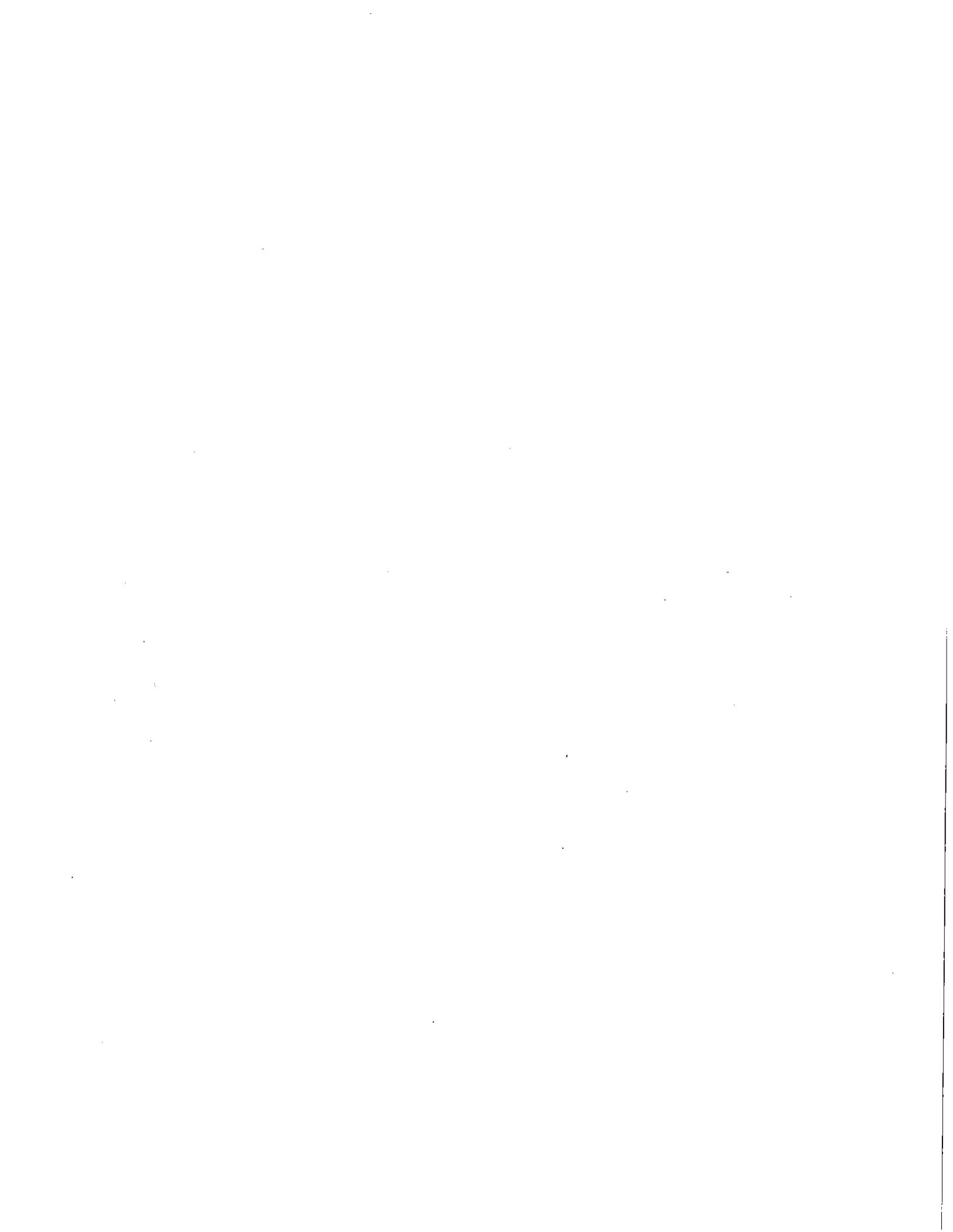


CITY OF PASSAIC
PASSAIC COUNTY, NEW JERSEY
REPORT OF AUDIT
FISCAL YEAR ENDED JUNE 30, 2010

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CITY OF PASSAIC

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CITY OF PASSAIC

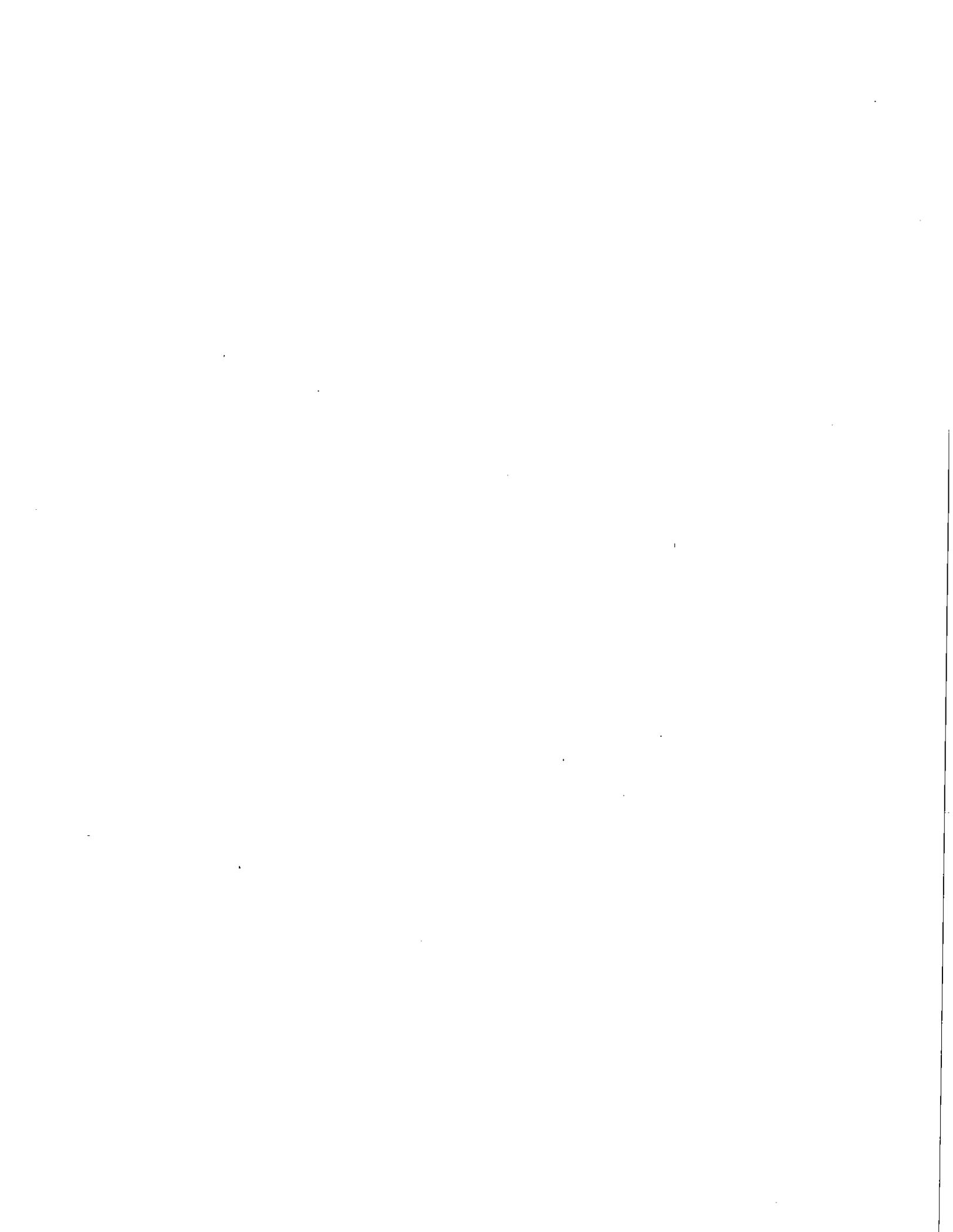
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CITY OF PASSAIC

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Passaic as of June 30, 2010 and 2009 and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended June 30, 2010. These financial statements are the responsibility of the City of Passaic's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the fourth paragraph, we conducted our audits 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Passaic's internal control over financial reporting. Accordingly, we express no such opinion. 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 more fully in Note 1, the City has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, we were unable to audit the financial activities of the General Fixed Assets Account Group because sufficient documentation was not available to support amounts reported in the financial statements - regulatory basis referred to above. The amount by which this departure would affect the financial statements of the City of Passaic from accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, is not reasonably determinable.

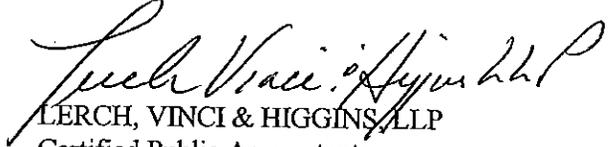
INDEPENDENT AUDITORS' REPORT (Continued)

In our opinion, because of the effects of the City preparing its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Passaic as of June 30, 2010 and 2009, or the changes in its financial position, or, where applicable, its cash flows for the years then ended. Further, the City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the General Fixed Assets Account Group as described in the fourth paragraph, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds of the City of Passaic as of June 30, 2010 and 2009 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the revenues - regulatory basis and the expenditures - regulatory basis of the various funds for the year ended June 30, 2010 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 21, 2011 on our consideration of the City of Passaic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

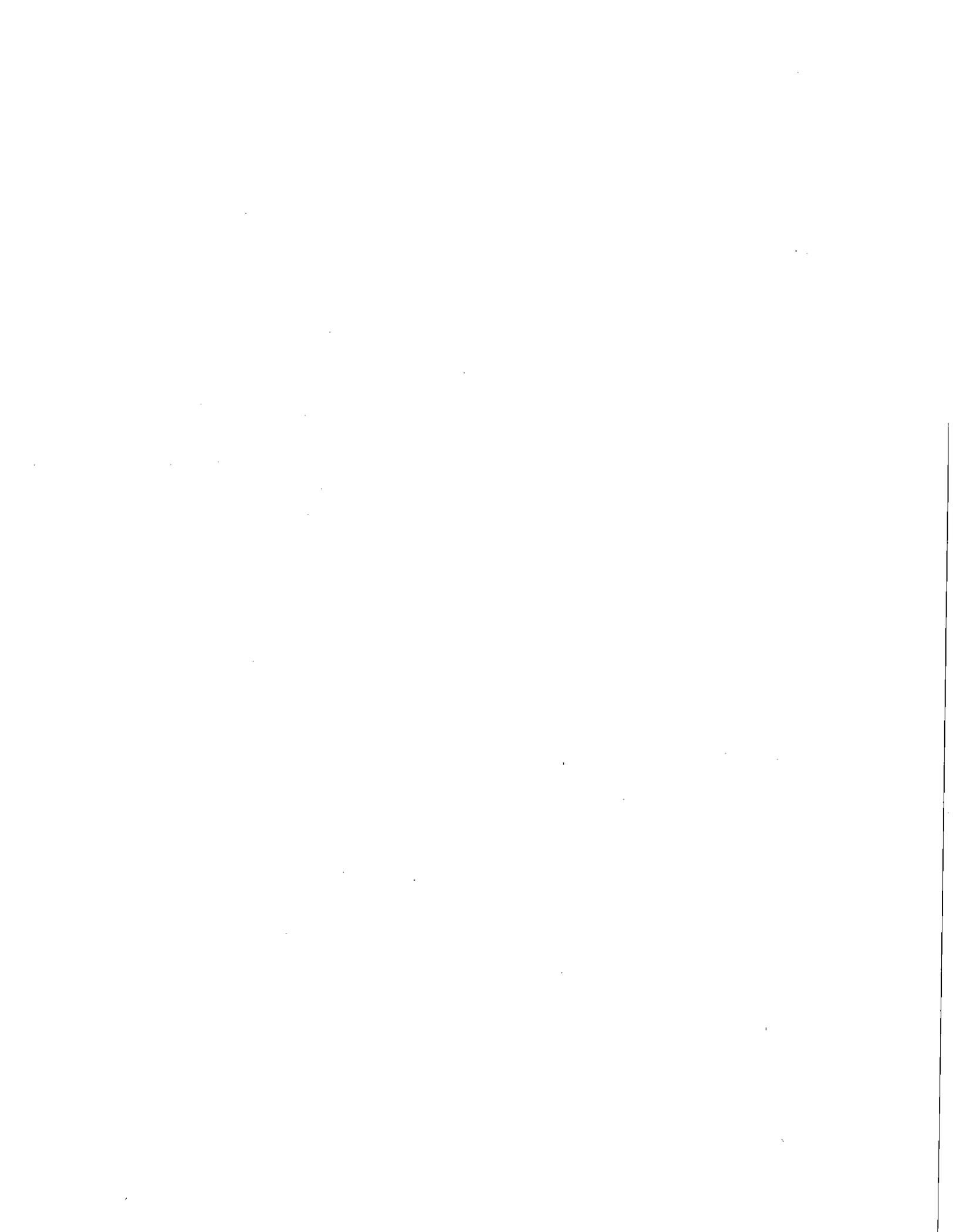
Our audit was conducted for the purpose of forming an opinion on the financial statements of the City of Passaic. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Passaic. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are also not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
January 21, 2011

CURRENT FUND



**CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF JUNE 30, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
REGULAR FUND			
Cash	A-4	\$ 8,878,294	\$ 9,327,308
Cash - Change Fund	A-7	2,600	2,600
Due From State of New Jersey - Senior Citizens and Veterans	A-11	<u>47,412</u>	<u>44,757</u>
		<u>8,928,306</u>	<u>9,374,665</u>
Receivables and Other Assets With			
Full Reserves			
Delinquent Property Tax Receivable	A-14	92,756	74,235
Tax Title Liens Receivable	A-16	10,039	29,946
Revenue Accounts Receivable	A-15	190,715	275,016
Other Accounts Receivable	A-9	653	
Due from Passaic Parking Authority	A-13		304,355
Due from Passaic Redevelopment Authority	A-12	2,558	
Due from Grant Fund	A-10		267,122
Due from Other Trust Fund	B-7		67,602
Due from Community Development Block Grant Fund	B-18	13,683	23,248
Due from Home Investment Program Fund	B-19	117,826	44,953
Due from Sewer Utility Operating Fund	D-12	<u>-</u>	<u>209,750</u>
		<u>428,230</u>	<u>1,296,227</u>
Total Regular Fund		<u>9,356,536</u>	<u>10,670,892</u>
GRANT FUND			
Cash	A-5	165,674	34,560
Due from Current Fund	A-10	262,369	
Grants Receivable	A-30	<u>10,779,668</u>	<u>11,412,389</u>
Total Grant Fund		<u>11,207,711</u>	<u>11,446,949</u>
Grand Total		<u>\$ 20,564,247</u>	<u>\$ 22,117,841</u>

**CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF JUNE 30, 2010 AND 2009**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2010</u>	<u>2009</u>
REGULAR FUND			
Liabilities and Reserves			
Appropriation Reserves	A-3,A-19	\$ 979,817	\$ 1,819,776
Encumbrances Payable	A-22	1,414,198	1,349,631
Accounts Payable	A-24	152	13,128
Prepaid Taxes	A-18	53,452	71,166
Tax Overpayments	A-17	175,443	95,801
Fees Payable	A-27	29,937	22,693
Due to Grant Fund	A-10	262,369	
Due to Other Trust Fund	B-7	311,882	
Due to General Capital Fund	C-4	233,577	213,331
Due to Sewer Utility Operating Fund	D-12	436,939	
Due to Sewer Utility Capital Fund	D-14	-	17,452
Miscellaneous Reserves	A-25	688,521	676,233
Reserve for Tax Appeals	A-23	587,205	587,522
Reserve for Sale of Assets	A-26	-	900,098
		<u>5,173,492</u>	<u>5,766,831</u>
Reserve for Receivables and Other Assets	A	428,230	1,296,227
Fund Balance	A-1	<u>3,754,814</u>	<u>3,607,834</u>
Total Regular Fund		<u>9,356,536</u>	<u>10,670,892</u>
GRANT FUND			
Due to Current Fund	A-10	-	267,122
Due to General Capital Fund	C-15	1,234,598	1,222,378
Due to Other Trust Fund	B-8	20,856	20,856
Due to Redevelopment Agency	A-29	2,384	
Appropriated Grant Reserves	A-31	9,869,745	9,925,629
Unappropriated Grant Reserves	A-28	<u>80,128</u>	<u>10,964</u>
Total Grant Fund		<u>11,207,711</u>	<u>11,446,949</u>
Grand Total		<u>\$ 20,564,247</u>	<u>\$ 22,117,841</u>

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
REVENUES AND OTHER INCOME REALIZED:			
Fund Balance Utilized	A-2	\$ 3,000,000	\$ 3,500,000
Miscellaneous Revenue Anticipated	A-2	34,699,356	31,361,934
Receipts from Delinquent Taxes	A-2	48,242	52,897
Receipts from Current Taxes	A-2	88,006,219	84,064,218
Non-Budget Revenues	A-2	645,416	732,689
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-19	1,273,858	1,169,443
Unexpended Balance of Sewer Utility Appropriation Reserves	D-12	8,466	339
Cancelled - Grant Reserves	A-1		54,365
Cancelled - Accounts Payable	A-24	12,868	
Interfunds and Other Receivables Liquidated	A	<u>563,394</u>	<u>564,856</u>
 Total Income		 <u>128,257,819</u>	 <u>121,500,741</u>
 EXPENDITURES			
Budget Appropriations:			
Operations			
Salaries and Wages	A-3	39,689,348	40,437,500
Other Expenses	A-3	40,866,641	33,424,879
Deferred Charges and Statutory Expenditures	A-3	5,930,691	5,875,180
Capital Improvement Fund	A-3		260,500
Municipal Debt Service	A-3	3,034,657	2,969,306
County Taxes	A-21	19,822,886	20,191,647
Local District School Taxes	A-20	15,527,672	14,943,783
Interfunds Created	A	76,084	525,580
Refund of Prior Year Revenues	A-1		21,580
Cancelled Grants Receivable	A	<u>162,860</u>	<u>-</u>
 Total Expenditures		 <u>125,110,839</u>	 <u>118,649,955</u>
 Excess in Revenue (Brought Forward)		 <u>3,146,980</u>	 <u>2,850,786</u>

**CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Excess in Revenue (Carried Forward)		\$ 3,146,980	\$ 2,850,786
Fund Balance, Beginning of Year	A-1	<u>3,607,834</u>	<u>4,257,048</u>
		6,754,814	7,107,834
Decreased by:			
Utilization of Fund Balance	A-1	<u>3,000,000</u>	<u>3,500,000</u>
Fund Balance, End of Year	A	<u>\$ 3,754,814</u>	<u>\$ 3,607,834</u>

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Reference	2010 Budget	Added by 40A:4-87	Realized in 2010	Excess (Deficit)
Fund Balance Utilized	A-1	\$ 3,000,000	-	3,000,000	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-15	50,000		72,164	\$ 22,164
Other	A-15	60,000		80,424	20,424
Fees and Permits:					
Uniform Construction Code - Fees	A-15	615,000		584,879	(30,121)
Other	A-15	10,000		13,092	3,092
Fines and Costs:					
Municipal Court	A-15	3,070,000		2,828,853	(241,147)
Energy Receipts Tax	A-15	4,145,980		4,145,980	
Consol. Municipal Property Tax Relief Aid	A-15	10,518,522		10,518,522	
Extraordinary Aid	A-15	1,000,000		1,000,000	
Interest and Costs on Taxes	A-15	244,000		287,495	43,495
Interest on Investments & Deposit	A-15	40,000		37,415	(2,585)
Police Record Bureau	A-15	30,000		25,728	(4,272)
Ambulance Billing	A-15	1,041,772		877,753	(164,019)
Board of Education - Security Watch	A-15	1,612,000		1,612,000	
Passaic Parking Authority	A-15	773,682		773,682	
Fire Life Safety Registration and Permits	A-15	100,000		108,123	8,123
Public and Private Revenues Offset					
With Appropriations:					
Edward Byrne Memorial Justice Assistance Grant (JAG)-AR	A-30		\$ 1,622,388	1,622,388	
Lead Intervention for Children at Risk	A-30		164,000	164,000	
Drunk Driving Enforcement Fund	A-30		21,727	21,727	
Over the Limit - Under Arrest	A-30		6,000	6,000	
Public Health Priority Funding - CY 2009	A-30		30,201	30,201	
Recycling Tonnage Grant	A-30		78,050	78,050	
Station House Adjustment	A-30		40,000	40,000	
Safe & Secure Communities Grant	A-30		90,000	90,000	
Women, Infant & Children (WIC)	A-30		802,500	802,500	
Women, Infant & Children (WIC)	A-30		29,200	29,200	
Women, Infant & Children (WIC)	A-30		18,881	18,881	
Parks Rehabilitation - Passaic County Open Space	A-30		137,205	137,205	
Ryan White Title I	A-30		77,049	77,049	
Urban Enterprise Zone - Administration	A-30		477,577	477,577	
Addiction Services - NJ Dept of Health & Human Services	A-30		3,500	3,500	
Local Public Health Emergency Response - H1N1 Virus	A-30		160,972	160,972	
Emergency Preparedness Grant - NJ Health Officers Assoc.	A-30		2,500	2,500	
DCA Neighborhood Preservation	A-30		2,437,775	2,437,775	
Business Stimulus - NJ Forestry Service	A-30		7,000	7,000	
Lead Intervention for Children at Risk	A-30		4,000	4,000	
Assistance to Firefighters Grant Program - FEMA	A-30		86,789	86,789	
Community Stewardship Incentive Program	A-30		15,300	15,300	
Pedestrian Safety Grant	A-30		18,000	18,000	
Urban Enterprise Zone - Security Patrol	A-30		444,780	444,780	
SAFER Grant Program - FEMA	A-30		372,760	372,760	
2010 Municipal Aid Program - Quincy/Sherman Streets	A-30		325,850	325,850	
Edward Byrne Memorial Justice Assistance Grant (JAG)	A-30		378,650	378,650	
Ryan White Title I	A-30		4,260	4,260	
Neighborhood Crime Prevention	A-30		40,578	40,578	

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Reference</u>	<u>2010 Budget</u>	<u>Added by 40A:4-87</u>	<u>Realized in 2010</u>	<u>Excess (Deficit)</u>
Public and Private Revenues Offset					
With Appropriations: (Continued)					
Municipal Alliance on Alcoholism and Drug Abuse	A-30		\$ 45,800	\$ 45,800	
Public Health Priority Funding	A-30		31,096	31,096	
Energy Eff. Conservation Block Grant - US Dept of Energy	A-30		613,800	613,800	
Clean Communities Program	A-30		4,064	4,064	
Housing Opportunity - HOPWA	A-30				
Body Armor Fund	A-30		5,139	5,139	
Tobacco Control, Prevention, Treatment Education Service	A-30		6,900	6,900	
Juvenile Accountability Incentive Block Grant (JAIBG) - Station House	A-30		20,328	20,328	
Occupant Protection Program - Click It or Ticket 2010	A-30		4,000	4,000	
Urban Enterprise Zone - Market Street Reconstruction	A-30		336,585	336,585	
Multicultural Affairs	A-30		900	900	
Ryan White Title I	A-30		39,673	39,673	
Municipal Alcohol Education/Rehabilitation Program	A-30		12,066	12,066	
NJ DOA - Summer Food Program	A-30		287,527	287,527	
Special Items:					
Cable Franchise Fee	A-15	\$ 130,000		279,367	\$ 149,367
Saint Mary's Reise Corp. - In Lieu of Taxes	A-15	135,000		154,220	19,220
Chestnut Housing Phase I - In Lieu of Taxes	A-15	66,000		66,608	608
Jack Parker Association - In Lieu of Taxes	A-15	200,000		202,875	2,875
YMCA	A-15	30,000		30,000	
Housing Authority - In Lieu of Taxes	A-15	37,776		37,766	(10)
Highview Terrace - In Lieu of Taxes	A-15	80,000		58,153	(21,847)
Housing Authority Police Program	A-15	413,712		371,800	(41,912)
Due from Passaic Parking Authority	A	295,000		295,000	
County of Passaic - Street Lighting	A-15	60,000			(60,000)
Sale of Municipal Assets	A-15	900,098		900,098	
Reserve for Debt Service	A-15	31,989	-	31,989	-
Total Miscellaneous Revenues		<u>25,690,531</u>	<u>9,305,370</u>	<u>34,699,356</u>	<u>(296,545)</u>
Receipts from Delinquent Taxes	A-2	<u>40,000</u>	<u>-</u>	<u>48,242</u>	<u>8,242</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	<u>52,862,501</u>	<u>-</u>	<u>53,555,661</u>	<u>693,160</u>
Total Revenues	A-3	<u>\$ 81,593,032</u>	<u>\$ 9,305,370</u>	<u>\$ 91,303,259</u>	<u>\$ 404,857</u>
Non-Budget Revenues	A-2			<u>645,416</u>	
				<u>\$ 91,948,675</u>	

