THE CITY OF PATERSON, NEW JERSEY

AUDIT OF FINANCIAL STATEMENTS

AND

FEDERAL AND STATE GRANT PROGRAMS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

WITH

REPORT OF INDEPENDENT AUDITOR'S

AND

LETTERS OF COMMENTS AND RECOMMENDATIONS

THE CITY OF PATERSON
June 30, 2010

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INTRODUCTORY SECTION

DONOHUE, GIRONDA & DORIA
Certified Public Accountants

Matthew A. Donohue, CPA
Robert A. Gironda, CPA
Robert G. Doria, CPA (N.J. & N.Y.)
Frederick J. Tomkins, CPA, RMA
Linda P. Kish, CPA, RMA
Tammy L. Zucca, CPA

310 Broadway
Bayonne, NJ 07002
(201) 437-9000

60 Court Street—Suite 3
Hackensack, NJ 07601
(201) 342-5005

Fax: (201) 437-1432
E-Mail: dgd@dgdcpas.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of the individual funds of the City of Paterson, New Jersey (the "City") as of June 30, 2010 and 2009, the related statements of operations and changes in fund balance for the years then ended, and the related statement of revenues, expenditures, and fund balance for the year ended June 30, 2010 as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. We did not audit the financial statements of the Section 8 Housing Assistance Program, which is administered by the Paterson Housing Authority, which statements reflect total grant expenditures of $11,004,804 for the year ended June 30, 2010 and total grant revenues of $9,784,554 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Paterson, as of June 30, 2010 and 2009, or the results of its operations for the years then ended.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the City of Paterson, New Jersey, as of June 30, 2010 and 2009, and the results of its operations of such funds and the changes in its fund balances for the years then ended, on the basis of accounting described in Note 1.

The City is the recipient of State Aid that 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. The City would incur significant issues in adopting future budgets without such aid. This aid is appropriated in the City's fiscal 2011 budget.

In accordance with Government Auditing Standards, we have also issued a report dated February xx, 2011, 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, 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 our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information listed as Supplementary Data, Additional Information Relating to Federal and State Financial Assistance Programs, and Accompanying Information, in the foregoing table of contents, are presented for purposes of additional analysis as required by the Division and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole, on the basis of accounting described in Note 1.

DONOHUE, GIRONDA & DORIA
Certified Public Accountants

FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
April 8, 2011

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FINANCIAL SECTION

CURRENT FUND

EXHIBIT A

THE CITY OF PATERSON
CURRENT FUND
JUNE 30, 2010 AND 2009

COMPARATIVE BALANCE SHEETS

	Ref.	2010	2009
ASSETS			
Current Fund			
Cash	A-4	$ 6,387,658	$ 19,403,975
Change Funds		685	685
Due from State of New Jersey			
State Aid		-	11,145,500
Senior Citizens' Deductions (CH. 20, P.L. 1971)	A-20	191,250	191,500
		6,579,593	30,741,660
Deferred Charges:			
Emergency Authorization (40A:4-47) - Insurance Appropriation	A-22	1,600,000	-
FY 2010 Cash Deficit	A-22	5,336,278	-
		6,936,278	-
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	4,790,258	16,909
Tax Title Liens	A-7	1,850,564	1,559,429
Sewer Liens Receivable	A-8	304,145	265,338
Demolition Liens Receivable	A-9	598,574	430,064
Property Acquired for Taxes at Assessed Valuation	A-10	5,107,360	9,673,260
Delinquent Sewer Charges Receivable	A-11	397,814	370,972
Sales Contracts Receivable	A-16	1,330,200	-
	A	14,378,915	12,315,972
		27,894,786	43,057,632
Federal and State Grant Fund			
Cash	A-4	195,948	2,038,518
Federal and State Grants Receivable	A-35	21,560,827	18,983,900
		21,756,775	21,022,418
		$ 49,651,561	$ 64,080,050

See Accompanying Notes to the Financial Statements.

EXHIBIT A

THE CITY OF PATERSON
CURRENT FUND
JUNE 30, 2010 AND 2009

COMPARATIVE BALANCE SHEETS

	Ref.	2010	2009
LIABILITIES, RESERVES AND FUND BALANCE			
Current Fund			
Appropriation Reserves	A-3, A-15	$ 4,820,438	$ 5,566,846
Requisitions Payable and Accounts Payable	A-25	3,882,953	11,445,745
Tax Overpayments	A-18	1,787,469	1,977,034
Prepaid Sewers	A-19	653	1,359
Sewer Overpayments	A-21	77,828	29,352
Prepaid Taxes	A-23	75,647	103,611
Property Tax Suspense	A-24	26,970	-
Deposit - Sale of City Owned Property	A-17	314,100	-
Reserve for:			
State Library Aid	A-26	288,487	317,644
ABC License Surcharge	A-27	123,600	96,000
Library Fines and Donations	A-28	143,996	88,281
Insurance Liability	A-29	-	1,166,238
State Tax Appeals	A-30	1,736,651	3,126,157
Preparation of Tax Map	A-31	9,878	24,674
Special Emergency Revaluation		-	73,152
		13,288,670	24,016,093
Reserve for Receivables and Other Assets	A	14,378,915	12,315,972
Fund Balance	A-1	227,201	6,725,567
		14,606,116	19,041,539
		27,894,786	43,057,632
Federal and State Grant Fund			
Requisitions Payable and Accounts Payable	A-36	7,577,276	3,351,214
Reserve for:			
Federal and State Grants Unappropriated	A-38	27,244	6,100
Federal and State Grants Appropriated	A-39	14,152,255	17,665,104
		21,756,775	21,022,418
		$ 49,651,561	$ 64,080,050

See Accompanying Notes to the Financial Statements.

EXHIBIT A-1

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010 AND 2009

COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE

	Ref.	2010	2009
Revenue and Other Income			
Fund Balance Utilized	A-2	$ 6,498,366	$ 5,498,365
Miscellaneous Revenue Anticipated	A-2	114,636,434	111,481,614
Receipts from Delinquent Taxes	A-2a	357,400	609,420
Receipts from Current Taxes	A-2a	183,782,775	178,003,346
Nonbudget Revenue	A-2	816,174	1,036,567
Other Credits to Income:			
Appropriation Reserves Lapsed	A-15	444,980	1,451,241
Encumbrance Payable Cancelled	A-25	81,136	109,319
Unexpended Appropriation Cancelled	A-1	-	65,016
Tax Overpayments Cancelled	A-18	888,707	661,062
Prior Year Interfunds Returned		-	77,758
Taxes Paid Through Appeals		-	61,198
Property Tax Prior Year Refund		-	221,402
Sewer Overpayments Cancelled	A-21	1,560	11,235
		307,507,532	299,287,543
Expenditures			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages		95,481,077	89,608,660
Other Expenses		61,408,328	61,738,064
Emergency Appropration - Insurance		1,600,000	-
Deferred Charges and Statutory Expenditures - Municipal		11,112,903	10,623,775
Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages		1,145,985	1,527,816
Other Expenses		48,623,053	33,520,694
Capital Improvements		502,716	460,000
Municipal Debt Service		7,444,821	10,951,542
Judgments		91,917	51,917
Type I District School Debt Service		643,530	650,733
Reserve for Uncollected Taxes		3,127,541	2,938,778
	A-3	231,181,871	212,071,979
Refund of Prior Year's Revenue	A-4	$ 42,015	$ 171,297

See Accompanying Notes to the Financial Statements.

EXHIBIT A-1

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010 AND 2009

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE

	Ref.	2010	2009
Unallocated Receipts - Taxes and Sewer	A-4	330,795	315,608
Tax Overpayment Refunds	A-18	302,660	315,807
Taxes Allocated	A-2a	82,586,469	81,337,131
		83,261,939	82,139,843
Total Expenditures		314,443,810	294,211,822
Excess/(Deficit) in Revenue		(6,936,278)	5,075,721
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeedng Year			
Special Emergency Appropriation	A-22	1,600,000	-
Cash Deficit of Current Year	A-22	5,336,278	-
Statutory Excess to Fund Balance		-	5,075,721
Fund Balance, July 1	A	6,725,567	7,148,211
		6,725,567	12,223,932
Decreased by:			
Utilized as Anticipated Revenue	A-2	6,498,366	5,498,365
Fund Balance, June 30	A	$ 227,201	$ 6,725,567

See Accompanying Notes to the Financial Statements.

EXHIBIT A-2

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF REVENUES

	Ref.	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	A-1	$ 6,498,366	$ -	$ 6,498,366	$ -
Total Surplus Anticipated		6,498,366	-	6,498,366	-
Miscellaneous Revenue:					
Licenses:					
Alcoholic Beverages	A-13	178,600	-	171,482	(7,118)
Other	A-13	136,000	-	119,608	(16,392)
Fines and Costs:					
Municipal Court	A-13	5,938,800	-	5,380,230	(558,570)
Interest and Costs on Taxes	A-13	1,280,000	-	1,234,037	(45,963)
Interest on Investments and Deposits	A-13	318,000	-	127,673	(190,327)
Interest on Delinquent Sewer Charges	A-13	163,000	-	172,173	9,173
Department of Public Works	A-13	314,000	-	210,108	(103,892)
Division of Health	A-13	708,700	-	698,708	(9,992)
City-Wide Recycling Revenues	A-13	195,800	-	356,025	160,225
Board of Adjustments	A-13	156,000	-	157,497	1,497
Sale of Copies of Public Records	A-13	97,500	-	104,157	6,657
Ambulance Fees	A-13	2,574,800	-	2,586,421	11,621
Municipal Towing Contract Fees	A-13	170,900	-	167,316	(3,584)
Municipal Sewer Use Charges -					
Current Year	A-2a	6,898,400	-	6,738,405	(159,995)
Prior Year	A-2a	350,000	-	437,862	87,862
Fire Department Combustible					
Inspection Revenue	A-13	300,000	-	383,219	83,219
Livery and Taxi License Fees	A-13	53,500	-	56,473	2,973
Garden State Trust	A-13	10,001	-	9,132	(869)
Consolidated Municipal Property					
Tax Relief	A-13	28,455,898	-	28,455,898	-
Energy Receipts Tax	A-13	9,838,378	-	9,838,378	-
Supplemental Energy Receipts Tax	A-13	262,651	-	262,651	-
Building Aid Allowance for Schools	A-13	127,269	-	127,269	-
Watershed Moratorium Offset Aid	A-13	329	-	329	-
Additional State Aid	A-13	27,000,000	-	27,000,000	-
Construction Code Fees	A-13	592,600	-	465,122	(127,478)
Other Permits	A-13	448,800	-	397,406	(51,394)
Life Hazard Use Fees 2009	A-13	2,933	-	2,933	-
Life Hazard Use Fees 2010	A-13	266,608	-	266,608	-
State and Federal Revenues:					
Federal and State Programs	A-3, A-12	15,882,813	4,500,000	20,382,813	-
P.I.L.O.T.S.:					
Aspen Hamilton					
Current Year	A-13	75,332	-	80,837	5,505
Audit Adjustment	A-13	3,501	-	3,501	-
Colt Arms	A-13	198,849	-	198,849	-
Federation Apartments -					
Current Year	A-13	147,606	-	147,606	-
Governor Paterson Towers	A-13	467,010	-	493,051	26,041
504 Madison Avenue	A-13	137,146	-	141,840	4,694
INCCA for Housing - Carroll Street	A-13	158,106	-	159,971	1,865
INCCA for Housing - North Triangle	A-13	157,229	-	159,145	1,916
Jackson Slater	A-13	182,653	-	182,653	-

EXHIBIT A-2

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF REVENUES

	Ref.	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenue (Continued):					
P.I.L.O.T.S. (Continued):					
NJ Community Housing Corporation	A-13	$ 51,501	-	$ 51,501	$ -
Cooke Building Associates	A-13	16,383	-	16,383	-
Essex - Phoenix Mall	A-13	160,370	-	164,591	4,221
Brool Sloate	A-13	146,274	-	146,274	-
Rising Dove Senior Apartments					
Current Year	A-13	28,552	-	28,552	-
Audit Adjustment 2008	A-13	2,547	-	2,547	-
Audit Adjustment 2006-2007	A-13	2,547	-	-	(2,547)
Rosa Park - 400 Broadway	A-13	53,195	-	53,195	-
Christopher Hope Development	A-13	110,364	-	110,364	-
Garrett Heights	A-13	407,869	-	349,209	(58,660)
446-460 East 19th Street					
Current Year	A-13	13,186	-	13,186	-
Audit Adjustment	A-13	1,190	-	1,190	-
Paterson Housing Authority	A-13	57,390	-	57,390	-
200 Godwin Urban Renewal -					
Current Year	A-13	9,893	-	9,893	-
Prior Year	A-13	164,468	-	164,468	-
Belmont/McBride Apts.					
Current Year	A-13	16,789	-	18,436	1,647
Audit Adjustment	A-13	1,195	-	1,195	-
Sheltering Arms					
Current Year	A-13	2,366	-	2,369	3
Hope 98 North Main Scattered Sites -					
Current Year	A-13	23,205	-	23,205	-
Hope 98 Beach Street -					
Current Year	A-13	32,521	-	32,521	-
Hope 98 Van Houten Street -					
Current Year	A-13	13,745	-	13,745	-
Cable Community Third Party Rent -					
Current Year Balance	A-13	340,000	-	340,000	-
U.S. Cable of Paterson Franchise Fees	A-13	270,032	-	270,032	-
Capital Surplus	A-12	153,000	-	153,000	-
Sewer Rent - Third Party	A-13	46,914	-	61,833	14,919
Sewer Rent - Third Party Prior Year	A-13	62,005	-	27,156	(34,849)
City of Paterson Parking Auth Cooperative Agreement - 1/1 - 6/30/10	A-13	200,000	-	203,000	3,000
City of Paterson Parking Auth Cooperative Agreement - 7/1 - 12/31/10	A-13	200,000	-	200,000	-
Hydrant Maintenance PVWC Reimbursement	A-13	158,897	-	158,897	-
Trust Fund Surplus	A-12	130,000	-	130,000	-
PVSC Rebate Incentive Program	A-13	16,686	-	16,686	-
Private Host Benefit Fees -					
Current Year	A-13	176,785	-	167,081	(9,704)
Prior Year	A-13	33,022	-	25,564	(7,458)

EXHIBIT A-2

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF REVENUES

	Ref.	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenue (Continued):					
Various Property Sales	A-17	$ 5,441,257	$ -	$ 3,187,900	$ (2,253,357)
Recycling Tire Fees	A-13	32,000	-	23,671	(8,329)
Verizon Franchise Fees	A-13	17,068	-	17,068	-
Housing Authority Garage Reimbursement	A-13	95,000	-	95,000	-
Passaic County Community College Rent	A-13	10,000	-	10,000	-
Lease Laurence Street- Current Year	A-13	60,000	-	55,000	(5,000)
Insurance Reimbursements	A-13	148,418	-	148,418	-
Motor Vehicle Agency Security Reimbursement	A-13	119,000	-	109,083	(9,917)
Additional Ambulance Fees	A-13	300,000	-	-	(300,000)
Additional Fire Inspection Fees	A-13	400,000	-	99,445	(300,555)
Municipal Court - Forfeited Bail	A-13	42,475	-	-	(42,475)
					-
Total Miscellaneous Revenue	A-1	114,017,821	4,500,000	114,636,434	(3,881,387)
Receipts from Delinquent Taxes	A-1, A-2a	475,000	-	357,400	(117,600)
Amount to be Raised by Taxes for Support of Municipal Budget	A-2a, A-6	104,116,122	-	101,196,306	(2,919,816)
		225,107,309	4,500,000	222,688,506	(6,918,803)
Nonbudget Revenue	A-1, A-2b	-	-	816,174	816,174
Total Revenue		$ 225,107,309	$ 4,500,000	$ 223,504,680	$ (6,102,629)
	Ref.	A-3	A-3		

ANALYSIS OF MISCELLANEOUS REVENUE REALIZED

	Ref.	
Revenue Accounts Receivable	A-13	$ 83,606,454
Interfunds	A-12	20,665,813
Current Municipal Sewer Use Charges	A-11	6,737,046
Current Municipal Sewer Use Charges	A-11	1,359
Prior Municipal Sewer Use Charges	A-11	413,027
Prior Municipal Sewer Use Charges	A-8	24,835
Sale of City Owned Property	A-17	3,187,900
	A-1	$ 114,636,434

EXHIBIT A-2a

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF REVENUES
ANLAYSIS OF REALIZED REVENUE

	Ref.	Total	Receipts from Delinquent Taxes	Current Tax Collections
Allocation of Tax Collections				
Collection of Taxes Receivable:				
2010 Collections	A-6	$ 183,473,032	$ 161,493	$ 183,311,539
2009 Collections	A-23	103,611	-	103,611
Senior Citizens' Veterans Deductions	A-6	373,750	6,125	367,625
Tax Title Liens Receivable	A-7	189,782	189,782	-
Total Revenue	A-1	184,140,175	357,400	183,782,775
Allocated to:				
Local District School Taxes	A-33	(39,321,785)	-	(39,321,785)
County Taxes	A-34	(46,192,225)	-	(46,192,225)
Reserve for State Tax Appeals	A-30	(200,000)	-	(200,000)
Plus: Reserve for Uncollected Taxes	A-3	3,127,541	-	3,127,541
	A-1	(82,586,469)	-	(82,586,469)
Realized Revenue	A-2	$ 101,553,706	$ 357,400	$ 101,196,306

	Ref.	Total
Current Sewer Charges		
Current Year Receipts	A-11	$ 6,737,046
Prepaids Applied	A-11	1,359
Realized Revenue	A-2	$ 6,738,405
Prior Sewer Charges		
Current Year Receipts	A-11	$ 413,027
Sewer Liens Receipts	A-8	24,835
Realized Revenue	A-2	$ 437,862

EXHIBIT A-2b

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF REVENUES
ANALYSIS OF NONBUDGET REVENUES

	Ref.	
Miscellaneous Revenue Not Anticipated:		
Stale Dated Checks		$ 181,278
Board and Secure Reimbursement of Building		110,429
Redemption Fees		110,109
Retired Drug Reimbursement Subsidy -Medicare D		89,617
New Jersey DMV Inspection Fees		77,528
Off Duty Police Reimbursement Use of Cars		55,255
Bid Specifications		23,765
Pilot INCAA Triangle Audit 2009		14,152
Parking Authority Gas Reimbursement		11,004
PILOT - Jackson Slater Audit 2008		10,369
Vending Machines Fees		10,000
Garnishee Service Charges		9,851
Vehicle Auction		9,283
PILOT Governor III Audit 2008		8,264
Re-Rentals Fees		6,126
Mercantile License Fees		6,400
PILOT Madison Park Audit Adjustment 2009		5,610
Bad Check Fees		5,105
Loud Speakers Fees		4,980
Police Seized Money		4,928
Child Care Service Charges		4,185
EFT State of New Jersey		3,915
City Clerk - Garage Sales Permits		3,480
Restitution Payment		3,375
Duplicate Bills		3,330
PILOT Federation Apartments Audit Adjustment 2009		3,129
Restitution - Joe Egan		2,964
Easement from PSE&G		2,500
Reimbursement Section 8 Audit		2,000
Miscellaneous Credits		730
Discovery Checks		1,589
Inmate Phones		1,501
Restitution Payment - Deborah Ritter		1,490
Seized Vehicles		1,266
Various Other Miscellaneous Revenues Not Anticipated		9,675
	A-4	799,182
Closing Fees	A-17	8,530
Insurance Liability	A-29	982
Reimbursement from State - Senior & Veterans Handling Fees	A-20	7,480
	A-2	$ 816,174

EXHIBIT A-3

CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF EXPENDITURES

Appropriations	Ref.	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Unexpended Balance Cancelled
Appropriations within "CAPS"							
GENERAL GOVERNMENT SERVICES							
Office of the Mayor:							
Salaries and Wages		$ 424,224	$ 424,224	$ 424,224	$ -	$ -	$ -
Other Expenses		16,120	16,120	14,770	257	1,093	-
City Council:							
Salaries and Wages		605,907	605,907	525,843	-	80,064	-
Other Expenses		178,890	178,890	151,809	8,147	18,934	-
Office of the City Clerk:							
Salaries and Wages		351,133	351,133	348,189	-	2,944	-
Other Expenses		128,155	128,155	91,332	36,811	12	-
Elections:							
Salaries and Wages		7,096	7,096	7,096	-	-	-
Other Expenses		341,050	341,050	273,557	38,411	29,082	-
Insurance:							
Salaries and Wages		78,177	78,177	78,177	-	-	-
Other Expenses		29,006,715	29,006,715	28,081,792	638,948	285,975	-
Worker Compensation		2,925,503	2,925,503	2,886,551	1	38,951	-
Liability		2,830,500	2,830,500	2,784,318	801	45,381	-
Emergency Appropriaton		-	1,600,000	-	-	1,600,000	-
Auditing Services:							
Annual Audit		41,000	41,000	-	-	41,000	-
Other Audits		25,000	25,000	-	-	25,000	-
Cultural Affairs:							-
Salaries and Wages		87,225	87,225	87,225	-	-	-
Other Expenses		126,400	126,400	91,881	30,794	3,725	-
Total General Government Services		37,173,095	38,773,095	35,846,764	754,170	2,172,161	-
DEPARTMENT OF ADMINISTRATION							
Office of the Business Administrator:							
Salaries and Wages		511,993	511,993	420,465	-	91,528	-
Other Expenses		62,400	62,400	34,233	2,082	26,085	-
Division of Personnel:							
Salaries and Wages		278,851	278,851	278,851	-	-	-
Other Expenses		83,700	83,700	53,507	11,673	18,520	-
Division of Purchasing:							
Salaries and Wages		212,517	212,517	212,517	-	-	-
Other Expenses		28,262	28,262	25,790	605	1,867	-
Division of Data Processing:							
Salaries and Wages		289,462	289,462	289,462	-	-	-
Other Expenses		371,800	371,800	322,713	24,912	24,175	-
Surveys & General:							
Other Expenses		143,000	143,000	80,456	25,055	37,489	-
Public Defender:							
Salaries and Wages		30,000	30,000	30,000	-	-	-
Other Expenses		700	700	700	-	-	-
Total Department of Administration		2,012,685	2,012,685	1,748,694	64,327	199,664	-
DEPARTMENT OF FINANCE							
Office of the Director:							
Salaries and Wages		146,833	146,833	146,833	-	-	-
Other Expenses		36,550	36,550	9,345	20,943	6,262	-
Division of Treasury:			-				
Salaries and Wages		467,122	467,122	467,122	-	-	-
Other Expenses		33,095	33,095	29,177	2,018	1,900	-
Division of Accounts & Control:			-				
Salaries and Wages		414,467	414,467	410,706	-	3,761	-
Other Expenses		11,743	11,743	8,267	218	3,258	-
Division of Sewer Collection:			-				
Salaries and Wages		141,848	141,848	141,848	-	-	-
Other Expenses		23,600	23,600	18,988	2,276	2,336	-
Division of Assessments:							
Salaries and Wages		294,438	294,438	294,438	-	-	-
Other Expenses		37,560	37,560	34,737	2,780	43	-
Division of Revenue Collection:			-				
Salaries and Wages		619,179	619,179	619,179	-	-	-
Other Expenses		195,730	195,730	156,917	14,773	24,040	-
Office of Internal Audit:							
Salaries and Wages		124,766	124,766	124,766	-	-	-
Other Expenses		2,708	2,708	892	329	1,487	-
Total Department of Finance		2,549,639	2,549,639	2,463,215	43,337	43,087	-
DEPARTMENT OF LAW							
Office of the Corporation Counsel:							
Salaries and Wages		957,380	957,380	924,622	-	32,758	-
Other Expenses		93,770	93,770	70,390	3,758	19,622	-
Total Department of Law		1,051,150	1,051,150	995,012	3,758	52,380	-

EXHIBIT A-3

CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF EXPENDITURES

Appropriations	Ref.	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Unexpended Balance Cancelled
Taxicab Division:			-				
Salaries and Wages		$ 69,811	$ 69,811	$ 69,811	$ -	$ -	$ -
Other Expenses		5,349	5,349	3,512	17	1,820	-
Division of Fire:			-				
Salaries and Wages		31,090,100	31,090,100	31,084,694	-	5,406	-
Other Expenses		1,408,860	1,408,860	1,264,712	116,745	27,403	-
Life Hazard Use Fees		269,541	269,541	269,541	-	-	-
Division of Police:			-				
Salaries and Wages		42,396,317	42,396,317	42,311,105	-	85,212	-
Other Expenses		1,510,450	1,510,450	1,187,338	310,242	12,870	-
Animal Control:			-				
Salaries and Wages		209,096	209,096	209,096	-	-	-
Other Expenses		19,100	19,100	19,100	-	-	-
Total Department of Public Safety		76,978,624	76,978,624	76,418,909	427,004	132,711	-
DEPARTMENT OF PUBLIC WORKS							
Office of the Director:							
Salaries and Wages		416,452	416,452	416,452	-	-	-
Other Expenses		26,870	26,870	22,299	826	3,745	-
Division of Engineering:							
Salaries and Wages		199,793	199,793	199,793	-	-	-
Other Expenses		395,900	395,900	307,363	58,716	29,821	-
Division of Traffic and Lighting:							
Salaries and Wages		362,828	362,828	362,828	-	-	-
Other Expenses		163,700	163,700	153,856	2,471	7,373	-
Division of Water & Sewers:							
Salaries and Wages		346,714	346,714	346,714	-	-	-
Other Expenses		518,300	518,300	156,261	183,808	178,231	-
Sewer Repairs		20,000	20,000	1,800	-	18,200	-
March 2010 Flood S&W		94,307	94,307	94,127	-	180	-
Division of Streets:							
Salaries and Wages		2,757,876	2,757,876	2,757,876	-	-	-
Other Expenses		200,875	200,875	180,044	7,116	13,715	-
Street Repair		36,920	36,920	14,215	6,500	16,205	-
Snow Removal:							
Salaries and Wages		81,813	81,813	81,813	-	-	-
Other Expenses		436,250	436,250	425,935	6,784	3,531	-
Division of Auto Maintenance:							
Salaries and Wages		449,859	449,859	449,859	-	-	-
Other Expenses		384,990	384,990	350,007	31,691	3,292	-
Park & Shade Tree Section:							
Salaries and Wages		1,352,201	1,352,201	1,352,201	-	-	-
Other Expenses		378,525	378,525	355,528	18,912	4,085	-
Public Building Section:							
Salaries and Wages		1,386,845	1,386,845	1,386,845	-	-	-
Other Expenses		1,322,750	1,322,750	1,218,135	100,836	3,779	-
Division of Recreation:							
Salaries and Wages		1,499,582	1,499,582	1,499,582	-	-	-
Other Expenses		501,288	501,288	413,867	44,049	43,372	-
Division of Recycling:							
Salaries and Wages		958,895	958,895	958,505	-	390	-
Other Expenses		216,833	216,833	211,200	5,289	344	-
Division of Cable Communication:							
Salaries and Wages		117,293	117,293	117,293	-	-	-
Other Expenses		23,470	23,470	9,237	21	14,212	-
Total Department of Public Works		14,651,129	14,651,129	13,843,635	467,019	340,475	-
DEPARTMENT OF COMMUNITY DEVELOPMENT							
Division of Planning & Zoning:							
Salaries and Wages		335,483	335,483	335,483	-	-	-
Other Expenses		19,300	19,300	14,863	949	3,488	-
Division of Community Improvements:							
Salaries and Wages		1,464	1,464	1,464	-	-	-
Other Expenses		73,350	73,350	35,127	3,081	35,142	-
Division of Economic Development							
Salaries and Wages		72,135	72,135	72,135	-	-	-
Total Department of Community Development		501,732	501,732	459,072	4,030	38,630	-

EXHIBIT A-3

CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF EXPENDITURES

Appropriations	Ref.	Appropriations Budget	Modified Budget	Expended Paid or Charged	Reserved Encumbered	Reserved Unencumbered	Unexpended Balance Cancelled
DEPARTMENT OF HUMAN RESOURCES							
Office of the Director::							
Salaries and Wages		$ 235,773	$ 235,773	$ 231,093	$ -	$ 4,680	$ -
Other Expenses		12,000	12,000	7,873	304	3,823	-
Office of Aging & Disabled::							
Salaries and Wages		56,503	56,503	56,503		-	-
Other Expenses		37,110	37,110	25,380	5,115	6,615	-
Social Services		433,701	433,701	339,420	93,343	938	-
Senior/Handicapped Transportation		35,800	35,800	-	-	35,800	-
Council of Aging		2,551	2,551	2,551	-	-	-
Council on Handicapped		2,551	2,551	2,551	-	-	-
Division of Consumer Protection:							
Salaries and Wages		160,282	160,282	123,977	-	36,305	-
Other Expenses		15,432	15,432	5,279	441	9,712	-
Division of Youth Services:							
Salaries and Wages		283,572	283,572	283,572	-	-	-
Other Expenses		23,104	23,104	14,405	3,113	5,586	-
Division of Health:							
Salaries and Wages		1,867,342	1,867,342	1,867,342	-	-	-
Other Expenses		396,473	396,473	300,281	69,974	26,218	-
Total Department of Human Resources		3,562,194	3,562,194	3,260,227	172,290	129,677	-
STATUTORY AGENCIES							
Historic Preservation Commission:							
Salaries and Wages		102,809	102,809	102,809	-	-	-
Other Expenses		15,435	15,435	2,840	1,925	10,670	-
Museum:							
Salaries and Wages		286,449	286,449	286,449	-	-	-
Other Expenses		69,650	69,650	18,199	1,827	49,624	-
Board of Adjustment:							
Salaries and Wages		46,494	46,494	43,407	-	3,087	-
Other Expenses		47,400	47,400	38,492	4,168	4,740	-
Office of Emergency Management:							
Salaries and Wages		120,392	120,392	120,392	-	-	-
Other Expenses		42,191	42,191	32,606	5,321	4,264	-
Planning Board:							
Salaries and Wages		44,347	44,347	41,764		2,583	-
Other Expenses		33,950	33,950	16,690	2,200	15,060	-
Youth Guidance Council							
Other Expenses		27,000	27,000	17,227	7,030	2,743	-
Municipal Court							
Salaries and Wages		1,369,874	1,369,874	1,369,874		-	-
Other Expenses		178,240	178,240	153,720	6,108	18,412	-
Total Statutory Agencies		2,384,231	2,384,231	2,244,469	28,579	111,183	-
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)							
Community Improvements:							
Salaries and Wages		760,065	760,065	760,065	-	-	-
Other Expenses		52,200	52,200	52,200	-	-	-
		812,265	812,265	812,265	-	-	-
UNCLASSIFIED							
Electricity		1,050,000	1,050,000	958,381	91,619	-	-
Street Lighting		2,722,000	2,722,000	2,281,212	440,788	-	-
Telephone Service		468,100	468,100	376,530	19,603	71,967	-
Gas		482,000	482,000	299,119	179,481	3,400	-
Fuel Oil		17,000	17,000	11,873	5,127	-	-
Gasoline		1,069,400	1,069,400	930,287	135,413	3,700	-
Solid Waste		9,404,161	9,404,161	8,036,637	5,374	1,362,150	-
Total Unclassified		15,212,661	15,212,661	12,894,039	877,405	1,441,217	-
TOTAL OPERATIONS WITHIN "CAPS"			-				-
Contingent		5,000	5,000	-	-	-	5,000
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"		156,894,405	158,494,405	150,986,301	2,841,919	4,661,185	5,000
Details:							
Salaries and Wages	A-1	95,481,077	95,481,077	95,132,359	-	348,718	-
Other Expenses	A-1	61,413,328	61,413,328	55,853,942	2,841,920	2,712,466	5,000
		156,894,405	156,894,405	150,986,301	2,841,920	3,061,184	5,000

