CITY OF PATERSON

NEW JERSEY

REPORT OF AUDIT

FOR THE YEARS ENDED

JUNE 30, 2012 AND 2011

CITY OF PATERSON
AUDIT OF FINANCIAL STATEMENTS
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REPORT OF AUDIT

FINANCIAL SECTION

City of Paterson
FY 2012

DONOHUE, GIRONDA & DORIA

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements – regulatory basis of the individual funds and account group of the City of Paterson, New Jersey (the "City") as of and for the years ended June 30, 2012 and 2011, which collectively comprise the City's financial statements as listed in the 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 opinions.

As described more fully in Note A, the City has prepared these financial statements using accounting practices prescribed or permitted by the Division, which practices differ from accounting principles generally accepted in the United States of America. The effect 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.

Further, in our opinion, because of the effects of the matters 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, as of June 30, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each fund type and account group of the City, as of June 30, 2012 and 2011, and each fund type and account group's respective revenues, expenditures, operations and changes in fund balance for the years then ended, on the basis of accounting described in Note A.

The City is the recipient of State Aid, the amount of which is material to funding the operations of the City. This aid is dependent on the ability of the State of New Jersey to continue to appropriate such funds. Significant reductions of State Aid, coupled with legislation capping the maximum allowable tax levy, would have a material impact on the City's operations. This aid is appropriated in the City's fiscal 2012 and 2013 budgets.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2013, on our consideration of the City's internal control 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 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 audits.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The statistical section is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary data section and general section is presented for purposes of additional analysis as required by the Division and the accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and N.J. Office of Management and Budget Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and are also not a required part of the financial statements. The supplementary data section, general section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures as applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, Mayor and City Council, others within the entity, the Division and 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
May 3, 2013

REPORT OF AUDIT

FINANCIAL SECTION

Current Fund Financial Statements
[with Federal and State Grants Fund]

City of Paterson
FY 2012

CITY OF PATERSON
CURRENT FUND
AS OF JUNE 30, 2012 AND 2011

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	2012	2011
Assets			
Current Fund:			
Cash and Cash Equivalents	A-4	$ 11,083,435	$ 13,476,860
Change Fund	A-6	685	685
		11,084,120	13,477,545
Intergovernmental Receivables:			
Due from State of NJ -			
Sr. Citizens' and Veterans' Deductions	A-8	145,750	177,750
Receivables and Other Assets with Full Reserves:			
Property Taxes Receivable	A-7	179,045	64,579
Tax Title Liens Receivable	A-9	7,998,200	4,953,592
Sewer Charges Receivable	A-10	311,420	329,740
Sewer Liens Receivable	A-11	763,573	592,920
Demolition Liens Receivable	A-12	607,885	561,763
Property Acquired for Taxes at Assessed Valuation	A-13	5,107,360	5,107,360
Sales Contracts Receivable	A-14	25,000	25,000
	sheet 2	14,992,483	11,634,954
Deferrred Charges			
Emergency Authorization - Insurance Appropriation		-	1,200,000
Cash Deficit of Preceding Year		3,726,675	487,751
Special Emergency - Accrued Sick and Vacation		6,064,000	4,030,000
	A-16	9,790,675	5,717,751
Total Current Fund Assets		36,013,028	31,008,000
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4	1,599,492	33,050
Federal and State Grants Receivable	A-34	24,463,769	19,496,146
Total Federal and State Grant Fund Assets		26,063,261	19,529,196
Total Assets		$ 62,076,289	$ 50,537,196

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
AS OF JUNE 30, 2012 AND 2011

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	2012	2011
Liabilities and Reserves			
Current Fund:			
Appropriation Reserves	A-3, A-18	$ 2,863,902	$ 5,462,638
Requisitions and Accounts Payable	A-19	7,918,539	5,939,647
Prepaid Taxes	A-20	124,390	165,863
Tax Overpayments	A-21	2,072,232	1,822,113
Property Tax Suspense	A-22	82,250	20,995
Prepaid Sewers	A-23	23,618	-
Sewer Overpayments	A-24	89,485	82,406
County Tax Payable	A-26	76,183	-
Special Emergency Notes Payable	A-27	6,064,000	4,030,000
Reserve for:			
Accrued Sick and Vacation Time	A-28	973,724	371,492
Deposits on Sale of City Property	A-29	6,250	6,250
State Library Aid	A-30	20,079	40,690
Library Fines and Donations	A-31	98,692	159,583
ABC License Surcharge	A-32	180,000	152,400
State Tax Appeals	A-33	200,000	891,768
		20,793,344	19,145,845
Reserve for Receivables and Other Assets	sheet 1	14,992,483	11,634,954
Fund Balance	A-1	227,201	227,201
Total Current Fund Liabilities, Reserves and Fund Balance		36,013,028	31,008,000
Federal and State Grant Fund:			
Requisitions and Accounts Payable	A-36	3,104,855	8,909,566
Reserve for:			
Federal and State Grants - Unappropriated	A-37	44,558	40,403
Federal and State Grants - Appropriated	A-38	22,905,864	10,571,121
Grant Match	A-39	6,000	6,000
Grant Overpaymentss	A-40	1,984	2,106
Total Federal and State Grant Fund Liabilities and Reserves		26,063,261	19,529,196
Total Liabilities, Reserves and Fund Balance		$ 62,076,289	$ 50,537,196

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	Ref.	2012	2011
Revenue and Other Income Realized:			
Miscellaneous Revenue Anticipated	A-2a	$ 101,651,096	$ 102,259,660
Receipts from Delinquent Taxes	A-2a	1,513,365	5,147,130
Receipts from Current Taxes (net of State Appeals Reserved)	A-2a	215,503,086	215,318,386
Non-Budget Revenues	A-2b	1,550,840	728,309
Other Credits to Income:			
Unexpended Appropriation Reserves	A-18	1,016,551	498,330
Cancellation of Accounts Payable	A-20	75,686	81,217
Land Sale Revenue	A-16	-	200,000
Tax Overpayments Cancelled	A-18	-	508,316
Sewer Overpayments Cancelled	A-24	-	1,518
		321,310,624	324,742,866
Expenditures			
Budgetary and Emergency Appropriations:			
Appropriations within "CAPS"			
Operations			
Salaries and Wages		93,331,208	95,020,433
Other Expenses		71,829,023	67,291,782
Emergency Appropriations		2,840,000	5,230,000
Deferred Charges and Statutory Expenditures		25,891,870	24,216,804
Appropriations Excluded from "CAPS"			
Operations			
Salaries and Wages		3,226,694	3,251,497
Other Expenses		31,965,994	30,973,428
Capital Improvements		500,000	400,000
Municipal Debt Service		6,638,312	5,464,032
Deferred Charges		2,047,917	6,936,278
Judgments		308,196	566,917
Type 1 School District Debt		629,629	636,596
	A-3	239,208,843	239,987,767
Local District School Tax	A-25	39,257,403	39,461,377
County Taxes	A-26	47,809,103	48,800,287
Amount Due County for Added and Omitted Taxes	A-32		257,815
Reserve for Tax Appeals	A-29	-	200,000
Refund of Prior Year's Revenue	A-4	200,132	145,590
Unallocated Receipts - Taxes and Sewer	A-4	446,137	311,635
Other Charges	A-1	-	36,379
Grant Reserve Cancelled	A-12	-	14,084
Sr. Citizens & Veterans Deductions Disallowed by State	A-8	81,250	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	Ref.	2012	2011
Expenditures - continued			
Tax Overpayment Refunds	A-21	$ 695,480	$ 755,514
State Tax Appeals	A-33	178,951	490,169
		327,877,299	330,460,617
Deficit in Revenue		6,566,675	5,717,751
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			
Special Emergency Appropriations			
Insurance		-	1,200,000
Accrued Sick and Vacation Time	A-16	2,840,000	4,030,000
Deficit in Operations to be Raised in Budget of Succeeding Year	A-16	$ 3,726,675	$ 487,751
Fund Balance, July 1	A	$ 227,201	$ 227,201
Decreased by:			
Utilized as Anticipated Revenue	A-2	-	-
Fund Balance, June 30	A	$ 227,201	$ 227,201

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES:				
LOCAL REVENUES				
Licenses:				
Alcoholic Beverages	$ 203,000	$ -	$ 204,670	$ 1,670
Other Licenses	141,200	-	141,200	-
Fines and Costs:				
Municipal Court	5,038,700	-	4,054,046	(984,654)
Interest and Costs on Taxes	1,650,000	-	1,739,958	89,958
Interest on Investments and Deposits	49,000	-	24,924	(24,076)
Interest on Delinquent Sewer Charges	158,400	-	179,550	21,150
Department of Public Works	144,000	-	165,603	21,603
Division of Health	867,300	-	867,300	-
City-wide Recycling Revenues	437,000	-	472,546	35,546
Board of Adjustment	166,000	-	113,618	(52,382)
Sale of Copies of Public Records	60,000	-	31,864	(28,136)
Ambulance Fees	2,801,000	-	2,689,384	(111,616)
Municipal Towing Contract Fees	136,000	-	115,305	(20,695)
Municipal Sewer Use Charges				
Current Year	6,414,900	-	6,414,900	-
Prior Year	431,600	-	412,888	(18,712)
Fire Department Combustibles Inspection Revenues	350,500	-	296,425	(54,075)

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
LOCAL REVENUES - continued				
Livery and Taxi License Fees	$ 55,500	$ -	$ 53,976	$ (1,524)
	19,104,100	-	17,978,157	(1,125,943)
STATE AID WITHOUT OFFSETTING APPROPRIATIONS				
Consolidated Municipal Property Tax Relief	13,875,304	-	13,875,304	-
Energy Receipts Tax	18,847,496	-	18,847,496	-
Supplemental Energy Receipts Tax	262,651	-	262,651	-
Open Space PILOT Aid (Garden State Trust)	6,088	-	6,088	-
Building Aid Allowance for Schools	385,378	-	385,378	-
Watershed Moratorium Offset Aid	329	-	329	-
Transitional Aid	21,000,000	-	21,000,000	-
	54,377,246	-	54,377,246	-
DEDICATED UNIFORM CONSTRUCTION CODE FEES OFFSET WITH APPROPRIATIONS				
Uniform Construction Code Fees				
Fees and Permits:				
Construction Code Official	644,000	-	607,992	(36,008)
Other	429,000	-	428,367	(633)
	1,073,000	-	1,036,359	(36,641)

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
PUBLIC AND PRIVATE REVENUES OFFSET WITH APPROPRIATIONS				
Life Hazard Use Fees Balance 2011	$ -	$ 6,898	$ 6,898	$ -
Life Hazard Use Fees 2012	-	275,796	275,796	-
United States Department of Justice:				
Bullet Proof Vests	31,275	-	31,275	-
United States Department of Health and Human Services:				
2011 SPNS Grant	106,299	-	106,299	-
Minority AIDS Initiative Program	335,954	-	335,954	-
HIV Ryan White Program 3/1/11-2/29/12	2,738,741	-	2,738,741	-
HIV Ryan White Program 3/1/12-2/28/13	3,787,807	-	3,787,807	-
United States Federal Emergency Management Agency:				
FY 2011 Assistance to Firefighters Grant	-	107,736	107,736	-
Hazardous Mitigation Grant Program	-	4,322,336	4,322,336	-
New Jersey Department of Treasury:				
Alcoholic Education Enforcement Fund	3,182	-	3,182	-
New Jersey Department of Health and Senior Services:				
Sexually Transmitted Disease Control Program	92,040	-	92,040	-
2011 Federal TB Control Grant	19,504	-	19,504	-
Tuberculosis Control Program	209,599	-	209,599	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
PUBLIC AND PRIVATE REVENUES OFFSET WITH APPROPRIATIONS - continued				
New Jersey Department of Health and Senior Services:				
2012 Federal TB Control Grant	$ 103,754	$ -	$ 103,754	$ -
Senior Farmers Market Nutrition Program	3,000	-	3,000	-
Public Health Preparedness/Response for Bioterror	232,000	-	232,000	-
Childhood Lead Poisoning Control Program	283,250	-	283,250	-
HIV Counseling, Testing and Referral	150,251	-	150,251	-
New Jersey Department of Community Affairs:				
Recreation Opp. for Individuals with Disabilities	13,000	-	13,000	-
New Jersey Department of Law & Public Safety:				
Emergency Management Assistance Funding	10,000	-	10,000	-
Safe and Secure Communities Program	188,972	-	188,972	-
NJ State Police Urban Area Security Initiative Training Reimbursement Funds	19,522	-	19,522	-
Byrne Memorial Law Enforcement Technology Grant	500,000	-	500,000	-
Body Armor Grant	31,516	-	31,516	-
DWI Drunk Driving Enforcement Grant	63,209	-	63,209	-
Edward Byrne Violent Crime Discretionary Grant	138,000	-	138,000	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
PUBLIC AND PRIVATE REVENUES OFFSET				
WITH APPROPRIATIONS - continued				
New Jersey Department of Environmental Protection:				
Downtown Commercial Historic District Grant	$ 18,000	$ -	$ 18,000	$ -
Recycling Tonnage Grant	151,802	-	151,802	-
FY 2012 Clean Communities Program Grant	-	144,617	144,617	-
Blue Acres Program	-	1,440,779	1,440,779	-
New Jersey Department of Commerce and Economic Development:				
UEZ - Administration Budget	540,000	-	540,000	-
UEZ - Small Busineess Development Center Year 12	130,000	-	130,000	-
New Jersey Department of Human Services:				
School Based Youth Services Program	302,456	-	302,456	-
Teen Parenting Program	83,403	-	83,403	-
County of Passaic:				
Senior Citizen & Disabled Transportation Program	282,000	-	282,000	-
2011 Municipal Alliance Program	42,000	-	42,000	-
Total Lifestyle Support Program	87,633	-	87,633	-
Paterson Station House Adjustment Program	17,635	-	17,635	-
2012 Municipal Alliance Program	41,903	-	41,903	-
Open Space Pennington Park Gazebo	-	175,000	175,000	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
PUBLIC AND PRIVATE REVENUES OFFSET WITH APPROPRIATIONS - continued				
County of Passaic:				
Evening Reporting Program, 1/1/11 - 12/31/11	$ -	$ 106,830	$ 106,830	$ -
Evening Reporting Program, 1/1/12 - 12/31/12	-	106,830	106,830	-
Total Lifestyle Support Program 2012	-	87,633	87,633	-
Other:				
Community Foundation of New Jersey, Give & Receive Summer Program	20,000	-	20,000	-
City of Passaic Byrne Memorial Assist. Grant-Equip.	160,946	-	160,946	-
NJHOA Corrective Action Mini Grant	10,000	-	10,000	-
State Farm Insurance Hurrican Irene Flood Relief	10,000	-	10,000	-
PRC Master Plan Grant	100,000	30,000	130,000	-
1st Ward Library Renovation Insurance Grant	326,413	-	326,413	-
Silk City Woman's Club Museum Grant	1,000	-	1,000	-
PRC/UEZ Small Business Loan Program Phase 1	-	300,000	300,000	-
PRC/UEZ Clean Communities Project	-	350,000	350,000	-
Greater Paterson Chamber Foundation, Victor Cruz Celebration of April 15, 2012	-	16,286	16,286	-
	11,386,066	7,470,741	18,856,807	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
OTHER SPECIAL ITEMS				
Payments in Lieu of Taxes				
Aspen Hamilton	$ 80,671	$ -	$ 84,713	$ 4,042
Colt Arms	203,907	-	204,823	916
Federation Apartments	161,088	-	162,171	1,083
Governor Paterson Towers	496,978	-	527,910	30,932
504 Madison Avenue	142,773	-	142,773	-
Incca for Housing - Carroll Street	125,436	-	125,439	3
Incca for Housing - North Triangle	163,584	-	163,584	-
Cooke Building Associates	14,359	-	14,759	400
Jackson Slater	193,023	-	204,198	11,175
NJ Community Housing Corp.	30,854	-	30,855	1
Essex - Phoenix Mill	169,398	-	169,398	-
Brooke Sloate	146,274	-	146,274	-
Rosa Park - 400 Broadway	52,821	-	54,276	1,455
Garret Heights	220,989	-	234,574	13,585
Christopher Columbus Development	112,507	-	114,392	1,885
446-460 E. 19th Street	16,779	-	16,829	50
Belmont/McBride Apartments	18,694	-	18,694	-
Sheltering Arms	17,745	-	17,745	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
OTHER SPECIAL ITEMS - continued				
Payments in Lieu of Taxes - continued				
Hope 98 North Main Scatted Sites	$ 24,462	$ -	$ 24,116	$ (346)
Hope 98 Beech Street	32,982	-	32,982	-
Hope 98 Van Houten Street	14,339	-	14,339	-
Rising Dove Senior Housing	29,449	-	29,449	-
Paterson Housing Authority	40,000	-	40,000	-
200 Godwin Avenue	24,225	-	25,298	1,073
Congdon Mill	40,740	-	40,740	-
446-460 E. 19th Street Adj.	3,593	-	3,593	-
280 Godwin Avenue Prior Year Audit Adj. 10	4,439	-	4,439	-
Paterson Housing Authority Prior Period Audit Adj.	8,943	-	8,943	-
Cable Communication Third Party Rent	340,000	-	340,000	-
US Cable of Paterson Franchise Fees	284,254	-	284,254	-
Capital Surplus	245,500	-	245,500	-
Sewer Rent - Third Party	62,005	-	40,320	(21,685)
Sewer Rent - Third Party Prior Year	46,914	-	46,914	-
City of Paterson Parking Authority				
Cooperative Agreement 7/1 - 12/31/12	200,000	-	200,000	-
Cooperative Agreement 1/1 - 6/30/13	200,000	-	208,000	8,000

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
OTHER SPECIAL ITEMS - continued				
PVWC Fire Hydrant Testing Reimbursement	$ 196,950	$ -	$ 196,300	$ (650)
Trust Fund Surplus	10,000	-	10,000	-
PVSC Rebate Incentive Program	17,815	-	17,815	-
Private Host Benefit Fees	175,679	-	188,334	12,655
Private Host Benefit Fees Prior Year	23,589	-	23,589	-
Recycling Tire Fees	56,000	-	23,594	(32,406)
Municipal Court Forfeited Bail	149,211	-	181,034	31,823
Reimbursement - County of Passaic Elections	41,056	-	41,056	-
Additional Ambulance Fees - Shared Service Agreement	140,000	-	182,892	42,892
Additional Health Fees	50,000	-	11,625	(38,375)
Additional Licenses - Other	20,000	-	661	(19,339)
Additional Community Improvements Increased Fees:				
Building	125,000	-	-	(125,000)
Other	36,000	-	-	(36,000)
Verizon Franchise Fees	89,305	-	89,305	-
Passaic County Community College Rent	10,000	-	10,000	-
Housing Authority Garbage Reimbursement	95,000	-	95,000	-
Classic Towing Prior Year	8,566	-	8,566	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
OTHER SPECIAL ITEMS - continued				
Motor Vehicle Agency Security Reimb - Prior Year	$ 9,917	$ -	$ 9,917	$ -
Motor Vehicle Agency Security Reimbursement	287,986	-	239,988	(47,998)
Additional Fire Inspection Fees	317,000	-	369,291	52,291
Insurance Reimbursements	55,997	-	55,997	-
Health Premiums	1,300,000	-	1,276,162	(23,838)
Additional Sewer Fees	600,000	-	125,792	(474,208)
UEZ Funding - Police and Fire	2,223,315	-	2,223,315	-
	10,008,111	-	9,402,527	(605,584)
Total Miscellaneous Revenues	95,948,523	7,470,741	101,651,096	(1,768,168)
RECEIPTS FROM DELINQUENT TAXES:	4,081,700	-	1,513,365	(2,568,335)
Subtotal - General Revenues	100,030,223	7,470,741	103,164,461	(4,336,503)

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET:				
Local Tax Including Reserve for Uncollected Taxes	$ 132,170,841	$ -	$ 131,645,558	$ (525,283)
Minimum Library Tax	2,829,159	-	2,829,159	-
Total Amount to be Raised by Taxes	135,000,000	-	134,474,717	(525,283)
Total Budget Revenues	235,030,223	7,470,741	237,639,178	(4,861,786)
Non-Budget Revenues	-	-	1,550,840	1,550,840
Total General Revenues	$ 235,030,223	$ 7,470,741	$ 239,190,018	$ (3,310,946)
Ref.	A-3	A-3		

	Ref.	
Budgeted	A-2a	$ 237,639,178
Non-budgeted	A-2b	1,550,840
		$ 239,190,018

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS
ANALYSIS OF REALIZED REVENUES

	Ref.		
Allocation of Current Tax Collections:			
Revenue from Collections			
Current Year Taxes Collected in Prior Year	A-7	$ 165,863	
Current Year Taxes Collected in Current Year	A-7	215,215,348	
State Share of Sr. Citizens' & Veterans' Deductions	A-7	321,875	
Current Taxes Realized in Cash			$ 215,703,086
Less: Reserved for State Tax Appeals	A-33		200,000
	A-1		$ 215,503,086
Allocated to:			
School Taxes	A-25	39,257,403	
County Taxes	A-26	47,809,103	
			87,066,506
Balance for Support of Municipal Budget Appropriations			128,436,580
Add: Appropriation for "Reserve for Uncollected Taxes"	A-3		6,038,137
Amount for Support of Municipal Budget Appropriations	A-2		$ 134,474,717
Receipts from Delinquent Taxes:			
Delinquent Taxes Collected	A-7		$ 135,481
Senior Citizens' and Veterans' Deductions	A-7		(4,875)
Demolition Liens Collected	A-12		168
Tax Title Liens Collected	A-9		1,382,591
Total Receipts from Delinquent Taxes	A-1		$ 1,513,365
Miscellaneous Revenues Anticipated:			
Current Sewer Charges:			
Current Year Receipts	A-10		$ 6,414,900
Prior Year's Sewer Charges:			
Current Year Receipts	A-10	$ 303,284	
Sewer Lien Receipts	A-11	109,604	
			412,888
Additional Sewer Fees:			
Current Year Receipts	A-10		125,792
Accrual per Revenue Accounts Receivable	A-15		75,840,709
State and Federal Grants	A-17		18,856,807
Total Miscellaneous Revenues Anticipated	A-1		$ 101,651,096
Total Realized Budget Revenues	A-2		$ 237,639,178

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF REVENUES - REGULATORY BASIS
ANALYSIS OF NON-BUDGET REVENUES

	Ref.			
Increased by Cash Received from:				
FEMA - Reimbursement Hurricane Irene		$ 675,242		
CCMSI - Various Prior Year's Provider Refunds		150,897		
Redemption Fees		99,878		
Board and Secure		85,000		
DMV Inspection Fees		84,582		
Off Duty Police Reimbursement - Use of Cars		64,075		
CCMSI - Subrogation Recovery - Anthony Viso 2009		62,000		
Federal Retired Drug Subsidy - Medicare D		53,116		
Mercantile License Fees		46,600		
Verizon - Prior Year Reimbursement		34,568		
Insurance Reimbursement - Neil Briggs		25,806		
Stale Dated Checks		22,349		
Car Auction		17,635		
Police Seized Money		16,056		
PILOT - Belmont Towers 2007		14,310		
Department of Public Works - Auction		12,025		
Paterson Parking Authority - Gas Reimbursement Prior Years		11,302		
Garnishee Service Charges		9,748		
Film Permit Fees		8,422		
Department of Public Works - Liens		8,101		
City Clerk - Loud Speaker Fees		6,290		
Bad Checks Fees		4,475		
Waste Oil Reimbursement - FY 2010		4,205		
Premium on Sale of Emergency Notes		4,087		
Cit Clerk - Garage Sale Permit Fees		3,560		
Home Rebate		3,535		
Child Care Service Charges		3,145		
Bid Specifications		2,950		
City Clerk - OPRA Fees		2,413		
Restitution - John Egan		2,370		
Duplicate Bills		1,486		
Discovery Checks		1,331		
Sale of Vehicles		1,300		
Various Other Miscellaneous Revenues Not Anticipated		2,626		
Cash Receipts	A-4		$	1,545,485
Senior Citizen and Veterans' Administration Fees	A-8			5,355
Total Miscellaneous Revenues not Anticipated	A-1, A-2		$	1,550,840

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
(A) Operations - Within "CAPS"						
GENERAL GOVERNMENT						
Office of the Mayor						
Salaries and Wages	$ 419,033	$ 419,033	$ 410,748	$ -	$ 8,285	$ -
Other Expenses	15,120	15,120	9,623	1,739	3,758	-
City Council						
Salaries and Wages	581,351	531,351	509,658	-	21,693	-
Other Expenses	178,890	178,890	147,438	16,307	15,145	-
Office of the City Clerk						
Salaries and Wages	372,885	287,885	286,088	-	1,797	-
Other Expenses	128,155	128,155	102,309	6,366	19,480	-
Elections						
Salaries and Wages	6,825	6,995	6,991	-	4	-
Other Expenses	461,050	461,050	341,027	22,719	97,304	-
Insurance						
Salaries and Wages	85,948	85,948	85,948	-	-	-
Other Expenses	34,951,448	37,016,871	34,657,078	2,018,568	341,225	-
Insurance - Worker Compensation	3,146,550	3,431,550	3,079,963	350,640	947	-
Insurance - Liability	5,020,600	4,860,600	4,353,377	483,001	24,222	-
Auditing Services and Costs						
Annual Audit	41,000	41,000	-	-	41,000	-
Other Audits	25,000	25,000	-	-	25,000	-
Cultural Affairs						
Salaries and Wages	86,962	87,312	87,308	-	4	-
Other Expenses	102,900	72,900	34,467	2,853	35,580	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF ADMINISTRATION						
Office of the Business Administrator						
Salaries and Wages	$ 490,703	$ 490,703	$ 415,863	$ -	$ 74,840	$ -
Other Expenses	53,000	53,000	28,945	7,359	16,696	-
Division of Personnel						
Salaries and Wages	448,471	388,471	366,287	-	22,184	-
Other Expenses	32,650	32,650	24,624	4,391	3,635	-
Division of Purchasing						
Salaries and Wages	216,510	215,010	214,571	-	439	-
Other Expenses	19,700	21,700	20,203	984	513	-
Division of Data Processing						
Salaries and Wages	316,487	272,487	271,667	-	820	-
Other Expenses	273,800	374,800	257,327	83,994	33,479	-
Surveys and General - Other Expenses	98,000	98,000	83,066	3,907	11,027	-
Public Defender (P.L. 1997, c. 256)						
Salaries and Wages	56,429	-	-	-	-	-
Other Expenses	680	-	-	-	-	-
DEPARTMENT OF FINANCE						
Office of the Director						
Salaries and Wages	141,201	141,201	141,201	-	-	-
Other Expenses	36,550	36,550	3,734	2,058	30,758	-
Division of Treasury						
Salaries and Wages	329,531	329,531	327,673	-	1,858	-
Other Expenses	33,095	33,095	20,493	2,307	10,295	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF FINANCE - continued						
Division of Accounts and Control						
Salaries and Wages	$ 407,430	$ 407,430	$ 403,783	$ -	$ 3,647	$ -
Other Expenses	10,743	10,743	6,590	3,124	1,029	
Division of Sewer Collection						
Salaries and Wages	152,216	134,216	132,783	-	1,433	-
Other Expenses	32,600	32,600	30,346	223	2,031	-
Division of Assessments						
Salaries and Wages	355,532	292,532	286,973	-	5,559	-
Other Expenses	37,560	55,560	34,184	21,302	74	-
Division of Revenue Collection						
Salaries and Wages	645,084	645,584	645,277	-	307	-
Other Expenses	200,730	200,730	134,947	15,158	50,625	-
Office of Internal Audit						
Salaries and Wages	132,973	124,973	124,356	-	617	-
Other Expenses	5,708	5,708	659	203	4,846	-
DEPARTMENT OF LAW						
Office of the Corporation Counsel						
Salaries and Wages	953,776	872,776	866,429	-	6,347	-
Other Expenses	113,770	113,770	54,655	1,948	57,167	-
DEPARTMENT OF PUBLIC SAFETY						
Taxicab Division						
Salaries and Wages	134,743	76,743	76,667	-	76	-
Other Expenses	9,650	9,650	3,414	76	6,160	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF PUBLIC SAFETY - continued						
Division of Fire						
Salaries and Wages	$ 30,003,759	$ 29,893,759	$ 29,871,986	$ -	$ 21,773	$ -
Other Expenses	1,281,808	1,371,808	1,265,880	88,975	16,953	-
Life Hazard Use Fees Balance 2011	-	6,898	6,898	-	-	-
Life Hazard Use Fees 2012	-	275,796	275,796	-	-	-
Division of Police						
Salaries and Wages	43,146,634	42,746,634	42,736,383	-	10,251	-
Other Expenses	1,598,129	1,498,129	953,249	376,393	168,487	-
Animal Control						
Salaries and Wages	233,482	258,482	258,482	-	-	-
Other Expenses	51,600	56,600	56,600	-	-	-
DEPARTMENT OF PUBLIC WORKS						
Office of the Director						
Salaries and Wages	398,222	438,286	438,285	-	1	-
Other Expenses	26,870	33,870	23,472	5,874	4,524	-
Division of Engineering						
Salaries and Wages	205,700	195,700	192,051	-	3,649	-
Other Expenses	395,900	495,900	420,249	42,042	33,609	-
Division of Traffic and Lighting						
Salaries and Wages	256,531	275,531	274,058	-	1,473	-
Other Expenses	132,700	140,700	127,086	12,214	1,400	-
Division of Water and Sewers						
Salaries and Wages	397,376	307,376	306,915	-	461	-
Other Expenses	618,300	638,300	356,608	254,254	27,438	-
Sewer Repairs	50,000	50,000	-	-	50,000	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF PUBLIC WORKS - continued						
Division of Streets						
Salaries and Wages	$ 2,598,111	$ 2,523,111	$ 2,521,842	$ -	$ 1,269	$ -
Other Expenses	176,575	181,575	180,586	189	800	-
Street Repair	76,920	76,920	2,915	26,669	47,336	
Snow Removal						
Salaries and Wages	135,770	48,070	48,070	-	-	-
Other Expenses	307,250	196,250	185,013	10,287	950	-
Division of Auto Maintenance						
Salaries and Wages	501,031	423,031	422,755	-	276	-
Other Expenses	344,990	387,990	327,643	52,722	7,625	-
Division of Public Properties						
Parks and Shade Trees Section						
Salaries and Wages	1,235,591	1,213,591	1,213,437	-	154	
Other Expenses	363,525	363,525	241,133	54,993	67,399	
Public Buildings Section						
Salaries and Wages	1,235,404	1,148,404	1,146,889	-	1,515	-
Other Expenses	1,186,645	1,186,645	894,716	102,612	189,317	-
Division of Recreation						
Salaries and Wages	1,854,056	1,621,056	1,617,460	-	3,596	-
Other Expenses	442,934	535,934	415,148	73,211	47,575	-
Division of Recycling						
Salaries and Wages	720,271	905,473	905,473	-	-	-
Other Expenses	189,847	189,847	127,336	10,539	51,972	-
Cable Communications						
Salaries and Wages	129,095	160,595	159,253	-	1,342	-
Other Expenses	38,470	38,470	13,856	18,622	5,992	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
DEPARTMENT OF COMMUNITY DEVELOPMENT						
Division of Planning and Zoning						
Salaries and Wages	$ 261,777	$ 186,777	$ 184,542	$ -	$ 2,235	$ -
Other Expenses	14,300	14,300	6,517	4,244	3,539	-
Division of Community Improvements						
Salaries and Wages	49,518	49,518	47,434	-	2,084	-
Other Expenses	65,626	45,626	15,892	5,700	24,034	-
Division of Economic Development						
Salaries and Wages	69,839	33,839	33,370	-	469	-
Other Expenses	11,550	-	-	-	-	-
Division of Redevelopment						
Salaries and Wages	60,000	-	-	-	-	-
Other Expenses	11,550	-	-	-	-	-
DEPARTMENT OF HUMAN SERVICES						
Office of the Director						
Salaries and Wages	321,704	287,704	286,742	-	962	-
Other Expenses	6,000	6,500	6,105	198	197	-
Office of Aging and Disabled Services						
Salaries and Wages	78,096	33,096	27,777	-	5,319	-
Other Expenses	30,986	30,986	18,563	374	12,049	-
Social Services	433,701	433,701	165,018	75,346	193,337	
Division of Consumer Protection						
Salaries and Wages	142,985	133,985	133,037	-	948	-
Other Expenses	11,132	11,132	5,834	2,647	2,651	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
DEPARTMENT OF HUMAN SERVICES - continued						
Division of Youth Services						
Salaries and Wages	$ 304,463	$ 253,463	$ 252,885	$ -	$ 578	$ -
Other Expenses	22,274	22,274	14,292	3,411	4,571	-
Division of Health						
Salaries and Wages	1,966,267	1,816,267	1,814,212	-	2,055	-
Other Expenses	371,150	346,150	279,780	52,390	13,980	-
STATUTORY AGENCIES						
Museum						
Salaries and Wages	301,120	250,120	249,712	-	408	-
Other Expenses	45,650	45,650	28,640	5,057	11,953	-
Board of Adjustment						
Salaries and Wages	49,600	34,600	27,380	-	7,220	-
Other Expenses	39,200	39,200	31,392	4,945	2,863	-
Office of Emergency Management						
Salaries and Wages	134,000	105,000	104,277	-	723	-
Other Expenses	65,191	55,191	27,042	8,536	19,613	-
Planning Board						
Salaries and Wages	49,741	34,741	25,523	-	9,218	-
Other Expenses	34,500	34,500	16,999	926	16,575	-
Youth Guidance Council						
Other Expenses	27,000	27,000	19,174	3,492	4,334	-
Historic Preservation Commission						
Salaries and Wages	107,072	100,072	98,169	-	1,903	-
Other Expenses	15,435	15,435	4,656	1,190	9,589	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
STATUTORY AGENCIES - continued						
Municipal Court						
Salaries and Wages	$ 1,421,219	$ 1,306,219	$ 1,300,415	$ -	$ 5,804	$ -
Other Expenses	174,340	191,340	150,385	4,565	36,390	-
UNIFORM CONSTRUCTION CODE						
Community Improvements						
Salaries and Wages	962,527	736,527	736,527	-	-	-
Other Expenses	110,473	110,473	110,473	-	-	-
UNCLASSIFIED						
Electricity	1,115,000	1,115,000	867,653	229,747	17,600	-
Street Lighting	2,722,000	2,722,000	2,409,199	312,801	-	-
Telephone Service	468,100	368,100	254,658	84,835	28,607	-
Gas	507,000	507,000	221,612	281,825	3,563	-
Fuel Oil	19,000	19,000	8,965	8,035	2,000	-
Gasoline	1,267,400	1,312,400	1,142,307	155,651	14,442	-
Solid Waste	9,321,216	9,321,216	7,601,662	1,305,174	414,380	-
Accrued Sick and Vacation	-	2,840,000	2,840,000		-	-
(B) Contingent	5,000	5,000	-	-	-	5,000
Total Operations Including Contingent within "CAPS"	164,891,237	168,005,231	158,645,083	6,729,912	2,625,236	5,000
		2,840,000				
Detail:						
Salaries and Wages	95,665,051	93,331,208	93,095,612	-	235,596	-
Other Expenses	69,226,186	74,674,023	65,549,471	6,729,912	2,389,640	5,000