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	<u>Reference</u>	<u>2010</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-14	\$ 88,106,219
Less: Transfer to Reserve for Tax Appeals	A-23	<u>100,000</u>
Total Revenue from Collections Realized		88,006,219
Allocated to School and County Taxes	A-20,A-21	<u>35,350,558</u>
Balance for Support of Municipal Budget Appropriations		52,655,661
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>900,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 53,555,661</u>
Receipts from Delinquent Taxes		
Delinquent Tax Collections	A-14	17,968
Tax Title Liens	A-16	<u>30,274</u>
	A-2	<u>\$ 48,242</u>

Analysis of Non Budget Revenue

Recreation Fees		\$ 28,545
Recycling		42,113
Motor Vehicle Inspection Fines		65,120
Sewer Connection Fees		7,979
Administrative Fees - Police Outside Duty		61,443
Board of Health/Vital Statistics Fees		87,629
City Clerk Fees		14,673
Planning/Engineering Fees		55,231
Passaic Valley Water Commission - Hydrant Inspection		69,000
Administration Fees - Senior Citizen and Veterans		2,709
Medicaid Reimbursement - RDS		42,796
Restitution		225
Payment in Lieu of Taxes		55,144
Bid Specifications		5,615
Auction		8,298
Miscellaneous Reimbursements/Receipts		<u>98,896</u>
	A-2	<u>\$ 645,416</u>

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Office of Business Administration					
Salaries & Wages	\$ 508,184	\$ 508,184	\$ 499,081	\$ 9,103	
Other Expenses	119,000	137,000	119,074	17,926	
Human Resources					
Office of Personnel					
Salaries & Wages	152,545	153,545	153,449	96	
Other Expenses	5,000	5,000	4,116	884	
Mayor and Council					
Office of the Mayor and Council					
Salaries & Wages	338,000	338,000	335,028	2,972	
Other Expenses	34,000	34,000	29,909	4,091	
City Clerk					
Salaries & Wages	217,796	229,796	228,751	1,045	
Other Expenses	102,000	102,000	49,667	52,333	
Financial Administration - Treasurer's Office					
Salaries and Wages	558,717	561,717	556,086	5,631	
Other Expenses	60,000	60,000	43,927	16,073	
Annual Audit					
Other Expenses	63,000	63,000	58,000	5,000	
Revenue Administration - Tax Collector					
Salaries and Wages	184,986	184,986	176,725	8,261	
Other Expenses	25,000	25,150	25,099	51	
Tax Assessment Administration					
Salaries and Wages	262,189	262,189	258,743	3,446	
Other Expenses	52,000	52,000	48,018	3,982	
Legal Services					
Other Expenses	500,000	500,000	500,000	-	
Office of Engineer					
Salaries and Wages	141,714	141,714	131,535	10,179	
Other Expenses	10,000	10,000	4,895	5,105	
Economic Development Agencies					
Planning and Economic Development					
Salaries and Wages	220,623	230,623	227,409	3,214	
Other Expenses	3,000	3,000	2,790	210	
Division of Housing					
Salaries and Wages	397,568	397,568	394,917	2,651	
Other Expenses	8,000	8,000	2,778	5,222	
Redevelopment Agency	50,100	50,100	50,100	-	
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	10,000	10,000	7,501	2,499	
Board of Adjustment					
Other Expenses	16,000	16,000	12,839	3,161	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
CODE ENFORCEMENT AND ADMINISTRATION					
Rent Leveling Board					
Salaries and Wages	\$ 12,319	\$ 12,319	\$ 12,310	\$ 9	
Other Expenses	5,200	5,200	5,090	110	
INSURANCE					
Liability Insurance	1,275,000	1,275,000	1,274,196	804	
Workmen's Compensation	800,000	800,000	799,970	30	
Employee Group Insurance	12,425,378	12,317,378	12,096,062	221,316	
Unemployment Insurance	200,000	200,000	199,999	1	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	18,109,605	18,161,605	18,158,199	3,406	
Other Expenses	434,000	499,000	492,762	6,238	
BOE Security Watch and Res. Off.-Salaries & Wages	1,612,000	1,612,000	1,612,000	-	
Office of Emergency Management					
Salaries & Wages	750,000	760,000	757,796	2,204	
Other Expenses	21,000	24,000	22,689	1,311	
Fire Department					
Salaries and Wages	11,374,845	11,374,845	11,365,800	9,045	
Other Expenses	75,000	75,000	57,877	17,123	
Prosecutor's Office					
Other Expenses	156,900	196,900	169,900	27,000	
Fire Life Safety					
Salaries and Wages	100,000	100,000	97,240	2,760	
Municipal Court					
Salaries and Wages	1,092,922	1,115,922	1,110,242	5,680	
Other Expenses	130,000	130,000	129,685	315	
Public Defender (PL 1997 C.256)					
Other Expenses	51,700	51,700	51,700	-	
Passaic Parking Authority					
Salaries & Wages	513,974	513,974	513,974	-	
Other Expenses	224,208	224,208	198,093	26,115	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	1,708,432	1,651,432	1,627,243	24,189	
Other Expenses	143,000	128,000	122,586	5,414	
Solid Waste Collection					
Other Expenses					
Garbage Removal Contractual	1,904,000	1,904,000	1,883,539	20,461	
Buildings and Grounds					
Salaries and Wages	649,790	702,790	699,231	3,559	
Other Expenses	144,000	169,000	166,999	2,001	
Vehicle Maintenance					
Salaries & Wages	441,705	427,705	426,510	1,195	
Other Expenses	264,000	303,000	302,905	95	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Division of Health					
Salaries and Wages	830,251	768,251	717,590	50,661	
Other Expenses	152,500	152,500	147,432	5,068	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
HEALTH AND HUMAN SERVICES (Continued)					
Animal Regulation					
Salaries and Wages	\$ 123,266	\$ 123,266	\$ 114,795	\$ 8,471	
Other Expenses	30,000	30,000	29,217	783	
PARK AND RECREATION FUNCTIONS					
Division of Recreation					
Salaries and Wages	231,074	231,074	228,039	3,035	
Other Expenses	100,000	100,000	99,165	835	
Senior Citizens					
Salaries and Wages	193,205	193,205	190,624	2,581	
Other Expenses	8,000	8,000	7,173	827	
Handicapped Recreation					
Salaries & Wages	74,160	75,160	74,506	654	
Other Expenses	26,000	26,000	25,381	619	
Maintenance of Parks					
Salaries & Wages	647,790	566,640	549,742	16,898	
Other Expenses	45,000	45,000	36,008	8,992	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events	8,500	8,500	8,500	-	
Retired III Employees					
Other Expenses	100	100		100	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Division of Code Enforcement					
Salaries and Wages	416,812	416,812	407,734	9,078	
Other Expenses	12,000	12,000	8,612	3,388	
UNCLASSIFIED:					
Utilities:					
Electricity	614,000	614,000	562,154	51,846	
Street Lighting	821,780	821,780	773,161	48,619	
Telephone and Telegraph	157,500	157,500	151,930	5,570	
Heating Oil	3,000	3,000	969	2,031	
Gasoline	392,200	392,200	330,026	62,174	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Tipping Fees	2,479,926	2,461,926	2,365,783	96,143	-
Total Operations Within "CAPS"	66,025,464	66,025,464	65,103,575	921,889	-
Detail:					
Salaries & Wages	39,738,498	39,689,348	39,499,325	190,023	-
Other Expenses	26,286,966	26,336,116	25,604,250	731,866	-

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
DEFERRED CHARGES					
Anticipated Deficit Sewer Utility	\$ 826,782	\$ 826,782	\$ 358,156		\$ 468,626
STATUTORY CHARGES					
Public Employees Retirement System	547,213	547,213	529,061	\$ 18,152	
Social Security System (O.A.S.I.)	1,430,000	1,430,000	1,407,124	22,876	
Consolidated Police and Firemen's Pension Fund	168,800	168,800	168,706	94	
Pension for Widows	2,245	2,245	2,245		
Public Employees Retirement System-ERI	195,968	195,968	193,020	2,948	
Police and Fireman's Retirement System	3,224,509	3,224,509	3,213,961	10,548	
Deferred Compensation Retirement Plan	3,800	3,800	3,800	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	6,399,317	6,399,317	5,876,073	54,618	468,626
Total General Appropriations for Municipal Purposes Within "CAPS"	72,424,781	72,424,781	70,979,648	976,507	468,626
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	1,263,720	1,263,720	1,263,720		
Recycling Tax	108,000	108,000	105,568	2,432	
Insurance					
Employee Group Insurance	76,501	76,501	76,501		
Contribution to Public Employees Retirement System					
Public Employees Retirement System	542,432	542,432	542,432		
Police and Fireman's Retirement System	3,134,265	3,134,265	3,134,265	-	-
Total Other Operations - Excluded From "CAPS"	5,124,918	5,124,918	5,122,486	2,432	-

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Public and Private Programs Offset by Revenues					
Edward Byrne Memorial Justice Assistance					
Grant (JAG)-ARRA		\$ 1,622,388	\$ 1,622,388		
Lead Intervention for Children at Risk		164,000	164,000		
Drunk Driving Enforcement Fund		21,727	21,727		
Over the Limit - Under Arrest		6,000	6,000		
Public Health Priority Funding - CY 2009		30,201	30,201		
Recycling Tonnage Grant		78,050	78,050		
Station House Adjustment		40,000	40,000		
Safe & Secure Communities Grant		90,000	90,000		
Women, Infant & Children (WIC)		802,500	802,500		
Women, Infant & Children (WIC)		29,200	29,200		
Women, Infant & Children (WIC)		18,881	18,881		
Parks Rehabilitation		137,205	137,205		
Ryan White Title I		77,049	77,049		
Urban Enterprise Zone - Administration		477,577	477,577		
Addiction Services - NJ Dept. of Health and Human Services		3,500	3,500		
Local Public Health Emergency Response - H1N1 Virus		160,972	160,972		
Emergency Preparedness Grant - NJ Health Officers Assoc.		2,500	2,500		
Clean Communities Program		4,064	4,064		
Body Armor Fund		5,139	5,139		
Tobacco Control, Prevention, Treatment Education Service		6,900	6,900		
Juvenile Accountability Incentive Block Grant (JAIBG) - Station House		20,328	20,328		
Occupant Protection Program - Click It or Ticket 2010		4,000	4,000		
Urban Enterprise Zone - Market Street Reconstruction		336,585	336,585		
Multicultural Affairs - County of Passaic		900	900		
Ryan White Title I		39,673	39,673		
Municipal Alcohol Education/Rehabilitation Program		12,066	12,066		
NJDOA - Summer Food Program		287,527	287,527		
DCA Neighborhood Preservation		2,437,775	2,437,775		
Business Stimulus - NJ Forestry Service		7,000	7,000		
Lead Intervention for Children at Risk		4,000	4,000		
Assistance to Firefighters Grant Program - FEMA		86,789	86,789		
Community Stewardship Incentive Program - NJDEP		15,300	15,300		
Pedestrian Safety Grant		18,000	18,000		
Urban Enterprise Zone - Security Patrol		444,780	444,780		
SAFER Grant Program - FEMA		372,760	372,760		
2010 Municipal Aid Program - Quincy/Sherman Streets		325,850	325,850		
Edward Byrne Memorial Justice Assistance Grant (JAG)		378,650	378,650		
Ryan White Title I		4,260	4,260		
Neighborhood Crime Prevention - NJ Dept. of Law and Public Safety		40,578	40,578		
Municipal Alliance on Alcoholism and Drug Abuse		45,800	45,800		
Public Health Priority Funding		31,096	31,096		
Energy Efficiency Conservation Block Grant					
US Dept. of Energy		613,800	613,800		
Matching Funds for Grants	100,237	100,237	99,359	\$ 878	-
Total Public and Private Program Offset by Revenues	100,237	9,405,607	9,404,729	878	-
Total Operations - Excluded from "CAPS"	5,225,155	14,530,525	14,527,215	3,310	-
Detail:					
Salaries & Wages	-	-	-	-	-
Other Expenses	5,225,155	14,530,525	14,527,215	3,310	-

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 1,818,800	\$ 1,818,800	\$ 1,818,800		
Payment of Bond Anticipation Notes and Capital Notes	274,050	274,050	265,627		\$ 8,423
Interest on Bonds	654,406	654,406	654,403		3
Interest on Notes	195,855	195,855	195,855		
Loan Repayments for Principal and Interest	83,642	83,642	83,629		13
Payment of DEP Loan Principal	16,343	16,343	16,343		
	<u>3,043,096</u>	<u>3,043,096</u>	<u>3,034,657</u>	<u>-</u>	<u>8,439</u>
Total Municipal Debt Service - Excluded from "CAPS"					
	<u>3,043,096</u>	<u>3,043,096</u>	<u>3,034,657</u>	<u>-</u>	<u>8,439</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>8,268,251</u>	<u>17,573,621</u>	<u>17,561,872</u>	<u>\$ 3,310</u>	<u>8,439</u>
Subtotal General Appropriations	80,693,032	89,998,402	88,541,520	979,817	477,065
Reserve for Uncollected Taxes	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 81,593,032</u>	<u>\$ 90,898,402</u>	<u>\$ 89,441,520</u>	<u>\$ 979,817</u>	<u>\$ 477,065</u>
	A-2	A-3	A-1		
	<u>Reference</u>				
Budget	A-2	\$ 81,593,032			
Appropriation (40A:4-87)	A-2	<u>9,305,370</u>			
	A-3	<u>\$ 90,898,402</u>			
Cash Disbursed	A-4		\$ 75,028,110		
Encumbrances Payable	A-22		1,414,198		
Reserve for Uncollected Taxes	A-2		900,000		
Due to Grant Fund for Appropriated Grants	A-31		9,404,729		
Due to Other Trust Fund	B-7		2,274,165		
Due to General Capital Fund	C-4		12,062		
Due to Sewer Utility Operating Fund	D-12		358,156		
Due to Redevelopment Agency	A-12		<u>50,100</u>		
	A-3		<u>\$ 89,441,520</u>		

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF JUNE 30, 2010 AND 2009

ASSETS	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ANIMAL CONTROL FUND			
Cash	B-1	\$ 19,892	\$ 32,657
Due from Other Trust Fund	B-4	<u>1,501</u>	<u>1,501</u>
		<u>21,393</u>	<u>34,158</u>
OTHER TRUST FUND			
Cash	B-1	1,767,939	4,113,562
Other Receivables	B-6	19,416	23,938
Due from Current Fund	B-7	311,882	
Due from Grant Fund	B-8	20,856	20,856
Due from Sewer Utility Operating Fund	D-13	<u>1,300,000</u>	<u>-</u>
		<u>3,420,093</u>	<u>4,158,356</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Cash	B-1	10,581	27,158
Other Receivables	B-14	155,454	155,454
Due from HUD	B-11	<u>1,236,087</u>	<u>951,940</u>
		<u>1,402,122</u>	<u>1,134,552</u>
HOME INVESTMENT PROGRAM FUND			
Cash	B-1	59,019	15,245
Mortgage Receivable	B-15	437,473	433,142
Due from HUD	B-13	<u>174,860</u>	<u>1,422,078</u>
		<u>671,352</u>	<u>1,870,465</u>
Total Assets		<u>\$ 5,514,960</u>	<u>\$ 7,197,531</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF JUNE 30, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due State of New Jersey	B-2	\$ 118	\$ 15
Reserve for Encumbrances Payable	B-5	3,325	4,475
Reserve for Animal Control Expenditures	B-3	<u>17,950</u>	<u>29,668</u>
		<u>21,393</u>	<u>34,158</u>
OTHER TRUST FUND			
Due to Current Fund	B-7		67,602
Due to Animal Control Fund	B-4	1,501	1,501
Due to State of New Jersey - Unemployment	B-9	38,359	35,385
Miscellaneous Reserves and Deposits	B-10	<u>3,380,233</u>	<u>4,053,868</u>
		<u>3,420,093</u>	<u>4,158,356</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Due to Current Fund	B-18	13,683	23,248
Reserve for Program Expenditures - UDAG	B-17	8,122	8,122
Reserve for Program Expenditures - CDBG	B-12	<u>1,380,317</u>	<u>1,103,182</u>
		<u>1,402,122</u>	<u>1,134,552</u>
HOME INVESTMENT PROGRAM FUND			
Due to Current Fund	B-19	117,826	44,953
Reserve for Loan Receivable	B-15	437,473	433,142
Reserve for Home Investment Program	B-20	116,053	1,248,264
Reserve for Mortgage Payoff Program	B-16	<u>-</u>	<u>144,106</u>
		<u>671,352</u>	<u>1,870,465</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,514,960</u>	<u>\$ 7,197,531</u>

CITY OF PASSAIC
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
 GENERAL CAPITAL FUND
 AS OF JUNE 30, 2010 AND 2009

ASSETS	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Cash	C-2	\$ 706,625	\$ 1,378,449
Grants/Loans Receivable	C-5	250,000	250,000
Due from Grant Fund	C-15	1,234,598	1,222,378
Due from Current Fund	C-4	233,577	213,331
Deferred Charges to Future Taxation			
Funded	C-6	14,074,236	15,973,084
Unfunded	C-7	<u>7,489,008</u>	<u>7,754,635</u>
 Total Assets		 <u>\$ 23,988,044</u>	 <u>\$ 26,791,877</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-12	\$ 6,843,404	\$ 7,602,204
Fiscal Year Adjustment Bonds	C-12	585,000	1,155,000
Pension Refunding Bonds	C-12	5,675,000	6,165,000
EDA Loans Payable	C-14		16,343
Green Acres Loans Payable	C-13	970,832	1,034,537
Bond Anticipation Notes Payable	C-11	6,855,792	7,122,000
Improvement Authorizations			
Funded	C-10	720,503	710,230
Unfunded	C-10	1,769,828	1,995,112
Encumbrances Payable	C-9	104,664	538,522
Capital Improvement Fund	C-8	13,999	13,999
Reserve for Curb and Sidewalk Improvements	C-16	5,000	5,000
Reserve for Payment of Debt Service	C-17	360,719	392,708
Fund Balance	C-1	<u>83,303</u>	<u>41,222</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 23,988,044</u>	 <u>\$ 26,791,877</u>

There were Bonds and Notes Authorized But Not Issued on June 30, 2010 and 2009 of \$645,966 and \$645,385, respectively, (See Exhibit C-18).

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Fund Balance, Beginning of Year	C	\$ 41,222	\$ 128,222
Increased by:			
Due from Current Fund - Premium on BAN's	C-4	<u>42,081</u>	<u>-</u>
		83,303	128,222
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-10	<u>-</u>	<u>87,000</u>
Fund Balance, End of Year	C	<u>\$ 83,303</u>	<u>\$ 41,222</u>

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF JUNE 30, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
OPERATING FUND			
Cash	D-5	\$ 920,594	\$ 149,041
Due from PVWC	D-8	66,714	
Due from Current Fund	D-12	436,939	
Due from Sewer Utility Capital Fund	D-15	<u>20,824</u>	<u>63,324</u>
		<u>1,445,071</u>	<u>212,365</u>
Receivables with Full Reserves: Consumer Accounts Receivable	D-7	<u>1,108,484</u>	<u>1,230,467</u>
Deferred Charges			
Operating Deficit	D-9	<u>-</u>	<u>154,587</u>
		<u>-</u>	<u>154,587</u>
Total Operating Fund		<u>2,553,555</u>	<u>1,597,419</u>
CAPITAL FUND			
Cash	D-5	42,262	167,354
Fixed Capital	D-10	4,948,145	4,681,145
Fixed Capital Authorized and Uncompleted	D-11	296,529	283,529
Due from Current Fund	D-14	<u>-</u>	<u>17,452</u>
Total Capital Fund		<u>5,286,936</u>	<u>5,149,480</u>
		<u>\$ 7,840,491</u>	<u>\$ 6,746,899</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4,D-17	\$ 9,536	\$ 12,843
Encumbrances Payable	D-18	7,000	37,001
Accounts Payable	D-19	21,610	
Accrued Interest on Bonds and Notes	D-23	54,081	54,514
Due to Current Fund	D-12		209,750
Due to Other Trust Fund	D-13	<u>1,300,000</u>	<u>-</u>
		<u>1,392,227</u>	<u>314,108</u>
Reserve for Receivables	D	1,108,484	1,230,467
Fund Balance	D-1	<u>52,844</u>	<u>52,844</u>
Total Operating Fund		<u>2,553,555</u>	<u>1,597,419</u>
CAPITAL FUND			
Serial Bonds	D-24	960,596	1,251,796
Bond Anticipation Notes	D-25	1,044,208	1,092,000
Encumbrances Payable	D-20	18,367	1,703
Due to Sewer Utility Operating Fund	D-15	20,824	63,324
Improvement Authorizations - Unfunded	D-16	254,061	91,886
Reserve for Amortization	D-21	2,931,888	2,612,188
Reserve for Deferred Amortization	D-22	42,000	28,000
Fund Balance	D-2	<u>14,992</u>	<u>8,583</u>
Total Capital Fund		<u>5,286,936</u>	<u>5,149,480</u>
		<u>\$ 7,840,491</u>	<u>\$ 6,746,899</u>

There were Bonds and Notes Authorized But Not Issued on June 30, 2010 in the amount of \$266,000 (Exhibit D-26).

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
REVENUES AND OTHER INCOME REALIZED			
Sewer Rents	D-3	\$ 5,480,146	\$ 5,019,565
Non-Budget Revenues	D-3	<u>2,046</u>	<u>509</u>
Total Income		<u>5,482,192</u>	<u>5,020,074</u>
EXPENDITURES			
Operating	D-4	5,269,200	5,256,786
Capital Improvement Fund	D-4	14,000	
Debt Service	D-4	402,561	389,255
Deficit in Operations in Prior Years	D-4	<u>154,587</u>	<u>3,917</u>
Total Expenditures		<u>5,840,348</u>	<u>5,649,958</u>
Deficit in Revenue		(358,156)	(629,884)
Adjustments to Income before Fund Balance:			
Realized from Current Fund Budget for Anticipated Deficit	D-3	<u>358,156</u>	<u>475,297</u>
Operating Deficit to be Raised in Budget of Succeeding Year			<u>(154,587)</u>
Statutory Excess to Fund Balance	D-9	-	
Fund Balance, Beginning of Year,	D	<u>52,844</u>	<u>52,844</u>
Fund Balance, End of Year,	D	<u>\$ 52,844</u>	<u>\$ 52,844</u>

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Fund Balance, Beginning of Year	D	\$ 8,583	\$ 8,583
Increased by:			
Premium on Bond Anticipation Notes Issued	D-5	<u>6,409</u>	<u>-</u>
Fund Balance, End of Year	D	<u>\$ 14,992</u>	<u>\$ 8,583</u>

CITY OF PASSAIC
 STATEMENT OF REVENUES - REGULATORY BASIS
 SEWER UTILITY OPERATING FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Sewer Rents and Charges	D-7	\$ 5,014,000	\$ 5,480,146	\$ 466,146
Deficit - Current Fund Budget	D-12	<u>826,782</u>	<u>358,156</u>	<u>(468,626)</u>
	D-4	<u>\$ 5,840,782</u>	5,838,302	<u>\$ (2,480)</u>
Miscellaneous Revenue Not Anticipated	D-2		<u>2,046</u>	
			<u>\$ 5,840,348</u>	
Analysis of Non-Budget Revenue				
Interest on Investments			<u>\$ 2,046</u>	
	D-5		<u>\$ 2,046</u>	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Other Expenses	\$ 100,000	\$ 100,000	\$ 91,601	\$ 8,399	
Sewer Treatment Expenses	4,710,300	4,710,300	4,710,237	63	
Sewer Maintenance Fee - Contractual	458,900	458,900	457,826	1,074	-
Total Operating	<u>5,269,200</u>	<u>5,269,200</u>	<u>5,259,664</u>	<u>9,536</u>	<u>-</u>
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	14,000	14,000	14,000	-	-
Total Capital Improvement Fund	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>-</u>
DEBT SERVICE					
Payment of Bond Principal	291,200	291,200	291,200		
Payment of BANS	28,500	28,500	28,500		
Interest on Bonds	47,253	47,253	46,819		\$ 434
Interest on Notes	36,042	36,042	36,042	-	-
Total Debt Service	<u>402,995</u>	<u>402,995</u>	<u>402,561</u>	<u>-</u>	<u>434</u>
DEFERRED CHARGES					
Deficit in Operations in Prior Years	154,587	154,587	154,587	-	-
	<u>\$ 5,840,782</u>	<u>\$ 5,840,782</u>	<u>\$ 5,830,812</u>	<u>\$ 9,536</u>	<u>\$ 434</u>
	<u>Reference</u>				
	D-3	D-4	D-1	D,D-1	
Disbursed	D-5		\$ 5,166,794		
Interest on Bonds	D-23		46,819		
Interest on Notes	D-23		36,042		
Statutory Expenditures					
Deficit in Operations in Prior Years	D-9		154,587		
Encumbrances Payable	D-18		7,000		
Due to Current Fund	D-12		377,070		
Due to Sewer Utility Capital Fund	D-15		42,500		
			<u>\$ 5,830,812</u>		

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF JUNE 30, 2010 AND 2009
(UNAUDITED)

	<u>2010</u>	<u>2009</u>
ASSETS		
Fixed Assets	<u>\$ 91,441,474</u>	<u>\$ 91,441,474</u>
LIABILITIES		
Investments in General Fixed Assets	<u>\$ 91,441,474</u>	<u>\$ 91,441,474</u>

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NOTES TO FINANCIAL STATEMENTS



**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Passaic have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by 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 municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

A. Reporting Entity

The City of Passaic (the "City") was incorporated in 1917 and operates under an elected Mayor/Council form of government. The City's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the City do not include the Passaic library, Redevelopment Agency, Passaic Enterprise Zone Development Corporation and Passaic Parking Authority which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

The City uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain City functions or activities. The City also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The City has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the City as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the City as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the City as collateral.