EXHIBIT A-3

CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF EXPENDITURES

Appropriations	Ref.	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Unexpended Balance Cancelled
DEFERRED CHARGES							
Prior Period Bills		$ 3,444	$ 3,444	$ 3,444	$ -	$ -	$ -
STATUTORY EXPENDITURES							
Contributions to:							
Social Security System (O.A.S.I.)		1,907,623	1,907,623	1,906,184		1,439	-
Contribution to P.E.R.S.		1,054,810	1,054,810	1,039,759		15,051	-
Police & Fireman's Retirement System		5,969,367	5,969,367	5,969,367		-	-
Consolidated Police & Firemen's Pension Fund		5,000	5,000	(15,468)		20,468	-
Increased Retirement Allowance Pursuant to C-143-L-1958		345,922	- 345,922	345,922			-
Defined Contribution Retirement Program		2,500	2,500	2,007		493	-
Medicare		1,470,198	1,470,198	1,470,197		1	-
State Disability Insurance		111,005	111,005	79,005		32,000	-
Unemployment Compensation Insurance		243,034	243,034	228,034		15,000	-
Total Deferred Charges and Statutory Expenditu	A-1	11,112,903	11,112,903	11,028,451	-	84,452	-
Total General Appropriations Within "CAPS"		168,007,308	169,607,308	162,014,752	2,841,919	4,745,637	5,000
APPROPRIATIONS EXCLUDED FROM "CAPS"							
OPERATIONS							
Passaic Valley Sewerage Commission		10,352,000	10,352,000	10,334,139		17,861	-
Maintenance of Free Public Libraries							-
Salaries and Wages		2,067,061	2,067,061	2,010,667	9,454	46,940	-
Other Expenses		-	-		-	-	-
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			-
State Board Reductions - Prior Years		240,646	240,646	240,646			-
Safe & Secure - Local Match		612,742	612,742	612,742			-
Workers Compensation		3,896,373	3,896,373	3,896,373			-
Contributions to:							
Solid Waste Recycling Tax - as amended		256,248	256,248	256,248			-
Contributions to P.E.R.S.		997,709	997,709	997,709			
Police & Fireman's Retirement System		8,591,189	8,591,189	8,591,189			-
Municipal Alliance Program Local Share		2,500	2,500	2,500			
911 Salaries & Wages - Police		733,815	733,815	733,815			-
911 Salaries & Wages - Fire		412,170	412,170	412,170			-
Total Operations Excluded from "CAPS"		29,386,225	29,386,225	29,311,970	9,454	64,801	-
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES							
NJ Department of Commerce and Economic Development -							
Urban Enterpise Zone -							
Administration		650,000	650,000	650,000	-	-	-
Streetscape Planters Project		85,000	85,000	85,000	-	-	-
Sidewalk Matching Grant Phase 4		250,000	250,000	250,000	-	-	-
Business Improvement Grant Phase 3		750,000	750,000	750,000	-	-	-
Receptacles Phase 2		300,000	300,000	300,000			
Small Business Development Center Year 10		125,000	125,000	125,000	-	-	-
NJ Department of Community Affairs -							
Lead Identification & Field Testing Grant 2009		11,200	11,200	11,200	-	-	-
Recreational Opportunities for Ind. w/ Disabil. grant		13,000	13,000	13,000			
Paris Grant NJ Dept of State		70,648	70,648	70,648			
NJ Economic Development Admin							
Hazardous Discharge Site Remediation Columbia Textile		90,938	90,938	90,938	-	-	-
Hazardous Discharge Site Remediation 36-40 Straight Street		36,109	36,109	36,109			
NJ Department of Environmental Protection -							
Clean Communities		155,594	155,594	155,594	-	-	-
Recycling Tonnage Grant		216,763	216,763	216,763	-	-	-

EXHIBIT A-3

CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF EXPENDITURES

Appropriations	Ref.	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Unexpended Balance Cancelled
NJ Department of Health and Human Services -							
Bioterrorism Preparedness		$ 298,000	$ 298,000	$ 298,000	$ -	$ -	$ -
Childhood Lead Poisoning		297,300	297,300	297,300	-	-	-
HIV Counseling, Testing & Referral-2009		150,251	150,251	150,251			
Public Health Priority Funding		164,710	164,710	164,710	-	-	-
Senior Farmers Market Nutrition Program		3,000	3,000	3,000			
Sexually Transmitted Disease Control		92,040	92,040	92,040	-	-	-
Tuberculosis Control		209,599	209,599	209,599	-	-	-
Public Health Emergency Response H1N1		435,822	435,822	435,822			
Federal Tuberculosis Control		103,754	103,754	103,754			
NJHOA Mass Prophylaxis Exercise Grant		20,000	20,000	20,000			
County of Passaic -							
Nutrition Program		174,283	174,283	174,283	-	-	-
Senior Citizen/Disabled Transporation Program		396,854	396,854	396,854			
Total Lifestyle Support Program		87,695	87,695	87,695			
NJ Department of Law and Public Safety -							
Safe and Secure Communities Program		197,107	197,107	197,107	-	-	
FEMA Flood Disaster Relief		281,000	281,000	281,000	-	-	
Paterson Safe Neighborhoods		3,194	3,194	3,194	-	-	
Emergency Management Assistance Funding		10,000	10,000	10,000	-	-	-
Body Armor Replacement Fund		12,562	12,562	12,562			
Urban Area Security Initiative Rescue Training Reimb. Fund		84,363	84,363	84,363	-	-	-
NJ Department of Human Services :							
School Based Youth Services Program		302,456	302,456	302,456			
Total Lifestyle Support Program		49,111	49,111	49,111			
Teen Parenting Program		83,403	83,403	83,403			
Other:							
County of Passaic - Operation Cease Fire		1,600	1,600	1,600			
Municipal Alliance Program CY 2009		10,000	10,000	10,000			
Total Lifestyle Support Program CY 2010		87,633	87,633	87,633	-	-	-
Museum Exhibit Grant		2,000	2,000	2,000	-	-	-
Recreation Basketball League		53,500	53,500	53,500	-	-	-
City of Passaic 2009 Byrne Memorial Assitance Grant JAG		898,178	898,178	898,178			
City of Passaic 2009 Byrne Memorial Assitance Grant Equip		217,820	217,820	217,820			
Open Space-Federici Park		20,000	20,000	20,000	-	-	-
Open Space-Wrigley Park		97,000	97,000	97,000			
Open Space-Westside Park		57,000	57,000	57,000			
Youth Services Commission, Evening Reporting Program		124,650	124,650	124,650			
Youth Services Commission, Evening Reporting Prog. CY '1		124,527	124,527	124,527			
Alan N. Cohen Memorial Basketball Championship		6,000	6,000	6,000			
Koar George-Great Falls Historic District		1,500	1,500	1,500			
National Association of County & City Health Officer		5,000	5,000	5,000			
City of New York H.O.P.W.A.		87,649	87,649	87,649			
US Department of Health and Human Services -							
Office of Health Information & Technology Grant		11,000	11,000	11,000	-	-	-
Special Project of National Significance 2010		400,000	400,000	400,000	-	-	-
Minority Aids Initiative Program		301,941	301,941	301,941			
Minority Aids Initiative Program		293,903	293,903	293,903	-	-	-
Ryan White HIV Prog 3/1/10-2/28/11		2,846,759	2,846,759	2,846,759	-	-	-
US Department of Housing and Urban Development -							
Energy Efficiency & Renewal Grant		250,000	250,000	250,000	-	-	-
Federal Emergency management							
Firefighters Station Construction			4,500,000	4,500,000	-	-	-
US Department of Justice -							
Bulletproof Vest Program		3,672	3,672	3,672			
Law Enforcement Officers Training & Equipment Fund		23,350	23,350	23,350	-	-	-
COPS Hiring Recovery Program		3,747,375	3,747,375	3,747,375			-
Total State and Federal Program Offset by Revenues		15,882,813	20,382,813	20,382,813	-	-	-
Total Operational Excluded from "CAPS"		45,269,038	49,769,038	49,694,783	9,454	64,801	-
Details:							
Salaries and Wages	A-1	1,145,985	1,145,985	1,145,985	-	-	-
Other Expenses	A-1	44,123,053	48,623,053	48,548,799	9,454	64,801	-
		45,269,038	49,769,038	49,694,784	9,454	64,801	-
CAPITAL IMPROVEMENTS							
Capital Improvement Fund		400,000	400,000	400,000			-
Construction Prefabricated Garage		75,000	75,000	74,820			180
Memorial Drive		27,896	27,896	14,896	13,000		-
Total Capital Improvements	A-1	502,896	502,896	489,716	13,000	-	180

EXHIBIT A-3

CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF EXPENDITURES

Appropriations	Ref.	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Unexpended Balance Cancelled
MUNICIPAL DEBT SERVICE							
Payment of Bond Principal		$ 3,845,542	$ 3,845,542	3,845,542	$ -	$ -	$ -
Payment of Bond Emergency Notes	-	-	-	-	-	-	-
Interest on Bonds		2,121,313	2,121,313	2,121,313	-	-	-
Interest on Bond Anticipation Notes		-	-				
Interest on Emergency Notes			-		-	-	-
Loan Repayment for Principal and Interest:							
Payment on Principal		87,912	87,912	87,912	-	-	-
Payment on Interest		12,088	12,088	12,088	-	-	-
EDA Loan Program - Payment of Principal		22,540	22,540	22,540	-	-	-
DCA Demolition Loan Program		88,250	88,250	88,250	-	-	-
Environmental Infrastructure Trust Loan -				-			
Payment on Principal		978,934	978,934	978,934	-	-	-
Payment on Interest		308,500	308,500	288,242	-		20,258
Total Municipal Debt Services	A-1	7,465,079	7,465,079	7,444,821	-	-	20,258
DEFERRED CHARGES - Municipal - Excluded from "CAPS"							
Judgments		50,000	50,000	40,000		10,000	-
Capital Fund (DEP Settlement)		41,917	41,917	41,917			-
Total Deferred Charges- Municipal Excluded frc	A-1	91,917	91,917	81,917	-	10,000	-
LOCAL DISTRICT SCHOOL PURPOSES							
Type I District School Debt Service:							
Payment of Bond Principal		$ 547,023	$ 547,023	$ 547,023	$ -	$ -	$ -
Interest on Bonds		96,507	96,507	96,507	-	-	-
Total Local District School Purposes	A-1	643,530	643,530	643,530	-	-	-
Total General Appropriations Excluded from "CAPS"		53,972,460	58,472,460	58,354,767	22,454	74,801	20,438
Subtotal General Appropriations	A-1	221,979,768	228,079,768	220,369,519	2,864,373	4,820,438	25,438
Reserve for Uncollected Taxes		3,127,541	3,127,541	3,127,541	-	-	-
TOTAL GENERAL APPROPRIATIONS	A-1	225,107,309	231,207,309	223,497,060	2,864,373	4,820,438	25,438
TOTAL GENERAL APPROPRIATIONS AND SPECIAL ITEMS AND EMERGENCY APPROPRIATIONS		$ 225,107,309	$ 231,207,309	$ 223,497,060	$ 2,864,373	$ 4,820,438	$ 25,438
	Ref.		Below	Below	A-25	A	Below

	Ref.		
Adopted Budget	A-2	$ 225,107,309	$ -
Appropriations Added by N.J.S.A. 40A:4-87	A-2	4,500,000	-
Emergency Appropriation - Insurance	A-22	1,600,000	-
Grants Revenue	A-12	-	20,382,813
Capital Improvement Fund	A-12	-	400,000
Reimbursement Budget for Retro Pay	A-25	-	(6,670,857)
Reimbursement Budget for Retro Pay	A-15	-	(2,097,908)
Reserve for Uncollected Taxes	A-2a	-	3,127,541
Cash Disbursements	A-4	-	208,114,826
Reserve for Tax Appeals	A-30	-	240,645
		$ 231,207,309	$ 223,497,060
Less: Appropriations Canceled	above	25,438	
Total Appropriations	A-1	231,181,871	

See Accompanying Notes to Financial Statements

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TRUST FUNDS

EXHIBIT B

THE CITY OF PATERSON
TRUST FUNDS
JUNE 30, 2010 AND 2009

COMPARATIVE BALANCE SHEETS

	Ref.	2010	2009
ASSETS			
Animal Control Trust Fund:			
Cash	B-2	$ 15,630	$ 26,134
Other Trust Fund:			
Cash - Community Development	B-2	6,749,185	6,694,219
Cash - Other Trust	B-2	5,462,085	3,849,274
Taxes Receivable - Special Improvement Districts	B-3	568	572
Grants Receivable	B-5	17,734,041	17,463,722
Due from Municipal Utility Authority	B-9	3,199,181	3,199,181
Redevelopment/CDBG Held Properties	B-12	187,130	210,930
Tax Title Lien - Special Improvement Districts	B-20	7,143	8,046
Total General Trust Fund		33,339,333	31,425,944
Total Assets		$ 33,354,963	$ 31,452,078
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Trust Fund:			
Due to State of New Jersey	B-6	$ 65	$ 102
Reserve for Animal Control Fund Expenditures	B-11	15,565	26,032
Total Animal Control Trust Fund		15,630	26,134
Other Trust Fund:			
Reserve for Municipal Utility Authority Receivable	B-10	3,199,181	3,199,181
Due to Special Improvement District	B-4	43,827	42,960
Redevelopment/CDBG Held Properties	B-13	187,130	210,930
Reserve for:			
Off-Duty Police Officers	B-7	364,626	205,594
Off-Duty Police Officers Administration	B-8	76,125	96,691
Parking Offense Adjudication Act	B-14	137,219	86,847
Weights and Measures	B-15	43,263	60,750
Public Defender Fees	B-16	15,915	13,050
Family Self-Sufficiency Escrow		-	88,991
Various Reserves and Deposits	B-18	2,428,195	2,179,620
Payroll Agency	B-23	2,275,361	995,184
Tax Overpayments - Special Improvement District	B-19	2,818	501
Prepaid Revenue - Special Improvement District	B-21	34,161	26,347
Reserve for Special Improvement District Taxes	B-22	7,711	8,618
Due to Current Fund		-	77,758
Due to Housing Authority - Straight and Narrow	B-25	21,820	21,820
Reserve for Various Grants	B-26	24,461,406	24,047,130
Fund Balance	B-2	40,575	63,972
Total General Trust Fund		33,339,333	31,425,944
Total Liabilities, Reserves and Fund Balance		$ 33,354,963	$ 31,452,078

See Accompanying Notes to the Financial Statements.

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF FUND BALANCE

	Ref.		
Balance, June 30, 2009	B		$ 63,972
Increased by:			
Interfund Cleared	B-24	$ 77,758	
Deposit Cancellations	B-18	27,400	
			105,158
			169,130
Decreased by:			
Cash Disbursements Applied to Anticipated Revenue	B-2		128,555
Balance, June 30, 2010	B		$ 40,575

See Accompanying Notes to the Financial Statements.

GENERAL CAPITAL FUND

EXHIBIT C

THE CITY OF PATERSON
GENERAL CAPITAL FUND
JUNE 30, 2010 AND 2009

COMPARATIVE BALANCE SHEETS

	Ref.	2010	2009
ASSETS			
Cash	C-2, C-3	$ 16,472,532	$ 14,165,122
Grants Receivable - State	C-4	8,529,309	7,325,337
Grants Receivable - Federal	C-5	81,794	301,115
Deferred Charges to Future Taxation:			
Funded	C-7	70,639,469	74,021,393
Unfunded	C-9	20,682,377	16,115,653
Due from New Jersey Environmental Infrastructure Trust Fund	C-8	12,249,969	10,152,969
NJ Department of Enviornmental Protection Settlement	C-6	167,667	209,584
Total Assets and Deferred Charges		$ 128,823,117	$ 122,291,173
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	$ 45,311,426	$ 49,156,968
Bond Anticipation Notes	C-13	9,665,000	-
Improvement Authorizations:			
Funded	C-14	29,956,905	31,795,426
Unfunded	C-14	17,951,328	15,924,938
Capital Improvement Fund	C-9, C-15	246,113	186,113
Due to State of New Jersey:			
Green Acres Trust Loan Payable	C-16	641,966	629,601
Demolition Loan Payable	C-17	266,500	354,750
Environmental Infrastructure Loan	C-11	22,091,304	20,982,238
Economic Development Agency Payable:			
Municipal		-	22,540
School	C-19	2,328,273	2,875,296
NJ Department of Environmental Protection Settlement Payable	C-12	167,667	209,584
Fund Balance	C-1	196,635	153,719
Total Liabilities, Reserves and Fund Balance		$ 128,823,117	$ 122,291,173
Bonds and Notes Authorized But Not Issued	C-21	$ 11,017,377	$ 16,115,653

See Accompanying Notes to the Financial Statements.

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATEMENT OF FUND BALANCE

	Ref.		
Balance, June 30, 2009	C		$ 153,719
Increased by:			
Due from Current Fund	C-20	$ 41,076	
Improvement Authorizations Cancelled	C-14	154,840	
			195,916
			349,635
Decreased by:			
Due to Current Fund	C-20		153,000
Balance, June 30, 2010	C		$ 196,635

See Accompanying Notes to the Financial Statements.

FIXED ASSET GROUP OF ACCOUNTS

EXHIBIT D

THE CITY OF PATERSON
GENERAL FIXED ASSETS
JUNE 30, 2010 AND 2009

COMPARATIVE BALANCE SHEET

	Ref.	2010	2009
FIXED ASSETS			
Building		$ 37,657,878	$ 37,657,878
Land		3,136,527	3,136,527
Equipment		21,488,891	33,174,828
	D-1	$ 62,283,296	$ 73,969,233
RESERVE			
Investment in General Fixed Assets	D-2	$ 62,283,296	$ 73,969,233

See Accompanying Notes to the Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Paterson (the "City") is organized as a Mayor - Council municipality under the provisions of N.J.S.A. 40:69A. The City is governed by an elected Mayor and Council, and by such other officers and employees as may be duly appointed. The Council consists of nine members, three of which are elected at-large by voters of the 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 of 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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).

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 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 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 – used to account for fixed assets required in general operations.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

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

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

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

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

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

Cash and Investments - New Jersey municipal units are required by N.J.S.A. 40A:5-14, to deposit public funds in a bank or trust company having its place of business in the State of New Jersey, and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the City requires it to deposit funds in public depositories protected from loss under the provisions of the Government Unit Depository Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A.17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

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

Also see Note 2 - Cash and Cash Equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The City 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.

2. CASH AND CASH EQUIVALENTS

A. Deposits

All cash and cash equivalents on deposit as of the years ended June 30, 2010 and 2009 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:

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, 2010 are held in foreign currency.

2. CASH AND CASH EQUIVALENTS (Continued)

A. Deposits (Continued)

As of June 30, 2010 and 2009, none of the City's deposits of $36,695,787 and $47,779,485 were exposed to either custodial credit risk or foreign currency risk.

At June 30, 2010 and 2009, the City's deposits are summarized as follows:

	2010	2009
Insured- FDIC	$ 1,313,070	$ 1,500,000
Insured - GUDPA	31,507,812	45,114,229
NJ Cash Management	3,874,905	1,165,256
	$36,695,787	$47,779,485

B. Investments

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

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

2. CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

- Agreements for the repurchase of fully collateralized securities if (a) the underlying securities are permitted investments pursuant to the fist and third bullets on the preceding page, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

Foreign Currency Risk - Investments are also exposed to the same foreign currency risk as deposits as mentioned in Note 2A. It is the risk that changes in exchange rates will adversely affect investments. The City did not have any investments denominated in foreign currency as of June 30, 2010 and 2009.

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.

2. CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

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, 2010 and 2009, the City had a balance of $3,874,905 and $1,165,256 respectively, in the New Jersey Cash Management Fund.

3. PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

A. Property Taxes Receivable

Delinquent Taxes and Tax Title Liens - As mentioned in Note 1, taxes receivable and tax title liens are realized as revenue when collected. Uncollected receivables are fully reserved, so no provision is made for the uncollectible portions of these taxes. For the years ended June 30, 2010 and 2009, property taxes receivable were $4,790,258 and $16,909, respectively and tax title liens receivable were $1,850,564 and 1,559,429, respectively.

Property Acquired by Tax Title Lien Liquidation – The City held its annual accelerated tax sale on June 9, 2010. Due to late mailing of May, 2010 quarterly tax bills, all properties with delinquent taxes at March 31, 2010 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, 2010 and 2009 were $5,107,360 and $9,673,260, respectively.

Prepaid Taxes - Taxes collected in advance are recorded as cash liabilities in the financial statements and were $75,647 and $103,611 for the years ended June 30, 2010 and 2009, 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 $1,787,469 and $1,977,034 for the years ended June 30, 2010 and 2009, respectively.

3. PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR (Continued)

A. Property Taxes Receivable (Continued)

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the City's annual budget protects the City from taxes not paid currently and, as mentioned in Note 1, is the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year. It is a budget appropriation and is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. For the years ended June 30, 2010 and 2009, the budgeted reserve for uncollected taxes was $3,127,541 and $2,938,778, respectively.

B. Property Tax Calendar

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

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

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

4. LONG-TERM DEBT (Continued)

A. 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, 2010:

	June 30, 2009	Authorized	Issued	Paid	June 30, 2010
Issued:					
Serial Bonds	$ 49,156,968		$ -	$ (3,845,542)	$ 45,311,426
Bond Anticipation Notes	-	-	9,665,000		9,665,000
Loans Payable:					
Green Acres Trust	629,601	-	100,276	(87,911)	641,966
Economic Development Agency	2,897,836			(569,563)	2,328,273
Demolition Loan Payable	354,750	-		(88,250)	266,500
Environmental Infrastructure Loan	20,982,238		2,088,000	(978,934)	22,091,304
Authorized But Not Issued	16,115,653	6,755,000	(11,853,276)		11,017,377
Total	$ 90,137,046	$ 6,755,000	$ -	$ (5,570,200)	$ 91,321,846

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, 2010 is as follows:

4. LONG-TERM DEBT (Continued)

A. Summary of Municipal Debt (Continued)

Bond Principal and Interest Repayment Schedule as of June 30, 2010

Year Ended June 30,	Principal	Interest	Total
2011	6,487,811	1,154,675	7,642,486
2012	6,606,089	1,159,127	7,765,216
2013	6,702,753	1,167,550	7,870,303
2014	5,882,151	1,148,659	7,030,810
2015	5,917,145	1,175,665	7,092,810
2016-2020	13,570,477	3,012,151	16,582,628
2021	145,000	8,192	153,192
	$45,311,426	$ 8,826,019	$54,137,445

General Serial Bonds Payable

The City has outstanding at June 30, 2010 various general serial bond debt issues. The table below is a summary of the activity for such debt during the year ended June 30, 2010 and the short term liability for each issue:

Summary of General Serial Bonds Activity

Description	Balance June 30, 2009	Increase	Decrease	Balance June 30, 2010	Due by June 30, 2011
General Improvement Bonds Issued 06/01/05	$ 17,100,000	$ -	$2,775,000	$ 14,325,000	$ 2,800,000
General Improvement Bonds Issued 06/15/09	23,294,000	-		23,294,000	2,624,000
	$ 40,394,000	$ -	$2,775,000	$ 37,619,000	$ 5,424,000

4. LONG-TERM DEBT (Continued)

A. Summary of Municipal Debt (Continued)

Pension Refunding Bonds Payable

The City has outstanding June 30, 2010 a pension refunding bond debt issues. The following table is a summary of the activity for such debt during the year ended June 30, 2010 and the short term liability for the issue:

Summary of Pension Refunding Bond Activity

Description	Balance June 30, 2009	Increase	Decrease	Balance June 30, 2010	Due by June 30, 2011
Pension Obligation Refunding Bonds Issued 04/03/03	$ 8,762,968	$ -	$ 1,070,542	$ 7,692,426	$ 1,063,811
	$ 8,762,968	$ -	$ 1,070,542	$ 7,692,426	$ 1,063,811

B. Summary of Statutory Debt Condition – Annual Debt Statement

The summary statement of debt condition at June 30, 2010, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .93%. The Equalization Valuation Basis of the City at June 30, 2010 is $8,724,540,785.

	Gross Debt	Deductions	Net Debt
Local School District	$ 2,328,273	$ 2,328,273	$ -
General Debt	88,993,572	7,692,426	81,301,146
	$ 91,321,845	$ 10,020,699	$ 81,301,146

Net Debt, $81,301,146 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $8,724,540,785 equals .93%.

THE CITY OF PATERSON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

4. LONG-TERM DEBT (Continued)

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

3-1/2% of Equalized Valuation Basis	$ 305,358,927
Net Debt	81,301,146
Excess Borrowing Power	$ 224,057,781

D. Loans Payable

State Loans - Demolition of Unsafe Buildings

The City has loan agreements with the State of New Jersey Department of Community Affairs for the Demolition of Unsafe Buildings. The loans are non-interest bearing. The outstanding loan balances due to the State is $266,500.

Year Ended June 30,	Principal
2011	$ 88,250
2012	88,250
2013	45,000
2014	45,000
	$266,500

4. LONG-TERM DEBT (Continued)

D. Loans Payable

Green Acres Trust Loans

The City has outstanding New Jersey Green Acres Trust loans in the amount of $641,966. The annual debt service requirements for these loans are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	$ 76,156	$ 10,455	$ 86,611
2012	63,934	8,923	72,857
2013	51,330	7,777	59,107
2014	52,362	6,745	59,107
2015	53,414	5,693	59,107
2016	44,261	4,618	48,879
2017	34,821	3,832	38,653
2018	35,521	3,132	38,653
2019	36,234	2,419	38,653
2020	12,594	1,810	14,404
2021	12,848	1,557	14,405
2022	13,105	1,299	14,404
2023	13,369	1,036	14,405
2024	13,638	766	14,404
2025	13,912	493	14,405
2026	14,191	213	14,404
	541,690	60,768	602,458
*	100,276		100,276
	$ 641,966	$ 60,768	$ 702,734

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

4. LONG-TERM DEBT (Continued)

D. Loans Payable (Continued)

Environmental Infrastructure Trust Loan

The City has various loans with the State of New Jersey Department of Environmental Protection in the amount of $22,091,304. The annual debt service requirements for these loans are as follows:

Year Ended June 30,	Non Interest Bearing Loan Principal	Interest Bearing Loan Principal	Interest Bearing Loan Interest	Total
2011	902,309	344,983	283,679	1,530,971
2012	882,166	349,983	272,525	1,504,674
2013	877,413	359,983	259,126	1,496,522
2014	889,913	379,983	244,876	1,514,772
2015	882,862	389,983	230,077	1,502,922
2016	885,709	404,983	215,675	1,506,367
2017	888,985	419,983	201,401	1,510,369
2018	872,575	434,983	186,226	1,493,784
2019	881,313	449,983	169,919	1,501,215
2020	887,004	469,983	152,051	1,509,038
2021	880,867	489,983	132,463	1,503,313
2022	873,935	509,983	112,363	1,496,281
2023	892,001	534,983	88,378	1,515,362
2024	872,343	549,983	69,280	1,491,606
2025	620,093	399,983	50,910	1,070,986
2026	493,755	354,983	37,489	886,227
2027	356,611	284,984	26,637	668,232
2028	350,614	294,983	16,950	662,547
2029	356,158	119,983	7,600	363,758
	$ 14,546,626	$ 7,544,678	$ 2,757,625	$ 24,728,946

4. LONG-TERM DEBT (Continued)

D. Loans Payable (Continued)

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%. Total principal payments of $569,023 and interest payments of $96,506 were made for the year ended June 30, 2010. The annual debt service requirements for this loan are as follows:

Year Ended	Type I School		
June 30,	Principal	Interest	Total
2011	$ 560,237	$ 76,359	$ 636,596
2012	574,135	55,494	629,629
2013	589,096	33,866	622,962
2014	604,805	11,427	616,232
	$2,328,273	$177,146	$ 2,505,419

E. 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, 2010, the City had the following bond anticipation notes outstanding:

4. LONG-TERM DEBT (Continued)

E. Notes Payable (Continued)

Description	Date of Maturity	Interest Rate %	Balance June 30, 2009	Increase	Balance June 30, 2010
Various Park Improvements	06/16/11	1.50%	$ -	$ 900,000	$ 900,000
Construction of Firehouse	06/16/11	1.50%	-	2,010,000	2,010,000
Resurfacing of Various Streets	06/16/11	1.50%	-	2,000,000	2,000,000
Reconstruction of Sewers	06/16/11	1.50%	-	2,665,000	2,665,000
Various Capital Improvements	06/16/11	1.50%	-	2,090,000	2,090,000
			$ -	$ 9,665,000	$ 9,665,000

F. Settlement Payable – New Jersey Department of Environmental Protection

In January 2004, the Statement of New Jersey, Department of Environmental Protection received a judgment aginst 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 Dischsrge 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 toal of $419,169.

The payment are made by ten annual installments of $41,917, commencing November 1, 2004.

5. FIXED ASSETS

The City had the following balance and activity in general fixed assets for and as of the year ended June 30, 2010:

5. FIXED ASSETS (Continued)

	Balance, June 30, 2009	Activity During th Current Year Acquisitions	Dispositions	Balance, June 30, 2010
Land	$ 3,136,527			$ 3,136,527
Building	37,657,878			37,657,878
Machinery and Equipment	33,174,828	1,396,741	(13,082,678)	21,488,891
	$ 73,969,233	$ 1,396,741	$ (13,082,678)	$ 62,283,296

In accordance with accounting practices prescribed by the Division, and as further detailed in Note 1, no depreciation has been provided and fixed assets acquired through grants or contributed capital have not been accounted for separately.

The City reviewed its fixed asset inventory as of June 30, 2010. This resulted in the deletion of fixed assets from its listing which had been disposed of in prior years.

6. 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), the Police and Firemen's Retirement System of New Jersey (PFRS) and the Consolidated Police and Firemen's Pension Fund (CPFPF). These systems are sponsored and administered by the State of New Jersey.

A. State-Managed Pension Plans

The Consolidated Police and Fireman's Pension Fund (CPFPF) is a single employer contributory defined benefit plan which was established on January 1, 1952, under the provisions of N.J.S.A. 43:16 to provide retirement, death and disability benefits to county and municipal police and fireman who were appointed prior to July 1, 1994. The fund is a closed system with no active members.

The Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) are cost sharing multiple-employer contributory defined benefit plans, administered by the Division of Pensions in the Department of the Treasury, State of New Jersey.

6. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

A. State-Managed Pension Plans (Continued)

The PERS was established in January, 1955, under the 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 and 25 years for post-retirement health care coverage. Employees who retire at or after age 55 are entitled to a retirement benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service.

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 firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after ten years of membership.

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. In the CPFPF, the cost of living increases are payable from the State of New Jersey Pension Adjustment Fund, which is funded by the State as benefit allowances become payable. 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.

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

The State of New Jersey issued publicly available financial reports that include the financial statements and required supplementary information of each system. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

6. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

A. State-Managed Pension Plans (Continued)

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:

	Employer Contribution Percentage at June 30,		
System	2010	2009	2008
PERS	5.50%	5.50%	5.00%
PFRS	8.50%	8.50%	8.50%

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

	Employer Contribution at June 30,				
	2010	2009			2008
System	Total Pension Billing	Paid or Charged	Deferred Contribution	Total Pension Billing	Total Pension Billing
PERS	$ 8,868,493	$ 3,385,604	$ 3,128,332	$ 6,513,936	$ 6,885,774
PFRS	5,692,063	2,679,159	2,475,570	5,154,729	4,922,840
	$ 14,560,556	$ 6,064,763	$ 5,603,902	$ 11,668,665	$ 11,808,614

Legislation, known as Chapter 19 of the Public Laws 2009 (P.L. 2009, c 19) was enacted and effective March 17, 2009 allowing for an adjustment in the contributions that local employers, such as the City, must make to the PERS and PERS 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 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. The table above shows the amount of deferral, as well as the amount that was paid or charged to the City's budgeted appropriations for the year ended June 30, 2009. The combination of the deferral and the amount paid or charged is the City's total pension billing for the year ended June 30, 2009.

6. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

A. State-Managed Pension Plans (Continued)

Under the terms of the pension deferral allowed under P.L. 2009, c. 19, is obligated to commence repayment of the entire deferral, in 15 equal, annual installments, commencing with the year ended June 30, 2012, The total amount of the deferred pension contribution liability as of June 30, 2010 and 2009 was $-0- and $5,603,902, respectively.