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
(E) Deferred Charges and Statutory Expenditures within "CAPS"						
(1) DEFERRED CHARGES						
Prior Years' Bills	$ 6,321	$ 6,321	$ 6,321	$ -	$ -	$ -
(2) STATUTORY EXPENDITURES						
Contribution to:						
Public Employees Retirement System (PERS)	3,073,363	3,073,363	3,059,915	-	13,448	-
Police and Firemen's Retirement System (PFRS)	16,767,191	16,767,191	16,767,191	-	-	
Social Security System (O.A.S.I.)	2,016,463	1,939,463	1,924,091	-	15,372	-
Consolidated Police and Fire Retirement Fund	5,000	5,000	616	-	4,384	-
Increased Retirement Allowance						
Pursuant to: C143-L-1958	181,403	181,403	181,403	-	-	-
Defined Contribution Retirement Program	15,000	15,000	14,321	-	679	-
Medicare	1,385,678	1,401,178	1,400,086	-	1,092	-
Unemployment Compensation Insurance	1,770,000	1,891,500	1,891,500	-	-	-
State Disability	175,000	123,700	123,657	-	43	-
	25,395,419	25,404,119	25,369,101	-	35,018	-
(G) Cash Deficit of Preceeding Year	487,751	487,751	487,751	-	-	-
(H-1)TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	190,774,407	193,897,101	184,501,935	6,729,912	2,660,254	5,000

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
(A) Operations - Excluded From "CAPS"						
Passaic Valley Sewerage Commmission	$ 10,003,753	$ 10,003,753	$ 10,002,847	$ -	$ -	$ 906
Maintenance of Free Public Libraries						
Salaries and Wages	1,984,736	1,984,736	1,970,900	10,188	3,648	-
Library Fringe Benefits:		-	-	-	-	-
Social Security	107,169	107,169	107,169	-	-	-
Medicare	25,235	25,235	25,235	-	-	-
Insurance	1,091,368	1,091,368	1,091,368	-	-	-
Safe and Secure - Local Share	633,622	633,622	633,622	-	-	-
FEMA Assistance to Firefighers Match						
911 Salaries and Wages - Police	867,297	867,297	867,297	-	-	-
911 Salaries and Wages - Fire	374,661	374,661	374,661	-	-	-
Solid Waste Recycling Tax	256,248	256,248	256,248	-	-	-
Hurricane Irene	1,275,392	1,275,392	1,244,282	31,110	-	-
	16,619,481	16,619,481	16,573,629	41,298	3,648	906
PUBLIC AND PRIVATE APPROPRIATIONS OFFSET BY REVENUES						
United States Department of Justice:						
Bullet Proof Vests	31,275	31,275	31,275	-	-	-
United States Department of Health and Human Services:						
2011 SPNS Grant	106,299	106,299	106,299	-	-	-
Minority AIDS Initiative Program	335,954	335,954	335,954	-	-	-
HIV Ryan White Program 3/1/11-2/29/12	2,738,741	2,738,741	2,738,741	-	-	-
HIV Ryan White Program 3/1/12-2/28/13	3,787,807	3,787,807	3,787,807	-	-	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
PUBLIC AND PRIVATE APPROPRIATIONS OFFSET BY REVENUES - continued						
United States Federal Emergency Management Agency:						
FY 2011 Assistance to Firefighters Grant	$ -	$ 107,736	$ 107,736	$ -	$ -	$ -
Hazardous Mitigation Grant Program	-	4,322,336	4,322,336	-	-	-
New Jersey Department of Treasury:						
Alcoholic Education Enforcement Fund	3,182	3,182	3,182	-	-	-
New Jersey Department of Health and Senior Services:						
Sexually Transmitted Disease Control Program	92,040	92,040	92,040	-	-	-
2011 Federal TB Control Grant	19,504	19,504	19,504	-	-	-
Tuberculosis Control Program	209,599	209,599	209,599	-	-	-
2012 Federal TB Control Grant	103,754	103,754	103,754	-	-	-
Senior Farmers Market Nutrition Program	3,000	3,000	3,000	-	-	-
Public Health Preparedness / Response for Bioterroı	232,000	232,000	232,000	-	-	-
Childhood Lead Poisoning Control Program	283,250	283,250	283,250	-	-	-
HIV Counseling, Testing and Referral	150,251	150,251	150,251	-	-	-
New Jersey Department of Community Affairs:						
Recreation Opportunities for Ind'ls with Disabilities	13,000	13,000	13,000	-	-	-
New Jersey Department of Law & Public Safety:						
Emergency Management Assistance Funding	10,000	10,000	10,000	-	-	-
Safe and Secure Communities Program	188,972	188,972	188,972	-	-	-
NJ State Police Urban Area Security Initiative Training Reimbursement Funds	19,522	19,522	19,522	-	-	-
Byrne Memorial Law Enforcement Tech. Grant	500,000	500,000	500,000	-	-	-
Body Armor Grant	31,516	31,516	31,516	-	-	-
DWI Drunk Driving Enforcement Grant	63,209	63,209	63,209	-	-	-
Edward Byrne Violent Crime Discretionary Grant	138,000	138,000	138,000	-	-	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
PUBLIC AND PRIVATE APPROPRIATIONS OFFSET BY REVENUES - continued						
New Jersey Department of Environmental Protection:						
Dowtown Commercial Historic District Grant	$ 18,000	$ 18,000	$ 18,000	$ -	$ -	$ -
Recycling Tonnage Grant	151,802	151,802	151,802	-	-	-
FY 2012 Clean Communities Program Grant	-	144,617	144,617	-	-	-
Blue Acres Program	-	1,440,779	1,440,779	-	-	-
New Jersey Department of Commerce and Economic Development:						
UEZ - Administration Budget	540,000	540,000	540,000	-	-	-
UEZ - Small Business Dev. Center Year 12	130,000	130,000	130,000	-	-	-
New Jersey Department of Human Services:						
School Based Youth Services Program	302,456	302,456	302,456	-	-	-
Teen Parenting Program	83,403	83,403	83,403	-	-	-
County of Passaic:						
Senior Citizen & Disabled Transportation Program	282,000	282,000	282,000	-	-	-
2011 Municipal Alliance Program	42,000	42,000	42,000	-	-	-
Total Lifestyle Support Program	87,633	87,633	87,633	-	-	-
Paterson Station House Adjustment Program	17,635	17,635	17,635	-	-	-
2012 Municipal Alliance Program	41,903	41,903	41,903	-	-	-
Open Space Pennington Park Gazebo	-	175,000	175,000	-	-	-
Evening Reporting Program, 1/1/11 - 12/31/11	-	106,830	106,830	-	-	-
Evening Reporting Program, 1/1/12 - 12/31/12	-	106,830	106,830	-	-	-
Total Lifestyle Support Program 2012	-	87,633	87,633	-	-	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
PUBLIC AND PRIVATE APPROPRIATIONS OFFSET BY REVENUES - continued						
Other:						
Community Foundation of New Jersey, Give & Receive Summer Program	$ 20,000	$ 20,000	$ 20,000	$ -	$ -	$ -
Passaic City Byrne Memorial Assist. Equip. Grant	160,946	160,946	160,946	-	-	-
NJHOA Corrective Action Mini Grant	10,000	10,000	10,000	-	-	-
State Farm Insurance Hurrican Irene Flood Relief	10,000	10,000	10,000	-	-	-
PRC Master Plan Grant	100,000	130,000	130,000	-	-	-
1st Ward Library Renovation Insurance Grant	326,413	326,413	326,413	-	-	-
Silk City Woman's Club Museum Grant	1,000	1,000	1,000	-	-	-
PRC/UEZ Small Business Loan Program Phase 1	-	300,000	300,000	-	-	-
PRC/UEZ Clean Communities Project	-	350,000	350,000	-	-	-
Greater Paterson Chamber Foundation, Victor Cruz Celebration of April 15, 2012	-	16,286	16,286	-	-	-
	11,386,066	18,574,113	18,574,113	-	-	-
Total Operations - Excluded from "CAPS"	28,005,547	35,193,594	35,147,742	41,298	3,648	906
Detail:						
Salaries and Wages	3,226,694	3,226,694	3,212,858	10,188	3,648	-
Other Expenses	24,778,853	31,966,900	31,934,884	31,110	-	906
(C) Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	300,000	300,000	300,000	-	-	-
Acquisition, Remediation of Public Property	200,000	200,000	-	-	200,000	-
	500,000	500,000	300,000	-	200,000	-

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
(D) Municipal Debt Service						
General Debt Service:						
Payment of Bond Principal	$ 2,850,000	$ 2,850,000	$ 2,850,000	$ -	$ -	$ -
NJ Environmental Infrastructure Principal	1,173,809	1,173,809	1,133,809	-	-	40,000
Interet on Bonds	1,094,639	1,094,639	1,094,639	-	-	-
Interest on Emergency Notes	112,851	112,851	112,851	-	-	-
NJ Environmental Infrastructure Interest	272,885	272,885	226,611	-	-	46,274
Interest on Bond Anticipation Notes	409,294	409,294	409,294	-	-	-
Principal Due on BANs	650,000	650,000	650,000	-	-	-
Green Trust Loan Program						
Loan Repayments for Principal and Interest						
Payment of Principal	63,934	63,934	63,934	-	-	-
Payment of Interest	8,924	8,924	8,924	-	-	-
DCA Demolition Loan	88,250	88,250	88,250	-	-	-
	6,724,586	6,724,586	6,638,312	-	-	86,274
(E) Deferred Charges - Municipal - Excluded from "CAPS"						
Emergency Authorizations	1,200,000	1,200,000	1,200,000	-	-	-
Special Emergency Authorizations - 5 Years	806,000	806,000	806,000	-	-	-
Capital Fund (DEP Settlement)	41,917	41,917	41,917	-	-	-
	2,047,917	2,047,917	2,047,917	-	-	-
(F) Judgments	310,000	310,000	308,196		-	1,804
(H-2)TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAPS"	37,588,050	44,776,097	44,442,167	41,298	203,648	88,984

See Accompanying Notes to Financial Statements

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
(K) Local District School Purposes - Excluded from "CAPS"						
TYPE 1 DISTRICT SCHOOL DEBT						
Payment of Bond Principal	$ 574,135	$ 574,135	$ 574,135	$ -	$ -	$ -
Interest on Bonds	55,494	55,494	55,494	-	-	-
	629,629	629,629	629,629	-	-	-
(O)TOTAL GENERAL APPROPRIATIONS - EXCLUDED FROM "CAPS"	38,217,679	45,405,726	45,071,796	41,298	203,648	88,984
(L) Subtotal General Appropriations	$ 228,992,086	$ 239,302,827	$ 229,573,731	$ 6,771,210	$ 2,863,902	$ 93,984
(M) Reserve for Uncollected Taxes	6,038,137	6,038,137	6,038,137	-	-	-
TOTAL GENERAL APPROPRIATIONS	$ 235,030,223	$ 245,340,964	$ 235,611,868	$ 6,771,210	$ 2,863,902	$ 93,984
Ref.		A-3a	A-3a	A-19	A	A-3a

See Accompanying Notes to Financial Statements

Exhibit A-3a

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
ANALYSIS OF MODIFIED BUDGET AND PAID OR CHARGED

	Ref.	Budget After Modification	Paid or Charged
Budget As Adopted	A-2	$ 235,030,223	$ -
Added by N.J.S.A. 40A:4-87	A-2	7,470,741	-
Cash Disbursements	A-4	-	204,746,182
Special Emergency	A-16 / A-28	2,840,000	2,840,000
Special Emergency	A-28	-	(2,230,342)
Reserve for Uncollected Taxes	A-2a	-	6,038,137
Cash Receipts	A-4	-	(1,834,609)
Interfund - Grants	A-17	-	926,899
Chargebacks	A-17		(411,622)
Costs of Issuance	A-17		(5,664)
Capital Improvement Fund	A-18	-	300,000
Qualified Bonds Paid by State	A-15	-	3,944,639
Deferred Charges	A-16	-	2,493,751
State Library Aid	A-30	-	(52,310)
Life Hazard Use Fees - Grants	A-17		282,694
State and Federal Grants	A-17	-	18,574,113
Subtotal: Modified Budget and Paid or Charged	A-3	245,340,964	$ 235,611,868
Appropriations Canceled	A-3	93,984	
	A-1	$ 245,246,980	

See Accompanying Notes to Financial Statements

REPORT OF AUDIT

FINANCIAL SECTION

Trust Fund Financial Statements

City of Paterson
FY 2012

CITY OF PATERSON
TRUST FUNDS
AS OF JUNE 30, 2012 AND 2011

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	2012	2011
Assets			
Animal Control Trust Fund:			
Cash	B-2	$ 17,351	$ 20,010
Other Trust Fund:			
Cash - Community Development	B-2	2,396,078	4,265,810
Cash - Other Trust	B-2	4,913,206	4,789,091
Taxes Receivable - Special Improvement Districts	B-3	3,055	3,246
Grants Receivable	B-5	18,586,372	16,945,737
Due from Municipal Utility Authority	B-9	3,199,181	3,199,181
Redevelopment/CDBG Held Properties	B-12	172,930	172,930
Tax Title Lien - Special Improvement Districts	B-19	43,642	20,539
Total Other Trust Fund		29,314,464	29,396,534
Total Assets		$ 29,331,815	$ 29,416,544
Liabilities and Reserves			
Animal Control Trust Fund:			
Due to State of New Jersey	B-6	$ 2,058	$ 1,995
Reserve for Animal Control Fund Expenditures	B-11	15,293	18,015
Total Animal Control Trust Fund		17,351	20,010
Other Trust Fund:			
Reserve for Municipal Utility Authority Receivable	B-10	3,199,181	3,199,181
Due to Special Improvement District	B-4	107,894	63,510
Redevelopment/CDBG Held Properties	B-13	172,930	172,930
Reserve for:			
Off-Duty Police Officers	B-7	241,294	377,498
Off-Duty Police Officers Administration	B-8	41,365	39,782
Parking Offense Adjudication Act	B-14	219,709	187,557
Weights and Measures	B-15	74,061	64,132
Public Defender Fees	B-16	38,323	45,719
Various Reserves and Deposits	B-17	1,762,965	1,689,469
Payroll Agency	B-22	2,349,684	2,274,350
Tax Overpayments - Special Improvement District	B-18	1,001	167
Prepaid Revenue - Special Improvement District	B-20	58,999	36,095
Reserve for Special Improvement District Taxes	B-21	46,697	23,785
Due to Housing Authority - Straight and Narrow	B-24	21,820	21,820
Reserve for Various Grants	B-25	20,960,630	21,189,727
Fund Balance	B-1	17,911	10,812
Total Other Trust Fund		29,314,464	29,396,534
Total Liabilities, Reserves and Fund Balance		$ 29,331,815	$ 29,416,544

See Accompanying Notes to the Financial Statements.

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS

	Ref.		
Balance: June 30, 2011	B		$ 10,812
Increased by:			
Cash Receipts	B-2	$ 999	
Deposit Cancellations	B-17	16,100	
			17,099
			27,911
Decreased by:			
Cash Disbursements Applied to Anticipated Revenue	B-2		10,000
Balance: June 30, 2012	B		$ 17,911

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION

General Capital Fund Financial Statements

City of Paterson
FY 2012

CITY OF PATERSON
GENERAL CAPITAL FUND
JUNE 30, 2012 AND 2011

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Ref.	2012	2011
Assets			
Cash	C-2,C-3	$ 17,198,389	$ 19,307,682
Grants Receivable - State	C-4	7,951,217	7,763,600
Deferred Charges to Future Taxation:			
Funded	C-7	61,776,647	65,218,797
Unfunded	C-9	37,824,635	31,363,702
Unfunded - NJ DEP Settlement	C-6	83,835	125,751
Due from New Jersey Environmental Infrastructure Trust Fund	C-8	8,757,606	8,757,604
Total Assets and Deferred Charges		$ 133,592,329	$ 132,537,136
Liabilities and Reserves			
General Serial Bonds	C-10	$ 41,922,526	$ 43,653,615
Bond Anticipation Notes	C-13	27,229,000	20,579,000
Improvement Authorizations:			
Funded	C-14	20,914,366	22,644,274
Unfunded	C-14	23,114,008	23,463,589
Capital Improvement Fund	C-15	410,113	260,113
Due to State of New Jersey:			
Green Acres Trust Loan Payable	C-16	922,188	797,055
Demolition Loan Payable	C-17	90,000	178,250
Environmental Infrastructure Loan	C-11	17,648,033	18,821,842
Economic Development Agency Payable - School	C-18	1,193,900	1,768,035
NJ Department of Environmental Protection Settlement Payable	C-12	83,835	125,751
Fund Balance	C-1	64,360	245,612
Total Liabilities, Reserves and Fund Balance		$ 133,592,329	$ 132,537,136
Bonds and Notes Authorized But Not Issued	C-20	$ 10,595,635	$ 10,784,702

See Accompanying Notes to the Financial Statements.

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance: June 30, 2011	C, C-3	$ 245,612
Increased by:		
Premiums Received on Sale of Notes	C-19	64,248
		309,860
Decreased by:		
Anticipated as Budget Revenue	C-19	245,500
Balance: June 30, 2012	C, C-3	$ 64,360

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION

General Fixed Assets Financial Statements

City of Paterson
FY 2012

CITY OF PATERSON
GENERAL FIXED ASSETS
AS OF JUNE 30, 2012 AND 2011

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	2012	2011
Assets			
Land		$ 3,257,443	$ 3,257,443
Building		39,034,660	39,034,660
Machinery & Equipment		21,616,258	21,558,158
	D-1	$ 63,908,361	$ 63,850,261
Liabilities and Reserves			
Investment in General Fixed Assets	D-2	$ 63,908,361	$ 63,850,261

See Accompanying Notes to the Financial Statements.

REPORT OF AUDIT

FINANCIAL SECTION

Notes to Financial Statements

City of Paterson
FY 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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 N.J.S.A. 40A:5-5. Accordingly, the financial statements of the City do not include the operations of 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 State of New Jersey, Department of Community Affairs, Division of Local Government Services (the "Division") requires the financial statements of the City to be reported separately from it component units. 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

Description of Funds

The Governmental Accounting Standards Board (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).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Funds (Continued)

The accounting policies of the City conform to the accounting principles applicable to municipalities which have been prescribed by the Division. 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 financial transactions and accounts of the City are organized on the basis of funds which are different 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, the City accounts for its financial transactions through the following individual funds:

***Current Fund* -** resources and expenditures for governmental operations of a general nature. This includes the Federal and State Grants Fund.

***Trust Fund* -** receipts, disbursements and custodianship of funds, including federal and state grants, 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. General, school bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

***Fixed Asset Group of Accounts* –** is not a separate fund type, but is used to account for all fixed assets acquired through the various funds of the City.

Basis of Accounting

As noted throughout Note A, substantial differences exist between GAAP and the budgetary basis prescribed by the Division. A reconciliation between the two would not be meaningful or informative and therefore is not provided herein.

***Long-Term Obligations* -** General long-term debt is recognized as a liability of the General Capital Fund for the full amount.

***Reserves (Other than Reserve for Receivables*) -** Reserves, other than Reserve for Receivables are considered as liabilities, and not as a reservation of fund balance.

***Reserves for Receivables* -** Reserves for receivables are offsetting balance sheet account credits that are created to preserve the cash basis revenue recognition required by the Division's accounting principles.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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.

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

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 Division, 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.

Fund Balance - Fund equity represented on the financial statements consists solely of Fund Balance, which is not further categorized with respect to reservations (portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use) or designations (plans for future use of financial resources).

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 Division in accordance with the Local Budget Law. Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements. The budgetary requirements herein outlined are applicable to only the Current Fund, and not the Trust Fund, Capital Fund and the General Fixed Assets section. However, statutes require the City to adopt annually a three-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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.

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 un-matured 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 and Post Employment Benefits- 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. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources to be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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 expenditure.

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.

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

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.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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 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 Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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.

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

Also see Note B - Cash and Cash Equivalents.

Basic Financial Statements

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

Comparative Data **-** Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the County's financial position and operations. Comparative data is not presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

B. CASH AND CASH EQUIVALENTS

Deposits

All cash and cash equivalents on deposit as of the years ended June 30, 2011 and 2010 are partially insured by the Federal Deposit Insurance Corporation (herein referred to as "FDIC) up to $250,000, as approved by Congress through December 31, 2013, 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:

B. CASH AND CASH EQUIVALENTS

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, 2011 are held in foreign currency.

As of June 30, 2012 and 2011, none of the City's deposits of $33,776,967 and $42,403,897 were exposed to either custodial credit risk or foreign currency risk.

At June 30, 2012 and 2011, the City's deposits are summarized as follows:

	2012	2011
FDIC Insured	$ 1,000,000	$ 1,500,000
GUDPA Insured	30,396,309	37,488,244
New Jersey Cash Management Fund	2,380,658	3,415,653
	$ 33,776,967	$ 42,403,897

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.
- 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).

B. CASH AND CASH EQUIVALENTS (Continued)

Investments (Continued)

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 deposit. 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, 2012 and 2011.

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.

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, 2012 and 2011, the City had a balance of $2,380,658 and $3,415,653 respectively, in the New Jersey Cash Management Fund.

C. PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

Property Taxes Receivable

Delinquent Taxes and Tax Title Liens **-** As mentioned in Note A, 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, 2012 and 2011, property taxes receivable were $179,045 and $64,579, respectively and tax title liens receivable were $7,998,200 and $4,953,592, respectively.

Property Acquired by Tax Title Lien Liquidation – The City held its annual accelerated tax sale in fiscal year 2012. All properties with delinquent taxes at May 1, 2012 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, 2012 and 2011 were $5,107,360.

Prepaid Taxes **-** Taxes collected in advance are recorded as cash liabilities in the financial statements and were $124,390 and $165,863 for the years ended June 30, 2012 and 2011, 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 $2,072,232 and $1,822,113 for the years ended June 30, 2012 and 2011, respectively.

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, 2012 and 2011, the budgeted reserve for uncollected taxes was $6,038,137 and $3,619,732, respectively.

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 are charged for the full amount required to be raised from taxation to operate the local school district.

C. PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

Property Tax Calendar (Continued)

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.

D. MUNICIPAL DEBT

Summary of Municipal Debt

The New Jersey Local Bond Law, N.J.S.A. 40A:2, 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. Bond Anticipation Notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

	June 30, 2011	Authorized	Issued	Cancelled	Paid	June 30, 2012
Issued:						
Serial Bonds	$ 43,653,615	$ -	$ 4,875,000	$ -	$ 6,606,089	$ 41,922,526
Bond Anticipation Notes	20,579,000	-	27,229,000	-	20,579,000	27,229,000
Loans Payable:						-
Green Acres Trust	797,055	-	189,067	-	63,934	922,188
Economic Development Agency	1,768,035	-	-	-	574,135	1,193,900
Demolition Loan Payable	178,250	-	-	-	88,250	90,000
Environmental Infrastructure						-
Loan	18,821,842	-	-	-	1,173,809	17,648,033
Authorized But Not Issued	10,784,702	12,300,000	12,364,067	125,000	-	10,595,635
Total	$ 96,582,499	$ 12,300,000	$ 44,657,134	$ 125,000	$ 29,085,217	$ 99,601,282

D. MUNICIPAL DEBT (Continued)

Summary of Municipal Debt (Continued)

The repayment schedule of annual debt service principal and interest for the next five years, and five-year increments there-after, for bonded debt issued and outstanding as of June 30, 2012 is as follows:

Bond Principal and Interest Repayment Schedule as of June 30, 2012

Year Ended June 30,	Principal	Interest	Total
2013	6,702,753	1,910,556	8,613,309
2014	5,882,151	2,164,071	8,046,222
2015	5,917,145	2,106,078	8,023,223
2016	5,471,640	2,051,457	7,523,097
2017	5,608,837	1,985,835	7,594,672
2018-2021	12,340,000	1,055,088	13,395,088
	$41,922,526	$11,273,085	$53,195,611

General Serial Bonds Payable

The City has outstanding at June 30, 2012 various general serial bond debt issues. The table below is a summary of the activity for such debt during the year ended June 30, 2012 and the short term liability for each issue:

Summary of General Serial Bonds Activity

Description	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012	Due by June 30, 2013
General Improvement Bonds Issued 06/01/05	$ 11,525,000	$ -	$ 2,850,000	$ 8,675,000	$ 2,875,000
General Improvement Bonds Issued 06/15/09	20,670,000		2,700,000	17,970,000	2,780,000
General Improvement Refunding Bonds Issued 03/23/11	3,230,000	-	-	3,230,000	-
General Obligation Refunding Bonds Issued 03/30/12	-	2,500,000	-	2,500,000	-
	$ 35,425,000	$ 2,500,000	$ 5,550,000	$ 32,375,000	$ 5,655,000

D. MUNICIPAL DEBT (Continued)

Pension Refunding Bonds Payable

The City has outstanding at June 30, 2012 pension refunding bond debt issues. The following table is a summary of the activity for such debt during the year ended June 30, 2012 and the short term liability for the issue:

Summary of Pension Refunding Bond Activity

Description	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012	Due by June 30, 2013
Pension Obligation Refunding Bonds Issued 04/03/03	$ 6,628,615	$ -	$ 1,056,089	$ 5,572,526	$ 1,056,089
Pension Obligation Refunding Bonds Issued 03/23/2011	1,600,000	-		1,600,000	-
Pension Obligation Refunding Bonds Issued 03/30/2012	-	2,375,000	-	2,375,000	-
	$ 8,228,615	$ 2,375,000	$ 1,056,089	$ 9,547,526	$ 1,056,089

Summary of Statutory Debt Condition – Annual Debt Statement

The summary statement of debt condition at June 30, 2012, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.12%. The Equalization Valuation Basis of the City at June 30, 2012 is $8,322,811,892.

	Gross Debt	Deductions	Net Debt
Local School District	$ 1,193,900	$ 1,193,900	$ -
General Debt	98,407,382	5,572,526	92,834,856
	$ 99,601,282	$ 6,766,426	$ 92,834,856

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3-1/2% of Equalized Valuation Basis	$ 291,298,416
Net Debt	92,834,856
Excess Borrowing Power	$ 198,463,560

D. MUNICIPAL DEBT (Continued)

Loans Payable

Green Acres Trust Loans

The City received the following Green Acres Trust Loans:

Name of Project	Date of Loan	Amount of Loan	Interest Rate
River Front Project	8/29/1990	$ 375,000	2%
Park Development Program - Phase II	7/26/1994	315,000	2%
Park Development Program - Phase III	6/26/2006	231,650	2%
Various Park Improvements	6/26/2006	267,000	2%
Various Park Improvements	1/19/2006	100,276	*
Various Park Improvements	6/26/2006	231,245	*

* - No amortization schedule is available since the City will not be required to repay the l
until the total amount of $1,237,363 is drawdown.

As of June 30, 2012 and 2011, the City had outstanding New Jersey Green Acres Trust loans in the amount of $797,055 and $922,188. The City paid $63,934 and $76,156 in principal and $8,927 and $10,455 in interest for these loans for the year ended June 30, 2012 and 2011, respectively. The annual debt service requirements for these loans are as follows:

Year Ended June 30,	Principal	Interest	Total
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
2018-2022	110,302	10,217	120,519
2023-2026	55,110	2,508	57,618
	401,600	41,390	442,990
*	520,588	-	520,588
	$ 922,188	$ 41,390	$ 963,578

D. MUNICIPAL DEBT (Continued)

State Loans - Demolition of Unsafe Buildings

The City received demolition loans from the State of New Jersey Department of Community Affairs for the Demolition of Unsafe Buildings as follows:

Name of Project	Date of Loan	Amount of Loan	Interest Rate
Building Demolition Loan	03/28/2000	$432,500	0%
Building Demolition Loan	01/26/2005	450,000	0%

Principal payments are due annually until maturity in 2014. Payments of $88,250 in principal were made during the year ended June 30, 2012 and 2011. The outstanding loan balances due to the State is $178,250 as of June 30, 2012.

Year Ended June 30,	Principal
2013	45,000
2014	45,000
	$ 90,000

Economic Development Loan Payable

The City has various loans with the State of New Jersey Economic Development Agency in the amount of $2,328,273 with an interest rate of 5.288% and 1.50% for school purposes. Total principal payments of $574,135 and $560,237 and interest payments of $55,494 and $76,359 were made for the years ended June 30, 2012 and 2011, respectively. The annual debt service requirements for this loan are as follows:

Year Ended	Type I School		
June 30,	Principal	Interest	Total
2013	589,096	33,866	622,962
2014	604,804	11,427	616,231
	$1,193,900	$ 45,293	$ 1,239,193

D. MUNICIPAL DEBT (Continued)

Environmental Infrastructure Trust Loan

The City had the following loans with the State of New Jersey Department of Environmental Protection:

Name of Project	Date of Loan	Total Loans	
		Federal	State
Phase I	11/03/2003	$5,554,479	$2,160,000
Phase II	11/03/2004	2,326,943	820,000
Phase III	11/03/2005	2,622,600	970,000
Phase IV	11/03/2008	6,624,904	2,208,031
Phase V	11/03/2009	2,097,000	-

During the year ended June 30, 2011, the City was awarded a grant under the American Recovery and Reinvestment Act in the amount of $1,049,000 to be utilized to forgive the debt. In addition the State of New Jersey Department of Environmental Protection reduced the trust loan an additional $1,046,509. The City paid $1,173,809 and $1,147,309 in principal and $226,611 and $262,351 in interest for the year ended June 30, 2011 and 2010, respectively. The outstanding balance as of June 30, 2012 was $17,648,033. The annual debt service requirements for these loans are as follows:

Year Ended June 30,	Non Interest Bearing Loan	Interest Bearing Loan		Total
	Principal	Principal	Interest	
2013	640,859	359,983	259,126	1,259,968
2014	651,805	379,983	244,876	1,276,664
2015	643,643	389,983	230,077	1,263,703
2016	645,824	404,983	215,675	1,266,482
2017	648,889	419,983	201,401	1,270,273
2018-2022	3,217,690	2,354,915	753,022	6,325,627
2023-2027	1,981,343	2,124,916	272,694	4,378,953
2028-2029	190,160	414,966	24,550	509,693
	8,620,213	6,849,712	2,201,421	17,551,363

D. MUNICIPAL DEBT (Continued)

Notes Payable

The term of bond anticipation 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 tenth anniversary of the date of the original note. The Division 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.

At June 30, 2012, the City had the following bond anticipation notes outstanding:

Description	Date of Maturity	Interest Rate %	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012
Various Capital Improvements	06/08/12	2.00%	9,665,000	-	9,665,000	-
Various Capital Improvements	06/08/12	2.00%	7,664,000	-	7,664,000	-
Tax Appeal Refunding	06/08/12	2.00%	3,250,000	-	3,250,000	-
Various Capital Improvements	06/06/13	1.50%	-	21,329,000	-	21,329,000
Tax Appeals	06/06/13	1.50%	-	2,600,000	-	2,600,000
Tax Appeal Refunding	06/06/13	1.50%	-	3,300,000	-	3,300,000
			$ 20,579,000	$ 27,229,000	$ 20,579,000	$ 27,229,000

Settlement Payable – New Jersey Department of Environmental Protection

In January 2004, the State of New Jersey, Department of Environmental Protection received a judgment against the City for violation of the Water Pollution Control Act, as a result of the City's failure to comply with the terms of its New Jersey Pollutant Discharge Elimination System Permit ("NJPDES Permit") for discharge from its combined sewer system to surface water, by virtue of the City's failure to complete the design and construction activities required by the NJPDES permit. As a result the City was required to pay a penalty of $7,500, an economic benefit assessment of $371,669 and an additional penalty of $40,000 for a total of $419,169.

The payments are made by ten annual installments of $41,917, commencing November 1, 2004 and ending November 1, 2013.

D. LONG-TERM DEBT (Continued)

Special Emergency Notes

Statutes allow the City to adopt ordinances authorizing special emergency appropriations for the carrying out of certain specific purposes, including the revaluation of real property and contractually required severance liabilities resulting from the layoff or retirement of employees. Statutes further provide for the borrowing of money and the issuance of Special Emergency Notes to finance such special emergency appropriations, which may be renewed from time to time, but at least 1/5 of all such notes, and the renewals thereof, shall mature and be paid in each year, so that all notes and renewals shall have matured and have been paid not later than the last day of the fifth year following the date of the emergency resolution.

As of June 30, 2012 and 2011, the City had the following special emergency notes outstanding.