Community Development Block Grant Fund - This fund is used to account for grant proceeds and related expenditures for Block grant entitlements.

Home Investment Program Fund – This fund is used to account for grant proceeds, program income and related expenditures for the Home Investment Partnership Program.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the City's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City, other than those accounted for in the sewer utility fund. The City's infrastructure is not reported in the account group.

The City of Passaic follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") 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 as follows:

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Property Tax Revenues - Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed semi-annually in June of the preceding fiscal year and October of the current fiscal year for that fiscal year's levy. Taxes are payable in four quarterly installments on August 1, November 1, February 1, and May 1. The amount due for the August 1 and November 1 installments are determined based upon the estimated taxes levied for municipal purposes in the current municipal fiscal year, less the amount charged as the February 1 and May 1 installments for municipal purposes of the previous fiscal year; plus the full tax levied for the current tax year (calendar year) for county and school taxes, less the amount charged as the February 1 and May 1 installments for county and school purposes of the previous fiscal year. The amounts due for the February 1 and May 1 installments are determined as the full tax levied for municipal purposes for the current fiscal year less the amounts charged for municipal purposes as the August 1 and November 1 installments of the current fiscal year, plus one half of the total tax levied for county and school purposes in the preceding tax year (calendar year). If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on August 15, November 15, February 15 and May 15 to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on October first in the fiscal year following the fiscal year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the City. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Utility Rents - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's sewer utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award 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's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The City is not required to adopt budgets for the following funds:

Trust Funds
General Capital Fund
Sewer Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than August 10, of the fiscal year. The budget is required to be adopted no later than September 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2010 and 2009 the City Council increased the original budget by \$9,305,370 and \$794,865. The increases were funded by additional aid allotted to the City. In addition, the governing body approved (several) budget transfers during 2010 and 2009.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at June 30, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at June 30, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at June 30, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Operating Deficits – Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The City has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the City has not received notices or report of losses (i.e. IBNR). Additionally, the City has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining potential claims are recorded as a long-term obligation in the government-wide financial statements.

CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - Fixed assets are defined by the City as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks are not capitalized.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the sewer utility fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the City to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the June 30, 2009 balances to conform to the June 30, 2010 presentation.

**CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

C. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements 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 reporting requirements under GAAP.

NOTE 2 DEPOSITS AND INVESTMENTS

The City considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

Deposits

The City's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The City is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2010 and 2009, the book value of the City's deposits were \$12,573,480 and \$15,245,334 and bank and brokerage firm balances of the City's deposits amounted to \$12,831,043 and \$13,867,138, respectively. The City's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2010</u>	<u>2009</u>
Insured	\$ <u>12,831,043</u>	\$ <u>13,867,138</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2010 and 2009, none of the City’s bank balances were exposed to custodial credit risk.

Investments

The City is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the City or bonds or other obligations of the school districts which are a part of the City or school districts located within the City, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of June 30, 2010 and 2009 the City had no outstanding investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Fund is assigned to the Utility Operating Fund in accordance with the regulatory basis of accounting.

NOTE 3 TAXES AND UTILITY RENTS RECEIVABLE

Receivables at June 30, 2010 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2010</u>			
Property Taxes	\$ 92,756		\$ 92,756
Tax Title Liens	10,039		10,039
Utility Rents	-	\$ 1,108,484	1,108,484
	<u>\$ 102,795</u>	<u>\$ 1,108,484</u>	<u>\$ 1,211,279</u>

In 2010, the City collected \$42,242 and \$1,230,467 from delinquent taxes and utility rents, which represented 41% and 100% of the delinquent tax and sewer charges receivable at June 30, 2009.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 3 TAXES AND UTILITY RENTS RECEIVABLE (Continued)

Receivables at June 30, 2009 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2009</u>			
Property Taxes	\$ 74,235		\$ 74,235
Tax Title Liens	29,946		29,946
Utility Rents	-	\$ 1,230,467	1,230,467
	<u>\$ 104,181</u>	<u>\$ 1,230,467</u>	<u>\$ 1,334,648</u>

In 2009, the City collected \$52,897 and \$955,091 from delinquent taxes and utility rents, which represented 42% and 100% of the delinquent tax and sewer charges receivable at June 30, 2008.

NOTE 4 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility funds. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The City's debt is summarized as follows:

	<u>2010</u>	<u>2009</u>
Issued		
General		
Bonds, Notes and Loans	\$ 20,930,028	\$ 23,095,084
Sewer Utility		
Bonds and Notes	2,004,804	2,343,796
Authorized But Not Issued		
General		
Bonds and Notes	645,966	645,385
Sewer Utility		
Bonds and Notes	266,000	
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(373,487)</u>	<u>(424,768)</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 23,473,311</u>	<u>\$ 25,659,497</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

The statement of debt condition that follows is extracted from the City's Annual Debt Statement and indicates a statutory net debt of .48% and .55% at June 30, 2010 and 2009, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 21,575,994	\$ 6,048,469	\$ 15,527,525
Parking Authority Debt	2,950,000	2,950,000	
Utility Debt	2,270,804	18	2,270,786
School Debt - Type II	<u>2,350,261</u>	<u>2,350,261</u>	<u>-</u>
Total	<u>\$ 29,147,059</u>	<u>\$ 11,348,748</u>	<u>\$ 17,798,311</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2009</u>			
General Debt	\$ 23,740,469	\$ 6,570,458	\$ 17,170,011
Parking Authority Debt	2,950,000	2,950,000	
Utility Debt	2,343,796	19,310	2,324,486
School Debt - Type II	<u>3,075,749</u>	<u>3,075,749</u>	<u>-</u>
Total	<u>\$ 32,110,014</u>	<u>\$ 12,615,517</u>	<u>\$ 19,494,497</u>

The City's remaining borrowing power under N.J.S. 40A:2-6, as amended, at June 30, was as follows:

	<u>2010</u>	<u>2009</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 130,104,571	\$ 124,219,500
Net Debt	<u>17,798,311</u>	<u>19,494,497</u>
Remaining Borrowing Power	<u>\$ 112,306,260</u>	<u>\$ 104,725,003</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

The City's long-term debt consisted of the following at June 30:

General Obligation Bonds

The City levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at June 30 are as follows:

	<u>2010</u>	<u>2009</u>
\$6,369,326, 1998 General Obligation Bonds, due in annual installments of \$508,800 to \$584,484 through July, 2012, interest at 4.80% to 4.85%	\$ 1,678,404	\$ 2,187,204
\$7,800,000, 2003 Early Retirement Incentive Pension Refunding Bonds due in annual installments of \$490,000 to \$1,135,000 through February, 2017, interest at 4.75% to 5.35%	5,675,000	6,165,000
\$4,320,000, 2004 Fiscal Year Adjustment Refunding Bonds, due in annual installments of \$570,000 to \$585,000 through November 15, 2010, interest at 4.07% to 4.32%	585,000	1,155,000
\$6,215,000, 2005 General Obligation Bonds, due in annual installments of \$250,000 to \$890,000 through May 1, 2017, interest at 3.80% to 4.00%	<u>5,165,000</u>	<u>5,415,000</u>
	<u>\$ 13,103,404</u>	<u>\$ 14,922,204</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 4 MUNICIPAL DEBT (Continued)

General Intergovernmental Loans Payable

The City has entered into a loan agreement with the Economic Development Authority (“EDA”) for the financing relating to the removal of underground storage tanks and loan agreements with the State of New Jersey Green Acres Program for improvements to Dundee Island field rehabilitation, Third Ward Park improvements, Hughes Lake improvements and Pulaski Park renovations. The City levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at June 30 are as follows:

	<u>2010</u>	<u>2009</u>
\$163,425, 2000 Loans, due in annual installments of \$16,343 through 2010, interest free		\$ 16,343
\$200,000, 2006 Loans, due in semi-annual installments of \$4,434 to \$6,157 through March, 2026, interest at 2%	\$ 169,571	178,482
\$500,000, 2008 Loans, due in semi-annual installments of \$16,223 to \$21,013 through July, 2022, interest at 2%	467,392	500,000
\$100,000, 2008 Loans, due in semi-annual installments of \$2,173 to \$3,078 through June, 2027, interest at 2%	88,789	93,609
\$250,000, 2009 Loans, due in semi-annual installments of \$8,193 to \$10,506 through April, 2022, interest at 2%	225,422	241,889
\$21,000, 2009 Loans, due in semi-annual installments of \$447 to \$646 through June, 2028, interest at 2%	19,658	20,557
	<u>\$ 970,832</u>	<u>\$ 1,050,880</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 4 MUNICIPAL DEBT (Continued)

Utility Bonds

The City pledges revenue from operations to pay debt service on utility bonds issued. The sewer utility bonds outstanding at June 30 are as follows:

Sewer Utility

	<u>2010</u>	<u>2009</u>
\$3,664,674, 1998 General Obligation Bonds, due in annual installments of \$291,200 to 334,516 through July, 2012, interest at 4.80% to 4.85%	\$ <u>960,596</u>	\$ <u>1,251,796</u>

The City's principal and interest for long-term debt issued and outstanding as of June 30 is as follows:

Calendar Year	<u>General</u>		<u>Loan</u>		<u>Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ 1,939,240	\$ 572,358	\$ 64,525	\$ 19,104	\$ 305,760	\$ 38,938	\$ 2,939,925
2012	1,864,680	495,468	65,821	17,807	320,320	23,912	2,788,008
2013	1,979,484	411,013	67,145	16,484	334,516	8,112	2,816,754
2014	1,655,000	335,488	68,494	14,135			2,073,117
2015	1,755,000	262,264	69,869	13,760			
2016-2020	3,910,000	279,576	370,998	47,156			4,607,730
2021-2025			236,268	12,092			248,360
2026-2028	-	-	27,712	622	-	-	28,334
	<u>\$ 13,103,404</u>	<u>\$ 2,356,167</u>	<u>\$ 970,832</u>	<u>\$ 141,160</u>	<u>\$ 960,596</u>	<u>\$ 70,962</u>	<u>\$ 15,502,228</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the years 2010 and 2009 were as follows:

	Balance, June 30, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2010</u>	Due Within <u>One year</u>
<u>2010</u>					
General Capital					
Serial Bonds	\$ 7,602,204		\$ 758,800	\$ 6,843,404	\$ 784,240
Fiscal Year Adjustment Bonds	1,155,000		570,000	585,000	585,000
Pension Refunding Bonds	6,165,000		490,000	5,675,000	570,000
EDA Loans Payable	16,343		16,343	-	
Green Acres Loan Payable	<u>1,034,537</u>	<u>-</u>	<u>63,705</u>	<u>970,832</u>	<u>64,525</u>
General Capital Fund					
Long Term Liabilities	<u>\$ 15,973,084</u>	<u>-</u>	<u>\$ 1,898,848</u>	<u>\$ 14,074,236</u>	<u>\$ 2,003,765</u>
Sewer Capital					
Serial Bonds	<u>\$ 1,251,796</u>	<u>-</u>	<u>\$ 291,200</u>	<u>\$ 960,596</u>	<u>\$ 305,760</u>
Sewer Capital Fund					
Long Term Liabilities	<u>\$ 1,251,796</u>	<u>\$ -</u>	<u>\$ 291,200</u>	<u>\$ 960,596</u>	<u>\$ 305,760</u>
	Balance, June 30, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2009</u>	Due Within <u>One year</u>
<u>2009</u>					
General Capital					
Serial Bonds	\$ 8,338,744		\$ 736,540	\$ 7,602,204	\$ 758,800
Fiscal Year Adjustment Bonds	1,700,000		545,000	1,155,000	570,000
Pension Refunding Bonds	6,580,000		415,000	6,165,000	490,000
EDA Loans Payable	32,685		16,342	16,343	16,343
Green Acres Loan Payable	<u>1,035,109</u>	<u>\$ 21,000</u>	<u>21,572</u>	<u>1,034,537</u>	<u>63,254</u>
General Capital Fund					
Long Term Liabilities	<u>\$ 17,686,538</u>	<u>\$ 21,000</u>	<u>\$ 1,734,454</u>	<u>\$ 15,973,084</u>	<u>\$ 1,898,397</u>
Sewer Capital					
Serial Bonds	<u>\$ 1,530,256</u>	<u>-</u>	<u>\$ 278,460</u>	<u>\$ 1,251,796</u>	<u>\$ 291,200</u>
Sewer Capital Fund					
Long Term Liabilities	<u>\$ 1,530,256</u>	<u>\$ -</u>	<u>\$ 278,460</u>	<u>\$ 1,251,796</u>	<u>\$ 291,200</u>

CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The City's short-term capital debt activity for the years 2010 and 2009 was as follows:

	Balance, June 30, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2010</u>
<u>2010</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 7,122,000	\$ 6,855,792	\$ 7,122,000	\$ 6,855,792
Sewer Capital Fund	<u>1,092,000</u>	<u>1,044,208</u>	<u>1,092,000</u>	<u>1,044,208</u>
	<u>\$ 8,214,000</u>	<u>\$ 7,900,000</u>	<u>\$ 8,214,000</u>	<u>\$ 7,900,000</u>
	Balance, June 30, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2009</u>
<u>2009</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 5,916,000	\$ 7,122,000	\$ 5,916,000	\$ 7,122,000
Sewer Capital Fund	<u>1,092,000</u>	<u>1,092,000</u>	<u>1,092,000</u>	<u>1,092,000</u>
	<u>\$ 7,008,000</u>	<u>\$ 8,214,000</u>	<u>\$ 7,008,000</u>	<u>\$ 8,214,000</u>

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2010 and 2009.

	Balance, June 30, <u>2009</u> (Unaudited)	Balance, June 30, <u>2010</u> (Unaudited)
Fixed Assets	<u>\$ 91,441,474</u>	<u>\$ 91,441,474</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 5 FIXED ASSETS (Continued)

Sewer Utility Fund Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the years 2010 and 2009.

Sewer Utility Fund	Balance June 30, <u>2009</u>	<u>Increases</u>	Balance, June 30, <u>2010</u>
<u>2010</u>			
Fixed Capital			
System and System Improvements	\$ 4,371,145	\$ 267,000	\$ 4,638,145
Vehicles and Equipment	<u>310,000</u>	<u>-</u>	<u>310,000</u>
	<u>\$ 4,681,145</u>	<u>\$ 267,000</u>	<u>\$ 4,948,145</u>
	Balance June 30, <u>2008</u>	<u>Increases</u>	Balance, June 30, <u>2009</u>
<u>2009</u>			
Fixed Capital			
System and System Improvements	\$ 4,371,145		\$ 4,371,145
Vehicles and Equipment	<u>310,000</u>	<u>-</u>	<u>310,000</u>
	<u>\$ 4,681,145</u>	<u>\$ -</u>	<u>\$ 4,681,145</u>

**CITY OF PASSAIC
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 6 DUE TO/FROM OTHER FUNDS

As of June 30, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2010</u>		<u>2009</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund				
Regular	\$ 131,509	\$ 1,244,767	\$ 612,675	\$ 230,783
Grant	262,369	1,255,454		1,510,356
Trust Funds				
Animal Control	1,501		1,501	
Other Trust	1,632,738	1,501	20,856	69,103
Community Development		13,683		23,248
Home Investment Program		117,826		44,953
General Capital Fund	1,468,175		1,435,709	
Sewer Utility Fund				
Operating	457,763	1,300,000	63,324	209,750
Capital	-	20,824	17,452	63,324
Total	<u>\$ 3,954,055</u>	<u>\$ 3,954,055</u>	<u>\$ 2,151,517</u>	<u>\$ 2,151,517</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or appropriations raised in operating fund budgets which are due to another fund.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Sewer Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of June 30 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at June 30 which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance June 30, <u>2010</u>	Utilized in Subsequent Year's Budget	Fund Balance June 30, <u>2009</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 3,707,402	\$ 3,000,000	\$ 3,563,077	\$ 3,000,000
Non-Cash Surplus	<u>47,412</u>	<u>-</u>	<u>44,757</u>	<u>-</u>
	<u>\$ 3,754,814</u>	<u>\$ 3,000,000</u>	<u>\$ 3,607,834</u>	<u>\$ 3,000,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 52,844	-	\$ 52,844	-
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 52,844</u>	<u>\$ -</u>	<u>\$ 52,844</u>	<u>\$ -</u>

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance June 30,	Subsequent Year Budget Appropriation	Balance to Succeeding Budgets
<u>2009</u>			
Sewer Utility Operating Fund			
Operating Deficit	\$ 154,587	\$ 154,587	\$ -
	<u>\$ 154,587</u>	<u>\$ 154,587</u>	<u>\$ -</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 9 COMPENSATED ABSENCES

Under the existing policies and labor agreements of the City, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$5,387,942 and \$6,467,720 at June 30, 2010 and 2009, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of June 30, 2010 and 2009, the City has reserved \$375,620 and \$424,179, respectively to fund compensated absences in accordance with N.J.S.A. 40A:4-39.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those City employees who are eligible for pension coverage.

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those City employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

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

The State also administers the Pensions 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 some State-sponsored pension systems which includes the CPFPPF. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pension.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provides an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS and PFRS for payments due in State fiscal year 2009. This law also provides that a local employer may pay 100 percent of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS and PFRS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems except CPFPPF; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 5.5% for PERS, 8.50% for PFRS and 5.5% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2009 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. However, due to the enactment of P.L. 2009, c.19, the City opted to contribute a PFRS and PERS amount that reflected a 50 percent reduction of the normal and accrued liability component of the PFRS and PERS obligations due in the year ended December 31, 2009. The unpaid or deferred amount of \$3,115,468 for PFRS and \$528,708 for PERS will be paid with interest starting in the 2012 year over a 15 year period. The City is allowed to payoff the deferred pension obligations at any time. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employee contribution.

During the years ended June 30, 2010, 2009 and 2008, the City, except for the amounts deferred during the year ended June 30, 2009, was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2010	\$ 168,706	\$ 6,348,226	\$ 1,071,493	\$ 3,800
2009	138,023	3,103,732	511,301	
2008	179,490	5,370,182	702,395	

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the City. The Plans are cost-sharing multiple employer-defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teachers' Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State Class. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as a separate fund (Health Benefits Program Fund –Local) in the State's CAFR. The post-retirement benefit programs had a total of 484 state and local participating employers and contributing entities for Fiscal Year 2009.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above Funds. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the State had a \$55.9 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.8 billion for state active and retired members and \$36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2009, there were 84,590 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$87.0 million for 7,255 eligible retired members for fiscal year 2009.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund, and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$24.4 million in fiscal year 2009 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to the State Health Benefits Program Fund for post-retirement benefits for the years ended June 30, 2010, 2009 and 2008 were \$4,696,083, \$4,497,564 and \$4,316,769, respectively, which equaled the required contributions for each year.

NOTE 12 RISK MANAGEMENT

The City is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The City has obtained commercial insurance coverage to guard against these events to minimize the exposure to the City should they occur.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 12 RISK MANAGEMENT (Continued)

The City has established a workmen's compensation plan for its employees and a general liability plan for the City. Transactions related to the plans are accounted for in the Other Trust Fund. The City contributes to fund the entire cost of the plan. Claims are paid directly by the plan with any excess benefit being reimbursed through a Re-Insurance Agreements with Specialty Claims Management, LLC and D&H Alternative Risk Solutions. The City has not created a liability for loss reserves for claims incurred which were unpaid at June 30, 2010 and 2009. In addition, the City has not created a liability for reserves for any potential unreported losses which have taken place but in which the City has not received notices or report of losses. The effect on the financial statements from these omissions could not be determined, but is probably material. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the City under existing reinsurance agreements. As of June 30, 2010 and 2009 the City has available in the Other Trust Fund \$459,629 and \$316,531, respectively for the payment of self-insurance claims.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

NOTE 13 CONTINGENT LIABILITIES

The City is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the City's Attorney, the potential claims against the City not covered by insurance policies would not materially affect the financial condition of the City.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at June 30, 2010 and 2009. Amounts claimed have not yet been determined. The City is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the City does not recognize a liability, if any, until these cases have been adjudicated. The City expects such amounts, if any, could be material. As of June 30, 2010 and 2009, the City reserved \$587,205 and \$587,522, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of June 30, 2010 and 2009, significant amounts of grant expenditure have not been audited by the various grantor agencies but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 13 CONTINGENT LIABILITIES (Continued)

Overlapping Debt

1. The City is a contracting municipality with the North Jersey District Water Supply Commission (NJDWSC). As such, it is entitled to 11% of the water supplied by the Commission, and is liable for 11% of the annual operating charges, including debt service, of the Commission. The total debt of NJDWSC as of June 30, 2010 and 2009 was \$81,554,367 and \$88,169,108, respectively, of which the City the Passaic's share was \$3,686,257 and \$3,985,000, respectively. The operating charges from NJDWSC are defrayed by water rates established by the Passaic Valley Water Commission.
2. The City owns a portion of the Passaic Valley Water Commission (PVWC). The bonds of the PVWC are secured by water revenues derived from water rate charges by the PVWC. In the event the PVWC funds are inadequate to make principal and interest payments on the bonds, the PVWC is required to adjust its rates to produce amounts sufficient to cover debt service. PVWC had \$132,873,382 and \$133,034,486 of debt outstanding as of June 30, 2010 and 2009, respectively, of which the City of Passaic's share was \$37,961,925 and \$37,245,278, respectively.
3. The City's obligations with respect to debt issued for facilities of PVWC and NJDWSC are not joint and are several with the contracting municipalities. Therefore, the City's contingent liability cannot increase as a result of nonpayment by any other contracting party.
4. The City may also be responsible for its share of County debt, Passaic County Utilities Authority debt and the PVSC debt. The County is repaid through taxes and the PVSC debt is repaid through sewer service charges

NOTE 14 FEDERAL ARBITRAGE REGULATIONS

The City is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2010 and 2009, the City had no estimated arbitrage earnings due to the IRS.

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 15 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of June 30, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2010</u>		
Improvement to Reid Memorial Library	\$211,991	2011
2009 Road Improvements	382,735	2011
Madison St. Improvements	129,305	2011
<u>2009</u>		
Improvement to Market Street	\$931,048	2010
Renovation to 333 Passaic Street	211,063	2010
Underground Parking Garage	209,000	2010

NOTE 16 PRIOR-YEAR DEFEASANCE OF DEBT

In prior years, the City defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements.

NOTE 17 CAPITAL LEASE AGREEMENT

The City entered into agreements for the leasing of police vehicles totaling \$855,000 under capital leases. The capital lease agreements are for terms of three years payable in advance. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at June 30, 2010.