B. Defined Contribution Retirement Program

The Defined Contribution Retirement Program, herein referred to as 'DCRP', was established July 1, 2007, under the provisions of Chapters 92 and 103, P.L. 2007. Individuals eligible for membership in the DCRP include local officials who are elected or appointed on or after July 1, 2007; and employees enrolled in the PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits.

A local elected official is any individual who holds elected public office. Officials elected on or after July 1, 2007 will only be enrolled in DCRP. Elected officials already enrolled in PERS prior to July 1, 2007 based on elected office will remain a PERS member while serving that same elected office. Any break in service or election to a different elected office will automatically enroll the elected official in DCRP. If a retired member of another State-administered retirement system is elected to office, that elected official can choose to either continue receiving retirement benefits from the former employment or suspend such benefits and participate in DCRP.

A local appointed official is any individual appointed by the governor, including those requiring advice and consent of the Senate, or an individual appointed in a similar manner by the governing body of a local public entity. On or after July 1, 2007, a newly appointed official who does not have an existing PERS account will only be enrolled in the DCRP. Appointed officials already enrolled in PERS prior to July 1, 2007 will remain a PERS member while serving that same appointed office.

An appointed official is permitted to join or remain in PERS if that appointed official holds a professional license or certificate to perform and is serving in any of the following capacities: Certified Health Officer, Tax Collector, Chief Financial Officer, Construction Code Official, Qualified Purchasing Agent, Tax Assessor, Municipal Planner, Registered Municipal Clerk, Licensed Uniform Subcode Inspector Principal/Certified Public Works Manager.

6. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

B. Defined Contribution Retirement Program (Continued)

Additional minimum DCRP eligibility criteria for a newly elected or appointed official are the same as for a PERS position. However, in the case of DCRP, eligible officials can irrevocable waiver their participation when earning less than $5,000 annually.

Eligible PERS members are enrolled in the DCRP when annual salary exceeds the maximum compensation limit. This may occur upon enrollment into the PERS when an annual base salary is reported on the enrollment application that will exceed the maximum compensation; or when a PERS member's annual salary is increased to where it will exceed the maximum compensation and it is reported by the employer to the Division of Pensions and benefits.

Enrolled members contribute 5.5% of the base salary to a tax-deferred investment account established with Prudential Financial, which administers the DCRP for the Division of Pensions and Benefits. Members enrolled due to income levels in excess of maximum compensation limits only contribute based on that amount in excess. Member contributions are matched by a 3% employer contribution.

Newly eligible and enrolled members that have existing DCRP accounts or are active or vested members of another State-administered retirement system are immediately vested in DCRP. Conversely, those officials not qualifying for immediate vesting in DCRP will 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.

DCRP members may elect to receive all or a portion of the account in a lump-sum distribution, or as a fixed term or life annuity. There is no minimum retirement age under the DCRP. Any distributions of mandatory contributions will automatically render the member retired. Lump-sum cash distributions to members under the age of 55 are limited to the member's contributions and earnings. Employer matching contributions and earnings are only available after the age of 55. A member may begin collecting an annuity or take cash distribution at any time after termination of employment, but will no longer be eligible to participate in any State-administered retirement system upon a return to public employment in New Jersey.

DCRP members are covered by employer-paid life insurance, payable to their designated beneficiaries, in the amount of 1½ times the annual base salary on which DCRP contributions were based. This benefit continues for up to two years if on an approved leave of absence without pay for personal illness.

6. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (Continued)

B. Defined Contribution Retirement Program (Continued)

Life insurance may also be available to members upon retirement at an amount reduced to 3/16 of the annual base salary on which DCRP contributions were based who qualify by being 60 or older with 10 years of participation in DCRP or any age with 25 years of participation. In the case of members enrolled due to income levels in excess of maximum compensation limits, years of participation in either scenario would also include participation in PERS.

DCRP members are eligible 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.

7. DEFERRED COMPENSATION PLAN (Unaudited)

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.

The following is the activity in the Plan for the year ended June 30, 2010:

7. DEFERRED COMPENSATION PLAN (Unaudited) (Continued)

	Additions to Plan	Deductions from Plan	Plan Value
Value of Plan Assets at June 30, 2009			$ 2,794,724
Employee Contributions/(Distributions)	772,748	-	772,748
Gain on Value of Plan Assets	980,406	-	980,406
Value of Plan Assets at June 30, 2010	$ 1,753,154	$ -	$ 4,547,878

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 June 30, 2010. The Deferred Compensation Plan's assets and liabilities are not presented on the financial statements.

8. 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.

8. 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 year ended June 30, 2010 and June 30, 2009, amounted to $10,070,659 and $10,478,220, respectively. The number of employees eligible to receive benefits as of June 30, 2010 and June 30, 2009 were 783 and 779, 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, 2009, 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, 2009.

8. POST RETIREMENT BENEFITS (Continued)

The following table utilizes the actuarially determined contribution for the year ended June 30, 2009 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

8. 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.

9. FUND BALANCE APPROPRIATED

The following schedule details the amounts of fund balances available at the end of each year and the amounts utilized in the subsequent years' budgets.

June 30,	Balance at Year End	Utilized in Budget Budget of Succeeding Year
2010	$ 227,201	$ - *
2009	6,725,567	6,498,366
2008	7,148,210	5,498,365
2007	5,677,374	4,306,559
2006	4,138,747	2,768,000

* On September 27, 2010 the City introduced its budget for fiscal year ended June 30, 2011. That introduced budget utilized $-0- of fund balance as revenue. However as of the date of this report, the budget has not been adopted and is subject to change.

10. 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.).

10. RISK MANAGEMENT (Continued)

Insurance Coverage (Continued)

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.

The Reserve for Insurance Liability at June 30, 2010 and June 30, 2009 was $1,169,295 and $1,166,238, respectively. The City accounts for insurance claims and costs on a pay-as-you-go basis. Expenditures during the year ended June 30, 2010 and June 30, 2009, amounted to $2,784,318 and $2,491,386, 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.

11. 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 2010, 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.

11. CONTINGENT LIABILITIES (Continued)

Grant Programs (Continued)

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 - There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for years through 2010. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The City has made provisions from tax revenues, in the amount of $3,126,157 for these appeals in the event that the tax reductions are granted.

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.

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

11. CONTINGENT LIABILITIES (Continued)

Litigation (Continued)

Plantiff	Potential Liability From	Potential Liability To	Status	Description
Bailey	$ 100,000	$ 150,000	Awaiting Trial Date	Motor vehicle accident
Reid	85,000	100,000	Discovery Phase of Litigation	Injuries to his neck, shoulder, arm, hand and finger
Mayoral	150,000	unknown	Discovery Phase of Litigation	Injuries to knees, neck, spine and has overlapping neurologic and psychiatric issues
Belfield	unknown	unknown	No Discovery or Scheduling	Excessive force by a police officer
Jackson	unknown	unknown	Administratively stayed pending plaintiff's criminal appeal in State court	Excessive force by a police officer
Bennett	unknown	unknown	Pending Settlement Approval	Excessive force by a police officer
Nieves	150,000	unknown	This case is currently being tried, and a request for authority to settle was made on September 21, 2009, however, authority was not extended.	Multiple injuries to her cervical and lumbar areas
Heffernan	$400,000	unknown	Pending New Court Ordered Trial	Violation of First Ammendment rights of Freeedom of Speech
Selby	unknown	unknown	Matter Settled but Plaintiff's Counsel is Challenging Finality of Agreement	Inactions of Paterson Fire Department and City created a discriminatory hostile work environment and sexual harrassment
Pappas	unknown	unknown	Pending in Federal Court	First Ammendment rights violation
Greco	unknown	unknown	Discovery Phase of Litigation	Violation of the Conscientious Employee Protection Act
Middlebrooks	$75,000	unknown	City will attempt to File a Motion for Summary Judgment	Excessive force
Mesrobian	50,000	unknown	Arbitration awarded $50,000 but Matter will go to Trial	Personal injury/automobile case
Frierson	50,000	unknown	Discovery Phase of Litigation	Personal injury/slip and fall case
Gethers	50,000	unknown	Discovery Phase of Litigation	Personal injury/slip and fall case
Hughes	50,000	unknown	Discovery Phase of Litigation	Personal injury/slip and fall case
Kinchen	50,000	unknown	Discovery Phase of Litigation	Personal injury/assault case
Love	50,000	unknown	Discovery Phase of Litigation	False arrest case
Lynch	50,000	unknown	Discovery Phase of Litigation	Personal injury/automobile case
Manning	50,000	unknown	Discovery Phase of Litigation	Personal injury/slip and fall case
Mateo	50,000	unknown	Discovery Phase of Litigation	False arrest case

11. CONTINGENT LIABILITIES (Continued)

Litigation (Continued)

	Potential Liability			
Plantiff	From	To	Status	Description
Hag	500,000	unknown	Discovery Phase of Litigation	Excessive force
Bacerra	100,000	unknown	Discovery Phase of Litigation	Death of an infant due to lack of response by the Paterson Emergency Response System
Occidental	50,000	unknown	Discovery Phase of Litigation	Illegal dumping
Bryant	50,000	unknown	Discovery Phase of Litigation	Automobile case involving a minor
Carter	50,000	unknown	Discovery Phase of Litigation	Sexual Assault by a police officer
Capozzi	50,000	unknown	Discovery Phase of Litigation	Personal injury/slip and fall case
McGorty	50,000	unknown	Discovery Phase of Litigation	Employment case
Medina	50,000	unknown	Discovery Phase of Litigation	Personal injury/automobile case
Mullings	50,000	unknown	Discovery Phase of Litigation	Assault/shooting by a police officer
NJDEP	50,000	unknown	Discovery Phase of Litigation	Environmental Case
DeLuccia	250,000	unknown	Discovery Phase of Litigation	False arrest case
Roberts	50,000	unknown	Discovery Phase of Litigation	Personal injury/slip and fall case
Sanchez	50,000	unknown	Discovery Phase of Litigation	Personal injury/slip and fall case
Warwas	50,000	unknown	Discovery Phase of Litigation	Employment Case
White	50,000	unknown	Discovery Phase of Litigation	Personal injury/slip and fall case

12. 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, 2010 and 2009 the total accumulated absence liability was $12,756,523 and $12,384,162, respectively. No funds are reserved for accumulated absences.

13. 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 6% of the City's total tax billing for the year ended June 30, 2010:

13. ECONOMIC DEPENDENCY (Continued)

Top 10 Taxpayers

Name	Type of Business	2010 Assessed Valuation
297 Paterson, LLC	Industrial Warehousing	$ 24,093,700
Beckwith Paterson Joint Venture	Industrial Warehousing	21,974,500
Rt 20 Retail Center, LLC	Commercial	21,449,000
Paterson Plaza LLC	Office	20,357,400
Okonite Company, Inc.	Cable Communication	18,403,700
Great Falls Realty Associates, LLC	Housing	16,500,000
HDI Realty, LLC	Housing	16,255,200
Riverview Towers, LLC	Housing	15,742,900
Park East Terrace	Housing	14,998,200
The Realty Associates Fund, LLC	Industrial Warehousing	14,187,100

14. 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.

14. DEFICIENCY AND GUARANTEE AGREEMENTS (Continued)

Paterson Municipal Utilities Authority (Continued)

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

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

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

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

15. 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.

15. REGIONAL CONTRIBUTION AGREEMENTS (Continued)

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. As of June 30, 2010 and June 30, 2009, the City's cumulative expenditures were $6,999,481 and $6,994,841, respectively.

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. As of June 30, 2010 and June 30, 2009, the City's cumulative expenditures were $216,000 and $144,000, respectively.

The City also entered into a Regional Contribution Agreement with the Borough of Hawthorne on September 14, 2005, where the City will acquire and rehabilitate 23 scattered sites within the City of Paterson. The rehabilitated units will be sold or rented by low or moderate income households. The City received $575,000 for the year ended June 30, 2007. There was no activity for the year ended June 30, 2010 and June 30, 2009.

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 8, 2011. The following material subsequent events were noted:

On December 10, 2010, the City received notification from the State of New Jersey, Department of Environmental Protection that it was to receive $1,049,000 in American Resource Recovery Administrative funds to forgive the principal amount due on the Environmental Infrastructure Trust Fund Loan. This resulted in a reduction of the debt from $1,573,000 to $524,000.

The US Department of Housing and Urban Development (HUD) notified the City of a deadline of August 31, 2010 for committing and reserving funds for the HOME program for the year ended June 30, 2008. The HOME Program statute provides that HOME funds are available to participating jurisdictions for commitment to affordable housing for a period of 24 months after the last day in which HUD notifies the participating jurisdiction of HUD's execution of the HOME Investment Partnership Agreement. Since the City failed to commit these funds by August 31, 2010, the commitment shortfall of $777,086 will be recaptured by reducing the City's Line of Credit for the HOME Program. This provision is implemented by regulation at 24 CFR 92.500(d).

16. SUBSEQUENT EVENTS (Continued)

For the year ended June 30, 2011, the State of New Jersey reduced State Aid by $3,988,000. This is a 14.77% decrease from the amount of State Aid received for the year ended June 30, 2010. This also resulted in a preliminary increase in the municipal taxes of 29% for the year ended June 30, 2011.

The City held a tax sale on October 28, 2010. This was due to the late mailing of the quarter ended May 2010 tax bills. All properties with delinquent taxes at June 30, 2010 were subject to tax sale, with the exception of any property where the owner is bankrupt or there is a court order,

On February 3, 2011, the City passed an bond ordinance authorizing a special emergency appropriation of $4,030,000 to fund a portion of the accrued sick, vacation and related expenses arising from the unexpected retirement of certain City employees. This will be funded with notes to be paid over a 5 year period.

On March 23, 2011, the City issued $4,830,000 in general obligation refunding bonds, $3,230,000 general improvement refunding bonds and $1,600,000 pension refunding bonds for the refunding of all or a portion of the City's 2011 debt service.

The City has experienced a significant increase in the number and amount of tax appeals filed by owners of various properties with respect to property taxes levied by the City. On February 3, 2011 the City authorized an emergency temporary appropriation in the amount of $3,250,000 to fund a portion of the amounts owed by the City to the owners of various properties. This will be funded with notes to be paid over a 5 year period.

On March 23, 2011, the City passed a bond ordinance authorizing $2,857,000 for the reconstruction of various sewers.

SUPPLEMENTARY DATA – CURRENT FUND

EXHIBIT A-4

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

	Ref.	Current Fund		Federal and State Grant Fund	
Balance, June 30, 2009	A		$ 19,403,975		$ 2,038,518
Increased by Receipts:					
Miscellaneous Revenue Not Anticipated	A-2b	$ 799,182			
Collector	A-5	206,201,892			
Interfund	A-12	130,000			
Revenue Accounts Receivable	A-13	73,493,274			
State Aid	A-14	11,145,500			
Sale of City Owned Property	A-17	3,510,530			
Reserve for:					
State Library Aid	A-26	280,500			
ABC License Surcharges	A-27	27,600			
Library Fines and Donations	A-28	55,715			
Insurance Liability	A-29	4,039			
Federal and State Grants Receivable	A-35	-		22,016,874	
Due to Current Fund	A-37	-		20,382,813	
Reserve for Unappropriated Federal and State Grants	A-38	-		27,244	
			295,648,232		42,426,931
			315,052,207		44,465,449

EXHIBIT A-4

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

	Ref.	Current Fund		Federal and State Grant Fund	
Decreased by Disbursements:					
Refund of Prior Year Revenue	A-1	$ 42,015		$ -	
Unallocated Receipts Taxes and Sewer	A-1	330,795			
2010 Budget Appropriations	A-3	208,114,826			
Interfund	A-12	1,493,570			
Appropriation Reserves	A-15	6,507,087			
Requisitions Payable and Accounts Payable	A-25	158,773			
Refund of Tax Overpayments	A-18	2,018,106			
Property Tax Suspense	A-24	3,994,214			
Reserve for Library State Aid	A-26	342,927			
Reserve for State Tax Appeals	A-30	60,278			
Reserve for Preparation of Tax Map	A-31	14,796			
Local District School Tax	A-33	39,321,785			
County Taxes	A-34	46,192,225			
Court Ordered Municipal Wide Revaluation	A-32	73,152			
Due to Current Fund	A-37	-		20,382,813	
Reserve for Federal and State Grants Appropriated	A-39	-		23,886,688	
			308,664,549		44,269,501
Balance, June 30, 2010	A		$ 6,387,658		$ 195,948

EXHIBIT A-5

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF CURRENT CASH - COLLECTOR

	Ref.		
Increased by:			
Taxes Receivable	A-6	$ 183,473,032	
Tax Title Liens	A-7	189,782	
Sewer Liens	A-8	24,835	
Demolition Liens Receivable	A-9	77,275	
Sewer User Charges	A-11	6,737,046	
Delinquent Sewer Charges	A-11	413,027	
Revenue Accounts Receivable	A-13	10,113,180	
Tax Overpayments	A-18	644,715	
Prepaid Sewer Charges	A-19	653	
Senior Citizens and Veterans	A-20	381,480	
Sewer Overpayments	A-21	50,036	
Prepaid Taxes	A-23	75,647	
Property Suspense	A-24	4,021,184	
			$ 206,201,892
Decreased by:			
Turnover to Treasurer	A-4		206,201,892
Balance, June 30, 2010			$ -

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE

Year	Balance June 30, 2009	Added Taxes	2010 Tax Levy	Collections 2009	Collections 2010	Senior Citizens Deductions	Cancellations	Transferred	Balance June 30, 2010
Prior	$ 1,201		$ -	$ -	$ -	$ -	$ (10)	$ -	$ 1,191
2004	5	1,812		-	(1,812)	-	-	-	5
2005	50	8,534		-	(5,446)	-	(3,088)	-	50
2006	-	6,166		-	(3,632)	-	(2,534)	-	-
2007	-	1,148		-	-	-	(383)	(765)	-
2008	89	37,766		-	(22,670)	-	(12,545)	(2,105)	535
2009	15,564	233,028		-	(127,933)	(6,125)	(111,917)	(2,617)	-
	16,909	288,454		-	(161,493)	(6,125)	(130,477)	(5,487)	1,781
2010			190,946,704	(103,611)	(183,311,539)	(367,625)	(1,946,002)	(429,450)	4,788,477
	$ 16,909	$ 288,454	$ 190,946,704	$ (103,611)	$ (183,473,032)	$ (373,750)	$ (2,076,479)	$ (434,937)	$ 4,790,258
Ref.	A	Reserve	Below	A-23	A-2a, A-5	A-20, A-2a	Reserve	A-7	A

ANALYSIS OF 2010 PROPERTY TAX LEVY

	Ref.		
Tax Yield			
General Purpose Tax			$ 190,616,360
Added and Omitted Taxes			330,344
			190,946,704
County Tax	A-34	$ 45,180,142	
County Open Space Taxes	A-34	82,200	
Due to County for Added Taxes	A-34	929,883	
			46,192,225
Local Tax for Municipal Purpose:			
Local School District Taxes	A-33	39,321,785	
Additional Tax Levied		1,316,572	
Local Tax for Municipal Purpose	A-2	104,116,122	
			144,754,479
	Above		$ 190,946,704

EXHIBIT A-7

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance, June 30, 2009	A		$ 1,559,429
Increased by:			
Transferred from Taxes Receivable	A-6	$ 434,937	
Interest and Cost of Tax Sale	Reserve	4,338	
Added Tax Title Liens	Reserve	44,740	
			484,015
			2,043,444
Decreased by:			
Collected	A-2a, A-5	189,782	
Cancellations	Reserve	3,098	
			192,880
Balance, June 30, 2010	A		$ 1,850,564

EXHIBIT A-8

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF SEWER LIENS RECEIVABLE

	Ref.		
Balance, June 30, 2009	A		$ 265,338
Increased by:			
Transferred from Sewer Charges Receivable	A-11		84,422
			349,760
Decreased by:			
Collected	A-2a, A-5	24,835	
Cancellations	Reserve	20,780	
			45,615
Balance, June 30, 2010	A		$ 304,145

EXHIBIT A-9

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF DEMOLITION LIENS RECEIVABLE

	Ref.	
Balance, June 30, 2009	A	$ 430,064
Increased by:		
Added Demolition Liens	Reserve	245,785
		675,849
Decreased by:		
Cash Receipts - CDBG Program Income	A-5, A-12	77,275
Balance, June 30, 2010	A	$ 598,574

EXHIBIT A-10

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATIONS

	Ref.	
Balance, June 30, 2009	A	$ 9,673,260
Decreased by:		
Adjustment to Assessed Valuation	Reserve	4,565,900
Balance, June 30, 2010	A	$ 5,107,360

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF SEWER CHARGES RECEIVABLE

	Ref.		
Balance, June 30, 2009	A		$ 370,972
Increased by:			
2010 Sewer Utility Charges - Net	Reserve		7,262,696
			7,633,668
Decreased by:			
Sewer Utility Collector:			
Current Year	A-2, A-5	$ 6,737,046	
Prior Year	A-2, A-5	413,027	
Prepaids Applied	A-2, A-19	1,359	
Transfer to Sewer Utility Liens	A-8	84,422	
			7,235,854
Balance, June 30, 2010	A		$ 397,814

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF INTERFUNDS RECEIVABLE

	Ref.	Total	Federal and State Grant	Trust Fund Other	Trust Fund Dedicated Revenue	General Capital Fund
Balance, June 30, 2009	A	$ -	$ -	$ -	$ -	$ -
Increased by:						
Current Year Cash Advances	A-4	1,493,570	-	77,275	1,169,295	247,000
Anticipated Revenue	A-2	20,665,813	20,382,813	130,000	-	153,000
		22,159,383	20,382,813	207,275	1,169,295	400,000
Decreased by:						
2010 Budget Appropriations:						
Capital Improvement Fund	A-3	400,000	-	-	-	400,000
Grants	A-3	20,382,813	20,382,813	-	-	-
Cash Received	A-4	130,000		130,000	-	-
Demolition Liens	A-9	77,275	-	77,275	-	-
Other Trust	A-29	1,169,295	-	-	1,169,295	-
		22,159,383	20,382,813	207,275	1,169,295	400,000
Balance, June 30, 2010	A	$ -	$ -	$ -	$ -	$ -

EXHIBIT A-13

THE CITY OF PATERSON
CURRENT FUND
June 30, 2010

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Accrued in 2010	Collections Collector	Collections Treasurer
Licenses:				
Alcoholic Beverages	A-2	$ 171,482	$ 171,482	$ -
Other	A-2	119,608	119,608	-
Fines and Costs:				
Municipal Court	A-2	5,380,230	-	5,380,230
Interest and Costs on Taxes	A-2	1,234,037	1,234,037	-
Interest on Investments and Deposits	A-2	127,673	-	127,673
Interest on Delinquent Sewer Charges	A-2	172,173	172,173	-
Department of Public Works	A-2	210,108	210,108	-
Division of Health	A-2	698,708	698,708	-
City-Wide Recycling Revenues	A-2	356,025	-	356,025
Board of Adjustments	A-2	157,497	157,497	-
Sale of Copies of Public Records	A-2	104,157	104,157	-
Ambulance Fees	A-2	2,586,421	2,586,421	-
Municipal Towing Contract Fees	A-2	167,316	-	167,316
Fire Department Combustible Inspection Revenue	A-2	383,219	383,219	-
Livery and Taxi License Fees	A-2	56,473	56,473	-
Garden State Trust	A-2	9,132	-	9,132
Consolidated Municipal Property Tax Relief	A-2	28,455,898	-	28,455,898
Additional State Aid	A-2	27,000,000	-	27,000,000
Energy Receipts Tax	A-2	9,838,378	-	9,838,378
Supplemental Energy Receipts Tax	A-2	262,651	-	262,651
Building Aid Allowance for Schools	A-2	127,269	127,269	-
Watershed Moratorium Offset Aid	A-2	329		329
Construction Code Fees	A-2	465,122	465,122	-
Other Permits	A-2	397,406	397,406	-
Life Hazard Use Fees -2009	A-2	2,933	-	2,933
Life Hazard Use Fees - 2010	A-2	266,608	-	266,608
P.I.L.O.T.S.:				
Aspen Hamilton - Current Year	A-2	80,837	80,837	-
Aspen Hamilton - Audit Adjustment	A-2	3,501	3,501	-
Colt Arms	A-2	198,849	198,849	-
Federation Apartments	A-2	147,606	147,606	-
Governor Paterson Towers	A-2	493,051	493,051	-
504 Madison Avenue	A-2	141,840	141,840	-
INCCA for Housing - Carroll Street	A-2	159,971	159,971	-
INCCA for Housing - North Triangle	A-2	159,145	159,145	-
Jackson Slater	A-2	182,653	182,653	-
Cooke Building Associates	A-2	16,383	16,383	-
Brook Sloate	A-2	146,274	146,274	-
NJ Community Housing Corporation	A-2	51,501	51,501	-
Essex - Phoenix Mall	A-2	164,591	164,591	-
Rising Dove Senior Apartments	A-2	28,552	28,552	-

EXHIBIT A-13

THE CITY OF PATERSON
CURRENT FUND
June 30, 2010

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Accrued in 2010	Collections Collector	Collections Treasurer
Rising Dove Senior Apartments -Audit Adjustment 2008	A-2	$ 2,547	$ 2,547	$ -
Rosa Park - 400 Broadway	A-2	53,195	53,195	-
Garrett Heights	A-2	349,209	349,209	-
Paterson Housing Authority	A-2	57,390	57,390	-
Christopher Colombus Development	A-2	110,364	110,364	-
446 - 460 East 19th Street	A-2	13,186	13,186	-
446 - 460 East 19th Street - Audit Adjustment	A-2	1,190	1,190	-
200 Godwin Urban Renewal - Current Year	A-2	9,893	9,893	-
200 Godwin Urban Renewal - Prior Year	A-2	164,468	164,468	-
Belmont/McBride Apts. - Current Year	A-2	18,436	18,436	-
Belmont/McBride Apts. - Prior Year	A-2	1,195	1,195	-
Sheltering Arms	A-2	2,369	2,369	-
Hope 98 North Main Scattered Sites	A-2	23,205	23,205	-
Hope 98 Beach Street	A-2	32,521	32,521	-
Hope 98 Van Houten Street	A-2	13,745	13,745	-
Cable Community Third Party Rent	A-2	340,000	340,000	-
U.S. Cable of Paterson Franchise Fees	A-2	270,032	-	270,032
Sewer Rent - Third Party	A-2	61,833	61,833	-
Public School District 133 Ellison Lease	A-2	27,156	-	27,156
Private Host Benefit Fees -				
Current Year	A-2	167,081	-	167,081
Prior Year	A-2	25,564	-	25,564
Recycling Tire Fees	A-2	23,671	-	23,671
City of Paterson Parking Authority Cooperative				-
Agreement - 1/1 -6/30/10	A-2	203,000	-	203,000
City of Paterson Parking Authority Cooperative				
Agreement - 7/1 - 12/31/10	A-2	200,000	-	200,000
City of Paterson Parking Authority Surplus - Prior Year	A-2			-
Passaic County Community College Rent	A-2	10,000	-	10,000
Lease Laurence Street - Current Year	A-2	55,000	-	55,000
Verizon Franchise Fees	A-2	17,068	-	17,068
Motor Vehicle Agency Security Reimbursement	A-2	109,083	-	109,083
Insurance Reimbursements	A-2	148,418	-	148,418
Housing Authority Garage Reimbursement	A-2	95,000	-	95,000
Hydrant Maintenance PVWC Reimbursment	A-2	158,897	-	158,897
Additional Fire Inspection Fees	A-2	99,445	-	99,445
PVSC Rebate Incentive Program 2008	A-2	16,686	-	16,686
		$ 83,606,454	$ 10,113,180	$ 73,493,274
	Ref.	A-2	A-5	A-4

EXHIBIT A-14

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF DUE FROM THE STATE OF NEW JERSEY - STATE AID

	Ref.	
Balance, June 30, 2009	A	$ 11,145,500
Decreased By:		
Cash Receipts	A-4	11,145,500
Balance, June 30, 2010		$ -

EXHIBIT A-15

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF APPROPRIATION RESERVES

Appropriations	Balance, June 30, 2009 Encumbered	Balance, June 30, 2009 Unencumbered	Balance After Transfer	Paid or Charged	Balance Lapsed
Appropriations within "CAPS"					
GENERAL GOVERNMENT SERVICES					
Office of the Mayor:					
Salaries and Wages	$ -	$ 13,335	$ 13,335	$ 13,335	$ -
Other Expenses	447	242	689	545	144
City Council:					
Salaries and Wages	-	48,445	18,200	18,200	-
Other Expenses	15,891	9,958	60,849	52,799	8,050
Office of the City Clerk:					
Salaries and Wages	-	20,187	14,847	10,232	4,615
Other Expenses	13,039	18,895	29,934	25,222	4,712
Election:					
Salaries and Wages		680	273	273	-
Other Expenses	4,954	11,885	(6,161)	(11,984)	5,823
Insurance:					
Salaries and Wages		3,315	3,130	3,130	-
Other Expenses	564,671	7,926	1,242,669	1,242,669	-
Insurance Workmen Compensation	1,354	8,008	(10,638)	(11,063)	425
Insurance Liability	95,344	26,496	79,840	77,230	2,610
Auditing Services:					
Annual Audit		41,000	41,000	36,000	5,000
Other Audits	-	25,000	25,000	9,000	16,000
Special Events:					
Salaries and Wages		3,438	3,243	3,243	-
Other Expenses	25,966	194	26,160	26,159	1
Total General Government Services	721,666	239,004	1,542,370	1,494,990	47,380
DEPARTMENT OF ADMINISTRATION					
Office of the Business Administrator:					
Salaries and Wages		95,631	15,143	15,143	-
Other Expenses	4,973	5,029	16,490	15,481	1,009
Division of Personnel:					
Salaries and Wages		11,116	9,762	9,762	-
Other Expenses	18,691	18,449	25,140	21,375	3,765
Division of Purchasing:					
Salaries and Wages		8,701	7,824	7,824	-
Other Expenses	167	694	1,361	1,184	177
Division of Data Processing:					
Salaries and Wages		12,298	11,509	11,509	-
Other Expenses	11,292	28,158	21,450	16,411	5,039
Surveys and General:					
Other Expenses	9,296	85,298	54,937	18,073	36,864
Total Department of Administration	44,419	265,374	163,616	116,762	46,854
DEPARTMENT OF FINANCE					
Office of the Director:					
Salaries and Wages		9,610	8,650	8,650	-
Other Expenses	3,608	9,385	8,993	5,253	3,740
Division of Treasury:					
Salaries and Wages		19,807	18,522	18,522	-
Other Expenses	477	4,684	3,661	3,607	54
Division of Sewer Collection:					
Salaries and Wages		8,156	5,366	5,366	-
Other Expenses	302	9,470	772	-	772
Division of Assessments:					
Salaries and Wages		10,470	11,823	11,823	-
Other Expenses	179	10,938	4,117	1,811	2,306

