CITY OF PASSAIC

PASSAIC COUNTY, NEW JERSEY

REPORT OF AUDIT

FISCAL YEAR ENDED JUNE 30, 2012

CITY OF PASSAIC

TABLE OF CONTENTS

TABLE OF CONTENTS

CITY OF PASSAIC

TABLE OF CONTENTS

CITY OF PASSAIC

TABLE OF CONTENTS

CITY OF PASSAIC

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITOR'S 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, 2012 and 2011 and the related statements of operations and changes in fund balance - regulatory basis for the fiscal years then ended and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the fiscal year ended June 30, 2012. 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. We were unable to satisfy ourselves about the amounts reported by means of other auditing procedures.

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, 2012 and 2011, the changes in its financial position, or, where applicable, its cash flows for the fiscal 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.

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, 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, 2012 and 2011 and the results of operations and changes in fund balance - regulatory basis of such funds for the fiscal years then ended and the revenues - regulatory basis and the expenditures - regulatory basis of the various funds for the fiscal year ended June 30, 2012 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 31, 2013 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 as a whole. 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 statement of the City of Passaic. The supplementary schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Lerch Vinci & Higgins LLP

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

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
January 31, 2013

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF JUNE 30, 2012 AND 2011

	Reference	2012	2011
ASSETS			
REGULAR FUND			
Cash	A-4	$ 7,434,230	$ 3,863,353
Cash - Change Fund	A-7	2,600	2,600
Due From State of New Jersey - Transitional Aid	A-9		362,500
Due From State of New Jersey - Senior Citizens and Veterans	A-11	50,765	48,560
		7,487,595	4,277,013
Receivables and Other Assets With Full Reserves			
Delinquent Property Tax Receivable	A-13	59,302	43,901
Tax Title Liens Receivable	A-15	199,773	170,534
Revenue Accounts Receivable	A-14	186,037	64,704
Due from Sewer Utility Operating Fund	D-13	83,875	
Due from Sewer Utility Capital Fund	D-20	100,000	
Due from Passaic Parking Authority	A-12		282,072
Due from Grant Fund	A-10		146,093
Due from Other Trust Fund	B-8		96,336
Due from Home Investment Program Fund	B-20	-	43,566
		628,987	847,206
Deferred Charges			
Emergency Authorizations	A-16	40,000	23,671
Special Emergency Authorizations	A-17	1,980,000	600,000
		2,020,000	623,671
Total Regular Fund		10,136,582	5,747,890
GRANT FUND			
Cash	A-5	2,691,447	357,157
Grants Receivable	A-33	7,581,214	7,693,613
Due from Current Fund	A-10	68,277	
Due from Home Investment Program Fund	A-31	247,294	
Due from Other Trust Fund	B-9	-	977
Total Grant Fund		10,588,232	8,051,747
Grand Total		$ 20,724,814	$ 13,799,637

See Accompanying Notes to Financial Statements

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF JUNE 30, 2012 AND 2011

LIABILITIES, RESERVES AND FUND BALANCE	Reference	2012	2011
REGULAR FUND			
Liabilities and Reserves			
Appropriation Reserves	A-3,A-21	$ 2,232,529	$ 1,032,349
Encumbrances Payable	A-24	741,559	937,126
Accounts Payable	A-26	62,369	9,476
Tax Overpayments	A-18	168,612	90,927
Prepaid Taxes	A-19	82,653	122,125
Fees Payable	A-28	17,342	58,111
Special Emergency Note Payable	A-20	1,980,000	600,000
Due to Grant Fund	A-10	68,277	
Due to Animal Control Fund	B-4		32
Due to Other Trust Fund	B-8	236,567	
Due to Community Development Block Grant Fund	B-19	1,723	9,207
Due to Sewer Utility Operating Fund	D-13		57,801
Reserve for Tax Appeals	A-25	1,304,289	210,607
Miscellaneous Reserves	A-27	103,987	706
		6,999,907	3,128,467
Reserve for Receivables and Other Assets	A	628,987	847,206
Fund Balance	A-1	2,507,688	1,772,217
Total Regular Fund		10,136,582	5,747,890
GRANT FUND			
Due to Redevelopment Agency	A-30		2,384
Due to Current Fund	A-10		146,093
Due to Community Development Block Grant Fund	B-17		228,900
Encumbrances Payable	A-34	765,456	970,161
Appropriated Grant Reserves	A-34	8,041,323	6,602,718
Unappropriated Grant Reserves	A-29	1,775,453	101,491
Reserve for Program Income	A-32	6,000	-
Total Grant Fund		10,588,232	8,051,747
Grand Total		$ 20,724,814	$ 13,799,637