<u>Years Ended June 30,</u>	<u>Amount</u>
2011	\$ 160,119
2012	160,119
Total	320,238
Less: Amounts representing Interest	31,775
Present value of Net Minimum Lease Payments	<u>\$ 288,463</u>

**CITY OF PASSAIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 17 CAPITAL LEASE AGREEMENT (Continued)

The City's capital lease activity for the years 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Balance, June 30	\$ <u>519,535</u>	\$ <u>204,461</u>
Additions		450,000
Reductions	<u>231,072</u>	<u>134,926</u>
Balance, June 30	\$ <u>288,463</u>	\$ <u>519,535</u>
Due Within One Year	\$ <u>160,119</u>	\$ <u>213,577</u>

NOTE 18 SUBSEQUENT EVENTS

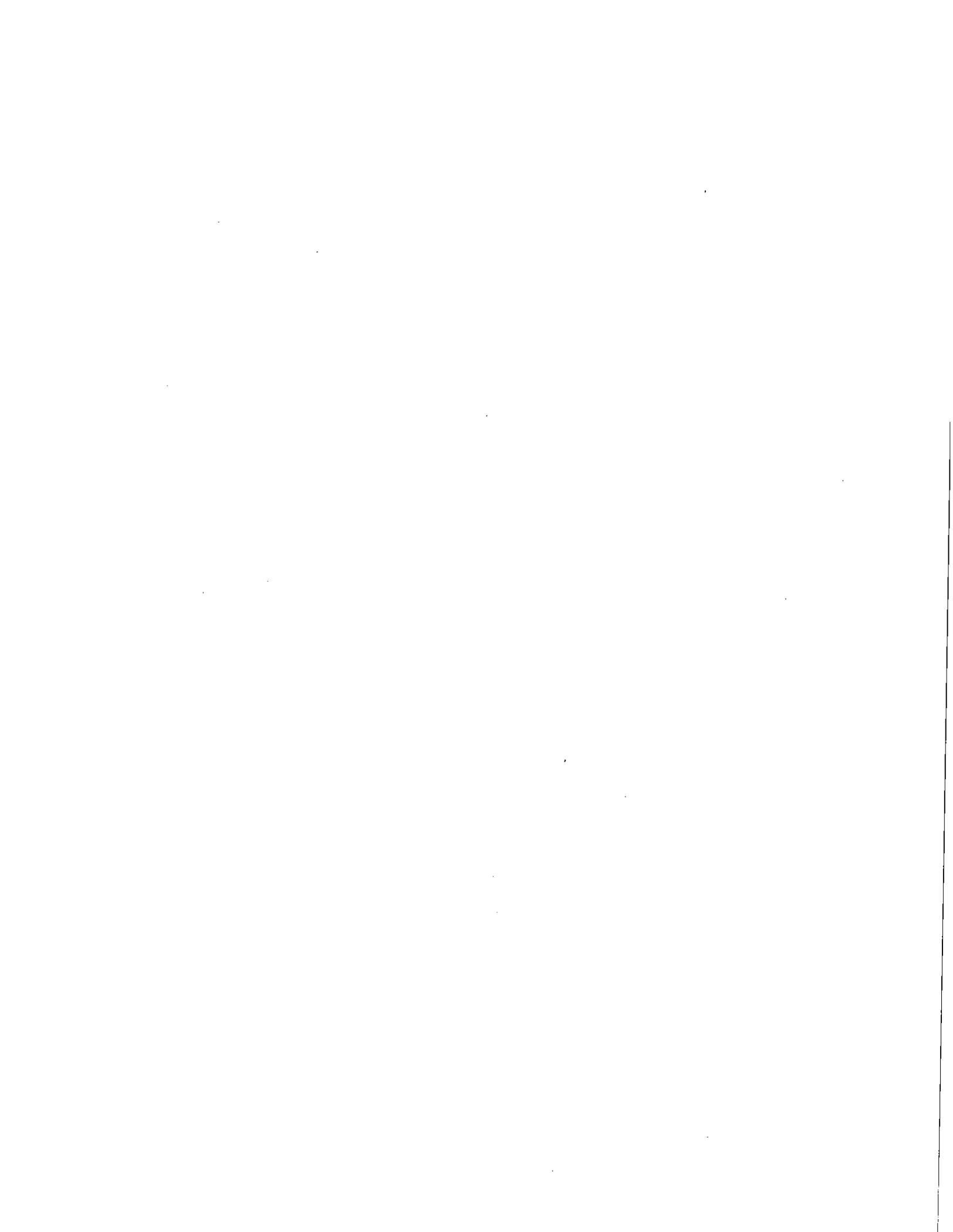
Serial Bonds

On July 1, 2010, the City adopted a resolution for the issuance of \$7,249,000 General Improvement Bonds and \$1,266,000 Sewer Utility Bonds for the purpose of funding various capital improvements of the City. On August 5, 2010 the City awarded the sale of said bonds to Roosevelt & Cross, Inc. and Associates at an interest rate of 3.49%. These bonds dated July 1, 2010 will mature over 16 years with the first maturity due August 1, 2014.

Debt Authorized

On September 7, 2010 the City adopted a Bond Ordinance authorizing the issuance of \$500,000 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the City has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTARY SCHEDULES



**CITY OF PASSAIC
STATEMENT OF CASH AND INVESTMENTS - CURRENT FUND**

Balance, June 30, 2009		\$ 9,327,308
Increased by Receipts:		
Tax Collector	\$ 89,017,964	
Revenue Accounts Receivable	22,554,773	
Nonbudget Revenue	645,416	
Petty Cash Fund	1,050	
Due from State of New Jersey	135,449	
Receipts from the Parking Authority	1,340,395	
Receipts from Grant Fund	1,765,000	
Receipts for Grant Fund	1,158,999	
Receipts for Other Trust Fund	14,472	
Receipts from Other Trust Fund	500,000	
Receipts from Home Investment Program Trust Fund	156,872	
Receipts from Community Development Block Grant Fund	84,565	
Receipts for General Capital Fund	6,897,873	
Receipts for Sewer Utility Operating Fund	87,250	
Receipts from Sewer Utility Operating Fund	586,819	
Fees Payable	986,996	
		<u>125,933,893</u>
		135,261,201
Decreased by Disbursements:		
2010 Budget Appropriations	75,028,110	
2009 Appropriation Reserves	343,574	
Petty Cash Fund	1,050	
Encumbrances Payable	1,069,705	
Accounts Payable	108	
County Taxes	19,822,886	
Local School Taxes	15,527,672	
Tax Overpayments	102,562	
Other Accounts Receivable	653	
Payments made to Redevelopment Agency	52,658	
Payments made for Parking Authority	262,358	
Payments for Grant Fund	2,656,727	
Payment to Other Trust Fund	925,864	
Payment for Other Trust Fund	1,953,271	
Payments to Community Development Grant Fund	75,000	
Payments to Home Investment Program Fund	200,000	
Payments for Home Investment Program Fund	29,745	
Payments for General Capital Fund	6,856,373	
Payments for Sewer Utility Operating	377,070	
Payments to Sewer Utility Capital Fund	17,452	
Fees Payable	979,752	
Reserve for Tax Appeals	100,317	
		<u>126,382,907</u>
Balance, June 30, 2010		<u>\$ 8,878,294</u>

**CITY OF PASSAIC
STATEMENT OF CASH AND INVESTMENTS - GRANT FUND**

Balance, June 30, 2009		\$ 34,560
Increased by:		
Grants Receivable	\$ 6,883,821	
Cancelled Encumbrances Payable	208,456	
Unappropriated Grant Reserves	<u>80,128</u>	
		<u>7,172,405</u>
		7,206,965
Decreased by:		
Payments to Current Fund	1,765,000	
Appropriated Grant Reserves	<u>5,276,291</u>	
		<u>7,041,291</u>
Balance, June 30, 2010		<u>\$ 165,674</u>

SCHEDULE OF TAX COLLECTOR'S CASH

Increased by:		
Taxes Receivable	\$ 87,914,917	
Tax Title Liens Receivable	30,274	
Interest and Cost on Taxes	287,495	
Payment in Lieu of Taxes	549,622	
Prepaid Taxes	53,452	
Tax Overpayments	<u>182,204</u>	
		<u>\$ 89,017,964</u>
Decreased by:		
Payment to Treasurer		<u>\$ 89,017,964</u>

**CITY OF PASSAIC
SCHEDULE OF CASH - CHANGE FUND**

Balance, June 30, 2009	\$ <u>2,600</u>
Balance, June 30, 2010	\$ <u>2,600</u>

SCHEDULE OF CASH - PETTY CASH CHANGE FUND

Increased by: Treasurer's Disbursements	\$ <u>1,050</u>
Decreased by: Treasurer's Receipts	\$ <u>1,050</u>

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

Increased by: Cash Disbursements	\$ <u>653</u>
Balance, June 30, 2010	\$ <u>653</u>

**CITY OF PASSAIC
STATEMENT OF DUE TO/FROM CURRENT FUND
GRANT FUND**

Balance, June 30, 2009 (Due to)		\$ 267,122
Increased by:		
Anticipated as 2010 Budget Revenue		
Grants Receivable Anticipated as 2010 Budget Revenue	\$ 9,305,370	
Grant Fund Expenditures Paid by Current Fund	2,656,727	
Cancelled Appropriated Grant Reserves	<u>1,721,447</u>	
		<u>13,683,544</u>
		13,950,666
Decreased By:		
2010 Budget Appropriation for Grants	9,404,729	
Payments to Current Fund	1,765,000	
Grant Fund Receipts Deposited in Current Fund	1,158,999	
Cancelled Grant Receivable	<u>1,884,307</u>	
		<u>14,213,035</u>
Balance, June 30, 2010 (Due from)		<u>\$ 262,369</u>

EXHIBIT A-11

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

Balance, June 30, 2009		\$ 44,757
Increased by:		
Senior Citizens/Veterans Deductions Per Tax Duplicate	\$ 143,000	
Deductions Allowed by Tax Collector	<u>5,142</u>	
		<u>148,142</u>
		192,899
Decreased by:		
Cash Received from State	135,449	
Deductions Disallowed by Tax Collector	<u>10,038</u>	
		<u>145,487</u>
Balance, June 30, 2010		<u>\$ 47,412</u>

**CITY OF PASSAIC
STATEMENT OF DUE FROM REDEVELOPMENT AGENCY**

Increased by:		
Payments made to Redevelopment Agency	\$	52,658
Decreased by:		
2010 Budget Appropriations		<u>50,100</u>
Balance June 30, 2010	\$	<u>2,558</u>

STATEMENT OF DUE FROM PARKING AUTHORITY

Balance, June 30, 2009		\$ 304,355
Increased by:		
Anticipated as Current Fund Revenue	\$	773,682
Payments Made for Parking Authority		<u>262,358</u>
		<u>1,036,040</u>
		1,340,395
Decreased by:		
Cash Receipts		<u>1,340,395</u>
Balance, June 30, 2010	\$	<u>-</u>

CITY OF PASSAIC
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year Ended	Balance, June 30, 2009	SFY 2010 Levy	Arrears Adjustment	Senior Citizens and Veterans Deductions Disallowed	Collections SFY 2009	Collections SFY 2010	Senior Citizens and Veterans Deductions Allowed	Transferred to Tax Title Liens	Transferred/Cancelled	Balance, June 30, 2010
June 30, 1999	\$ 2,551									\$ 2,551
June 30, 2000	2,563									2,563
June 30, 2001	2,696									2,696
June 30, 2002	3,963									3,963
June 30, 2003	2,676									2,676
June 30, 2004	1,342		\$ 1,387							2,729
June 30, 2005	2,794									2,794
June 30, 2006	3,040									3,040
June 30, 2007	1,725									1,725
June 30, 2008	10,811									10,811
June 30, 2009	40,074					\$ 17,968		\$ 1,970		20,136
June 30, 2010	74,235	\$ 88,391,909	1,387			17,968		1,970		55,684
		\$ 88,391,909		\$ 10,038	\$ 71,166	\$ 87,896,949	\$ 148,142	\$ 4,549	\$ 244,069	\$ 37,072
	\$ 74,235	\$ 88,391,909	\$ 1,387	\$ 10,038	\$ 71,166	\$ 87,914,917	\$ 148,142	\$ 4,549	\$ 246,039	\$ 92,756

Tax Yield:

General Purpose Tax	\$ 88,273,006
Added Taxes	118,903
	<u>\$ 88,391,909</u>

Tax Levy:

Local District School Tax Levy	\$ 15,527,672
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County Taxes:

County Tax - General	\$ 19,400,908
County Tax Open Space	394,277
County Tax - Added/Omitted	27,701
	<u>19,822,886</u>

Local Tax for Municipal Purposes
Add Additional Tax Levied

	52,862,501
	178,850
	<u>53,041,351</u>
	<u>\$ 88,391,909</u>

CITY OF PASSAIC
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance,</u> <u>June 30, 2009</u>	<u>Accrued</u>	<u>Collected</u>		<u>Balance,</u> <u>June 30, 2010</u>
			<u>Treasurer</u>	<u>Tax Collector</u>	
Licenses					
Alcoholic Beverages		\$ 72,164	\$ 72,164		
Other		80,424	80,424		
Fees and Permits					
Construction Code Official		584,879	584,879		
Other		13,092	13,092		
Fines and Costs					
Municipal Court	\$ 274,627	2,744,941	2,828,853		\$ 190,715
Interest on Investments and Deposits		37,415	37,415		
Police Record Bureau		25,728	25,728		
Ambulance Billing		877,753	877,753		
Energy Receipts Tax		4,145,980	4,145,980		
Consolidated Municipal Property Tax Relief Aid		10,518,522	10,518,522		
Extraordinary Aid		1,000,000	1,000,000		
Interest and Costs on Taxes		287,495		\$ 287,495	
Board of Education - Security Watch		1,612,000	1,612,000		
Interlocal Agreement-Passaic Park. Auth.		773,682	773,682		
Cable Franchise Fee		279,367	279,367		
Housing Authority Police Program		371,800	371,800		
Fire Life Safety Registration and Permits		108,123	108,123		
Sale of Assets		900,098	900,098		
Miscellaneous - Restitution	389		389		
Reserve for Debt Service		31,989	31,989		
Payment in Lieu of Taxes					
St. Mary's Reise Corp.		154,220		154,220	
Housing Authority		37,766		37,766	
Chestnut Housing Phase I		66,608		66,608	
Jack Parker Associates		202,875		202,875	
YMCA - River Road		30,000		30,000	
Highview Terrace	-	58,153	-	58,153	-
	<u>\$ 275,016</u>	<u>\$ 25,015,074</u>	<u>\$ 24,262,258</u>	<u>\$ 837,117</u>	<u>\$ 190,715</u>
Cash Receipts					
Revenue Accounts Receivable			\$ 22,554,773	\$ 837,117	
Reserve for Sale of Assets			900,098		
Due from Parking Authority			773,682		
Due from General Capital			33,316		
Miscellaneous Revenue					
Not Anticipated			389	-	
			<u>\$ 24,262,258</u>	<u>\$ 837,117</u>	

**CITY OF PASSAIC
STATEMENT OF TAX TITLE LIEN RECEIVABLE**

Balance, June 30, 2009	\$ 29,946
Increased by:	
Interest and Costs from Tax Sale	\$ 5,818
Transfers from Taxes Receivable	<u>4,549</u>
	<u>10,367</u>
	40,313
Decreased by:	
Receipts	<u>30,274</u>
Balance, June 30, 2010	<u>\$ 10,039</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, June 30, 2009	\$ 95,801
Increased by:	
Tax Overpayments	<u>182,204</u>
	278,005
Decreased by:	
Refunds	<u>102,562</u>
Balance, June 30, 2010	<u>\$ 175,443</u>

**CITY OF PASSAIC
STATEMENT OF PREPAID TAXES**

Balance, June 30, 2009	\$ 71,166
Increased by:	
Cash Receipts	<u>53,452</u>
	124,618
Decreased by:	
Applied to 2010 Taxes Receivable	<u>71,166</u>
Balance, June 30, 2010	<u>\$ 53,452</u>

CITY OF PASSAIC
STATEMENT OF 2009 APPROPRIATION RESERVES

	Balance, June 30, 2009	Transfers	Encumbrances Cancelled	Balance After Modifications	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT						
DEPARTMENT OF ADMINISTRATION						
Office of Business Administration						
Salaries & Wages	\$ 524			\$ 524	\$ 524	
Other Expenses	2,427			2,427	2,427	
Mayor and Council						
Salaries and Wages	7,619		\$ 50	7,669		\$ 7,669
Other Expenses	1,195			1,195	175	1,020
City Clerk						
Salaries and Wages	1			1		1
Other Expenses	1,560	\$ 37,000		38,560	38,560	
Human Resources						
Salaries and Wages	1,342			1,342		1,342
Other Expenses	1,704	2,000		3,704	162	3,542
Financial Administration-Treasurer's Office						
Salaries and Wages	1,354			1,354	1,354	
Other Expenses	2,276			2,276	2,276	
Annual Audit						
Other Expenses	6,500			6,500	6,500	
Revenue Administration						
Salaries and Wages	20,760			20,760		20,760
Other Expenses	3,468			3,468	2,566	902
Tax Assessment Administration						
Salaries and Wages	1,079			1,079		1,079
Other Expenses	3,239		19,791	23,030		23,030
Legal Services						
Other Expenses		48,000		48,000	42,081	5,919
Office of Engineer						
Salaries and Wages	10,314			10,314		10,314
Other Expenses	990	(5,000)	4,737	727		727
Planning and Economic Development						
Salaries and Wages	388			388	388	-
Other Expenses	21,662			21,662	957	20,705
Division of Housing						
Salaries and Wages	2,020			2,020	2,020	-
Other Expenses	1,336			1,336	324	1,012
Planning Board						
Other Expenses	3,228			3,228		3,228
Board of Adjustment						
Other Expenses	2,731			2,731		2,731
Rent Leveling Board						
Salaries and Wages	15			15		15
Other Expenses	160			160		160
DEPARTMENT OF PUBLIC WORKS						
Insurance						
Workmen's Compensation	1		39,982	39,983	39,982	1
Employee Group Insurance	460,321		34,499	494,820	200,000	294,820
Streets and Road Maintenance						
Salaries & Wages	60,741	(30,000)		30,741	3,000	27,741
Other Expenses	22,395			22,395	3,273	19,122
Solid Waste Collection						
Other Expenses			48,006	48,006		48,006
Garbage Removal Contractual	36,385			36,385	24,500	11,885
Building and Grounds						
Salaries & Wages	13,869	(10,000)		3,869		3,869
Other Expenses	15,394	3,000		18,394	16,953	1,441
Director Office						
Other Expenses	-		1,547	1,547		1,547
Vehicle Maintenance						
Salaries & Wages	22,094		10,085	32,179	10,085	22,094
Other Expenses	23,192			23,192	2,947	20,245

CITY OF PASSAIC
STATEMENT OF 2009 APPROPRIATION RESERVES

	Balance, June 30, 2009	Transfers	Encumbrances Cancelled	Balance After Modifications	Paid or Charged	Balance Lapsed
DEPARTMENT OF PUBLIC SAFETY						
Police Department				\$ 228,327	\$ 228,152	\$ 175
Salaries and Wages	\$ 228,327			80,836	11,344	69,492
Other Expenses	80,836					
Fire Department				6,435		6,435
Salaries and Wages	6,435		\$ 36	2,461		2,461
Other Expenses	2,425					
Municipal Court				10,587	5,000	5,587
Salaries and Wages	10,587		14,549	17,090		17,090
Other Expenses	2,541					
Fire Life Safety				2,597		2,597
Salaries and Wages	2,597					
Office of Emergency Management				52,888		52,888
Salaries and Wages	52,888			9,741	314	9,427
Other Expenses	9,741					
Prosecutor's Office				23,650		23,650
Other Expenses	5,600		18,050	3,400		3,400
Public Defender			3,400			
DEPARTMENT OF HUMAN RESOURCES						
Division of Health				73,223		73,223
Salaries & Wages	90,582	\$ (30,000)	12,641	26,613		26,613
Other Expenses	4,783					
Vital Statistics				1,679		1,679
Other Expenses			1,679			
Animal Regulation				16,875		16,875
Salaries & Wages	16,875		501	501		501
Other Expenses						
DEPARTMENT OF PARKS AND RECREATION						
Division of Recreation				8,003		8,003
Salaries & Wages	8,203	(200)		2,682	1,544	1,138
Other Expenses	2,482	200				
Senior Citizens				25,400		25,400
Salaries & Wages	25,400			877	379	498
Other Expenses	877					
Handicapped Recreation				5,492		5,492
Salaries & Wages	5,492			158	31	127
Other Expenses	158					
Maintenance of Parks				32,648		32,648
Salaries & Wages	32,648			1,901	940	961
Other Expenses	1,901					
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events			100	100		100
Retired Employees				100	100	
Other Expenses	100					
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUES						
Division of Code Enforcement				16,478		16,478
Salaries & Wages	16,478			2,817	169	2,648
Other Expenses	2,817					

CITY OF PASSAIC
STATEMENT OF 2009 APPROPRIATION RESERVES

	Balance, June 30, 2009	Transfers	Encumbrances Cancelled	Balance After Modifications	Paid or Charged	Balance Lapsed
UNCLASSIFIED						
Utilities:						
Electricity	\$ 29,979		\$ 10,900	\$ 40,879		\$ 40,879
Telephone and Telegraph		\$ 5,000		5,000	\$ 4,615	385
Heating Oil	25			25		25
Street Lighting	3,308		14,803	18,111		18,111
Gasoline	93,663	(20,000)	21,395	95,058		95,058
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Tipping Fees	175,067			175,067	171,474	3,593
Tipping Fees Recycling Tax	41,258			41,258		41,258
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures						
Social Security System (O.A.S.I.)	52,750		1,345	54,095		54,095
PERS	17,407			17,407		17,407
PFRS	11,736			11,736	728	11,008
Consolidated Police and Firemen's Pension Fund	1,977			1,977		1,977
PERS-ERIP	49			49		49
GENERAL APPROPRIATIONS - ALL OTHER OPERATIONS EXCLUDED FROM "CAPS"						
Matching Funds For Grants	29,500	-	-	29,500	-	29,500
	<u>\$ 1,819,776</u>	<u>\$ -</u>	<u>\$ 279,926</u>	<u>\$ 2,099,702</u>	<u>\$ 825,844</u>	<u>\$ 1,273,858</u>
Cash Disbursements					\$ 343,574	
Transferred to Miscellaneous Reserves					12,288	
Transferred to Miscellaneous Reserves - Other Trust					<u>469,982</u>	
					<u>\$ 825,844</u>	

**CITY OF PASSAIC
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Increased by:	
Levy	<u>\$ 15,527,672</u>
Decreased by:	
Cash Disbursements	<u>\$ 15,527,672</u>

EXHIBIT A-21

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:	
Levy	
General County	\$ 19,400,908
County Open Space Preservation	394,277
County Added/Omitted Taxes	<u>27,701</u>
	<u>\$ 19,822,886</u>
	19,822,886
Decreased by:	
Cash Disbursed	<u>19,822,886</u>
Balance, June 30, 2010	<u>\$ -</u>

EXHIBIT A-22

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, June 30, 2009	\$ 1,349,631
Increased by:	
Transferred from Budget Appropriations	<u>1,414,198</u>
	2,763,829
Decreased by:	
Payments	\$ 1,069,705
Cancelled Encumbrances Restored to Appropriation Reserves	<u>279,926</u>
	<u>1,349,631</u>
Balance, June 30, 2010	<u>\$ 1,414,198</u>

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, June 30, 2009		\$ 587,522
Increased by:		
Transferred from 2010 Tax Collections		<u>100,000</u>
		687,522
Decreased by:		
Cash Payments		<u>100,317</u>
Balance, June 30, 2010		<u>\$ 587,205</u>

EXHIBIT A-24

STATEMENT OF ACCOUNTS PAYABLE

Balance, June 30, 2009		\$ 13,128
Decreased by:		
Cancelled	\$ 12,868	
Cash Disbursements	<u>108</u>	
		<u>12,976</u>
Balance, June 30, 2010		<u>\$ 152</u>

EXHIBIT A-25

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, June 30, <u>2009</u>	<u>Increased</u>	Balance, June 30, <u>2010</u>
Allowance for Grant Reimbursements	\$ 588,706		\$ 588,706
Accrued Salary Settlements	<u>87,527</u>	<u>\$ 12,288</u>	<u>99,815</u>
	<u>\$ 676,233</u>	<u>\$ 12,288</u>	<u>\$ 688,521</u>
Transferred from 2009 Budget Appropriations		<u>\$ 12,288</u>	

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR SALE OF ASSETS**

Balance, June 30, 2009	\$	900,098
Decreased by:		
2010 Anticipated Revenue		900,098
Balance, June 30, 2010	\$	-