Description	Date of Maturity	Interest Rate %	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012
Accrued Sick and Vacation Time - 2011 Special Emergency						
			$ 4,030,000	$ -	$ 4,030,000	$ -
Tax Exempt	06/06/13	2.250%	-	1,470,000	-	1,470,000
Federally Taxable	06/06/13	2.875%	-	1,754,000	-	1,754,000
Accrued Sick and Vacation Time - 2012 Special Emergency						
Tax Exempt	06/06/13	2.250%	-	2,124,000	-	2,124,000
Federally Taxable	06/06/13	2.875%	-	716,000	-	716,000
			$ 4,030,000	$ 6,064,000	$ 4,030,000	$ 6,064,000

G. FIXED ASSETS

The City had the following balance and activity in general fixed assets for and as of the year ended June 30, 2012:

	Balance, June 30, 2011	Current Year Activity		Balance, June 30, 2012
		Acquisitions	Dispositions	
Land	$ 3,257,443	$ -	$ -	$ 3,257,443
Building	39,034,660	-	-	39,034,660
Machinery and Equipment	21,558,158	58,100	-	21,616,258
	$ 63,850,261	$ 58,100	$ -	$ 63,908,361

In accordance with accounting practices prescribed by the Division, and as further detailed in Note A, no depreciation has been provided and fixed assets acquired through grants or contributed capital have not been accounted for separately.

H. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION

Substantially all City employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees Retirement System (PERS) and the Police and Fireman's Retirement System of New Jersey (PFRS). These systems are sponsored and administered by the State of New Jersey.

State Managed-Pension Plans - PERS

The PERS was established in January, 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and post-retirement medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2007, 2008, 2010 and 2011. These changes resulted in various "tiers" which distinguish period of eligibility for enrollment. The delineation of these tiers is noted below:

- Tier 1: Employees enrolled before July 1, 2007.
- Tier 2: Employees eligible for enrollment after June 30, 2007 but before November 2, 2008.
- Tier 3: Employees eligible for enrollment after November 1, 2008 but before May 22, 2010.
- Tier 4: Employees eligible for enrollment after May 21, 2010 but before June 28, 2011.
- Tier 5: Employees eligible for enrollment after June 27, 2011.

H. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

State Managed-Pension Plans – PERS (Continued)

Tier 1 and 2 employees must earn a base salary of $1,500 or more to enroll in the plan. Pensionable salaries are limited to the IRS maximum salary compensation limits for Tier 1 employees and social security maximum wage for Tier 2 employees. Tier 2 employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 1 and 2 employees who retire at or after age 60 are entitled to a retirement benefit determined by the formula "years of service" divided by 55 times the average of the highest three years salary.

Tier 3 employees must earn a base salary that is annually adjusted. For the fiscal year ended June 30, 2012 and 2011 this base salary amount was $7,800 and $7,700 for 2012 and 2011, respectively. Employees earning between $5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Employees who retire at or after age 62 are entitled to a retirement benefit determined by the formula "years of service" divided by 55 times the average of the highest three years salary.

Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over $5,000 are eligible to enroll in DRCP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Employees who retire at the minimum age; 62 and 65 for Tier 4 and Tier 5, respectively, are entitled to a retirement benefit determined by the formula "years of service" divided by 60 times the average of the highest five years salary.

Each of the 5 Tiers have eligibility requirements and benefit calculations which vary for deferred retirements, early retirements, veteran retirements, ordinary disability retirements and accidental disability retirements. There is no minimum service requirement to receive the pension benefits outlined above. However, in order to receive state-paid insurance coverage after 25 years of service for employees and Tiers 1 through 4 and 30 years of service for Tier 5 employees.

State Managed-Pension Plans – PFRS

The 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 firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2010 and 2011. These changes resulted in various "tiers" which distinguish period of eligibility for enrollment. The delineation of these tiers is noted as follows:

H. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

State Managed-Pension Plans – PFRS (Continued)

- Tier 1: Employees enrolled before May 22, 2010.
- Tier 2: Employees enrolled after May 21, 2010 but before June 29, 2011.
- Tier 3: Employees enrolled after June 28, 2011.

Tier 1, 2 and 3 employees do not have a minimum salary requirement to enroll. Pensionable salaries are limited to the social security maximum wage for Tier 2 and 3 employees and 'federal pensionable maximum' for Tier 1 employees. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Employees who retire either at or after the age of 55 are entitled to a retirement benefit dependent on years of service. In addition, Tier 1 employees can retire with 20 years of service with no minimum age requirement.

If the employee retires with less than 20 years of service, the benefit is calculated as 2% times the "final compensation"* times years of service. If the employee retires with more than 20 but less than 25 years of service, the benefit is calculated as 50% of "final compensation"*. If the employee retires with more than 25 but less than 30 years of service, the benefit is calculated as 60% of the "final compensation"* salary plus 1% times "final compensation"* for each year between 25 and 30. If the employee retires with at least 30 years of service, the benefit is calculated as 2% times the "final compensation"* times years of service plus 1% of "final compensation"* for each year over 30. In addition, if a Tier 1 employee retires at age 65 with 20 or more years of service, the benefit is calculated as 50% of the "final compensation"* plus 3% of the "final compensation"* times the number of years served over 20, to a maximum of 25.

***Note:** "Final Compensation" refers to the final 12 months of pensionable salary for Tier 1 employees and the average of the highest three years of pensionable salary for Tier 2 and 3 employees.

State Managed-Pension Plans – General

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

H. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

State Managed-Pension Plans – General (Continued)

According to state statutes, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated.

The State of New Jersey issues publicly available financial reports that include the financial statements and required supplementary information of the PERS and PFRS. 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.

State Managed-Pension Plans – Contributions

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:

Summary of Employee Contributions

Year Ended June 30,	As a Percetage of Base Wages		Amount	
	PFRS	PERS	PFRS	PERS
2012	10.00%	6.64%	$ 1,482,318	$ 6,038,321
2011	8.50%	5.50%	2,413,217	4,738,464
2010	8.50%	5.50%	3,685,312	4,747,203

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 as follows:

Year Ended June 30,	City PFRS Contribution		City PERS Contribution	
	Amount Paid or Charged	As a Percentage of Covered Payroll	Amount Paid or Charged	As a Percentage of Covered Payroll
2012	$ 16,767,191	26.7%	$ 3,059,915	13.0%
2011	13,614,040	*	6,693,213	*
2010	8,868,493	*	5,692,063	*

H. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

State Managed-Pension Plans – Pension Deferral

Legislation, known as Chapter 19 of the Public Laws of 2009 (P.L. 2009, c. 19), was enacted and effective on March 17, 2009 allowing for an adjustment in the contributions that local employers, such as the City, must make to the PERS and PFRS during the year ended June 30, 2009. Under this legislation, local governments were given the option to defer exactly 50% of their required pension contribution as certified by the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits or pay the full amount of the required contribution for the year ended June 30, 2009.

The City elected the 50% deferral. Under the terms of the pension deferral the City is obligated to commence repayment of the entire deferral in 15 amortized annual installments, commencing with the year ended June 30, 2012. These payments will be added to the regular pension bills. The total amount of the deferred pension contribution liability as of June 30, 2012 and 2011 was $5,230,309 and $5,603,902, respectively. The City made a payment of $915,088 during the year ended June 30, 2012 consisting of principal and interest payments for PERS totaling $117,507 and PFRS totaling $797,581. The short term liability of the deferral, payable on April 1, 2013 is $922,433, consisting of $119,036 in deferred PERS payments and $803,397 in deferred PFRS payments.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program, herein referred to as "DCRP", was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. It provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include state or local officials elected or appointed on or after July 1, 2007 employees enrolled in PERS on or after July 1, 2007 or PFRS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits, employees otherwise eligible for PERS on or after November 2, 2008 that do not earn the minimum PERS salary but earn more than $5,000 and employees otherwise eligible for PERS after May 21, 2010 that do not work the minimum number of PERS hours but earn more than $5,000 annually.

A local elected official is any individual who holds elected public office. A local appointed official is any individual whose position requires the specific consent or approval of the elected governing body of the political subdivision that is substantially similar in nature to the advice and consent of the Senate for appointments by the Governor of the State. Officials with existing PERS accounts will remain in PERS while serving that same office. DCRP participation can be irrevocably waived if officials earn less than $5,000.

H. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

Defined Contribution Retirement Program (Continued)

Enrolled members contribute 5.5% of their base salary or the amount of base salary in excess of maximum compensation limits if the member is primarily enrolled in PERS. Member contributions are matched by a 3% employer contribution. Contributions are made to a tax-deferred investment account which is administered for the Division of Pensions and Benefits by Prudential Financial.

Typically, DCRP members become fully vested upon commencement of their third year of membership. In such case there is no eligible third year of membership, all employee and employer contributions will be refunded to the appropriate contributing parties. Employer matching contributions and earnings are only available after the age of 55. Distributions render the member retired and are otherwise available at any time, as lump sum, fixed term or life annuity, but the individual will be rendered ineligible to participate in any State-administered plans upon a return to public employment in the State.

Members are covered by employer-paid life insurance in the amount of 1 ½ times the annual base salary on which DCRP contributions were based. Members are also eligible for employer-paid long-term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during the 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid so long the member remains disabled or until the age of 70. Benefits terminate should the member begin receiving retirement annuity payments.

As of June 30, 2012 and 2011, the City had 6 employees, who were DCRP members. Contributions to DCRP for the years ended June 30, 2012 and 2011 were $14,321 and $8,550, respectively.

I. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan permits employees to defer a portion of their salary until future years. Individuals are 100% vested. The plan is funded solely from voluntary employee payroll deductions. Distribution is available to employees upon termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the City's general creditors.

I. DEFERRED COMPENSATION PLAN

The following is the activity in the Plan for the year ended December 31, 2012:

	Additions to Plan	Deductions from Plan	Plan Value
Value of Plan Assets at December 31, 2011			$26,523,752
Employee Contributions/(Distributions)	$ 3,100,803	$ (2,751,509)	349,294
Gain on Value of Plan Assets	2,258,594	-	2,258,594
Value of Plan Assets at Decmber 31, 2011	$ 5,359,397	$ (2,751,509)	$29,131,640

The financial statements of the Plan's sponsors, The Harford, Variable Annuity Life Insurance Company and AXA Equitable Life Insurance Company, were audited by other auditors as of December 31, 2012. The Deferred Compensation Plan's assets and liabilities are not presented on the financial statements.

J. 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.

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.

J. POST RETIREMENT BENEFITS (Continued)

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 years ended June 30, 2012, June 30, 2011 and June 30, 2010, amounted to $14,162,646, $13,503,381 and $10,070,659, respectively. The number of employees eligible to receive benefits as of June 30, 2012, June 30, 2011 and June 30, 2010 were 873, 830 and 783, 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 $207,054,854, and for current active employees is $252,917,491, for a total accrued liability of $459,972,345.

Post-Retirement Medical Valuation	
Actuarial Accrued Liability	
Retiree	$ 207,054,854
Active	252,917,491
Unfunded Actuarial Accrued Liability	459,972,345
Discount Rate	4.25%
Normal Cost	$ 23,312,774

For the fiscal year ended June 30, 2010, the City's annual OPEB cost of $39,737,945 equaled its Annual Required Contribution. After taking into consideration the City contribution, as determined by the actuarial valuation, of $10,394,684, the net OPEB obligation increased $29,343,261 during the year ended June 30, 2010.

J. POST RETIREMENT BENEFITS (Continued)

Actuarial Valuation Results (Continued)

The following table utilizes the actuarially determined contribution for the year ended June 30, 2010 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	$23,312,774
Amortization of Unfunded Actuarial Accrued Liability over 30 Years	16,425,171
Annual Required Contribution	39,737,945
Interest on Net OPEB Obligation	2,653,331
Adjustments to Annual Required Contribution	(2,229,363)
Annual OPEB Cost	40,161,913
Actuarial Contribution Determination	10,395,684
Increase in Net OPEB Obligation	29,766,229
Net OPEB Obligation, Beginning of Year	62,431,326
Net OPEB Obligation, End of Year	$92,197,555

The actuarial valuation projected cash costs totaling $118,100,000 through the year 2017 for current and future retiree medical benefits as follows:

Year	Amount	Year	Amount
2010	$11,400,000	2011	$12,200,000
2012	12,800,000	2013	14,000,000
2014	14,900,000	2015	16,200,000
2016	17,700,000	2017	18,900,000

J. POST RETIREMENT BENEFITS (Continued)

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, and 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: traditional benefit plans costs decreasing ranging from 9.0% to 5.0%, prescription drug plan costs decreasing ranging from 5.0% to 12.0% and Medicare Part B costs increases of 0.0% to 5.0%.

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 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.

K. FUND BALANCE APPROPRIATED

Fund balance of the City consists of cash surplus and non-cash surplus. The City can anticipate fund balance to support its budget of the succeeding year, however, the use of non-cash surplus is subject to the prior written consent of the Division. Fund balances at June 30, 2012 and 2011 which were appropriated and included as anticipated revenue in the current fund budget of the succeeding year were as follows:

	Fund Balance June 30, 2011	Utilized in 2012 Budget	Fund Balance June 30, 2012	Utilized in 2013 Budget
Current Fund:				
Total Surplus	$ 227,201	$ -	$ 227,201	$ -

L. RISK MANAGEMENT

Insurance Coverage

The City established a self-insurance program in 1982 in accordance with New Jersey Statute Chapter 40:10-6. The Chapter enables the governing body of any local unit to create a fund to provide insurance coverage for its exposure to a wide variety of property casualty risks as follows:

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

The City has obtained the following coverage:

- Public officials' liability insurance with limits of $5,000,000 for employee theft and premise theft.
- General excess coverage of $5,000,000 per occurrence, $10,000,000 aggregate, after exhaustion of a retained limit of $250,000 and $500,000 for workers' compensation claims.
- Building coverage from $1,000 to $5,000,000 depending on the location insured.

L. RISK MANAGEMENT (Continued)

Insurance Coverage (Continued)

The Reserve for Insurance Liability at June 30, 2012 and June 30, 2011 was $1,036,534 and $923,115, respectively. The City accounts for insurance claims and costs on a pay-as-you-go basis. Expenditures during the year ended June 30, 2012 and June 30, 2011, amounted to $4,353,377 and $3,078,499, respectively.

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.

M. COMPENSATED ABSENCES

Under the existing contracts and policies of the City, employees are allowed to accumulate certain levels of vacation and sick pay over the duration of their employment. As of June 30, 2011 and 2010 the total accumulated absence liability was $11,555,994 and $12,034,841, respectively. The City adopted an emergency resolution in the amount of $2,840,000 to fund a portion of the liability.

N. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2012, the following deferred charges are shown on the balance sheets of the various funds:

	Balance, June 30, 2011	Less 2012 Budget Appropriation	Add: Results of Current Year	Succeeding Budgets
Special Emergency Authorizations (40A:4-53.b)				
Accrued Sick and Vacation Time - 2011	$ 4,030,000	$ 806,000	$ -	$ 3,224,000
Accrued Sick and Vacation Time - 2012	-	-	2,840,000	2,840,000
Special Emergency Authorizations (40A:4-53.b)				
Insurance - 2011	1,200,000	1,200,000	-	-
Cash Deficit of Preceding Year				
2011	487,751	487,751	-	-
2012	-	-	3,726,675	3,726,675
	$ 5,717,751	$ 2,493,751	$ 6,566,675	$ 9,790,675

O. CONTINGENT LIABILITIES

Grant Programs

The City receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants and revenue sharing entitlements. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. During fiscal year 2012, the City was subject to the requirements of the Single Audit Act of 1996, which mandates that all federal grant revenues and expenditures be audited in conjunction with the municipal audit.

In addition, substantially all State grants, entitlements and cost reimbursements are subject to these audits by the grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency.

Each of the grantor agencies reserves the right to conduct additional audits of the City's grant programs for economy, efficiency and program results. However, City management does not believe such audits would result in material amounts of disallowed costs.

Tax Appeals

The City is a defendant in various tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for years through 2012. 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. As of June 30, 2012 and 2011, the City has a balance in its reserve for tax appeals in the amount $200,000 and $891,768, respectively. The City issued new tax appeal refunding notes as authorized by Ordinance No. 12-025 of $3,300,000 to finance such appeals, in addition to a renewal of $2,600,000 in tax appeal refunding notes previously outstanding, for total tax appeal refunding notes outstanding at December 31, 2011 of $5,900,000.

Litigation

The City is currently named as defendant in several lawsuits/complaints, none of which is unusual for a municipality of its size and should be adequately covered by the City’s insurance program, defense program or by the City directly and which may be settled in a manner satisfactorily to the financial stability of the City. The City self-insures and also carries excess insurance for all lines of coverage. It is anticipated that any judgments in excess of the insured coverage would be paid by the City through future taxation or future debt borrowing.

O. CONTINGENT LIABILITIES (Continued)

Litigation (Continued)

Some of the more significant lawsuits with potential for material exposure to the City are highlighted below:

NJDEP v Occidental Chem. v City et al. – This is a pollution clean-up claim regarding the Passaic River, whereas the New Jersey Department of Environmental Protection sued Occidental Chemical, which, in turn, sued the City and 83 other municipalities and entities, alleging that their actions over the years contributed to the pollution of the Passaic River. Occidental Chemical is seeking contribution for any amounts for which they may be found liable. There is currently a proposed settlement requiring the City, and each defendant in the suit, to contribute $95,000 towards settlement.

H & S Construction v. City – Notice of claim in the amount of $1,027,722 has been filed in connection with the construction of the new firehouse, Engine Co. No. 7.

Heffernan v. City – This is a First Amendment civil rights case for which a verdict was rendered in the amount of $105,000 against the City. The case may again proceed to trial. In light of attorney's fees, exposure may likely exceed $500,000.

Pappas v. City – This is a federal employment political discrimination/retaliation matter. This matter is still in discovery, however, there have been extensive settlement negotiations. The City's exposure may exceed $600,000.

Morgan v. City – This is an excessive force matter for which potential exposure to the City exceeds $5,000,000. This matter is currently in the early stages of discovery.

Fontalvo v. City – This is a personal injury matter in Superior Court. This matter is near the conclusion of pre-trial stages and summary judgment motions are pending. Should summary judgment not be granted, and the City does not win on liability at trial, the City's exposure likely will exceed $750,000.

McGorty v. City – This is a case in which the plaintiff claims a hostile work environment and retaliation. The matter is currently settled for $250,000, but if the settlement is not finalized, additional costs and fees may result.

Ramon Cruz v. City – A workers' compensation case with approximate exposure ranging from $171,801 to $206,127.

Rathbone and Hyman v. City and Parkin v. City – Plaintiffs allege they were not promoted due to race. The parties are scheduled to depose all witnesses and plaintiffs. Exposure is in excess of $250,000.

O. CONTINGENT LIABILITIES (Continued)

Litigation (Continued)

Enchautegui v. City – Plantiff alleges assault, battery, negligence and civil rights violations carried out during the course of his arrest. Counsel notes the case is defensible, however, potential exposure exceeds $250,000.

Gomez v. City – Plaintiff alleges injuries were sustained while passenger in a police vehicle. A trial de novo was filed. Exposure is approximately $150,000.

Bonilla v. City – A complaint alleging the Paterson City Jail is responsible for the suicide of an inmate. Parties are in the process of responding to written discovery. Exposure potentially exceeds $500,000.

Blow v. City – This is a matter in which plaintiff alleges a host of civil rights violations. Parties are exchanging paper discovery at this stage. Exposure is approximately $250,000.

Mohammad v. City – The plaintiff claims a hostile work environment and wrongful termination. Depositions have taken place in the matter. Exposure is approximately $250,000.

Cruz et al v. City – Approximately 300 members of the City's Police Department allege overtime was paid in violation of the Fair Labor Standards Act. Exposure cannot be readily determined, however, plaintiffs were paid over $5,000,000 during the period for which plaintiffs have brought complaint. Exposure to the City, including attorney's fees, could approximate that figure.

P. ECONOMIC DEPENDENCY

The City does not have a significant economic dependence on any one taxpayer. However, the ten largest taxpayers of the City as listed in the following table comprise 8% of the City's total tax billing for the year ended June 30, 2012:

Top 10 Taxpayers

Name	Type of Business	2012 Assessed Valuation
297 Paterson, LLC	Industrial Warehousing	$ 24,093,700
Paterson Plaza LLC	Office	23,738,900
Rt 20 Retail Center, LLC	Commercial	21,449,000
Okonite Company, Inc.	Cable Communication	18,403,700
Great Falls Realty Associates, LLC	Housing	16,500,000
HDI Realty, LLC	Housing	16,255,200
Riverview Towers, LLC	Housing	15,742,900
Park East Terrace	Housing	13,498,200
The Realty Associates Fund, LLC	Industrial Warehousing	14,187,100
New Jersey Bell Telephone	Office	13,832,573

Q. 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 are 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.

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 M UA an annual adjustment of 5% of the adjusted gross revenues less the minimum rental amount.

R. 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.

Township of Wayne - 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.

Borough of Woodland Park - The City also entered into a Regional Contribution Agreement with the Borough of Woodland Park 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.

Borough of Hawthorne - 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.

The table below summarizes the cumulative and current year activity for these agreements:

	Balance June 30, 2011	Cash Receipts	Cash Disbursements	Balance June 30, 2012	Cumulative Expenditures
Township of Wayne	$ 966,238	$ 754	$ 876,819	$ 90,173	$ 10,199,441
Borough of Woodland Park	573,444	588	-	574,032	324,000
Borough of Hawthorne	596,873	443	500,000	97,316	324,000
	$ 2,136,555	$ 1,785	$ 1,376,819	$ 761,521	$ 10,847,441

*Balances includes both Contribution and Interest Accounts.

S. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 3, 2013, the date which the financial statements were available to be issued. The following material subsequent events have been noted:

On December 18, 2012, the City adopted an ordinance authorizing a special emergency appropriation in the amount of $2,270,000 for the funding of a portion of the accrued sick, vacation and related expenses arising from the retirement of certain City employees.

On January 22, 2013, the City adopted an ordinance providing additional funding for various park improvements at Pennington Park and appropriating $1,000,000 therefore and authorizing the issuance of $700,000 of bonds or notes to finance part of the cost thereof. The remaining $300,000 will be financed by a grant from the New Jersey Department of Environmental Protection Green Trust Local Assistance Program.

The City issued $11,585,000 of General Obligation Refunding Bonds dated March 20, 2013, qualified pursuant to the provisions of the Municipal Qualified Bond Act. These bonds consist of $8,015,000 of general improvement refunding bonds maturing finally in 2021 at interest rates of 3.0% to 3.1% and $3,570,000 of federally taxable pension refunding bonds finally maturing in.

The City also currently anticipates the following debt transactions prior to June 20, 2013:

- Issue $22,519,000 of General Improvement Bonds to permanently finance the City's $21,329,000 General Improvement Bond Anticipation Note, dated June 6, 2012 and maturing June 6, 2013 and to issue $1,190,000 in new money.
- Rollover $1,950,000 of the City's $2,600,000 Tax Appeal Refunding Bond Anticipation Note, dated June 6, 2012 and maturing June 6, 2013. The remaining $650,000 has been provided for payment by budget appropriation.
- Rollover $2,640,000 of the City's $3,300,000 Tax Appeal Refunding Bond Anticipation Note, dated June 6, 2012 and maturing June 6, 2013. The remaining $660,000 has been provided for payment by budget appropriation.
- Rollover $1,888,000 of the City's $2,470,000 Special Emergency Note (Taxable), dated June 6, 2012 and maturing June 6, 2013. The remaining $582,000 has been provided for payment by budget appropriation.
- Rollover $2,802,000 of the City's $3,594,000 Special Emergency Note (Tax-Exempt), dated June 6, 2012 and maturing June 6, 2013. The remaining $792,000 has been provided for payment by budget appropriation.
- Issue a $1,400,000 new money Tax Appeal Refunding Bond Anticipation Note
- Issue a $2,270,000 new money Special Emergency Note.

REPORT OF AUDIT

SUPPLEMENTARY DATA SECTION

City of Paterson
FY 2012

REPORT OF AUDIT

SUPPLEMENTARY DATA SECTION

Current Fund Schedules

City of Paterson
FY 2012

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF CASH - TREASURER

	Ref.	Current Fund		Federal and State Grant Fund	
Balance: June 30, 2011	A		$ 13,476,860		$ 33,050
Increased by:					
Miscellaneous Revenues Not Anticipated	A-2b	$ 1,545,485		$ -	
Current Year Appropriations	A-3a	1,834,609		-	
Collector	A-5	235,462,694		-	
Sr. Citizens and Veterans Deductions	A-8	273,105		-	
Revenue Accounts Receivable	A-15	60,876,056		-	
Interfunds	A-17	1,850,144		-	
Appropriation Reserves	A-18	434,417		-	
Special Emergency Notes Payable	A-27	2,840,000		-	
State Library Aid	A-30	93,994		-	
Library Fines and Donations	A-31	2,477		-	
Grants Receivable	A-34	-		11,763,757	
Unappropriated Grants	A-37	-		44,558	
Matching Funds	A-38	-		660,556	
			305,212,981		12,468,871
			318,689,841		12,501,921

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF CASH - TREASURER

	Ref.	Current Fund		Federal and State Grant Fund	
Decreased by:					
Unallocated Receipts - Taxes and Sewer	A-1	$ 446,137		$ -	
Refund of Prior Year's Revenue	A-1	200,132		-	
Current Year Appropriations	A-3	204,746,182		-	
Interfunds	A-17	476,402		-	
Appropriation Reserves	A-18	9,639,395		-	
Requisitions and Accounts Payable	A-19	18,825		-	
Tax Overpayments	A-21	3,956,961		-	
Property Tax Suspense	A-22	207,700		-	
Sewer Overpayments	A-24	8,366		-	
School Taxes Payable	A-25	39,257,403		-	
County Taxes Payable	A-26	47,732,920		-	
Special Emergency Notes Payable	A-27	806,000		-	
Accrued Sick and Vacation Time	A-28	2,365		-	
State Library Aid	A-30	46,750		-	
Library Fines and Donations	A-31	60,868		-	
Appropriated Grants	A-38	-		10,902,159	
Adjustment to Appropriated Grants	A-38	-		148	
Grant Overpayments	A-40	-		122	
			307,606,406		10,902,429
Balance: June 30, 2012	A		$ 11,083,435		$ 1,599,492

Exhibit A-5

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF CASH - COLLECTOR

	Ref.		
Balance: June 30, 2011			$ -
Increased by:			
Tax Receipts	A-7	$ 215,350,829	
Tax Title Liens Receivable	A-9	1,382,591	
Sewer Charges Receivable	A-10	6,843,976	
Sewer Liens Receivable	A-11	109,604	
Demolition Liens Receivable	A-12	168	
Revenue Accounts Receivable	A-15	10,649,825	
Prepaid Taxes	A-20	124,390	
Tax Overpayments	A-21	708,738	
Property Tax Suspense	A-22	268,955	
Prepaid Sewers	A-23	23,618	
			235,462,694
			235,462,694
Decreased by:			
Disbursed to Treasurer	A-4		235,462,694
Balance: June 30, 2012			$ -

Exhibit A-6

SCHEDULE OF CHANGE FUND

	Ref.	
Balance: June 30, 2012 and 2011	A	$ 685

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year Ended June 30,	Balance, December 31, 2011	2012 Tax Levy	Added Taxes	Collections By Cash Receipts - Net of Refunds 2011	Collections By Cash Receipts - Net of Refunds 2012	Collections By Discounts Allowed	Canceled	Transferred to Tax Title Liens	Balance, December 31, 2012
1999	$ 38	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 38
2000	40								40
2001	1,113								1,113
2004	5		$ -				$ -		5
2005	50	-	-	-	-	-	-	-	50
2006	-	-	-	-	2,273	-	(2,273)	-	-
2008	89	-	92	-	9,165	-	(42,454)	33,470	-
2009	-	-	15	-	8,103	-	(24,348)	16,260	-
2010	2,609	-	200	-	9,332	-	(20,252)	13,620	109
2011	60,635	-	13,553	-	106,608	(4,875)	(61,349)	18,154	15,650
Total Prior Years	64,579	-	13,860	-	135,481	(4,875)	(150,676)	81,504	17,005
2012	-	226,650,843		165,863	215,215,348	321,875	6,517,544	4,268,173	162,040
	$ 64,579	$ 226,650,843	$ 13,860	$ 165,863	$ 215,350,829	$ 317,000	$ 6,366,868	$ 4,349,677	$ 179,045
Ref.	A			A-2a, A-20	A-2a, A-5	A-2a, A-8		A-9	A

Tax Yield:

General Purpose	$ 226,285,821	
Added and Omitted Taxes	365,022	
		$ 226,650,843

Tax Levy:

Total Local District School Tax		$ 39,257,403
County Tax		
County Taxes (Abstract)	$ 46,905,157	
County Open Space Taxes (Abstract)	827,763	
Added and Omitted County Taxes	76,183	
Total County Tax		47,809,103
Minimum Library Tax (Abstract)		2,829,159
Local Tax for Municipal Purposes		
Local Tax for Municipal Purposes (Abstract)	131,645,558	
Local Tax for Municipal Purposes (Added)	365,022	
Add: Additional Tax Levied	4,744,598	
Total Local Tax for Municipal Purposes		136,755,178
		$ 226,650,843

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

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

	Ref.				
Balance: June 30, 2011	A			$	177,750
Increased by:					
Senior Citizens' Deductions per Tax Billings		$	157,125		
Veterans' Deductions per Tax Billings			188,375		
Deductions Allowed by Tax Collector:					
Veterans' Deductions Allowed			6,625		
Senior Citizens' Deductions Allowed			8,500		
2% Administrative Fee	A-2b		5,355		
					365,980
					543,730
Decreased by:					
Deductions Disallowed by Tax Collector:					
Senior Citizens' Deductions Disallowed			43,625		
Disallowed by State Audit	A-1		81,250		
Received in Cash from State of New Jersey	A-4		273,105		
					397,980
Balance: June 30, 2012	A			$	145,750

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

Current Year Senior Citizens' Deductions:					
As set forth by Tax Assessor		$	157,125		
Allowed by Tax Collector			4,500		
Disallowed by Tax Collector			(31,625)		
Current Year Veterans' Deductions:					
As set forth by Tax Assessor			188,375		
Allowed by Tax Collector			3,500		
Share of Senior Citizens' and Veterans' Deductions	A-7			$	321,875
Prior Year Senior Citizens' Deductions:					
Allowed by Tax Collector		$	4,000		
Disallowed by Tax Collector			(12,000)		
Prior Year Veterans' Deductions:					
Allowed by Tax Collector			3,125		
	A-7			$	(4,875)

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance: June 30, 2011	A		$ 4,953,592
Increased by:			
Transfer from Taxes	A-7	$ 4,349,677	
Interest and Costs on Tax Sale		169,129	
			4,518,806
			9,472,398
Decreased by:			
Cancelled		91,607	
Cash Receipts	A-2a, A-5	1,382,591	
			1,474,198
Balance: June 30, 2012	A		$ 7,998,200

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF SEWER CHARGES RECEIVABLE

	Ref.		
Balance: June 30, 2011	A		$ 329,740
Increased by:			
Billings		7,132,318	
Overpayments	A-24	15,445	
Interest and Costs on Tax Sale		19,425	
			7,167,188
			7,496,928
Decreased by:			
Transfer to Sewer Liens Receivable	A-11	$ 340,997	
Cancelled		535	
Cash Receipts	A-5	6,843,976	
			7,185,508
Balance: June 30, 2012	A		$ 311,420
Analysis of Cash Receipts:			
Current Year Sewer Charges	A-2a	$ 6,414,900	
Prior Year Sewer Charges	A-2a	303,284	
Additional Sewer Charges	A-2a	125,792	
		$ 6,843,976	

Exhibit A-11

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF SEWER LIENS RECEIVABLE

	Ref.		
Balance: June 30, 2011	A		$ 592,920
Increased by:			
Transfer from Sewer Charges Receivable	A-10	$ 340,997	
Interest and Costs on Sale		15,822	
			356,819
			949,739
Decreased by:			
Cash Receipts	A-5, A-2a	109,604	
Cancelled		76,562	
			186,166
Balance: June 30, 2012	A		$ 763,573

Exhibit A-12

SCHEDULE OF DEMOLITION LIENS RECEIVABLE

	Ref.		
Balance: June 30, 2011	A		$ 561,763
Increased by:			
Billings			178,127
			739,890
Decreased by:			
Cash Receipts - CDBG Program Income	A-17	$ 131,837	
Cash Receipts	A-2a, A-5	168	
			132,005
Balance: June 30, 2012	A		$ 607,885

Exhibit A-13

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
AT ASSESSED VALUATION

	Ref.	
Balance: June 30, 2012	A	$ 5,107,360

Exhibit A-14

SCHEDULE OF SALES CONTRACTS RECEIVABLE -
PROPERTY ACQUIRED FOR TAXES

	Ref.	
Balance: June 30, 2012 and 2011	A	$ 25,000

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance June 30, 2011	Accrued	Collections		Balance June 30, 2012
			Collector	Treasurer	
LOCAL REVENUES					
Licenses:					
Alcoholic Beverages	$ -	$ 204,670	$ 204,670	$ -	$ -
Other Licenses	-	141,200	141,200	-	-
Fines and Costs:				-	
Municipal Court	-	4,054,046	-	4,054,046	-
Interest and Costs on Taxes	-	1,739,958	1,739,958	-	-
Interest on Investments and Deposits	-	24,924	-	24,924	-
Interest on Delinquent Sewer Charges	-	179,550	179,550	-	-
Department of Public Works	-	165,603	165,603	-	-
Division of Health	-	867,300	867,300	-	-
City-Wide Recycling Revenues	-	472,546	-	472,546	-
Board of Adjustment	-	113,618	113,618	-	-
Sale of Copies of Public Records	-	31,864	31,864	-	-
Ambulance Fees	-	2,689,384	2,689,384	-	-
Municipal Towing Contract Fees	-	115,305	-	115,305	-
FD Combustibles Inspection Revenues	-	296,425	296,425	-	-
Livery and Taxi License Fees	-	53,976	53,976	-	-
STATE AID WITHOUT OFFSETTING APPROPRIATIONS				-	-
Consolidated Municipal Property Tax Relief	-	13,875,304	-	13,875,304	-
Energy Receipts Tax	-	18,847,496	-	18,847,496	-
Supplemental Energy Receipts Tax	-	262,651	-	262,651	-
Open Space PILOT Aid (Garden State Trust)	-	6,088	-	6,088	-

