING OF SUBRECIPIENTS

Under the requirements of the Single Audit Act and State regulations, if the City, as a primary recipient, receives federal and state financial assistance and provides \$500,000 or more of such assistance to a subrecipient in a fiscal year, the City is responsible for determining that the expenditures of federal and state monies passed-through to subrecipients are utilized in accordance with applicable laws and regulations. Further, OMB Circular A-133 places other related responsibilities upon primary recipients. Those responsibilities may be discharged in any of several ways, including relying on independent audits performed by subrecipients.

Subrecipient audit reports for the fiscal year ended June 30, 2008, were generally available for review as of the date of this audit. These reports were reviewed and no findings and questioned costs need disclosure.

F. ADJUSTMENTS, TRANSFERS AND REPROGRAMMED FUNDS

Amounts reported in the accompanying schedules as "adjustments and reprogrammed funds" represent grant receivable balances from fiscal year end June 30, 2008. These adjustments occurred because the prior year grants were not fully recognized on the Schedules of Expenditures of Federal and State Awards. The balances were adjusted to conform to the modified accrual basis of accounting.

G. SECTION 8 HOUSING PROGRAM

During the fiscal year ended June 30, 2007, the City received approval from the Housing and Urban Development to turn over the administration of the Section 8 Program to the Paterson Housing Authority. All expenditures and revenues from this program are received directly by the Paterson Housing Authority and are not reflected in the financial statements of the City. However, since the City is still the grantor the Section 8 Program is included in the Schedule of Expenditures of Federal Awards.

THE CITY OF PATERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Section 1 - Summary of Auditor's Results

Financial Statement Section

	Unqualified - O.C.B.O.A. Adverse - G.A.A.P.
A) Type of Auditors Report Issued	_____
B) Internal Control over Financial Reporting	
1) Material weakness identified	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2) Were significant deficiencies identified that were not considered to be material weaknesses?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
C) Noncompliance material to financial statements notes?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Federal Awards Section

D) Dollar threshold used to determine Type A Program	\$832,423 _____
E) Auditee qualified as low-risk auditee?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
F) Type of auditor's report on compliance for major programs	Qualified _____
G) Internal Control over Compliance	
1) Material weakness identified?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2) Significant deficiencies identified that were not considered to be material weaknesses?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 [section 510(e)]?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

I) Identification of major programs

CFDA Number	Name of Federal Program
14.239	HOME Investment Partnership Program
14.856	Section 8 Housing
14.218	Community Development Block Grant
16.71	COPS Universal Hiring
93.915	Ryan White HIV Emergency Relief
97.083	S.A.F.E.R Grant

THE CITY OF PATERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Section 1 - Summary of Auditor's Results

State Awards Section

J) Dollar threshold used to determine Type A Program	<u>\$300,000</u>
K) Auditee qualified as low-risk auditee?	<u>Yes</u> <u>✓ No</u>
L) Type of auditor's report on compliance for major programs	<u>Unqualified</u>
M) Internal Control over Compliance	
1) Material weakness identified?	<u>Yes</u> <u>✓ No</u>
2) Significant deficiencies that were not considered to be material weaknesses?	<u>✓ Yes</u> <u>No</u>
N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended?	<u>✓ Yes</u> <u>No</u>
O) Identification of major programs	

<u>Grant Number</u>	<u>Name of State Program</u>
<u>2830-763-20-2830-32-EEEE</u>	<u>Urban Enterprise Zone</u>
<u>1020-100-66-1020-232-YCJS-6120</u>	<u>Safe and Secure Communities Program</u>
<u>7570-100-054-7570-389-LLLL-6130</u>	<u>School Based Youth Services Program</u>
<u>4535-1296140-2079</u>	<u>Childhood Lead Poisoning</u>
<u>100-046-4798-315-J002-6120</u>	<u>Public Health Preparedness and Response Bioterrorism</u>
<u>8060-491-084520-50</u>	<u>Senior Citizen Disabled Transportation Program</u>

THE CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

Section 2 - Schedule of Financial Statement Findings

(This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements, that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.)

NONE

THE CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

Section 3 - Schedule of Federal and State Financial Assistance Findings and Questioned Costs

(This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.)

Finding 08-01:

Condition: The City of Paterson has not submitted financial reports in a timely manner for the State of New Jersey Enhanced 911 Equipment Grant Award.

Criteria: Terms of the award agreement for the State of New Jersey 9-1-1 Grant Program requires that the City submit financial reports on a quarterly basis.

Cause: Reports were not submitted timely.

Effect: The City is not in compliance with grant requirements.

Recommendations: All fiscal monitoring reports should be submitted in a timely manner.

Response: The first reports were filed by the City on 4/29/08 for the quarter ending March 31, 2008. The June 30th report was not filed since there were no expenditures during the quarter and no change on the status since the March 31st report.

However required quarterly reports will be filed in the future in a timely manner in accordance with the grant requirements even if no expenditures were incurred during the quarter.

THE CITY OF PATERSON
SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2008

Status of Prior Year Findings

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 [section .315 (a) (b)] and New Jersey OMB's Circular 04-04, as amended.)