EXHIBIT A-15

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF APPROPRIATION RESERVES

Appropriations	Balance, June 30, 2009 Encumbered	Balance, June 30, 2009 Unencumbered	Balance After Transfer	Paid or Charged	Balance Lapsed
DEPARTMENT OF FINANCE (Continued)					
Divison of Accounts and Control:					
Salaries and Wages	$ -	$ 4,293	$ 16,030	$ 16,030	$ -
Other Expenses	1,583	149	1,732	1,477	255
Division of Revenue Collection:					
Salaries and Wages	-	27,172	24,243	24,243	-
Other Expenses	12,070	44,401	46,471	33,429	13,042
Office of Internal Audit:					
Salaries and Wages	-	4,695	4,676	4,676	-
Other Expenses	303	1,250	553	-	553
Total Department of Finance	18,522	164,480	155,609	134,887	20,722
DEPARTMENT OF LAW					
Office of the Corporation Counsel:					
Salaries and Wages	-	42,199	35,954	35,954	-
Other Expenses	11,980	9,139	17,119	17,103	16
Total Department of Law	11,980	51,338	53,073	53,057	16
DEPARTMENT OF PUBLIC SAFETY					
Taxicab Division:					
Salaries and Wages	-	3,926	2,639	2,639	-
Other Expenses	382	1,883	765	420	345
Division of Fire:					
Salaries and Wages	-	3,025,338	2,962,338	2,962,338	-
Other Expenses	190,606	2,882	256,488	252,674	3,814
Division of Police:					
Salaries and Wages	-	174,580	99,799	38,542	61,257
Other Expenses	481,161	297,515	518,676	490,896	27,780
Total Department of Public Safety	672,149	3,506,124	3,840,705	3,747,509	93,196
DEPARTMENT OF PUBLIC WORKS					
Office of the Director:					
Salaries and Wages	-	16,119	15,675	15,675	-
Other Expenses	362	956	1,318	535	783
Division of Engineering:					
Salaries and Wages	-	7,598	8,473	8,473	-
Other Expenses	34,534	53,364	57,023	57,023	-
Divison of Traffic and Lighting:					
Salaries and Wages	-	11,570	13,766	13,766	-
Other Expenses	16,553	8,088	9,641	7,933	1,708
Division of Streets:					
Salaries and Wages	-	97,595	108,459	108,459	-
Other Expenses	1,992	4,601	16,593	13,652	2,941
Street Repair	-	51,840	-	(14,640)	14,640
Snow Removal:					
Other Expenses	3,744	5,007	20,751	20,305	446
Division of Auto Maintenance:					
Salaries and Wages	-	19,068	17,656	17,656	
Other Expenses	10,192	44	70,236	68,305	1,931
Parks and Shade Trees Section:					
Salaries and Wages	-	47,415	51,034	50,951	83
Other Expenses	48,921	5,628	59,549	59,508	41
Public Buildings Section:					
Salaries and Wages	-	44,421	45,882	45,382	500
Other Expenses	37,772	16,728	178,248	161,580	16,668

EXHIBIT A-15

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF APPROPRIATION RESERVES

Appropriations	Balance, June 30, 2009 Encumbered	Balance, June 30, 2009 Unencumbered	Balance After Transfer	Paid or Charged	Balance Lapsed
Division of Water and Sewers:					
Salaries and Wages	$ -	$ 15,187	$ 12,565	$ 12,565	$ -
Other Expenses	137,934	20,770	158,704	158,638	66
Sewer Repairs	-	19,375	-	-	-
Division of Recreation:					
Salaries and Wages	-	54,373	29,769	29,769	-
Other Expenses	47,249	4,178	59,427	58,955	472
Division of Recycling:					
Salaries and Wages	-	37,162	33,223	33,223	-
Other Expenses	4,144	8,132	12,276	7,012	5,264
Division of Cable Communicaitons:					
Salaries and Wages	-	5,182	4,451	4,451	-
Other Expenses	6,433	3,996	8,429	617	7,812
Total Department of Public Works	349,830	558,397	993,148	939,793	53,355
DEPARTMENT OF COMMUNITY DEVELOPMENT					
Division of Planning and Zoning:					
Salaries and Wages	-	12,146	12,491	12,491	-
Other Expenses	442	3,540	2,632	2,034	598
Division of Community Improvements:					
Salaries and Wages	-	34,879	35,637	35,637	-
Other Expenses	64,046	28,489	95,035	95,018	17
Total Department of Community Development	64,488	79,054	145,795	145,180	615
DEPARTMENT OF HUMAN RESOURCES					
Office of the Director:					
Salaries and Wages	-	8,913	8,793	8,793	-
Other Expenses	91	6,099	3,190	591	2,599
Office of Aging and Disabled Services:					
Salaries and Wages	-	2,038	1,607	1,607	-
Other Expenses	4,849	3,570	5,419	3,578	1,841
Social Services	98,773	9,097	107,870	87,847	20,023
Senior/Handicapped Transportation	35	9,900	9,935	-	9,935
Division of Consumer Protection:					
Salaries and Wages	-	7,928	5,707	5,707	-
Other Expenses	387	5,118	1,505	178	1,327
Division of Youth Services:					
Salaries and Wages	-	11,487	11,064	11,064	-
Other Expenses	1,192	2,404	2,596	865	1,731
Division of Health:					
Salaries and Wages	-	117,141	81,480	49,969	31,511
Other Expenses	193,171	4,107	193,278	170,598	22,680
Total Department of Human Resources	298,498	187,802	432,444	340,797	91,647
STATUTORY AGENCIES					
Museum:					
Salaries and Wages	-	11,869	28,710	9,199	19,511
Other Expenses	6,527	11,600	8,616	5,922	2,694
Municipal Court:					
Salaries and Wages	-	49,198	48,411	48,411	-
Other Expenses	5,436	20,245	12,681	12,584	97
Board of Adjustment:					
Salaries and Wages	-	1,503	1,414	1,414	-
Other Expenses	5,140	2,873	8,513	8,079	434
Office of Emergency Management:					
Salaries and Wages	-	4,699	3,952	3,952	-
Other Expenses	4,815	12,587	2,402	1,260	1,142

EXHIBIT A-15

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF APPROPRIATION RESERVES

Appropriations	Balance, June 30, 2009 Encumbered	Balance, June 30, 2009 Unencumbered	Balance After Transfer	Paid or Charged	Balance Lapsed
STATUTORY AGENCIES (Continued)					
Historic Preservation Commission:					
Salaries and Wages	$ -	$ 4,011	$ 3,736	$ 3,736	$ -
Other Expenses	1,795	3,447	2,242	403	1,839
Planning Board:					
Salaries and Wages	-	3,650	2,150	1,081	1,069
Other Expenses	1,109	10,875	4,484	821	3,663
Youth Guidance Council:					
Other Expenses	3,776	4,747	5,523	5,226	297
Total Statutory Agencies	28,598	141,304	132,834	102,088	141,304
UNCLASSIFIED:					
Electricity	91,847	5,001	205,847	198,669	7,178
Street Lighting	412,251	100	412,351	412,251	100
Telephone Service	47,626	52,287	105,913	105,015	898
Gas	99,097	-	26,423	17,864	8,559
Fuel Oil	1,752	-	-	-	-
Gasoline	115,729	944	76,673	76,431	242
Solid Waste	807,966	76,091	859,057	823,822	35,235
Total Unclassified	1,576,268	134,423	1,686,264	1,634,052	52,212
TOTAL OPERATIONS WITHIN "CAPS"	3,786,418	5,327,300	9,145,858	8,709,115	3,786,418
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	$ 3,786,418	$ 5,327,300	$ 9,145,858	$ 8,709,115	$ 3,786,418
Social Security System	-	101,058	85,404	85,404	-
Medicare	-	31,990	30,624	30,624	-
Defined Contribution Retirement Program	-	642	178	178	
Unemployment Compensation	-	703	-	-	-
State Disability	-	831	-	-	-
Consolidated Police & Firemen's Pension Fund	-	5,492	-	-	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES	-	140,716	116,206	116,206	-
TOTAL OPERATIONS WITHIN "CAPS"	3,786,418	5,468,016	9,262,064	8,825,321	3,786,418
OTHER OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Libraries:					
Salaries and Wages	-	57,872	57,872	56,672	1,200
Other Expenses	24,039	33,328	57,367	50,330	7,037
Employee Health	-	-	-	-	-
Workers Compensation	-	-	-	-	-
General Liability	-	-	-	-	-
Public Employees Retirement System	-	7,370	-	-	-
Police & Fire Retirement System	-	259	-	-	-
Total Operations Excluded from "CAPS"	24,039	98,829	115,239	107,002	8,237
Reconstruction of Various Parks	-	-	-	-	-
	-	-	-	-	75,000
Subtotal General Appropriations	24,039	98,829	115,239	107,002	75,000
TOTAL GENERAL APPROPRIATIONS	$ 3,810,457	$ 5,566,845	$ 9,377,303	$ 8,932,323	$ 444,980
Ref.	A-25	A			A-1

	Ref.	
Cash Disbursements	A-4	$ 6,507,087
Reimbursement for Retro Pay	A-3	2,097,908
Transfer to Requisitions Payable	A-25	327,328
		$ 8,932,323

EXHIBIT A-16

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF SALE CONTRACTS RECEIVABLE

	Ref.	
Balance June 30, 2009		$ -
Increased by:		
Sales Contracts Receivable	Reserve	1,330,200
Balance, June 30, 2010	A	$ 1,330,200

EXHIBIT A-17

SCHEDULE OF SALE OF CITY OWNED PROPERTY

	Ref.		
Increased by:			
Cash Receipts	A-4		$ 3,510,530
Decreased by:			
Various Property Sales	A-2	$ 3,187,900	
Closing Costs	A-2b	8,530	
			3,196,430
Balance, June 30, 2010	A		$ 314,100

EXHIBIT A-18

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF TAX OVERPAYMENTS

	Ref.		
Balance, June 30, 2009	A		$ 1,977,034
Increased by:			
Transfer from State Board Appeals	A-30	$ 1,769,873	
Refund of Prior Year Tax	A-1	302,660	
Collections	A-5	644,715	
			2,717,248
			4,694,282
Decreased by:			
Refunds	A-4	2,018,106	
Cancellations	A-1	888,707	
			2,906,813
Balance, June 30, 2010	A		$ 1,787,469

EXHIBIT A-19

SCHEDULE OF PREPAID SEWERS

	Ref.	
Balance, June 30, 2009	A	$ 1,359
Increased by:		
Collections	A-5	653
		2,012
Decreased by:		
Applied to Sewer Receivable	A-11	1,359
Balance, June 30, 2010	A	$ 653

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	Ref.		
Balance, June 30, 2009	A		$ 191,500
Increased by:			
Senior Citizens' Deductions per Tax Billings	Below	$ 161,625	
Veterans' Deductions per Tax Billings	Below	202,500	
Deductions Allowed by Tax Collector			
2010 Senior Citizens' Deductions Allowed	Below	7,375	
2009 Senior Citizens' Deductions Allowed	Below	5,750	
2010 Veterans' Deductions Allowed	Below	3,375	
2009 Veterans' Deductions Allowed	Below	2,500	
Applied to Miscellaneous Revenue Not Anticipated - Handling Fees	A-2b	7,480	
			390,605
			582,105
Decreased by:			
Deductions Disallowed by Tax Collector:			
2010 Senior Citizens' Deductions Disallowed	Below	7,250	
2009 Senior Citizens' Deductions Disallowed	Below	2,125	
Collections	A-5	381,480	
			390,855
Balance, June 30, 2010	A		$ 191,250

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

Current Year:			
Senior Citizens' Deductions:			
Per Tax Billings	Above	$ 161,625	
Allowed by Tax Collector	Above	7,375	
Disallowed by Tax Collector	Above	(7,250)	
Veterans' Deductions:			
Per Tax Billings	Above	202,500	
Allowed by Tax Collector	Above	3,375	
			$ 367,625
Prior Year:			
Senior Citizens' Deductions:			
Allowed by Tax Collector	Above	5,750	
Disallowed by Tax Collector	Above	(2,125)	
Veterans' Deductions:			
Allowed by Tax Collector	Above	2,500	
			6,125
	A-6		$ 373,750

EXHIBIT A-21

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF SEWER OVERPAYMENTS

	Ref.		
Balance, June 30, 2009	A		$ 29,352
Increased by:			
Cash Receipts	A-5		50,036
			79,388
Decreased by:			
Cancellations	A-1		1,560
Balance, June 30, 2010	A		$ 77,828

EXHIBIT A-22

SCHEDULE OF DEFERRED CHARGES

	Ref.		
Balance, June 30, 2009			$ -
Increased by:			
Emergency Appropriation	A-3, A-1	$ 1,600,000	
Cash Deficit	A-1	5,336,278	
			6,936,278
Balance, June 30, 2010	A		$ 6,936,278
Analysis of Balance:			
Emergency Appropriation - Insurance	A, A-3		$ 1,600,000
FY 2010 Cash Deficit	A, A-1		5,336,278
			$ 6,936,278

EXHIBIT A-23

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF PREPAID TAXES

	Ref.	
Balance, June 30, 2009	A	$ 103,611
Increased by:		
Collections	A-5	75,647
		179,258
Decreased by:		
Applied to 2010 Taxes	A-2a, A-6	103,611
Balance, June 30, 2010	A	$ 75,647

EXHIBIT A-24

SCHEDULE OF PROPERTY TAX SUSPENSE

	Ref.	
Balance, June 30, 2009		$ -
Increased by:		
Cash Receipts	A-5	4,021,184
		4,021,184
Decreased by:		
Cash Disbursements	A-4	3,994,214
Balance, June 30, 2010	A	$ 26,970

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF REQUISITIONS PAYABLE AND ACCOUNTS PAYABLE

	Ref.		
Balance, June 30, 2009	A		$ 11,445,745
Increased by:			
Transfer from Budget Appropriation	A-3	$ 2,864,373	
Transfer from Appropriation Reserves	A-15	327,328	
Transfer from Reserve for Library State Aid	A-26	14,953	
			3,206,654
			14,652,399
Decreased by:			
Cancellations	A-1	81,136	
Reimburse Budget for Retro Pay	A-3	6,670,857	
Cash Disbursements	A-4	158,773	
Transfer to Reserve for State Library Aid	A-26	48,223	
Transfer to Appropriation Reserves	A-15	3,810,457	
			10,769,446
Balance, June 30, 2010	A		$ 3,882,953

EXHIBIT A-26

SCHEDULE OF RESERVE FOR STATE LIBRARY AID

	Ref.		
Balance, June 30, 2009	A		$ 317,644
Increased by:			
Cash Receipts	A-4	$ 280,500	
Transfers from Requisitions Payable	A-25	48,223	
			328,723
			646,367
Decreased by:			
Cash Disbursements	A-4	342,927	
Transfers to Requisition Payable	A-25	14,953	
			357,880
Balance, June 30, 2010	A		$ 288,487

EXHIBIT A-27

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE RESERVE FOR ABC LICENSE SURCHARGE

	Ref.	
Balance, June 30, 2009	A	$ 96,000
Increased by:		
Cash Receipts	A-4	27,600
Balance, June 30, 2010	A	$ 123,600

EXHIBIT A-28

SCHEDULE OF RESERVE FOR LIBRARY FINES AND DONATIONS

	Ref.	
Balance, June 30, 2009	A	$ 88,281
Increased by:		
Cash Receipts	A-4	55,715
Balance, June 30, 2010	A	$ 143,996

EXHIBIT A-29

SCHEDULE OF RESERVE FOR INSURANCE LIABILITY

	Ref.		
Balance, June 30, 2009	A		$ 1,166,238
Increased by:			
Cash Receipts	A-4		4,039
			1,170,277
Decreased by:			
Transferred to Trust Funds	A-12	1,169,295	
Miscellaneous Revenue Not Anticipated	A-2b	982	
			1,170,277
Balance, June 30, 2010			$ -

EXHIBIT A-30

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR STATE TAX APPEALS

	Ref.		
Balance, June 30, 2009	A		$ 3,126,157
Increased by:			
Transferred from 2010 Budget	A-3	$ 240,645	
Contested Amount of Taxes Which are Pending Appeal FY 2010 Taxes:	A-2a	200,000	
			440,645
			3,566,802
Decreased by:			
Disbursements	A-4	60,278	
Transfer to Tax Overpayments	A-18	1,769,873	
			1,830,151
Balance, June 30, 2010	A		$ 1,736,651

EXHIBIT A-31

SCHEDULE OF RESERVE FOR PREPARATION OF TAX MAP

	Ref.	
Balance, June 30, 2009	A	$ 24,674
Decreased by:		
Cash Disbursements	A-4	14,796
Balance, June 30, 2010	A	$ 9,878

EXHIBIT A-32

SCHEDULE OF RESERVE FOR REVALUATION

	Ref.	
Balance, June 30, 2009	A	$ 73,152
Decreased by:		
Cash Disbursements	A-4	73,152
Balance, June 30, 2010		$ -

EXHIBIT A-33

THE CITY OF PATERSON
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	Ref.	
Increased by:		
Levy School Year	A-2a, A-6	$ 39,321,785
Decreased by:		
Cash Disbursements	A-4	39,321,785
Balance, June 30, 2010		$ -

EXHIBIT A-34

SCHEDULE OF COUNTY TAXES PAYABLE

	Ref.		
Increased by:			
County Taxes	A-6	$ 45,180,142	
County Open Space Taxes	A-6	82,200	
Added Taxes	A-6	929,883	
	A-2a		$ 46,192,225
Decreased by:			
Cash Disbursements	A-4		46,192,225
Balance, June 30, 2010			$ -

SUPPLEMENTARY DATA - FEDERAL AND STATE GRANT FUND

EXHIBIT A-35

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Ref.		
Balance, June 30, 2009	A		$ 18,983,900
Increased by:			
Revenue Anticipated	A-39		25,163,973
			44,147,873
Decreased by:			
Cash Receipts	A-4	$ 22,016,874	
Unapproriated Reserves	A-38	6,100	
Appropriated Reserves	A-39	536,962	
Grants Cancelled	A-39	27,110	
			22,587,046
Balance, June 30, 2010	A		$ 21,560,827

Analysis of Balance

Bioterrorism Grant 2010	$ 169,169
Byrne Memorial Justice Assistance 2007	160,031
Byrne Memorial Justice Assistance 2008	68,631
Byrne Memorial Justice Assistance 2009	94,626
Byrne Memorial Justice Assistance 2010	463,382
Childhood Lead Poisoning Control 2010	86,714
City of New York H.O.P.W.A.	87,649
COPS Hiring Recovery Program	3,222,541
COPS Technology Grant	666
Energy Efficiency and Renewal Grant	250,000
FEMA Flood Disaster	281,000
FEMA Firefighter Station Construction	4,500,000
Hazardous Discharge Site Remediation Addy Mill	30,432
Hazardous Discharge Site Remediation Mill Street	8,267
Hazardous Discharge Site Remediation River Walk	52,339
Hazardous Discharge Site Remediation Straight Street	30,163
HIV Testing 2010	81,149
HUD Riverside Vets Senior Nutrition Center	47,388
Life Hazard Use Fees - Lea Rebate 2010	196,936
Minority Aids Initiative Program 2009	37,437

EXHIBIT A-35

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Analysis of Balance (Continued)

Minority Aids Initiative Program 2010	$ 181,349
Minority Aids Initiative Program 2011	247,620
Municipal Alliance 2009	10,000
Municipal Stormwater Regulation Program	10,310
NJ Department of Transporation -	
Spruce - McBride Intersection	200,000
Passaic County Municipal Alliance 2007	800
Passaic County Nutrition Project 2010	174,283
Passaic County Open Space Improvements	
Federici Park	20,000
Mary Ellen Kramer Prk Phase I	78,756
Mary Ellen Kramer Prk Phase III	50,000
Mary Ellen Kramer Prk Phase IV	95,000
Middle - Lower Raceway	45,000
Pennington Park Improvement	125,000
Overlook Park Amphitheater	45,000
Overlook Park Improvements	143,059
Buckley Park Improvement	5,350
Westside Park	71,536
Wrigley Park	97,000
Paterson Safe Neighborhoods	39,932
Pedestrian Safety Grant	6,773
Public Archives & Records Infrastructure Supplement (PARIS) FY 2010	17,662
Public Health Emergency Response H1N1	146,216
Recreation Opportunities Individuals with Disabilities	13,000
Ryan White HIV Program 2010	146,106
Ryan White HIV Program 2011	2,789,496
Safe Streets to School	744
S.A.F.E.R Grant	160,178
Senior Citizen & Disabled Resident Transportation 2009	46,460
Senior Citizen & Disabled Resident Transportation 2010	396,854
Sexually Transmitted Disease 2010	28,484
Smart Growth Transit Oriented Design Plan	50,000
SPNS Grant 2008	68,851
SPNS Grant 2009	171,954

EXHIBIT A-35

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Analysis of Balance (Continued)

Statewide Livable Community Public Safety Complex	$ 49,651
Total Lifestyle Support Program Funding 2009	1,459
Total Lifestyle Support Program Funding 2010	87,633
Total Lifestyle Support Program Additional Funding 2010	45,018
Tuberculosis Control-Federal Funds 2010	78,168
Tuberculosis Control-State Funds 2010	50,934
Urban Enterprise Zone -	
Administration 2009	281,611
Business Improvement Grant Phase II	102,970
Business Improvement Grant Phase III	621,850
Main St. Improvements Phase I 2004	357,735
Main St Façade Matching Grant	1,324,426
Marketing & Business Development Program 2005	1,831
Marketing & Business Development Program 2008	147,013
Retail Economic Development Project	90,000
Revolving Loan Program - Phase II 2008	4
Revolving Loan Program - Phase IV	970,647
Sidewalk Matching Grant - Phase II 2008	43,855
Sidewalk Matching Grant - Phase IV	250,000
Small Business Development Center 2010	101,523
Solar Powered Street Signage	67,238
Streetscape Planters Project	85,000
Street Lighting Phase IV	527,000
Street Stamping	300,000
Zone Amentiites Receptacles Phase II	299,441
Youth Services Commission, Evening Reporting Program 2010	124,527
	$ 21,560,827

EXHIBIT A-36

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF REQUISITIONS PAYABLE AND ACCOUNTS PAYABLE

	Ref.	
Balance, June 30, 2009	A	$ 3,351,214
Increased by:		
Transfer from Reserve for Federal and State Grants - Appropriated	A-39	7,577,276
		10,928,490
Decreased by:		
Transfer to Reserve for Federal and State Grants - Appropriated	A-39	3,351,214
Balance, June 30, 2010	A	$ 7,577,276

EXHIBIT A-37

SCHEDULE DUE TO CURRENT FUND

	Ref.	
Balance, June 30, 2009		$ -
Increased by:		
Cash Receipts	A-4	20,382,813
		20,382,813
Decreased by:		
Cash Disbursements	A-4	20,382,813
Balance, June 30, 2010		$ -

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Ref.		
Balance, June 30, 2009	A	$	6,100
Increased by:			
Cash Receipts	A-4		27,244
			33,344
Decreased by:			
Revenue Applied to Federal and State Grants Receivable	A-35		6,100
Balance, June 30, 2010	A	$	27,244

Analysis of Unappropriated

Passaic County Operations Cease Fire	$	15,000
Municipal Court Alcohol Education Enforcement Fund		4,474
Senior Farmers Market Nutrition		3,000
PSE&G Red Cap Program		3,000
Passaic County Cultural & Heritage Council Museum Grant 2009		1,000
Passaic County Cultural & Heritage Council Museum Exhibit Grant		440
Passaic County Cultural & Heritage Council Museum Art Grant		330
	$	27,244

EXHIBIT A-39

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2009				June 30, 2010			
	Balance	Encumbered	Adjusted Balance	2010 Grant	Expenditures	Encumbered	Cancelled	Balance
NJ Department of Commerce and Economic Development -								
Urban Enterprise Zone -								
Administration 2009	$ 62,213	$ 13,169	$ 75,382	$ -	$ 6,785	$ -	$ 68,597	$ -
Administration 2010	-	-	-	650,000	596,706	19,148	-	34,146
Business Improvement Matching Grant 2006	132,161	40,493	172,654	-	162,876	7,580	-	2,198
Business Improvement - Phase III	-	-	-	750,000	152,868	91,868	-	505,264
Main Street Façade Matching	897,291	286,502	1,183,793	-	85,436	228,406	-	869,951
Main Street Improvement Program - Phase I	434,094	68,889	502,983	-	147,548	235,032	-	120,403
Marketing and Business Development Program	2,050	1,500	3,550	-	1,500		-	2,050
Marketing and Business Development Program Phase II	242,453	13,400	255,853	-	122,512	12,470	-	120,871
Retail Economic Development Program	125,000	-	125,000	-	60,000	10,000	-	55,000
Revolving Loan Program / Phase III	776,360	-	776,360	-	776,360		-	-
Revolving Loan Program / Phase IV	2,500,000	-	2,500,000	-	1,529,353		-	970,647
Zone Amenities - Receptacles	-	-	-	300,000	559	299,441	-	-
Video Surveillance Project	125,000	7,250	132,250	-	132,250		-	-
Sidewalk Matching Grant / Phase III	126,267	-	126,267	-	117,145	6,210	-	2,912
Sidewalk Matching Grant / Phase IV	-	-	-	250,000	21,750	15,000	-	213,250
Small Business Development Center Year 10	-	48,282	48,282	-	41,370	-	6,912	-
Small Business Development Center Year 11	-	-	-	125,000	82,206	42,794	-	-
Solar Powered Street Signage	209,408	4,342	213,750	-	207,442	-	-	6,308
Street Lighting Phase IV	527,000	26,500	553,500	-	26,500	-	-	527,000
Street Stamping Phase I	300,000	-	300,000	-	-	-	-	300,000
Streetscape Planters Project	-	-	-	85,000	-	75,965	-	9,035
Local Tourism Grant - Passaic Falls Overlook Park	-	41,290	41,290	-	-	41,290	-	-
	6,459,297	551,617	7,010,914	2,160,000	4,271,166	1,085,204	75,509	6,459,297
NJ Department of Community Affairs -								
Fire Safety Life Hazard Use Fees 2010	-	-	-	266,608	174,474	-	-	92,134
Fire Safety Life Hazard Use Fees 2009	75,108	14,227	89,335	2,933	80,367	10,471	-	1,430
SAGE Lead Identification & Field Testing	-	-	-	11,200	11,200	-	-	-
Public Library Improvement	336,977	51,031	388,008	-	388,008	-	-	-
Recreational Opportunities Individuals with Disabilities 2010	-		-	13,000	431	500	-	12,069
Smart Growth Transit Oriented Design Plan	-	50,000	50,000	-	46,373	3,627	-	-
Statewide Livable Communities -			-	-	-	-	-	-
Facility Improvement Public Safety Complex	140,881	-	140,881	-	532	-	140,349	-
Passed through the County of Passaic:			-	-	-		-	-
Municipal Alliance 2009	-	-	-	12,500	11,284	318	-	898
	552,966	115,258	668,224	306,241	712,669	14,916	140,349	106,531

EXHIBIT A-39

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2009 Balance	June 30, 2009 Encumbered	Adjusted Balance	2010 Grant	Expenditures	June 30, 2010 Encumbered	June 30, 2010 Cancelled	June 30, 2010 Balance
NJ Department of Environmental Protection -								
Clean Communities 2010	$ -	$ -	$ -	$ 155,594	$ -	$ -	$ -	$ 155,594
Clean Communities 2009	145,180	-	145,180	-	61,600	44,267	-	39,313
Clean Communities 2008	41,132	29,620	70,752	-	67,386	1,775	-	1,591
Clean Communities 2007	1	255	256	-	256	-	-	-
Municipal Storm Water Regulation Program	35,069	-	35,069	-	1,963	-	-	33,106
Recycling Tonnage Grant 2009	-	-	-	216,763	-	-	-	216,763
Recycling Tonnage Grant 2008	99,032	-	99,032	-	59,284	10,346	-	29,402
Recycling Tonnage Grant 2007	28,108	7,697	35,805	-	35,805	-	-	-
Recycling Tonnage Grant 2006	5	-	5	-	-	-	5	-
	348,527	37,572	386,099	372,357	226,294	56,388	5	348,527
NJ Department of State -								
Public Archives & Records Infrastructure Support Grant (PARIS) 2009	-	-	-	70,648	29,273	-	-	41,375
Public Archives & Records Infrastructure Support Grant (PARIS) 2008	85,500	-	85,500	-	44,607	40,893	-	-
Public Archives & Records Infrastructure Support Grant (PARIS) 2007	-	84,000	84,000	-	35,393	48,607	-	-
Public Archives & Records Infrastructure Support Grant (PARIS) 2006	-	12,629	12,629	-	-	12,629	-	-
	85,500	96,629	182,129	70,648	109,273	102,129	-	41,375
NJ Department of Treasury -								
911 Equipment	15	465	480	-	480	-	-	-
911 General Assistance 2008	12,262	20	12,282	-	-	-	-	12,282
	12,277	485	12,762	-	480	-	-	12,282
NJ Department of Health and Human Services -								
School Based Youth Services Program - 2010	-	-	-	302,456	281,806	2,194	-	18,456
School Based Youth Services Program - 2009	35,040	6,963	42,003	-	42,003	-	-	-
School Based Youth Services Program 2004	9,033	-	9,033	-	-	-	9,033	-
Lifestyle Support Program 2010	-	-	-	87,633	9,191	-	-	78,442
Lifestyle Support Program 2009	-	-	-	87,695	35,038	-	-	52,657
Total Lifestyle Support Program Additional Funding 2010	-	-	-	49,111	-	44,931	-	4,180
Total Lifestyle Support Program Additional Funding 2009	15,135	-	15,135	-	15,135	-	-	-
Teen Parenting Program 2010	-	-	-	83,403	62,552	20,851	-	-
Teen Parenting Program 2009	1	58,295	58,296	-	58,296	-	-	-

EXHIBIT A-39

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2009				June 30, 2010			
	Balance	Encumbered	Adjusted Balance	2010 Grant	Expenditures	Encumbered	Cancelled	Balance
NJ Department of Health and Human Services (Continued)								
Bioterrorism Preparedness 2010	$ -	$ -	$ -	$ 298,000	$ 258,043	$ 6,315	$ -	$ 33,642
Bioterrorism Preparedness 2009	51,438	1,470	52,908	-	52,908	-	-	-
Bioterrorism Preparedness 2008	204	-	204	-	204	-	-	-
Bioterrorism Preparedness 2006	20,782	-	20,782	-	20,045	737	-	-
Childhood Lead Poisoning 2010	-	-	-	297,300	278,712	3,188	-	15,400
Childhood Lead Poisoning 2009	33,411	11,588	44,999	-	44,999	-	-	-
Health Officer Grant	-	-	-	5,000	4,998	-	-	2
HIV Counseling, Testing & Referral 2010	-	-	-	150,251	142,467	1,205	-	6,579
HIV Counseling, Testing & Referral 2009	5,390	3	5,393	-	5,393	-	-	-
Mass Prophylaxis Exercise Grant	-	-	-	20,000	19,675	-	-	325
Public Health Priority Funding 2010	-	-	-	164,710	78,186	-	82,356	4,168
Public Health Priority Funding 2009	85,215	20,800	106,015	-	104,665	-	-	1,350
Senior Farmers Nutrition Program	-	-	-	3,000	3,000	-	-	-
Sexually Transmitted Disease Control 2010	-	-	-	92,040	84,634	1,473	-	5,933
Sexually Transmitted Disease Control 2009	4,423	1,349	5,772	-	5,772	-	-	-
Sexually Transmitted Disease Control 2008	473	-	473	-	473	-	-	-
Tuberculosis Control 2010	-	-	-	209,599	208,763	734	-	102
Tuberculosis Control 2009	4,929	30,165	35,094	-	35,094	-	-	-
Tuberculosis Control 2008	401	3	404	-	404	-	-	-
Passed through County of Passaic:								
Senior Citizen/Disabled Transportation Program 2010	-	-	-	396,854	-	-	-	396,854
Senior Citizen/Disabled Transportation Program 2009	-	396,854	396,854	-	396,854	-	-	-
Lifestyle Support Program 2008	22,259	-	22,259	-	-	-	-	22,259
	288,134	527,490	815,624	2,247,052	2,249,310	81,628	91,389	640,349
NJ Department of Transportation - Spruce-McBride Avenue Intersection	175,000	1,000	176,000	-	-	176,000	-	-
	175,000	1,000	176,000	-	-	176,000	-	-
NJ Administrative Deparment of Courts - Alcohol Education and Rehabilitation 2007	3,287	-	3,287	-	-	-	-	3,287
	3,287	-	3,287	-	-	-	-	3,287
NJ State Library - Digital Highway Museum Grant	$ 2,866	$ -	$ 2,866	$ -	$ 2,865	$ -	$ -	$ 1
	2,866	-	2,866	-	2,865	-	-	1