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance June 30, 2011	Accrued	Collections Collector	Collections Treasurer	Balance June 30, 2012
STATE AID WITHOUT OFFSETTING APPROPRIATIONS - continued					
Building Aid Allowances for School Aid	$ -	$ 385,378	$ 385,378	$ -	$ -
Watershed Moratorium Offset Aid	-	329	-	329	-
Transitional Aid	-	21,000,000	-	21,000,000	-
DEDICATED UNIFORM CONSTRUCTION CODE FEES					
OFFSET WITH APPROPRIATIONS					
Uniform Construction Code Fees					
Fees and Permits					
Construction Code Official	-	607,992	607,992	-	-
Other	-	428,367	428,367	-	-
OTHER SPECIAL ITEMS					
Payments in Lieu of Taxes					
Aspen Hamilton	-	84,713	84,713	-	-
Colt Arms	-	204,823	204,823	-	-
Federation Apartments	-	162,171	162,171	-	-
Governor Paterson Towers	-	527,910	527,910	-	-
504 Madison Avenue	-	142,773	142,773	-	-
Incca for Housing - Carroll Street	-	125,439	125,439	-	-
Incca for Housing - North Triangle	-	163,584	163,584	-	-
Cooke Building Associates	-	14,759	14,759	-	-
Jackson Slater	-	204,198	204,198	-	-
NJ Community Housing Corp.	-	30,855	30,855	-	-

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance June 30, 2011	Accrued	Collections Collector	Collections Treasurer	Balance June 30, 2012
OTHER SPECIAL ITEMS - continued					
Payments in Lieu of Taxes - continued					
Essex - Phoenix Mill	$ -	$ 169,398.00	$ 169,398.00	$ -	$ -
Brooke Sloate	-	146,274	146,274	-	-
Rosa Park - 400 Broadway	-	54,276	54,276	-	-
Garret Heights	-	234,574	234,574	-	-
Christopher Columbus Development	-	114,392	114,392	-	-
446-460 E. 19th Street	-	16,829	16,829	-	-
Belmont/McBride Apartments	-	18,694	18,694	-	-
Sheltering Arms	-	17,745	17,745	-	-
Hope 98 North Main Scatted Sites	-	24,116	24,116	-	-
Hope 98 Beech Street	-	32,982	32,982	-	-
Hope 98 Van Houten Street	-	14,339	14,339	-	-
Rising Dove Senior Housing	-	29,449	29,449	-	-
Paterson Housing Authority	-	40,000	40,000	-	-
200 Godwin Avenue	-	25,298	25,298	-	-
Congdon Mill	-	40,740	40,740	-	-
446-460 E. 19th Street Adj.	-	3,593	3,593	-	-
Prior Year Audit Adjustment					
280 Godwin Avenue - 2010	-	4,439	4,439	-	-
Paterson Housing Authority	-	8,943	8,943	-	-
Cable Communication Third Party Rent	-	340,000	-	340,000	-
US Cable of Paterson Franchise Fees	-	284,254	-	284,254	-

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance June 30, 2011	Accrued	Collections Collector	Collections Treasurer	Balance June 30, 2012
OTHER SPECIAL ITEMS - continued					
Capital Surplus	$ -	$ 245,500	$ -	$ 245,500	$ -
Sewer Rent - Third Party	-	40,320	40,320	-	-
Sewer Rent Third Party Prior Year	-	46,914	46,914	-	-
City of Paterson Parking Authority					-
Cooperative Agreement 7/1 - 12/31/12	-	200,000	-	200,000	-
Cooperative Agreement 1/1 - 6/30/13	-	208,000	-	208,000	-
PVWC Fire Hydrant Testing Reimbursement	-	196,300	-	196,300	-
Trust Fund Surplus	-	10,000	-	10,000	-
PVSC Rebate Incentive Program	-	17,815	-	17,815	-
Private Host Benefit Fees	-	188,334	-	188,334	-
Private Host Benefit Fees Prior Year	-	23,589	-	23,589	-
Recycling Tire Fees	-	23,594	-	23,594	-
Municipal Court Forfeited Bail	-	181,034	-	181,034	-
Reimbursement - County of Passaic Elections	-	41,056	-	41,056	-
Additional Ambulance Fees -					-
Shared Service Agreement	-	182,892	-	182,892	-
Additional Health Fees	-	11,625	-	11,625	-
Additional Licenses - Other	-	661	-	661	-
Verizon Franchise Fees	-	89,305	-	89,305	-
Passaic County Community College Rent	-	10,000	-	10,000	-
Housing Authority Garbage Reimbursement	-	95,000	-	95,000	-
Classic Towing Prior Year	-	8,566	-	8,566	-

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance June 30, 2011	Accrued	Collections Collector	Collections Treasurer	Balance June 30, 2012
OTHER SPECIAL ITEMS - continued					
Motor Vehicle Agency Security Reimbursement					
Prior Year	$ -	$ 9,917	$ -	$ 9,917	$ -
Current Year	-	239,988	-	239,988	-
Additional Fire Inspection Fees	-	369,291	-	369,291	-
Insurance Reimbursements	-	55,997	-	55,997	-
Health Premiums	-	1,276,162	-	1,276,162	-
OTHER SPECIAL ITEMS - continued					
UEZ Funding - Police and Fire	-	2,223,315	-	2,223,315	-
Total Revenue and Other Credits to Income	$ -	$ 75,840,709	$ 10,649,825	$ 65,190,884	$ -
Ref.		A-2a	A-5		A; A-1

	Ref.	
ABC License Surcharge Transferred to Reserve	A-32	$ (27,600)
Appropriation Reserves Charged	A-18	25,897
Qualified Bonds Paid by State	A-3	3,944,639
Sewer Overpayments	A-10	(15,445)
Program Income	A-12	131,837
Capital Fund Surplus	A-17	245,500
Trust Fund Surplus	A-17	10,000
Cash Receipts	A-4	60,876,056
		$ 65,190,884

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF DEFERRED CHARGES

	Ref.		
Balance: June 30, 2011	A		$ 5,717,751
Increased by:			
FY 2012 Cash Deficit	A-1	$ 3,726,675	
Emergency Authorization:			
Contractual Severance Liabilities	A-3	2,840,000	
			6,566,675
			12,284,426
Decreased by Deferred Charges Raised in Budget:			
Special Emergency Authorizations			
Accrued Sick and Vacation Time - 2011		806,000	
Insurance - 2011		1,200,000	
Cash Deficit - 2011		487,751	
	A-3		2,493,751
Balance: June 30, 2012	A		$ 9,790,675

Analysis of Balance:	
FY 2012 Cash Deficit	$ 3,726,675
Special Emergency Appropriation:	
Accrued Sick and Vacation Time - FY 2012	2,840,000
Accrued Sick and Vacation Time - FY 2011	3,224,000
	$ 9,790,675

Exhibit A-17

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF INTERFUNDS RECEIVABLE / (PAYABLE)

	Ref.	Total	General Capital	Grants Fund	Other Trust Other	Other Trust CDBG
Increased by Debits:						
State and Federal Grants Budget	A-2a	18,856,807	-	18,856,807	-	-
Cash Disbursements	A-4	476,402	-	476,402	-	-
Surplus Anticipated	A-15	255,500	245,500	-	10,000	-
Chargebacks to Budget	A-3a	411,622	-	386,622	-	25,000
Appropriation Reserves Reimbursed	A-18	108,875	-	108,875	-	-
Demolition Liens	A-12	131,837				131,837
Tax Appeals Funded by Ordinance	A-33	1,732,143	1,732,143	-	-	-
Cost of Issuance	A-3a	5,664	5,664	-	-	-
Total Increases		21,978,850	1,983,307	19,828,706	10,000	156,837
Decreased by Credits:						
Appropriation Reserves	A-18	45,000	-	45,000	-	-
Budget Appropriations:						
State and Federal Grants	A-3a	18,574,113	-	18,574,113	-	-
Life Hazard Use Fees - Grants	A-3a	282,694	-	282,694	-	-
Capital Improvement Fund	A-3a	300,000	300,000	-	-	-
Grant Reimbursements	A-3a	926,899	-	926,899	-	-
Cash Receipts	A-4	1,850,144	1,683,307	-	10,000	156,837
Total Decreases		21,978,850	1,983,307	19,828,706	10,000	156,837
Balance: June 30, 2012		$ -	$ -	$ -	$ -	$ -

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2011		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
(A) Operations - Within "CAPS"						
GENERAL GOVERNMENT SERVICES						
Office of the Mayor						
Other Expenses	$ 43	$ 868	$ 911	$ -	$ 570	$ 341
City Council						
Other Expenses	25,156	7,218	35,374	-	33,909	1,465
Office of the City Clerk						
Other Expenses	15,049	1,828	16,877	-	9,647	7,230
Elections						
Other Expenses	40,385	15,619	36,004	-	17,067	18,937
Insurance						
Other Expenses	23,664	1,260,014	1,457,678	-	1,434,688	22,990
Worker Compensation	3,866	95	61	-	(7,194)	7,255
Liability	3,468	58,533	62,001	45,000	2,806	14,195
Emergency Appropriation	1,200,000	-	1,200,000	-	1,200,000	-
Auditing Services						
Annual Audit	41,000	-	41,000	-	36,000	5,000
Other Audits	15,000	10,000	25,000	-	19,000	6,000
Cultural Affairs						
Other Expenses	20,173	7,468	19,641	-	13,694	5,947
	1,387,804	1,361,643	2,894,547	45,000	2,760,187	89,360

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2011		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
DEPARTMENT OF ADMINISTRATION						
Office of the Business Administrator						
Salaries and Wages	$ 20,813	$ -	$ 20,813	$ -	$ -	$ 20,813
Other Expenses	25,021	4,546	29,567	-	12,716	16,851
Division of Personnel						
Other Expenses	19,699	4,939	24,638	-	16,712	7,926
Division of Purchasing						
Other Expenses	9,422	2,633	7,055	-	2,365	4,690
Division of Data Processing						
Other Expenses	35,576	65,857	81,433	-	59,840	21,593
Surveys and General						
Other Expenses	10,051	91,756	101,807	-	24,784	77,023
	120,582	169,731	265,313	-	116,417	148,896
DEPARTMENT OF FINANCE						
Office of the Director						
Salaries and Wages	2,000	-	-	-	-	-
Other Expenses	10,579	17,663	28,242	-	20,566	7,676
Division of Treasury						
Other Expenses	12,697	558	8,255	-	2,360	5,895
Division of Accounts and Control						
Salaries and Wages	490	-	490	-	(6,610)	7,100
Other Expenses	775	2,287	3,062	-	2,417	645

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2011		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
DEPARTMENT OF FINANCE - continued						
Division of Sewer Collection						
Salaries and Wages	$ 2,796	$ -	$ 2,796	$ -	$ 2,706	$ 90
Other Expenses	8,452	310	3,762	-	108	3,654
Division of Assessments						
Other Expenses	2,964	4,226	11,015	-	6,963	4,052
Division of Revenue Collection						
Salaries and Wages	3,936	-	486	-	486	-
Other Expenses	18,121	11,660	40,081	-	36,207	3,874
Office of Internal Audit						
Other Expenses	2,227	140	367	-	13	354
	65,037	36,844	98,556	-	65,216	33,340
DEPARTMENT OF LAW						
Office of the Corporation Counsel						
Salaries and Wages	-	-	-	-	(2,500)	2,500
Other Expenses	37,840	38,100	55,940	25,000	11,340	19,600
	37,840	38,100	55,940	25,000	8,840	22,100
DEPARTMENT OF PUBLIC SAFETY						
Taxicab Division						
Other Expenses	3,350	42	892	-	118	774
Division of Fire						
Salaries and Wages	6,038	-	6,038	-	-	6,038
Other Expenses	7,209	162,931	170,140	-	87,177	82,963

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2011		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
DEPARTMENT OF PUBLIC SAFETY - continued						
Division of Police						
Salaries and Wages	$ 2,425,216	$ -	$ 2,425,216	$ -	$ 2,425,000	$ 216
Other Expenses	197,863	235,539	422,372	106,515	237,387	78,470
	2,639,676	398,512	3,024,658	106,515	2,749,682	168,461
DEPARTMENT OF PUBLIC WORKS						
Office of the Director						
Other Expenses	1,874	1,261	5,035	-	2,775	2,260
Division of Engineering						
Other Expenses	127,035	29,012	146,047	-	142,838	3,209
Division of Traffic and Lighting						
Other Expenses	18,756	9,876	28,632	4,791	9,820	14,021
Division of Water and Sewer Rents						
Other Expenses	12,705	225,785	228,490	-	144,118	84,372
Division of Streets						
Other Expenses	348	7,796	19,144	-	18,714	430
Street Repair	58,195	625	23,820	-	23,819	1
Snow Removal						
Other Expenses	50,040	13,247	30,287	-	27,424	2,863
Division of Auto Maintenance						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	44,071	37,623	81,694	-	81,694	-

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2011		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
DEPARTMENT OF PUBLIC WORKS - continued						
Park and Shade Tree Section						
Other Expenses	$ 41,696	$ 34,658	$ 66,354	$ -	$ 62,391	$ 3,963
Public Building Section						
Other Expenses	166,933	49,404	216,337	18,554	122,530	75,253
Division of Recreation						
Other Expenses	16,952	43,903	133,810	-	130,556	3,254
Division of Recycling						
Other Expenses	8,618	4,602	13,220	-	9,462	3,758
Division of Cable Communication						
Other Expenses	13,686	421	4,107	-	1,174	2,933
	560,909	458,213	996,977	23,345	776,815	196,817
DEPARTMENT OF COMMUNITY DEVELOPMENT						
Division of Planning and Zoning						
Other Expenses	6,848	127	46,975	-	45,277	1,698
Division of Community Improvements						
Other Expenses	18,534	4,697	18,231	-	18,231	-
	25,382	4,824	65,206	-	63,508	1,698
DEPARTMENT OF HUMAN RESOURCES						
Office of the Director						
Salaries and Wages	42,049	-	41,149	-	36,447	4,702
Other Expenses	5,620	69	5,689	-	3,146	2,543

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2011		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
DEPARTMENT OF HUMAN RESOURCES - continued						
Office of Aging and Disabled						
Other Expenses	$ 16,266	$ 280	$ 2,546	$ -	$ 424	$ 2,122
Social Services	12,072	68,610	80,682	-	69,559	11,123
Senior / Handicapped Transportation						
Council of Aging	2,551	-	2,551	-	2,551	-
Council on Handicapped	2,551	-	2,551	-	2,551	-
Division of Consumer Protection						
Other Expenses	5,020	209	2,229	-	124	2,105
Division of Youth Services						
Other Expenses	7,075	1,323	4,398	-	4,398	-
Division of Health						
Salaries and Wages	5,155	-	-	-	(1,633)	1,633
Other Expenses	14,916	37,356	54,272	-	44,125	10,147
	113,275	107,847	196,067	-	161,692	34,375
STATUTORY AGENCIES						
Historic Preservation Commission						
Other Expenses	7,668	4,805	11,573	-	3,893	7,680
Museum						
Other Expenses	19,109	4,485	15,594	-	5,420	10,174
Board of Adjustment						
Salaries and Wages	4,570	-	2,557	-	2,557	-
Other Expenses	9,025	148	9,173	-	6,470	2,703

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2011		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
STATUTORY AGENCIES - continued						
Office of Emergency Management						
Salaries and Wages	$ -	$ -	$ -	$ -	$ (3,129)	$ 3,129
Other Expenses	9,623	2,179	6,802	-	1,132	5,670
Planning Board						
Salaries and Wages	3,702	-	1,744	-	1,744	-
Other Expenses	7,289	5,782	13,071	-	8,083	4,988
Youth Guidance Council						
Other Expenses	6,940	2,754	9,694	-	5,937	3,757
Municipal Court						
Salaries and Wages	-	-	11,700	-	11,700	-
Other Expenses	22,919	8,376	31,295	-	24,556	6,739
	90,845	28,529	113,203	-	67,403	45,800
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
Community Improvements						
Salaries and Wages	879	-	-	-	-	-
UNCLASSIFIED						
Electricity	27,700	153,788	270,488	-	250,723	19,765
Street Lighting	3,575	834,516	838,091	-	664,606	173,485
Telepone Service	127,376	85,166	227,542	-	210,627	16,915
Gas	11,450	190,215	41,665	-	34,075	7,590

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2011		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
UNCLASSIFIED - continued						
Fuel Oil	$ -	$ 82	$ 82	$ -	$ -	$ 82
Gasoline	45,276	50,129	121,405	-	120,465	940
Solid Waste	11,283	996,407	990,490	-	989,435	1,055
	226,660	2,310,303	2,489,763	-	2,269,931	219,832
Total Operations Including Contingent within "CAPS"	5,268,889	4,914,546	10,200,230	199,860	9,039,691	960,679
Detail:						
Salaries and Wages	2,517,644	-	2,512,989	-	2,465,308	47,681
Other Expenses	2,751,245	4,914,546	7,687,241	199,860	6,574,383	912,998
(E) Deferred Charges and Statutory Expenditures within "CAPS"						
(2) STATUTORY EXPENDITURES						
Contribution to:						
Social Security System (O.A.S.I.)	14,683	-	683	-	(2,709)	3,392
Public Employees Retirement System (PERS)	-	-	-	-	(19,619)	19,619
Police and Firemans' Retirement System (PFRS)	22,498	-	22,498	-	-	22,498
Defined Contribution Retirement Program	1,450	-	2,155	-	2,155	-
Medicare	3,562	-	62	-	(3,441)	3,503
State Disability Insurance	-	-	-	-	(851)	851
Unemployment Compensation Insurance	106,723	-	106,723	-	105,999	724
	148,916	-	132,121	-	81,534	50,587
(H-1) Total General Appropriations within "CAPS"	5,417,805	4,914,546	10,332,351	199,860	9,121,225	1,011,266

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF APPROPRIATION RESERVES

	Balance: June 30, 2011		Balance After	Accounts	Paid or	Balance
	Reserved	Encumbered	Transfers	Payable	Charged	Lapsed
(A) Operations - Excluded From "CAPS"						
OTHER OPERATIONS						
Maintenance of Free Public Libraries	$ 44,833	$ 1,166	$ 45,999	$ -	$ 40,714	$ 5,285
Total Operations Excluded From "CAPS"	44,833	1,166	45,999	-	40,714	5,285
Detail:						
Salaries and Wages	44,833	1,166	45,999	-	40,714	5,285
(O)TOTAL GENERAL APPROPRIATIONS - EXCLUDED FROM "CAPS"	44,833	1,166	45,999	-	40,714	5,285
TOTAL GENERAL APPROPRIATIONS	$ 5,462,638	$ 4,915,712	$ 10,378,350	$ 199,860	$ 9,161,939	$ 1,016,551
Ref.	A	A-19		A-19		A-1

Cash Disbursements	A-4	$ 9,639,395
Interfund - Grant Fund	A-17	45,000
Revenues - Insurance Reimb.	A-15	25,897
Cash Receipts	A-4	(434,417)
Interfund - Grant Fund	A-17	(108,875)
Accrued Sick and Vacation	A-28	(5,061)
		$ 9,161,939

Exhibit A-19

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF REQUISITIONS AND ACCOUNTS PAYABLE

	Ref.		
Balance: June 30, 2011	A		$ 5,939,647
Increased by Open Contracts and Purchase Orders:			
2011 Appropriation Reserves	A-18	$ 199,860	
2012 Budget Appropriations	A-3	6,771,210	
Reserve for State Library Aid	A-30	44,476	
			7,015,546
			12,955,193
Decreased by:			
Cash Disbursements	A-4	18,825	
Accounts Payable Cancelled	A-1	75,686	
Opening Requisition Balances Added to:			
2011 Appropriation Reserves	A-18	4,915,712	
Reserve for State Library Aid	A-30	26,431	
			5,036,654
Balance: June 30, 2012	A		$ 7,918,539

Exhibit A-20

SCHEDULE OF PREPAID TAXES

	Ref.	
Balance: June 30, 2011	A	$ 165,863
Increased by:		
Cash Receipts	A-5	124,390
		290,253
Decreased by:		
Applied to Current Year Taxes	A-7	165,863
Balance: June 30, 2012	A	$ 124,390

Exhibit A-21

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF TAX OVERPAYMENTS

	Ref.		
Balance: June 30, 2011	A		$ 1,822,113
Increased by:			
Transfer from Reserve for State Tax Appeals	A-33	2,802,862	
Cash Receipts	A-5	708,738	
Overpayments Funded by Operations	A-1	695,480	
			4,207,080
			6,029,193
Decreased by:			
Cash Disbursements	A-4		3,956,961
Balance: June 30, 2012	A		$ 2,072,232

Exhibit A-22

SCHEDULE OF PROPERTY TAX SUSPENSE

	Ref.	
Balance: June 30, 2011	A	$ 20,995
Increased by:		
Cash Receipts	A-5	268,955
		289,950
Decreased by:		
Cash Disbursements	A-4	207,700
Balance: June 30, 2012	A	$ 82,250

Exhibit A-23

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF PREPAID SEWERS

	Ref.		
Balance: June 30, 2011			$ -
Increased by:			
Cash Receipts	A-5		23,618
Balance: June 30, 2012	A		$ 23,618

Exhibit A-24

SCHEDULE OF SEWER OVERPAYMENTS

	Ref.		
Balance: June 30, 2011	A		$ 82,406
Increased by:			
Overpayments of 2012 Sewer Charges	A-10		15,445
			97,851
Decreased by:			
Cash Diburs ements		$ 7,044	
Adjustments		1,322	
	A-4		8,366
Balance: June 30, 2012	A		$ 89,485

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	Ref.	
Balance: June 30, 2011		$ -
Increased by:		
Levy - School Year July 1, 2011 to June 30, 2012	A-2a	39,257,403
		39,257,403
Decreased by:		
Cash Disbursements	A-4	39,257,403
Balance: June 30, 2012		$ -
2012 Liability for Local District School Tax:		
Tax Paid		$ 39,257,403
Tax Payable - June 30, 2012		-
		39,257,403
Less: Tax Payable June 30, 2011		-
Amount Charged to 2012 Operations	A-1	$ 39,257,403

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF COUNTY TAXES PAYABLE

	Ref.		
Balance: June 30, 2011	A		$ -
Increased by:			
General County Levy		$ 46,905,157	
County Open Space Preservation Levy		827,763	
Due County for Added and Omitted Taxes		76,183	
	A-2a		47,809,103
			47,809,103
Decreased by:			
Cash Disbursements	A-4		47,732,920
Balance: June 30, 2012	A		$ 76,183
2012 Liability for County Tax:			
Tax Paid			$ 47,732,920
Tax Payable - June 30, 2012			76,183
			47,809,103
Less: Tax Payable June 30, 2011			-
Amount Charged to 2012 Operations	A-1		$ 47,809,103

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE

Ordinance Number	Orginal Date of Issue	Orginal Amount	Date of Issue	Maturity Date	Interest Rate	Balance June 30, 2011	Notes Issued	Appropriations	Balance June 30, 2012
Accrued Sick and Vacation Time									
11-011	02/08/2011	$ 4,030,000							
						$ 4,030,000	$ (3,224,000)	$ 806,000	$ -
		(1)	6/6/2012	6/6/2013	2.250%	-	1,470,000	-	1,470,000
		(2)	6/6/2012	6/6/2013	2.875%	-	1,754,000	-	1,754,000
Accrued Sick and Vacation Time									
12-012	02/14/2012	2,840,000							
		(1)	6/6/2012	6/6/2013	2.250%	-	2,124,000		2,124,000
		(2)	6/6/2012	6/6/2013	2.875%	-	716,000		716,000
						$ 4,030,000	$ 2,840,000	$ 806,000	$ 6,064,000
					Ref.	A	A-4	A-4	A

(1) Total Issue of $3,594,000 Tax-Exempt Notes
(2) Total Issue of $2,470,000 Federally Taxable Notes

Exhibit A-28

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RESERVE FOR ACCRUED SICK AND VACATION TIME

	Ref.		
Balance: June 30, 2011	A		$ 371,492
Increased by:			
Special Emergency Appropriation	A-3		2,840,000
			3,211,492
Decreased by:			
Cash Disbursements	A-4	$ 2,365	
Reimburse Appropriation Reserves	A-18	5,061	
Reimburse Current Year Appropriations	A-3	2,230,342	
			2,237,768
Balance: June 30, 2012	A		$ 973,724

Exhibit A-29

SCHEDULE OF RESERVE FOR DEPOSITS ON SALE OF PROPERTY ACQUIRED FOR TAXES

	Ref.	
Balance: June 30, 2012 and 2011	A	$ 6,250

Exhibit A-30

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RESERVE FOR STATE LIBRARY AID

	Ref.				
Balance: June 30, 2011				$	40,690
Increased by:					
Cash Receipts	A-4	$	93,994		
Transfer from Library Fines and Donations	A-31		2,500		
Prior Year Requisitions Payable	A-19		26,431		
					122,925
					163,615
Decreased by:					
Cash Disbursements	A-4		46,750		
Reimburse Budget Appropriations	A-3		52,310		
Requisitions Payable	A-19		44,476		
					143,536
Balance: June 30, 2012				$	20,079

Exhibit A-31

SCHEDULE OF RESERVE FOR LIBRARY FINES AND DONATIONS

	Ref.				
Balance: June 30, 2011	A			$	159,583
Increased by:					
Cash Receipts	A-4				2,477
					162,060
Decreased by:					
Cash Disbursements	A-4	$	60,868		
Transfer to Library Fines and Donations	A-30		2,500		
					63,368
Balance: June 30, 2012	A			$	98,692

Exhibit A-32

CITY OF PATERSON
CURRENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RESERVE FOR ABC LICENSE SURCHARGE

	Ref.		
Balance: June 30, 2011	A		$ 152,400
Increased by:			
Surcharges Collected	A-15		27,600
Balance: June 30, 2012	A		$ 180,000

Exhibit A-33

SCHEDULE OF RESERVE FOR STATE TAX APPEALS

	Ref.		
Balance: June 30, 2011	A		$ 891,768
Increased by:			
Appeals Funded by Operations	A-1	178,951	
Appeals Refunded by Capital Ordinance	A-17	1,732,143	
Contested Amount of 2012 Taxes	A-2a	200,000	
			2,111,094
			3,002,862
Decreased by:			
Appeals to be Credited		2,512,697	
Appeals to be Refunded		290,165	
	A-21		2,802,862
Balance: June 30, 2012	A		$ 200,000

REPORT OF AUDIT

SUPPLEMENTARY DATA SECTION

Federal and State Grants Fund Schedules

City of Paterson
FY 2012

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2011	2012 Awards	Added by NJSA 40A:4-87	Cash Receipts	Cancellations	Balance, June 30, 2012
NJ DCED UEZ						
Main St. Façade Matching Grant	$ 1,131,308	$ -	$ -	$ -	$ 1,071,358	$ 59,950
Main St. Improvement Program - Phase I FY04	309,058	-	-	285,062	-	23,996
Business Improvement Grant - Phase II	80,052	-	-	(11,256)	-	91,308
Marketing & Businesss Dev. - Phase II FY08	106,537	-	-	10,108	-	96,429
Sidewalk Matching Grant - Phase II FY08	21,145	-	-	-	2,912	18,233
Solar Powered Street Signage	6,308	-	-	-	6,308	-
Street Ligthing - Phase IV	406,445	-	-	120,553	285,892	-
Business Improvement - Phase III	550,079	-	-	421,532	128,547	-
Streetscape Planters Project	9,035	-	-	-	-	9,035
Sidewalk Matching Grant - Phase IV	199,775	-	-	75,660	109,115	15,000
Administration FY11	329,134	-	-	272,200	56,934	-
Small Business Dev. Centers FY11 Yr 12	79,044	-	-	76,190	2,854	-
Revolving Loan Program - Phase V FY11	150,647	-	-	149,746	901	-
Paterson Trolley Project	120,000	-	-	80,258	39,742	-
Surveillance Cameras	1,500,000	-	-	329,100	-	1,170,900
Administration FY12	-	540,000	-	312,919	-	227,081
Small Business Dev. Centers FY12 Yr 13	-	130,000	-	78,358	-	51,642
NJ DOT Spruce - McBride Intersection	200,000	-	-	-	-	200,000
NJ DEP						
Municipal Storm Water Regulation Program	10,310	-	-	-	-	10,310
Historical Industrial Mill Buildings Survey	12,000	-	-	-	-	12,000
Recycling Tonnage Grant	-	151,802	-	151,802	-	-
Clean Communities	-	-	144,617	144,617	-	-
Blue Acres Fund	-	-	1,440,779	-	-	1,440,779

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2011	2012 Awards	Added by NJSA 40A:4-87	Cash Receipts	Cancellations	Balance, June 30, 2012
Passaic County Open Space						
Overlook Park Improvements	$ 143,059	$ -	$ -	$ -	$ -	$ 143,059
Mary Ellen Kramer Park Improvements	78,756	-	-	-	-	78,756
Buckley Park Improvements	5,350	-	-	-	-	5,350
Mary Ellen Kramer Park Imp. - Phase II	125,000	-	-	-	-	125,000
Mary Ellen Kramer Park Imp. - Phase III	50,000	-	-	-	-	50,000
Westside Park	14,536	-	-	10,367	-	4,169
Middle-Lower Raceway	45,000	-	-	-	-	45,000
Overlook Park Amphitheater	45,000	-	-	-	-	45,000
Mary Ellen Kramer Park Imp. - Phase IV	95,000	-	-	-	-	95,000
Federici Park	20,000	-	-	-	-	20,000
Wrigley Park	97,000	-	-	96,176	-	824
Westside Park	57,000	-	-	-	-	57,000
Middle-Lower Raceway - Invest. & Design	500,000	-	-	-	-	500,000
Passaic River Waterfront Study	30,000	-	-	-	-	30,000
Analysis of Pocket Parks	30,000	-	-	-	-	30,000
Pennington Park Gazebo	-	-	175,000	-	-	175,000
NJ EDA Hazardous Discharge Site Remediation						
Addy Mill	30,432	-	-	-	-	30,432
River Walk	52,339	-	-	-	-	52,339
Mill Street	8,267	-	-	-	-	8,267
Cliff Street / Belmont Apartments	167,072	-	-	146,808	-	20,264
NJ DCA						
Smart Growth Transit Oriented Design Plan	45,000	-	-	-	-	45,000
Life Hazard Use Fees - LEA Rebate 2011	201,006	-	6,898	207,904	-	-
Life Hazard Use Fees - LEA Rebate 2012	-	-	275,796	70,922	-	204,874

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2011	2012 Awards	Added by NJSA 40A:4-87	Cash Receipts	Cancellations	Balance, June 30, 2012
NJ DCA - continued						
Recreation Opp. for Individuals with Disabilities	$ -	$ 13,000	$ -	$ 13,000	$ -	$ -
US DHHS						
SPNS Grant 2008 9/1/08 - 8/31/09	53,851	-	-	-	53,851	-
Minority Aids Initiative Program 3/1/10-2/28/11	176,125	-	-	163,860	12,265	-
SPNS Grant 2008 9/1/09 - 8/31/10	7,131	-	-	6,667	464	-
Ryan White HIV Program 3/1/10-2/28/11	1,124,618	-	-	1,074,331	50,287	-
SPNS Grant 2008 9/1/10 - 8/31/11	284,952	-	-	232,967	51,985	-
Ryan White HIV Program 3/1/11-2/28/12	1,574,351	2,738,741	-	4,106,448	-	206,644
Minority Aids Initiative Program 3/1/12-2/28/13	-	335,954	-	-	-	335,954
SPNS Grant 2008 9/1/11 - 8/31/12	-	106,299	-	5,285	-	101,014
Ryan White HIV Program 3/1/12-2/28/13	-	3,787,807	-	-	-	3,787,807
US DOJ						
COPS Technology Grant	666	-	-	-	-	666
COPS Hiring Recovery Program	2,236,225	-	-	153,297	-	2,082,928
Bulletproof Vests	-	31,275	-	31,275	-	-
NJ DLPS						
FEMA Firefighter Station Construction	4,500,000	-	-	-	-	4,500,000
Paterson Safe Neighborhoold 2010	19,836	-	-	18,329	43	1,464
Law Enf. Officers Training Equip. Fund	-	-	-	(22,081)	22,081	-
Safe and Secure Communities Program	-	188,972	-	-	174,993	13,979
Body Armor	-	31,516	-	31,516	-	-
Emergency Management	-	10,000	-	10,000	-	-
Municipal Court Alcohol Education	-	3,182	-	3,182	-	-
Edward Byrne Violent Crimes	-	138,000	-	46,000	-	92,000
DWI Drunk Driving Enforcement	-	63,209	-	-	-	63,209

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2011	2012 Awards	Added by NJSA 40A:4-87	Cash Receipts	Cancellations	Balance, June 30, 2012
NJ DOS - PARIS FY10	$ 17,662	$ -	$ -	$ -	$ -	$ 17,662
County of Passaic - Total Lifestyle Support Program						
2009	1,459	-	-	(20,465)	1,459	20,465
2012	-	-	87,633	-	-	87,633
2011	-	87,633	-	87,633	-	-
Passaic County Senior Citizen & Disabled Transportation						
2010	46,460	-	-	46,460	-	-
2011	282,000	-	-	197,154	-	84,846
2012	-	282,000	-	-	-	282,000
City of Passaic - Byrne Memorial Justice Assistance Grant						
JAG - 2009	24,835	-	-	9,903	-	14,932
JAG - 2010	165,442	-	-	101,090	-	64,352
JAG - 2011	-	160,946	-	15,869	-	145,077
Byrne Memorial Law Enforcement Tech. Grant	-	500,000	-	-	-	500,000
City of New York - HOPWA Grant	87,649	-	-	-	-	87,649
US DOE Energy Efficiency & Renewal Grant	1,149,800	-	-	-	-	1,149,800
NJ HOA H1N1 Corrective Actions	10,000	-	-	10,000	-	-
NJ HOA H1N1 Corrective Actions	-	10,000	-	-	-	10,000
NJ DOH						
Bioterrorism Grant FY11 9/10-8/11	189,013	-	-	175,980	13,033	-
Sexually Transmitted Disease FY11	24,152	-	-	24,152	-	-
Tuberculosis Control - State Funds FY11	54,136	-	-	54,136	-	-
Tuberculosis Control - Federal Funds FY11	79,017	19,504	-	98,521	-	-
HIV Testing FY11	36,298	-	-	36,298	-	-
Childhood Lead Poisoning Control FY11	68,017	-	-	68,017	-	-
Bioterrorism Grant FY11 9/11-8/12	-	232,000	-	179,262	-	52,738