See Accompanying Notes to Financial Statements

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	Reference	2012	2011
REVENUES AND OTHER INCOME REALIZED:			
Fund Balance Utilized	A-2	$ 1,692,500	$ 3,000,000
Miscellaneous Revenue Anticipated	A-2	30,656,877	27,070,833
Receipts from Delinquent Taxes	A-2	294,256	104,505
Receipts from Current Taxes	A-2	93,183,974	93,305,057
Non-Budget Revenues	A-2	964,201	953,946
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-21	743,993	689,461
Unexpended Balance of Sewer Utility Appropriation Reserves	D-13	24,892	5,784
Cancelled Appropriated Grant Reserves	A-10	35,129	52,282
Interfunds and Other Receivables Liquidated	A	325,635	-
Total Income		127,921,457	125,181,868
EXPENDITURES			
Budget Appropriations:			
Operations			
Salaries and Wages	A-3	39,228,744	40,996,887
Other Expenses	A-3	36,107,686	31,131,517
Deferred Charges and Statutory Expenditures	A-3	11,714,173	11,157,518
Municipal Debt Service	A-3	2,701,524	2,956,563
County Taxes	A-23	19,967,078	20,971,240
Local District School Taxes	A-22	17,130,406	17,140,411
Interfunds Created	A	183,875	434,000
Total Expenditures		127,033,486	124,788,136
Excess in Revenue		887,971	393,732
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year	A-16,A-17	1,540,000	623,671
Statutory Excess to Fund Balance		2,427,971	1,017,403
Fund Balance, Beginning of Year	A	1,772,217	3,754,814
		4,200,188	4,772,217
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	1,692,500	3,000,000
Fund Balance, End of Year	A	$ 2,507,688	$ 1,772,217