STATEMENT OF FEES PAYABLE

	Balance, June 30, 2009	Receipts	Disburse- ments	Balance, June 30, 2010
Construction Code Training Fees	\$ 5,757	\$ 21,175	\$ 21,552	\$ 5,380
Burial Fees	925	1,820	2,600	145
Ambulance Billing Fees	16,011	964,001	955,600	24,412
	\$ 22,693	\$ 986,996	\$ 979,752	\$ 29,937

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS**

	Balance June 30, <u>2009</u>	Increased by: Cash <u>Receipts</u>	Decreased by: Transfer to Grants <u>Receivable</u>	Balance June 30, <u>2010</u>
Tobacco Prevention	\$ 6,900		\$ 6,900	
Clean Community Grant	4,064	\$ 63,927	4,064	\$ 63,927
WIC - 2009		11,786		11,786
Ryan White		50		50
Walk Safe Passaic		365		365
DHS	-	4,000	-	4,000
	<u>\$ 10,964</u>	<u>\$ 80,128</u>	<u>\$ 10,964</u>	<u>\$ 80,128</u>

EXHIBIT A-29

STATEMENT OF DUE TO REDEVELOPMENT AUTHORITY - GRANT FUND

Increased by:	
Payments Made by Redevelopment Agency	<u>\$ 2,384</u>
Balance, June 30, 2010	<u>\$ 2,384</u>

**CITY OF PASSAIC
STATEMENT OF GRANTS RECEIVABLE**

	Balance, June 30, <u>2009</u>	Revenue <u>Accrued</u>	Decreased by:		Balance, June 30, <u>2010</u>
			Cash <u>Received</u>	Cancellations/ Transferred from Unapp <u>Grant Res</u>	
NJ Transportation Trust Fund Authority Act - Boulevard & Temple	\$ 30,536			\$ 30,536	\$ 181,860
NJ DCA: Lead Intervention	181,860				
NJ DOT: Municipal/Urban Aid - Hamilton Ave	130,606			130,606	248,000
NJ DOT: Main Ave Streetscape	248,000				1,584
NJ Transportation Trust: Passaic Train Station	1,584				1,809
Public Archives 2006 PARIS	1,809				511
Woman, Infant, Children 07	46,918			46,407	527
Ryan White I 07	527				4,129
Ryan White 08	4,129				
UEZA: 07 Commercial Redevelopment	25,579		\$ 25,579		
Parking Project Phase II	82,862		39,246	43,616	
UEZA 07: Administration	107,724			107,724	
Byrne Memorial Justice Assistance Grant 06	210,089		188,950	21,139	281,033
Byrne Memorial Justice Assistance Grant 07	319,594		38,561		50
Booster Seat Enforcement Grant 08	50				
Cancer Awareness 09	23,196		23,196		6,060
Public Archives 07 (Paris)	6,060				
Stationhouse Adjustment Program 08	33,033		33,033		9
Woman, Infant, Children 08	25,439			25,430	737
Housing Opportunity for People with Aides 06	4,967		4,230		163
Municipal Alliance 2008	163				147,506
Open Space 08 - Parks Rehabilitation	147,506				3,145
Ryan White - Title I 09	22,048		18,903		80,500
DOT 07 : Market ST	80,500				75,000
Trans Trust 07: Parker / Holdsworth / Howe Avenues	75,000				303,932
UZEA07-155: Market St. Construction	1,356,696		1,052,764		277,368
UZEA08 -34 : Commercial Redevelopment PH	1,296,757		1,019,389		
UZEA08-82: Clean Sweep Phase VII	37,661			37,661	35,828
Cancer Assmnt 10	65,000		29,172		
Click It 09	4,000		3,800	200	
Childhood Lead Paint 09	53,979		53,979		
COPS Tech 08	210,443		210,443		82,812
Fire Safety 09	216,760		133,948		500
Over Limit 08	500				
Over Limit 09	50			50	
Rec Opportunity 09	20,000		20,000		
Summer Employment	16,959		16,959		210,872
Summer Food 09	369,547		158,675		
Safe & Secure 09	87,647		87,647		
WIC 09	387,135		387,135		
Walk Safe 09	11,584		11,584		
DOT 08:Howell/Lincoln/St Francis	65,500		65,500		62,492
DOT 09:Passaic/Columbia/Monroe	249,967		187,475		
UEZA 08-191:Security Patrol	600,343		600,343		
UEZA 09:Commercial Redevelopment	2,482,990		1,314,019		1,168,971
UEZA 09:Clean Sweep Phase VIII	342,450			342,450	

CITY OF PASSAIC
STATEMENT OF GRANTS RECEIVABLE

	Balance, June 30, 2009	Revenue Accrued	Decreased by:		Balance, June 30, 2010
			Cash Received	Cancellations/ Transferred from Unapp Grant Res	
UEZA 09:Graffiti Ed VIII	\$ 94,128		\$ 94,128		
UEZA 09:Administration	300,229		202,493	\$ 97,736	
HOPWA 07	36,175		36,175		
JAIBG07:St House + Match	20,328				\$ 20,328
UZE08-83:Graffiti Radication VII	8,420			8,420	
UZE08-95:Landscape Maintenance	41,293		10,277		31,016
UZE08-108:Blaine, Dayton, Francis	992,450			918,300	74,150
UZE08:Administration	74,032			74,032	
Muni Alliance 09	45,800		45,792		8
Multi Culture Events 09	500		500		
Ryan White 10	77,022	\$ 81,309	146,357		11,974
SR Trans 09	36,265		20,845		15,420
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA		1,622,388	403,661		1,218,727
Lead Intervention for Children at Risk		164,000	112,810		51,190
Drunk Driving Enforcement Fund		21,727	21,727		
"Over the Limit Under Arrest"-2009 Statewide Crackdown		6,000	6,000		
Public Health Priority Funding-CY 2009		30,201	30,201		
NJDEP-Recycling Tonnage Grant		78,050	78,050		
Station House Adjustment		40,000			40,000
Safe & Secure Communities Grant		90,000			90,000
Women, Infant, Children (WIC)		802,500	324,230		478,270
Women, Infant, Children (WIC)		29,200			29,200
Women, Infant, Children (WIC)		18,881			18,881
Parks Rehabilitation - Passaic County Open Space		137,205			137,205
Urban Enterprize Zone-Administration		477,577	91,580		385,997
Addiction Services - NJ Dept. of Health & Human Services		3,500	3,500		
Local Public Health Emergency Response-H1N1 Virus		160,972	99,400		61,572
Emergency Preparedness Grant - NJ Health Officers Assoc.		2,500	2,500		
DCA Neighborhood Preservation Program		2,437,775	400,119		2,037,656
Business Stimulus - NJ Forestry Service		7,000			7,000
Lead Intervention for Children at Risk		4,000			4,000
Assistance to Firefighters Grant Program - Homeland Security - FEMA		86,789	57,938		28,851
Community Stewardship Incentive Program		15,300	13,005		2,295
Pedestrian Safety Grant - Division of Highway Traffic Safety		18,000	8,250		9,750
Urban Enterprize Zone-Security Patrol		444,780			444,780
SAFER Grant Program - Homeland Security - FEMA		372,760			372,760
2010 Municipal Aid Program-Quincy/Sherman Streets		325,850			325,850
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA		378,650			378,650
Neighborhood Crime Prevention - NJ Dept. of Law & Public Safety		40,578			40,578
Municipal Alliance on Alcoholism and Drug Abuse		45,800			45,800
Public Health Priority Funding		31,096	31,096		
Energy Efficiency & Conservation Block Grant - US Dept. of Energy		613,800			613,800
NJDEP-Clean Communities Program		4,064		4,064	
Body Armor Fund		5,139	5,139		
Tobacco Control, Prevention, Treatment Education Service		6,900		6,900	
Juvenile Accountability Incentive Block Grant (JAIBG)-Station House		20,328	20,328		

CITY OF PASSAIC
STATEMENT OF GRANTS RECEIVABLE

	Balance, June 30, <u>2009</u>	Revenue <u>Accrued</u>	Cash <u>Received</u>	Decreased by: Cancellations/ Transferred from Unapp Grant Res	Balance, June 30, <u>2010</u>
Occupant Protection Program-"Click It or Ticket 2010"		\$ 4,000			\$ 4,000
Urban Enterprize Zone-Market Street Reconstruction		336,585			336,585
Multicultural Affairs - County of Passaic		900	\$ 450		450
Ryan White Title I		39,673	39,673		
Municipal Alcohol Education/Rehabilitation Program		12,066	12,066		
NJDOA-Summer Food Program	-	<u>287,527</u>	-	-	<u>287,527</u>
	<u>\$ 11,412,389</u>	<u>\$ 9,305,370</u>	<u>\$ 8,042,820</u>	<u>\$ 1,895,271</u>	<u>\$ 10,779,668</u>
Due to Current Fund		\$ 9,305,370			
Cash Receipts			\$ 6,883,821		
Due from Current Fund - Grant Receipts			1,158,999		
Transferred from Unappropriated Grant Reserves				\$ 10,964	
Cancelled to Reserve for Appropriated Grants				1,721,447	
Cancelled to Operations		-	-	162,860	
		<u>\$ 9,305,370</u>	<u>\$ 8,042,820</u>	<u>\$ 1,895,271</u>	

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance June 30, 2009		Increased by:		Balance June 30, 2010	
	Encumbered	Reserved	Budget Appropriation	Cancelled Encumbrances	Encumbered	Reserved
Department of Health and Human Services						
Headstart Program		\$ 9,558				
Special Legislative 2006		388			\$ 388	\$ 8,968
Department of Agriculture -						
Women, Infants and Children 2006		18,081				18,081
Relocation Assistance Program		4,890				4,890
Relocation Assistance Program - City Match		10,311				10,311
Municipal Alliance 2006		\$				\$
Columbia Ave/Green Acres/UPAR		3,721				3,721
Occupant Protection Highway		196				196
Community Health Enhancement		123				123
Non-Public Nursing - 2005		2,138				1,660
Byrne Memorial Justice - 2006	\$ 4,087		478			224
Byrne Memorial Justice - 2007	208,790		3,710		153	
Byrne Memorial Justice - 2008	135,485		120,092		191,617	
Booster Seat - 2008		2,550	174,164	\$ 21,139		
NJ Comprehensive Cancer Awareness - 2009	5,601		10,567		28	2,550
Cancer Assessment - 2010		9,916	58,793		6,116	4,922
Sr Citizen & Disabled Resident Transportation		65,000				91
Ryan White Title I - 2005		335				335
Ryan White Title I - 2007		575				
Ryan White Title I - 2008		274				
Ryan White Title I - 2009	395	45,933			100	8,341
Tobacco Control Grant	10,488	41,067			2,356	21
Tobacco Control Grant		2,528				2,528
Tobacco Prevention Grant - 06		18				18
Tobacco Prevention Grant - 07		35				35
COPS Universal Hiring	450	75	450			75
COPS Tech 2008		837				837
Local Law Enforcement - OJP		210,443			210,443	
Local Law Enforcement - OJP 2004		2,788				2,788
NJDC - Lead Intervention		70				70
Passaic County - Open Space Parks - 2008		149,440				149,440
Passaic County - Open Space - 2008		87,101			11,780	44,995
Public Archive 2006 (PARIS)		50,405			22,919	27,486
Public Archive 2007 (PARIS)		1,809				1,809
NJDOT - Transportation Trust - Passaic Train St.		6,060				6,060
NJDOT - Transportation Trust - Howe/Parker Ave., Holdsworth Ct.		1,584				1,584
NJDOT - Transportation Trust - Howel/Lincoln/St. Francis		75,000				75,000
NJDOT - Transportation Trust - Passaic/Columbia/Monroe	76,565					61,555
NJ Community Policing	7,600	242,367			307	240,001
Click It or Ticket 2009		7,000				7,000
Emergency Management - FEMA		200				200
		1				1

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance June 30, 2009		Increased by:		Cancelled Encumbrances	Cash Disbursements	Cancelled	Balance June 30, 2010	
	Encumbered	Reserved	Budget Appropriation	Cancelled Encumbrances				Encumbered	Reserved
Fire Safety - 2009	\$	313,953				\$ 313,953		\$	5,853
Storm Water 2004		5,853							
Alcohol Ed 09		8,122				8,122			
Body Armor 06	\$	1,843				1,063		\$	780
Body Armor 07		16,877				12,977			3,120
Body Armor 08		10,000				97			9,907
Clean Community 07		4				2,809			1,045
Clean Community 08		11,516		4,064		58,525			532
Clean Community 09									2,996
Child Lead Paint Prevention: 08		5,781				8,967			168
Child Lead Paint Prevention: 09						533			549
Drunk Driving 07		701				15,091			2,909
Drunk Driving 08		15,640							2,829
Domestic Violence - 2006		2,909							6,961
Emergency Tel 07: Communications - 911 Grant		2,829				6,770			275
Emergency Tel 08: Communications - 911 Grant		13,731				1,629			
Hepatitis B Inoculation - 2008		2,470				16,406			
Housing Opp 06 (HOPWA)	628	15,778				10,488			
Housing Opp 07 (HOPWA)		10,488				5,232			331
Juvenile Accountability Incentive 2007	2,800	2,763				6,388			705
Juvenile Accountability Incentive 2008		7,093				2,000			
Multi Cultural - 2009	2,000								13
Municipal Alliance 2007		13							358
Municipal Alliance 2008		358							304
Municipal Alliance 2009	2,421	46,078				48,195			40,718
Narcotics Task 2008		40,718							
Over the Limit - 2007		25				25			
Over the Limit - 2009		50						\$	50
Pandemic Flu 08		1,055							1,055
Public Health 01 Priority Funding		41,035				8,852			41,035
Public Health 09 Priority Funding	8,852	1,250				31,451			
Recreation Opportunity '08		15,000							15,000
Recreation Opportunity '09		24,000							24,000
Recycling Tonnage - 2007		990				990			
Recycling Tonnage - 2008		5,785				5,785			
Ryan White I '10		31,539				112,743			25
Safe & Secure '09		43,824				43,824			80
Senior Citizen and Disabled Transportation '09		30,201				30,201			
Summer Employment 2009		16,959				16,950			9
Summer Food 2009		369,547				143,646			206,594
Tobacco Prevention 2008		111							111

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance June 30, 2009		Increased by:		Cash Disbursements	Cancelled	Balance June 30, 2010	
	Encumbered	Reserved	Budget Appropriation	Cancelled Encumbrances			Encumbered	Reserved
Tobacco Prevention 2009	\$ 6,974	\$ 5,892	\$ 6,900	\$ 915	\$ 43,617	\$ 1,345	\$ 10,532	
UEZA '07-Parking Project Phase II	987,592	36,643	336,585	799,432	107,724	123,368	517,149	
UEZA '07-Market St. Reconstruction		115,772						
UEZA '07-Administration	289,209	107,724				38,725	221,828	
UEZA '08-Commercial Redevelopment IV		737,722		766,378	37,661			
UEZA '08-Project Clean Sweep Ph. VII		5,850	\$ 31,811		8,420			
UEZA '08-Graffiti Eradication VII		1,000		10,277		1,000	31,016	
UEZA '08-Landscape Maintenance		41,293					73,150	
UEZA '08-Blaine, Dayton and St. Francis Way	1,000	991,450			918,300			
UEZA '08-Administration		74,027			74,027			
UEZA '08-191 Security Patrol		409,944						
UEZA '09-Administration Commodities	9,957	180,477		409,944				
UEZA '09- Commercial Redevelopment PH V		2,482,990		94,413	96,021			
UEZA '09-Clean Sweep PH VIII		173,225		1,314,019		14,380	1,154,591	
UEZA '09-Graffiti Eradication PH VIII		47,064	169,225		342,450			
Women, Infants and Children '07		46,408		47,064	46,408			
Women, Infants and Children '08		25,430			25,430			
Women, Infants and Children '09		247,242						
Walk Safe Passaic 07	13,860	247,242		229,428			31,674	
Walk Safe Passaic 08		778					778	
Walk Safe Passaic 09		537					537	
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA		7,921		7,720			201	
Lead Intervention for Children at Risk		1,622,388		630,277		493,174	498,937	
Drunk Driving Enforcement Fund		168,000		160,935		6,870	195	
"Over the Limit Under Arrest"-2009 Statewide Crackdown		21,727		13,595			8,132	
NJDEP-Recycling Tonnage Grant		6,000		6,000				
Station House Adjustment		78,050		62,911		6,978	8,161	
Safe & Secure Communities Grant		40,000		38,577		1,135	288	
Women, Infant, Children (WIC)		90,000		45,000			45,000	
Parks Rehabilitation - Passaic County Open Space Grant		850,581		595,593		2,753	232,235	
Urban Enterprise Zone-Administration		137,205					137,205	
Addiction Services - NJ Dept. of Health & Human Services		477,577		255,259			222,318	
Local Public Health Emergency Response-H1N1 Virus		3,500		3,271		229		
Emergency Preparedness Grant - NJ Health Officers Association		160,972		51,562		2,442	106,968	
DCA Neighborhood Preservation Program		2,500		2,500				
Business Stimulus - NJ Forestry Service		2,437,775		382,437		129,874	1,925,464	
Assistance to Firefighters Grant-Program - Homeland Security - FEMA		7,000					7,000	
Assistance to Firefighters Grant-Program-Matching		86,789		68,612		718	17,459	
		21,697		3,810		180	17,707	

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance June 30, 2009		Increased by:		Cash Disbursements	Cancelled	Balance June 30, 2010	
	Encumbered	Reserved	Budget Appropriation	Cancelled Encumbrances			Encumbered	Reserved
Community Stewardship Incentive Program - NJDEP			\$ 15,300		\$ 5,000		\$ 130	\$ 10,170
Community Stewardship Incentive Program-Matching			5,100					5,100
Pedestrian Safety Grant - Division of Highway Traffic Safety			18,000		10,950			7,050
Urban Enterprize Zone-Security Patrol			444,780		156,811			287,969
SAFER Grant Program - Homeland Security - FEMA			372,760		13,139			359,621
SAFER Grant Program-Matching			44,713					44,713
2010 Municipal Aid Program-Quincy/Sherman Streets			325,850				244,793	325,850
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA			378,650		19,289		725	133,857
Neighborhood Crime Prevention - NJ Dept. of Law & Public Safety			40,578					20,564
Neighborhood Crime Prevention-Matching			16,949					16,949
Municipal Alliance on Alcoholism and Drug Abuse			45,800		20,412		1,468	23,920
Municipal Alliance on Alcoholism and Drug Abuse-Matching			10,000					10,000
Public Health Priority Funding			31,096		27,451			3,645
Energy Efficiency & Conservation Block Grant - US Dept. of Energy			613,800		18,900		35,980	558,920
Body Armor Fund			5,139					5,139
Juvenile Accountability Incentive Block Grant (JAIBG)-Station House			20,328		20,207			121
Occupant Protection Program-"Click It or Ticket 2010"			4,000		2,600			1,400
Multicultural Affairs - County of Passaic			900					900
Multicultural Affairs-Matching			900					900
Ryan White Title I			39,673		17,026			22,647
Municipal Alcohol Education/Rehabilitation Program			12,066					12,066
NJDOA-Summer Food Program			287,527					287,527
	\$ 1,820,771	\$ 8,104,858	\$ 9,404,729	\$ 208,456	\$ 7,947,622	\$ 1,721,447	\$ 1,376,781	\$ 8,492,964
Cash Disbursements					\$ 5,276,291			
Due from Current Fund			\$ 9,404,729					
Due to Current Fund					2,656,727			
Due to General Capital Fund					12,220			
Due to Redevelopment Agency					2,384			
Grants Receivable						\$ 1,721,447		
Cancelled to Operations								
			\$ 9,404,729		\$ 7,947,622	\$ 1,721,447		\$ 8,492,964

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TRUST FUND

**CITY OF PASSAIC
STATEMENT OF TRUST CASH AND INVESTMENTS**

	Animal Control Fund	Other Trust Fund	Community Development Block Grant Fund	Home Investment Program Fund
Balance, June 30, 2009	\$ 32,657	\$ 4,113,562	\$ 27,158	\$ 15,245
Increased by:				
Animal Licenses	5,718			
Adoption Fees	16,560			
Due State of New Jersey	1,010			
Other Receivables		4,522		
Miscellaneous Reserves and Deposits		63,984,865		
Received from Current Fund		925,864	75,000	200,000
Interest Income			206	
HUD - CDBG Program			1,254,380	
HUD - HOME Program				1,751,635
HOME Program - Other Program Income	-	-	-	76,239
	<u>23,288</u>	<u>64,915,251</u>	<u>1,329,586</u>	<u>2,027,874</u>
	<u>55,945</u>	<u>69,028,813</u>	<u>1,356,744</u>	<u>2,043,119</u>
Decreased by:				
Due State of New Jersey	907	35,385		
Miscellaneous Reserves and Deposits	30,671	65,425,489		
Reserve for Encumbrances	4,475			
HUD-CDBG Program Expenditures			1,261,598	
UDAG Expenditures				
Payments to Current Fund		500,000	84,565	156,872
Payments made for Current Fund				
Payments to Sewer Utility Operating Fund		1,300,000		
HUD - Home Investment Program Expenditures				1,827,228
	<u>36,053</u>	<u>67,260,874</u>	<u>1,346,163</u>	<u>1,984,100</u>
Balance, June 30, 2010	<u>\$ 19,892</u>	<u>\$ 1,767,939</u>	<u>\$ 10,581</u>	<u>\$ 59,019</u>

**CITY OF PASSAIC
STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Balance, June 30, 2009		\$ 15
Increased by:		
Cash Receipts		<u>1,010</u>
		1,025
Decreased by:		
Cash Disbursed		<u>907</u>
Balance, June 30, 2010		<u>\$ 118</u>

EXHIBIT B-3

**STATEMENT OF RESERVE FOR EXPENDITURES
ANIMAL CONTROL FUND**

Balance, June 30, 2009		\$ 29,668
Increased by:		
Dog/Cat Licenses	\$ 5,718	
Adoption Fees	<u>16,560</u>	
		<u>22,278</u>
		51,946
Decreased by:		
Cash Disbursements	30,671	
Reserved for Encumbrances	<u>3,325</u>	
		<u>33,996</u>
Balance, June 30, 2010		<u>\$ 17,950</u>

**CITY OF PASSAIC
STATEMENT OF DUE TO ANIMAL CONTROL FUND
OTHER TRUST FUND**

Balance, June 30, 2009	<u>\$ 1,501</u>
Balance, June 30, 2010	<u>\$ 1,501</u>

EXHIBIT B-5

**STATEMENT OF RESERVE FOR ENCUMBRANCES
ANIMAL CONTROL FUND**

Balance, June 30, 2009	<u>\$ 4,475</u>
Increased by:	
Charges to Reserve for Expenditures	<u>3,325</u>
	7,800
Decreased by:	
Cash Disbursements	<u>4,475</u>
Balance, June 30, 2010	<u>\$ 3,325</u>

EXHIBIT B-6

**STATEMENT OF OTHER RECEIVABLES
OTHER TRUST FUND**

Balance, June 30, 2009	<u>\$ 23,938</u>
Decreased by:	
Cash Receipts	<u>4,522</u>
Balance, June 30, 2010	<u>\$ 19,416</u>

**CITY OF PASSAIC
STATEMENT OF DUE TO/FROM CURRENT FUND
OTHER TRUST FUND**

Balance, June 30, 2009 (Due To)		\$ 67,602
Increased by:		
Other Trust Fund Expenditures Paid by Current Fund	\$ 1,953,271	
Receipts from Current Fund	<u>925,864</u>	
		<u>2,879,135</u>
		2,946,737
Decreased by:		
Other Trust Fund Receipts Deposited in Current Fund	\$ 14,472	
2009 Budget Appropriations		
Budget Appropriation - Salaries & Wages	230,000	
Budget Appropriation - Employee Group Insurance	200,000	
Budget Appropriation - Workers Compensation	39,982	
2010 Budget Appropriations		
Workers Compensation	799,970	
Liability Insurance	1,274,196	
Unemployment Insurance	<u>199,999</u>	
Payments to Current Fund	\$ 2,758,619	
	<u>500,000</u>	
		<u>3,258,619</u>
Balance, June 30, 2009 (Due From)		<u>\$ 311,882</u>

EXHIBIT B-8

**STATEMENT OF DUE FROM GRANT FUND
OTHER TRUST FUND**

Balance, June 30, 2009		\$ <u>20,856</u>
Balance, June 30, 2010		<u>\$ 20,856</u>

EXHIBIT B-9

**STATEMENT OF DUE TO STATE OF NEW JERSEY - UNEMPLOYMENT
OTHER TRUST FUND**

Balance, June 30, 2009		\$ 35,385
Increased by:		
Unemployment Claims		<u>38,359</u>
		73,744
Decreased by:		
Cash Disbursements		<u>35,385</u>
Balance, June 30, 2010		<u>\$ 38,359</u>