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2011	2012 Awards	Added by NJSA 40A:4-87	Cash Receipts	Cancellations	Balance, June 30, 2012
NJ DOH - continued						
Sexually Transmitted Disease FY12	$ -	$ 92,040	$ -	$ 67,211	$ -	$ 24,829
Tuberculosis Control - State Funds FY12	-	209,599	-	155,385	-	54,214
Tuberculosis Control - Federal Funds FY12	-	103,754	-	26,937	-	76,817
HIV Testing FY12	-	150,251	-	110,028	-	40,223
Childhood Lead Poisoning Control FY12	-	283,250	-	216,744	-	66,506
Farmers Market Nutrition	-	3,000	-	3,000	-	-
NJ DHS						
Total Lifestyle Support-Additional Funding 2011	45,018	-	-	45,018	-	-
School Based Youth Services FY12	-	302,456	-	302,456	-	-
Teen Parenting Program FY12	-	83,403	-	83,403	-	-
State Farm Insurance - Hurricane Irene Flood Relie	-	10,000	-	10,000	-	-
US FEMA						
Assistance to Firefighers 2009	176,739	-	-	176,739	-	-
Assistance to Firefighers	-	-	107,736	-	-	107,736
Hazardous Mitigation Grant	-	-	4,322,336	-	-	4,322,336
Paterson Restoration Corporation						
Master Plan Grant	-	100,000	30,000	-	-	130,000
UEZ Small Business Loan Program Phase I	-	-	300,000	-	-	300,000
UEZ Clean Communities Project	-	-	350,000	-	-	350,000
Passaic County Municipal Alliance Program 2011	-	42,000	-	42,000	-	-
Passaic County Municipal Alliance Program 2012	-	41,903	-	-	-	41,903
PC Youth Services Commission						
Evening Reporting Program 2011	-	-	106,830	106,830	-	-
Evening Reporting Program 2012	-	-	106,830	82,697	-	24,133

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Description	Balance, June 30, 2011	2012 Awards	Added by NJSA 40A:4-87	Cash Receipts	Cancellations	Balance, June 30, 2012
Community Foundation of NJ - Give & Receive Summer Program	$ -	$ 20,000	$ -	$ 20,000	$ -	$ -
NJ State Police Urban Area Security Inititiative - Rescue Training Reimbursement Funds	-	19,522	-	19,522	-	-
Silk City Women's Club Museum Grant	-	1,000	-	1,000	-	-
Passaic County Paterson Station House Adj. Prog.	-	17,635	-	5,379	-	12,256
Greater Paterson Chamber Foundation - Victor Cruz Celebration	-	-	16,286	16,286	-	-
1st Ward Library Renovation Insurance Grant	-	326,413	-	326,413	-	-
Downtown Commercial Historic District Gratn	-	18,000	-	-	-	18,000
	$ 19,496,146	$ 11,386,066	$ 7,470,741	$ 11,804,160	$ 2,085,024	$ 24,463,769
Ref.	A	A-35	A-35		A-38	A

From Unappropriated Reserves	A-24	$ 40,403
Cash Receipts	A-4	11,763,757
		$ 11,804,160

Exhibit A-35

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF INTERFUNDS RECEIVABLE / (PAYABLE)

	Ref.		
Balance: June 30, 2011	A		$ -
Increased by Debits:			
Adopted Grant Revenues	A-34	$ 11,386,066	
Chapter 159 Grant Revenues	A-34	7,470,741	
			18,856,807
			18,856,807
Decreased by Credits:			
Grants Appropriated	A-38		18,856,807
Balance: June 30, 2012	A		$ -

Exhibit A-36

SCHEDULE OF REQUISITIONS AND ACCOUNTS PAYABLE

	Ref.	
June 30, 2011	A	$ 8,909,566
Increased by:		
Requistions Outstanding	A-38	3,104,855
		12,014,421
Decreased by:		
Prior Year Requisitions	A-38	8,909,566
June 30, 2012	A	$ 3,104,855

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance, June 30, 2011	Transferred To Budget	Received	Balance, June 30, 2012
Bulletproof Vest Partnership	$ 7,221	$ 7,221	$ -	$ -
Emergency Management	10,000	10,000	-	-
Alcohol Ed. Enforcement Fund	3,182	3,182	-	-
Community Foundation of NJ - Give & Receive Summer Program	20,000	20,000	20,000	20,000
NJ DHS Total Lifestyle Support Additional Funding 2012	-	-	24,558	24,558
	$ 40,403	$ 40,403	$ 44,558	$ 44,558
Ref.	A	A-34	A-4	A

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2011		Current Year	Paid or	Adjusted/	Balance: June 30, 2012	
	Reserved	Encumbered	Awards	Charged	Cancelled	Encumbered	Reserved
FEDERAL GRANTS							
Bulletproof Vest Program 2010	$ -	$ 3,672	$ -	$ 3,672	$ -	$ -	$ -
Bulletproof Vest Program 2009	-	23,928	-	23,928	-	-	-
Bulletproof Vest Program 2012	-	-	31,275	-	-	-	31,275
CDBG - Riverside Vets Senior Nutrition Center	-	8,987	-	-	8,987	-	-
COPS Hiring Recovery Program	2,082,929	-	-	-	-	-	2,082,929
COPS Technology Grant	666	-	-	-	-	-	666
Edward Byrne Memorial Justice Assistance Equipment Grant 2009	-	-	-	117,526	(165,443)	41,117	6,800
Edwards Byrne Memorial Justice Assistance Equipment Grant 2011	-	-	160,946	4,950	-	422	155,574
Edward Byrne Memorial Justice Assistance Salaries Grant 2009	10,659	12,450	-	21,592	-	1,517	-
Edward Byrne Memorial Law Enforcement Technology Grant	-	-	500,000	7,500	-	415,407	77,093
Edwards Byrne Violoent Crimes Discretionary Grant	-	-	138,000	117,348	-	-	20,652
Energy Efficiency & Renewal	1,094,822	67,400	-	5,538	-	67,400	1,089,284
FEMA Flood Disaster Relief -2010	74,993	-	-	-	-	-	74,993
FEMA Firefighters Station Construction	-	4,500,000	-	-	-	-	4,500,000
FEMA - Assistance to Firefighters Grant 2009	71,564	246,840	-	279,287	-	39,117	-
FEMA - Assistance to Firefighters Grant 2010	-	-	134,670	-	-	-	134,670
FEMA - Assistance to Firefighters Grant 2007	109	3,500	-	-	3,609	-	-
FEMA - Hazardous Mitigation / NJ DEP Blue Acres	-	-	5,763,115	-	-	-	5,763,115
Housing Opportunities for Persons with AIDS	87,649	-	-	-	-	-	87,649
Local Law Enforcement Block Grant Year 10	838	-	-	-	838	-	-
Minority Aids Initiative Program 2011	55,460	-	-	43,195	12,265	-	-
Minority Aids Initiative Program 3/12-2/13	-	-	335,954	-	-	-	335,954
Minority Aids Initiative Program 3/11-2/12	-	-	339,551	333,809	-	-	5,742
Office of Health Information & Technology Grant	6,276	-	-	-	-	-	6,276
Paterson Safe Neighborhoods 2011	10,769	-	-	10,726	43	-	-
Ryan White HIV Emergency Relief 3/11-2/12	-	-	3,787,807	63,233	-	169,144	3,555,430
Ryan White HIV Emergency Relief 2011	1,323,360	49,795	2,399,190	3,884,460	(159,660)	-	47,545
Ryan White HIV Emergency Relief 2010	313,317	-	-	23,151	290,166	-	-
Silk City Woman's Club Museum Grant	-	-	1,000	-	-	-	1,000
Special Project of National Significance 2009	53,851	-	-	-	53,851	-	-
Special Project of National Significance 2010	463	1,668	-	1,668	463	-	-

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2011 Reserved	Balance: June 30, 2011 Encumbered	Current Year Awards	Paid or Charged	Adjusted/ Cancelled	Balance: June 30, 2012 Encumbered	Balance: June 30, 2012 Reserved
FEDERAL GRANTS - continued							
Special Project of National Significance 2011	$ 48,479	$ 270,051	$ -	$ 189,675	$ 128,855	$ -	$ -
Special Project of National Significance 9/10-8/12 (Extension/Rollover)	-	-	106,299	5,285	-	101,014	-
Tuberculosis Control Federal Grant 2011	56,466	1,730	19,504	77,700	-	-	-
Tuberculosis Control Federal Grant 2012	-	-	103,754	47,272	-	2,360	54,122
TOTAL FEDERAL AWARDS	5,292,670	5,190,021	13,821,065	5,261,515	173,974	837,498	18,030,769
STATE GRANTS							
1st Ward Library Renovation Insurance Grant	-	-	326,413	-	-	-	326,413
911 General Assistance 2008	12,282	-	-	-	-	-	12,282
American Cancer Society Smoking Campaign	1,200	-	-	-	-	-	1,200
Alan N Cohen Memorial Basketball Championship	-	6,000	-	6,000	-	-	-
Alcohol Education and Rehabilitation 2010	4,474	-	-	-	-	-	4,474
Alcohol Education and Rehabilitation 2007	3,287	-	-	-	-	-	3,287
Alcohol Education Enforcement Fund	-	-	3,182	-	-	-	3,182
Bioterrorism Preparedness 2012	-	-	232,000	209,353	-	2,813	19,834
Bioterrorism Preparedness 2011	48,096	9,468	-	44,531	13,033	-	-
Body Armor Replacement Fund 2007	-	284	-	284	-	-	-
Body Armor Replacement Fund 2008	-	7,621	-	-	-	7,621	-
Body Armor Replacement Fund 2009	-	12,562	-	12,562	-	-	-
Body Armor Replacement Fund 2010	-	40,160	-	19,613	-	20,547	-
Body Armor Replacement Fund 2011	-	-	31,516	-	-	-	31,516
Cablevision Public Education and Government Access Grant	61,300	-	-	5,560	-	-	55,740
Childhood Lead Poisoning 2010	1,141	1,000	-	2,141	-	-	-
Childhood Lead Poisoning 2011	158	1,243	-	1,401	-	-	-
Childhood Lead Poisoning 2012	-	-	283,250	280,550	-	976	1,724
Clean Communities 2008	1,591	1,775	-	2,063	-	1,303	-
Clean Communities 2009	3,872	21,514	-	1,756	-	-	23,630
Clean Communities 2010	51,520	11,203	-	62,288	-	268	167
Clean Communities 2011	146,910	-	-	117,404	-	11,635	17,871

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2011		Current Year	Paid or	Adjusted/	Balance: June 30, 2012	
	Reserved	Encumbered	Awards	Charged	Cancelled	Encumbered	Reserved
STATE GRANTS - continued							
Clean Communities 2012	$ -	$ -	$ 144,617	$ -	$ -	$ -	$ 144,617
Community Foundation of NJ - Give & Receive Summer Program	-	-	20,000	12,471	-	-	7,529
Data Exchange	69,821	-	-	-	-	-	69,821
Downtown Commercial Historic District Grant	-	-	18,000	-	-	-	18,000
DWI Surcharge 2007	200	-	-	200	-	-	-
DWI Surcharge 2008	22,782	-	-	22,782	-	-	-
DWI Drunk Driving Enforcement Fund	-	-	63,209	11,666	-	7,570	43,973
Emergency Management Assistance Funding 10/09-9/10	-	-	10,000	-	-	-	10,000
Fire Safety Life Hazard Use Fees 2012	-	-	275,796	167,584	-	-	108,212
Fire Safety Life Hazard Use Fees 2011	92,722	-	6,898	99,620	-	-	-
Greater Paterson Chamber of Commerce - V. Cruz Celebration	-	-	16,286	10,580	-	-	5,706
H1N1 Corrective Action	-	-	10,000	-	-	-	10,000
Hannah Family Memorial Grant	1,436	-	-	-	-	-	1,436
Hazardous Discharge Site Remediation - Cliff Street/Belmont Apartments	-	167,071	-	146,808	-	20,263	-
Hazardous Discharge Site Remediation - 36-40 Straight Street	-	2,740	-	-	-	2,740	-
Hazardous Discharge Site Remediation - 533-539 Totowa Salavatore Site	-	24,035	-	-	-	24,035	-
Hazardous Discharge Site Remediation - Addy Mill	30,432	59,669	-	-	-	59,669	30,432
Hazardous Discharge Site Remediation - Apollo Dye House	29,349	-	-	-	-	-	29,349
Hazardous Discharge Site Remediation - ATP	-	221,425	-	81,918	-	139,507	-
Hazardous Discharge Site Remediation - ATP	493	7	-	-	-	500	-
Hazardous Discharge Site Remediation - Columbia Textile Phase II	200	-	-	-	-	-	200
Hazardous Discharge Site Remediation - Columbia Textile Phase III	90,938	58,187	-	-	-	58,188	90,937
Hazardous Discharge Site Remediation - Industrial Mill Buildings Survey	16,000	-	-	-	-	-	16,000
Hazardous Discharge Site Remediatioon - Riverwalk	52,339	196,673	-	33,920	-	162,753	52,339
Health Officer Grant	71	-	-	71	-	-	-
Health Officer Grant	-	-	-	4,234	(5,000)	-	766
HIV Counseling, Testing & Referral 10/1/11-9/30/12	-	-	150,251	149,202	-	218	831
HIV Counseling, Testing & Referral 2011	1,241	850	-	2,091	-	-	-
Koar George Great Falls District Brochure	230	-	-	-	-	-	230
Law Enforcement Officers Training Equipment Fund	868	-	-	-	868	-	-
Law Enforcement Officers Training Equipment Fund 2008	2,165	-	-	-	2,165	-	-

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2011		Current Year	Paid or	Adjusted/	Balance: June 30, 2012	
	Reserved	Encumbered	Awards	Charged	Cancelled	Encumbered	Reserved
STATE GRANTS - continued							
Law Enforcement Officers Training Equipment Fund 2009	$ 14,668	$ -	$ -	$ -	$ 14,668	$ -	$ -
Law Enforcement Officers Training Equipment Fund 2010	4,410	-	-	-	4,410	-	-
Lifestyle Support Program Additional Funding -2010	4,180	-	-	-	-	-	4,180
Lifestyle Support Program Additional Funding -2011	5,619	-	-	5,619	-	-	-
Lifestyle Support Program 2008	22,259	-	-	20,800	1,459	-	-
Lifestyle Support Program 2009	52,657	-	-	-	-	-	52,657
Lifestyle Support Program 2010	4,115	-	-	3,089	-	-	1,026
Lifestyle Support Program 2011	-	-	87,633	41,072	-	-	46,561
Lifestyle Support Program 2012	-	-	87,633	41,200	-	-	46,433
Local Tourism Grant - Passaic Falls Overlook Park	-	41,290	-	-	-	41,290	-
Municipal Alliance 2009	898	318	-	-	-	318	898
Municipal Alliance 2011	-	-	42,000	32,137	-	643	9,220
Municipal Alliance 2012	-	-	41,903	5,046	-	132	36,725
Municipal Storm Water Regulation Program	538	-	-	-	-	-	538
Museum Brochure Grant Donald Baer	1,000	-	-	-	-	-	1,000
Museum Exhibit Grant	7	-	-	7	-	-	-
Nutrition Physical Activity and Obsiety	15,000	-	-	5,143	-	2,929	6,928
Operation Cease Fire	2,200	-	-	-	-	-	2,200
Operation Cease Fire	15,000	-	-	-	-	-	15,000
Passaic County Cultural & Heritage Exhibit Freedom Boulevard Gate	440	-	-	-	-	-	440
Passaic County Cultural & Heritage Museum Grant	330	-	-	-	-	-	330
Passaic County Cultural & Heritage Museum Grant	335	-	-	-	-	-	335
Passaic County Cultural & Heritage Museum Council -2009	1,000	-	-	-	-	-	1,000
Passaic County Open Space - Analysis Pocket Parks	30,000	-	-	-	-	-	30,000
Passaic County Open Space - Buckley Park Improvement	5,350	-	-	-	-	-	5,350
Passaic County Open Space - M.E. Kramer Pk I	52,400	26,356	-	-	-	26,356	52,400
Passaic County Open Space - M.E. Kramer Pk Phase II	125,000	-	-	-	-	-	125,000
Passaic County Open Space - Passaic River Waterfront Study	30,000	-	-	-	-	-	30,000
Passaic County Open Space -Frederici Park	20,000	-	-	-	-	-	20,000
Passaic County Open Space -M.E. Kramer Pk Phase III	50,000	-	-	-	-	-	50,000
Passaic County Open Space -M.E. Kramer Pk Phase IV	95,000	-	-	-	-	-	95,000

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2011		Current Year	Paid or	Adjusted/	Balance: June 30, 2012	
	Reserved	Encumbered	Awards	Charged	Cancelled	Encumbered	Reserved
STATE GRANTS - continued							
Passaic County Open Space -Middle Lower Raceway	$ 45,000	$ -	$ -	$ -	$ -	$ -	$ 45,000
Passaic County Open Space -Middle Lower Raceway Invest. & Design	500,000	-	-	-	-	-	500,000
Passaic County Open Space -Overlook Park Amphitheater	45,000	-	-	-	-	-	45,000
Passaic County Open Space -Overlook Park Improvements	143,059	-	-	-	-	-	143,059
Passaic County Open Space -Pennington Park Gazebo	-	-	175,000	-	-	-	175,000
Passaic County Open Space -Westside Park	3,912	257	-	-	-	-	4,169
Passaic County Open Space -Westside Park	57,000	-	-	-	-	-	57,000
Passaic County Open Space -Wrigeley Park	824	-	-	-	-	-	824
Passaic County Paterson Station House Adjustment Program	-	-	17,635	15,675	-	-	1,960
Passaic County Youth Services Commission Evening Report 2009	55,800	60	-	(12,746)	-	60	68,546
Passaic County Youth Services Commission Evening Report 2010	73,077	1,760	-	(3,316)	-	525	77,628
Passaic County Youth Services Commission Evening Report 2011	-	-	106,830	65,054	-	-	41,776
Passaic County Youth Services Commission Evening Report 2012	-	-	106,830	30,348	-	-	76,482
Paterson School District Recreation Basketball League	1,187	12,263	-	11,082	-	-	2,368
Passaic County Prosecutor's Office Franklin Award	2,500	-	-	-	-	-	2,500
Paterson Museum Mineral Hall Collection Donations	10,000	-	-	7,485	-	-	2,515
Paterson Restoration Corporation Graffiti Program	4,250	-	-	4,250	-	-	-
Paterson Youth Games	-	3,967	-	3,967	-	-	-
PRC Master Plan Grant	-	-	130,000	-	-	100,000	30,000
PSE&G Red Cap Program	3,000	-	-	-	-	-	3,000
Public Archives & Records Infrastructure Support Grant (PARIS) 2006	-	12,629	-	-	-	12,629	-
Public Archives & Records Infrastructure Support Grant (PARIS) 2007	-	35,679	-	4,970	-	30,709	-
Recreational Opportunities Individuals with Disabilities 2011	-	-	13,000	633	-	-	12,367
Recycling Tonnage Grant 2008	2,600	6,879	-	-	-	6,822	2,657
Recycling Tonnage Grant 2009	136,332	3,739	-	45,352	-	17,414	77,305
Recycling Tonnage Grant 2010	113,471	-	-	24,820	-	-	88,651
Recycling Tonnage Grant 2011	-	-	151,802	-	-	-	151,802
Safe & Secure Communities Program	-	-	822,594	647,600	174,994	-	-
School Based Youth Services Program - 2010	90	-	-	-	-	-	90
School Based Youth Services Program - 2011	9,552	2,447	-	9,412	-	-	2,587
School Based Youth Services Program - 2012	-	-	302,456	261,980	-	4,750	35,726

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2011		Current Year	Paid or	Adjusted/	Balance: June 30, 2012	
	Reserved	Encumbered	Awards	Charged	Cancelled	Encumbered	Reserved
STATE GRANTS - continued							
Senior Citizen/Disabled Transportation Program 2012	$ -	$ -	$ 282,000	$ 120,106	$ -	$ 2,517	$ 159,377
Senior Citizen/Disabled Transportation Program 2011	168,945	803	-	135,065	-	68	34,615
Senior Citizen/Disabled Transportation Program 2010	-	147,921	-	-	-	147,921	-
Senior Farmers Nutrition Program	-	-	3,000	3,000	-	-	-
Sexually Transmitted Disease Control 2012	-	-	92,040	90,778	-	1,063	199
Sexually Transmitted Disease Control 2011	68	760	-	828	-	-	-
Smart Growth Transit Oriented Design Plan	-	-	-	(25,515)	-	25,515	-
Spruce-McBride Avenue Intersection	174,566	1,000	-	-	-	3,169	172,397
State Farm Insurance Hurrican Irene Flood Relief	-	-	10,000	10,000	-	-	-
Teen Parenting Program 2011	-	20,851	-	20,851	-	-	-
Teen Parenting Program 2012	-	-	83,403	-	-	81,169	2,234
Tuberculosis Control 2011	1,939	2,104	-	4,043	-	-	-
Tuberculosis Control 2012	-	-	209,599	209,200	-	396	3
UASI Rescue Training Reimbursement Funds 2010	14,106	-	-	-	-	-	14,106
UASI Rescue Training Reimbursement Funds 2009	75,363	-	-	-	-	-	75,363
UASI Rescue Training Reimbursement Funds 2012	-	-	19,522	-	-	-	19,522
Urban Enterpise Zone - Sidewalk Matching Grant / Phase III	2,912	-	-	-	2,912	-	-
Urban Enterprise Zone - Main Street Façade Matching	947,666	123,691	-	-	1,071,357	-	-
Urban Enterprise Zone - Revolving Loan Program / Phase V	150,647	220,000	-	369,746	901	-	-
Urban Enterprise Zone - Streetscape Planters Project	9,035	-	-	-	-	-	9,035
Urban Enterprise Zone -Administration 2012	-	-	540,000	364,374	-	15,074	160,552
Urban Enterprise Zone -Administration 2011	152,107	30,500	-	125,644	56,963	-	-
Urban Enterprise Zone -Business Improvement - Phase III	457,077	74,167	-	402,696	128,548	-	-
Urban Enterprise Zone -Business Improvement Matching Grant 2006	2,198	-	-	-	-	-	2,198
Urban Enterprise Zone - Clean Communities Project	-	-	350,000	-	-	-	350,000
Urban Enterprise Zone -Main Street Improvement Program - Phase I	57,229	251,829	-	259,127	-	3,500	46,431
Urban Enterprise Zone -Marketing & Business Development Prog. Phase II	80,680	20,950	-	11,258	-	-	90,372
Urban Enterprise Zone -Paterson Trolley Project	-	120,000	-	80,248	39,752	-	-
Urban Enterprise Zone -Sidewalk Matching Grant / Phase IV	184,775	15,000	-	75,660	109,115	-	15,000
Urban Enterprise Zone -Small Business Development Center Year 13	-	-	130,000	78,358	-	51,642	-
Urban Enterprise Zone -Small Business Development Center Year 12	-	79,044	-	76,191	2,853	-	-

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

Department and Program	Balance: June 30, 2011 Reserved	Balance: June 30, 2011 Encumbered	Current Year Awards	Paid or Charged	Adjusted/ Cancelled	Balance: June 30, 2012 Encumbered	Balance: June 30, 2012 Reserved
STATE GRANTS - continued							
Urban Enterprise Zone -Small Business Loan Program Phase 1	$ -	$ -	$ 300,000	$ -	$ -	$ -	$ 300,000
Urban Enterprise Zone -Solar Powered Street Signage	6,308	-	-	-	6,308	-	-
Urban Enterprise Zone -Street Lighting Phase IV	285,892	120,554	-	120,554	285,892	-	-
Urban Enterprise Zone -Surveillance Cameras	760	1,499,240	-	329,100	-	1,170,140	760
TOTAL STATE AND COUNTY GRANTS	5,278,451	3,719,545	5,696,298	5,640,644	1,911,198	2,267,357	4,875,095
TOTAL STATE AND FEDERAL GRANTS FUND	$ 10,571,121	$ 8,909,566	$ 19,517,363	$ 10,902,159	$ 2,085,172	$ 3,104,855	$ 22,905,864
Ref.	A	A-36		A-4		A-36	B

* Not Available

Cancelled Against Grants Receivable	A-34	$ 2,085,024
Cash Disbursements	A-4	148
		$ 2,085,172

Grants Appropriated	$ 18,856,807	A-35
Matching Funds Received	660,556	A-4
	$ 19,517,363	

Exhibit A-39

CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RESERVE FOR GRANT MATCH

	Ref.	
Balance: June 30, 2012 and 2011	A	$ 6,000

Exhibit A-40

SCHEDULE OF RESERVE FOR GRANT OVERPAYMENTS

	Ref.	
Balance: June 30, 2011	A	$ 2,106
Decreased by:		
Cash Disbursements	A-4	122
Balance: June 30, 2012	A	$ 1,984

REPORT OF AUDIT

SUPPLEMENTARY DATA SECTION

Trust Fund Schedules

City of Paterson
FY 2012

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - TREASURER

	Ref.	Total	Animal Control	Community Development	Trust Other
Balance: June 30, 2011	B	$ 9,074,911	$ 20,010	$ 4,265,810	$ 4,789,091
Increased by Receipts:					
Fund Balance	B-1	999			999
Interest Earned	B-25	1,785	-	1,785	-
Due to Special Improvement Districts	B-4	838,173	-	-	838,173
Grants Receivable	B-5	5,174,602	-	5,174,602	-
Due to State of New Jersey	B-6	3,599	3,599	-	-
Reserve for Off Duty Police Officers	B-7	4,884,056	-	-	4,884,056
Reserve for Off Duty Police Officers	B-8	520,825	-	-	520,825
Reserve for Animal Control Expenditures	B-11	352,342	352,342	-	-
Parking Offense Adjudication Act	B-14	63,235	-	-	63,235
Weights and Measures	B-15	11,739	-	-	11,739
Reserve for Public Defender Fees	B-16	67,392	-	-	67,392
Other Deposits	B-17	18,959,718	-	-	18,959,718
Overpayments Received	B-18	834	-	-	834
Prepaid Revenue	B-20	58,999	-	-	58,999
Reserve for Payroll Agency	B-22	70,582,849	-	-	70,582,849
Reserve for Various Grants	B-25	259,966	-	259,966	-
		101,781,113	355,941	5,436,353	95,988,819
Subtotal - Cash		110,856,024	375,951	9,702,163	100,777,910
Decreased by Disbursements:					
Fund Balance	B-1	10,000	-	-	10,000
Due to Special Improvement Districts	B-4	829,884	-	-	829,884
Due to State of New Jersey	B-6	3,536	3,536	-	-
Reserve for Off Duty Police Officers	B-7	5,020,261	-	-	5,020,261
Reserve for Admin-Off Duty Police Officers	B-8	519,242	-	-	519,242
Other Deposits	B-17	18,870,121	-	-	18,870,121
Reserve for Payroll Agency	B-22	70,507,515	-	-	70,507,515
Due to Current	B-23	462,745	355,064	-	107,681
Grant Expenditures	B-25	7,306,085	-	7,306,085	
		103,529,389	358,600	7,306,085	95,864,704
Balance: June 30, 2012	B	$ 7,326,635	$ 17,351	$ 2,396,078	$ 4,913,206

Exhibit B-3

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF TAXES RECEIVABLE - SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance: June 30, 2011	B	$ 3,246	$ 1,533	$ 1,713
Increased by:				
Billings	B-21	565,091	198,049	367,042
		568,337	199,582	368,755
Decreased by:				
Transfer to Lien	B-19	29,284	18,647	10,637
Prepaid Revenue Applied	B-21	36,095	13,595	22,500
Realized Revenue	B-21	499,811	167,258	332,553
Cancellations	B-21	92	76	16
		565,282	199,576	365,706
Balance: June 30, 2012	B	$ 3,055	$ 6	$ 3,049

Exhibit B-4

SCHEDULE OF DUE TO SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance: June 30, 2011	B	$ 63,510	$ 9,659	$ 53,851
Increased by:				
Cash Receipts	B-2	838,173	180,803	657,370
Prepaid Applied	B-20	36,095	13,595	22,500
		874,268	194,398	679,870
Decreased by:				
Cash Disbursements	B-2	829,884	170,624	659,260
Balance: June 30, 2012	B	$ 107,894	$ 33,433	$ 74,461

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHUDULE OF GRANTS RECEIVABLE

	Balance June 30, 2011	Increased by Grant Awards	Decreased by Cash Receipts	Balance June 30, 2012
Community Development Block Grant	$ 4,148,631	$ 2,683,971	$ 2,071,497	$ 4,761,105
Neighborhood Stabilization	1,769,549	1,196,877	912,954	2,053,472
Emergency Shelter Grant	194,597	129,776	41,356	283,017
Fire House	773,878	-	230,239	543,639
Homeless Prevention	206,894	-	179,496	27,398
Housing Opportunities for Persons with AIDS	2,218,150	1,381,032	1,371,486	2,227,696
Sheltering Arms	814,986	-	-	814,986
HUD Home Program	6,819,052	1,423,581	367,574	7,875,059
	$ 16,945,737	$ 6,815,237	$ 5,174,602	$ 18,586,372
Ref.	B	B-25	B-2	B

Exhibit B-6

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

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

	Ref.	
Balance: June 30, 2011	B	$ 1,995
Increased by:		
Fees Collected	B-2	3,599
		5,594
Decreased by:		
Cash Disbursements	B-2	3,536
Balance: June 30, 2012	B	$ 2,058

Exhibit B-7

SCHEDULE OF RESERVE FOR OFF-DUTY POLICE OFFICERS

	Ref.	
	B	
Balance: June 30, 2011		$ 377,498
Increased by:		
Cash Receipts	B-2	4,884,056
		5,261,554
Decreased by:		
Cash Disbursements	B-2	5,020,261
Balance: June 30, 2012	B	$ 241,294

Exhibit B-8

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RESERVE FOR ADMINISTRATION OFF-DUTY POLICE OFFICERS

	Ref.	
Balance: June 30, 2011	B	$ 39,782
Increased by:		
Transfer from Reserve for Off-Duty Police Officers	B-2	520,825
		560,607
Decreased by:		
Off-Duty Salaries	B-2	519,242
Balance: June 30, 2012	B	$ 41,365

Exhibit B-9

SCHEDULE OF DUE FROM MUNICIPAL UTILITY AUTHORITY

	Ref.	
Balance, June 30, 2012 and 2011	B	$ 3,199,181

Exhibit B-10

SCHEDULE OF RESERVE FOR MUNICIPAL UTILITY AUTHORITY RECEIVABLE

	Ref.	
Balance, June 30, 2012 and 2011	B	$ 3,199,181

Exhibit B-11

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

	Ref.		
Balance: June 30, 2011	B	$	18,015
Increased by:			
Cash Receipts	B-2		352,342
			370,357
Decreased by:			
Expenditures under R.S. 4:19-15. 11	B-23		355,064
Balance: June 30, 2012	B	$	15,293

License Fees Collected:		
2011	$	314,805
2010		259,374
	$	574,179

Exhibit B-12

SCHEDULE OF REDEVELOPMENT/CDBG HELD PROPERTY

	Ref.		
Balance, June 30, 2012 and 2011	B	$	172,930

Exhibit B-13

SCHEDULE OF RESERVE FOR REDEVELOPMENT/CDBG HELD PROPERTY

	Ref.		
Balance, June 30, 2012 and 2011	B	$	172,930

Exhibit B-14

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RESERVE FOR PARKING OFFENSE ADJUDICATION ACT

	Ref.		
Balance: June 30, 2011	B	$	187,557
Increased by:			
Fees Collected	B-2		63,235
			250,792
Decreased by:			
Due To Current Fund	B-23		31,083
Balance: June 30, 2012	B	$	219,709

Exhibit B-15

SCHEDULE OF RESERVE FOR WEIGHTS AND MEASURES

	Ref.		
Balance: June 30, 2011	B	$	64,132
Increased by:			
Fees Collected	B-2		11,739
			75,871
Decreased by:			
Due to Current Fund	B-23		1,810
Balance: June 30, 2012	B	$	74,061

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEES

	Ref.	
Balance: June 30, 2011	B	$ 45,719
Increased by:		
Fees Collected	B-2	67,392
		113,111
Decreased by:		
Due to Current Fund	B-23	74,788
Balance: June 30, 2012	B	$ 38,323

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RESERVE FOR OTHER DEPOSITS

		Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012
Street Opening Deposits		$ 4,200	$ 3,300	$ 600	$ 6,900
Bid Deposits		57,800	9,000	34,500	32,300
Dumpster Deposits		14,800	11,900	15,100	11,600
Park and Recreation Deposits		15,250	3,350	2,500	16,100
Tax Lien Certificates		21,099	317	-	21,416
Tax Sale Premium		553,100	207,700	222,600	538,200
Tax Sale Redemption Certificate		-	11,834,168	11,834,168	-
State of New Jersey-UEZ			6,606,093	6,606,093	
Historic Preservation Fund		4,080	3,360	3,391	4,049
Special Recreation Fund		2,386	-	-	2,386
Estate of John Burhams		1,885	453	-	2,338
Koar George		91,754	166,657	167,269	91,142
Insurance Liability		923,115	113,419	-	1,036,534
		$ 1,689,469	$ 18,959,718	$ 18,886,221	$ 1,762,965
	Ref.	B	B-2		B
Fund Balance - Cancellations	B-1			$ 16,100	
Cash Disbursements	B-2			18,870,121	
				$ 18,886,221	