See Accompanying Notes to Financial Statements

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Reference	2012 Budget	Added by 40A:4-87	Realized in 2012	Excess (Deficit)
Fund Balance Utilized	A-1	$ 1,692,500	-	$ 1,692,500	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-14	50,000		36,041	$ (13,959)
Other	A-14	40,000		40,000	
Fees and Permits:					
Uniform Construction Code - Fees	A-14	552,000		663,255	111,255
Other	A-14	30,000		109,894	79,894
Fines and Costs:					
Municipal Court	A-14	1,900,000		2,012,426	112,426
Energy Receipts Tax	A-14	7,316,040		7,316,040	
Supplemental Energy Receipts Tax	A-14	107,457		107,457	
Consol. Municipal Property Tax Relief Aid	A-14	5,121,985		5,121,985	
Interest and Costs on Taxes	A-14	252,000		396,160	144,160
Interest on Investments & Deposit	A-14	17,000		15,471	(1,529)
Police Record Bureau	A-14	14,000		17,599	3,599
Ambulance Billing	A-14	877,753		882,492	4,739
Board of Education - Security Watch and Resource Officers	A-14	2,221,000		2,221,000	
Board of Education - Crossing Guards	A-14	1,100,000			(1,100,000)
Fire Life Safety Registration and Permits	A-14	100,000		100,000	
Agreement - Passaic Parking Authority	A-14	653,000		653,000	
Public and Private Revenues Offset					
With Appropriations:					
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA	A-33	284,032		284,032	
Recycling Tonnage Grant	A-33	92,706		92,706	
Ryan White Title I	A-33	174,774		174,774	
Ryan White Title I - Unappropriated	A-29	27,315		27,315	
Neighborhood Crime Prevention	A-33	40,578		40,578	
Clean Communities Program - Unappropriated	A-29	60,036		60,036	
Housing Opportunity - HOPWA	A-33	142,000		142,000	
Women, Infant & Children (WIC)	A-33	779,507		779,507	
Senior Citizen Transportation	A-33	15,420		15,420	
Alcohol Education - 2011 -Unappropriated	A-29	10,140		10,140	
Juvenile Accountability Incentive Block Grant (JAIBG) - Station House	A-33	20,328		20,328	
UEZA - Signage Improvement	A-33	200,000		200,000	
UEZA - Panatose Study	A-33	100,000		100,000	
UEZA - Surveillance Camera Phase II	A-33	31,854		31,854	
Passaic Board of Education - Local Match	A-33		$ 38,500	17,450	(21,050)
OJP: COPS Secure our Schools	A-33		38,500	38,500	
NJ Comprehensive Cancer Control	A-33		50,000	50,000	
NJ Childhood Lead Prevention	A-33		159,250	159,250	
NJDHTS Driver Sober or Get Pulled Over	A-33		5,000	5,000	
Passaic County Multicultural Affairs	A-33		1,100	1,100	
Baseball Tomorrow Fund	A-33		95,597	95,597	
Recycling Tonnage	A-33		4,812	4,812	
NJ Highway Traffic: Pedestrian Safety	A-33		16,000	16,000	
NJ DOLPS: Summer Employment	A-33		19,400	19,400	

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Reference	2012 Budget	Added by 40A:4-87	Realized in 2012	Excess (Deficit)
Public and Private Revenues Offset					
With Appropriations: (Continued)					
Click It or Ticket Program	A-33		$ 4,000	$ 4,000	
UEZA: 11-272 Graffiti Eradication	A-29		100,000	100,000	
UEZA: 11-273 Project Clean Sweep Phase	A-29		220,000	220,000	
UEZA: 11-274 Security Patrol Phase	A-29		102,000	102,000	
UEZA: Administration	A-29		200,000	200,000	
Passaic Co. - Municipal Alliance	A-33		41,903	41,903	
Passaic County Senior Citizen Transportation	A-33		44,982	44,982	
NJ Dolps: Safe and Secure	A-33		90,000	90,000	
NJ DEP: Green Acres 1607-10-030	A-33		900,000	900,000	
Passaic Co. - Open Space Park Rehab.	A-33		500,000	500,000	
Passaic Co. - Open Space Park Rehab.	A-33		200,000	200,000	
NJDHHS: Hepatitis Inocculation	A-33		4,575	4,575	
NJ Clean Community	A-33		59,112	59,112	
Ryan White Title I	A-33		169,787	169,787	
UEZA: 12-RL2 Revolving Loan II	A-29		1,000,000	1,000,000	
Summer Food Program	A-33		404,678	404,678	
NJDOT Municipal Aid: Quincy/Allen	A-33		285,500	285,500	
NJDOT Municipal Aid: 2011 Road Preservation	A-33		300,614	300,614	
DCA: Recreation Opportunity for Individuals with Disabilities	A-33		7,500	7,500	
FEMA Fire Safer	A-33		1,530,304	1,530,304	
Special Items:					
General Capital Fund Balance	A-14	$ 83,303		83,303	
Cable Franchise Fee	A-14	279,000		394,970	$ 115,970
Saint Mary's Reise Corp. - In Lieu of Taxes	A-14	151,000		155,127	4,127
Chestnut Housing Phase I - In Lieu of Taxes	A-14	66,000		80,579	14,579
Jack Parker Association - In Lieu of Taxes	A-14	200,000		331,235	131,235
Housing Authority - In Lieu of Taxes	A-14	52,376		52,376	
Garden Howe - In Lieu of Taxes	A-14	36,764		39,284	2,520
YMCA - In Lieu of Taxes	A-14	30,000		30,000	
Housing Authority Police Program	A-14	490,776		526,975	36,199
Highview Terrace - In Lieu of Taxes	A-14	58,000		75,545	17,545
County of Passaic - Street Lighting	A-14	60,000		60,000	
Due from Grant Fund	A-10	146,093		146,093	
Due from Other Trust Fund	B-8	96,336		96,336	
Reserve for Debt Service	A-14	341,479	-	341,480	1
Total Miscellaneous Revenues		24,422,052	6,593,114	30,656,877	(358,289)
Receipts from Delinquent Taxes	A-2	40,000	-	294,256	254,256
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-13	56,007,635		55,826,939	(180,696)
Minimum Library Tax	A-13	1,159,551	-	1,159,551	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	57,167,186	-	56,986,490	(180,696)
Total Revenues	A-3	$ 83,321,738	$ 6,593,114	89,630,123	$ (284,729)
Non-Budget Revenues	A-2			964,201	
				$ 90,594,324	