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2009				June 30, 2010			
	Balance	Encumbered	Adjusted Balance	2010 Grant	Expenditures	Encumbered	Cancelled	Balance
NJ Department of Law and Public Safety -								
Body Armor Replacement Fund 2009	$ -	$ -	$ -	$ 12,562	$ -	$ -	$ -	$ 12,562
Body Armor Replacement Fund 2008	-	47,148	47,148	-	-	47,148	-	-
Body Armor Replacement Fund 2007	284	5,791	6,075	-	643	5,148	-	284
DWI Surcharge 2008	35,456	-	35,456	-	-	-	-	35,456
DWI Surcharge 2007	4,817	-	4,817	-	-	-	-	4,817
Pedestrian Safety Grant 2009	23,273	-	23,273	-	16,700	-	-	6,573
Safe & Secure Communities Program 2009	-	-	-	809,849	809,849	-	-	-
Community Emergency Response Team Trailers	449	-	449	-	-	-	449	-
Law Enforcement Officers Training Equipment Fund 2010	-	-	-	23,350	12,580	6,489	-	4,281
Law Enforcement Officers Training Equipment Fund 2009	19,025	-	19,025	-	4,357	2,713	-	11,955
Law Enforcement Officers Training Equipment Fund 2008	15,653	-	15,653	-	13,488	-	-	2,165
Law Enforcement Officers Training Equipment Fund	15,763	-	15,763	-	15,763	-	-	-
UASI Rescue Training Reimbursement Funds 2009	-	-	-	84,363	-	-	-	84,363
UASI Rescue Training Reimbursement Funds 2008	-	74,540	74,540	-	74,540	-	-	-
Emergency Management Assistance Funding 2009	-	-	-	10,000	-	-	-	10,000
	114,720	127,479	242,199	940,124	947,920	61,498	449	172,456
NJ Economic Development Corporation -								
Passaic County Open Space:								
Pennington Park Improvements	-	125,000	125,000	-	125,000	-	-	-
Buckley Park Improvement	5,350	-	5,350	-	-	-	-	5,350
Frederici Park	-	-	-	20,000	-	-	-	20,000
M.E. Kramer Pk I	52,400	26,356	78,756	-	-	26,356	-	52,400
M.E. Kramer Pk Phase II	125,000	-	125,000	-	-	-	-	125,000
M.E. Kramer Pk Phase III	50,000	-	50,000	-	-	-	-	50,000
M.E. Kramer Pk Phase IV	95,000	-	95,000	-	-	-	-	95,000
Middle Lower Raceway	45,000	-	45,000	-	-	-	-	45,000
Wrigeley Park	-	-	-	97,000	-	-	-	97,000
Westside Park	14,536	-	14,536	57,000	-	5,879	-	65,657
Overlook Park Improvements	143,059	-	143,059	-	-	-	-	143,059
Overlook Park Amphitheatre	45,000	-	45,000	-	-	-	-	45,000
Hazardous Discharge Site Remediation -								
Addy Mill	30,432	59,669	90,101	-	-	59,669	-	30,432
Leader Dye	16,613	-	16,613	-	-	-	16,613	-
Remediation Ryle Road Dumpsite	-	7,175	7,175	-	7,175	-	-	-
Remediation 533-539 Totowa Salavatore Site	-	24,035	24,035	-	-	24,035	-	-
Remediation 36-40 Straight Street	-	-	-	36,109	7,927	24,899	-	3,283
Process Discharge Site - Columbia Textile Phase II	200	-	200	-	-	-	-	200
Process Discharge Site - Columbia Textile Phase III	-	138,141	138,141	90,938	67,922	70,219	-	90,938
Process Discharge Site - Apollo Dye House	640,926	19,020	659,946	-	630,597	-	-	29,349

EXHIBIT A-39

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2009				June 30, 2010			
	Balance	Encumbered	Adjusted Balance	2010 Grant	Expenditures	Encumbered	Cancelled	Balance
NJ Economic Development Corporation (Continued)								
Hazardous Discharge Site Remediation (Continued)								
Process Discharge Site Investigation - ATP	$ -	$ 500	$ 500	$ -	$ -	$ 500	$ -	$ -
Process Discharge Site Investigation - ATP	-	371,762	371,762	-	91,864	279,898	-	-
Process Discharge Site Investigation - Riverwalk	52,339	372,386	424,725	-	136,217	236,169	-	52,339
Process Discharge Site Investigation - 34-50 Spruce St	-	-	-	-	-	-	-	-
	1,315,855	1,144,044	2,459,899	301,047	1,066,702	727,624	16,613	950,007
Other -								
Passaic County Cultural & Heritage Museum Grant	960	-	960	-	-	-	-	960
Great Falls District Brochure	-	1,000	1,000	1,500	1,270	-	-	1,230
Passaic County Youth Services Commission Evening Report - 2010	-	-	-	124,527	-	-	-	124,527
Passaic County Youth Services Commission Evening								-
Report - 2009	-	-	-	124,650	23,078	60	-	101,512
Alan N Cohen Memorial Basketball Championship	-	-	-	6,000	-	-	-	6,000
Museum Exhibit Grant	-	-	-	2,000	1,096	-	-	904
Passaic County Board of Social Services -								
Childhood Immunization 2010	-	-	-	435,822	272,116	57,804	-	105,902
Childhood Immunization 2009	7,790	3,037	10,827	-	9,518	-	1,309	-
Multi-Narcotics Task Force	9,849	-	9,849	-	9,849	-	-	-
Cablevision Cable Studio Grant	137,816	-	137,816	-	137,816	-	-	-
Museum Brochure Grant Donald Baer	1,000	-	1,000	-	1,000	-	-	-
Paterson Museum Mineral Hall Collection Donations	10,000	-	10,000	-	-	-	-	10,000
Paterson School District -								
Recreation Basketball League 2009	-	-	-	53,500	53,500	-	-	-
Paterson Restoration Corporation Graffiti Program	4,250	-	4,250	-	-	-	-	4,250
City of Passaic Byrne Memorial Justice Assistance	36	2,075	2,111	-	2,111	-	-	-
Cablevision Public Education and Government Access Grant	73,820	-	73,820	-	5,420	-	-	68,400
Hannah Family Memorial Grant	1,436	-	1,436	-	-	-	-	1,436
Operation Cease Fire	9,925	-	9,925	1,600	9,325	-	-	2,200
	256,882	6,112	262,994	749,599	526,099	57,864	1,309	427,321
Total State	9,615,311	2,607,686	12,222,997	7,147,068	10,112,778	2,363,251	325,623	12,222,997

EXHIBIT A-39

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	June 30, 2009				June 30, 2010			
	Balance	Encumbered	Adjusted Balance	2010 Grant	Expenditures	Encumbered	Cancelled	Balance
US Department of Agriculture -								
Nutrition Project 2010	$ -	$ -	$ -	$ 174,283	$ 56,010	$ 49,403	$ -	$ 68,870
Nutrition Project 2009	82,598	47,522	130,120	-	93,524	7,937	-	28,659
Nutrition Project 2008	9,352	-	9,352	-	9,352	-	-	-
	91,950	47,522	139,472	174,283	158,886	57,340	-	97,529
US Federal Emergency Management Agency -								
FEMA Flood Disaster Relief	-	-	-	281,000	281,000		-	-
FEMA Firefighters Station Construction	-	-	-	4,500,000	-	4,500,000	-	-
FEMA Flood Grant	27,078	-	27,078	-	-	-	-	27,078
Assistance to Firefighters Grant 2007	-	371,597	371,597	-	367,988	3,500	-	109
	27,078	371,597	398,675	4,781,000	648,988	4,503,500	-	4,781,000
US Department of Health and Human Services -								
Ryan White HIV Emergency Relief 2010	-	-	-	2,846,759	57,263	56,413	-	2,733,083
Ryan White HIV Emergency Relief 2009	3,769,080	47,460	3,816,540	-	3,670,433	-	-	146,107
Ryan White HIV Emergency Relief 2008	107,315	31,871	139,186	-	57,590	-	81,596	-
Special Project of National Significance 2008	37,449	-	37,449	-	1,140	-	36,309	-
Special Project of National Significance 2009 Capacity	22,479	42,500	64,979	-	64,979	-	-	-
Special Project of National Significance 2009	25,643	154,728	180,371	-	111,520	19,431	-	49,420
Special Project of National Significance 2010	-	-	-	400,000	228,046	160,475	-	11,479
Minority Aids Initiative Program 2011	-	-	-	301,941	-	-	-	301,941
Minority Aids Initiative Program 2010	-	-	-	293,903	162,737	-	-	131,166
Minority Aids Initiative Program 2009	88,801	-	88,801	-	-	-	88,801	-
Minority Aids Initiative Program 2008	165,083	-	165,083	-	131,784	-	-	33,299
Office of Health Information & Technology Grant	-	-	-	11,000	4,724	-	-	6,276
Tuberculosis Control Federal Grant 2010	-	-	-	103,757	49,318	2,711	-	51,728
Tuberculosis Control Federal Grant 2009	45,773	6,397	52,170	-	52,170	-	-	-
	4,261,623	282,956	4,544,579	3,957,360	4,591,704	239,030	206,706	3,464,499
US Department of Energy								
Energy Efficiency & Renewal	-	-	-	250,000	-	200,000		50,000
	-	-	-	250,000	-	200,000	-	50,000
US Department of Homeland Security								
S.A.F.E.R. Grant	3,047,616	-	3,047,616	3,896,373	6,649,790	-	-	294,199
	3,047,616	-	3,047,616	3,896,373	6,649,790	-	-	294,199
US Department of Environmental Protection -								
Brownfield Pilot Project	2,704	20,492	23,196	-	22,993	-	203	-
	2,704	20,492	23,196	-	22,993	-	203	-

EXHIBIT A-39

THE CITY OF PATERSON
FEDERAL AND STATE GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	Ref.	June 30, 2009 Balance	June 30, 2009 Encumbered	Adjusted Balance	2010 Grant	Expenditures	June 30, 2010 Encumbered	June 30, 2010 Cancelled	June 30, 2010 Balance
US Department of Justice -									
Bulletproof Vest Program 2010		$ -	$ -	$ -	$ 3,672	$ -	$ -	$ -	$ 3,672
Bulletproof Vest Program 2009		30,442	14,800	45,242	-	3,861	40,845	-	536
Bulletproof Vest Program 2006		506	-	506	-	-	506	-	-
COPS Hiring Recovery Program		-	-	-	3,747,375	554,642	-	-	3,192,733
COPS Technology Grant		666	-	666	-	-	-	-	666
Local Law Enforcement Block Grant Year 10		838	-	838	-	-	-	-	838
Byrne Memorial Justice Assistance 2008		67,360	-	67,360	-	15,072	47,373	-	4,915
Byrne Memorial Justice Assistance 2007		108,128	2,909	111,037	-	(9,926)	117,154	-	3,809
Byrne Memorial Justice Assistance 2006		93,014	452	93,466	-	73,759	-	19,707	-
Byrne Memorial Justice Assistance Equipment Grant		100,523	-	100,523	-	100,523	-	-	-
Byrne Memorial Justice Assistance Equipment Grant 2009		-	-	-	898,179	771,204	-	-	126,975
Byrne Memorial Justice Assistance Salaries Grant 2009		-	-	-	217,820	-	-	-	217,820
Juvenile Justice Accountability		3,131	-	3,131	-	(7,248)	-	10,379	-
Juvenile Village Initiative Youth Job Training Component		-	-	-	-	-	-	-	-
Paterson Safe Neighborhoods 2010		-	-	-	3,194	3,194	-	-	-
Paterson Safe Neighborhoods 2009		39,932	-	39,932	-	29,820	-	-	10,112
		444,540	18,161	462,701	4,870,240	1,534,901	205,878	30,086	3,562,076
US Department of Housing and Urban Development -									
Pass through the City of New York -									
Housing Opportunities for Persons with AIDS 2009		$ -	$ -	$ -	$ 87,649	$ -	$ -	$ -	$ 87,649
Housing Opportunities for Persons with AIDS 2004		1,454	-	1,454	-	-	-	1,454	-
Community Development Block Grant -		-	-	-	-	-	-	-	-
Riverside Vets Senior Nutrition Center		172,833	2,800	175,633	-	166,648	8,277	-	708
Lead Based Paint Testing		(5)	-	(5)	-	-	-	-	(5)
		174,282	2,800	177,082	87,649	166,648	8,277	1,454	88,352
Total Federal		8,049,793	743,528	8,793,321	18,016,905	13,773,910	5,214,025	238,449	8,049,794
		$ 17,665,104	$ 3,351,214	$ 21,016,318	$ 25,163,973	$ 23,886,688	$ 7,577,276	$ 564,072	$ 14,152,255
	Ref.	A	A-36		A-35	A-4	A-36	Below	A
Grants Receivable	A-35							536,962	
Grants Cancelled	A-35							27,110	
								564,072	
								Above	

SUPPLEMENTARY DATA - TRUST FUNDS

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - TREASURER

	Ref.	Total	Animal Control	Community Development	Trust Other
Balance, June 30, 2009	B	$ 10,569,627	$ 26,134	$ 6,694,219	$ 3,849,274
Increased by Receipts:					
Interest Earned:					
Various Grants	B-26	26,538	-	26,538	-
Reserve for Family Self-Sufficient Escrow	B-17	201	-	201	-
Due to Special Improvement Districts	B-4	580,725	-	-	580,725
Grants Receivable	B-5	7,792,910	-	7,792,910	-
Due to State of New Jersey	B-6	3,990	3,990	-	-
Reserve for Off Duty Police Officers	B-7	4,719,798	-	-	4,719,798
Reserve for Off Duty Police Officers	B-8	535,114	-	-	535,114
Reserve for Animal Control Expenditures	B-11	259,374	259,374	-	-
Parking Offense Adjudication Act	B-14	77,334	-	-	77,334
Weights and Measures	B-15	21,763	-	-	21,763
Reserve for Public Defender Fees	B-16	82,076	-	-	82,076
Other Deposits	B-18	1,468,372	-	-	1,468,372
Overpayments Received	B-19	2,818	-	-	2,818
Prepaid Revenue	B-21	34,161	-	-	34,161
Reserve for Payroll Agency	B-23	68,183,677	-	-	68,183,677
Reserve for Various Grants	B-26	190,490	-	190,490	-
		83,979,341	263,364	8,010,139	75,705,838
		94,548,968	289,498	14,704,358	79,555,112
Decreased by Disbursements:					
Fund Balance	B-1	128,555	-	-	128,555
Due to Special Improvement Districts	B-4	606,205	-	-	606,205
Program Income Disbursed	B-5	80,000	-	80,000	-
Due to State of New Jersey	B-6	4,018	4,018	-	-
Reserve for Off Duty Police Officers	B-7	4,560,766	-	-	4,560,766
Reserve for Admin-Off Duty Police Officers	B-8	555,680	-	-	555,680
Reserve for Family Self Sufficiency	B-17	89,192	-	89,192	-
Other Deposits	B-18	1,192,397	-	-	1,192,397
Overpayments Disbursed	B-19	501	-	-	501
Reserve for Payroll Agency	B-23	66,903,500	-	-	66,903,500
Due to Current	B-24	415,264	269,841	-	145,423
Grant Expenditures	B-26	7,785,981	-	7,785,981	-
		74,536,078	273,859	7,955,173	74,093,027
Balance, June 30, 2010	B	$ 20,012,890	$ 15,639	$ 6,749,185	$ 5,462,085

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF TAXES RECEIVABLE - SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance, June 30, 2009	B	$ 572	$ 11	$ 561
Increased by:				
Billings	B-22	558,502	201,000	357,502
		559,074	201,011	358,063
Decreased by:				
Prepaid Revenue Applied	B-22	26,345	10,779	15,566
Realized Revenue	B-22	531,993	190,071	341,922
Cancellations	B-22	168	154	14
		558,506	201,004	357,502
Balance, June 30, 2010	B	$ 568	$ 7	$ 561

EXHIBIT B-4

SCHEDULE OF DUE TO SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance, June 30, 2009	B	$ 42,960	$ 9,736	$ 33,224
Increased by:				
Cash Receipts	B-2	580,725	208,744	371,981
Prepaid Applied	B-21	26,347	10,780	15,567
		607,072	219,524	387,548
Decreased by:				
Cash Disbursements	B-2	606,205	220,450	385,755
		606,205	220,450	385,755
Balance, June 30, 2010	B	$ 43,827	$ 8,810	$ 35,017

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF GRANTS RECEIVABLE

	Ref.	Total	Community Development Block Grant	Neighborhood Stabilization	Emergency Shelter Grant	Fire House	Homeless Prevention	Housing Opportunities with Aids	Sheltering Arms	HUD Home Program
Balance, June 30, 2009	B	$ 17,463,722	$ 3,255,803	$ 2,266,641	$ 189,291	$ -	$ -	$ 3,172,303	$ 814,986	$ 7,764,698
Increased by:										
Program Income	B-2	80,000	80,000	-	-	-	-	-	-	-
Grant Awards	B-26	7,983,229	2,934,402	-	126,944	773,878	1,184,137	1,301,766	-	1,662,102
		25,526,951	6,270,205	2,266,641	316,235	773,878	1,184,137	4,474,069	814,986	9,426,800
Decreased by:										
Cash Receipts	B-2	7,792,910	3,295,563	53,068	144,383	-	197,261	1,845,367	-	2,257,268
Balance, June 30, 2010	B	$ 17,734,041	$ 2,974,642	$ 2,213,573	$ 171,852	$ 773,878	$ 986,876	$ 2,628,702	$ 814,986	$ 7,169,532

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	Ref.	
Balance, June 30, 2009	B	$ 102
Increased by:		
Fees Collected	B-2	65
		167
Decreased by:		
Cash Disbursements	B-2	102
Balance, June 30, 2010	B	$ 65

EXHIBIT B-7

SCHEDULE OF RESERVE FOR OFF-DUTY POLICE OFFICERS

	Ref.	
Balance, June 30, 2009	B	$ 205,594
Increased by:		
Cash Receipts	B-2	4,719,798
		4,925,392
Decreased by:		
Cash Disbursements	B-2	4,560,766
Balance, June 30, 2010	B	$ 364,626

EXHIBIT B-8

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR ADMINISTRATION OFF-DUTY POLICE OFFICERS

	Ref.	
Balance, June 30, 2009	B	$ 96,691
Increased by:		
Transfer from Reserve for Off-Duty Police Officers	B-2	535,114
		631,805
Decreased by:		
Off-Duty Salaries	B-2	555,680
Balance, June 30, 2010	B	$ 76,125

EXHIBIT B-9

SCHEDULE OF DUE FROM MUNICIPAL UTILITY AUTHORITY

	Ref.	
Balance, June 30, 2010 and 2009	B	$ 3,199,181

EXHIBIT B-10

SCHEDULE OF RESERVE FOR MUNICIPAL UTILITY AUTHORITY RECEIVABLE

	Ref.	
Balance, June 30, 2010 and 2009	B	$ 3,199,181

EXHIBIT B-11

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

	Ref.	
Balance, June 30, 2009	B	$ 26,032
Increased by:		
Cash Receipts	B-2	259,374
		285,406
Decreased by:		
Expenditures under R.S. 4:19-15. 11	B-24	269,841
Balance, June 30, 2010	B	$ 15,565

License Fees Collected	
2010	$ 246,410
2009	13,164
	$ 259,574

EXHIBIT B-12

SCHEDULE OF REDEVELOPMENT/CDBG HELD PROPERTY

	Ref.	
Balance June 30, 2009	B	$ 210,930
Decreased by:		
Sale of Property	B-13	23,800
Balance June 30, 2010	B	$ 187,130

EXHIBIT B-13

SCHEDULE OF RESERVE FOR REDEVELOPMENT/CDBG HELD PROPERTY

	Ref.	
Balance June 30, 2009	B	$ 210,930
Decreased by:		
Sale of Property	B-12	23,800
Balance June 30, 2010	B	$ 187,130

EXHIBIT B-14

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR PARKING OFFENSE ADJUDICATION ACT

	Ref.		
Balance, June 30, 2009	B	$	86,847
Increased by:			
Fees Collected	B-2		77,334
			164,181
Decreased by:			
Due To Current Fund	B-24		26,962
Balance, June 30, 2010	B	$	137,219

EXHIBIT B-15

SCHEDULE OF RESERVE FOR WEIGHTS AND MEASURES

	Ref.		
Balance, June 30, 2009	B	$	60,750
Increased by:			
Fees Collected	B-2		21,763
			82,513
Decreased by:			
Due to Current Fund	B-24		39,250
Balance, June 30, 2010	B	$	43,263

EXHIBIT B-16

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER FEES

	Ref.		
Balance, June 30, 2009	B	$	13,050
Increased by:			
Fees Collected	B-2		82,076
			95,126
Decreased by:			
Due to Current Fund	B-24		79,211
Balance, June 30, 2010	B	$	15,915

EXHIBIT B-17

SCHEDULE OF RESERVE FOR FAMILY SELF-SUFFICIENCY ESCROW

	Ref.		
Balance, June 30, 2009	B	$	88,991
Increased by:			
Interest Earned	B-2		201
			89,192
Decreased by:			
Cash Disbursement	B-2		89,192
Balance, June 30, 2010		$	-

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR OTHER DEPOSITS

	Ref.	Balance June 30, 2009	Increase	Decrease	Balance June 30, 2010
Street Opening Deposits		$ 5,200	$ 3,600	$ 4,900	$ 3,900
Bid Deposits		74,750	47,090	47,540	74,300
Dumpster Deposits		10,700	16,000	12,600	14,100
Fire Insurance		-	186,373	113,409	72,964
Park and Recreation Deposits		10,850	750	-	11,600
Tax Lien Certificates		21,099	-	-	21,099
Tax Sale Premium		1,946,200	29,153	1,022,103	953,250
Home Depot Engineering		5,000	-	-	5,000
Historic Preservation Fund		2,249	6,456	5,348	3,357
Special Recreation Fund		2,386	-	-	2,386
Estate of John Burhams		2,033	552	700	1,885
Developers Agreement		-	8,000	6,000	2,000
Koar George		91,670	1,103	2,000	90,773
Developers Escrow Account		12	-	-	12
Insurance Liability		-	1,169,295	-	1,169,295
Consultant Review Escrow Account		7,471	-	5,197	2,274
		$ 2,179,620	$ 1,468,372	$ 1,219,797	$ 2,428,195
	Ref.	B	B-2	Below	B
Fund Balance - Cancellations	B-1			$ 27,400	
Cash Disbursements	B-2			1,192,397	
	Above			$ 1,219,797	

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF TAX OVERPAYMENTS - SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance, June 30, 2009	B	$ 501	$ 484	$ 17
Increased by:				
Cash Receipts	B-2	2,818	-	2,818
		3,319	484	2,835
Decreased by:				
Cash Disbursements	B-2	501	484	17
Balance, June 30, 2010	B	$ 2,818	$ -	$ 2,818

EXHIBIT B-20

SCHEDULE OF TAX TITLE LIENS RECEIVABLE - SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance, June 30, 2009	B	$ 8,046	$ 545	$ 7,501
Decreased by:				
Realized Revenue	B-22	903	82	821
Balance, June 30, 2010	B	$ 7,143	$ 463	$ 6,680

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF PREPAID REVENUE - SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance, June 30, 2009	B	$ 26,347	$ 10,781	$ 15,566
Increased by:				
Cash Receipts	B-2	34,161	14,636	19,525
		60,508	25,417	35,091
Decreased by:				
Applied to Receivable	B-4	26,347	10,781	15,566
Balance, June 30, 2010	B	$ 34,161	$ 14,636	$ 19,525

EXHIBIT B-22

SCHEDULE OF RESERVE FOR TAXES RECEIVABLE - SPECIAL IMPROVEMENT DISTRICTS

	Ref.	Total	Bunker Hill	Downtown Paterson
Balance, June 30, 2009	B	$ 8,618	$ 556	$ 8,062
Increased by:				
Billings	B-3	558,502	201,000	357,502
		567,120	201,556	365,564
Decreased by:				
Realized Revenue:				
Taxes	B-3	531,993	190,071	341,922
Liens	B-20	903	82	821
Cancelled:				
Billings	B-3	168	154	14
Prepaid Revenue Applied	B-3	26,345	10,779	15,566
		559,409	201,086	358,323
Balance, June 30, 2010	B	$ 7,711	$ 470	$ 7,241

EXHIBIT B-23

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR PAYROLL AGENCY

	Ref.	
Balance, June 30, 2009	B	$ 995,184
Increased by:		
Cash Receipts	B-2	68,183,677
		69,178,861
Decreased by:		
Cash Disbursements	B-2	66,903,500
Balance, June 30, 2010	B	$ 2,275,361

EXHIBIT B-24

SCHEDULE OF DUE TO CURRENT FUND

	Ref.		
Balance, June 30, 2009	B		$ 77,758
Increased by:			
Cash Disbursements	B-2		415,264
			493,022
Decreased by:			
Dog Fund	B-11	$ 269,841	
Weights and Measures	B-15	39,250	
POAA	B-14	26,962	
Public Defender	B-16	79,211	
Interfund Cleared	B-1	77,758	
			493,022
Balance, June 30, 2010			$ -

EXHIBIT B-25

SCHEDULE OF DUE TO HOUSING AUTHORITY-STRAIGHT & NARROW

	Ref.	
Balance, June 30, 2010 and 2009	B	$ 21,820

THE CITY OF PATERSON
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF RESERVE FOR GRANT EXPENDITURES

	Ref.	Total	Community Development Block Grant	Housing Assistance	Section 8 Earned Administration Balances	Restricted Annual Contribution	Neighborhood Stabilization	Emergency Shelter Grant	Housing Opportunities For Persons with Aids	Sheltering Arms	HUD Home Program	ARRA Firehouse Construction	Homeless Prevention	Wayne Regional Agreement	Woodland Park Regional Agreement	Hawthorne/ Paterson Regional Agreement
Balance, June 30, 2009	B	$24,047,130	$ 3,410,005	$ 2,000	$ 514,600	$ 106,188	$ 2,119,846	$ 168,697	$ 3,070,907	$ 814,986	$9,322,925	$ -	$ -	$3,279,490	$ 643,148	$ 594,338
Increased by:																
Interest Earned	B-2	26,538	-	9,037	-	-	7,300	-	-	-	-	-	-	7,523	1,241	1,437
Program Income	B-2	190,490	116,737	-	-	-	-	-	-	-	73,753	-	-	-	-	-
Grant Receivable	B-5	7,983,229	2,934,402	-	-	-	-	126,944	1,301,766	-	1,662,102	773,878	1,184,137	-	-	-
		8,200,257	3,051,139	9,037	-	-	7,300	126,944	1,301,766	-	1,735,855	773,878	1,184,137	7,523	1,241	1,437
		32,247,387	6,461,144	11,037	514,600	106,188	2,127,146	295,641	4,372,673	814,986	11,058,780	773,878	1,184,137	3,287,013	644,389	595,775
Decreased by:																
Cash Disbursements	B-2	7,785,981	3,291,591	10,037	13,690	-	10,324	145,691	1,750,299	-	2,290,448	-	197,261	4,640	72,000	-
Balance, June 30, 2010	B	$24,461,406	$ 3,169,553	$ 1,000	$ 500,910	$ 106,188	$ 2,116,822	$ 149,950	$ 2,622,374	$ 814,986	$8,768,332	$ 773,878	$ 986,876	$3,282,373	$ 572,389	$ 595,775

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SUPPLEMENTARY DATA - GENERAL CAPITAL FUND

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF CASH - TREASURER

	Ref.		
Balance, June 30, 2009	C, C-3		$ 14,165,122
Increased by:			
Due to Current Fund	C-3, C-20	$ 16,472,523	
State Grant Receivable	C-4	1,659,437	
Federal Grant Receivable	C-5	104,321	
Green Acre Loan Payable	C-16	100,276	
			18,336,557
			32,501,679
Decreased by:			
Due from Current Fund	C-3, C-20		16,029,147
Balance, June 30, 2010	C, C-3		$ 16,472,532

EXHIBIT C-3

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

ANALYSIS OF CASH

Improvement Authorizations	Balance June 30, 2009	Cash Receipts	Cash Disbursements	Transfers To	Transfers From	Balance June 30, 2010
National Historic Landmark District	$ 251,209	$ -	$ -	$ -	$ 251,209	$ -
Combined Sewer Overflow Design Project	(852)	-	-	-	-	(852)
Various Capital Improvements:						
Various Public Works Projects	554,361	-	-	-	43,174	511,187
Various Capital Improvements:						
Building Improvements	74,792	-	-	-	74,792	-
Sewer Reconstruction	121,493	-	-	-	-	121,493
Combined Sewer Overflow Phase I	1,007,147	-	-	-	66,596	940,551
Various Capital Improvements - Facilities	191,883	-	-	-	62,313	129,570
Combined Sewer Overflow Phase II	3,801,620	-	-	-	17,243	3,784,377
Main/Market Street Streetscape Project	202,549	-	-	-	-	202,549
2004 City Road Resurfacing Program	6,693	-	-	-	6,693	-
Construction of a Bikeway/Walkway at ATP Site	250,000	-	-	-	-	250,000
Combined Sewer Overflow Phase III	497,236	-	-	834,583	139,292	1,192,527
Combined Sewer Overflow Phase III NJ Inf. Trust	8,727,549	-	-	3,840,914	-	12,568,463
Various Park Improvements	895,384	100,276	-	-	-	995,660
Various Sewer Reconstruction	1,732	-	-	-	1,732	-
Capital Improvements	431,746	-	-	-	103,391	328,355
2006 City Road Resurfacing Program	5,263	-	-	-	5,263	-
Various Sewer Reconstruction	134,615	-	-	-	14,888	119,727
Various Capital Improvements - Equipment	75,756	-	-	-	75,756	-
Various Capital Improvements - Facilities	481,949	-	-	-	609	481,340
Various Capital Improvements - Roadways	804,540	-	-	-	986	803,554
Barclay/Marchall Street Signalization	372,656	-	-	-	219,852	152,804
Barclay Street Viaduct Project	542,170	-	-	-	542,170	-
Various Capital Improvements	290,217	-	-	-	110,743	179,474
City Road Resurfacing Program	1,318,108	-	-	-	1,198,406	119,702
Sewer Reconstruction	367,281	-	-	-	320,521	46,760
Various Capital Improvements - Equipment	776,538	-	-	-	641,634	134,904
Various Capital Improvements - Facility	1,683,187	-	-	-	149,880	1,533,307

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

ANALYSIS OF CASH

Improvement Authorizations	Ref.	Balance June 30, 2009	Cash Receipts	Cash Disbursements	Transfers To	Transfers From	Balance June 30, 2010
Various Capital Improvements - ATP Site Park		$ 1,283,665	$ -	$ -	$ -	$ -	$ 1,283,665
Various Capital Improvements - Pennington Park		1,377,253	-	-	900,000	507,524	1,769,729
2008 DOT Road Resurfacing Program		135,000	-	-	-	-	135,000
2009 City Road Resurfacing Program		2,091,393	-	-	-	921,600	1,169,793
Sewer Reconstruction		2,101,275	-	-	-	2,026,621	74,654
Construction of Fire House		159,048	-	-	2,010,350	-	2,169,398
DOT Spruce Street and McBride Avenue - Signalization		250,257	-	-	-	-	250,257
2009 DOT Road Resurgacing Program		150,000	-	-	-	-	150,000
DOT Pedestrian Signal Improvement		190,000	-	-	-	25,000	165,000
2010 Road Resurfacing		-	-	-	2,100,000	280,000	1,820,000
Sewer Reconstruction		-	-	-	2,800,000	2,247,133	552,867
Various Capital Improvements		-	-	-	2,195,000	199,714	1,995,286
2010 DOT Road Resurfacing Program		-	-	-	509,757	-	509,757
DOT Discretionary Funding		-	-	-	250,000	-	250,000
Other Accounts							
Fund Balance	C-1	153,719	-	-	195,916	153,000	196,635
Grants Receivable - State	C-4	(7,325,337)	1,659,437	-	482,452	3,345,861	(8,529,309)
Grants Receivable - Federal	C-5	(301,115)	104,321	-	115,000	-	(81,794)
Capital Improvement Fund	C-15	186,113	-	-	400,000	340,000	246,113
Due Current Fund	C-20	-	16,472,523	16,029,147	9,662,700	10,106,076	-
Due From New Jersey Environmental Infrastructure Trust Fund	C-8	(10,152,971)	-	-	-	2,097,000	(12,249,971)
		$ 14,165,122	$ 18,336,557	$ 16,029,147	$ 26,296,672	$ 26,296,672	$ 16,472,532
	Ref.	C	C-2	C-2, C-20	Contra	Contra	C, C-2