Exhibit B-18

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF TAX OVERPAYMENTS -
SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance: June 30, 2011	B	$ 167	$ -	$ 167
Increased by:				
Cash Receipts	B-2	834	-	834
Balance: June 30, 2012	B	$ 1,001	$ -	$ 1,001

Exhibit B-19

SCHEDULE OF TAX TITLE LIENS RECEIVABLE -
SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance: June 30, 2011	B	$ 20,539	$ 9,645	$ 10,894
Increased by:				
Transfer to Lien	B-3	29,284	18,647	10,637
Liens Receivable	B-21	1,199	406	793
		51,022	28,698	22,324
Decreased by:				
Realized Revenue	#REF!	7,380	2,489	4,891
Balance: June 30, 2012	B	$ 43,642	$ 26,209	$ 17,433

Exhibit B-20

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF PREPAID REVENUE -
SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance: June 30, 2011	B	$ 36,095	$ 13,595	$ 22,500
Increased by:				
Cash Receipts	B-2	58,999	8,965	50,034
		95,094	22,560	72,534
Decreased by:				
Applied to Receivable	B-4	36,095	13,595	22,500
Balance: June 30, 2012	B	$ 58,999	$ 8,965	$ 50,034

Exhibit B-21

SCHEDULE OF RESERVE FOR TAXES RECEIVABLE -
SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance: June 30, 2011	B	$ 23,785	$ 11,178	$ 12,607
Increased by:				
Liens Receivable	B-19	1,199	406	793
Billings	B-3	565,091	198,049	367,042
		590,075	209,633	380,442
Decreased by:				
Realized Revenue:				
Taxes	B-3	499,811	167,258	332,553
Liens	B-19	7,380	2,489	4,891
Cancelled:				
Billings	B-3	92	76	16
Prepaid Revenue Applied	B-3	36,095	13,595	22,500
		543,378	183,418	359,960
Balance: June 30, 2012	B	$ 46,697	$ 26,215	$ 20,482

Exhibit B-22

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF RESERVE FOR PAYROLL AGENCY

	Ref.	
Balance: June 30, 2011	B	$ 2,274,350
Increased by:		
Cash Receipts	B-2	70,582,849
		72,857,199
Decreased by:		
Cash Disbursements	B-2	70,507,515
Balance: June 30, 2012	B	$ 2,349,684

Exhibit B-23

SCHEDULE OF DUE TO CURRENT FUND

	Ref.		
Balance: June 30, 2011			$ -
Increased by:			
Cash Disbursements	B-2		462,745
			462,745
Decreased by:			
Dog Fund	B-11	$ 355,064	
Weights and Measures	B-15	1,810	
POAA	B-14	31,083	
Public Defender	B-16	74,788	
			462,745
Balance: June 30, 2012			$ -

Exhibit B-24

SCHEDULE OF DUE TO HOUSING AUTHORITY-
STRAIGHT & NARROW

	Ref.	
Balance, June 30, 2012 and 2011	B	$ 21,820

Exhibit B-25

CITY OF PATERSON
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

SCHUDULE OF RESERVE FOR VARIOUS GRANTS

		Increased by:				
	Balance June 30, 2011	Interest Earned	Program Income	Grants Awards	Cash Disbursements	Balance June 30, 2012
Community Development Block Grant	$ 4,287,185	$ -	$ 242,412	$ 2,683,971	$ 2,280,349	$ 4,933,219
Section 8:						
Housing Assistance	500	-	8,724	-	8,724	500
Earned Administration Balances	494,396	-	-	-	5,204	489,192
Restricted Annual Contribution	106,188	-	8,724	-	-	114,912
Neighborhood Stabilization	1,777,192	-	-	1,196,877	919,010	2,055,059
Emergency Shelter Grant	174,004	-	-	129,776	41,356	262,424
Housing Opportunities for Persons with AIDS	2,187,714	-	-	1,381,032	1,349,296	2,219,450
Sheltering Arms	814,986	-	-	-	-	814,986
HUD Home Program	8,230,235	-	106	1,423,581	915,124	8,738,798
ARRA Fire House Construction	773,878	-	-	-	230,707	543,171
Homeless Prevention	206,894	-	-	-	179,496	27,398
Regional Contribution Agreements:						
Wayne	966,238	754	-	-	876,819	90,173
Woodland Park	573,444	588	-	-	-	574,032
Hawthorne	596,873	443	-	-	500,000	97,316
	$ 21,189,727	$ 1,785	$ 259,966	$ 6,815,237	$ 7,306,085	$ 20,960,630
Ref.	B	B-2	B-2	B-5	B-2	B

REPORT OF AUDIT

SUPPLEMENTARY DATA SECTION

General Capital Fund Schedules

City of Paterson
FY 2012

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF CASH - TREASURER

	Ref.		
Balance: June 30, 2011	C, C-3		$ 19,307,682
Increased by:			
Due to Current Fund	C-19	$ 17,198,379	
Paterson School District	C-15	50,000	
State Grant Receivable	C-4	302,083	
Green Acre Loan Payable	C-16	189,067	
	C-3		17,739,529
			37,047,211
Decreased by:			
Due from Current Fund	C-3, C-19	19,848,820	
Misc. Adjustment	C-8	2	
			19,848,822
Balance: June 30, 2012	C, C-3		$ 17,198,389

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ANALYSIS OF CASH

Ordinance Number	Description		Balance June 30, 2011	Cash Receipts	Cash Disbursements	Transfers To	Transfers From	Balance June 30, 2012
	Fund Balance	C-1	$ 245,612	$ -	$ -	$ 64,248	$ 245,500	$ 64,360
	Grants Receivable - State	C-4	(7,763,600)	302,083	-	-	489,700	(7,951,217)
	Capital Improvement Fund	C-15	260,113	50,000	-	300,000	200,000	410,113
	Due Current Fund	C-19	-	17,198,379	19,848,820	15,189,689	12,539,248	-
	Due From New Jersey Environmental Infrastructure Trust Fund	C-8	(8,757,604)	-	2	-	-	(8,757,606)
Improvement Authorizations:								
	Various Public Works Projects		475,625	-	-	-	148,289	327,336
	Sewer Reconstruction		121,493	-	-	-	-	121,493
	Combined Sewer Overflow Phase I		436,640	-	-	-	-	436,640
	Combined Sewer Overflow Phase II		2,254,476	-	-	-	350,822	1,903,654
	Main/Market Street Streetscape Project		202,549	-	-	-	-	202,549
	Construction of a Bikeway/Walkway at ATP Site		250,000	-	-	-	-	250,000
	Combined Sewer Overflow Phase III NJ Inf. Trust		10,481,570	-	-	-	-	10,481,570
	Various Park Improvements		987,621	189,067	-	-	306,230	870,458
	Capital Improvements		218,832	-	-	-	51,950	166,882
	Various Sewer Reconstruction		119,727	-	-	-	-	119,727
	Various Capital Improvements - Facilities		473,077	-	-	-	-	473,077
	Various Capital Improvements - Roadways		800,404	-	-	-	610,404	190,000
	Various Capital Improvements		97,863	-	-	-	-	97,863
	City Road Resurfacing Program		40,533	-	-	-	5,658	34,875
	Sewer Reconstruction		13,320	-	-	-	13,320	-
	Various Capital Improvements - Equipment		92,257	-	-	-	-	92,257
	Various Capital Improvements - Facility		1,122,578	-	1	-	-	1,122,577
	Various Capital Improvements - ATP Site Park		1,283,665	-	-	-	-	1,283,665
	Various Capital Improvements - Pennington Park		1,707,231	-	-	-	12,495	1,694,736
	2009 City Road Resurfacing Program		309,949	-	-	-	78,749	231,200
	Sewer Reconstruction		38,080	-	-	-	10,125	27,955
	Construction of Fire House		2,161,423	-	-	-	86,036	2,075,387

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ANALYSIS OF CASH

Ordinance Number	Description	Balance June 30, 2011	Cash Receipts	Cash Disbursements	Transfers To	Transfers From	Balance June 30, 2012
	DOT Spruce Street & McBride Ave - Signalization	$ 48,342	$ -	$ -	$ -	$ 38,426	9,916
	2009 DOT Road Resurfacing Program	72,842	-	-	-	72,842	-
	DOT Pedestrian Signal Improvement	10,955	-	-	-	7,945	3,010
	2010 Road Resurfacing	1,462,540	-	-	-	971,092	491,448
	Sewer Reconstruction	49,488	-	-	-	17,771	31,717
	Various Capital Improvements	1,787,928	-	-	-	398,883	1,389,045
	2010 DOT Road Resurfacing Program	509,757	-	-	-	398,009	111,748
	DOT Discretionary Funding	250,000	-	-	-	-	250,000
	Sewer Reconstruction	588,800	-	-	-	475,580	113,220
	Tax Appeal Refunds	1,141,627	-	-	-	277,464	864,163
	Recreation Facility Improvement	2,248,850	-	-	-	764,809	1,484,041
	Sewer Reconstruction	2,953,261	-	-	-	2,541,372	411,889
	2011 DOT Road Resurfacing Program	509,860	-	-	-	-	509,860
12-004	Sewer Reconstruction	-	-	-	4,200,000	984,838	3,215,162
12-003	Debt Restructuring	-	-	-	4,875,000	4,859,559	15,441
12-025	Tax Appeal Refunds	-	-	-	3,300,000	1,461,521	1,838,479
12-026	2012 DOT Road Resurfacing Program	-	-	-	489,700	-	489,700
		$ 19,307,684	$ 17,739,529	$ 19,848,823	$ 28,418,637	$ 28,418,637	$ 17,198,390
	Ref.	C	C-2	C-2, C-20	Contra	Contra	C

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF GRANT FUNDS RECEIVABLE - STATE

	Ref.	
Balance: June 30, 2011	C, C-3	$ 7,763,600
Increased by:		
Improvement Authorizations	C-14	489,700
		8,253,300
Decreased by:		
Cash Receipts	C-2	302,083
Balance: June 30, 2012	C, C-3	$ 7,951,217

Exhibit C-6

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

	Ref.	
Balance: June 30, 2011	C	$ 125,751
Decreased by:		
Budget Appropriation	C-12	41,916
Balance: June 30, 2012	C	$ 83,835

Exhibit C-7

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

	Ref.		
Balance: June 30, 2011	C		$ 65,218,797
Increased by:			
General Serial Bonds	C-10, C-9	$ 4,875,000	
Green Acres Trust Loan	C-9	189,067	
			5,064,067
			70,282,864
Decreased by:			
2012 Budget Appropriations to Pay Debt			
General Serial Bonds	C-10	6,606,089	
Environmental Infrastructure Trust Loan	C-11	1,173,809	
Green Acres Trust Loan	C-16	63,934	
Demolition Loan	C-17	88,250	
Economic Development Agency Loans:			
School	C-18	574,135	
			8,506,217
Balance: June 30, 2012	C		$ 61,776,647

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

	Ref.	Total	Phase IV
Balance: June 30, 2011	C, C-3	$ 8,757,604	$ 8,757,604
Increased by:			
Misc. Adjustment	C-2	2	2
Balance: June 30, 2012 and 2011	C, C-3	$ 8,757,606	$ 8,757,606

Exhibit C-9

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance June 30, 2011	Authorizations 2012	Green Acres Trust Loan	Bonds Issued	Canceled	Budget Appropriations	Balance June 30, 2012	Analysis of Balance June 30, 2012: Expenditures	Analysis of Balance June 30, 2012: Unexpended Improvement Authorization
05-05	Combined Sewer Outflow Phase III	$ 7,405,195	$ -	$ -	$ -	$ -	$ -	$ 7,405,195	$ 5,000	$ 7,400,195
06-01	Various Park Improvements	905,842	-	189,067	-	-	-	716,775	-	716,775
08-021	Various Park Improvements	783,665	-	-	-	-	-	783,665	-	783,665
08-022	Various Park Improvements	1,400,000	-	-	-	-	-	1,400,000	302,632	1,097,368
09-013	Construction of Fire House	3,200,000	-	-	-	-	-	3,200,000	-	3,200,000
09-030	2010 Road Resurfacing	2,000,000	-	-	-	-	-	2,000,000	1,508,552	491,448
09-031	Sewer Reconstruction	2,665,000	-	-	-	-	-	2,665,000	2,633,283	31,717
09-032	Various Capital Improvement	2,090,000	-	-	-	-	-	2,090,000	700,955	1,389,045
10-045	Sewer Reconstruction	2,665,000	-	-	-	-	-	2,665,000	2,551,780	113,220
11-014	Tax Appeal Refunding	3,250,000	-	-	-	-	650,000	2,600,000	2,108,373	491,627
11-016	Recreational Facility Improvement	2,142,000	-	-	-	-	-	2,142,000	764,809	1,377,191
11-017	Sewer Reconstruction	2,857,000	-	-	-	-	-	2,857,000	2,541,372	315,628
12-004	Sewer Reconstruction	-	4,000,000	-	-	-	-	4,000,000	984,838	3,015,162
12-003	Debt Restructuring	-	5,000,000	-	4,875,000	125,000	-	-	-	-
	Tax Appeals	-	3,300,000	-	-	-	-	3,300,000	1,461,521	1,838,479
		$ 31,363,702	$ 12,300,000	$ 189,067	$ 4,875,000	$ 125,000	$ 650,000	$ 37,824,635	$ 15,563,115	$ 22,261,520
		C	C-14, C-20	C-7	C-7	C-14	C-13	C		C, C-14

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2012 Date	Amount	Interest Rate %	Balance June 30, 2011	Bonds Issued	Decrease	Balance June 30, 2012
Pension Refunding	04/03/03	$ 13,044,671	04/01/13	$ 1,047,753	5.240	$ 6,628,615	$ -	$ 1,056,089	$ 5,572,526
			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				
General Improvement Bonds	06/01/05	18,999,000	02/01/13	2,875,000	3.625	11,525,000	-	2,850,000	8,675,000
			02/01/14	2,900,000	3.625				
			02/01/15	2,900,000	3.625				
General Improvement Bonds	06/15/09	23,294,000	06/15/13	2,780,000	4.250	20,670,000	-	2,700,000	17,970,000
			06/15/14	1,950,000	4.250				
			06/15/15	2,000,000	4.250				
			06/15/16	2,100,000	5.000				
			06/15/17	2,165,000	5.000				
			06/15/18	2,225,000	5.000				
			06/15/19	2,320,000	5.000				
			06/15/20	2,430,000	5.000				
General Improvement Refunding Bonds	03/23/11	3,230,000	03/15/16	770,000	3.250	3,230,000	-	-	3,230,000
			03/15/17	2,460,000	3.500				
Pension Refunding Bonds	03/23/11	1,600,000	03/15/16	1,600,000	4.900	1,600,000	-	-	1,600,000

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2012 Date	Maturities of Bonds Outstanding June 30, 2012 Amount	Interest Rate %	Balance June 30, 2011	Bonds Issued	Decrease	Balance June 30, 2012
General Obligation Refunding Bonds	03/30/12	3,145,000	03/15/18	2,500,000	4.000	$ -	$ 4,875,000	$ -	$ 4,875,000
Pension Refunding Bonds	03/30/12	1,730,000	03/15/19	2,375,000	4.000				
						$ 43,653,615	$ 4,875,000	$ 6,606,089	$ 41,922,526
					Ref.	C	C-7, C-19, C-20	C-7	C

Exhibit C-11

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

	Ref.	
Balance: June 30, 2011	C	$ 18,821,842
Decreased by:		
Loan Paid by Budget Appropriation	C-7	1,173,809
Balance: June 30, 2012	C	$ 17,648,033

Exhibit C-12

SCHEDULE OF NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION SETTLEMENT PAYABLE

	Ref.	
Balance: June 30, 2011	C	$ 125,751
Decreased by:		
Deferred Charges to Future Taxation - Funded Due From State of New Jersey	C-6	41,916
Balance: June 30, 2012	C	$ 83,835

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate %	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012
08-22	Various Park Imp. - Pennington	06/17/10	06/06/12	06/06/13	1.50%	$ -	$ 900,000	$ -	$ 900,000
08-22	Various Park Imp. - Pennington	06/17/10	06/16/11	06/17/12	2.00%	900,000	-	900,000	-
09-13	Construction of Firehouse	06/17/10	06/06/12	06/06/13	1.50%	-	2,010,000	-	2,010,000
09-13	Construction of Firehouse	06/17/10	06/16/11	06/17/12	2.00%	2,010,000	-	2,010,000	-
09-30	Resurfacing of Various Streets	06/17/10	06/06/12	06/06/13	1.50%	-	2,000,000	-	2,000,000
09-30	Resurfacing of Various Streets	06/17/10	06/16/11	06/17/12	2.00%	2,000,000	-	2,000,000	-
09-31	Reconstruction of Sewers	06/17/10	06/06/12	06/06/13	1.50%	-	2,090,000	-	2,090,000
09-31	Reconstruction of Sewers	06/17/10	06/16/11	06/17/12	2.00%	2,090,000	-	2,665,000	(575,000)
09-32	Various Capital Improvements	06/17/10	06/06/12	06/06/13	1.50%	-	2,665,000	-	2,665,000
09-32	Various Capital Improvements	06/17/10	06/16/11	06/17/12	2.00%	2,665,000	-	2,090,000	575,000
10-045	Sewer Reconstruction	06/10/11	06/06/12	06/06/13	1.50%		2,665,000		2,665,000
10-045	Sewer Reconstruction	06/10/11	06/10/11	06/08/12	2.00%	2,665,000	-	2,665,000	-
11-014	Tax Appeal Refunding	06/10/11	06/06/12	06/06/13	1.50%		2,600,000	-	2,600,000
11-014	Tax Appeal Refunding	06/10/11	06/10/11	06/08/12	2.00%	3,250,000	-	3,250,000	-
11-016	Recreation Facility Improvement	06/10/11	06/06/12	06/06/13	1.50%		2,142,000		2,142,000
11-016	Recreation Facility Improvement	06/10/11	06/10/11	06/08/12	2.00%	2,142,000	-	2,142,000	-
11-017	Sewer Reconstruction	06/10/11	06/06/12	06/06/13	1.50%		2,857,000		2,857,000
11-017	Sewer Reconstruction	06/10/11	06/10/11	06/08/12	2.00%	2,857,000	-	2,857,000	-

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate %	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012
12-004	Various Sewer Reconstruction	06/06/12	06/06/12	06/06/13	1.50%	$ -	$ 4,000,000	$ -	$ 4,000,000
12-025	Tax Appeal Refunding	06/28/12	06/28/12	06/06/13	1.50%	-	3,300,000	-	3,300,000
						$ 20,579,000	$ 27,229,000	$ 20,579,000	$ 27,229,000
					Ref.	C			C
	Notes Renewed				Contra		$ 19,929,000	$ 19,929,000	$ -
	Budget Appropriation				C-9		-	650,000	
	Notes Issued				C-19, C-20		7,300,000	-	
							$ 27,229,000	$ 20,579,000	

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance Date	Ordinance No.	Ordinance Amount	Balance: June 30, 2011 Funded	Balance: June 30, 2011 Unfunded	2012 Authorizations	Cancellations	Paid or Charged	Balance: June 30, 2012 Funded	Balance: June 30, 2012 Unfunded
Various Acquisition Public Works	06/11/99		$ 2,016,000	$ 475,625	$ -	$ -	$ -	$ 148,289	$ 327,336	$ -
Sewer Reconstruction	07/17/01		151,000	121,493	-	-	-	-	121,493	-
Combined Sewer Outflow Phase I	12/17/02		10,942,000	436,640	-	-	-	-	436,640	-
Combined Sewer Outflow Phase II	01/27/04		6,538,000	2,254,476	-	-	-	350,822	1,903,654	-
Main/Market Street Streetscape Project	04/13/04		1,760,000	202,549	-	-	-	-	202,549	-
Construction of a Bikeway/Walkway at the ATP Site	07/13/04		250,000	250,000	-	-	-	-	250,000	-
Combined Sewer Outflow Phase III NJ	various		18,326,400	10,486,570	-	-	-	-	10,486,570	-
Combined Sewer Outflow Phase III	various		21,919,000	-	7,400,195	-	-	-	-	7,400,195
Various Park Improvements	10/25/05		2,474,726	946,731	946,731	-	-	306,230	793,616	793,616
Capital Improvements	02/14/06		1,955,000	218,831	-	-	-	51,949	166,882	-
Various Sewer Reconstruction	12/24/06	06-067	2,500,000	119,727	-	-	-	-	119,727	-
Various Capital Improvements-Facilities	02/27/07	07-006	500,000	473,077	-	-	-	-	473,077	-
Various Capital Improvements-Roadways	02/27/07	07-006	810,000	800,404	-	-	-	610,404	190,000	-
Various Capital Improvements	05/15/07	07-023	1,601,000	97,863	-	-	-	-	97,863	-
City Road Resurfacing Program	09/25/07	07-050	2,100,000	40,533	-	-	-	5,658	34,875	-
Sewer Reconstruction	11/07/07	07-059	2,500,000	13,320	-	-	-	13,320	-	-
Various Park Improvements-Pennington Park	06/24/08	08-022	2,800,000	1,103,616	1,103,615	-	-	12,495	1,097,368	1,097,368
Various Park Improvements-ATP Site Park	06/24/08	08-021	2,067,330	1,283,665	783,665	-	-	-	1,283,665	783,665
Acquisition of Equipment	06/24/08	08-020	800,000	92,257	-	-	-	-	92,257	-
Various Capital Improvements-Facility	06/24/08	08-020	1,870,000	1,122,578	-	-	-	1	1,122,577	-
2009 City Road Resurfacing Program	11/12/08	08-037	2,100,000	309,949	-	-	-	78,749	231,200	-
Sewer Reconstruction	11/19/08	08-036	2,500,000	38,080	-	-	-	10,125	27,955	-
Construction of Fire House	05/26/09	09-013	3,360,000	151,423	3,200,000	-	-	86,036	65,387	3,200,000
DOT Spruce Street Mcbride Avenue Signalization	04/28/09	09-010	250,257	48,342	-	-	-	38,426	9,916	-
2009 DOT Road Resurfacing Program	04/28/09	09-011	150,000	72,842	-	-	-	72,842	-	-
DOT Pedestrian Signal Improvements	05/26/09	09-017	190,000	10,955	-	-	-	7,945	3,010	-
2010 Road Resurfacing	10/27/09	09-030	2,100,000	-	1,462,540	-	-	971,092	-	491,448
Sewer Reconstruction	10/27/09	09-031	2,800,000	-	49,488	-	-	17,771	-	31,717
Various Capital Improvements	10/27/09	09-032	2,195,000	-	1,787,928	-	-	398,883	-	1,389,045
2010 DOT Road Resurfacing	02/09/10	10-005	509,757	509,757	-	-	-	398,009	111,748	-
DOT Discretionary Funding Program	02/23/10	10-008	250,000	250,000	-	-	-	-	250,000	-
Sewer Reconstruction	09/28/10	10-045	2,800,000	-	588,800	-	-	475,580	-	113,220
Debt Restructuring	02/22/11	11-010	5,000,000	-	1,141,627	-	-	277,464	-	864,163
Recreation Facility Imrpovements	04/01/11	11-016	2,250,000	106,850	2,142,000	-	-	764,809	-	1,484,041
Sewer Reconstruction	04/01/11	11-017	3,000,000	96,261	2,857,000	-	-	2,541,372	-	411,889
2011 DOT Road Reconstruction	04/13/11	11-018	509,860	509,860	-	-	-	-	509,860	-
Sewer Reconstruction	1/24/2012	12-004	4,200,000	-	-	4,200,000	-	984,838	-	3,215,162

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance Date	Ordinance No.	Ordinance Amount	Balance: June 30, 2011 Funded	Balance: June 30, 2011 Unfunded	2012 Authorizations	Cancellations	Paid or Charged	Balance: June 30, 2012 Funded	Balance: June 30, 2012 Unfunded
Debt Restructuring	1/24/2012	12-003	$ 5,000,000	$ -	$ -	$ 5,000,000	$ 125,000	$ 4,859,559	$ 15,441	$ -
Tax Appeal Refunds	6/1/2012	12-025	3,300,000	-	-	3,300,000	-	1,461,521	-	1,838,479
2012 DOT Road Resurfacing Program	6/12/2012	12-026	489,700	-	-	489,700	-	-	489,700	-
				$ 22,644,274	$ 23,463,589	$ 12,989,700	$ 125,000	$ 14,944,189	$ 20,914,366	$ 23,114,008
			Ref	C	C		C-9, C-20	C-19	C	C

	Ref	2012 Authorizations
Capital Improvement Fund	C-15	$ 200,000
Deferred Changes to Future Taxation - Unfunded	C-9	12,300,000
Grants Receivable - State	C-4	489,700
		$ 12,989,700

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.		
Balance: June 30, 2011	C, C-3		$ 260,113
Increased by:			
Budget Appropriation	C-19	300,000	
Cash Receipts - Paterson School District	C-2	50,000	
			350,000
			610,113
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-14		200,000
Balance: June 30, 2012	C, C-3		$ 410,113

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

rpose	Ordinance Date	Amount of Original Issue	Maturities of Loans Outstanding June 30, 2012 Date	Amount	Interest Rate %	Balance June 30, 2011	Increased by Loans Issued	Decreased by Budget Appropriation	Balance June 30, 2012
River Front Project	08/29/90	$ 375,000			2.00	$ 13,615	$ -	$ 13,615	$ -
Park Development Program - Phase II	07/26/94	315,000	10/30/12	$ 9,539	2.00	87,609		9,445	78,164
			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					
Park Development Program - Phase III	06/28/06	231,650	09/30/12	5,451	2.00	185,877	-	10,741	175,136
			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					

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

ırpose	Ordinance Date	Amount of Original Issue	Maturities of Loans Outstanding June 30, 2012 Date	Amount	Interest Rate %	Balance June 30, 2011	Increased by Loans Issued	Decreased by Budget Appropriation	Balance June 30, 2012
Park Development Program - Phase III			03/30/25	$ 6,991					
(continued)			09/30/25	7,060					
			03/30/26	7,131					
Various Park Improvements	06/26/06	$ 267,000	09/30/12	10,547	2.00	$ 178,433	$ -	$ 20,782	$ 157,651
			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					
Various Park Improvements	1/19/2006	100,276	N/A	N/A		100,276	-	9,351	90,925
Various Park Improvements	6/26/2006	231,245	N/A	N/A		231,245	-	-	231,245
Various Park Improvements	6/26/2012	72,667					72,667		72,667
Various Park Improvements	6/26/2012	116,400					116,400		116,400
						$ 797,055	$ 189,067	$ 63,934	$ 922,188
					Ref.	C	C-2, C-20	C-7	C

Exhibit C-17

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF DEMOLITION LOAN PAYABLE

Purpose	Ordinance Date	Amount of Original Issue	Maturities of Loans Outstanding June 30, 2012 Date	Amount	Interest Rate %	Balance June 30, 2011	Decrease	Balance June 30, 2012
Urban and Rural Centers Unsafe Building Demolition Bond Loan	03/28/00	$ 432,500			0%	$ 43,250	$ 43,250	$ -
Building Demolition Bond Loan	01/26/05	450,000	03/25/13	45,000				
			03/25/14	45,000	0%	135,000	45,000	90,000
						$ 178,250	$ 88,250	$ 90,000
					Ref.	C	C-7	C

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF ECONOMIC DEVELOPMENT LOAN PAYABLE - SCHOOL

	Ref.	
Balance: June 30, 2011	C	$ 1,768,035
Decreased by:		
Budget Appropriation	C-7	574,135
Balance: June 30, 2012	C	$ 1,193,900

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF DUE FROM CURRENT FUND

	Ref.		
Balance: June 30, 2011			$ -
Increased by:			
Cash Disbursements	C-2,C-3	$ 19,848,820	
Premiums Received on Sales of Notes	C-1	64,248	
Bonds Payable	C-10,C-20	4,875,000	
Notes Payable	C-13,C-20	7,300,000	
Capital Improvement Fund	C-15	300,000	
			32,388,068
			32,388,068
Decreased by:			
Cash Receipts	C-2	17,198,379	
Improvement Authorizations	C-14	14,944,189	
Capital Surplus	C-1	245,500	
			32,388,068
Balance: June 30, 2012			$ -

Exhibit C-20

CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance June 30, 2011	Authorized	Green Acres Trust Loan	Notes Issued	Bonds Issued	Canceled	Balance June 30, 2012
05-05	Combined Sewer Out Flow Phase III	$ 7,405,195	$ -	$ -	$ -	$ -	$ -	$ 7,405,195
06-01	Various Park Improvements	905,842	-	189,067	-	-	-	716,775
08-021	Various Park Improvements ATP Site Park	783,665	-	-	-	-	-	783,665
08-022	Various Park Improvements Pennington Park	500,000	-	-	-	-	-	500,000
09-013	Construction of Fire House	1,190,000	-	-	-	-	-	1,190,000
12-004	Sewer Reconstruction	-	4,000,000	-	4,000,000	-	-	-
12-003	Debt Restructuring	-	5,000,000	-	-	4,875,000	125,000	-
12-025	Tax Appeal Refunding	-	3,300,000	-	3,300,000	-	-	-
		$ 10,784,702	$ 12,300,000	$ 189,067	$ 7,300,000	$ 4,875,000	$ 125,000	$ 10,595,635
	Ref.	C	C-9	C-16	C-13, C-19	C-10, C-19	C-14	C

REPORT OF AUDIT

SUPPLEMENTARY DATA SECTION

General Fixed Assets Schedules

City of Paterson
FY 2012

EXHIBIT D-1

CITY OF PATERSON
GENERAL FIXED ASSET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF CHANGES IN FIXED ASSETS BY CLASS

	Balance, June 30, 2011	Additions	Balance, June 30, 2012
Land	$ 3,257,443	$ -	$ 3,257,443
Building	39,034,660	-	39,034,660
Machinery and Equipment	21,558,158	58,100	21,616,258
	$ 63,850,261	$ 58,100	$ 63,908,361
Ref.	D	D-2	D

EXHIBIT D-2

SCHEDULE OF RESERVE FOR FIXED ASSETS

	Ref.	
Balance, June 30, 2010	D	$ 63,850,261
Increased by:		
Additions	D-1	58,100
Balance, June 30, 2011	D	$ 63,908,361

REPORT OF AUDIT

ADDITIONAL INFORMATION
RELATING TO
INTERNAL CONTROL AND COMPLIANCE

City of Paterson
FY 2012

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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*

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

We have audited the financial statements – regulatory basis of the individual funds and account groups of the City of Paterson, New Jersey (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 30, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). As described in Note A, the City prepares its financial statements on a basis of accounting prescribed by the Division 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

Management of the City is responsible for establishing and maintaining effective 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 opinions on the financial statements, but not for the purpose of 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 *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, as Finding FS 2012-01, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements prescribed by the Division.

We noted certain matters that we reported to management of the City in the comments and recommendations section of this report.

This report is intended solely for the information and use of management, Mayor and City Council, others within the entity, the Division and 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
May 3, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the City of Paterson, New Jersey's (the "City's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the City's major federal and state programs for the year ended June 30, 2012. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. 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, OMB 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 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 on the City's compliance with those requirements.

As described in items 2012-01 through 2012-02 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding allowable costs / cost principles and period of availability of Federal funds, respectively, that are applicable to its Community Development Block Grant. Also, as described in item 2012-03 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding eligibility that are applicable to its Home Investment Partnership Program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with 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 and state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material *weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over* compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-01 through 2012-03 to be significant deficiencies.