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

	Reference	2012
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-13	$ 94,433,974
Less: Reserve for Tax Appeals Pending	A-25	1,250,000
Revenues Realized	A-1	93,183,974
Less: Allocated to School and County Taxes	A-22,A-23	37,097,484
Balance for Support of Municipal Budget Appropriations		56,086,490
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	900,000
Amount for Support of Municipal Budget Appropriations	A-2	$ 56,986,490
Receipts from Delinquent Taxes		
Delinquent Tax Collections	A-13	15,249
Tax Title Liens	A-15	279,007
	A-2	$ 294,256

Analysis of Non Budget Revenue

Recreation Fees		$ 94,385
Recycling		172,385
Motor Vehicle Inspection Fines		10,857
Sewer Connection Fees		6,284
Administrative Fees - Police Outside Duty		54,035
Board of Health/Vital Statistics Fees		167,102
City Clerk Fees		25,723
Planning/Engineering Fees		38,239
Passaic Valley Water Commission - Hydrant Inspection		69,000
Administration Fees - Senior Citizen and Veterans		3,819
Medicaid Reimbursement - RDS		51,412
Restitution		5,580
Bus Shelter Franchise		2,400
FEMA - Prior Year Reimbursements		18,387
Bid Specifications		7,865
Auction		11,331
Miscellaneous Reimbursements/Receipts		225,397
	A-2	$ 964,201
Cash Receipts	A-4	$ 964,201