EXHIBIT C-4

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF GRANT FUNDS RECEIVABLE - STATE

	Ref.		
Balance, June 30, 2009	C		$ 7,325,337
Increased by:			
Improvement Authorizations	C-14		3,345,861
			10,671,198
Decreased by:			
Cash Receipts	C-2	$ 1,659,437	
Improvement Authorizations Cancelled	C-14	482,452	
			2,141,889
Balance, June 30, 2010	C		$ 8,529,309

EXHIBIT C-5

SCHEDULE OF GRANT FUNDS RECEIVABLE - FEDERAL

	Ref.		
Balance, June 30, 2009	C		$ 301,115
Decreased by:			
Cash Receipts	C-2	$ 104,321	
Improvement Authorization Cancelled	C-14	115,000	
			219,321
Balance, June 30, 2010	C		$ 81,794

EXHIBIT C-6

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	Ref.	
Balance, June 30, 2009	C	$ 209,584
Decreased by:		
New Jersey Department of Environmental Protection Settlement Payable	C-12	41,917
Balance, June 30, 2010	C	$ 167,667

EXHIBIT C-7

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

	Ref.		
Balance, June 30, 2009	C		$ 74,021,393
Increased by:			
Environmental Infrastructure Loan	C-9, C-11	2,088,000	
Green Acres Trust Loan	C-9	100,276	
			2,188,276
			76,209,669
Decreased by:			
2010 Budget Appropriations to Pay Debt			
General Serial Bonds	C-10	3,845,542	
Environmental Infrastructure Trust Loan	C-11	978,934	
Green Acres Trust Loan	C-16	87,911	
Demolition Loan	C-17	88,250	
Economic Development Agency Loans:			
Municipal	C-18	22,540	
School	C-19	547,023	
			5,570,200
Balance, June 30, 2010	C		$ 70,639,469

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	Ref.	Total	Phase I	Phase II	Phase III	Phase IV	Phase V
Balance, June 30, 2009	C	$ 10,152,969	$ 474,816	$ 423,377	$ 497,172	$ 8,757,604	$ -
Increased by:							
Sale of Bonds	C-9, C-21	2,088,000	-	-	-	-	2,088,000
Improvement Authorizations	C-14	9,000	-	-	-	-	9,000
Balance, June 30, 2010	C	$ 12,249,969	$ 474,816	$ 423,377	$ 497,172	$ 8,757,604	$ 2,097,000

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance June 30, 2009	Authorizations 2010	Due From New Jersey Environmental Infrastructure Trust Fund	Green Acres Trust Loan	Balance June 30, 2010	Analysis of Balance June 30, 2010: Expenditures	Analysis of Balance June 30, 2010: Unexpended Improvement Authorization
98-45	Combined Sewer Overflow: Control Design Project	$ 852	$ -	$ -	$ -	$ 852	$ 852	$ -
02-45	Combined Sewer Outflow Phase I	521	-	-	-	521	-	521
04-03	Combined Sewer Outflow Phase II	57	-	-	-	57	-	57
05-05	Combined Sewer Outflow Phase III	9,493,195	-	2,088,000	-	7,405,195	7,500	7,397,695
06-01	Various Park Improvements	1,237,363	-	-	100,276	1,137,087	70,714	1,066,373
08-021	Various Park Improvements-ATP Site Park	783,665	-	-	-	783,665	-	783,665
08-022	Various Park Improvements-Pennington	1,400,000	-	-	-	1,400,000	265,136	1,134,864
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	180,000	1,820,000
09-031	Sewer Reconstruction	-	2,665,000	-	-	2,665,000	2,112,133	552,867
09-032	Various Capital Improvement	-	2,090,000	-	-	2,090,000	94,714	1,995,286
		$ 16,115,653	$ 6,755,000	$ 2,088,000	$ 100,276	$ 20,682,377	$ 2,731,049	$ 17,951,328
	Ref.	C	C-14, C-21	C-7, C-8	C-7	C		C, C-14

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2010 Date	Amount	Interest Rate %	Balance June 30, 2009	Decrease	Balance June 30, 2010
Pension Refunding	04/03/03	$ 13,044,671	04/01/11	$ 1,063,811	4.860			
			04/01/12	1,056,089	5.070			
			04/01/13	1,047,753	5.240			
			04/01/14	1,032,151	5.440			
			04/01/15	1,017,145	5.620			
			04/01/16	1,001,640	5.770			
			04/01/17	983,837	5.910			
			04/01/18	100,000	5.650			
			04/01/19	115,000	5.650			
			04/01/20	130,000	5.650			
			04/01/21	145,000	5.650	$ 8,762,968	$ 1,070,542	$ 7,692,426
General Improvement Bonds	06/01/05	18,999,000	02/01/11	2,800,000	3.625			
			02/01/12	2,850,000	3.625			
			02/01/13	2,875,000	3.625			
			02/01/14	2,900,000	3.625			
			02/01/15	2,900,000	3.625	17,100,000	2,775,000	14,325,000
General Improvement Bonds	06/15/09	23,294,000	06/15/11	2,624,000	4.250			
			06/15/12	2,700,000	4.250			
			06/15/13	2,780,000	4.250			
			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	23,294,000	-	23,294,000
						$ 49,156,968	$ 3,845,542	$ 45,311,426
					Ref.	C	C-7	C

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN

	Ref.	
Balance, June 30, 2009	C	$ 20,982,238
Increased by:		
Phase IV Bond Issued	C-7, C-21	2,088,000
		23,070,238
Decreased by:		
Loan Paid by Budget Appropriation	C-7	978,934
Balance, June 30, 2010	C	$ 22,091,304

SCHEDULE OF NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION SETTLEMENT PAYABLE

	Ref.	
Balance, June 30, 2009	C	$ 209,584
Decreased by:		
Deferred Charges to Future		
Taxation - Funded		
Due From State of New Jersey	C-6	41,917
Balance, June 30, 2010	C	$ 167,667

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate %	Balance June 30, 2009	Increase	Balance June 30, 2010
08-22	Various Park Improvements Pennington	06/17/10	06/17/10	06/16/11	1.50%	$ -	$ 900,000	$ 900,000
09-13	Construction of Firehouse	06/17/10	06/17/10	06/16/11	1.50%	-	2,010,000	2,010,000
09-30	Resurfacing of Various Streets	06/17/10	06/17/10	06/16/11	1.50%	-	2,000,000	2,000,000
09-31	Reconstruction of Sewers	06/17/10	06/17/10	06/16/11	1.50%	-	2,665,000	2,665,000
09-32	Various Capital Improvements	06/17/10	06/17/10	06/16/11	1.50%	-	2,090,000	2,090,000
						$ -	$ 9,665,000	$ 9,665,000
					Ref.		C-20, C-21	C

EXHIBIT C-14

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance, June 30, 2009		2010		Paid or	Balance, June 30, 2010	
	Date	Amount	Funded	Unfunded	Authorizations	Cancellations	Charged	Funded	Unfunded
National Historic Landmark District	09/12/95	$ 3,539,352	$ 251,209	$ -	$ -	$ 115,000	$ 136,209	-	$ -
Various Acquisition Public Works	06/11/99	2,016,000	554,361	-	-	-	43,174	511,187	-
Acquisition of a Communications Network and			-	-	-	-	-	-	-
Computer Upgrade of Hardware and Software	08/24/99	5,000,000	-	-	-	-	-	-	-
2000 Road Resurfacing Program - D.O.T.	05/23/00	1,000,000	-	-	-	-	-	-	-
Various Capital Improvements:			-	-	-	-	-	-	-
Building Improvements	07/17/01	1,106,000	74,792	-	-	74,792	-	-	-
Sewer Reconstruction	07/17/01	151,000	121,493	-	-	-	-	121,493	-
Combined Sewer Outflow Phase I	12/17/02	10,942,000	1,007,146	521	-	-	66,596	940,550	521
Various Capital Improvements-Facilities	05/27/03	1,856,000	191,883	-	-	-	62,313	129,570	-
Combined Sewer Outflow Phase II	01/27/04	6,538,000	3,801,620	57	-	-	17,243	3,784,377	57
Main/Market Street Streetscape Project	04/13/04	1,760,000	202,549	-	-	-	-	202,549	-
2004 City Road Resurfacing Program	06/24/04	900,000	6,693	-	-	6,693	-	-	-
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	8,735,049	9,485,695	1,751,521	-	(1,393)	12,575,963	7,397,695
Combined Sewer Outflow Phase III	various	21,919,000	497,236		834,583	-	139,292	1,192,527	-
Various Park Improvements	10/25/05	2,474,726	1,066,374	1,066,373	-	-	-	1,066,374	1,066,373
Various Sewer Reconstruction	10/25/05	2,260,000	1,732	-	-	-	1,732	-	-
Capital Improvements	02/14/06	1,955,000	431,745	-	-	-	103,391	328,354	-
2006 City Road Resurfacing Program	06/13/06	400,000	5,263	-	-	-	5,263	-	-
Various Sewer Reconstruction	12/24/06	2,500,000	134,615	-	-	-	14,888	119,727	-
Various Capital Improvements-Equipment	02/27/07	1,971,000	75,756	-	-	73,355	2,401	-	-
Various Capital Improvements-Facilities	02/27/07	500,000	481,949	-	-	-	609	481,340	-
Various Capital Improvements-Roadways	02/27/07	810,000	804,540	-	-	-	986	803,554	-
Barclay/Marchall Street Signalization	03/27/07	400,000	372,656	-	-	-	219,852	152,804	-
Barclay Street Viaduct Project	04/10/07	3,500,000	542,170	-	-	482,452	59,718	-	-
Various Capital Improvements	05/15/07	1,601,000	290,217	-	-	-	110,743	179,474	-
City Road Resurfacing Program	09/25/07	2,100,000	1,318,108	-	-	-	1,198,406	119,702	-
Sewer Reconstruction	11/07/07	2,500,000	367,281	-	-	-	320,521	46,760	-
Various Park Improvements-Pennington Park	06/24/08	2,800,000	1,388,626	1,388,627	-	-	507,524	1,134,865	1,134,864
Various Park Improvements-ATP Site Park	06/24/08	2,067,330	1,283,665	783,665	-	-	-	1,283,665	783,665
Acquisition of Equipment	06/24/08	800,000	776,538	-	-	-	641,634	134,904	-
Various Capital Improvements-Facility	06/24/08	1,870,000	1,683,187	-	-	-	149,880	1,533,307	-
2008 DOT Road Resurfacing Program	08/19/08	135,000	135,000	-	-	-	-	135,000	-
2009 City Road Resurfacing Program	11/12/08	2,100,000	2,091,393	-	-	-	921,600	1,169,793	-
Sewer Reconstruction	11/19/08	2,500,000	2,101,275		-	-	2,026,621	74,654	
Construction of Fire House	05/26/09	3,360,000	159,048	3,200,000	-	-	(350)	159,398	3,200,000
DOT Spruce Street Mcbride Avenue Signalization	04/28/09	250,257	250,257	-	-	-	-	250,257	-
2009 DOT Road Resurfacing Program	04/28/09	150,000	150,000	-	-	-	-	150,000	-
DOT Pedestrian Signal Improvements	05/26/09	190,000	190,000	-	-	-	25,000	165,000	-

EXHIBIT C-14

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

	Ordinance		Balance, June 30, 2009		2010		Paid or	Balance, June 30, 2010	
Improvement Description	Date	Amount	Funded	Unfunded	Authorizations	Cancellations	Charged	Funded	Unfunded
2010 Road Resurfacing	10/27/09	$ 2,100,000	$ -	$ -	$ 2,100,000	-	$ 280,000	$ -	$ 1,820,000
Sewer Reconstruction	10/27/09	2,800,000	-	-	2,800,000	-	2,247,133	-	552,867
Various Capital Improvements	10/27/09	2,195,000	-	-	2,195,000	-	199,714	-	1,995,286
2010 DOT Road Resurfacing	02/09/10	509,757	-	-	509,757	-	-	509,757	-
DOT Discretionary Funding Program	02/23/10	250,000	-	-	250,000	-	-	250,000	-
			$ 31,795,426	$ 15,924,938	$ 10,440,861	$ 752,292	$ 9,500,700	$ 29,956,905	$ 17,951,328
	Ref		C	C				C	C
Capital Improvement Fund	C-15				$ 340,000				
Deferred Changes to Future Taxation									
Unfunded	C-9				6,755,000				
Grants Receivable - State	C-4				3,345,861				
					$ 10,440,861				
Due From Current Fund	C-20						$ 9,509,700		
Bond Proceeds Due from State of NJ	C-8						(9,000)		
							$ 9,500,700		
Fund Balance	C-1					$ 154,840			
Grant Receivable - State	C-4					482,452			
Grant Receivable - Federal	C-5					115,000			
						$ 752,292			

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance, June 30, 2009	C	$ 186,113
Increased by:		
Budget Appropriation	C-20	400,000
		586,113
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-14	340,000
Balance, June 30, 2010	C	$ 246,113

EXHIBIT C-16

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

Purpose	Ordinance Date	Amount of Original Issue	Maturities of Loans Outstanding June 30, 2010 Date	Maturities of Loans Outstanding June 30, 2010 Amount	Interest Rate %	Balance June 30, 2009	Increase	Decrease	Balance June 30, 2010
Park Development Program	11/22/88	$ 403,152		-	2.00	$ 13,258		$ 13,258	$ -
River Front Project	08/29/90	375,000	10/24/10	13,347	2.00				
			04/24/11	13,481					
			10/24/11	13,615		66,742		26,299	40,443
Park Development Program - Phase II	07/26/94	315,000	10/30/10	9,167	2.00				
			04/30/11	9,259					
			10/30/11	9,351					
			04/30/12	9,445					
			10/30/12	9,539					
			04/30/13	9,635					
			10/30/13	9,731					
			04/30/14	9,828					
			10/30/14	9,927					
			10/30/15	10,026					
			10/30/16	10,127		124,097		18,062	106,035
Park Development Program - Phase III	06/28/06	231,650	09/30/10	5,238	2.00				
			03/30/11	5,291					
			09/30/11	5,344					
			03/30/12	5,397					
			09/30/12	5,451					
			03/30/13	5,506					
			09/30/13	5,561					
			03/30/14	5,616					
			09/30/14	5,672					
			03/30/15	5,729					
			09/30/15	5,786					
			03/30/16	5,844					
			09/30/16	5,903					
			03/30/17	5,962					
			09/30/17	6,021					
			03/30/18	6,082					
			09/30/18	6,142					
			03/30/19	6,204					
			09/30/19	6,266					
			03/30/20	6,328					
			09/30/20	6,392					
			03/30/21	6,456					
			09/30/21	6,520					
			03/30/22	6,585					
			09/30/22	6,651					
			03/30/23	6,718					

EXHIBIT C-16

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE

Purpose	Ordinance Date	Amount of Original Issue	Maturities of Loans Outstanding June 30, 2010 Date	Amount	Interest Rate %	Balance June 30, 2009	Increase	Decrease	Balance June 30, 2010
			09/30/23	$ 6,785	$ -	$ -	$ -	$ -	$ -
			03/30/24	6,853					
			09/30/24	6,921					
			03/30/25	6,991					
			09/30/25	7,060					
			03/30/26	7,131		206,727		10,321	196,406
Various Park Improvements	06/26/06	267,000	09/30/10	10,136	2.00				
			03/30/11	10,237					
			09/30/11	10,339					
			03/30/12	10,443					
			09/30/12	10,547					
			03/30/13	10,652					
			09/30/13	10,759					
			03/30/14	10,867					
			09/30/14	10,975					
			03/30/15	11,085					
			09/30/15	11,196					
			03/30/16	11,308					
			09/30/16	11,421					
			03/30/17	11,535					
			09/30/17	11,651					
			03/30/18	11,767					
			09/30/18	11,885					
			03/30/19	12,003		218,777		19,971	198,806
Various Park Improvements	1/19/2006	100,276	N/A	N/A		-	100,276	-	100,276
						$ 629,601	$ 100,276	$ 87,911	$ 641,966
					Ref.	C	C-2, C-21	C-7	C

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF DEMOLITION LOAN PAYABLE

Purpose	Ordinance Date	Amount of Original Issue	Maturities of Loans Outstanding June 30, 2010 Date	Maturities of Loans Outstanding June 30, 2010 Amount	Interest Rate %	Balance June 30, 2009	Decrease	Balance June 30, 2010
Urban and Rural Centers Unsafe								
Building Demolition Bond Loan	03/28/00	432,500	09/07/10	$ 43,250				
			09/07/11	43,250	0%	$ 129,750	$ 43,250	$ 86,500
Building Demolition Bond Loan	01/26/05	450,000	03/25/11	45,000				
			03/25/12	45,000				
			03/25/13	45,000				
			03/25/14	45,000				
					0%	225,000	45,000	180,000
						$ 354,750	$ 88,250	$ 266,500
					Ref.	C	C-7	C

EXHIBIT C-18

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF ECONOMIC DEVELOPMENT LOAN PAYABLE - MUNICIPAL

	Ref.	
Balance, June 30, 2009	C	$ 22,540
Decreased by:		
2010 Budget Appropriations	C-7	22,540
Balance, June 30, 2010	C	$ -

EXHIBIT C-19

SCHEDULE OF ECONOMIC DEVELOPMENT LOAN PAYABLE - SCHOOL

	Ref.	
Balance, June 30, 2009	C	$ 2,875,296
Decreased by:		
2010 Budget Appropriations	C-7	547,023
Balance, June 30, 2010	C	$ 2,328,273

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF DUE FROM CURRENT FUND

	Ref.		
Balance, June 30, 2009	C		$ -
Increased by:			
Cash Disbursements	C-2, C-3	$ 16,029,147	
Capital Surplus	C-1	41,076	
Bonds Payable	C-13	9,665,000	
Capital Improvement Fund	C-15	400,000	
			26,135,223
			26,135,223
Decreased by:			
Cash Receipts	C-2	16,472,523	
Improvement Authorizations	C-14	9,509,700	
Capital Surplus	C-1	153,000	
			26,135,223
Balance, June 30, 2010			$ -

THE CITY OF PATERSON
GENERAL CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance June 30, 2009	Authorized	Green Acres Trust Loan	Due from NJ Enviromental Infrastructure Trust Frund	Notes Issued	Balance June 30, 2010
98-45	Combined Sewer Overflow Solids/ Floatable Control Design Projects	$ 852	$ -	$ -	$ -	$ -	852
02-45	Combined Sewer Outflow Project	521	-		-	-	521
04-03	Combined Sewer Outflow Phase II	57	-		-	-	57
05-05	Combined Sewer Out Flow Phase III	9,493,195	-		2,088,000	-	7,405,195
06-01	Various Park Improvements	1,237,363	-	100,276	-	-	1,137,087
08-021	Various Park Improvements ATP Site Park	783,665	-	-	-	-	783,665
08-022	Various Park Improvements Pennington Park	1,400,000	-	-	-	900,000	500,000
09-013	Construction of Fire House	3,200,000	-	-	-	2,010,000	1,190,000
09-030	2010 Road Resurfacing	-	2,000,000	-	-	2,000,000	-
09-031	Sewer Reconstruction	-	2,665,000	-	-	2,665,000	-
09-032	Various Capital Improvements	-	2,090,000	-	-	2,090,000	-
		$ 16,115,653	$ 6,755,000	$ 100,276	$ 2,088,000	$ 9,665,000	$ 11,017,377
	Ref.	C	C-9	C-16	C-8, C-11	C-13	C

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SUPPLEMENTARY DATA - GENERAL FIXED ASSETS

EXHIBIT D-1

THE CITY OF PATERSON
GENERAL FIXED ASSET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF CHANGES IN FIXED ASSETS BY CLASS

	Balance, June 30, 2009	Additions	Disposals	Balance, June 30, 2010
Land	$ 3,136,527	$ -	$ -	$ 3,136,527
Building	37,657,878	-	-	37,657,878
Machinery and Equipment	33,174,828	1,396,741	(13,082,678)	21,488,891
	$ 73,969,233	$ 1,396,741	$ (13,082,678)	$ 62,283,296
Ref.	D	D-2	D-2	D

EXHIBIT D-2

SCHEDULE OF RESERVE FOR FIXED ASSETS

	Ref.	
Balance, June 30, 2009	D	$ 73,969,233
Increased by:		
Additions	D-1	1,396,741
		75,365,974
Decreased by:		
Disposals	D-1	13,082,678
Balance, June 30, 2010	D	$ 62,283,296

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ACCOMPANYING INFORMATION

CITY OF PATERSON
SCHEDULE OF COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010		2009	
	Amount	Percent	Amount	Percent
Revenue and Other Income Realized:				
Miscellaneous Revenue Anticipated	$ 114,636,434	38.08%	$ 111,481,614	37.95%
Receipts from Delinquent Taxes	357,400	0.12%	609,420	0.21%
Receipts from Current Taxes	183,782,775	61.05%	178,003,346	60.59%
Miscellaneous Revenue Not Anticipated	816,174	0.27%	1,036,567	0.35%
Other Credits to Income	1,443,493	0.48%	2,658,231	0.90%
	301,036,276	100.00%	293,789,178	100.00%
Expenditures:				
Budget Appropriations	$ 231,181,871	73.51%	$ 212,071,979	72.08%
School and County Taxes	82,586,469	26.26%	81,337,131	27.65%
Other	702,580	0.22%	802,712	0.27%
	314,470,920	100.00%	294,211,822	100.00%
Excess (Deficit) in Operations	(13,434,644)		(422,644)	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year:				
Special Emergency Appropriation	1,600,000		-	
Cash Deficit of Current Year	5,336,278		-	
	6,936,278		-	
Statutory Excess to Fund Balance	(6,498,366)		(422,644)	
Fund Balance, July 1	6,725,567		7,148,211	
Fund Balance, June 30	$ 227,201		$ 6,725,567	

CITY OF PATERSON
SCHEDULE OF TAX RATE INFORMATION

FOR THE LAST FIVE FISCAL YEARS

TAX RATE AND APPORTIONMENT OF TAX RATE

Year Ended June 30,	Total Tax Rate	Municipal	County	Local School
2010	2.126	1.191	0.511	0.424
2009	1.931	1.038	0.481	0.412
2008	1.851	0.997	0.457	0.397
2007	1.741	0.971	0.382	0.388
2006	26.294	14.418	5.538	6.338

NET VALUATION TAXABLE

Year Ended June 30,	Assessed Valuation
2010	$ 9,295,023,415
2009	9,352,696,819
2008	9,331,884,808
2007	9,388,617,332
2006	574,168,673

CITY OF PATERSON
SCHEDULE OF TAX LEVIES AND COLLECTIONS

FOR THE LAST FIVE FISCAL YEARS

Year Ended June 30,	Tax Levy	Cash Collections	Collection Percentage
2010	$ 190,946,704	$ 183,473,032	96.09%
2009	180269655	177508181	98.47%
2008	168584113	166274861	98.63%
2007	159672867	157721694	98.78%
2006	145273356	143456326	98.75%

CITY OF PATERSON
SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS

FOR THE LAST FIVE FISCAL YEARS

Year Ended June 30,	Liens	Delinquent Taxes	Total	Percent of Levy
2010	$ 1,850,564	$ 4,790,258	$ 6,640,822	3.48%
2009	1,558,429	16,909	1,575,338	0.87%
2008	2,302,843	7,564	2,310,407	1.37%
2007	1,459,149	12,089	1,471,238	0.92%
2006	2,862,358	33,418	2,895,776	1.99%

CITY OF PATERSON
SCHEDULE OF PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

FOR THE LAST FIVE FISCAL YEARS

Year Ended June 30,	Amount
2010	$ 5,107,360
2009	9,673,260
2008	852,850
2007	877,850
2006	1,600,650

THE CITY OF PATERSON

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at June 30, 2010:

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

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

All employees are covered by Fidelity and Deposit Company.

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

ADDITIONAL INFORMATION RELATING TO FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS

DONOHUE, GIRONDA & DORIA
Certified Public Accountants

Matthew A. Donohue, CPA
Robert A. Gironda, CPA
Robert G. Doria, CPA (N.J. & N.Y.)
Frederick J. Tomkins, CPA, RMA
Linda P. Kish, CPA, RMA
Tammy L. Zucca, CPA

310 Broadway
Bayonne, NJ 07002
(201) 437-9000

60 Court Street—Suite 3
Hackensack, NJ 07601
(201) 342-5005

Fax: (201) 437-1432
E-Mail: dgd@dgdcpas.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the City of Paterson, New Jersey (the "City), as of and for the year ended June 30, 2010, and have issued our report thereon dated February xx, 2011. We did not audit the financial statements of the Section 8 Housing Assistance Program, which is administered by the Paterson Housing Authority, which statements reflect total grant expenditures of $11,004,804 for the year ended June 30, 2010 and total grant revenues of $9,784,554 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, State of New Jersey which are described in the accompanying schedule of findings and questioned costs as item 2010-14.

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

DONOHUE, GIRONDA & DORIA
Certified Public Accountants

FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
April 8, 2011

DONOHUE, GIRONDA & DORIA
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Matthew A. Donohue, CPA
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310 Broadway
Bayonne, NJ 07002
(201) 437-9000

60 Court Street—Suite 3
Hackensack, NJ 07601
(201) 342-5005

Fax: (201) 437-1432
E-Mail: dgd@dgdcpas.com

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

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

Compliance

We have audited the compliance of the City of Paterson, New Jersey (the "City"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the City's major federal and state programs for the year ended June 30, 2010. 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 the State of 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 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 10-01 through 10-13 in the accompanying schedule of findings and questioned costs, the City did not comply with the requirements regarding procurement, allowable costs/costs principles, real property and other assets, program income, reporting, eligibility and subrecipient monitoring applicable to its Community Development Block Grant. In addition, as described in items 10-14 through 10-15 in the accompanying schedule of findings and questioned cost, the City did not comply with the requirements regarding re-certification of income and subrecipient monitoring applicable to its Section 8 Housing Assistance Program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the 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, 2010. The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questions costs as item 10-01 through 10-15.

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 in order to determine our auditing procedures for the purpose of expressing and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-01 through 10-9 and 10-14.

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 10-10, 10-12, 10-13 and 10-15.

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

DONOHUE, GIRONDA & DORIA
Certified Public Accountants

FREDERICK J. TOMKINS
Registered Municipal Accountant #327

Bayonne, New Jersey
April 8, 2011

THE CITY OF PATERSON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Department and Program	Federal CFDA Number	State Account Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance July 1, 2009	Adjustments	Balance July 1, 2009	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Program Income	Balance June 30, 2010	Cumulative Expenditures
Department of Justice															
COPS Technology Grant	16.710	N/A	07/01/08	06/30/09	$ 444,268	$ -	$ 666	$ -	$ 666	$ -	$ -	$ -	$ -	$ 666	$ 443,602
COPS Hiring Recovery Program	16.710	N/A	07/01/08	06/30/09	3,747,375	524,834	-	-	-	3,747,375	554,642	-	-	3,192,733	554,642
Local Law Enforcement Officers Training and Equipment	16.579	N/A	07/01/09	06/30/10	23,350	23,350	-	-	-	23,350	19,069	-	-	4,281	19,069
Local Law Enforcement Officers Training and Equipment	16.579	N/A	07/01/08	06/30/09	19,025	-	19,025	-	19,025	-	7,070	-	-	11,955	7,070
Local Law Enforcement Officers Training and Equipment	16.579	N/A	07/01/07	06/30/08	18,790	-	838	-	838	-	-	-	-	838	17,952
Local Law Enforcement Officers Training and Equipment	16.579	N/A	07/01/06	06/30/07	23,140	-	15,763	-	15,763	-	15,763	-	-	-	23,140
Local Law Enforcement Officers Training and Equipment	16.579	N/A	07/01/05	06/30/06	8,100	-	15,653	-	15,653	-	13,488	-	-	2,165	5,935
Byrne Memorial Justice Assistance- Equipment Grant	16.738	1020-100-384-2009	07/01/09	06/30/10	217,820	123,194	-	-	-	217,820	-	-	-	217,820	-
Byrne Memorial Justice Assistance- Equipment Grant	16.738	1020-100-384-2009	07/01/08	06/30/09	117,500	100,523	100,523	-	100,523	-	100,523		-	-	117,500
Byrne Memorial Justice Assistance	16.738	1020-100-384-2008	07/01/09	06/30/10	898,178	434,795	-	-	-	898,178	773,314	2,110	-	126,974	773,314
Byrne Memorial Justice Assistance	16.738	1020-100-384-2008	07/01/07	06/30/08	68,631	19,959	67,360	-	67,360	-	62,445	-	-	4,915	63,716
Byrne Memorial Justice Assistance	16.738	1020-100-384-2007	07/01/06	06/30/07	187,875	80,048	108,128	-	108,128	-	108,128	-	-	-	187,875
Byrne Memorial Justice Assistance	16.738	1020-100-384-2006	07/01/05	06/30/06	112,184	3,510	93,014	-	93,014	-	73,307	(19,707)	-	-	92,477
Bulletproof Vest Program	16.607	N/A	07/01/09	06/30/10	3,672	3,672	-	-	-	3,672	-	-	-	3,672	-
Bulletproof Vest Program	16.607	N/A	07/01/08	06/30/09	45,243	-	30,442	-	30,442	-	29,906	-	-	536	44,707
Bulletproof Vest Program	16.607	N/A	07/01/05	06/30/06	7,035	-	506	-	506	-	506	-	-	-	7,035
Safe Neighborhood Grant	16.853	N/A	07/01/07	06/30/08	527,050	192,000	371,598	-	371,598	-	371,489	-	-	109	526,941
Project Safe Neighborhood	16.609	1020-100-146-2009	07/02/08	07/01/09	39,932	13,624	39,932	-	39,932	-	29,820	-	-	10,112	29,820
Juvenile Justice Center: Juvenile Accountability Incentive Block Grant	16.523	N/A	07/01/05	06/30/06	86,438	-	3,131	-	3,131	-	(7,248)	(10,379)	-	-	76,059
Total Department of Justice						1,519,509	866,579	-	866,579	4,890,395	2,152,222	(27,976)	-	3,576,776	
Federal Emergency Management															
Flood Grant	97.036	066-1200-100-979	07/01/07	06/30/08	546,530	-	80,694	-	80,694	-	-	(53,616)	-	27,078	465,836
Flood Grant	97.036	066-1200-100-979	07/01/09	06/30/10	281,000	-	-	-	-	281,000	281,000	-	-	-	281,000
** Firefighters Station Construction	97.036	066-1200-100-979	07/01/09	06/30/10	4,500,000	-	-	-	-	4,500,000	4,500,000	-	-	-	4,500,000
Passed through New Jersey Law and Public Safety USAI Rescue Training Reimbursement Funds	97.008	1200-100-066-1200-975-YPAT-6131	07/01/09	06/30/10	84,363	-	-	-	-	84,363	-	-	-	84,363	-
Emergency Management Assistance	97.042	1200-100-726-2008	10/01/09	09/30/10	10,000	-	-	-	-	10,000	-	-	-	10,000	-
Emergency Management Assistance	97.042	1200-100-726-2008	10/01/06	09/30/07	10,000	10,000	-	-	-	-	-	-	-	-	10,000
Total Federal Emergency Management						10,000	80,694	-	80,694	4,875,363	4,781,000	(53,616)	-	121,441	
Department of Health and Human Services															
** Ryan White HIV Emergency Relief	93.915	N/A	03/01/10	02/28/11	2,846,759	57,263	-	-	-	2,846,759	113,676	-	-	2,733,083	113,676
** Ryan White HIV Emergency Relief	93.915	N/A	03/01/09	02/28/10	4,189,006	3,670,433	3,769,080	-	3,769,080	-	3,622,974	-	-	146,106	4,042,900
** Ryan White HIV Emergency Relief	93.915	N/A	03/01/08	02/28/09	3,496,095	57,590	107,315	-	107,315	-	25,719	(81,596)	-	-	3,414,499
Special Projects of National Significance	93.928	N/A	09/01/07	08/31/11	400,000	-	25,645	-	25,645	-	(10,664)	(36,309)	-	-	363,691
Special Projects of National Significance	93.928	N/A	09/01/00	08/31/10	400,000	228,046	-	-	-	400,000	388,521	-	-	11,479	388,521
Special Projects of National Significance	93.928	N/A	09/01/08	08/31/09	400,000	111,520	180,381	-	180,381	-	130,961	-	-	49,420	350,580
Special Projects of National Significance - Capacity Grant	93.928	N/A	09/01/08	08/31/09	146,684	1,140	22,479	-	22,479	-	22,479	-	-	-	146,684
Public Health Preparedness and Response Bioterriorism	93.889	4230-100-350-2009	07/01/09	06/30/10	298,000	233,323	-	-	-	298,000	264,358	-	-	33,642	264,358
Public Health Preparedness and Response Bioterriorism	93.889	4230-100-350-2009	07/01/08	06/30/09	209,599	128,831	53,112	-	53,112	-	53,112	-	-	-	209,599
Public Health Preparedness and Response Bioterriorism	93.889	4230-100-350-2008	07/01/07	06/30/08	307,286	289,606	20,782	-	20,782	-	20,782	-	-	-	307,286
Minority Aids Initiative Program	93.914	N/A	03/01/10	02/28/11	301,941	54,321	-	-	-	301,941	-	-	-	301,941	-
Minority Aids Initiative Program	93.914	N/A	01/01/09	07/31/10	293,903	112,554	-	-	-	293,903	162,737	-	-	131,166	162,737
Minority Aids Initiative Program	93.914	N/A	01/01/08	07/31/09	291,386	127,646	165,083	-	165,083	-	131,784	-	-	33,299	258,087
Minority Aids Initiative Program	93.914	N/A	01/01/07	01/01/08	287,493	-	215,581	-	215,581	-	126,780	(88,801)	-	-	198,692
Tuberculosis Control Grant	93.116	0146-4230-100-146	07/01/08	06/30/09	103,754	-	45,773	-	45,773	-	45,773	-	-	-	103,754
Tuberculosis Control Grant	93.116	0146-4230-100-146	01/01/09	07/31/10	103,754	25,586	-	-	-	103,754	52,028	-	-	51,726	52,028
Tuberculosis Control Grant	93.116	0146-4230-100-146	07/01/07	06/30/08	108,792	78,606	-	-	-	-	-	-	-	-	108,792
Total Department of Health and Human Services						5,176,465	4,605,231	-	4,605,231	4,244,357	5,151,020	(206,706)	-	3,491,862	
Department of Transportation															
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	202,549	-	-	-	-	202,549	22,451
Barclay and Marshall Street Signalization	20.205	6320-480-078-6320-AJ1_TCAP-6010	03/27/07	06/30/10	400,000	-	372,656	372,656	372,656	-	219,852	-	-	152,804	247,196
Barclay Street Viaduct	20.205	6300-480-078-6300-DAP-TCAP-7310	4/10/2007	09/15/2011	3,500,000	-	542,170	542,170	542,170	-	59,718	(482,452)	-	-	3,017,548
Spruce Street and Mc Bride Avenue Stabilization	20.205	66320-480-78-6320-497-TCAP-6010	03/29/09	06/30/10	250,257	-	250,257	250,257	250,257	-	-	-	-	250,257	-
Road Resurfacing	20.205	6320-480-078-6320-AKK_TCAP-6010	07/01/09	06/30/10	509,757	-	-	-	-	509,757	-	-	-	509,757	-
Road Resurfacing	20.205	6320-480-078-6320-AKK_TCAP-6010	07/01/08	06/30/09	150,000	-	150,000	150,000	150,000	-	-	-	-	150,000	-
Road Resurfacing	20.205	6320-480-078-6320-AKK_TCAP-6010	07/01/07	06/30/08	135,000	-	135,000	135,000	135,000	-	-	-	-	135,000	-
Road Resurfacing	20.205	6320-480-078-6320-AKK_TCAP-6010	07/01/06	06/30/07	400,000	-	-	-	-	-	-	-	-	-	400,000
Traffic Signal Improvements	20.205	6320-480-078-6320-AJ1_TCAP-6010	5/26/2009	07/23/2010	190,000	-	190,000	190,000	190,000	-	25,000	-	-	165,000	25,000
Pedestrian Safety Grant	20.609	1160-100-146-2009	07/01/08	06/30/09	24,995	18,333	23,263	-	23,263	-	16,690	-	-	6,573	18,422
Total Department of Transportation						18,333	1,865,895	1,842,632	1,865,895	759,757	321,260	(482,452)	-	1,821,940	