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 responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, Mayor and City Council, others within the entity, the City's governing body and management, the State of New Jersey, Department of Community Affairs, Division of Local Government Services, 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
May 3, 2013

THE CITY OF PATERSON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Department and Program	Federal CFDA Number	State Account Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2011	Revenue Recognized	Expenditures	Cancellations Reprogrammed/ Adjusted	Program Income	Balance June 30, 2012	Cumulative Expenditures
Department of Justice													
COPS Technology Grant	16.710	N/A	07/01/08	06/30/09	$ 444,268	$ -	$ 666	$ -	$ -	$ -	$ -	$ 666	$ 443,602
COPS Hiring Recovery Program	16.710	N/A	07/01/08	06/30/09	3,747,375	153,297	2,082,928	-	-	-	-	2,082,928	1,664,447
Total COPS Grants						153,297	2,083,594	-	-	-	-	2,083,594	
Local Law Enforcement Officers Training and Equipment	16.579	N/A	07/01/09	06/30/10	23,350	-	14,668	-	-	(14,668)	-	-	23,350
Local Law Enforcement Officers Training and Equipment	16.579	N/A	07/01/08	06/30/09	19,025	-	4,410	-	-	(4,410)	-	-	14,615
Local Law Enforcement Officers Training and Equipment	16.579	N/A	07/01/07	06/30/08	18,790	-	838	-	-	(838)	-	-	17,952
Local Law Enforcement Officers Training and Equipment	16.579	N/A	07/01/05	06/30/06	8,100	-	2,165	-	-	(2,165)	-	-	5,935
Total Local Law Enforcement Officers Training and Equipment						-	22,081	-	-	(22,081)	-	-	
Passed through State of NJ Division of Criminal Justice:													
** Byrne Memorial Justice Assistance- Violent Crime Discretionary	16.738	66-1020-100-411	07/01/11	06/30/12	138,000	46,000	-	138,000	117,348	-	-	20,652	117,348
** Byrne Memorial Justice Assistance- Equipment Grant	16.738	66-1020-100-364	07/01/11	06/30/12	160,946	15,869	-	160,946	5,372	-	-	155,574	5,372
** Byrne Memorial Justice Assistance- Equipment Grant	16.738	66-1020-100-364	07/01/10	06/30/11	208,399	101,090	76,576	-	-	-	-	76,576	131,823
** Byrne Memorial Justice Assistance- Equipment Grant	16.738	66-1020-100-364	07/01/09	06/30/10	217,820	9,903	10,659	-	3,859	-	-	6,800	211,020
** Byrne Memorial Law Enforcement Technology Grant	16.738	66-1020-100-384	07/01/11	06/30/12	500,000	45,469	-	500,000	422,907	-	-	77,093	422,907
Total Byrne Memorial Justice Assistance						218,331	87,235	798,946	549,486	-	-	336,695	
Bulletproof Vest Program	16.607	N/A	07/01/11	06/30/12	31,275	-	-	31,275	-	-	-	31,275	-
Passed through State of NJ Division of Criminal Justice:													
Safe Neighborhood Grant	16.609	66-1020-100-377	07/01/10	06/30/11	19,836	18,329	10,769	-	10,726	(43)	-	-	19,793
Total Department of Justice						389,957	2,203,679	830,221	560,212	(22,124)	-	2,451,564	
Federal Emergency Management													
Flood Grant	97.036	66-1200-100-979	07/01/09	06/30/10	74,993	-	61,493	-	-	13,500	-	74,993	13,500
Passed through State of NJ State Police:			07/01/09	06/30/10						-	-	-	-
Public Assistance - Hurricane Irene	97.036	66-1200-100-A70	07/01/11	06/30/12	10,000	-	-	10,000	-	-	-	10,000	-
Hazardous Mitigation	97.036	66-1200-100-A70	07/01/11	06/30/12	4,332,336	-	-	4,332,336	-	-	-	4,332,336	-
Fire Station Construction		66-1200-100-A70	07/01/09	06/30/10	4,500,000	-	-	-	-	4,500,000	-	4,500,000	4,500,000
Assistance to Firefighters	97.036	N/A	07/01/11	06/30/12	134,670	-	-	134,670	-	-	-	134,670	*
Assistance to Firefighters	97.036	N/A	07/01/07	06/30/08	N/A	-	109	-	-	(109)	-	-	*
Assistance to Firefighters	97.036	N/A	07/02/08	07/01/09	-	176,739	71,564	-	71,564	-	-	-	-
Total Federal Emergency Management						176,739	133,166	4,477,006	71,564	4,513,391	-	9,051,999	
Passed through New Jersey Law and Public Safety													
USAI Rescue Training Reimbursement Funds	97.008	66-1200-100-975	07/01/11	06/30/12	19,522	19,522	-	19,522	-	-	-	19,522	
USAI Rescue Training Reimbursement Funds	97.008	66-1200-100-975	07/01/09	06/30/10	84,363	-	75,363	-	-	-	-	75,363	9,000
USAI Rescue Training Reimbursement Funds	97.008	66-1200-100-975	07/01/10	06/30/11	14,106	-	14,106	-	-	-	-	14,106	-
Total USAI Rescue Training Reimbursement Funds						19,522	89,469	19,522	-	-	-	108,991	
Passed through New Jersey Law and Public Safety													
Emergency Management Assistance	97.042	66-1200-100-726	10/01/11	09/30/12	10,000	-	-	10,000	-	-	-	10,000	-
Total Federal Emergency Management						196,261	222,635	4,506,528	71,564	4,513,391	-	9,170,990	
Department of Health and Human Services													
** Ryan White HIV Emergency Relief	93.915	N/A	03/01/11	02/28/12	3,787,807	4,106,448	-	3,787,807	232,377	-	-	3,555,430	232,377
** Ryan White HIV Emergency Relief	93.915	N/A	03/01/10	02/28/11	3,973,542	1,074,331	1,483,020	2,398,694	3,834,666	-	-	47,048	3,926,494
** Ryan White HIV Emergency Relief	93.915	N/A	03/01/10	02/28/11	3,971,842	-	73,439	-	23,152	(50,287)	-	-	3,921,555
Total Ryan White HIV Emergency Relief						5,180,779	1,556,459	6,186,501	4,090,195	(50,287)	-	3,602,478	
Passed through the State of NJ Division of Family Health Services													
Childhood Lead Poisoning	93.197	66-4220-100-156	01/01/12	12/31/12	283,250	216,743	-	283,250	281,526	-	-	1,724	283,250
Childhood Lead Poisoning	93.197	66-4220-100-156	01/01/11	12/31/11	283,250	68,017	158	-	158	-	-	-	283,250
Childhood Lead Poisoning	93.197	66-4220-100-156	01/01/10	12/31/10	297,300	-	1,140	-	1,140	-	-	-	297,300
Total Childhood Lead Poisoning						284,760	1,298	283,250	282,824	-	-	1,724	
Special Projects of National Significance	93.928	N/A	09/01/11	08/30/12	106,299	106,299	-	106,299	106,299		-	-	106,299
Special Projects of National Significance	93.928	N/A	09/01/10	08/30/11	400,000	232,967	48,479	-	(3,506)	(51,985)	-	-	348,015
Special Projects of National Significance	93.928	N/A	09/01/09	08/31/10	400,000	6,667	463	-	-	(463)	-	-	399,537
Special Projects of National Significance	93.928	N/A	09/01/08	08/31/09	400,000	-	53,851	-	-	(53,851)	-	-	346,149
Total Special Projects of National Significance						345,933	102,793	106,299	102,793	(106,299)	-	-	
Public Health Preparedness and Response Bioterrorism	93.889	4230-100-350-2009	07/01/11	08/31/12	232,000	179,262	-	232,000	212,167	-	-	19,833	212,167
Public Health Preparedness and Response Bioterrorism	93.889	4230-100-350-2009	07/01/10	08/31/11	328,000	175,980	48,096	-	35,063	(13,033)	-	-	314,967
Total Public Health Preparedness and Response Bioterrorism						355,242	48,096	232,000	247,230	(13,033)	-	19,833	

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, 2012

Federal Department and Program	Federal CFDA Number	State Account Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2011	Revenue Recognized	Expenditures	Cancellations Reprogrammed/ Adjusted	Program Income	Balance June 30, 2012	Cumulative Expenditures
Department of Health and Human Services (Continued)													
** Minority Aids Initiative Program	93.914	N/A	03/01/12	02/28/13	$ 675,505	$ -	$ -	$ 675,505	$ 333,809	$ -	$ -	$ 341,696	$ 333,809
** Minority Aids Initiative Program	93.914	N/A	03/01/10	02/28/11	301,941	163,860	55,460	-	43,195	(12,265)	-	-	289,676
Total Minority Aids Initiative Program						163,860	55,460	675,505	377,004	(12,265)	-	341,696	
Passed through the State of NJ Division of Epidemilogy Communicable Disease													
Tuberculosis Control Grant	93.116	100-046-4230-100-146	07/01/11	06/30/12	103,754	26,937	-	103,754	49,632	-	-	54,122	49,632
Tuberculosis Control Grant	93.116	100-046-4230-100-146	07/01/10	06/30/11	123,258	98,521	56,466	-	75,970	19,504	-	-	142,762
Total Tuberculosis Control Grant						125,458	56,466	103,754	125,602	19,504	-	54,122	
Total Department of Health and Human Services						6,456,032	1,820,572	7,587,309	5,225,648	(162,380)	-	4,019,853	
Department of Transportation													
Highway Planning and Construction Cluster													
** Discretionary Funding Various Improvements	20.205	6320-480-078-6320-AJ1_TCAP-6010	07/01/09	06/30/10	250,000	-	250,000	-	-	-	-	250,000	-
** Main Street and Market Street Streetscape	20.205	6320-480-078-6320-AJ1_TCAP-6010	12/19/07	06/30/12	225,000	-	202,549	-	-	-	-	202,549	22,451
** Spruce Street and Mc Bride Avenue Stabilization	20.205	66320-480-78-6320-497-TCAP-6010	03/29/09	06/30/10	250,257	-	48,342	-	38,426	-	-	9,916	240,341
** Road Resurfacing	20.205	6320-480-078-6320-AKK_TCAP-6010	07/01/11	06/30/12	489,700	-	-	489,700	-	-	-	489,700	-
** Road Resurfacing	20.205	6320-480-078-6320-AKK_TCAP-6010	07/01/10	06/30/11	509,860	-	509,860	-	-	-	-	509,860	-
** Road Resurfacing	20.205	6320-480-078-6320-AKK_TCAP-6010	07/01/09	06/30/10	509,757	302,803	509,757	-	398,009	-	-	111,748	398,009
** Road Resurfacing	20.205	6320-480-078-6320-AKK_TCAP-6010	07/01/08	06/30/09	150,000	-	72,842	-	72,842	-	-	-	150,000
** Traffic Signal Improvements	20.205	6320-480-078-6320-AJ1_TCAP-6010	5/26/2009	07/23/2010	190,000	-	10,955	-	7,945	-	-	3,010	186,990
Total Higway Planning and Construction Cluster						302,803	1,604,305	489,700	517,222	-	-	1,576,783	
Highway Safety Cluster													
Passed through the Office of Highway Safety Planning													
Data Exchange Project	20.612	1160-100-176-2011	07/01/10	06/30/11	69,821	-	69,821	-	-	-	-	69,821	-
Pedestrian Safety Grant	20.609	1160-100-146-2009	07/01/08	06/30/09	24,995	-	-	-	-	-	-	-	24,995
Total Highway Safety Cluster						-	69,821	-	-	-	-	69,821	
Total Department of Transportation						302,803	1,674,126	489,700	517,222	-	-	1,646,604	
Department of Homeland Security													
Historic Industrial Mill Building Survey	N/A	N/A	10/01/09	09/30/11	16,000	-	16,000	-	-	-	-	16,000	-
Total Department of Homeland Security						-	16,000	-	-	-	-	16,000	
Department of Housing and Urban Development													
Sheltering Arms	14.238	N/A	*	*	*	-	814,986	-	-	-	-	814,986	*
Homeless Prevention - ARRA	14.262	N/A	07/01/09	06/30/10	1,184,137	-	206,894	-	179,496	-	-	27,398	1,156,739
** Neighbothood Stabilization	14.264	N/A	07/01/11	06/30/12	1,196,877	-	-	1,196,877	-	-	-	1,196,877	-
** Neighbothood Stabilization	14.264	N/A	07/01/08	06/30/09	2,266,641	-	1,777,192	-	919,010	-	-	858,182	1,408,459
Total Neighborhood Stabilization						-	1,777,192	1,196,877	919,010	-	-	2,055,059	
Emergency Shelter Grant	14.231	N/A	07/01/11	06/30/12	129,776	41,356	-	129,776	41,357	-	-	88,419	41,357
Emergency Shelter Grant	14.231	N/A	07/01/10	06/30/11	128,592	-	128,592	-	-	-	-	128,592	-
Emergency Shelter Grant	14.231	N/A	07/01/09	06/30/10	126,944	-	35,100	-	-	(13,493)	-	21,607	91,844
Emergency Shelter Grant	14.231	N/A	07/01/06	06/30/07	126,788	-	2,501	-	-	-	-	2,501	124,287
Emergency Shelter Grant	14.231	N/A	07/01/03	06/30/04	121,000	-	22	-	-	-	-	22	120,978
Emergency Shelter Grant	14.231	N/A	07/01/01	06/30/02	118,000	-	7,789	-	-	-	-	7,789	110,211
Emergency Shelter Grant	14.231	N/A	07/01/00	06/30/01	117,000	-	13,493	-	-	-	-	13,493	103,507
Total Emergency Shelter Grant						41,356	187,497	129,776	41,357	(13,493)	-	262,423	
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/11	06/30/12	1,423,581	88,216	-	1,423,581	181,119	-	107	1,242,569	181,119
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/10	06/30/11	1,651,083	-	710,420	-	105,000	-	-	605,420	1,045,663
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/09	06/30/10	1,662,102	15,000	1,222,096	-	192,483	-	-	1,029,613	632,489
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/08	06/30/09	1,770,553	124,406	562,921	-	188,144	-	-	374,777	1,395,776
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/07	06/30/08	1,836,703	-	418,661	-	-	-	-	418,661	1,418,042
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/06	06/30/07	641,460	-	289,909	-	-	-	-	289,909	351,551
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/05	06/30/06	2,097,762	-	1,438,319	-	-	-	-	1,438,319	659,443
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/04	06/30/05	2,263,640	-	1,375,840	-	248,378	-	-	1,127,462	1,136,178
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/03	06/30/04	2,042,680	139,951	536,329	-	-	-	-	536,329	1,506,351
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/02	06/30/03	1,824,000	-	372,199	-	-	-	-	372,199	1,451,801
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/01	06/30/02	1,827,000	-	66,971	-	-	-	-	66,971	1,760,029
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/00	06/30/01	1,645,000	-	41,010	-	-	-	-	41,010	1,603,990
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/99	06/30/00	1,642,000	-	675,625	-	-	-	-	675,625	966,375
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/98	06/30/99	1,524,000	-	38,443	-	-	-	-	38,443	1,485,557
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/97	06/30/98	*	-	297,175	-	-	-	-	297,175	*
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/96	06/30/97	*	-	60,000	-	-	-	-	60,000	*
** HOME Investment Partnership Program	14.239	100-022-8020-086-022960	07/01/95	06/30/96	*	-	124,317	-	-	-	-	124,317	*
Total HOME Investment Partnership Program						367,573	8,230,235	1,423,581	915,124	-	107	8,738,799	

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, 2012

Federal Department and Program	Federal CFDA Number	State Account Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2011	Revenue Recognized	Expenditures	Cancellations Reprogrammed/ Adjusted	Program Income	Balance June 30, 2012	Cumulative Expenditures
Department of Housing and Urban Development (Continued)													
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/11	06/30/12	$ 1,381,032	$ -	$ -	$ 1,381,032	$ 44,304	$ -	$ -	$ 1,336,728	$ 44,304
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/10	06/30/11	1,404,206	-	1,404,206	-	1,132,027	44,304	-	316,483	1,132,027
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/09	06/30/10	1,301,766	1,185,993	282,414	-	94,498	-	-	187,916	1,113,850
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/08	06/30/09	1,286,736	116,688	69,838	-	-	(24,500)	-	45,338	1,216,898
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/07	06/30/08	1,250,000	24,500	97,922	-	-	-	-	97,922	1,152,078
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/06	06/30/07	1,282,000	-	5,803	-	-	-	-	5,803	1,276,197
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/02	06/30/03	1,333,000	-	20,218	-	-	-	-	20,218	1,312,782
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/01	06/30/02	1,252,000	-	50,383	-	-	-	-	50,383	1,201,617
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/00	06/30/01	6,269,000	44,304	237,918	-	98,271	-	-	139,647	6,129,353
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/99	06/30/00	1,160,000	-	19,012	-	-	-	-	19,012	1,140,988
Total Housing Opportunities for Persons with AIDS						1,371,485	2,187,714	1,381,032	1,369,100	19,804	-	2,219,450	
Section 8 Project-Based Cluster													
Passed through the City of New York:													-
Section 8 Housing Administration	14.856	N/A	07/01/10	06/30/11	13,033,995	-	2,769,758	-	-	(2,769,758)	-	-	10,264,237
** CDBG - Entitlement Grants Cluster													
** Community Development Block Grant -ARRA	14.253	N/A	07/01/09	06/30/10	773,878	-	773,878	-	-	-	-	773,878	-
** Community Development Block Grant	14.218	100-022-8020-086-22960	07/01/11	06/30/12	2,683,971	1,139,891	-	2,683,971	1,334,922	12,430	242,364	1,603,843	1,334,922
** Community Development Block Grant	14.218	100-022-8020-086-22960	07/01/10	06/30/11	-	-	1,716,349	-	569,287	-	48	1,147,110	569,287
** Community Development Block Grant	14.218	100-022-8020-086-22960	07/01/09	06/30/10	2,934,402	-	1,220,463	-	85,569	-	-	1,134,894	1,799,508
** Community Development Block Grant	14.218	100-022-8020-086-22960	07/01/08	06/30/09	2,851,175	29,853	337,798	-	188,815	(12,573)	-	136,410	2,702,192
** Community Development Block Grant	14.218	100-022-8020-086-22960	07/01/07	06/30/08	2,937,671	59,330	613,541	-	59,330	-	-	554,211	2,383,460
** Community Development Block Grant	14.218	100-022-8020-086-22960	07/01/06	06/30/07	3,303,484	202,400	397,588	-	29,853	-	-	367,735	2,935,749
** Community Development Block Grant	14.218	100-022-8020-086-22960	07/01/05	06/30/06	3,389,479	85,569	600	-	-	-	-	600	3,388,879
** Community Development Block Grant	14.218	100-022-8020-086-22960	07/01/10	06/30/11	3,359,000	554,454	845	-	-	-	-	845	3,358,155
Total CDBG - Entitlement Grants Cluster						2,071,497	5,061,062	2,683,971	2,267,776	(143)	242,412	5,719,526	
Total Department of Housing and Urban Development						3,851,911	21,235,338	6,815,237	5,691,863	(2,763,590)	242,519	19,837,641	
Department of Agriculture													
Senior Farmers Market Nutrition Program	10.576	4220-100-046-4650-474	7/1/2011	11/30/2012	3,000	3,000	-	3,000	3,000	-	-	-	3,000
Total Seniors Farmers Market						3,000	-	3,000	3,000	-	-	-	
Total Department of Agriculture						3,000	-	3,000	3,000	-	-	-	
Department of Energy													
Energy Efficiency and Renewal	81.128	N/A	10/14/09	10/13/12	1,344,800	-	1,094,822	-	5,438	-	-	1,089,384	255,416
Total Department of Energy						-	1,094,822	-	5,438	-	-	1,089,384	
Department of Environmental Protection													
Passed through State of New Jersey													
Department of Environmental Protection													
Environmental Infrastructure Fund Loan -													
Phase I	66.458	N/A	12/17/02	Completion	10,942,000	-	436,640	-	-	-	-	436,640	10,505,360
Phase II	66.458	N/A	01/27/04	Completion	6,538,000	-	2,254,476	-	350,822	-	-	1,903,654	4,634,346
Phase III	66.458	N/A	Various	Completion	21,919,000	-	7,695,446	-	-	(295,251)	-	7,400,195	14,518,805
Total Department of Environmental Protection						-	10,386,562	-	350,822	(295,251)	-	9,740,489	
TOTAL FEDERAL AWARDS						$ 11,199,964	$ 38,653,734	$ 20,231,995	$ 12,425,769	$ 1,270,046	$ 242,519	$ 47,972,525	

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

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

THE CITY OF PATERSON

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Department and Program	State Account Number/ Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2011	Revenue Recognized	Expenditures	Cancellations/ Reprogrammed/ Adjusted	Balance June 30, 2012	Cumulative Expenditures
Department of Community Affairs											
Fire Safety Life Hazard Use Fees - 2012	8017-100-181000-61	01/01/12	12/31/12	$ 275,796	$ 70,922	$ -	$ 275,796	$ 167,584	$ -	$ 108,212	$ 167,584
Fire Safety Life Hazard Use Fees - 2011	8017-100-181000-61	01/01/11	12/31/11	276,820	207,904	92,722	6,898	6,898	-	92,722	184,098
Total Fire Safety Life Hazard Use Fees					278,826	92,722	282,694	174,482	-	200,934	
Clean Communities	4900-765-042-4900-004-V42Y-6022	07/01/11	06/30/12	144,617	-	-	144,617	-	-	144,617	-
Clean Communities	4900-765-042-4900-004-V42Y-6022	07/01/10	06/30/11	146,910	144,617	146,910	-	129,039	-	17,871	129,039
Clean Communities	4900-765-042-4900-004-V42Y-6022	07/01/09	06/30/10	155,594	-	51,520	-	51,353	-	167	155,427
Clean Communities	4900-765-042-4900-004-V42Y-6022	07/01/08	06/30/09	149,426	-	3,873	-	3,366	(507)	-	148,919
Clean Communities	4900-765-042-4900-004-V42Y-6022	07/01/07	06/30/08	116,458	-	1,591	-	1,756	23,795	23,630	116,623
Total Clean Communities					144,617	203,894	144,617	185,514	23,288	186,285	
Recreational Opportunities for Individuals with Disabilities	100-022-8050-035-051570	07/01/11	06/30/12	13,000	13,000	-	13,000	633	-	12,367	633
Passed through the County of Passaic											
Municipal Alliance	*	07/01/11	06/30/12	41,903	-	-	41,903	5,178	-	36,725	5,178
Municipal Alliance	*	07/01/10	06/30/11	42,000	42,000	-	42,000	32,780	-	9,220	32,780
Municipal Alliance	*	07/01/08	06/30/09	12,500	-	898	-	-	-	898	11,602
Total Municipal Alliance					42,000	898	83,903	37,958	-	46,843	
Total Department of Community Affairs					478,443	297,514	524,214	398,587	23,288	446,429	
Department of Law and Public Safety											
Safe and Secure Communities Program	66-1020-107-090940	03/21/11	03/20/12	822,594	-	-	822,594	647,600	(174,994)	-	647,600
Body Armor Replacement Fund	66-1020-718-001	07/01/11	06/30/12	31,516	31,516	-	31,516	-	-	31,516	-
Operation Cease Fire	*	07/01/11	06/30/12	106,830	-	-	106,830	65,054	-	41,776	65,054
Operation Cease Fire	*	07/01/10	06/30/11	15,000	-	15,000	-	-	-	15,000	-
Operation Cease Fire	*	07/01/08	06/30/09	24,050	-	2,200	-	-	-	2,200	21,850
Total Operation Cease Fire					-	17,200	106,830	65,054	-	58,976	
Passed through the Juvenile Justice Commission:											
Passaic County Youth Services Commission Evening Reporting	100-066-1500-168	07/01/11	06/30/12	106,830	82,696	-	106,830	30,348	-	76,482	30,348
Passaic County Youth Services Commission Evening Reporting	100-066-1500-168	07/01/08	06/30/09	124,527	106,830	73,077	-	(4,551)	-	77,628	46,899
Passaic County Youth Services Commission Evening Reporting	100-066-1500-168	07/01/09	06/30/10	124,650	-	55,800	-	(12,746)	-	68,546	56,104
Total Passaic County Youth Services Commission Evening Reporting					189,526	128,877	106,830	13,051	-	222,656	
DWI Drunk Driving Enforcement Fund	6400-100-78-64000-YYYY	07/01/11	06/30/12	63,209	-	-	63,209	19,236	-	43,973	19,236
DWI Drunk Driving Enforcement Fund	6400-100-78-64000-YYYY	07/01/07	06/30/08	35,456	-	22,783	-	22,783	-	-	35,456
DWI Drunk Driving Enforcement Fund	6400-100-78-64000-YYYY	07/01/06	06/30/07	19,645	-	200	-	200	-	-	19,645
Total DWI Drunk Driving Enforcement Fund					-	22,983	63,209	42,219	-	43,973	
Total Department of Law and Public Safety					221,042	169,060	1,130,979	767,924	(174,994)	357,121	
Department of Treasury											
911 General Assistance	100-082-2034-081	01/01/08	12/31/08	137,855	-	12,282	-	-	-	12,282	125,573
Total Department of Treasury					-	12,282	-	-	-	12,282	
Department of Transportation											
Spruce Street McBride Avenue Intersection	66320-480-78-6320-497-TCAP-6010	07/01/00	06/30/01	200,000	-	174,566	-	3,169	1,000	172,397	28,603
Total Department of Transportation					-	174,566	-	3,169	1,000	172,397	

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, 2012

State Department and Program	State Account Number/ Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2011	Revenue Recognized	Expenditures	Cancellations/ Reprogrammed/ Adjusted	Balance June 30, 2012	Cumulative Expenditures
Department of Children and Families											
Lifestyle Support Program	7570-100-54-7570-280-LLLL-6130	01/01/12	12/31/12	87,633	$ -	$ -	$ 87,633	$ 41,200	$ -	$ 46,433	$ 41,200
Lifestyle Support Program	7570-100-54-7570-280-LLLL-6130	01/01/11	12/31/11	87,633	87,633	-	87,633	41,072	-	46,561	41,072
Lifestyle Support Program	7570-100-54-7570-280-LLLL-6130	01/01/10	12/31/10	87,633	-	4,115	-	3,089	-	1,026	86,607
Lifestyle Support Program	7570-100-54-7570-280-LLLL-6130	01/01/09	12/31/09	87,695	-	52,657	-	-	-	52,657	35,038
Lifestyle Support Program	7570-100-54-7570-280-LLLL-6130	01/01/08	12/31/08	86,890	-	22,259	-	20,800	(1,459)	-	85,431
Total Lifestyle Support Program Additional Funding	7570-100-54-7570-280-LLLL-6130	01/01/11	12/31/11	49,111	45,018	5,618	-	5,618	-	-	49,111
Total Lifestyle Support Program Additional Funding	7570-100-54-7570-280-LLLL-6130	01/01/10	12/31/10	49,111	-	4,180	-	-	-	4,180	44,931
Total Department of Children and Families					132,651	88,829	175,266	111,779	(1,459)	150,857	
Department of State											
Passaic County Cultural & Heritage Museum Grant	100-074-2530-032	07/01/05	06/30/06	1,000	-	335	-	-	-	335	665
Cultural and Heritage Council Grant	100-074-2530-032	07/01/10	06/30/11	1,000	-	1,000	-	-	-	1,000	-
Cultural and Heritage Art Grant	100-074-2530-032	07/01/10	06/30/11	330	-	330	-	-	-	330	-
Cultural and Heritage Exhibit Freedom Blvd Grant	100-074-2530-032	07/01/10	06/30/11	440	-	440	-	-	-	440	-
Total Department of State					-	2,105	-	-	-	2,105	
Department of Health and Human Services											
School Based Youth Services Program	100-054-7500-068	07/01/11	06/30/12	302,456	302,456	-	302,456	266,730	-	35,726	266,730
School Based Youth Services Program	100-054-7500-068	07/01/10	06/30/11	302,456	-	9,552	-	6,965	-	2,587	299,869
School Based Youth Services Program	100-054-7500-068	07/01/09	06/30/10	302,456	-	89	-	-	-	89	302,367
Teen Parenting Program	7570-100-054-7570-419-LLLL-6130	07/01/11	06/30/12	83,403	83,403	-	83,403	81,169	-	2,234	81,169
Nutrition Physical Activity and Obesity Grant	*	07/01/10	06/30/11	15,000	-	15,000	-	8,072	-	6,928	8,072
Passed through the NJ Health Officers Association:											
H1N1 Corrective Action Mini Grant	*	07/01/11	06/30/12	10,000	-	-	10,000	-	-	10,000	-
Public Health Emergency Response/H1N1 Grant Steering C	*	07/01/10	06/30/11	10,000	10,000	-	-	-	-	-	10,000
Sexually Transmitted Disease Control	100-046-4782-101-6120	07/01/11	06/30/12	92,040	67,211	-	92,040	91,841	-	199	91,841
Sexually Transmitted Disease Control	100-046-4782-101-6120	07/01/10	06/30/11	92,040	24,152	68	-	68	-	-	92,040
Station House Adjustment Program		07/01/11	06/30/12	17,635	5,379	-	17,635	15,675	-	1,960	15,675
Health Officers Grant	*	07/01/10	06/30/11	5,000	-	5,000	-	4,234	-	766	4,234
Health Officers Grant	*	07/01/09	06/30/10	5,000	-	71	-	71	-	-	5,000
Office of Health and Information Technology	*	01/01/09	12/31/09	11,000	-	6,276	-	-	-	6,276	4,724
HIV Counseling, Testing and Referral	4866-089-6120-2650	10/01/11	09/30/12	150,251	110,028	-	150,251	149,420	-	831	149,420
HIV Counseling, Testing and Referral	4866-089-6120-2650	10/01/10	09/30/11	150,251	36,298	1,241	-	1,241	-	-	150,251
Tuberculosis Control Grant	100-046-4230-080	07/01/11	06/30/12	209,599	155,384	-	209,599	209,596	-	3	209,596
Tuberculosis Control Grant	100-046-4230-080	07/01/10	06/30/11	209,599	54,136	1,940	-	1,940	-	-	209,599
Passed through County of Passiac:										-	
Senior Citizen Disabled Transportation Program	8060-491-084520-50	01/01/11	12/31/11	282,000	197,154	168,944	-	134,330	-	34,614	247,386
Senior Citizen Disabled Transportation Program	8060-491-084520-50	01/01/12	12/31/12	282,000	-	-	282,000	122,623	-	159,377	122,623
Total Department of Health and Human Services					1,045,601	208,181	1,147,384	1,093,975	-	261,590	
Department of Environmental Protection											
Process Discharge Site:											
Cliff Street/Belmont Apts.	*	07/01/10	06/30/11	305,743	146,808	-	-	-	-	-	305,743
Riverwalk	*	07/01/08	06/30/09	575,723	-	52,339	-	-	-	52,339	523,384
Apollo Dye House	*	07/01/07	06/30/08	3,130,891	-	29,349	-	-	-	29,349	3,101,542
Addy Mill	*	07/01/07	06/30/08	102,857	-	30,432	-	-	-	30,432	72,425
Columbia Textiles Phase II	*	07/01/08	06/30/09	472,120	-	200	-	-	-	200	471,920
Columbia Textiles Phase III	*	07/01/08	06/30/09	168,142	-	90,938	-	-	-	90,938	77,204
Blue Acres Grant		07/01/11	06/30/12	1,440,779	-	-	1,440,779	-	-	1,440,779	-
Recycling Tonnage Grant	4900-752-42-4900-1-V42Y-6020	07/01/11	06/30/12	151,802	151,802	-	151,802	-	-	151,802	-

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, 2012

State Department and Program	State Account Number/ Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2011	Revenue Recognized	Expenditures	Cancellations/ Reprogrammed/ Adjusted	Balance June 30, 2012	Cumulative Expenditures
Department of Environmental Protection (Continued)											
Recycling Tonnage Grant	4900-752-42-4900-1-V42Y-6020	07/01/10	06/30/11	$ 117,434	$ -	$ 113,471	$ -	$ 24,820	$ -	$ 88,651	$ 28,783
Recycling Tonnage Grant	4900-752-42-4900-1-V42Y-6020	07/01/08	06/30/09	216,763	-	136,332	-	59,026	-	77,306	139,457
Recycling Tonnage Grant	4900-752-42-4900-1-V42Y-6020	07/01/05	06/30/06	99,032	-	2,600	-	-	57	2,657	96,432
Municipal Storm Water Regulation Program	4900-100-042-4840-091	07/01/05	06/30/06	538	-	538	-	-	-	538	-
Green Acres Trust Local Programs:											
** Various Park Improvements - Loan	4800-545-002-10	10/25/05	Completion	1,237,363	-	946,731	-	153,115	-	793,616	443,747
** Various Park Improvements - Grant	4800-545-004-10	10/25/05	Completion	1,237,363	-	946,730	-	153,115	1	793,616	443,748
Restoration and Revitalization of Pennington Park - Loan	4800-006-V22G-6020	12/22/08	12/22/10	1,388,627	-	1,134,865	-	6,248	(31,249)	1,097,368	260,010
Restoration and Revitalization of Pennington Park - Grant	4800-006-V22G-6020	12/22/08	12/22/10	1,388,627	-	1,134,865	-	6,248	(31,249)	1,097,368	260,010
ATP Site/Haines Overlook Park Riverwalk Extension -Loan	4800-566-042	11/02/08	Completion	783,665	-	783,665	-	-	-	783,665	-
ATP Site/Haines Overlook Park Riverwalk Extension -Grant	4800-566-042	11/02/08	Completion	1,283,665	-	1,283,665	-	-	-	1,283,665	-
Environmental Infrastructure Trust Loan - Phase III	4860-510-041-10	11/10/05	Completion	10,486,570	-	4,899,798	-	-	5,586,772	10,486,570	5,586,772
Total Department of Environmental Protection					298,610	11,586,518	1,592,581	402,572	5,524,332	18,300,859	
Department of Commerce & Economic Development											
** Urban Enterprise Zone -											
Sidewalk Matching Grant - Phase IV	2830-763-20-2830-32-EEEE	07/01/09	06/30/10	275,000	75,660	184,775	-	60,660	(109,115)	15,000	150,885
Sidewalk Phase III	2830-763-20-2830-32-EEEE	07/01/99	06/30/00	200,000	-	2,912	-	-	(2,912)	-	197,088
Main Street Fascade Matching	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	2,000,000	-	947,667	-	(123,691)	(1,071,358)	-	928,642
Solar Powered Street Signage	2830-763-20-2830-32-EEEE	07/01/07	06/30/08	124,890	-	6,308	-	-	(6,308)	-	118,582
Video Surveillance Project	2830-763-20-2830-32-EEEE	07/01/10	06/30/11	1,500,000	329,100	760	-	-	-	760	1,499,240
Paterson Trolley Project	2830-763-20-2830-32-EEEE	07/01/10	06/30/11	120,000	80,258	-	-	-	-	-	120,000
Revolving Loan Program	2830-763-20-2830-32-EEEE	07/01/10	06/30/11	1,650,000	149,746	150,647	-	149,746	(901)	-	1,649,099
Streetscape Planters Project	2830-763-20-2830-32-EEEE	07/01/09	06/30/10	85,000	-	9,035	-	-	-	9,035	75,965
Street Lighting Phase IV	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	580,000	120,554	285,892	-	-	(285,892)	-	294,108
Main Street Improvement Program - Phase I	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	674,180	309,058	57,229	-	10,798	-	46,431	627,749
Administration	2830-763-20-2830-32-EEEE	07/01/11	06/30/12	540,000	312,919		540,000	379,448		160,552	379,448
Administration	2830-763-20-2830-32-EEEE	07/01/10	06/30/11	585,000	272,200	152,108	-	95,145	(56,963)	-	528,037
Small Business Development Center Year 13	2830-763-20-2830-32-EEEE	07/01/11	06/30/12	130,000	154,548		130,000	130,000		-	130,000
Marketing and Business Development Program Phase II	2830-763-20-2830-32-EEEE	07/01/05	06/30/06	750,000	10,108	80,681	-	-	9,691	90,372	669,319
Business Improvement - Phase III	2830-763-20-2830-32-EEEE	07/01/09	06/30/10	825,000	421,532	457,077	-	402,696	(54,381)	-	770,619
Business Improvement - Phase II	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	500,000	-	2,198	-	-	-	2,198	497,802
Passed through Paterson Restoration Corporation:										-	-
UEZ - Small Business Loan Program Phase I	2830-763-20-2830-32-EEEE	07/01/11	06/30/12	300,000	-	-	300,000	-	-	300,000	-
UEZ - Clean Communities Project	2830-763-20-2830-32-EEEE	07/01/11	06/30/12	350,000	-	-	350,000	-	-	350,000	-
Total Department of Commerce & Economic Development					2,235,683	2,337,289	1,320,000	1,104,802	(1,578,139)	974,348	
State of New Jersey Historic Trust											
Downtown Commercial Historic Grant				18,000	-	-	18,000	-	-	18,000	-
Administrative Office of the Courts											
Alcohol Education and Rehabilitation	760-046-4240-001	07/01/11	06/30/12	3,182	3,182	-	3,182	-	-	3,182	-
Alcohol Education and Rehabilitation	760-046-4240-001	07/01/10	06/30/11	4,474	-	4,474	-	-	-	4,474	-
Alcohol Education and Rehabilitation	760-046-4240-001	07/01/06	06/30/07	3,537	-	3,287	-	-	-	3,287	250
Total Administrative Office of the Courts					3,182	7,761	3,182	-	-	10,943	