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Office of Business Administration					
Salaries & Wages	$ 348,751	$ 313,751	$ 312,804	$ 947	
Other Expenses	119,000	119,000	111,887	7,113	
Human Resources					
Office of Personnel					
Salaries & Wages	137,313	143,216	143,129	87	
Other Expenses	5,000	5,000	3,425	1,575	
Mayor and Council					
Office of the Mayor and Council					
Salaries & Wages	299,272	299,272	299,272	-	
Other Expenses	34,000	34,000	23,522	10,478	
City Clerk					
Salaries & Wages	268,083	282,950	282,753	197	
Other Expenses	102,000	102,000	47,404	54,596	
Financial Administration - Treasurer's Office					
Salaries and Wages	518,912	541,937	541,855	82	
Other Expenses	110,000	116,499	114,072	2,427	
Annual Audit					
Other Expenses	63,000	60,500	60,500	-	
Revenue Administration - Tax Collector					
Salaries and Wages	148,768	153,040	152,977	63	
Other Expenses	25,000	25,000	23,080	1,920	
Tax Assessment Administration					
Salaries and Wages	224,966	235,531	235,375	156	
Other Expenses	52,000	52,000	47,843	4,157	
Legal Services					
Other Expenses	475,000	475,000	468,215	6,785	
Office of Engineer					
Salaries and Wages	108,409	82,209	81,841	368	
Other Expenses	10,000	10,000	4,933	5,067	
Economic Development Agencies					
Planning and Economic Development					
Salaries and Wages	149,000	159,910	159,372	538	
Other Expenses	3,000	3,000	1,264	1,736	
Division of Housing					
Salaries and Wages	329,526	289,526	283,972	5,554	
Other Expenses	8,000	8,000	4,370	3,630	
Redevelopment Agency	1	1		1	
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	10,000	10,000	7,277	2,723	
Board of Adjustment					
Other Expenses	16,000	16,000	11,942	4,058	
CODE ENFORCEMENT AND ADMINISTRATION					
Rent Leveling Board					
Salaries and Wages	1	1		1	
Other Expenses	5,200	5,200	5,000	200	
INSURANCE					
Liability Insurance	1,275,000	992,100	992,099	1	
Workmen's Compensation	875,000	1,135,000	1,134,999	1	
Employee Group Insurance	12,526,212	12,746,212	12,696,309	49,903	
Health Benefit Waiver	7,200	7,200	5,400	1,800	
Unemployment Insurance	400,000	430,000	429,999	1	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	$ 15,996,132	$ 16,355,745	$ 16,355,089	$ 656	
Other Expenses	434,000	417,250	412,486	4,764	
BOE Security Watch and Res. Off.-Salaries & Wages	2,221,000	2,221,000	2,220,999	1	
Crossing Guard					
Salaries and Wages	625,000	681,000	671,937	9,063	
Other Expenses	475,000	419,000	410,424	8,576	
Office of Emergency Management					
Salaries & Wages	813,781	829,529	827,497	2,032	
Other Expenses	25,000	25,000	23,423	1,577	
Fire Department					
Salaries and Wages	10,161,168	10,780,991	10,780,109	882	
Other Expenses	75,000	75,000	74,141	859	
Prosecutor's Office					
Other Expenses	216,900	172,113	157,885	14,228	
Fire Life Safety					
Salaries and Wages	100,000	100,000	100,000		
Municipal Court					
Salaries and Wages	826,613	865,613	865,516	97	
Other Expenses	100,000	112,000	110,915	1,085	
Public Defender (PL 1997 C.256)					
Other Expenses	51,700	51,700	51,200	500	
Passaic Parking Authority					
Salaries & Wages	441,000	441,000	438,869	2,131	
Other Expenses	212,000	212,000	203,345	8,655	
Other Expenses - Contribution	130,000	2,250		2,250	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	1,588,432	1,526,432	1,507,217	19,215	
Other Expenses	143,000	101,000	89,178	11,822	
Solid Waste Collection					
Other Expenses					
Garbage Removal Contractual	1,645,000	1,780,000	1,661,881	118,119	
Buildings and Grounds					
Salaries and Wages	695,000	707,810	706,204	1,606	
Other Expenses	144,000	137,000	131,223	5,777	
Vehicle Maintenance					
Salaries & Wages	322,000	336,443	333,572	2,871	
Other Expenses	264,000	291,000	290,213	787	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Division of Health					
Salaries and Wages	583,744	434,744	434,740	4	
Other Expenses	146,700	146,700	144,728	1,972	
Animal Regulation					
Salaries and Wages	103,178	111,695	111,416	279	
Other Expenses	30,000	30,000	29,500	500	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PARK AND RECREATION FUNCTIONS					
Division of Recreation					
Salaries and Wages	$ 255,250	$ 275,016	$ 245,582	$ 29,434	
Other Expenses	100,000	100,000	97,221	2,779	
Senior Citizens					
Salaries and Wages	122,005	102,805	101,492	1,313	
Other Expenses	8,000	8,000	6,803	1,197	
Handicapped Recreation					
Salaries & Wages	78,000	78,495	78,442	53	
Other Expenses	26,000	26,000	25,678	322	
Maintenance of Parks					
Salaries & Wages	536,000	518,943	515,221	3,722	
Other Expenses	45,000	46,000	42,708	3,292	
OTHER COMMON OPERATING FUNCTIONS					
Accumulated Leave					
Other Expenses		1,500,000	1,500,000		
Celebration of Public Events	1	1		1	
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	352,085	360,140	359,722	418	
Other Expenses	12,000	12,000	5,840	6,160	
UNCLASSIFIED:					
Utilities:					
Electricity	611,200	611,200	457,972	153,228	
Street Lighting	831,000	831,000	739,719	91,281	
Telephone and Telegraph	82,500	130,500	122,722	7,778	
Heating Oil	3,000	3,000	2,178	822	
Gasoline	370,000	439,000	427,525	11,475	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Tipping Fees	2,265,805	2,185,805	1,797,594	388,211	-
Total Operations Within "CAPS"	62,920,908	65,445,075	64,357,016	1,088,059	-
Detail:					
Salaries & Wages	38,353,389	39,228,744	39,146,974	81,770	-
Other Expenses	24,567,519	26,216,331	25,210,042	1,006,289	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
DEFERRED CHARGES					
Anticipated Deficit Sewer Utility	887,794	887,794	63,586	21,610	$ 802,598
STATUTORY CHARGES					
Public Employees Retirement System	1,494,135	1,494,135	1,467,158	26,977	
Social Security System (O.A.S.I.)	1,430,000	1,378,000	1,364,320	13,680	
Police and Fireman's Retirement System	9,321,868	8,388,913	7,339,135	1,049,778	
Pension for Widows	2,245	2,333	2,332	1	