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, 2010

Federal Department and Program	Federal CFDA Number	State Account Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance July 1, 2009	Adjustments	Balance July 1, 2009	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Program Income	Balance June 30, 2010	Cumulative Expenditures
Department of Homeland Security															
** S.A.F.E.R. Grant	97.083	N/A	03/05/06	03/04/11	$ 13,450,125	$ 1,858,493	$ 3,047,609	$ -	$ 3,047,609	$ 3,896,373	$ 6,649,790	$ -	$ -	$ 294,192	$ 13,155,933
Total Department of Interior						1,858,493	3,047,609	3,685,264	3,047,609	3,896,373	6,649,790	-	-	294,192	
Department of Housing and Urban Development															
Sheltering Arms	14.238	N/A	*	*	*	-	814,996	-	814,996	-	-	-	-	814,996	*
Homeless Prevention - ARRA		N/A	07/01/09	06/30/10	1,184,137	197,261	1,184,137	-	1,184,137	-	197,261	-	-	986,876	197,261
Neighborhood Stabilization	14.238	N/A	07/01/08	06/30/09	2,266,641	53,068	2,119,846	-	2,119,846	-	10,324	-	7,300	2,116,822	157,119
Emergency Shelter Grant	14.231	N/A	07/01/09	06/30/10	126,944	-	-	-	-	126,944	960	-	-	125,984	960
Emergency Shelter Grant	14.231	N/A	07/01/08	06/30/09	126,574	105,987	106,495	-	106,495	-	106,335	-	-	160	126,414
Emergency Shelter Grant	14.231	N/A	07/01/07	06/30/08	125,908	21,338	21,338	-	21,338	-	21,338	-	-	-	125,908
Emergency Shelter Grant	14.231	N/A	07/01/06	06/30/07	126,788	-	2,501	-	2,501	-		-	-	2,501	124,287
Emergency Shelter Grant	14.231	N/A	07/01/05	06/30/06	126,203	6,249	6,249	-	6,249	-	6,249	-	-	-	126,203
Emergency Shelter Grant	14.231	N/A	07/01/04	06/30/05	127,186	4,759	4,759	-	4,759	-	4,759	-	-	-	127,186
Emergency Shelter Grant	14.231	N/A	07/01/03	06/30/04	121,000	6,050	6,072	-	6,072	-	6,050	-	-	22	120,978
Emergency Shelter Grant	14.231	N/A	07/01/01	06/30/02	118,000	-	7,789	-	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	-		-	-	13,493	103,507
** HOME Investment Partnership Program	14.239	N/A	07/01/09	06/30/10	1,662,102	307,372	-	-	-	1,662,102	307,374	-	73,753	1,428,481	307,374
** HOME Investment Partnership Program	14.239	N/A	07/01/08	06/30/09	1,770,553	827,678	1,554,351	-	1,554,351	-	804,146	-	-	750,205	1,020,348
** HOME Investment Partnership Program	14.239	N/A	07/01/07	06/30/08	1,836,703	933,837	1,354,011	-	1,354,011	-	935,350	-	-	418,661	1,418,042
** HOME Investment Partnership Program	14.239	N/A	07/01/06	06/30/07	641,460	-	299,647	-	299,647	-		-	-	299,647	341,813
** HOME Investment Partnership Program	14.239	N/A	07/01/05	06/30/06	2,097,762	72,831	1,887,731	-	1,887,731	-	114,238	-	-	1,773,493	324,269
** HOME Investment Partnership Program	14.239	N/A	07/01/04	06/30/05	2,263,640	-	1,909,286	-	1,909,286	-	24,382	-	-	1,884,904	378,736
** HOME Investment Partnership Program	14.239	N/A	07/01/03	06/30/04	2,042,680	66,324	615,158	-	615,158	-	77,958	-	-	537,200	1,505,480
** HOME Investment Partnership Program	14.239	N/A	07/01/02	06/30/03	1,824,000	22,226	372,199	-	372,199	-	-	-	-	372,199	1,451,801
** HOME Investment Partnership Program	14.239	N/A	07/01/01	06/30/02	1,827,000	27,000	93,971	-	93,971	-	27,000	-	-	66,971	1,760,029
** HOME Investment Partnership Program	14.239	N/A	07/01/00	06/30/01	1,645,000	-	41,010	-	41,010	-		-	-	41,010	1,603,990
** HOME Investment Partnership Program	14.239	N/A	07/01/99	06/30/00	1,642,000	-	675,625	-	675,625	-		-	-	675,625	966,375
** HOME Investment Partnership Program	14.239	N/A	07/01/98	06/30/99	1,524,000	-	38,443	-	38,443	-		-	-	38,443	1,485,557
** HOME Investment Partnership Program	14.239	N/A	07/01/97	06/30/98	*	-	297,175	-	297,175	-		-	-	297,175	*
** HOME Investment Partnership Program	14.239	N/A	07/01/96	06/30/97	*	-	60,000	-	60,000	-		-	-	60,000	*
** HOME Investment Partnership Program	14.239	N/A	07/01/95	06/30/96	*	-	124,317	-	124,317	-		-	-	124,317	*
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/09	06/30/10	1,301,766	121,127	-	-	-	1,301,766	121,127	-	-	1,180,639	121,127
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/08	06/30/09	1,286,736	294,823	1,286,736	-	1,286,736	-	294,823	-	-	991,913	294,823
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/07	06/30/08	1,250,000	1,015,022	1,130,959	-	1,130,959	-	1,016,422	-	-	114,537	1,135,463
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/06	06/30/07	1,282,000	303,127	309,507	-	309,507	-	301,754	-	-	7,753	1,274,247
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/05	06/30/06	1,265,000	16,204	16,173	-	16,173	-	16,173	-	-	-	1,265,000
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/02	06/30/03	1,333,000	-	20,218	-	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	1,925	50,383	-	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	93,139	237,918	-	237,918	-	-	-	-	237,918	6,031,082
** Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/99	06/30/00	1,160,000	-	19,012	-	19,012	-	-	-	-	19,012	1,140,988
Passed through the City of New York:									-			-	-	-	-
Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/08	06/30/09	87,649	-	-	-	-	87,649	-	-	-	87,649	-
Housing Opportunities for Persons with AIDS	14.241	N/A	07/01/04	06/30/05	87,649	-	1,454	-	1,454	-	-	(1,454)	-	-	86,195
** Section 8 Housing	14.856	N/A	07/01/09	06/30/10	10,638,682	9,301,081	-	-	-	10,638,682	10,638,682	-	-	-	10,638,682
** Section 8 Housing -Administration	14.856	N/A	07/01/07	06/30/08	13,033,995	-	617,788	-	617,788	-	23,727	14,037	-	608,098	12,439,934
** Community Development Block Grant -ARRA	14.218	N/A	07/01/09	06/30/10	773,878	-	-	-	-	773,878	-		-	773,878	-
** Community Development Block Grant	14.218	N/A	07/01/09	06/30/10	2,934,402	1,570,563		-	-	2,934,402	1,479,420		116,737	1,571,719	1,479,420
** Community Development Block Grant	14.218	N/A	07/01/08	06/30/09	2,851,175	994,805	1,495,809	-	1,495,809	-	1,028,776	-	-	467,033	2,384,142
** Community Development Block Grant	14.218	N/A	07/01/07	06/30/08	2,937,671	139,191	818,591	-	818,591	-	150,007	-	-	668,584	2,269,087
** Community Development Block Grant	14.218	N/A	07/01/06	06/30/07	3,303,484	301,867	763,318	-	763,318	-	301,946	-	-	461,372	2,842,112
** Community Development Block Grant	14.218	N/A	07/01/05	06/30/06	3,389,479	84,196	93,796	-	93,796	-	93,796	-	-	-	3,389,479
** Community Development Block Grant	14.218	N/A	07/01/04	06/30/05	3,417,000	156,445	168,106	-	168,106	-	179,184	11,078	-	-	3,428,078
** Community Development Block Grant	14.218	N/A	07/01/03	06/30/04	3,477,000	7,666	10,928	-	10,928	-	14,348	3,420	-	-	3,480,420
** Community Development Block Grant	14.218	N/A	07/01/02	06/30/03	3,642,964	26,833	29,702	-	29,702	-	29,702	-	-	-	3,642,964
** Community Development Block Grant	14.218	N/A	07/01/01	06/30/02	3,477,000	13,997	13,997	-	13,997	-	13,997	-	-	-	3,477,000
** Community Development Block Grant	14.218	N/A	07/01/00	06/30/01	3,359,000	-	1,260	-	1,260	-	415	-	-	845	3,358,155
** Community Development Block Grant	14.218	N/A	07/01/99	06/30/00	3,296,000	-	839	-	839	-	-	(839)	-	-	3,295,161
** Community Development Block Grant	14.218	N/A	07/01/95	06/30/96	*	-	11,078	-	11,078	-	-	(11,078)	-	-	*
Community Development Block Grant -														-	
Veterans Service Grant	14.218	N/A	07/01/05	06/30/07	198,000	128,246	172,834	-	172,834	-	172,125	-	-	709	197,291
Fire Department Vehicle Payment	14.218	N/A	07/01/05	06/30/06	265,000	-	2,358	-	2,358	-	-	-	-	2,358	262,642
Total Department of Housing and Urban Development						17,222,237	20,883,363	-	20,883,363	17,525,423	18,520,148	15,164	197,790	20,101,592	
Department of Agriculture															
Seniors Farmers Market	10.576	4220-100-046-4650-474-J002-6140	7/1/2009	11/30/2010	3,000	3,000	-	-	-	3,000	3,000	-	-	-	3,000
Seniors Farmers Market	10.576	4220-100-046-4650-474-J002-6140	7/1/2009	11/30/2010	3,000	3,000	-	-	-	3,000	-	-	-	3,000	-
Nutrition Project	10.570	N/A	07/01/09	07/01/10	174,283	-	-	-	-	174,283	105,413	-	-	68,870	105,413
Nutrition Project	10.570	N/A	07/01/08	07/01/09	196,755	196,755	82,598	-	82,598	-	53,939	-	-	28,659	168,096
Nutrition Project	10.570	N/A	07/01/07	07/01/08	196,755	-	78,694	-	78,694	-	9,352	(69,342)	-	-	127,413
Total Department of Agriculture						202,755	161,292	-	161,292	180,283	171,704	(69,342)	-	100,529	

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, 2010

Federal Department and Program	Federal CFDA Number	State Account Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance July 1, 2009	Adjustments	Balance July 1, 2009	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Program Income	Balance June 30, 2010	Cumulative Expenditures
Department of the Interior															
National Parks Grant	15.*	N/A	01/01/04	12/31/09	$ 2,540,000	$ 104,321	$ -	$ 251,209	$ 251,209	$ -	$ 54,064	$ (197,145)	$ -	$ -	$ 2,342,855
Total Department of Interior						104,321	-	251,209	251,209	-	54,064	(197,145)	-	-	
Department of Energy															
Energy Efficiency and Renewal	81.128	N/A	07/01/09	06/30/10	250,000	-	-	-	-	250,000	200,000	-	-	50,000	200,000
Total Department of Energy						-	-	-	-	250,000	200,000	-	-	50,000	
Department of Environmental Protection															
Passed through State of New Jersey															
** Department of Environmental Protection															
Environmental Infrastructure Fund Loan -															
Phase I	66.458	N/A	11/10/03	Completion	5,554,479	-	356,112	-	356,112	-	-	27	-	356,139	5,198,367
Phase II	66.458	N/A	11/10/04	Completion	2,326,943	-	317,533	-	317,533	-	-	30	-	317,563	2,009,410
Phase III	66.458	N/A	11/10/05	Completion	2,622,600	-	372,879	-	372,879	834,583	139,292	63	-	1,068,233	1,554,430
Phase IV	66.458	N/A	11/10/08	Completion	6,624,904	-	6,568,203	-	6,568,203	1,751,521	-	(22,555)	-	8,297,169	(1,694,820)
Phase V	66.458	N/A	11/10/09	Completion	2,097,000	-	-	-	-	2,097,000	7,607	-	-	2,089,393	7,607
Brownfield Pilot Project	66.311	N/A	10/01/98	09/30/00	200,000	50,731	2,704	-	2,704	-	2,500	(204)	-	-	199,796
Total Department of Environmental Protection						50,731	7,617,431	-	7,617,431	4,683,104	149,399	(22,639)	-	12,128,497	
TOTAL FEDERAL AWARDS						$26,162,844	$ 39,128,094	$ 5,779,105	$ 39,379,303	$ 41,305,055	$ 38,150,607	$ (1,044,712)	$ 197,790	$ 41,686,829	

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

THE CITY OF PATERSON

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Department and Program	State Account Number/ Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2009	Adjustments	Balance June 30, 2009	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Balance June 30, 2010	Cumulative Expenditures
Department of Community Affairs													
Statewide Livable Communities - Facility Improvement Public Safety Complex	05-2475-05	01/01/06	04/30/07	$ 190,000	$ -	$ 140,882	-	$ 140,882	$ -	$ 533	$ (140,349)	$ -	49,651
Safe Neighborhoods Program		07/01/09	06/30/10	3,194	-	-	-	-	3,194	3,194	-	-	3,194
Smart Growth Transit Oriented Design Plan	100-022-8049-006-6120	07/01/08	06/30/09	50,000	-	50,000	-	50,000	-	50,000	-	-	50,000
Public Library Improvement	8050-100-B30-10	03/01/07	02/29/08	500,000	250,000	388,008	-	388,008	-	388,008	-	-	500,000
Fire Safety Life Hazard Use Fees - 2010	8017-100-181000-61	01/01/10	12/31/10	266,608	69,673	-	-	-	266,608	174,474	-	92,134	174,474
Fire Safety Life Hazard Use Fees - 2009	8017-100-181000-61	01/01/09	12/31/09	273,072	186,212	75,108	-	75,108	2,933	76,611	-	1,430	271,642
SAGE Lead identification & Field Testing	2009-745-022-8050-001-FLFT-6130	07/01/08	06/30/09	11,200	11,200	-	-	-	11,200	11,200	-	-	11,200
Recreational Opportunities for Individuals with Disabilities	8050-100-022-8050-035-F157-6130	07/01/09	06/30/10	13,000	-		-	-	13,000	931	-	12,069	931
Passed through Passaic County - Board of Social Services:										-	-	-	-
Childhood Immunization	*	07/01/09	06/30/10	435,822	-	-	-	-	435,822	329,920		105,902	329,920
Childhood Immunization	*	07/01/08	06/30/09	30,000	16,691	7,790	-	7,790	-	6,481	(1,309)	-	28,691
Passed through the County of Passaic Municipal Alliance	*	07/01/08	06/30/09	12,500	-	-	-	-	12,500	11,602	-	898	11,602
Total Department of Community Affairs					533,776	661,788	-	661,788	745,257	1,052,954	(141,658)	212,433	
Department of Law and Public Safety													
** Safe and Secure Communities Program	1020-100-66-1020-232-YCJS-6120	03/21/09	03/20/10	809,849	197,107	-	-	-	809,849	809,849	-	-	809,849
Community Emergency Response Team Trailers	*	07/01/06	06/30/07	1,200	-	448	-	448	-	-	-	448	752
Body Armor Replacement Fund	1020-718-066-1020-001-YCJS-6120	07/01/09	06/30/10	12,562	12,562	-	-	-	12,562	-	-	12,562	-
Body Armor Replacement Fund	1020-718-066-1020-001-YCJS-6120	07/01/06	06/30/07	42,636	-	284	-	284	-	-	-	284	42,352
Multi-jurisdictional Narcotics Task Force	*	07/01/07	06/30/08	9,849	-	9,849	-	9,849	-	9,849	-	-	9,849
DWI Surcharge Grant	6400-100-78-64000-YYYY	07/01/07	06/30/08	35,456	-	35,456	-	35,456	-	-	-	35,456	-
DWI Surcharge Grant	6400-100-78-64000-YYYY	07/01/06	06/30/07	19,645	-	4,817	-	4,817	-	-	-	4,817	14,828
Total Department of Law and Public Safety					209,669	50,854	-	50,854	822,411	819,698	-	53,567	
Department of Treasury													
911 General Assistance	100-082-2034-081	01/01/08	12/31/08	137,855	-	12,262	-	12,262	-	-	20	12,282	125,593
911 Equipment	100-082-2034-081	01/01/06	12/31/06	864,257	-	15	-	15	-	15	-	-	864,257
Total Department of Treasury					-	12,277	-	12,277	-	15	20	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	-	175,000	-	175,000	-	175,000	-	-	200,000
Total Department of Transportation					-	175,000	-	175,000	-	175,000	-	-	
Department of Children and Families													
Lifestyle Support Program	7570-100-54-7570-280-LLLL-6130	01/01/10	12/31/10	87,633	-	-	-	-	87,633	9,191	-	78,442	9,191
Lifestyle Support Program	7570-100-54-7570-280-LLLL-6130	01/01/09	12/31/09	87,695	86,236	-	-	-	87,695	35,038	-	52,657	35,038
Lifestyle Support Program	7570-100-54-7570-280-LLLL-6130	01/01/08	12/31/08	86,890	-	22,259	-	22,259	-	-	-	22,259	64,631
Total Lifestyle Support Program Additional Funding	7570-100-54-7570-280-LLLL-6130	01/01/10	12/31/10	49,111	4,093	-	-	-	49,111	44,931	-	4,180	44,931
Total Lifestyle Support Program Additional Funding	7570-100-54-7570-280-LLLL-6130	01/01/09	12/31/09	49,111	24,552	15,135	-	15,135	-	15,135	-	-	49,111
Total Department of Children and Families					114,881	37,394	-	37,394	224,439	104,295	-	157,538	
Department of State													
Public Archives and Records Infrastructure Support	10-1608-01	07/01/09	06/30/10	70,648	52,986	-	-	-	70,648	29,273	-	41,375	29,273
Public Archives and Records Infrastructure Support	08-1608-01	07/01/08	06/30/09	84,000	42,750	84,000	-	84,000	-	84,000	-	-	84,000
Public Archives and Records Infrastructure Support	08-1608-01	07/01/07	06/30/08	84,000	-	-	-	-	-	12,629	12,629	-	96,629
Total Department of State					95,736	84,000	-	84,000	70,648	125,902	12,629	41,375	
Department of the State Library													
Digital Highway Museum Grant	2006-0951	09/01/05	08/31/06	20,000	-	2,866	-	-	-	2,865	-	1	19,999
Total Department of the State Library					-	2,866	-	-	-	2,865	-	1	

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, 2010

State Department and Program	State Account Number/ Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2009	Adjustments	Balance June 30, 2009	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Balance June 30, 2010	Cumulative Expenditures
Department of Health and Human Services													
School Based Youth Services Program	7570-100-054-7570-389-LLLL-6130	07/01/09	06/30/10	$ 302,456	$ 302,456	$ -	$ -	$ -	$ 302,456	$ 284,001	$ -	$ 18,455	284,001
School Based Youth Services Program	7570-100-054-7570-389-LLLL-6130	07/01/08	06/30/09	302,055	-	35,040	-	35,040	-	35,040	-	-	302,055
School Based Youth Services Program	7570-100-054-7570-389-LLLL-6130	01/01/04	12/01/04	*	-	9,033	-	9,033	-	-	(9,033)	-	#VALUE!
Teen Parenting Program	7570-100-054-7570-419-LLLL-6130	07/01/09	06/30/10	83,403	83,403	-	-	-	83,403	83,403	-	-	83,403
Teen Parenting Program	7570-100-054-7570-419-LLLL-6130	07/01/08	06/30/09	83,404	-	1	-	1	-	1	-	-	83,404
Public Health Priority Funding	4220-150-021030-60	01/01/10	12/31/10	164,710	82,355	-	-	-	164,710	78,186	(82,355)	4,169	78,186
Public Health Priority Funding	4220-150-021030-60	01/01/09	12/31/09	162,224	81,112	85,215	-	85,215	-	83,865	-	1,350	160,874
Sexually Transmitted Disease Control	100-046-4782-101-6120	07/01/09	06/30/10	92,040	63,556	-	-	-	92,040	86,107	-	5,933	86,107
Sexually Transmitted Disease Control	100-046-4782-101-6120	07/01/08	06/30/09	82,020	22,062	4,423	-	4,423	-	4,423	-	-	82,020
Sexually Transmitted Disease Control	100-046-4782-101-6120	07/01/07	06/30/08	82,020	-	473	-	473	-	473	-	-	82,020
Health Officers Grant		07/01/09	06/30/10	5,000	5,000	-	-	-	5,000	4,998	-	2	4,998
Mass Prophylaxis Exercise Grant		07/01/09	06/30/10	20,000	20,000	-	-	-	20,000	19,675	-	325	19,675
Childhood Lead Poisoning	4535-1296140-2079	01/01/10	12/31/10	297,300	210,586	-	-	-	297,300	281,900		15,400	281,900
Childhood Lead Poisoning	4535-1296140-2079	01/01/09	12/31/09	298,800	115,626	33,411	-	33,411	-	33,411	-	-	298,800
Office of Health and Information Technology		01/01/09	12/31/09	11,000	11,000	-	-	-	11,000	4,724	-	6,276	4,724
HIV Counseling, Testing and Referral	4866-089-6120-2650	10/01/09	09/30/10	150,251	69,102	-	-	-	150,251	143,672	-	6,579	143,672
HIV Counseling, Testing and Referral	4866-089-6120-2650	10/01/08	09/30/09	150,251	38,046	5,390	-	5,390	-	5,390	-	-	150,251
Tuberculosis Control Grant	100-046-4785-080-6120	07/01/09	06/30/10	209,599	158,665	-	-	-	209,599	209,497	-	102	209,497
Tuberculosis Control Grant	100-046-4785-080-6120	07/01/08	06/30/09	103,754	53,359	45,773	-	45,773	-	35,094	(10,679)	-	93,075
Tuberculosis Control Grant	100-046-4785-080-6120	07/01/07	06/30/08	209,599	-	401	-	401	-	401	-	-	209,599
Passed through County of Passiac:													-
* Senior Citizen Disabled Transportation Program	8060-491-084520-50	01/01/10	12/31/10	396,854	-	-	-	-	396,854	396,854	-	-	396,854
* Senior Citizen Disabled Transportation Program	8060-491-084520-50	01/01/09	12/31/09	396,854	350,394	-	-	-	-	-	-	-	396,854
Total Department of Health and Human Services					1,666,722	219,160	-	219,160	1,732,613	1,791,115	(102,067)	58,591	
Department of Environmental Protection													
Clean Communities	4900-765-042-4900-004-V42Y-6022	07/01/09	06/30/10	155,594	155,594	-	-	-	155,594	-	-	155,594	-
Clean Communities	4900-765-042-4900-004-V42Y-6022	07/01/08	06/30/09	149,426	-	145,180	-	145,180	-	105,867	-	39,313	110,113
Clean Communities	4900-765-042-4900-004-V42Y-6022	07/01/07	06/30/08	116,458	-	70,752	-	70,752	-	69,161	-	1,591	114,867
Clean Communities	4900-765-042-4900-004-V42Y-6022	07/01/06	06/30/07	111,346	-	255	-	255	-	255	-	-	111,346
Passed through Economic Development Authority													-
Hazardous Discharge Site Remediation Fund -													-
** Process Discharge Site - Riverwalk	*	07/01/08	06/30/09	575,723	-	52,339	-	52,339	-	-	-	52,339	523,384
** Process Discharge Site - Fund Mill Street	*	07/01/08	06/30/09	82,671	82,671	-	-	-	-	500	500	-	83,171
** Process Discharge Site - Leader Dye	*	07/01/07	06/30/08	27,620	-	-	-	-	16,613	-	(16,613)	-	11,007
** Process Discharge Site - Apollo Dye House	*	07/01/07	06/30/08	3,130,891	29,349	659,946	-	659,946	-	630,597		29,349	3,101,542
** Process Discharge Site - ATP	*	07/01/08	06/30/09	475,000	-	371,762	-	371,762	-	371,762	-	-	475,000
** Process Discharge Site - 36-40 Straight Street	*	07/01/09	06/30/10	36,109	5,946	-	-	-	36,109	32,826	-	3,283	32,826
** Process Discharge Site - Addy Mill	*	07/01/07	06/30/08	102,857	-	30,432	-	30,432	-	-	-	30,432	72,425
** Process Discharge Site - Columbia Textiles Phase II	*	07/01/08	06/30/09	472,120	-	200	-	200	-	-	-	200	471,920
** Process Discharge Site - Columbia Textiles Phase III	*	07/01/08	06/30/09	168,142	-	-	-	-	90,938	-	-	90,938	77,204
Opens Space Preservation Trust -													
Westside Park Improvement	545-042-4800-003	07/01/09	06/30/10	57,000	11,001	-	-	-	57,000	-	-	57,000	-
Wrigley Park Improvements	545-042-4800-003	07/01/09	06/30/10	97,000	-	-	-	-	97,000	97,000	-	-	97,000
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	-	14,536	-	14,536	-	5,880	-	8,656	53,344
Buckley Park Improvements	545-042-4800-003	07/01/06	06/30/07	55,000	-	5,350	-	5,350	-	-	-	5,350	49,650
Pennington Park Improvements	545-042-4800-003	07/01/06	06/30/07	125,000	125,000	-	-	-	-	-	-	-	125,000
Middle Lower Raceway	545-042-4800-003	07/01/08	06/30/09	45,000	-	45,000	-	45,000	-	-	-	45,000	-
M.E. Kramer Park - Phase 4	545-042-4800-003	07/01/08	06/30/09	95,000	-	95,000	-	95,000	-	-	-	95,000	-
M.E. Kramer Park - Phase 3	545-042-4800-003	07/01/07	06/30/08	50,000	-	50,000	-	50,000	-	-	-	50,000	-
M.E. Kramer Park - Phase 2	545-042-4800-003	07/01/06	06/30/07	125,000	-	125,000	-	125,000	-	-	-	125,000	-
M.E. Kramer Park	545-042-4800-003	07/01/05	06/30/06	125,000	-	52,400	-	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	-	-	-	45,000	-
Overlook Park Improvements	545-042-4800-003	07/01/05	06/30/06	150,000	6,941	143,059	-	143,059	-	-	-	143,059	6,941
Recycling Tonnage Grant	4900-752-42-4900-1-V42Y-6020	07/01/08	06/30/09	216,763	216,763	-	-	-	216,763	-	-	216,763	-
Recycling Tonnage Grant	4900-752-42-4900-1-V42Y-6020	07/01/07	06/30/08	50,314	-	35,805	-	35,805	-	35,805	-	-	50,314
Recycling Tonnage Grant	4900-752-42-4900-1-V42Y-6020	07/01/05	06/30/06	99,032	-	99,032	-	99,032	-	69,630	-	29,402	69,630
Municipal Storm Water Regulation Program	4900-100-042-4840-091	07/01/05	06/30/06	35,069	-	35,069	-	35,069	-	1,963	-	33,106	1,963
Municipal Storm Water Regulation Program	4900-100-042-4840-091	07/01/04	06/30/05	23,003	-	23,003	-	23,003	-	-	-	23,003	-