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THE CITY OF PATERSON

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Department and Program	State Account Number/ Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2011	Revenue Recognized	Expenditures	Cancellations/ Reprogrammed/ Adjusted	Balance June 30, 2012	Cumulative Expenditures
Other											
Paterson School District:											
Recreational Basketball League	*	07/01/10	06/30/11	$ 70,150	$ -	$ 1,188	$ -	$ -	$ 1,180	$ 2,368	$ 68,962
Commerce and Economic Growth Commission - Passaic Falls											
Greater Paterson Chamber Foundation Victor Cruz Celebration	*	07/01/11	06/30/12	16,285	16,285	-	16,285	10,579	-	5,706	10,579
First Ward Library Renovation Insurance Grant	*	07/01/11	06/30/12	326,413	326,413	-	326,413	-	(95,515)	230,898	-
Community Foundation of NJ Give & Receive Summer Prograr	*	07/01/11	06/30/12	20,000	-	-	20,000	12,471	-	7,529	12,471
Paterson Restoration Corporation Master Plan Grant	*	07/01/11	06/30/12	130,000	-	-	130,000	100,000	-	30,000	100,000
Silk City Woman's Club Museum Grant	*	07/01/11	06/30/12	1,000	1,000	-	1,000	-	-	1,000	-
State Farm Hurricane Irene Flood	*	07/01/11	06/30/12	10,000	-	-	10,000	10,000	-	-	10,000
Hannah Family Memorial Grant	*	07/01/07	06/30/08	2,000	-	1,436	-	-	-	1,436	564
Museum Brochure Grant- Donald Baer	*	07/01/07	06/30/08	1,000	-	1,000	-	-	-	1,000	-
Passaic County Prosecuter's Office Franklin Reward	*	07/01/10	06/30/11	30,000	-	2,500	-	-	-	2,500	27,500
Koar George Great Falls District Brochure	*	07/01/09	06/30/10	1,500	-	230	-	-	-	230	1,270
Museum Exhibit Grant	*	07/01/09	06/30/10	2,000	-	7	-	-	-	7	1,993
PSE&G Red Cap Program	*	07/01/10	06/30/11	3,000	-	3,000	-	-	-	3,000	-
American Cancer Society Smoking Campaign	*	07/01/10	06/30/11	1,200	-	1,200	-	-	-	1,200	-
Cablevision Public Education and Government Access Program	*	07/01/04	06/30/05	100,000	-	61,300	-	5,560	-	55,740	44,260
Paterson Museum Mineral Hall Collection Donations	*	07/01/03	06/30/04	10,000	-	10,000	-	7,485	-	2,515	7,485
Paterson Restoration Corporation Graffiti Program	*	07/01/06	06/30/07	20,000	-	4,250	-	4,250	-	-	20,000
Total Other State Grants					343,698	86,111	503,698	150,345	(94,335)	345,129	
Open Space Preservation Trust:											
Pennington Park Gazebo	545-042-4800-003	07/01/11	06/30/12	175,000	-	-	175,000	-	-	175,000	-
Passaic River Waterfront Study	545-042-4800-003	07/01/10	06/30/11	30,000	-	30,000	-	-	-	30,000	-
Analysis Pocket Parks	545-042-4800-003	07/01/10	06/30/11	30,000	-	30,000	-	-	-	30,000	-
Middle Lower Raceway Investigation & Design	545-042-4800-003	07/01/10	06/30/11	500,000	-	500,000	-	-	-	500,000	-
Westside Park Improvement	545-042-4800-003	07/01/09	06/30/10	57,000	-	57,000	-	-	-	57,000	-
Wrigley Park Improvements	545-042-4800-003	07/01/09	06/30/10	97,000	96,176	824	-	-	-	824	96,176
Federici Park Improvement	545-042-4800-003	07/01/09	06/30/10	20,000	-	20,000	-	-	-	20,000	-
Westside Park Improvement	545-042-4800-003	07/01/07	06/30/08	62,000	10,367	3,911	-	-	258	4,169	58,089
Buckley Park Improvements	545-042-4800-003	07/01/06	06/30/07	55,000	-	5,350	-	-	-	5,350	49,650
Middle Lower Raceway	545-042-4800-003	07/01/08	06/30/09	45,000	-	45,000	-	-	-	45,000	-
M.E. Kramer Park - Phase IV	545-042-4800-003	07/01/08	06/30/09	95,000	-	95,000	-	-	-	95,000	-
M.E. Kramer Park - Phase III	545-042-4800-003	07/01/07	06/30/08	50,000	-	50,000	-	-	-	50,000	-
M.E. Kramer Park - Phase II	545-042-4800-003	07/01/06	06/30/07	125,000	-	125,000	-	-	-	125,000	-
M.E. Kramer Park - Phase I	545-042-4800-003	07/01/05	06/30/06	125,000	-	52,400	-	-	-	52,400	72,600
Overlook Park Park Amphitheater	545-042-4800-003	07/01/08	06/30/09	45,000	-	45,000	-	-	-	45,000	-
Overlook Park Improvements	545-042-4800-003	07/01/05	06/30/06	150,000	-	143,059	-	-	-	143,059	6,941
Total Open Space Preservation Trust					106,543	1,202,544	175,000	-	258	1,377,802	
Total State Awards					$ 4,758,910	$ 16,172,760	$ 6,590,304	$ 4,033,153	$ 3,699,951	$ 22,429,862	

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

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

CITY OF PATERSON

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FOR THE YEARS ENDED JUNE 30, 2012 and 2011

A. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state grant programs of the City of Paterson. All federal awards received directly from federal agencies or passed through other government agencies are included on the Schedule of Expenditures of Federal Awards. All state awards received directly from state agencies or passed through other government agencies are included on the Schedule of expenditures of State Financial Assistance.

B. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the City 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*.

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

C. 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.

D. 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.

E. LOCAL CONTRIBUTIONS

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

F. 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.

G. 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, 2012. 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.

CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

Financial Statement

Type of Auditor's Report Issued	Unqualified - as prescribed by NJ DLGS Adverse - according to US GAAP	
Internal Control over Financial Reporting:		
1) Material weakness(es) identified?	Yes	✓ No
2) Significant deficiencies identified?	✓ Yes	No
Noncompliance material to financial statements noted?	Yes	✓ No

Federal Awards

Internal Control over Major Prorgrams:		
1) Material weakness(es) identified?	Yes	✓ No
2) Significant deficiencies identified?	✓ Yes	No
Type of auditor's report on compliance for major programs	Qualified for: Community Development Block Grant Home Investment Partnership Program Unqualified for all other major Federal programs.	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 [section 510(e)]?	✓ Yes	No

Identification of major programs:

CFDA Number		Name of Federal Program
14.239	-	HOME Investment Partnership Program
16.738	-	Byrne Memorial Justice Assistance Grant
14.241	-	Housing Opportunities for Persons with AIDS
14.218	-	Community Development Block Grant
93.915	-	Ryan White HIV Emergency Relief
14.264	-	Neighborhood Stabilization
20.205	-	Highway Planning and Construction
93.914	-	Minority Aids Initiative Program

Dollar threshold used to distinguish between Type A and Type B Programs: $ 372,773

Auditee qualified as low-risk auditee? Yes ✓ No

CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

State Awards

Dollar threshold used to distinguish between Type A and Type B Programs:	$ 300,000		
Auditee qualified as low-risk auditee?	Yes	✓	No
Internal Control over Major Prorgrams:			
1) Material weakness(es) identified?	Yes	✓	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes	✓	No
Type of auditor's report on compliance for major programs	Unqualified for all major State programs.		
Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?	Yes	✓	No

Identification of major programs:

Grant Number		Name of State Program
1020-100-66-1020-232-YCJC-6120	-	Safe and Secure Communities Program
4800-545-002-10	-	Green Acres Trust
2830-763-20-2830-32-EEEE	-	Urban Enterprise Zone

CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

Section II - 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 through 5.20 of *Government Auditing Standards*.

FS 2012-01:
Significant Deficiency

Criteria and Condition
(a) Police Department overtime approvals are being submitted, in many instances, with missing approval signatures. (b) In addition, there is no master overtime reconciliation listing prepared which could reconcile dates overtime was incurred by officers to dates that overtime was paid.

Context
An analysis of the City's Police Department overtime records noted deficiencies in internal control.

Cause
(a) The City is not implementing and enforcing policies requiring Police Department overtime approvals be submitted with fully executed approvals and accompanying approval dates. (b) There is neither a procedure in place nor can the current payroll system provide a master overtime listing for the purposes of reconciling overtime discrepancies or confirming whether specific overtime incurred was paid in the correct amount of hours. Currently, City employees must resolve discrepancies by sorting through volumes of overtime records.

Effect
(a) Some Police Department overtime is being paid without all necessary approvals in place and with no record of when such forms are being approved. (b) Without a master listing, it is difficult for the City to reconcile approved requests for overtime to dates for which overtime was paid. This increases the risk that overtime incurred on any date may be paid more than once, not at all or in the incorrect number of hours and dollar amount.

Recommendation
(a) The City should implement and enforce policies for properly executing overtime approvals and processing. (b) A master reconciliation of approved overtime requests to amounts and hours paid should be maintained. It is finally recommended that Police Department overtime records be maintained by non-uniformed civilian employees to avoid conflicts.

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

This section identifies audit findings required to be reported by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

2012-01: **US Department of Housing and Urban Development**
Community Development Block Grant (CDBG)
CFDA Number 14.218
Significant Deficiency – Allowable Costs / Cost Principles

Criteria and Condition
The U.S. Department of Housing and Urban Development requirement 24 CFR 570.200(g) states that no more than 20% of the sum of any grant plus program income, shall be expended for planning and program administration costs, as defined in 24 CFR 570.205 and 570.206, respectively. The City's planning and administrative costs for the Community Development Block Grant were 22.68%.

Context
Review of the City's Program Year 2011 CDBG Financial summary report submitted to the U.S. Department of Housing and Urban Development.

Cause
The City submitted its Program Year 2011 CDBG Financial Summary Report showing planning and administrative costs amounting to $663,795, or 22.68%. The City is now contesting its planning and administrative costs are $528,764, or 18.07% of funds subject to the 20% cap.

Effect
The City has reporting to the U.S. Department of Housing and Urban Development that it is in excess of the 20% threshold for planning and administration costs. Such costs could be disallowed by the US Department of Housing and Urban Development and rendered not eligible for reimbursement under the agreement.

Recommendation
The City should reconcile the discrepancy between the reported CDBG planning and administrative costs of $663,795 with the amount it contests were expended for such purposes, $528,764, and issue a revised Program Year 2011 CDBG Financial Summary Report which accurately reflects the true allocation. An analysis should be prepared detailing the cause of any discrepancies. Appropriate measures should be taken to make certain expenditures are reconciled and confirmed as accurate before submitting financial reports to the U.S. Department of Housing and Urban Development.

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

2012-01: **US Department of Housing and Urban Development (continued)**

Response of Responsible Officials

The Department of Community Development has noted that the HUD Newark Field Office believes that we may have exceeded our CDBG planning and program administrative costs limitation. Since the HUD Newark Field Office has not been able to determine our compliance, we have completed the requested worksheets for [the US Department of Housing and Urban Development's] review, the City of Paterson has provided copies of administration account computation sheets from the Department of Finance [to the US Department of Housing and Urban Development]. The sheets illustrate that the Department of Community Development spent a total of $528,764.43 on administrative and planning expenses. Based on the information attached [provided to the US Department of Housing and Urban Development], the Department of Community Development did not exceed the administrative cap.

2012-02: **US Department of Housing and Urban Development**
Community Development Block Grant (CDBG)
CFDA Number 14.218
Significant Deficiency

Criteria and Condition

The requirement of 24 CFR 570.902, Review to determine if CDBG-funded activities are being carried out in a timely manner, requires CDBG entitlement grantees, to have a balance no greater than one and one-half (1.5) times their annual grant remaining in their line of credit 60 days prior to the end of the program year.

The last 60 day test conducted for the City on May 2, 2012, indicated a balance remaining in the City's line-of-credit amounting to 1.84 times its Fiscal Year 2011 grant.

Context

Review of City's unexpended grant balances and the US Department of Housing and Urban Development Monitoring Report.

Cause

The City did not obligate and expended CDBG funds in a timely manner.

Effect

Failure to maintain proper funding limits could have caused a $ 912,550 reduction of the City's 2012 CDBG grant. The US Department of Housing and Urban Development granted a one year extension. The City must be in compliance by May 30, 2013 or the City may be subject to a reduction of a future grant by 100% of the amount in excess of the 1.5 standard.

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

2012-02: **US Department of Housing and Urban Development (continued)**

Recommendation
The City should obligate and expend CDBG funds in a timely manner to avoid a reduction in grant funding.

Response of Responsible Officials
The Department of Community Development requests monthly fiscal reports from its sub-recipients. Monthly submission of expenditures has allowed the Department of Community Development to process reimbursements in a more timely manner. As of May 2, 2013, the Department of Community Development met its timeliness test performed by the United States Department of Housing & Urban Development.

2012-03: **US Department of Housing and Urban Development**
Home Investment Partnership Program
CFDA Number 14.239
Significant Deficiency

Criteria and Condition
The HOME Program has income targeting requirements. Only low income or very low income persons, as defined in 24 CFR Section 92.2 can receive housing assistance. Therefore, the participating jurisdiction must determine if each family is income eligible by determining the family's annual income, as provided for in 24 CFR Section 92.203. Participating jurisdictions must maintain records for each family assisted (24 CFR Section 92.508).

In accordance with HOME funds for tenant-based rental assistance, as provided for in 24 CFR Section 92.209(b), the participating jurisdiction must select families in accordance with policies and criteria consistent with those provided in 24 CFR Section 92.209(c).

In addition, the City is required to complete on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant –based rental assistance. In accordance with 24 CFR Section 92.251, 92.252, and 92.504 requires the on-site inspections based on number of units contained in building.

The City did not perform inspections of housing units, verify income or review leases as required.

Context
Review of 25 rental units funded with HOME Investment Partnership Program funds.

2012-03: **US Department of Housing and Urban Development (continued)**

Cause
The City did not perform required inspections, income certifications and review of leases as required under the terms of the agreement. Date of inspections was provided but no record of reviews or inspections were available for review.
.
Effect
Participants receiving subsidies of HOME Investment Partnership Program funds may not be eligible recipients.

Recommendation
The City should perform required inspections and perform income certifications as required under the terms of the grant agreement.

This is a repeat finding. See Finding 2011-03.

Response of Responsible Officials
The Department of Community Development regularly reviews the quarterly HOME Performance Snapshot reports. In addition, the Department has begun the process of distributing these reports to its sub-recipients, so that they are better informed about the City's performance and the part that they play in ensuring that the City meets its HUD deadlines.

We have made note of the two red flag indicators provided by the Newark Field Office as an attachment to our PY 2011 Consolidated End-of-Year Review letter. However, we would like to note that there has not been a large number of requests for HOME funds. Consequently, the Department has had a problem committing and disbursing HOME funds for eligible projects. Additionally, the Department has been working diligently to close old projects within the IDIS. These activities have been flagged by HUD Headquarters. As a result, we have not had the ability to obligate and/or draw any funds from the City's HOME allocation.

The City will continue to make every effort to improve our progress in completing our rental housing activities, as well as the disbursing of our HOME funds.

CITY OF PATERSON

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

FOR THE YEAR ENDED JUNE 30, 2012

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 U.S. OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Status of Prior Year Findings

2011-01:	Community Development Block Grant CFDA No. 14.218
Condition:	The City did not perform monitoring of subrecipients that receive federal funds in accordance with policies established in the "Subrecipient Monitoring Policy".
Current Status:	This finding has been corrected.
2011-02:	Section 8 Housing Assistance Program CFDA No. 14.871
Condition:	The City did not monitor the Section 8 Housing Assistance Program as required.
Current Status:	This finding has been corrected.
2011-03:	The City did not perform inspections of housing units, verify income or review leases as required.
Current Status:	This finding has not been corrected. See finding 2012-03.

REPORT OF AUDIT

STATISTICAL SECTION

City of Paterson
FY 2012

Table 1

CITY OF PATERSON
STATISTICAL SECTION (UNAUDITED)
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

COMPARATIVE SCHEDULES OF OPERATIONS AND CHANGES IN FUND BALANCE-CURRENT FUND

	June 30, 2012		June 30, 2011	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Miscellaneous Revenue Anticipated	$ 101,651,096	31.64%	$ 102,259,660	31.49%
Receipts from Delinquent Taxes	1,513,365	0.47%	5,147,130	1.58%
Receipts from Current Taxes	215,503,086	67.07%	215,318,386	66.30%
Miscellaneous Revenue Not Anticipated	1,550,840	0.48%	728,309	0.22%
Other Credits to Income	1,092,237	0.34%	1,289,381	0.40%
	321,310,624	100.00%	324,742,866	100.00%
Expenditures:				
Budget Appropriations	239,208,843	72.96%	239,987,767	72.62%
School and County Taxes	87,066,506	26.55%	88,261,664	26.71%
Other Charges	1,601,950	0.49%	2,211,186	0.67%
	327,877,299	100.00%	330,460,617	100.00%
Change in Operations, net of Surplus Utilized	(6,566,675)		(5,717,751)	
Adjustments to Income: Deferred Charges of Budget of Succeeding Year	2,840,000		5,230,000	
Deficit in Operations	3,726,675		487,751	
Fund Balance, July 1	227,201		227,201	
Fund Balance, June 30	$ 227,201		$ 227,201	

Table 2

CITY OF PATERSON
STATISTICAL SECTION (UNAUDITED)
FOR THE LAST FIVE FISCAL YEARS

TAX RATE AND APPORTIONMENT OF TAX RATE

Year Ended	Total Tax Rate	Municipal (1)	County	Local School
June 30, 2012	2.515	1.597	0.477	0.441
June 30, 2011	2.515	1.567	0.519	0.429
June 30, 2010	2.126	1.191	0.511	0.424
June 30, 2009	1.931	1.038	0.481	0.412
June 30, 2008	1.851	0.997	0.457	0.397

Rates are per $100 of assessed valuation. (1) Includes Library Levy.

Table 3

SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS

Year Ended	Tax Title Liens	Delinquent Taxes	Total	Percent of Tax Levy
June 30, 2012	$ 7,998,200	$ 179,045	$ 8,177,245	3.61%
June 30, 2011	4,935,592	64,579	5,000,171	2.77%
June 30, 2010	1,850,564	4,790,258	6,640,822	3.48%
June 30, 2009	1,558,429	16,909	1,575,338	0.87%
June 30, 2008	2,302,843	7,564	2,310,407	1.37%

Table 4

CITY OF PATERSON
STATISTICAL SECTION (UNAUDITED)
FOR THE LAST FIVE FISCAL YEARS

SCHEDULE OF TAX LEVIES AND COLLECTIONS

Year Ended	Tax Levy	Collections	Collection Percentage
June 30, 2012	$ 226,650,843	$ 215,703,086	95.17%
June 30, 2011	222,239,458	215,318,386	96.89%
June 30, 2010	190,946,704	183,782,775	96.25%
June 30, 2009	180,269,655	178,003,346	98.74%
June 30, 2008	168,584,113	167,668,673	99.46%

Table 5

SCHEDULE OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

Year Ended	Amount
June 30, 2012	$ 5,107,360
June 30, 2011	5,107,360
June 30, 2010	5,107,360
June 30, 2009	9,673,260
June 30, 2008	852,850

Table 6

PERCENTAGE OF NET ASSESSED VALUE TO ESTIMATED FULL CASH VALUATION

Year	Net Assessed Valuation Taxable	Estimated Full Cash Valuation	Percentage of Net Assessed Value To Estimated Full Cash Valuation
2012	$ 8,911,890,115	$ 7,132,711,457	124.9%
2011	9,178,236,215	7,638,276,081	120.2%
2010	9,295,023,415	8,473,651,823	109.7%
2009	9,352,696,819	8,856,507,771	105.6%
2008	9,331,884,808	8,873,648,176	105.2%

CITY OF PATERSON

OFFICIALS IN OFFICE

Name	Title
Jeffery Jones	Mayor
Anthony E. Davis	Council President - First Ward
Kenneth M. Morris, Jr.	Councilperson-at-large
Rigo Rodriguez	Councilperson-at-large
Kenneth McDaniel	Councilperson-at-large
Mohammed Akhtaruzzaman	Councilperson - Second Ward
William C. McKoy	Councilperson - Third Ward
Ruby N. Cotton	Councilperson - Fourth Ward
Julio Tavarez	Councilperson - Fifth Ward
Andre Sayegh	Councilperson - Sixth Ward
Jane E. Williams-Warren	City Clerk
Charles Thomas	Business Administrator
Paul Forsman	Corporation Counsel
Anthony Zambrano	Acting Director of Finance, Director of Accounts and Controls
Kathleen Gibson	Tax Collector, Director of Revenue Collections
Betty Shabazz	Director of Division of Treasury
Kathleen Easton	Director of Community Improvements
Joann Bottler	Tax Searches
Richard Marra	Tax Assessor
Charles Parmelli	Tax Assessor
Robert Ardis	Supervisor of Accounts - Health Division
Dorothy L. Moore	Registrar of Vital Statistics
Christopher Coke	Director of Department of Public Works
Patricia Hamlin	Assistant Director of Information Technology
Betty Taylor	Assistant Director of Personnel
Fred Margron	City Engineer
Kevin McDuffie	Presiding Judge
Manuel Quiles	Municipal Court Director
Gloria Schweitzer	Court Administrator
Cindy Czesak	Director of Free Public Library
Lanisha Makle	Director of Department of Community Development
Donna Nelson Ivy	Director of Human Resources
Harry Cevallos	Qualified Purchasing Agent

(A) Employees are covered by a faithful performance blanket bond in the amount of $500,000.
(B) Court employeees are covered by a faithful performance blanket bond in the amount of $500,000.
(C) City Counsil has authorized a "hold-harmless" resolution convering the performance of the Tax Search duti

All employees are covered by Fidelity and Deposit Company.

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

REPORT OF AUDIT

GENERAL SECTION

City of Paterson
FY 2012

CITY OF PATERSON

GENERAL COMMENTS

FOR THE YEAR ENDED JUNE 30, 2012

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3 AND 11-4, ET. SEQ.

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 $17,500, the contract may be awarded by a purchasing agent or other employee so designated by the governing body when so authorized by ordinance or resolution, as appropriate to 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 a purchasing agent has been appointed, the governing body of the contracting unit may establish that the bid threshold may be up to $25,000 or the threshold amount adjusted by the Governor pursuant to subsection c. of this section. 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." The City has appointed a Qualified Purchasing agent and is subject to a bid threshold of $36,000.

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 for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder." The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed $36,000 within the fiscal year. Where questions arise as to whether any contract or agreement might result in a violation of the Statute, the opinion of City Counsel should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "professional services" per N.J.S.A. 40A:11-5, "extraordinary unspecifiable services" per N.J.S.A. 40A:11-6.1 and "state contracts" per N.J.S.A. 40A:11-12.

CITY OF PATERSON

GENERAL COMMENTS

FOR THE YEAR ENDED JUNE 30, 2012

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3 AND 11-4, ET. SEQ. (Continued)

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

- Solid Waste Disposal
- Sewer Main Repairs and Replacement
- EMS Supplies
- Purchase and Installation of Building Glass and Mirrors
- Vehicle and Truck Repairs and Service
- Refurbishing of Firehouses
- Demolition of Properties
- Raised Flooring - Police Communications Room
- Ryan White Program Support Services
- Rental of Portable Bathrooms
- Road Resurfacing
- Pool Maintenance
- Reconstruction of City Hall Stairs
- Landscaping Services
- Removal of Holiday Decorations
- Pistol Range Maintenance
- Electrical Work
- Flat Tire Repairs
- Electrical Supplies
- Reparis of Overhead Doors and Gates
- Inspection and Cleaning of Sewers and Utility Markouts

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.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of $36,000, "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those for which bids had been previously sought by public advertisements or for which a resolution had been previously adopted under the provision of N.J.S.A. 40A:11-6.

CITY OF PATERSON

GENERAL COMMENTS

FOR THE YEAR ENDED JUNE 30, 2012

EXPENDITURE LESS THAN BID THRESHOLD, BUT 15% OR MORE OF THAT AMOUNT PER N.J.S.A. 40A:11-6.1

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, except for paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting unit 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 $5,400 or more, within the terms of N.J.S.A. 40A:11-6.1.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

Statutes provide the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes, or assessments on or before the date when they would become delinquent.

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

> "In all cases, interest shall be calculated and charged at the rates of 8% per annum on the first $1,500 of the delinquency, and 18% per annum on any delinquent amounts in excess of $1,500, to be calculated from the date upon which the taxes first became due and payable to the date that the payment is actually received."

In all instances tested, the collector's records indicate that interest was collected in accordance with the foregoing resolution.

CITY OF PATERSON

GENERAL COMMENTS

FOR THE YEAR ENDED JUNE 30, 2012

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, 2012:

Year	Amount
Prior	$ 1,246
2010	109
2011	15,650
2012	162,040
	$ 179,045

A tax sale was held on June 28, 2011 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.

Year Ended	Number of Liens
June 30, 2012	337
June 30, 2011	262
June 30, 2010	17
June 30, 2009	12
June 30, 2008	3

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.

CITY OF PATERSON

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2012

COMMENTS:

1. The total of detail outstanding bail balances exceeded the bail cash balance at June 30, 2012. It should be noted that the difference has been substantially compared to prior year.

RECOMMENDATIONS:

1. The outstanding bail listing should be reviewed for accuracy and reconciled to the balance per the general ledger on a monthly 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.

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In accordance with Government Auditing Standards, a review was performed on all prior year's recommendations. With the exception of those findings noted as being repeated from the prior year, corrective action was taken on all prior year recommendations.

We noted certain other matters that we reported in the accompanying schedule of findings and questioned costs section of this report. Such matters are required to be reported under *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

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New Jersey Department of Community Affairs
Division of Local Government Services
Corrective Action Plan (Comments & Recommendations)

City of Paterson
County of Passaic
Audit Report Year: June 30, 2012

Municipal Court
Honorable Kevin McDuffie, Judge

Finding/Condition #1

The total of detail outstanding bail balances exceeded the bail cash balance at June 30, 2012. It should be noted that the difference has been substantially compared to prior years.

Recommendation:

The outstanding bail listing should be reviewed for accuracy and reconciled to the balance per the general ledger on a monthly basis.

Explanation and Corrective Action:

Action Taken: The existing bank account has been closed out. A new bank account has been opened to establish a fresh start. In addition, a new bookkeeper has been hired. As of the present day the bail account is balancing out with the bail collected and is current.

Implementation Date: July 1, 2012

New Jersey Department of Community Affairs
Division of Local Government Services
Corrective Action Plan (Comments & Recommendations)

City of Paterson
County of Passaic
Audit Report Year: June 30, 2012

Public Safety
Glenn Brown, Director

Finding/Condition #FS 2012-01

Police Department overtime approvals are being submitted, in many instances, with missing approval signatures. In addition, there is no master overtime reconciliation listing prepared which could reconcile dates overtime was incurred by officers to dates that overtime was paid.

Some Police Department overtime is being paid without all necessary approvals in place and with no record of when such forms are being approved. Without a master listing, it is difficult for the City to reconcile approved requests for overtime to dates for which overtime was paid. This increases the risk that overtime incurred on any date may be paid more than once, not at all or in the incorrect number of hours and dollar amount.

Recommendation:

The City should implement and enforce policies for properly executing overtime approvals and processing. A master reconciliation of approved overtime requests to amounts and hours paid should be maintained. It is finally recommended that Police Department overtime records be maintained by non-uniformed civilian employees to avoid conflicts.

Explanation and Corrective Action:

Action Taken: Since February 1, 2012, a police officer in the Chief's Office has been responsible for collating the authorization for overtime payment sheets for signature on a daily basis. He obtains the necessary signatures from the Chief of Police and Police Director, photo copies documents and supporting documents and delivers to payroll for processing.

Modification to the process of submitting overtime requests will be made by eliminating the need for multiple signatures on the overtime explanation sheet since it may cause confusion about proper signatures. A summary sheet will be generated and signed off on by the appropriate division officers.

Effective July 1, 2013 we are going to associate a cost with each type of criminal investigation and events that requires an expenditure of overtime. We are going to continue with our current process as amended to create an audit trail to satisfy the DCA.

A civilian employee will be assigned to ensure that all submitted overtime is reconciled and paid in a timely fashion.

Implementation Date: Ongoing

New Jersey Department of Community Affairs
Division of Local Government Services
Corrective Action Plan (Comments & Recommendations)
Federal and State Financial Assistance

City of Paterson
County of Passaic
Audit Report Year: June 30, 2012

Department of Community Development
Lanisha D. Makle, Director

Finding/Condition #2012-01

The U.S. Department of Housing and Urban Development requirement 24 CFR 570.200(g) states that no more than 20% of the sum of any grant plus program income, shall be expended for planning and program administration costs, as defined in 24 CFR 570.205 and 570.206, respectively. The City's planning and administrative costs for the Community Development Block Grant were 22.68%.

Review of the City's Program Year 2011 CDBG Financial summary report submitted to the U.S. Department of Housing and Urban Development.

The City submitted its Program Year 2011 CDBG Financial Summary Report showing planning and administrative costs amounting to $663,795, or 22.68%. The City is now contesting its planning and administrative costs are $528,764, or 18.07% of funds subject to the 20% cap.

Recommendation:

The City should reconcile the discrepancy between the reported CDBG planning and administrative costs of $663,795 with the amount it contests were expended for such purposes, $528,764, and issue a revised Program Year 2011 CDBG Financial Summary Report which accurately reflects the true allocation. An analysis should be prepared detailing the cause of any discrepancies. Appropriate measures should be taken to make certain expenditures are reconciled and confirmed as accurate before submitting financial reports to the U.S. Department of Housing and Urban Development.

Explanation and Corrective Action:

Action Taken: The Department of Community Development has noted that the HUD Newark Field Office believes that we may have exceeded our CDBG planning and program administrative costs limitation. Since the HUD Newark Field Office has not been able to determine our compliance, we have completed the requested worksheets for [the US Department of Housing and Urban Development's] review, the City of Paterson has provided copies of administration account computation sheets from the Department of Finance [to the US Department of Housing and Urban Development].

The sheets illustrate that the Department of Community Development spent a total of $528,764.43 on administrative and planning expenses. Based on the information attached [provided to the US Department of Housing and Urban Development], the Department of Community Development did not exceed the administrative cap.

Implementation Date: Ongoing

New Jersey Department of Community Affairs
Division of Local Government Services
Corrective Action Plan (Comments & Recommendations)
Federal and State Financial Assistance

City of Paterson
County of Passaic
Audit Report Year: June 30, 2012

Department of Community Development
Lanisha D. Makle, Director

Finding/Condition #2012-02

The requirement of 24 CFR 570.902, Review to determine if CDBG-funded activities are being carried out in a timely manner, requires CDBG entitlement grantees, to have a balance no greater than one and one-half (1.5) times their annual grant remaining in their line of credit 60 days prior to the end of the program year.

Review of City's unexpended grant balances and the US Department of Housing and Urban Development Monitoring Report, revealed the City did not obligate and expended CDBG funds in a timely manner.

Recommendation:

The City should obligate and expend CDBG funds in a timely manner to avoid a reduction in grant funding.

Explanation and Corrective Action:

Action Taken: The Department of Community Development requests monthly fiscal reports from its sub-recipients. Monthly submission of expenditures has allowed the Department of Community Development to process reimbursements in a more timely manner. As of May 2, 2013, the Department of Community Development met its timeliness test performed by the United States Department of Housing & Urban Development.

Implementation Date: Ongoing

New Jersey Department of Community Affairs
Division of Local Government Services
Corrective Action Plan (Comments & Recommendations)
Federal and State Financial Assistance

City of Paterson
County of Passaic
Audit Report Year: June 30, 2012

Department of Community Development
Lanisha D. Makle, Director

Finding/Condition #2012-03

The HOME Program has income targeting requirements. Only low income or very low income persons, as defined in 24 CFR Section 92.2 can receive housing assistance. Therefore, the participating jurisdiction must determine if each family is income eligible by determining the family's annual income, as provided for in 24 CFR Section 92.203. Participating jurisdictions must maintain records for each family assisted (24 CFR Section 92.508).

In accordance with HOME funds for tenant-based rental assistance, as provided for in 24 CFR Section 92.209(b), the participating jurisdiction must select families in accordance with policies and criteria consistent with those provided in 24 CFR Section 92.209(c).

In addition, the City is required to complete on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant –based rental assistance. In accordance with 24 CFR Section 92.251, 92.252, and 92.504 requires the on-site inspections based on number of units contained in building.

The City did not perform required inspections, income certifications and review of leases as required under the terms of the agreement. Date of inspections was provided but no record of reviews or inspections were available for review.

Recommendation:

The City should perform required inspections and perform income certifications as required under the terms of the grant agreement.

Explanation and Corrective Action:

Action Taken: The Department of Community Development is implementing a process to conduct annual income eligibility and occupancy reviews of the units purchased through the program. The assigned program monitor will send a letter to the applicant annually requiring specific information and a meeting to determine continued compliance.

This is a repeat finding. See Finding 2011-03.

Implementation Date: Ongoing