**CITY OF PASSAIC
STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND**

	Balance, June 30, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2010</u>
Marriage License Fees	\$ 5,425	\$ 10,000	\$ 10,575	\$ 4,850
Salary Account Deposits	13,131	27,871,697	27,879,650	5,178
Pension Deduction Deposits	490,727	12,462,955	12,860,389	93,293
Payroll Deduction Deposits	188,869	18,605,572	18,602,717	191,724
Police Funds	5,667	22,467		28,134
Police Off Duty Fees	47,454	544,027	518,121	73,360
Demolition & Performance Bond Deposits	69,848	16,000	10,000	75,848
Tax Redemption Deposits	6,657	2,473,777	2,413,752	66,682
Rental Rehabilitation	7,699			7,699
Developers Escrow Deposits	160,767	94,138	102,219	152,686
Primary General Election	39,281	27,691	55,451	11,521
Defense Bond Deposits	1,485	15,805	16,350	940
Elevator Inspection Fees	90,048	64,304	53,210	101,142
Fire Permits and Fines	85,360	11,115		96,475
Fire Line Safety Reg.	485,169	212,663	373,914	323,918
Fire Dedicated Funds	12,430	4,500	12,033	4,897
Unemployment Compensation Insurance	55,551	199,999	241,519	14,031
Self-Insurance - General Liability	21,185	1,341,776	1,106,134	256,827
Self-Insurance - General Liab. - Claims Admin.	30,755	37,132	48,087	19,800
Self-Insurance - Workers Compensation	187,348	911,164	1,009,680	88,832
Self-Insurance - Work. Comp. - Claims Admin.	77,243	878,617	861,690	94,170
Parking Offenses Adjudication Act Fees	65,740	27,259	47,970	45,029
Municipal Alliance Fund Raiser	70			70
Tax Sale Premium Deposits	538,714	254,403	331,400	461,717
Festival Performance Bonds	32,773	58,700	53,100	38,373
Recreation Fees	1,451	1,214	1,000	1,665
EMS Facility	2,872	78		2,950
Domestic Violence Victim Services - Donations	31		31	-
United Way Alliance	5			5
Multi Cultural Affair	163			163
Animal Control - Donations	5,265	1,370	139	6,496
Meals on Wheels Program Fees	14		14	-
Relocation Assistance-Donations	1,000			1,000
Senior Citizen - Donations	938	1,700		2,638
Substance Abuse - Donations	10,375	63,192	8,673	64,894
Nextel Rebanding Escrow Deposit	29,655			29,655
Affordable Housing	30,662			30,662
Regional Contribution Agreement	115,699	299		115,998
Police and Firemen's Retirement Pension	279			279
Health Benefit Insurance	241,851	200,000		441,851
Capital Lease - Police Vehicle	450,033	11	432,573	17,471
Developers Performance Bond	20,000			20,000
Accumulated Sick and Vacation	424,179	230,000	278,559	375,620
Drug Court Substance Abuse		994	969	25
NJ ACH Death Certificate		11,185		11,185
Festival Expense	-	87,680	87,200	480
	<u>\$ 4,053,868</u>	<u>\$ 66,743,484</u>	<u>\$ 67,417,119</u>	<u>\$ 3,380,233</u>
Cash Receipts		\$ 63,984,865		
Due from Current Fund		2,758,619		
		<u>\$ 66,743,484</u>		
Cash Disbursed			\$ 65,425,489	
Due to Current Fund			1,953,271	
Due to State of New Jersey			38,359	
			<u>\$ 67,417,119</u>	

**CITY OF PASSAIC
STATEMENT OF DUE FROM HUD
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

Balance, June 30, 2009		\$ 951,940
Increased by:		
Program Allotment - Year 35	\$ 1,218,158	
Program Allotment - ARRA - R	<u>320,369</u>	
		<u>1,538,527</u>
		2,490,467
Decreased by:		
Cash Receipts		<u>1,254,380</u>
Balance, June 30, 2010		<u>\$ 1,236,087</u>

EXHIBIT B-12

**STATEMENT OF RESERVE FOR PROGRAM EXPENDITURE - CDBG
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

Balance, June 30, 2009		\$ 1,103,182
Increased by:		
Program Allotment - Year 35	\$ 1,218,158	
Program Allotment - ARRA - R	320,369	
Program Income -Interest Earned	<u>206</u>	
		<u>1,538,733</u>
		2,641,915
Decreased by:		
Cash Disbursements		<u>1,261,598</u>
Balance, June 30, 2010		<u>\$ 1,380,317</u>
	Program Income	\$ 36,572
	Year 35	1,013,790
	Year 34 and Prior	<u>329,955</u>
		<u>\$ 1,380,317</u>

**CITY OF PASSAIC
STATEMENT OF DUE FROM HUD -
HOME INVESTMENT PROGRAM FUND**

Balance, June 30, 2009	\$ 1,422,078
Increased by:	
Grant Allotments	<u>504,417</u>
Current Year Allotment - Year 35	1,926,495
Decreased by:	
Cash Receipts - HUD	<u>1,751,635</u>
Balance, June 30, 2010	<u>\$ 174,860</u>

EXHIBIT B-14

**STATEMENT OF OTHER RECEIVABLES
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

Balance, June 30, 2009	<u>\$ 155,454</u>
Balance, June 30, 2010	<u>\$ 155,454</u>

Analysis of Balance

Business and Housing Loans	<u>\$ 155,454</u>
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EXHIBIT B-15

**STATEMENT OF MORTGAGE RECEIVABLE
HOME INVESTMENT PROGRAM FUND**

Balance, June 30, 2009	\$ 433,142
Increased by:	
Deferred Interest Accrued	<u>4,331</u>
Balance, June 30, 2010	<u>\$ 437,473</u>

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR MORTGAGE PAYOFF PROGRAM
HOME INVESTMENT PROGRAM FUND**

Balance, June 30, 2009	<u>\$ 144,106</u>
Decreased by:	
Transfer to Reserve for Home Program	<u>\$ 144,106</u>

**STATEMENT OF RESERVE FOR PROGRAM EXPENDITURES - UDAG
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

Balance, June 30, 2009	<u>\$ 8,122</u>
Balance, June 30, 2010	<u>\$ 8,122</u>

**CITY OF PASSAIC
STATEMENT OF DUE TO CURRENT FUND -
COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

Balance, June 30, 2009		\$ 23,248
Increased by:		
Cash Received from Current Fund		<u>75,000</u>
		98,248
Decreased by:		
Payment to Current Fund		<u>84,565</u>
Balance, June 30, 2010		<u>\$ 13,683</u>

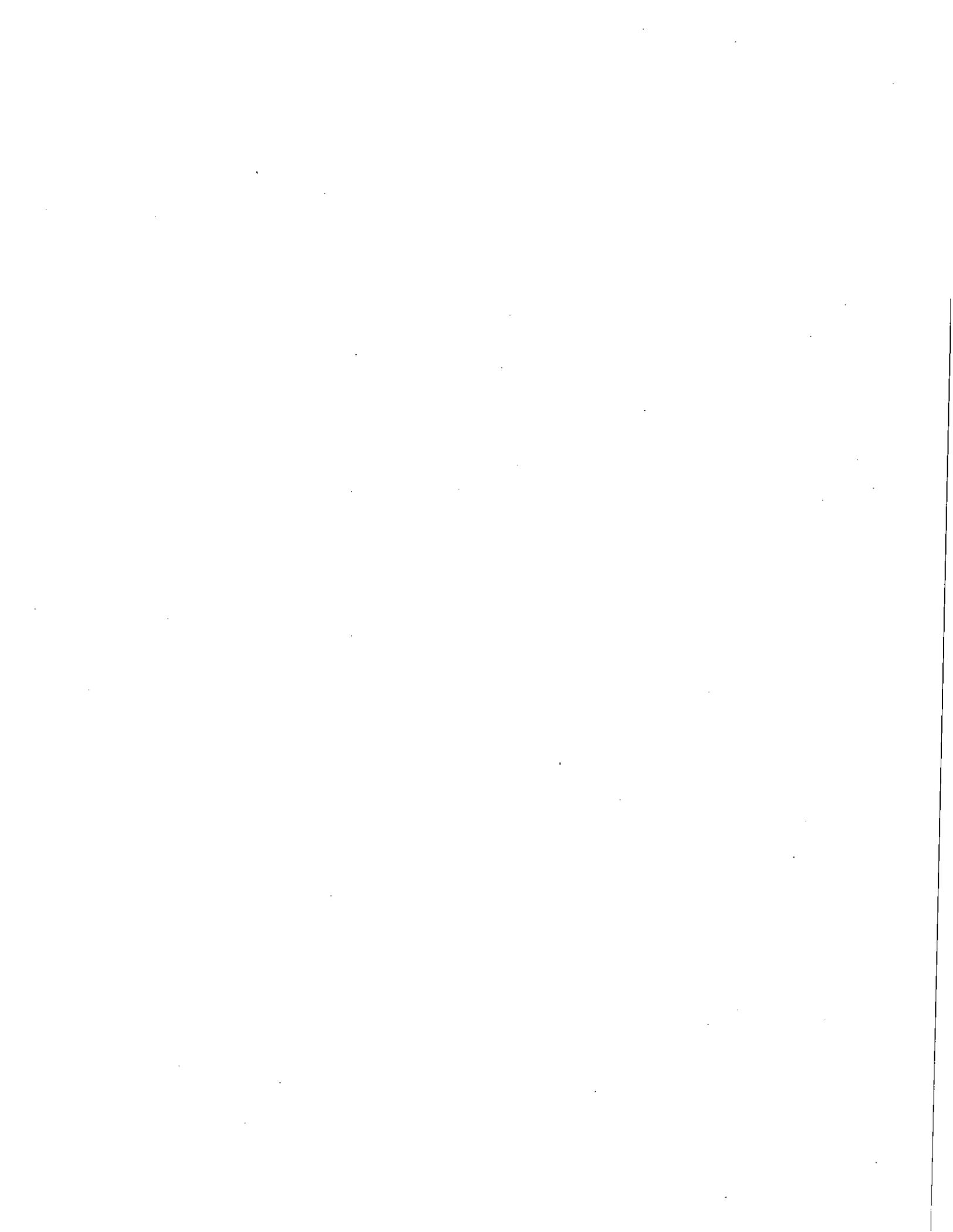
**STATEMENT OF DUE TO CURRENT FUND
HOME INVESTMENT PROGRAM FUND**

Balance, June 30, 2009		\$ 44,953
Increased by:		
Cash Received from Current Fund	\$ 200,000	
Payments Made by Current Fund	<u>29,745</u>	
		<u>229,745</u>
		274,698
Decreased by:		
Cash Disbursements to Current Fund		<u>156,872</u>
Balance, June 30, 2010		<u>\$ 117,826</u>

CITY OF PASSAIC
STATEMENT OF RESERVE FOR HOME INVESTMENT PROGRAM -
HOME INVESTMENT PROGRAM FUND

Balance, June 30, 2009		\$ 1,248,264
Increased by:		
Grant Allotments		
Current Year Allotment - Year 35	\$ 504,417	
Program Income		
Proceeds from Sale of Homes	\$ 75,794	
Interest Income	<u>445</u>	
		76,239
Transfer from Reserve for Mortgage Program		<u>144,106</u>
		<u>724,762</u>
		1,973,026
Decreased by:		
Cash Disbursements	1,827,228	
Payments Made by Current	<u>29,745</u>	
		<u>1,856,973</u>
Balance, June 30, 2010		<u>\$ 116,053</u>

GENERAL CAPITAL FUND



CITY OF PASSAIC
STATEMENT OF GENERAL CAPITAL CASH AND INVESTMENTS - TREASURER

Balance, June 30, 2009		\$ 1,378,449
Increased by Receipts:		
Received for Current Fund		<u>1,327</u>
		1,379,776
Decreased by Disbursements:		
Improvement Authorizations	\$ 120,620	
Encumbrances Payable	528,249	
Payments made for Current Fund	12,062	
Payments made for Grant Fund	<u>12,220</u>	
		<u>673,151</u>
Balance, June 30, 2010		<u>\$ 706,625</u>

**CITY OF PASSAIC
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance June 30, <u>2010</u>
Fund Balance	\$ 83,303
Capital Improvement Fund	13,999
Grants/Loans Receivable	(250,000)
Due from Grant Fund	(1,234,598)
Due from Current Fund	(233,577)
Encumbrances Payable	104,664
Reserve for Curb and Sidewalk Improvements	5,000
Reserve for Payment of Debt Service	360,719
Excess Note Proceeds	12,750
Improvement Authorizations	
<u>Ord. No.</u>	<u>Improvement Description</u>
1005-87	Various Improvements
1036-88	Various Improvements
1331-95	Various Improvements
1405-97	Various Improvements
1413-97	Various Improvements
1418-97	Construction of Traffic Signal
1451-98	Various Improvements
1469-99	Improvements to Broadway Viaduct
1474-99	Improvements to Third Ward Park
1493-00	Various Improvements
1494-00	Removal of Underground Storage tanks
1508-01	Various Improvements
1542-02/ 1784-08	Various Improvements
1557-02	Refunding Bond Ordinance
1587-03	Various Improvements
1623-04	Various Improvements
1643-04	Various Improvements - Pulaski Park
1655-05	Various Improvements
1675-05	Various Park Improvements
1697-06	Purchase of Real Property
1746-07	Acquisition of Tractor Drawn Aerial and Equipment
1769-08	Building Acquisition / Improvements
	<u>(106,184)</u>
	<u>\$ 706,625</u>

**CITY OF PASSAIC
STATEMENT OF DUE FROM CURRENT FUND**

Balance, June 30, 2009		\$ 213,331
Increased by:		
Payments made for Current Fund	\$ 12,062	
BAN Proceeds Deposited in Current Fund:		
Bond Anticipation Notes	6,855,792	
Premium on Bond Anticipation Notes	<u>42,081</u>	
		<u>6,909,935</u>
		7,123,266
Decreased by:		
Receipts for Current Fund	1,327	
Anticipated as Miscellaneous Revenue	31,989	
BAN Paid by Current Fund	<u>6,856,373</u>	
		<u>6,889,689</u>
Balance, June 30, 2010		<u>\$ 233,577</u>

EXHIBIT C-5

STATEMENT OF GRANTS/LOANS RECEIVABLE

		Balance June 30, 2009	Balance June 30, 2010
<u>Ord.</u>	<u>Grantor Agency</u>		
<u>No.</u>			
1643-04	Green Acres Trust - RC Field	<u>\$ 250,000</u>	<u>\$ 250,000</u>
		<u>\$ 250,000</u>	<u>\$ 250,000</u>

CITY OF PASSAIC
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, June 30, 2009		\$ 15,973,084
Decreased by:		
Payment of Bonds - Budget Appropriation	\$ 1,818,800	
Payment of Loans- Budget Appropriation	<u>80,048</u>	
		<u>1,898,848</u>
Balance, June 30, 2010		<u>\$ 14,074,236</u>

**CITY OF PASSAIC
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance, June 30, 2009	Budget Appropriation	Balance, June 30, 2010	Analysis of Balance June 30, 2010		Unexpended Improvement Authorizations
					Financed by Bond Antic. Notes	Expended	
1036-88	Various Improvements	\$ 2,075		\$ 2,075		\$ 2,075	
1469-99	Broadway Viaduct	20		20			\$ 20
1508-01	Various Improvements	1,281,765	\$ 83,232	1,198,533	\$ 1,198,533		
1542-02	Various Improvements	698,775	40,721	658,054	658,054		
1587-03	Various Improvements	528,350	31,647	496,703	496,703		
1623-04	Various Improvements	1,063,250	57,748	1,005,502	1,005,502		
1643-04	Various Impts - Pulaski Park	250,000		250,000	250,000		
1655-05	Various Improvements	1,121,750	52,279	1,069,471	1,069,471		
1697-06	Purchase of Real Property	646,000		646,000	646,000		
1746-07	Acqui. of Tractor Drawn Aerial and Equip.	519,650		519,650	519,360		290
1769-08	Building Acquisitions / Imp.	1,140,000		1,140,000	999,419	106,184	34,397
1784-08	Various Improvements	<u>503,000</u>	<u>-</u>	<u>503,000</u>	<u>-</u>	<u>-</u>	<u>503,000</u>
		<u>\$ 7,754,635</u>	<u>\$ 265,627</u>	<u>\$ 7,489,008</u>	<u>\$ 6,843,042</u>	<u>\$ 108,259</u>	<u>\$ 537,707</u>
					\$ 6,855,792		
					(12,750)		
					<u>\$ 6,843,042</u>		
							\$ 1,769,828
				1508-01	\$ 193,909		
				1542-2/1784-8	304,002		
				1587-03	209,648		
				1623-04	108,250		
				1655-05	185,660		
				1697-06	78,374		
				<u>1746-07</u>	<u>152,278</u>		
							<u>1,232,121</u>
							<u>\$ 537,707</u>

**CITY OF PASSAIC
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, June 30, 2009	\$ <u>13,999</u>
Balance, June 30, 2010	\$ <u>13,999</u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, June 30, 2009	\$ 538,522
Increased by:	
Charges to Improvement Authorizations	<u>104,664</u>
	643,186
Decreased by:	
Payments	\$ 528,249
Cancelled Encumbrances Payable	<u>10,273</u>
	<u>538,522</u>
Balance, June 30, 2010	\$ <u>104,664</u>

CITY OF PASSAIC
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Balance, June 30, 2009		Expended	Cancelled Encumbrances Payable	Balance, June 30, 2010	
		Funded	Unfunded			Funded	Unfunded
1005-87	Various Improvements	\$ 635				\$ 635	
1331-95	Various Improvements	764				764	
1405-97	Various Improvements	215				215	
1413-97	Various Improvements	4,252				4,252	
1418-97	Traffic Signal	45,937				45,937	
1451-98	Various Improvements	29,742				29,742	
1469-99	Improvements to Broadway Viaduct	16,273	\$ 20			16,273	\$ 20
1474-99	Improvements to Third Ward Park				\$ 9,673	9,673	
1493-00	Various Improvements	116,497				116,497	
1494-00	Removal of Underground Storage Tanks	4,935				4,935	
1508-01	Various Improvements		219,678	\$ 25,769			193,909
1542-02 / 1784-08	Various Improvements		839,663	32,661			807,002
1557-02	Pension Refunding Bond	23,610				23,610	
1587-03	Various Improvements		231,563	21,915			209,648
1623-04	Various Improvements		137,442	29,192			108,250
1643-04	Various Improvements - Pulaski Park	443,603			600	444,203	
1655-05	Various Improvements		295,135	109,475			185,660
1675-05/1442-98	Various Park Improvements	23,767				23,767	
1697-06	Rail Property Easement		78,708	334			78,374
1746-07	Acquisition of Vehicles and Equipment		152,836	268			152,568
1769-08	Building Acquisition / Improvements		40,067	5,670			34,397
		<u>\$ 710,230</u>	<u>\$ 1,995,112</u>	<u>\$ 225,284</u>	<u>\$ 10,273</u>	<u>\$ 720,503</u>	<u>\$ 1,769,828</u>
			Cash Disburse \$ 120,620				
			Encumbrances 104,664				
			<u>\$ 225,284</u>				

**CITY OF PASSAIC
STATEMENT OF BONDS PAYABLE**

<u>Purpose.</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, June 30, 2010</u>		<u>Interest Rate</u>	<u>Balance, June 30, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2010</u>
			<u>Date</u>	<u>Amount</u>					
General Obligation Bonds	7/15/1998	\$ 6,369,326	7/15/10	\$ 534,240	4.80%				
			7/15/11	559,680	4.80%				
			7/15/12	584,484	4.85%	\$ 2,187,204	\$ 508,800	\$	1,678,404
ERIP Pension Refunding Bonds	2/1/03	7,800,000	2/1/2011	570,000	5.00%				
			2/1/2012	605,000	5.00%				
			2/1/2013	695,000	5.00%				
			2/1/2014	780,000	5.125%				
			2/1/2015	880,000	5.20%				
			2/1/2016	1,010,000	5.25%				
			2/1/2017	1,135,000	5.35%	6,165,000	490,000		5,675,000
Fiscal Year Adj. Refunding Bonds	9/13/2004	4,320,000	11/15/2010	585,000	4.32%	1,155,000	570,000		585,000

**CITY OF PASSAIC
STATEMENT OF GREEN ACRES LOANS PAYABLE**

Balance, June 30, 2009	\$ 1,034,537
Decreased by:	
Paid by Budget Appropriation	63,705
Balance, June 30, 2010	\$ 970,832

Ord. No.	<u>Description</u>	
1442-98/1622-04/ 1675-05	Dundee Island Field Rehabilitation	\$ 258,360
1442-98/1474-99/ 1622-04/1675-05	Third Ward Park Improvements	467,392
1442-98/1474-99/ 1622-04/1675-05	Hughes Lake	225,422
1655-05	Pulaski Park Renovation	19,658
		\$ 970,832

EXHIBIT C-14

STATEMENT OF EDA LOANS PAYABLE

Balance, June 30, 2009	\$ 16,343
Decreased by:	
Paid by Budget Appropriation	16,343
Balance, June 30, 2010	\$ -

**CITY OF PASSAIC
STATEMENT OF DUE FROM GRANT FUND**

Balance, June 30, 2009	\$ 1,222,378
Increased by:	
Payments made for Grant Fund	<u>12,220</u>
Balance, June 30, 2010	<u>\$ 1,234,598</u>

STATEMENT OF RESERVE FOR CURB AND SIDEWALK IMPROVEMENTS

Balance, June 30, 2009	<u>\$ 5,000</u>
Balance, June 30, 2010	<u>\$ 5,000</u>

STATEMENT OF RESERVE FOR DEBT SERVICE

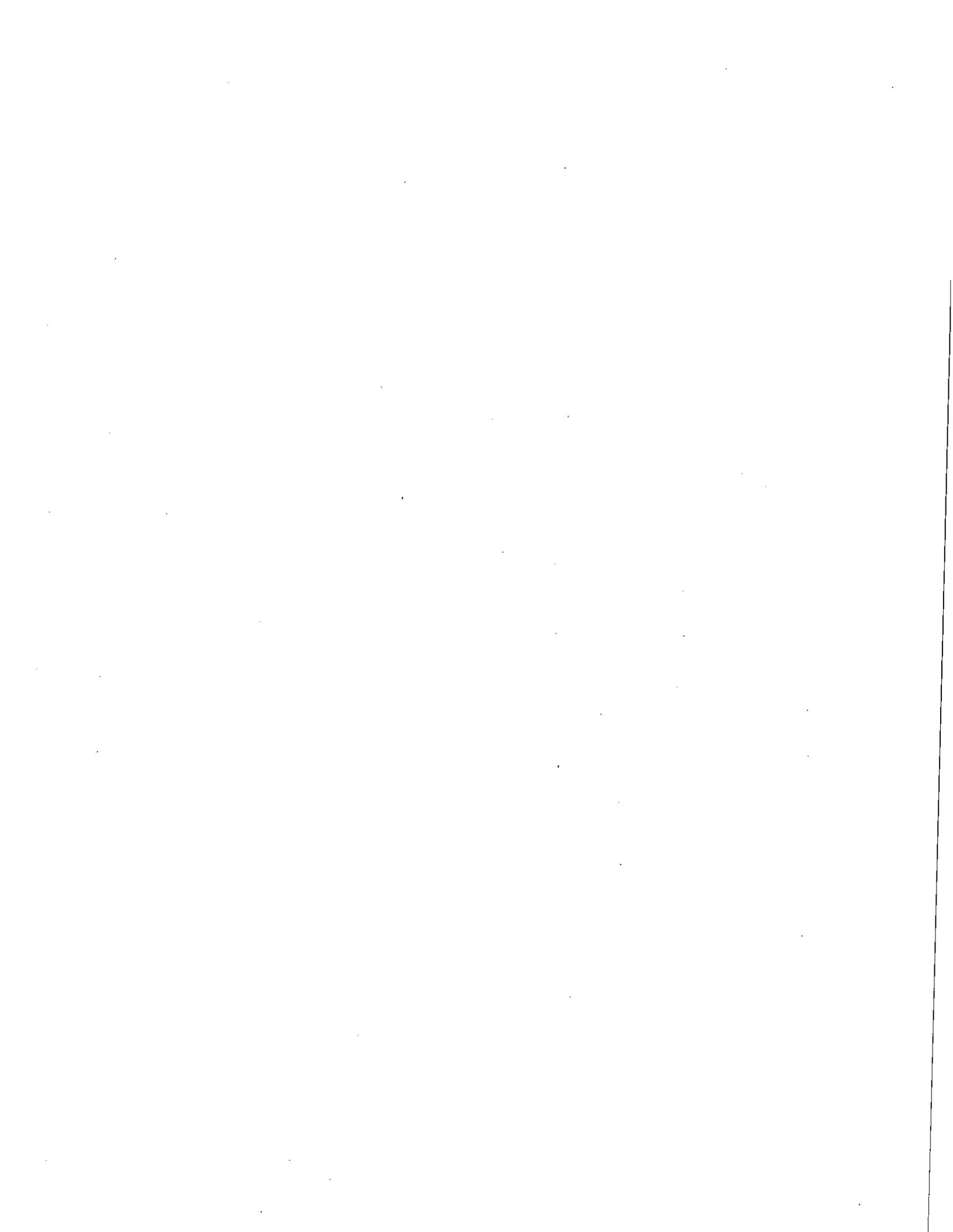
Balance, June 30, 2009	\$ 392,708
Decreased by:	
Due to Current Fund as Anticipated Revenue	<u>31,989</u>
Balance, June 30, 2010	<u>\$ 360,719</u>