SECTION 8 HOUSING PROGRAM

Finding 07-01

Condition: The Section 8 Housing Division managed by the Paterson Housing Authority failed to perform timely re-certifications for recipients of Housing Choice Vouchers.

Current Status: This finding has been corrected.

Finding 07-02

Condition: Based on our review of client files, annual inspections for housing quality were not performed.

Current Status: This finding has been corrected.

Finding 07-03

Condition: The Section 8 Housing Division did not perform adequate procedures for verification of basic recipient information such as income, expenses, assets, and household characteristics which may affect the amount of the subsidy.

Current Status: This finding has been corrected.

THE CITY OF PATERSON

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

FOR THE YEAR ENDED JUNE 30, 2008

Status of Prior Year Findings

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 [section .315 (a) (b)] and New Jersey OMB's Circular 04-04, as amended.)

SECTION 8 HOUSING PROGRAM

Finding 07-01

Condition: The Section 8 Housing Division managed by the Paterson Housing Authority failed to perform timely re-certifications for recipients of Housing Choice Vouchers.

Current Status: This finding has been corrected.

Finding 07-02

Condition: Based on our review of client files, annual inspections for housing quality were not performed.

Current Status: This finding has been corrected.

Finding 07-03

Condition: The Section 8 Housing Division did not perform adequate procedures for verification of basic recipient information such as income, expenses, assets, and household characteristics which may affect the amount of the subsidy.

Current Status: This finding has been corrected.

THE CITY OF PATERSON

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

FOR THE YEAR ENDED JUNE 30, 2008

Status of Prior Year Findings

Finding 07-04

Condition: The Section 8 Housing Division did not bill and collect amounts due from other jurisdictions for portability cases residing in the City in a timely manner.

Current Status: This finding has been corrected.

HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)

Finding 07-05

Condition: The City of Paterson Department of Community Development has not submitted fiscal monitoring reports in a timely manner.

Current Status: This finding has been corrected.

Finding 07-06

Condition: Based on our review, inspections of units for housing quality were not performed within a one year period as required.

Current Status: This finding has been corrected.

Finding 07-07

Condition: The City of Paterson did not submit fiscal monitoring reports in a timely manner for the State of New Jersey School Based Youth Services Program.

Current Status: This finding has been corrected.

THE CITY OF PATERSON

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at June 30, 2008:

<u>Name</u>	<u>Title</u>	<u>Bond</u>
Jose Torres	Mayor	(A)
Kenneth M. Morris, Jr.	Council President	(A)
Jeffery Jones	Councilman-At-Large	(A)
Rigo Rodriguez	Councilman-At-Large	(A)
Anthony E. Davis	Councilman First Ward	(A)
Aslon Goow, Sr.	Councilman Second Ward	(A)
William C. McKoy	Councilman Third Ward	(A)
Vera Ames-Garnes	Councilwoman Fourth Ward	(A)
Juan A. Torres	Councilman Fifth Ward	(A)
Thomas C. Rooney, Jr.	Councilman Sixth Ward	(A)
Jane E. Williams-Warren	City Clerk	(A)
Eli M. Burgos	Business Administrator	(A)
Susan Champion	Corporation Counsel	(A)
Anthony Zambrano	Acting Director of Finance	\$350,000
Anthony Zambrano	Director of Accounts and Controls	(A)
Kathleen Gibson	Director of Revenue Collections	\$350,000
Betty Shabazz	Director of Division of Treasury	\$650,000
Joann Bottler	Tax Searches	(C)
James Krieger	Tax Assessor	(A)
Charles Parmelli	Tax Assessor	(A)
Robert Ardis	Supervisor of Accounts - Health Division	(A)
Carmen Colon	Registrar of Vital Statistics	(A)
Joseph Surowiec	Director of Health	(A)
Manuel Ojeda	Director of Department of Public Works	(A)
Fred Margone	City Engineer	(A)
Karole Graves	Presiding Judge	(B)
Manuel Quiles	Municipal Court Director	(B)
Gloria Schweitzer	Court Administrator	(B)
Cindy Czesak	Director of the Free Public Library	(A)
Gary Melchiano	Acting Director of Department of Community Development	(A)
Nilda Torres	Director of Human Resources	(A)
Harry Cevallos	Purchasing Agent	(A)

- (A) Employees are covered by a faithful performance blanket bond in the amount of \$500,000.
- (B) The Court employees were covered by a faithful performance blanket bond in the amount of \$500,000.
- (C) The City Council has authorized a "hold-harmless" resolution covering the performance of the Tax Search duties.

All employees are covered by Fidelity and Deposit Company.

In addition, Patrolmen (only) are covered by a Patrolmen (only) Honesty Blanket Bond in the amount of \$25,000 covered by Western Surety Company.

THE CITY OF PATERSON

GENERAL COMMENTS

FOR THE YEAR ENDED JUNE 30, 2008

Contracts and Agreements Required to be Advertised for (N.J.S. 40A:11-4 - as Amended)

N.J.S.A. 40A:11-3 states: "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$21,000, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$29,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section."

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent, for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising of bids and bidding, therefore, except as is provided otherwise in this act or specifically by any other law."