THE CITY OF PATERSON

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Department and Program	State Account Number/ Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2009	Adjustments	Balance June 30, 2009	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Balance June 30, 2010	Cumulative Expenditures
Department of Environmental Protection (Continued)													
Green Acres Trust Local Programs:												-	-
Various Park Improvements - Loan	4800-545-002-10	10/25/05	Completion	$ 1,237,363	$ 100,276	$ -	$ 1,066,373	$ 1,066,373	$ -	$ -	$ -	$ 1,066,373	$ 170,990
Various Park Improvements - Grant	4800-545-004-10	10/25/05	Completion	1,237,363	100,276	-	1,066,373	1,066,373	-	-	-	1,066,373	170,990
** Restoration and Revitalization of Pennington Park - Loan	4800-006-V22G-6020	12/22/08	12/22/10	1,388,627	-	-	1,388,627	1,388,627		253,762	-	1,134,865	253,762
** Restoration and Revitalization of Pennington Park - Grant	4800-006-V22G-6020	12/22/08	12/22/10	1,388,627	-	-	1,388,627	1,388,627		253,762	-	1,134,865	253,762
ATP Site/Haines Overlook Park Riverwalk Extension -Loan	4800-566-042	11/02/08	Completion	783,665	-	-	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			-	1,283,665	-
Environmental Infrastructure Trust Loan -					-		-	-				-	-
** Phase I	4860-510-041-10	11/10/03	Completion	2,160,000	-	118,704	-	118,704	-	-	-	118,704	2,041,296
** Phase II	4860-510-041-10	11/10/04	Completion	820,000	-	105,844	-	105,844	-	-	-	105,844	714,156
** Phase III	4860-510-041-10	11/10/05	Completion	1,804,583	139,292	124,293	-	124,293	834,583	-	-	958,876	845,707
** Phase IV	4860-510-041-10	11/10/08	Completion	3,959,552	-	2,189,401	-	2,189,401	1,751,521	-	-	3,940,922	18,630
Total Department of Environmental Protection					973,109	4,637,362	6,977,330	11,614,692	3,276,121	1,928,770	(16,113)	12,945,930	
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	250,000	-	-	-	-	250,000	36,750	-	213,250	36,750
Sidewalk Phase II	2830-763-20-2830-32-EEEE	07/01/99	06/30/00	200,000	-	126,267	-	126,267	-	123,355	-	2,912	197,088
Sidewalk Matching Grant / Phase I	2830-763-20-2830-32-EEEE	07/01/98	12/31/01	2,000,000	121,645	897,291	-	897,291	-	-	-	897,291	1,102,709
Main Street Fascade Matching	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	2,000,000	80,567	1,183,793	-	1,183,793	-	313,841	-	869,952	1,130,048
Main Street Fascade Matching	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	125,000	-	125,000	-	125,000	-	-	-	125,000	-
Retail Economic Development Project	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	300,000	35,000	209,408	-	209,408	-	70,000	(84,408)	55,000	160,592
Solar Powered Street Signage	2830-763-20-2830-32-EEEE	07/01/07	06/30/08	124,890	146,512	124,890	-	124,890	-	118,582	-	6,308	118,582
Video Surveillance Project	2830-763-20-2830-32-EEEE	07/01/06	06/30/07	875,110	132,250	110	-	110	-	110	-	-	875,110
Zone Amenities Receptacles - Phase II	2830-763-20-2830-32-EEEE	07/01/09	06/30/10	300,000	559	-	-	-	300,000	300,000	-	-	300,000
Revolving Loan Program	2830-763-20-2830-32-EEEE	07/01/07	06/30/08	2,500,000	1,380,390	776,360	-	776,360	-	776,360	-	-	2,500,000
Revolving Loan Program	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	2,500,000	1,529,353	2,500,000	-	2,500,000	-	1,529,353	-	970,647	1,529,353
Streetscape Planters Project	2830-763-20-2830-32-EEEE	07/01/09	06/30/10	85,000	-	-	-	-	85,000	75,965	-	9,035	75,965
Street Stamping Project Phase I	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	300,000	-	300,000	-	300,000	-	-	-	300,000	-
Street Lighting Phase 4	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	580,000	-	527,000	-	527,000	-	-	-	527,000	53,000
Street Lighting Phase 4	2830-763-20-2830-32-EEEE	07/01/03	06/30/04	95,800	53,000	-	-	-	-	-	-	-	95,800
Main St. Amenities - Bus Shelters	2830-763-20-2830-32-EEEE	07/01/03	06/30/04	1,000,000	-	434,093	-	434,093	-	-	-	434,093	565,907
Main Street Improvement Program - Phase I	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	674,180	278,643	62,213	-	62,213	-	382,580	440,770	120,403	994,547
Administration	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	658,208	406,571	75,383	-	75,383	-	6,786	(68,597)	-	589,611
Administration	2830-763-20-2830-32-EEEE	07/01/09	06/30/10	650,000	369,389	-	-	-	650,000	615,854	-	34,146	615,854
Small Business Development Center Year 11	2830-763-20-2830-32-EEEE	07/01/09	06/30/10	125,000	-	-	-	-	125,000	125,000	-	-	125,000
Small Business Development Center Year 10	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	110,000	23,477	48,282	-	48,282	-	41,370	(6,912)	-	103,088
Small Business Development Center Year 9	2830-763-20-2830-32-EEEE	07/01/07	06/30/08	300,000	65,622	242,453	-	242,453	-	-	-	242,453	57,547
Marketing and Business Development Program	2830-763-20-2830-32-EEEE	07/01/04	06/30/05	250,000	6,005	2,050	-	2,050	-	-	-	2,050	247,950
Marketing and Business Development Program Phase II	2830-763-20-2830-32-EEEE	07/01/05	06/30/06	750,000	109,540	132,161	-	132,161	-	134,982	123,692	120,871	752,821
Business Improvement - Phase III	2830-763-20-2830-32-EEEE	07/01/09	06/30/10	750,000	128,150	-	-	-	750,000	244,736	-	505,264	244,736
Business Improvement - Phase II	2830-763-20-2830-32-EEEE	07/01/08	06/30/09	500,000	212,858	172,654	-	172,654	-	170,456	-	2,198	497,802
Total Department of Commerce & Economic Development					5,079,531	7,939,408	-	7,939,408	2,160,000	5,066,080	404,545	5,437,873	
Administrative Office of the Courts													
Alcohol Education and Rehabilitation	9735-760-060000-60	07/01/09	06/30/10	$ 4,474	$ 4,474	-	-	-	-	-	-	-	4,474
Alcohol Education and Rehabilitation	9735-760-060000-60	07/01/06	06/30/07	3,537	-	3,287	-	-	-	-	-	3,287	250
Total Administrative Office of the Courts					4,474	3,287	-	-	-	-	-	3,287	

SCHEDULE 2

THE CITY OF PATERSON

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Department and Program	State Account Number/ Grant Number	Grant Period From	Grant Period To	Grant Award	Funds Received	Balance June 30, 2009	Adjustments	Balance June 30, 2009	Revenue Recognized	Expenditures	Reprogrammed/ Adjusted	Balance June 30, 2010	Cumulative Expenditures
Other													
Paterson School District:													
Recreational Basketball League	*	07/01/09	06/30/10	53,500	53,500	$ -	$ -	$ -	$ 53,500	$ 53,500	$ -	$ -	$ 53,500
Commerce and Economic Growth Commission - Passaic Falls Overlook Park	*	07/01/07	06/30/08	50,000	-	41,290	-	41,290	-	-	-	41,290	8,710
Alan N Cohen Memorial Basketball Championship	*	07/01/09	06/30/10	6,000	6,000	-	-	-	6,000	-	-	6,000	-
Passaic County Cultural & Hertage Museum Grant	*	07/01/05	06/30/06	1,000	1,000	-	-	-	-	-	960	960	1,000
Hannah Family Memorial Grant	*	07/01/07	06/30/08	2,000	-	1,426	-	1,426	-	-	-	1,426	574
Museum Brochure Grant- Donald Baer	*	07/01/07	06/30/08	1,000	770	1,000	-	1,000	-	-	-	1,000	-
Operation Cease Fire	*	07/01/09	06/30/10	1,600	1,600	1,600	-	1,600	-	-	-	1,600	-
Operation Cease Fire	*	07/01/08	06/30/09	24,050	15,000	9,925	-	9,925	-	7,725	-	2,200	21,850
Passaic County Youth Services Commission Evening Reporting	*	07/01/08	06/30/09	124,527	-	-	-	-	124,527	-	-	124,527	-
Passaic County Youth Services Commission Evening Reporting	*	07/01/09	06/30/10	124,650	124,650	-	-	-	124,650	23,138	-	101,512	23,138
Koar George Great Falls District Brochure	*	07/01/09	06/30/10	1,500	1,500	-	-	-	1,500	1,270	-	230	1,270
Museum Exhibit Grant	*	07/01/09	06/30/10	2,000	2,000	-	-	-	2,000	1,096	-	904	1,096
PSE&G Red Cap Program	*	07/01/09	06/30/10	3,000	3,000	-	-	-	3,000	-	-	3,000	-
Great Falls District Brochure	*	07/01/08	06/30/09	1,000	200	1,000	-	1,000	-	1,000	-	-	1,000
Cablevision Cable Studio Grant	*	07/01/07	06/30/08	137,816	-	137,816	-	137,816	-	137,816	-	-	137,816
Cablevision Public Education and Government Access Program	*	07/01/04	06/30/05	100,000	-	73,820	-	73,820	-	5,420	-	68,400	31,600
Paterson Museum Mineral Hall Collection Donations	*	07/01/03	06/30/04	10,000	-	10,000	-	10,000	-	-	-	10,000	-
Paterson Restoration Corporation Graffiti Program	*	07/01/06	06/30/07	20,000	-	4,250	-	4,250	-	-	-	4,250	15,750
Total Other					209,220	282,127	-	282,127	315,177	230,965	960	367,299	
Total State Awards					$ 8,887,118	$ 14,105,523	$ 6,977,330	$ 21,076,700	$ 9,346,666	$ 11,297,659	$ 158,316	$ 19,290,176	

* - Information not available

** - Denotes a Major Program

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

THE CITY OF PATERSON

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FOR THE YEARS ENDED JUNE 30, 2010 and 2009

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, 2009. 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.

Certain adjustments were required to the beginning balances for State and Federal awards from the Department of Transportation and Department of Environmental Protection not recorded on the Schedule of Federal Awards and State Financial Assistance for the year ended June 30, 2009.

H. SECTION 8 HOUSING PROGRAM

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

THE CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditor's Results

Financial Statement

Type of Auditor's Report Issued	Unqualified - O.C.B.O.A. Adverse - G.A.A.P.	
Internal Control over Financial Reporting:		
1) Material weakness(es) identified	Yes	✓ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	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 that are not considered to be material weaknesses?	✓ Yes	No
Type of auditor's report on compliance for major programs	Qualified	
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
14.856	Section 8 Housing
14.241	Housing Opportunities for Persons with AIDS
14.218	Community Development Block Grant
97.036	Firefighters Station Construction
93.915	Ryan White HIV Emergency Relief
66.Unknown	Environmental Infrastructure Fund Loan
97.083	S.A.F.E.R Grant

Dollar threshold used to distinguish between Type A and Type B Programs:	$ 1,122,958	
Auditee qualified as low-risk auditee?	Yes	✓ No

THE CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditor's Results

State Awards

Dollar threshold used to distinguish between Type A and Type B Programs:	$ 338,930	
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	Qualified	
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
4800-006-V22G-6020	Green Acres Trust - Restoration and Revitalization of Pennington Park
2830-763-20-2830-32-EEEE	Urban Enterprise Zone
1020-100-66-1020-232-YCJS-6120	Safe and Secure Communities Program
N/A	Environmental Infrastructure Trust Loan
N/A	Process Discharge Site
8060-491-084520-50	Senior Citizen Disabled Transportation Program

THE CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

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*.

NONE

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.

US Department of Housing and Urban Development

2010-01: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
The City did not have adequate controls over procurement for its subgrantees and contractors. Accordingly, the City did not ensure that regulations at 24 Code of Federal Regulation (CFR) 85.36 and local procurement regulations established by the City were adhered to for demolition services are followed. In addition, 24 CFR 85.36 © (4) mandates that grantees ensure that all prequalified lists of persons, firms, or products that are used in acquiring goods and services are current and include enough qualified sources to ensure maximum and free competition.

Context
Review of the procurement of 22 demolition contracts revealed that five were publicly advertised but the remaining 17 were selected using a nonadvertised list of contractors. The City did not ensure sufficient competition was obtained when utilizing a list of contractors that had not been obtained through public advertising.

Cause
According to City officials, contractors were added to the list upon visiting the City's building department and later taken off the list if they did not complete a demolition for an extended period as determined by the City. The selection of a contractor to complete the demolition was accomplished by placing telephone calls to a number of contractors on the list to solicit bids and then selecting the lowest bidder.

Effect
As a result of not following federal and local procurement requirements, the City cannot ensure that it utilized CDBG funds in the most efficient and economical manner for demolition services resulting in $403,200 in questioned costs. In addition, costs in the amount of $312,659 for the demolition and cleanup services of an abandoned factory owned by the City have also been disallowed.

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

Recommendation
The City should publicly advertise bids for demolition services in accordance with 24 CFR 85.36 to ensure that proper procedures are followed.

Response of Responsible Officials

The Department of Community Development will work closely with the Purchasing Agent to ensure that the City is in compliance with 24 CFR 85.36.

2010-02: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
The City did not have adequate controls over procurement for its subgrantees and contractors. Accordingly, the City did not ensure that regulations at 24 Code of Federal Regulation (CFR) 85.36 and local procurement regulations established by the City were followed. In addition, 24 CFR 85.36 © (4) mandates that grantees ensure that all prequalified lists of persons, firms, or products that are used in acquiring goods and services are current and include enough qualified sources to ensure maximum and free competition.

Context
Public facility activities performed for three projects were in noncompliance with 24 CFR 85.36.

Cause
The City did not have adequate support or follow proper procurement procedures as required. Procurement transactions were not conducted in a manner to provide full and open competition since invitation for bids were not publicly advertised and solicited from an adequate number of known suppliers and providing them sufficient time before the date set for opening the bids.

Effect
As a result of not following proper procurement procedures the following costs have been disallowed:

- Renovation of third floor - $150,000
- Renovation addition for a family life center - $250,000
- Renovation of a pedestrian bridge - $345,840

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

Recommendation
The City should publicly advertise bids for public facility activities in accordance with 24 CFR 85.36 to ensure that proper procedures are followed.

Response of Responsible Officials
The Department of Community Development will work closely with the Purchasing Agent to ensure that the City is in compliance with 24 CFR 85.36 by holding a procurement workshop for the sub-recipients of the CDBG program.

2010-03: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
The City disbursed funds from program years 2004 through 2007 to pay for employees' salaries and other operating expenses associated with the Great Falls Historic District Cultural Center. This activity's national objective was designated to provide a benefit to low and moderate income persons. According to 24 CFR 570.208 (a), activities will be considered to benefit low and moderate income persons unless there is substantial evidence to the contrary. In addition, 24 CFR 570.208 (a)(2)(i)(D) and 24 CFR 570.506 (b) (3) (ii) states that an activity needs to demonstrate that its clientele will primarily be benefiting low and moderate income persons. Documents in the activity file and inquiries of City and visitor center staff revealed that a majority of visitors were not Paterson school children or residents of Paterson.

Context
A review of all activities deemed to benefit low and moderate income persons.

Cause
The Department of Community Development Staff did not properly monitor this activity.

Effect
This resulted in questioned costs of $286,600 for disallowed salaries and other expenses since the objective of benefitting low and moderate income persons was not achieved.

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

Recommendation
The staff of the Community Development Department should properly monitor CDBG funded activities to ensure they are in compliance with the regulatory requirements.

Response of Responsible Officials
The Director has assigned each program monitor with specific sub-recipients to monitor to ensure their familiarity with their sub-recipient's programs and services. In addition, a monitoring policy has been adopted, which will be distributed to all of the CDBG sub-recipients. Along with the monitoring policy, there has been a monitoring checklist developed, which will be utilized by each program monitor as they conduct on-site monitoring visits with each of the sub-recipients.

2010-04: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
Federal regulations at 24 CFR 570.207 (a) (2) states that except otherwise specifically authorized in subpart 570.207 or under Office of Management and Budget (OMB) Circular A-87, expenses required to carry out regular responsibilities of a unit of general local government are not eligible for assistance. During program years 2004-2007, salaries of employees who neither performed tasks nor assumed responsibilities related to the CDBG program were charged to CDBG administration and planning. These employees organized various special events for the City. The City also disbursed CDBG funds for special events which are ineligible because they are local government expenses.

Context
All planning and administrative costs were reviewed for propriety.

Cause
The City stated that they were not aware that these administrative costs were ineligible use of CDBG administrative funds. The City did not adhere to the definition of eligible planning and administrative costs eligible for reimbursement under 24 CFR 570.207 (a) (2) or under Office of Management and Budget (OMB) Circular A-87.

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

Effect
The costs for the employees charged to administrative and planning in the amount of $281,444 has been disallowed. Operating expenses associated with these activities for special events in the amount of $12,052 has also been disallowed.

Recommendation
The City should ensure that administrative costs charged to the CDBG program be in compliance with 24 CFR 570.207 (a) (2) or under Office of Management and Budget (OMB) Circular A-87.

Response of Responsible Officials
The staff costs and operating costs associated with the Office of Multicultural Affairs has been shifted to the City of Paterson's operating budget.

2010-05: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
Regulations at 24 CFR 570.200 (a) (5) state that costs incurred must be in conformance with OMB Circular A-87. OMB Circular A-87 states that cost principles provide that federal awards bear their fair share of costs and that a cost allocation plan is required when there is an accumulation of indirect costs that will ultimately result in charges to a federal award. During program years 2004 and 2006, CDBG funds were used to pay for administrative salaries pertaining to other programs such as Section 8 and economic development programs.

Context
All planning and administrative costs were reviewed for propriety.

Cause
These deficiencies resulted from the City not developing and implementing a cost allocation plan.

Effect
The City must reimburse $60,710 to the CDBG program from nonfederal funds for payroll costs that should not have been paid from the CDBG program.

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

Recommendation
The City should develop and implement a cost allocation plan to ensure that costs are correctly allocated and that the CDBG program does not pay more that its fair share of administrative costs.

Response of Responsible Officials
The employees of the Department of Community Development complete weekly task sheets, which delineates the hours of their time designated for particular programs. The task sheets will be used for cost allocation of these individuals' salaries.

2010-06: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
Regulations at 24 CFR Part 85.20(b) (3), provides that effective control and accountability must be maintained for all real property and other assets. Further, grantees and subgrantees must adequately safeguard all property and must ensure that it is used solely for authorized purposes. The City did not maintain supporting documentation that the disposition of properties was approved according to the City's action plans and consolidated annual performance and evaluation reports. Also, the City did not maintain documentation that affected citizens were provided reasonable notice and opportunity by the City to comment on the property's dispositions.

Context
All City demolition project were reviewed.

Cause
The City did not maintain supporting documentation for demolition activities.

Effect
Since adequate documentation was not provided to support the use of CDBG funds in the demolition of properties, the $370,334 is an unsupported cost and must be returned to the grantor using nonfederal funds.

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

Recommendation
The City maintain documentation to comply with the requirements of 24 CFR Part 85.20(b) (3) and adequately safeguard all property and must ensure that it is used solely for authorized purposes.

Response of Responsible Officials
The Department of Community Development will comply with the Citizen Participation requirements set forth by the United States Department of Housing and Urban Development.

2010-07: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
Federal regulations at 24 CFR 570.500(a) stipulates that program income is defined as gross income received by the recipient or a subrecipient directly generated from the use of CDBG funds. In addition, 24 CFR 570.504 (a) states that the receipt and expenditure of program income shall be recorded as part of the financial transactions of the grant program. The City did not properly record program income earned from the sale of properties and demolition in the City's CDBG account. Also, the City did not properly record program income related to the cancellation of a demolition lien and from interest not being computed and recorded from the sale of five demolition liens.

Context
Twenty- one demolitions were reviewed which were completed and paid for with CDBG funds during program years 2004 through 2007.

Cause
Ten properties which were sold were not identified as program income for the CDBG program was not computed and remitted to the CDBG program. The City did not remit interest as required between the time of the liens' recording and the sale of the property.

Effect
Program income which should have be remitted to CDBG and utilized for CDBG funded activities was not available to be utilized for allowable activities.

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

Recommendation

The City should:

- Record program income of $679,075 in the CDBG program's line of credit for the sale of two City-owned properties.
- Record $215,250 for activities which received demolition services that had been paid with CDBG funds.
- Record program income of $41,272 in the CDBG programs' line of credit related to the cancellation of one lien and from interest not being computed and recorded from the sale of five demolition liens.
- Compute the amount of lien interest for the sale of four additional liens and record the amount in the CDBG line of credit.
- Record $5,000 for three demolition liens that were understated to ensure that the proper amount will be collected from the sale of these liens which would result in additional program income.
- Record the amount of lien on 32 properties that were demolished before program year 2004 and remit computed amount of interest to the CDBG programs' line of credit.
- Procedures should be implemented to ensure receipts of program income are recorded in IDIS by activity number to disclose source and application of receipts.

Response of Responsible Officials

The City of Paterson disburses the funds for all CDBG-funded activities prior to seeking reimbursement from the United States Department of Housing and Urban Development. Therefore, the money in the City of Paterson's bank account does not belong to HUD; the money belongs to the City of Paterson due to the City's prior outlay of funds. Consequently, HUD should not be a party to any interest gained by the City of Paterson on funds reimbursed to the City of Paterson.

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

2010-08: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
Regulations at 24 CFR 84.20(b) (1), accurate, current and complete disclosure of the financial results of financially assisted activities must be in accordance with the financial reporting requirements of the grant. Grantees must maintain records that adequately identify the source and application and application of funds provided for assisted activities. The review of information recorded in the Integrated Disbursement Information System (IDIS) for demolition activities revealed that the information was not always accurate.

Context
Review of activity in the demolition line item allocations for program year 2004 to current.

Cause
The City did not have adequate financial controls in place to ensure the accuracy of recording budgetary and disbursement information regarding demolition activities in the IDIS,

Effect
Unexpended balances representing funds available for use for demolition activities are inaccurate.

Recommendation
The City should develop and implement financial controls to ensure disbursement information related to demolition and all CDBG funded activities is accurately recorded in IDIS. Procedures should be implemented to ensure that receipts of program income the activity in demolition account for accuracy.

Response of Responsible Officials
The Department of Community Development completes desk-top monitoring of its sub-recipient, which entails the submission of quarterly programmatic and fiscal reports. The program monitors are responsible for reviewing the quarterly reports and following up on any discrepancies or questions. These monitoring activities will assist in the recording of proper information in the IDIS system related to disbursements and receipt of program income.

THE CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

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

2010-09: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
Federal regulations at 24 CFR 85.20(b) (3) state that effective control and accountability must be obtained for all cash, real and personal property, and other assets. Grantees must adequately safeguard all such property and must ensure it is used solely for authorized purposes. Accounting records must be supported by source documentation. The City's monthly drawdown and receipt folders maintained by the Community Development Department disclosed instances in which supporting documentation was not in the file. In addition, supporting documentation for program income receipts and disbursements recorded in IDIS related to demolition activities was not present in the monthly drawdown and receipts folders.

Context
All monthly drawdown folders for the program year 2004 through current

Cause
The City did not maintain supporting documentation for all receipts and disbursements.

Effect
Financial information entered into the IDIS and general ledger did not have adequate supporting documentation to ensure the accuracy of the financial information entered into IDIS.

Recommendation
The City should maintain supporting documentation for all drawdowns, receipts and disbursements prior to entering the information in the IDIS system.

Response of Responsible Officials
The City of Paterson will maintain proper documentation of all drawdowns, receipts and disbursements entered into the IDIS system.

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

2010-10: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
Regulations at 24 CFR 570.500 (a) (2) prescribes that interest earned on grant advances must be remitted to HUD for transmittal to the United States Treasury. The City failed to remit bank interest earned from the interest bearing account for the CDBG program.

Context
Review of interest earned for program years 2004 through 2007.

Cause
Inadequate management controls over adherence to federal regulations concerning the remittance of interest.

Effect
The City in noncompliance with federal regulations as in relates to interest earned on grant advances.

Recommendation
The City must remit bank interest earned in the amount of $6,262. In addition the City should also calculate and remit any bank interest generated from program year's 2008 through present.

Response of Responsible Officials
The City of Paterson disburses the funds for all CDBG-funded activities prior to seeking reimbursement from the United States Department of Housing and Urban Development. Therefore, the money in the City of Paterson's bank account does not belong to HUD; the money belongs to the City of Paterson due to the City's prior outlay of funds. Consequently, HUD should not be a party to any interest gained by the City of Paterson on funds reimbursed to the City of Paterson.

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

2010-11: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
The Community Planning and Development Monitoring Handbook, CDBG Program Monitoring outlines procedures to effectively monitor subrecipients of CDBG funds. The City's "Subrecipient Monitoring Policy" also outlines the procedures and frequency of subrecipient monitoring for subgrantees receiving CDBG funds. The Department of Community Development did not perform monitoring of subrecipients that receive federal funds in according with policies established.

Context
We reviewed all subrecipient monitoring performed for the period July 1, 2009 through June 30, 2010.

Cause
The City did not perform monitoring of subrecipients as required by City policies, HUD regulations and the terms of the grant agreement.

Effect
Subrecipients could be in noncompliance with the terms of their agreement with the City which could result in grant funds being expended for unallowable activities which are not in compliance with the purpose outlined in the subrecipient agreement with the City.

Recommendation
To ensure programmatic compliance and avoid instances where expenditures are incurred for unallowable activities, the City should monitor subrecipients in accordance with its "Subrecipient Monitoring Policy" and the Community Planning and Development Monitoring Handbook

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

Response of Responsible Officials
The Director has assigned each program monitor with specific sub-recipients to monitor to ensure their familiarity with their sub-recipient's programs and services. In addition, a monitoring policy has been adopted, which will be distributed to all of the CDBG sub-recipients. Along with the monitoring policy, there has been a monitoring checklist developed, which will be utilized by each program monitor as they conduct on-site monitoring visits with each of the sub-recipients.

2010-12: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
Federal regulation 24 CFR requires that the Comprehensive Annual Financial Report be submitted 90 days after year end. Based on our review, this report was submitted in January, 2011.

Context
Reviewed the Comprehensive Annual Financial Report for the year ended June 30, 2010.

Cause
The Department of Community Development did not submit the report in a timely manner.

Effect
The City is in noncompliance with the reporting requirements under the terms of the grant agreement.

Recommendation
The City submit the Comprehensive Annual Financial Report in a timely manner.

Response of Responsible Officials
The Department of Community Development has made note of all of its HUD deadlines, so that each individual in the department is aware of the due date of materials. The City of Paterson will work toward rebuilding its relationship with the United States Department of Housing and Urban Development by meeting its required deadlines or requesting deadline extensions in a timely manner.

THE CITY OF PATERSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

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

2010-13: Community Development Block Grant Program
CFDA No. 14.218

Criteria and Condition
Federal regulation 24 CFR 91.105 and 570.302 require that prior to submission of the Comprehensive Annual Financial Report the City must comply with the citizen's participation requirement. The City did not advertise the Comprehensive Annual Financial Report in a timely manner.

Context
Reviewed the Comprehensive Annual Financial Report for the year ended June 30, 2010 and evidence of compliance with the citizen participation requirement.

Cause
The City did not anticipate that the requirements of the citizen participation would further delay the submission of the Comprehensive Annual Financial Report.

Effect
The submission of the Comprehensive Annual Financial Report was delayed.

Recommendation
The City should review the citizen participation requirements as they relate to submission of the Comprehensive Annual Financial Report prior to submission.

Response of Responsible Officials
The Department of Community Development has made note of all of its HUD deadlines, so that each individual in the department is aware of the due date of materials. The City of Paterson will work toward rebuilding its relationship with the United States Department of Housing and Urban Development by meeting its required deadlines or requesting deadline extensions in a timely manner.

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

2010-14: Section 8 Housing Assistance Program
CFDA No. 14.856

Criteria and Condition
Federal regulations 24 CFR require that grantees monitor subrecipients for compliance with the terms of the grant agreement. The Section 8 Housing Assistance Program is administered by the City of Paterson Housing Authority. The City did not monitor the subrecipient.

Context
Monitoring reports were requested for the year ended June 30, 2010. The Department of Community Development informed us that no monitoring was performed.

Cause
The City did not monitor the Section 8 Housing Assistance Program as required.

Effect
The City in is noncompliance with the terms of the grant agreement. This lack of monitoring can result in disallowed costs which must be paid with nonfederal funds. All disbursements for housing assistance payments are initiated by and drawdowns are initiated and received directly by the Housing Authority. Therefore, the City is unaware of any activity related to the administration of the program although they are the primary recipient of the grant.

Recommendation
The City should perform regular monitoring visits as it relates to the Section 8 Housing Assistance Program since they are the primary recipient of the grant funding.

Response of Responsible Officials
The Department of Community Development will assign a program monitor to the Housing Authority for the purpose of monitoring the Section 8 program.

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

2010-15: Section 8 Housing Assistance Program
CFDA No. 14.856

Criteria and Condition
The Paterson Housing Authority did not perform annual re-certifications of income as required under the terms of the grant agreement

Context
Reviewed 20 Housing Choice Voucher files and 5 Single Room Occupancy files. In one case, annual re-certification of income was not performed as of June 30, 2010.

Cause
The annual re-certifications of income we not performed as required under the terms of the grant agreement.

Effect
The City is in noncompliance with the terms of the grant agreement regarding annual re-certifications of income.

Recommendation
The Paterson Housing Authority performs income re-certifications as required and the City monitor the Paterson Housing Authority to ensure re-certifications are performed.

Response of Responsible Officials

The Paterson Housing Authority concurs with the auditor's finding and as of 11/1/2010 the re-certification was completed. The department supervisors have put in place corrective measures to ensure that case workers are now monitoring outstanding recertifications on a monthly basis.

CITY OF PATERSON

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

FOR THE YEAR ENDED JUNE 30, 2010

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

Finding 09-01

Condition: The City has not performed housing inspections for the Section 8 Housing Program. Audit revealed that 19% of the reviewed client files did not have proof of timely inspections as required.

Current Status: This finding has been corrected.

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GENERAL COMMENTS

THE CITY OF PATERSON

GENERAL COMMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Contracts and Agreements Required to be Advertised for (N.J.S. 40A:11-3 and 11-4)

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

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 boy of the contracting unit to the lowest responsible bidder after public advertising of bids and bidding, therefore, except as is provided otherwise in this act or specifically by any other law."

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

Purchase and Installation of Building Glass & Mirrors
TV Inspection and Cleaning of Sewers and Utilities
Removal and Disposal of 100 hazardous Trees with Stumps
Purchase of one Emergency Response Reuse Vehicle
Purchase of 9 Three Wheel Electric Personal Mobility Vehicles
Purchase of 20 Crown Victoria Vehicles
Bus Transportation Services for Recreation Division
Furnishing and Delivery of Janitorial Supplies
Stair Replacement at Roberto Clemente Park
Maintenance of the Fire Protection Equipment
Landscaping Services to the Larry Doby Field
Purchase and Delivery of Forms and NCR Printing
Emergency Sewer Main Repairs & Replacement
Maintenance of the Lou Costello Pool and Riverside Vets Pool
Repair and Replacement of Overhead Doors and Gates
Sewer Main Repairs and Replacements
Construction of New Curbs and Sidewalks
Construction of a New Firehouse
State Road Resurfacing
Electrical Work
Flat Tire Repairs
Demolition of 2 Properties
Purchase and Delivery of Electrical Supplie
Towing and Storage of Vehicles
Plumbing Works
Vending Machines
Pedestrian Signal Improvement Project
Purchase of T-Shirts and Accessories
Construction of Plaza at Overlook Park

THE CITY OF PATERSON

GENERAL COMMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 $29,000, "for the performance of any work, or 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.

Expenditures Less Than Bid Thresholds, 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) subsection (1) of section 5 pf 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 $3,150 or more, within the terms of N.J.S.A. 40A:11-6.1.

CITY OF PATERSON

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2010

COMMENTS:

1. The fine and fee account and the bail account were not reconciled during the year.

2. The cash balance in the bail account does not agree to the total outstanding bail listing.

RECOMMENDATIONS:

1. Bank reconciliations for the fine and fee and bail account should be reconciled on a monthly basis.

2. The outstanding bail listing should be reviewed for accuracy and reconciled to the balance per the general ledger. Any discrepancies should be remitted to the City.

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