**CITY OF PASSAIC
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ord. No.</u>	<u>Description</u>	Balance June 30, <u>2009</u>	Increased by: BAN's <u>Not Renewed</u>	Balance June 30, <u>2010</u>
1036-88	Various Improvements	\$ 2,075		\$ 2,075
1469-99	Broadway Viaduct	20		20
1746-07	Acquisition of Vehicles and Equipment	290		290
1769-08	Acquisition of Tractor Drawn Aerial & Equipment	140,000	\$ 581	140,581
1784-08	Various Improvements	<u>503,000</u>	<u>-</u>	<u>503,000</u>
		<u>\$ 645,385</u>	<u>\$ 581</u>	<u>\$ 645,966</u>

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SEWER UTILITY FUND



**CITY OF PASSAIC
STATEMENT OF SEWER UTILITY CASH**

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, June 30, 2009	\$ 149,041	\$ 167,354
Increased by Receipts:		
Sewer Rents Received	\$ 5,326,182	
Miscellaneous Revenues Not Anticipated	2,046	
Premium of Bond Anticipation Notes Issued		\$ 6,409
Received from Current Fund		17,452
Received from Other Trust Fund	1,300,000	
Bond Anticipation Notes	<u>-</u>	<u>1,044,208</u>
	<u>6,628,228</u>	<u>1,068,069</u>
	6,777,269	1,235,423
Decreased by Disbursements:		
Budget Appropriations	5,166,794	
Appropriation Reserves	4,377	
Interest on Bonds and Notes	83,294	
Improvement Authorizations		99,458
Encumbrances Payable	15,391	1,703
Payments made to Current Fund	586,819	
Bond Anticipation Notes		1,063,500
Due from Sewer Operating Fund	<u>-</u>	<u>28,500</u>
	<u>5,856,675</u>	<u>1,193,161</u>
Balance, June 30, 2010	<u>\$ 920,594</u>	<u>\$ 42,262</u>

EXHIBIT D-6

ANALYSIS OF SEWER CAPITAL CASH

	<u>Balance, June 30, 2010</u>
Fund Balance	\$ 14,992
Encumbrances Payable	18,367
Due to Sewer Utility Operating Fund	20,824
Excess Note Proceeds	18
Improvement Authorizations:	
<u>Ord. No.</u>	
1611-04 Various Sewer Improvements	8,041
1667-05 Various Sewer Improvements	14,123
1698-06 Various Sewer Improvements	13,093
1822-10 Various Sewer Improvements	<u>(47,196)</u>
Balance, June 30, 2010	- <u>\$ 42,262</u>

**CITY OF PASSAIC
STATEMENT OF CONSUMERS' ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND**

Balance, June 30, 2009		\$ 1,230,467
Increased by:		
Sewer Rents Levied - Net		<u>5,536,444</u>
Decreased by:		6,766,911
Sewer Rents Collected:		
Due from Passaic Valley Water Commission	\$ 5,392,896	
Received in Current Fund	<u>87,250</u>	
Cancellations/Adjustments	5,480,146	
	<u>178,281</u>	<u>5,658,427</u>
Balance, June 30, 2010		<u>\$ 1,108,484</u>

EXHIBIT D-8

**STATEMENT OF DUE FROM PASSAIC VALLEY WATER COMMISSION
SEWER UTILITY OPERATING FUND**

Increased by:		
Rents Collected by Passaic Valley Water Commission		\$ -
Decreased by:		
Cash Receipts		<u>(66,714)</u>
Balance, June 30, 2010		<u>\$ 66,714</u>

EXHIBIT D-9

**STATEMENT OF DEFERRED CHARGES
SEWER UTILITY OPERATING FUND**

	Balance, June 30, <u>2009</u>	Funded by Budget <u>Appropriation</u>	Balance June 30, <u>2010</u>
Operating Deficit	\$ <u>154,587</u>	\$ <u>154,587</u>	\$ -
	\$ <u>154,587</u>	\$ <u>154,587</u>	\$ -

**CITY OF PASSAIC
STATEMENT OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND**

	Balance, June 30, 2009	Completed Projects	Balance, June 30, 2010
Sanitary Sewer System	\$ 4,371,145	\$ 267,000	\$ 4,638,145
Sewer Jet Cleaning Truck	185,000		185,000
T.V. Camera Truck	125,000	-	125,000
	<u>\$ 4,681,145</u>	<u>\$ 267,000</u>	<u>\$ 4,948,145</u>

EXHIBIT D-11

**STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND**

Ordinance Number	Description	Balance, June 30, 2009	Balance, Authorized in 2010	Transferred to Fixed Capital	Balance, June 30, 2010
1611-04	Various Sewer Improvements	\$ 2,231			\$ 2,231
1667-05	Various Sewer Improvements	1,298			1,298
1698-06	Various Sewer Improvements	280,000		\$ 267,000	13,000
1822-10	Various Sewer Improvements	-	\$ 280,000	-	280,000
		<u>\$ 283,529</u>	<u>\$ 280,000</u>	<u>\$ 267,000</u>	<u>\$ 296,529</u>

EXHIBIT D-12

**STATEMENT OF DUE TO/FROM CURRENT FUND
SEWER UTILITY OPERATING FUND**

Balance, June 30, 2009 (Due To)	\$ 209,750
Increased by:	
Payments made by Current Fund	\$ 377,070
Cancelled Appropriation Reserves	8,466
	<u>\$ 385,536</u>
	595,286
Decreased by:	
Cash Disbursed to Current Fund	586,819
Cash Received by Current Fund	87,250
Anticipated Revenue - Deficit Current Fund Budget	358,156
	<u>1,032,225</u>
Balance, June 30, 2010 (Due From)	<u>\$ 436,939</u>

**CITY OF PASSAIC
STATEMENT OF DUE TO OTHER TRUST FUND
SEWER UTILITY OPERATING FUND**

Increased by:		
Cash Receipts		\$ <u>1,300,000</u>
Balance, June 30, 2010		\$ <u>1,300,000</u>

EXHIBIT D-14

**STATEMENT OF DUE FROM CURRENT FUND
SEWER UTILITY CAPITAL FUND**

Balance, June 30, 2009		\$ 17,452
Decreased by:		
Cash Received from Current Fund		<u>17,452</u>
Balance, June 30, 2010		\$ <u>-</u>

EXHIBIT D-15

**STATEMENT OF DUE TO SEWER UTILITY OPERATING FUND
SEWER UTILITY CAPITAL FUND**

Balance, June 30, 2009		\$ 63,324
Decreased by:		
Cash Payment for BAN Paydown	\$ 28,500	
Budget Appropriation - Capital Improvement Fund	<u>14,000</u>	
		<u>42,500</u>
Balance, June 30, 2010		\$ <u>20,824</u>

EXHIBIT D-16

**STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND**

Ordinance Number	Description	Ordinance Amount	Balance June 30, 2009 Unfunded	2010 Authorizations	Expended	Balance June 30, 2010 Unfunded
1611-04	Various Sewer Improvements	\$ 560,000	\$ 8,331		\$ 290	\$ 8,041
1667-05	Various Sewer Improvements	280,000	14,260		137	14,123
1698-06	Various Sewer Improvements	280,000	69,295		56,202	13,093
1822-10	Various Sewer Improvements	280,000	<u>-</u>	\$ 280,000	<u>61,196</u>	<u>218,804</u>
			<u>\$ 91,886</u>	<u>\$ 280,000</u>	<u>\$ 117,825</u>	<u>\$ 254,061</u>
	Cash Disbursed				\$ 99,458	
	Contracts/Encumbrances Payable				<u>18,367</u>	
					<u>\$ 117,825</u>	

**CITY OF PASSAIC
STATEMENT OF 2009 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance June 30, <u>2009</u>	<u>Transfers</u>	Balance After <u>Modifications</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
OPERATING					
Other Expenses	\$ 12,106		\$ 12,106	\$ 4,377	\$ 7,729
Sewer Maintenance Fee	<u>737</u>	<u>-</u>	<u>737</u>	<u>-</u>	<u>737</u>
	<u>\$ 12,843</u>	<u>\$ -</u>	<u>\$ 12,843</u>	<u>\$ 4,377</u>	<u>\$ 8,466</u>

EXHIBIT D-18

**STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND**

Balance, June 30, 2009	\$ 37,001
Increased by:	
Charges to Budget Appropriations	<u>7,000</u>
	44,001
Decreased by:	
Payments	\$ 15,391
Transferred to Accounts Payable	<u>21,610</u>
	<u>37,001</u>
Balance, June 30, 2010	<u>\$ 7,000</u>

EXHIBIT D-19

**STATEMENT OF ACCOUNTS PAYABLE
SEWER UTILITY OPERATING FUND**

Increased by:		\$ 21,610
Transferred from Encumbrances Payable		<u>21,610</u>
Balance, June 30, 2010		<u>\$ 21,610</u>

EXHIBIT D-20

**STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY CAPITAL FUND**

Balance, June 30, 2009	\$ 1,703
Increased by:	
Charges to Improvement Authorizations	<u>18,367</u>
	20,070
Decreased by:	
Cash Disbursements	<u>1,703</u>
Balance, June 30, 2010	<u>\$ 18,367</u>

**CITY OF PASSAIC
STATEMENT OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND**

Balance, June 30, 2009		\$ 2,612,188
Increased by:		
Paid by Operating Budget:		
Serial Bonds	\$ 291,200	
Principal Payment of BANs	<u>28,500</u>	
		<u>319,700</u>
Balance, June 30, 2010		<u>\$ 2,931,888</u>

EXHIBIT D-22

**STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND**

Balance, June 30, 2009		\$ 28,000
Increased by:		
Improvement Authorizations		<u>14,000</u>
Balance, June 30, 2010		<u>\$ 42,000</u>

EXHIBIT D-23

**STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES
SEWER UTILITY OPERATING FUND**

Balance, June 30, 2009		\$ 54,514
Increased by:		
Charges to Budget Appropriations		
Interest on Bonds	\$ 46,819	
Interest on Notes	<u>36,042</u>	
		<u>82,861</u>
Decreased by:		137,375
Cash Disbursements		<u>83,294</u>
Balance, June 30, 2010		<u>\$ 54,081</u>

CITY OF PASSAIC
STATEMENT OF SERIAL BONDS
SEWER UTILITY CAPITAL FUND

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2010		Interest Rate	Balance, June 30, 2009	Balance, June 30, 2010
			Date	Amount			
General Bonds of 1998	7/15/1998	\$ 3,644,674	7/15/10	\$ 305,760	4.80%		
			7/15/11	320,320	4.80%		
			7/15/12	334,516	4.85%	\$ 1,251,796	\$ 960,596
						<u>\$ 1,251,796</u>	<u>\$ 960,596</u>
Paid by Budget Appropriation						<u>\$ 291,200</u>	<u>\$ 291,200</u>

STATEMENT OF BOND ANTICIPATION NOTES
SEWER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, June 30, 2009	Increased	Decreased	Balance, June 30, 2010
1611-04	Various Sewer Impvts	8/10/2005	8/7/2008	8/7/2009	2.75%	\$ 560,000	\$ 560,000		\$ 521,380
			8/7/09	8/7/10	3.50%				
1667-05	Various Sewer Impvts	8/10/2006	8/7/2008	8/7/2009	2.75%	266,000	266,000	266,000	256,828
			8/7/09	8/7/10	3.50%				
1698-06	Various Sewer Impvts	8/10/2007	8/7/2008	8/7/2009	2.75%	266,000	266,000	266,000	266,000
			8/7/09	8/7/10	3.50%				
						<u>\$ 1,092,000</u>	<u>\$ 1,044,208</u>	<u>\$ 1,092,000</u>	<u>\$ 1,044,208</u>
Cash Receipts							\$ 1,044,208		
Cash Disbursements								\$ 1,063,500	
Notes Paid by Budget Appropriation								28,500	
						<u>\$ 1,044,208</u>	<u>\$ 1,092,000</u>	<u>\$ 1,092,000</u>	<u>\$ 1,044,208</u>

CITY OF PASSAIC
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
SEWER UTILITY CAPITAL FUND

Increased by:

2010 Authorizations
Ordinance 1822-10

\$ 266,000

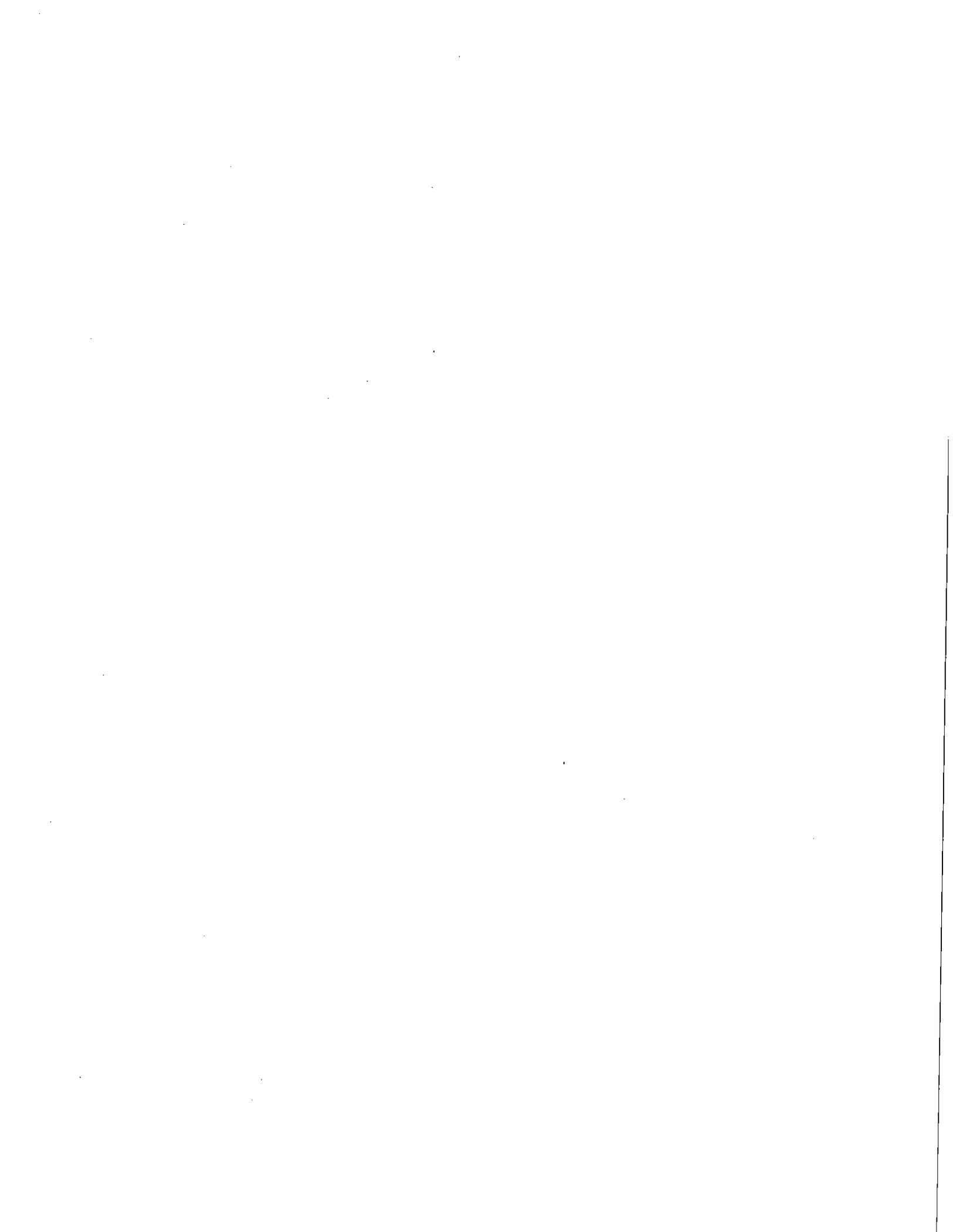
Balance, June 30, 2010

\$ 266,000

CITY OF PASSAIC

PART II

SINGLE AUDIT SECTION



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

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

We have audited the financial statements – regulatory basis of the City of Passaic as of and for the year ended June 30, 2010, and have issued our report thereon dated January 21, 2011 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited General Fixed Assets Account Group financial statements. Except as discussed in the preceding sentence, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Passaic'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 the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2010-1 to be a material weakness.

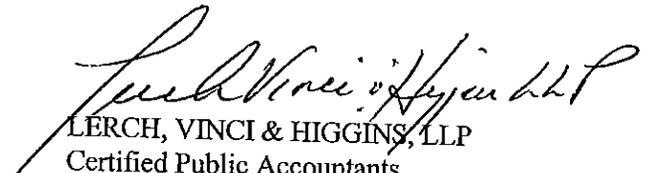
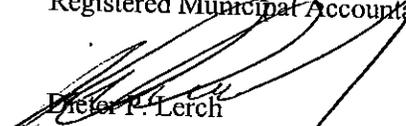
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Passaic'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 under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as item 2010-1.

We also noted certain matters that we reported to management of the City of Passaic in Part III of this report of audit entitled "Letter of Comments and Recommendations".

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

This report is intended solely for the information and use of the governing body, management, New Jersey Department of Community Affairs and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
January 21, 2011

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

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

Compliance

We have audited the compliance of the City of Passaic 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 OMB Circular 04-04 "State Aid/Grant Compliance Supplement" that are applicable to each of its major federal and state programs for the year ended June 30, 2010. The City of Passaic'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 of Passaic's management. Our responsibility is to express an opinion on City of Passaic'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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Passaic'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 of Passaic's compliance with those requirements.

In our opinion, the City of Passaic complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that 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 questioned costs as items 2010-2 through 2010-4.

Internal Control Over Compliance

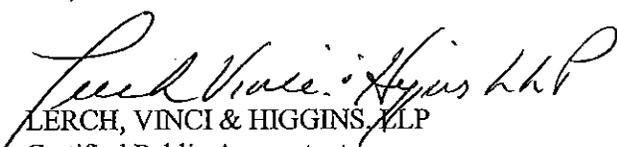
Management of the City of Passaic is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Passaic's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

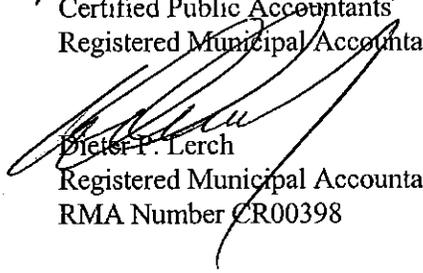
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-2 through 2010-4 to be material weaknesses.

The City of Passaic'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 of Passaic's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the governing body, management, New Jersey Department of Community Affairs and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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


Peter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
January 21, 2011

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grant Program	CFDA Number	Grant Award Amount	Balance, June 30, 2009	Revenue Realized	Local Match	Program Income	Expenditures	(Cancelled)/ Adjustment	Balance, June 30, 2010	Cumulative Expended
U.S. Department of Health and Human Services										
Ryan White Title I - 2010	93.924	\$ 198,004	\$ 31,539	\$ 120,982			\$ 129,769		\$ 22,752	\$ 175,252
Ryan White Title I - 2009	93.924	197,528	51,555				49,178		2,377	195,151
Ryan White Title I - 2008	93.924	172,274	46,328				37,887		8,441	163,833
Ryan White Title I - 2007	93.924	139,687	274				274		-	139,687
Ryan White Title I - 2005	93.924	17,000	575				575		-	17,000
Pandemic Flu - Emergency Preparedness	93.069	11,664	1,055						1,055	10,609
HINI - Emergency Preparedness	93069	160,972		160,972			51,562		109,410	51,562
Department of Parks And Recreation										
Columbia Park/UPAR/Green Acres	15.919		3,721						3,721	
Department of Community Affairs										
Neighborhood Preservation	14.000	2,437,775		2,437,775			382,437		2,055,338	382,437
U.S. Department of Agriculture										
Women, Infants, and Children-2010	10.557	850,581		850,581			595,593		254,988	595,593
Women, Infants, and Children-2009	10.557	736,300	261,102				229,428		31,674	704,626
Women, Infants, and Children-2008	10.557	660,664	25,430					\$ (25,430)		660,664
Women, Infants, and Children-2007	10.557	646,600	46,408					(46,408)		646,600
Women, Infants, and Children-2006	10.557	642,612	18,081						18,081	624,531
10 Summer Food Program	10.559	287,527		287,527					287,527	
09 Summer Food Program	10.559	369,547	369,547				143,646		225,901	143,646
07 Summer Food Program	10.559	598,264	9,558				590		8,968	589,296
U.S. Department of Justice										
Neighborhood Crime Prevention	16.710	57,527		40,578	\$ 16,949		19,289		38,238	19,289
COPS Universal-2005	16.710	687,500	837				210,443		837	686,663
COPS Tech - 2008		210,443	210,443							
Station House Adjustment		40,000		40,000			38,577		1,423	38,577
Byrne Memorial Justice Asst. 2009	16.580	378,650		378,650			630,277		378,650	630,277
Byrne Memorial Justice Asst. 2008	16.580	1,622,388		1,622,388			120,092		992,111	127,977
Byrne Memorial Justice Asst. 2008	16.580	319,594	311,709				174,164		191,617	210,089
Byrne Memorial Justice Asst. 2007	16.580	210,089	195,303				3,710			210,089
Byrne Memorial Justice Asst. 2006	16.580	355,820	4,087						377	355,443
U.S. Department of Homeland Security										
FEMA - Fire Safety	97.000	367,753	313,953				313,953			367,753
FEMA - Emergency Management	97.000								1	
FEMA - Assistance to Fire Fighters	97.044	86,789		86,789	21,697		72,422		36,064	50,725
Safer Grant Program	97.000	417,473		372,760	44,713		13,139		404,334	13,139
Department of Transportation										
Transportation Trust - Quincy/Sherman	20.205	325,850		325,850					325,850	
Transportation Trust - Howe/Parker Ave., Holdsworth	20.205	75,000	75,000						75,000	
Transportation Trust - Passaic Train Station	20.205	75,000	1,584						1,584	73,416
Transportation Trust - Howel/Lincoln/St. Francis	20.205	260,500	76,565				15,010		61,555	198,945
Transportation Trust - Howel/Lincoln/St. Francis	20.205	249,967	249,967				9,659		240,308	9,659

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grant Program	CFDA Number	Grant Award Amount	Balance, June 30, 2009	Revenue Realized	Local Match	Program Income	Expenditures	(Cancelled)/ Adjustment	Balance, June 30, 2010	Cumulative Expended
Department of Transportation										
Over the Limit/Under Arrest	20.601	\$ 6,000	\$	6,000			\$ 6,000		\$	6,000
Over the Limit/Under Arrest	20.601	5,000	50				25	(50)		5,000
Over the Limit/Under Arrest	20.601	5,000	25							5,000
Click It or Ticket - Seat Belt Campaign	20.609	4,000		4,000			2,600		\$ 1,400	2,600
Click It or Ticket - Seat Belt Campaign	20.609	4,000	200					(200)		4,000
Click It or Ticket - Seat Belt Campaign	20.609	5,000	196						196	4,804
Pedestrian Safety Grant	20.609	18,000		18,000			10,950		7,050	10,950
Booster Seat Enforcement Grant	20.613	20,000	2,550						2,550	17,450
Department of Energy										
Energy Efficiency & Conserv. Bl. Grant	81.128	613,800		613,800			18,900		594,900	18,900
U.S. Department of Housing and Urban Development										
Community Development Block Grant										
Various Programs	14.218	1,218,158	1,103,182	1,218,158		\$ 206	816,030		1,505,516	5,192,528
ARRA - R	14.253	320,369		320,369			125,199		195,170	125,199
Relocation Assistance Program	14.000		4,890						4,890	
Urban Development Action Grant	14.000		8,122						8,122	
Home Investment Partnership Program	14.239	652,842	1,248,264	504,417		76,239	1,856,973		(28,053)	3,262,454
			\$ 4,672,101	\$ 9,409,596	\$ 83,359	\$ 76,445	\$ 6,078,351	\$ (93,227)	\$ 8,069,923	