It is pointed out that the governing body of the City has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the City Attorney should be sought before commitment is made.

The threshold for the fiscal year ended June 30, 2008 was the sum of \$29,000. The provisions of N.J.S.A. 40A:11-3c directs the Governor of the State in consultation with the Department of the Treasury to adjust the threshold in direct proportion to the rise or fall of the area consumer price index as reported by the United States Department of Labor.

THE CITY OF PATERSON

GENERAL COMMENTS

FOR THE YEAR ENDED JUNE 30, 2008

Contracts and Agreements Required to be Advertised for (N.J.S. 40A:11-4 - as Amended)
(Continued)

The minutes indicate that bids were requested by public advertisement for the following items:

Replacement of the Pistol Range Baffle System	Plumbing Work
Removal of Hazardous Trees and Stumps	Hardware Supplies
Emergency Sewer Main Repairs and Replacement	Disposal of Solid Waste
Two Jacobson 600 series Rotary Mowers	Lumber & Related Supplies
2008 Ford F-550 Cassis cab w/ 37" truck	Elevator Maintenance
3 Diesel Powered 7.3 Cubic Yard Cap City Heavy Duty Street	Electrical Supplies
Ryan White Program Support Services	2008 City Road Resurfacing
2008 International Model 7600 6x4 Chassis Dump Body	Forms and NCR Printing
3 Auto Car WX64 w/ 323 Cu. Yd Rear Load Refuse	One Rapid Deployment Vehicle
Construction of CSO Solids Floatables Control Facilities	Vending Machine
Two 2008 yard Dropside Heavy Duty Dump Body	Trophies & Plaques
Installation & Disposal of Water Cooled Unit	Removal of Trees and Stumps
Landscaping Services of Larry Doby Baseball Field	3 Heavy Duty Sweepers
Bus Transportaion Services for the Recreation Division	T-Shirts and Accessories
Maintence of Lou Costello & Riverside Vets Pools	

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for professional services in accordance with the provisions of the Local Public Contracts Law (N.J.A. 40A:11-5).

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

N.J.S.A. 40A:11-6.1 states, "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable." The City advised us that quotations were, for the most part, solicited for items, the cost of which was \$3,600 or more, within the terms of N.J.S.A. 40A:11-6.1.

THE CITY OF PATERSON

GENERAL COMMENTS

FOR THE YEAR ENDED JUNE 30, 2008

Collection of Interest and Delinquent Taxes

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes on or before the date when they would become delinquent.

The governing body on January 1, 1982, adopted the following resolution authorizing interest to be charged on delinquent taxes:

“WHEREAS, pursuant to N.J.S.A. 54:4-67 taxes are due and payable on the first days of February, May, August and November of each year and become delinquent if not paid on or before said days; NOW, THEREFORE, BE IT RESOLVED that a grace period of ten (10) days is hereby established within which any installment of taxes or assessments may be received after the due date thereof without an additional charge for interest; and BE IT FURTHER RESOLVED that the interest on delinquent installment of taxes or assessments shall be charged at the rate of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500 to be calculated from the date the tax was payable until the date of actual payment”.

Our tests of the Tax collector's records indicate that interest was generally collected in accordance with the foregoing ordinance.

Delinquent Taxes and Tax Title Liens

Balances as shown on year end tax listing reflect tax prepayments and overpayments as well as unpaid real estate tax amounts.

The following summarizes uncollected real estate taxes as of June 30, 2008:

<u>Year</u>	<u>Amount</u>
Prior	\$ 1,201
2005	50
2006	2,374
2007	8,464
2008	6,314
	<u>\$ 18,403</u>

THE CITY OF PATERSON

GENERAL COMMENTS

FOR THE YEAR ENDED JUNE 30, 2008

Delinquent Taxes and Tax Title Liens (Continued)

A tax sale was held on June 26, 2008 and was complete except for items in bankruptcy, senior citizen exemption billbacks, and those pending financial record adjustment.

All tax sale certificates were available for examination except those in the possession of the City Attorney for the purpose of initiating foreclosure proceedings.

The following comparison is made of the number of Tax Title Liens Receivable at year end of the last five years.

<u>Year</u>	<u>Number of Liens</u>
FY 2008	230
FY 2007	244
FY 2006	244
FY 2005	307
FY 2004	491

Recourse to all means provided by the statutes should be taken to realize or eliminate tax title liens through collection or foreclosure in order to return such property to a tax paying basis.

Status of Prior Years' Audit Recommendations

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the governing body and submitted within 60 days from the date the audit is received. A plan was prepared for items found in FY 2007 Report on Examination of Accounts.

CITY OF PATERSON
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2008
MUNICIPAL COURT

FINDING 8-01:

Comment: Cash balances on the monthly bail account report are not equal to the account balances in the bail account.

Recommendation: The monthly bail account should be reconciled to the account balance in the bail account.

FINDING 08-02:

Comment: The amount due to various agencies under the Automated Traffic System and the Automated Criminal System is more than the cash balance in the fines and fee bank account.

Recommendation: The difference in cash in the fine and fee account be resolved.

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