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, June 30, 2009	Revenue Realized	Local Match	Expended	Adjustments	Balance, June 30, 2010	Cumulative Expended
Department of Community Affairs											
Clean Communities Grant	4900-765-178920	2009	\$ 61,393		\$ 59,057			\$ 58,525		\$ 532	\$ 60,861
Clean Communities Grant	4900-765-178920	2008	46,559		2,809	\$ 4,064		2,809		4,064	42,495
Clean Communities Grant	4900-765-178920	2007	45,797		10,004			97		9,907	35,890
Lead Intervention	N/A	2004	531,600		149,440					149,440	382,160
Recreation Opportunity	N/A	2009	24,000	\$ 20,000	24,000					24,000	-
Recreation Opportunity	N/A	2008	30,000		15,000					15,000	15,000
Community Policing	N/A	2004	7,000		7,000					7,000	-
Domestic Violence Training Program	N/A	2006	3,000		2,909					2,909	91
Recycling Tonnage	N/A	2009	78,051	78,050		78,050		62,911		15,139	62,912
Recycling Tonnage	N/A	2008	30,033		5,785			5,785		-	30,033
Recycling Tonnage	N/A	2007	13,081		990			990		-	13,081
Summer Employment	N/A	2009	16,959		16,959			16,950		9	16,950
Department of Health											
Public Health Priority Funding	4220-150-021030-60	2010	31,096	31,096		31,096		27,451		3,645	27,451
Public Health Priority Funding	4220-150-021030-60	2010	30,201			30,201		30,201		-	30,201
Public Health Priority Funding	4220-150-021030-60	2009	30,201	30,201	1,250			1,250		-	30,201
Public Health Priority Funding	4220-150-021030-60	2001	49,947		49,887			8,852		41,035	8,912
Community Health Enhancement	N/A	1999			123					123	-
Alcohol Education and Rehabilitation	N/A	2010	12,066	12,066		12,066		8,122		12,066	8,163
Alcohol Education and Rehabilitation	N/A	2009	8,163		8,122					-	-
Narcotics Task 2008	N/A	2008	40,718		40,718					40,718	-
Childhood Lead Poisoning Prevention	10-348-CHS-L-0	2010	168,000	112,810		168,000		160,935		7,065	160,935
Childhood Lead Poisoning Prevention	09-348-CHS-L-0	2009	140,000	53,979				8,967		-	140,000
Childhood Lead Poisoning Prevention	08-348-CHS-L-0	2008	120,000		2,996					2,996	117,004
Passed Thru County of Passaic											
Municipal Alliance	N/A	2010	55,800			45,800	\$ 10,000	20,412		35,388	20,412
Municipal All. - Will. Paterson Addic Services	N/A	2010	3,500	3,500		3,500		3,271		229	3,271
Municipal Alliance	N/A	2009	55,800	45,792	48,499			48,195		304	55,496
Municipal Alliance	N/A	2008	46,300		358					358	45,942
Municipal Alliance	N/A	2007	46,300		13					13	46,287
Municipal Alliance	N/A	2006	46,300		5					5	46,295
Sr. Citizen & Disabled Resident Transport	N/A	2009	60,402	20,845	30,201			30,201		-	60,402
Sr. Citizen & Disabled Resident Transport	N/A	2003	59,520		335					335	59,185
Cancer Control and Prevention Grant	09-32-CCC-L-1	2008	65,000	23,196	15,517			10,567		4,950	60,050
Cancer Assessment - 2010	09-32-CCC-L-1	2010	65,000	29,172	65,000			58,793		6,207	58,793
Multi Cultural	N/A	2010	1,800		2,000			2,000		-	1,800
Multi Cultural	N/A	2009	2,000	500		900	900			1,800	200

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, June 30, 2009	Revenue Realized	Local Match	Expended	Adjustments	Balance, June 30, 2010	Cumulative Expended
Department of Education (Passed thru Passaic Board of Education)											
Non-Public Nursing	5120-150-020080-60	2005	\$ 65,793		\$ 2,138			\$ 478		\$ 1,660	\$ 64,133
Department of Public Safety											
Drunk Driving Enforcement	1110-448-031020-22	2009	21,727	\$ 21,727		\$ 21,727		13,595		8,132	13,595
Drunk Driving Enforcement	1110-448-031020-22	2008	24,507		15,640			15,091		549	23,958
Drunk Driving Enforcement	1110-448-031020-22	2007	32,323		701			533		168	32,155
Body Armor Replacement	N/A	2010	5,139	5,139		5,139				5,139	-
Body Armor Replacement	N/A	2009	18,754		18,754					18,754	-
Body Armor Replacement	N/A	2008	20,629		20,629			12,977		7,652	12,977
Body Armor Replacement	N/A	2007	18,080		1,843			1,063		780	17,300
Local Law Enforcement BI Grant	N/A	2004	72,671		70					70	72,601
Local Law Enforcement BI Grant - OJP	N/A	2004	139,466		2,788					2,788	136,678
Department of Law											
Safe and Secure	100-066-1020-107-090940	2010	90,000			90,000		45,000		45,000	45,000
Safe and Secure	100-066-1020-107-090940	2009	87,647	87,647	43,824			43,824		-	87,647
Juvenile Act. Incentive Block Grant	JAIBG-16-01-02	2009	20,328			20,328		20,207		121	20,207
Juvenile Act. Incentive Block Grant	JAIBG-16-01-02	2008	20,328		7,093			6,388		705	19,623
Juvenile Act. Incentive Block Grant	JAIBG-16-01-02	2007	23,353		5,563			5,232		331	23,022
Walk Safe Passaic	PS05-16-02-18	2009	22,000		7,921			7,720		201	21,799
Walk Safe Passaic	PS05-16-02-18	2008	22,000		537					537	21,463
Walk Safe Passaic	PS05-16-02-18	2007	20,000		778					778	19,222
Department of Commerce and Economic Development											
Urban Enterprise Zone (UEZ)											
10 - Administration	UEZA	2010	477,577	91,580		477,577		255,259		222,318	255,259
10 - Market St. Reconstruction	UEZA	2010	336,585			336,585				336,585	-
10 - Security Patrol	UEZA	2010	444,780			444,780		156,811		287,969	156,811
09 - Clean Sweep PH VIII	UEZA	2009	342,450		173,225			173,225		-	342,450
09 - Graffiti Eradication PH VIII	UEZA	2009	94,128	94,128		47,064		47,064		-	94,128
09 - Commercial Redevelopment	UEZA	2009	2,482,990	1,314,019	2,482,990			1,314,019		1,168,971	1,314,019
09 - Administration Commodities	UEZA	2009	394,784	202,493	190,434			94,413	\$ (96,021)	-	394,784
08 - Security Patrol	UEZA	2009	912,273	600,343	409,944			409,944		-	912,273
08 - Commercial Redevelopment	UEZA	2008	1,416,000	1,019,389	1,026,931			766,378		260,553	1,155,447
08 - Clean Sweep	UEZA	2008	342,450		5,850				(5,850)	-	342,450
08 - Graffiti Eradication	UEZA	2008	89,037		1,000				(1,000)	-	89,037
08 - Landscape Maintenance Phase I	UEZA	2008	48,110	10,277	41,293			10,277		31,016	17,094
08 - Blaine, Dayton and St.Francois Way	UEZA	2008	1,018,300		992,450				(918,300)	74,150	944,150
08 - ADM	UEZA	2008	426,783		74,027				(74,027)	-	426,783

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**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**



**CITY OF PASSAIC
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2010**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the City of Passaic. The City is defined in Note 1(A) to the City's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the regulatory basis of accounting as prescribed or permitted for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the City's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements. Financial assistance revenues are reported in the City's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 7,366,652	\$ 1,801,513	\$ 9,168,165
Community Development Grant Fund	1,538,527		1,538,527
Home Loan Program Fund	<u>504,417</u>	<u>-</u>	<u>504,417</u>
	<u>\$ 9,409,596</u>	<u>\$ 1,801,513</u>	<u>\$ 11,211,109</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the City's fiscal year and grant program year.

**CITY OF PASSAIC
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2010**

NOTE 5 STATE LOANS OUTSTANDING

The City's state loans outstanding at June 30, 2010, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
N.J. Dept. of Environmental Protection	
Green Acres Loans	
Dundee Island	\$ 258,360
Third Ward Park Improvements	467,392
Hughes Lake Rehabilitation	225,422
Pulaski Park Renovation	<u>19,658</u>
	<u>\$ 970,832</u>

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditors' report issued: Qualified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? X yes no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- C) Noncompliance material to basic financial statements noted? X yes no

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee? yes X no
- F) Type of auditors' report on compliance for major programs: Unqualified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? X yes no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? X yes no

I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.557</u>	<u>Woman, Infants and Children</u>
<u>14.218</u>	<u>Community Development Block Grants</u>
<u>14.253</u>	<u>Community Development Block Grants-ARRA</u>
<u>14.239</u>	<u>Home Investment Partnership Program</u>
<u>14.000</u>	<u>Neighborhood Preservation</u>
<u>16.580</u>	<u>Byrne Memorial Justice Asst.</u>
<u>97.000</u>	<u>FEMA - Fire Safety</u>
<u>97.044</u>	<u>FEMA - Assistance to Firefighters</u>
<u>97.000</u>	<u>FEMA - Safer Grant Program</u>

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Part I – Summary of Auditor's Results

State Awards Section

- J) Dollar threshold used to determine Type A programs: \$ 300,000
- K) Auditee qualified as low-risk auditee? yes X no
- L) Type of auditors' report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? X yes no
- 2) Were significant deficiencies identified that were
 not considered to be material weaknesses? yes X no
- N) Any audit findings disclosed that are required to be reported
 in accordance with N.J. OMB Circular 04-04, as amended? X yes no
- O) Identification of major programs:

GMIS Number(s)	Name of State Program
U.E.Z.A. - 2830-763 All Program Years	Dept. of Commerce & Economic
	Development - Urban Enterprise Zone

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

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Paragraph 5.18-5.20 of *Government Auditing Standards*.

Finding 2010-1

Our audit revealed that the City did not maintain current accounting records of the General Fixed Assets Account Group.

Criteria or specific requirement:

NJ Administrative Code requires the maintenance of fixed assets accounting records.

Condition:

Fixed assets accounting records have not been updated since 1991.

Questioned Costs:

None.

Context:

Fixed asset records are not currently maintained in accordance with NJAC.

Effect:

The auditors' report on the June 30, 2010 financial statements is qualified with respect to the General Fixed Assets Account Group.

Cause:

See condition.

Recommendation:

The City maintain a fixed assets accounting and reporting system in accordance with NJ Administrative Code.

Management's Response:

Management has reviewed this finding and will evaluate whether funds will be appropriated to pay the cost for the hiring of an asset valuation company.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

Finding 2010-2

The audit revealed that the City did not maintain current accounting records of the General Fixed Assets Account Group.

Federal program information:

14.218 - Community Development Block Grant – Entitlement Programs
14.253 - Community Development Block Grants – Entitlement Programs - ARRA
14.239 - HOME Investment Partnership Program
14.000 - Neighborhood Preservation
97-000 - FEMA Fire Safety
97.044 - FEMA – Assistance to Firefighters
97.000 - FEMA – Safer Grant Program

Criteria or specific requirement:

Federal Grant Compliance Supplement

Condition:

See Finding 2010-1.

Questioned Costs:

See Finding 2010-1.

Context:

See Finding 2010-1.

Effect:

See Finding 2010-1.

Cause:

See Finding 2010-1.

Recommendation:

See Finding 2010-1.

Management's Response:

See Finding 2010-1.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

Finding 2010-3

The Consolidated Annual Performance & Evaluation Report (CAPER) for Program Year 2010 did not accurately reflect the grant awards and was not in agreement with the program funds expended per the budgetary records maintained by the City Treasurer's office. In addition, ARRA grant awards and program expenditures were not reported in the CAPER.

Federal program information:

- 14.218 - Community Development Block Grant – Entitlement Programs
- 14.253 - Community Development Block Grants – Entitlement Programs - ARRA
- 14.239 - Home Investment Partnership Program.

Criteria or specific requirement:

Federal Grant Compliance Supplement

Condition:

Grant awards reported were not in agreement with program year ending June 30, 2010 entitlements. In addition, program fund expenditures per the CAPER for the CDBG and Home Grant programs were not in agreement with the City's records.

Questioned Costs:

Unknown.

Context:

See Condition.

Effect:

Unknown.

Cause:

The CAPER as of June 30, 2010 did not accurately report the June 30, 2010 grant awards. In addition program expenditures reported were not reconciled to the City Treasurer's office.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS (Continued)

Recommendation:

That a revised Consolidated Annual Performance and Evaluation Report (CAPER) for the City's CDBG and HOME Investment Program be filed to accurately reflect the grant awards, to reflect ARRA funding and the applicable program funds expended.

Management's Response:

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR STATE AWARDS

Finding 2010-4

Our audit revealed the City did not maintain current accounting records of the General Fixed Assets Account Group.

State program information:

Dept. of Commerce and Economic Development (UEZA) – Urban Enterprise Zone Assistance

Criteria or specific requirement:

State Grant Compliance Supplement.

Condition:

See Finding 2010-1.

Questioned Costs:

See Finding 2010-1.

Context:

See Finding 2010-1.

Effect:

See Finding 2010-1.

Cause:

See Finding 2010-1.

Recommendation:

See Finding 2010-1.

Management's Response

See Finding 2010-1.

**CITY OF PASSAIC
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL 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 Paragraph 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

FINDING 2009-1, 2009-2 and 2009-4

Our audit revealed that the City did not maintain current accounting records of the General Fixed Assets Account Group.

Current Status

See Finding 2010-1, 2010-2 and 2010-4

FINDING 2009-3

The Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year 2009 was not in agreement with the budgetary records maintained by the City Treasurer's office.

Current Status

See Finding 2010-3.

CITY OF PASSAIC

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FISCAL YEAR ENDED JUNE 30, 2010

**CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND**

	<u>Fiscal</u> <u>Year 2010</u>		<u>Fiscal</u> <u>Year 2009</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 3,000,000	2.34 %	\$ 3,500,000	2.89 %
Miscellaneous - From Other Than Local				
Property Tax Levies	35,344,772	27.56	31,361,934	25.82
Collection of Delinquent Taxes and Tax Title Liens	48,242	0.04	52,897	0.04
Collection of Current Tax Levy	88,006,219	68.62	84,064,218	69.18
Other Credits to Income	<u>1,858,586</u>	<u>1.44</u>	<u>2,521,692</u>	<u>2.07</u>
 Total Income	 <u>128,257,819</u>	 <u>100.00</u> %	 <u>121,500,741</u>	 <u>100.00</u> %
 EXPENDITURES				
Budget Expenditures				
Municipal Purposes	89,521,337	71.55 %	82,967,365	69.92 %
County Taxes	19,822,886	15.84	20,191,647	17.03
Local School Taxes	15,527,672	12.41	14,943,783	12.59
Other Expenditures	<u>238,944</u>	<u>0.20</u>	<u>547,160</u>	<u>0.46</u>
 Total Expenditures	 <u>125,110,839</u>	 <u>100.00</u> %	 <u>118,649,955</u>	 <u>100.00</u> %
 Excess in Revenue	 3,146,980		 2,850,786	
 Fund Balance, Beginning of Year	 <u>3,607,834</u>		 <u>4,257,048</u>	
	6,754,814		7,107,834	
Decreased by:				
Utilization as Anticipated Revenue	<u>3,000,000</u>		<u>3,500,000</u>	
 Fund Balance, End of Year	 <u>\$ 3,754,814</u>		 <u>\$ 3,607,834</u>	

**CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
SEWER UTILITY OPERATING FUND**

	Fiscal Year 2010			Fiscal Year 2009	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Collection of Sewer Rents	\$ 5,480,146	99.99 %	\$	5,019,565	99.99 %
Miscellaneous - From Other than Sewer Rents	<u>2,046</u>	<u>0.01</u>		<u>509</u>	<u>0.01</u>
Total Income	<u>5,482,192</u>	<u>100.00</u> %		<u>5,020,074</u>	<u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Operating	5,269,200	90.22 %		5,256,786	93.04 %
Capital Improvements	14,000	0.24			
Debt Service	402,561	6.89		389,255	6.89
Deficit in Operations in Prior Years	<u>154,587</u>	<u>2.65</u>		<u>3,917</u>	<u>0.07</u>
Total Expenditures	<u>5,840,348</u>	<u>100.00</u> %		<u>5,649,958</u>	<u>100.00</u> %
Deficit in Revenues	(358,156)			(629,884)	
Adjustments to Income Before Fund Balance					
Realized from Current Fund Budget for Anticipated Deficit	<u>358,156</u>			<u>475,297</u>	
Operating Deficit to be Raised in Budget of Succeeding Year				<u>\$ (154,587)</u>	
Statutory Excess to Fund Balance	-			-	
Fund Balance, Beginning of Year	<u>\$ 52,844</u>			<u>\$ 52,844</u>	
Fund Balance, End of Year	<u>\$ 52,844</u>			<u>\$ 52,844</u>	

**CITY OF PASSAIC
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION – CALENDAR YEAR**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Tax Rate</u>	<u>\$6,847</u>	<u>\$6,103</u>	<u>\$6,067</u>

Apportionment of Tax Rate

Municipal	\$4.134	\$3.563	\$3.625
County	1.509	1.427	1.383
Local School	1.204	1.113	1.059

Assessed Valuation

2010	<u>\$1,357,268,200</u>		
2009		<u>\$1,368,190,600</u>	
2008			<u>\$1,372,139,800</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
June 30, 2010	\$ 88,391,909	\$ 88,106,219	99.68%
June 30, 2009	84,254,641	84,064,218	99.77%
June 30, 2008	79,479,649	79,351,725	99.83%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$ 10,039	\$ 92,756	\$ 102,795	.12%
2009	29,946	74,235	104,181	.12%
2008	23,135	102,494	125,629	.16%

**CITY OF PASSAIC
PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on June 30, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ -0-
2009	-0-
2008	-0-

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(A)</u>	<u>Percentage of Collection</u>
2010	\$ 5,536,444	\$ 5,480,146	98.98%
2009	5,294,941	5,019,565	94.79%
2008	5,638,898	5,456,319	96.76%

(A) Includes collection of prior year receivable balance.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance, June 30</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2010	\$3,754,814	\$3,000,000
	2009	3,607,834	3,000,000
	2008	4,257,048	3,500,000
	2007	3,870,165	3,200,000
	2006	4,141,786	3,100,000
Sewer Utility	2010	52,844	-
	2009	52,844	-
	2008	52,844	-
	2007	52,844	-
	2006	52,844	-

**CITY OF PASSAIC
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Or Personal Surety</u>
Dr. Alex D. Blanco	Mayor		
Gary S. Schaer	Council President		
Maritza Colon-Montanez	Councilwoman		
Jose Garcia	Councilman		
Kenneth J. Lucianin	Councilman		
Chaim M. Munk	Councilman		
Daniel J. Schwartz	Councilman		
Anthony Iacono	Business Administrator		
Jose Agosto	Director of Finance		
Tom Poalillo	Tax Assessor		
Amada Curling	City Clerk		
Doris Dudek	Purchasing Agent		
Carrie Malek	Tax Collector	\$300,000	Travelers Casualty and Surety Company
Ronald Van Rensalier	Director of Community Development		
Donald Scarinci	City Attorney		
Theodore Evans	Director of Public Works		
Carlos Perez	Health Officer		
Theresa Quintana	Registrar of Vital Statistics		
Daniel Paton	Police Chief		
Patrick Trentacost	Fire Chief		
Denise Bradshaw	Municipal Court Administrator	(A)	
Xavier Rodriguez	Chief Municipal Judge	(A)	
Debbie Klugler-Irwin	Municipal Judge	(A)	

(A) All Municipal Court personnel are covered by a \$300,000 policy of Fidelity and Deposit Company Policy Number 6037395.

All other City employees are covered by a \$250,000 policy of Zurich American Ins. Co.

**CITY OF PASSAIC
GENERAL COMMENTS**

Prior Year Comments - Unresolved

Our audit of the Community Development Block Grant Fund revealed certain delinquent loans outstanding for which payments have not been received by the City during the fiscal year. It is recommended that the inactive delinquent loan receivable balances in the Community Development Block Grant Fund that are deemed to be uncollectible be cancelled of record.

Our audit of the Municipal Court revealed approximately 3,800 tickets assigned which were outstanding over six months and not recalled. It is recommended that with respect to the Municipal Court all outstanding tickets over six months be recalled and reassigned.

Our audit revealed that there remains taxes outstanding for years 1998 through 2010. These amounts are due from NJ Transit. It is recommended that the prior year taxes due from NJ Transit be reviewed and cleared of record.

Current Year Comments

Our audit of payroll revealed certain manual net payroll checks were not processed and recorded in the annual payroll reporting system. It is recommended that internal controls be enhanced to minimize the issuance of manual payroll checks and old checks be recorded in the annual payroll reporting system.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000, except by contract or agreement."

The Governing Body of the City has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

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

Reid Memorial Library Improvements	Solid Waste Tipping
2009 Road Improvement Program	Bulk Waste and Garbage
Shevchenko Park Upgrades	Heating and Air Conditioning Repair
Protective Equipment	Madison Street Improvements
Waste Collection	Roof Replacement – Westside Firehouse

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

**CITY OF PASSAIC
GENERAL COMMENTS**

Contracts and Agreements Required to be Advertised for NJS 40A:11-4 (Continued)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, 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 payments, contracts or agreements in excess of \$21,000 "for the performance of any work or the furnishing or hiring of any materials or supplies," for which bids had not been previously sought by public advertisement or where a resolution had not been previously adopted under the provisions of N.J.S.A. 40A:11-6.

Collection of Interest of Delinquent Taxes and Assessments

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

The Governing Body on March 6, 1984 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Municipal Council of the City of Passaic, that, pursuant to the power and authority vested in the said body by N.J.S.A. 54:4-67, the rate of interest to be charged by the City of Passaic for the nonpayment of taxes or assessments on or before the date when they would become delinquent be and the same is hereby fixed at 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500; provided, however, that no interest shall be charged if payment of any installment of such taxes or assessments is made within the tenth calendar day following the date upon which the same became payable.

BE IT FURTHER RESOLVED that said interest rate shall be and become effective upon the adoption of this resolution.

BE IT FURTHER RESOLVED that the Collector of Taxes of the City of Passaic and all other officers and employees of the City of Passaic concerned with the collection of taxes be and they are hereby ordered and directed to take all actions as may be necessary to affect this resolution.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held June 15, 2010.

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

**CITY OF PASSAIC
RECOMMENDATIONS**

It is recommended that:

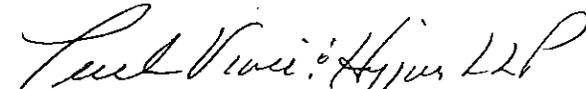
- * 1. The City maintain a fixed assets accounting and reporting system in accordance with NJ Administrative Code.
- * 2. A revised Consolidated Annual Performance and Evaluation Report (CAPER) for the City's CDBG and HOME Investment Program be filed to accurately reflect the grant awards, to reflect ARRA funding and the applicable program funds expended.
- * 3. The inactive delinquent loan receivable balances in the Community Development Block grant Fund that are deemed to be uncollectible be cancelled of record.
- * 4. With respect to the Municipal Court all outstanding tickets over six months be recalled and reassigned.
- * 5. The prior year taxes due from NJ Transit be reviewed and cleared of record.
- 6. Internal controls be enhanced to minimize the issuance of manual payroll checks and all such checks be recorded in the annual payroll reporting system.

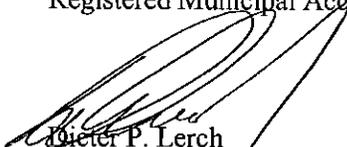
* * * * *

A review was performed on all prior years' recommendations and corrective action was taken on all, except those recommendations denoted with an asterisk (*).

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.


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


Dieter P. Lerch
Certified Public Accountant
RMA Number CR00398