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" (Continued)					
STATUTORY CHARGES (Continued)					
Public Employees Retirement System-ERI	$ 192,125	$ 192,125	$ 192,125		
Consolidated Police and Firemen's Pension Fund	25,300	25,300	25,263	$ 37	
Deferred Compensation Retirement Plan	3,800	4,500	3,800	700	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	13,357,267	12,373,100	10,457,719	1,112,783	$ 802,598
Total General Appropriations for Municipal Purposes Within "CAPS"	76,278,175	77,818,175	74,814,735	2,200,842	802,598
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	1,159,551	1,159,551	1,159,551		
Recycling Tax	100,000	100,000	92,328	7,672	-
Total Other Operations - Excluded From "CAPS"	1,259,551	1,259,551	1,251,879	7,672	-
Public and Private Programs Offset by Revenues					
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA	284,032	284,032	284,032		
Cancer Assessment Grant		50,000	50,000		
Lead Intervention for Children at Risk		159,250	159,250		
Alcohol Education	10,140	10,140	10,140		
COPS Secure Our Schools		77,000	55,950	21,050	
Drunk Driving Enforcement Fund		5,000	5,000		
Department of Transportation		586,114	586,114		
Fire Safer		1,530,304	1,530,304		
Green Acres		900,000	900,000		
Recreation Opportunity		7,500	7,500		
Recycling Tonnage Grant	92,706	97,518	97,518		
Hepatitis Inoculation		4,575	4,575		
Safe & Secure Communities Grant		90,000	90,000		
Women, Infant & Children (WIC)	779,507	779,507	779,507		
Ryan White Title I	202,089	371,876	371,876		
Urban Enterprise Zone	331,854	1,953,854	1,953,854		
Open Space		700,000	700,000		
Clean Communities Program	60,036	119,148	119,148		
Juvenile Accountability Incentive Block Grant (JAIBG) - Station House	20,328	20,328	20,328		
Occupant Protection Program - Click It or Ticket 2011		4,000	4,000		
Summer Employment		19,400	19,400		
Summer Food Grant		404,678	404,678		
Multicultural Affairs		1,100	1,100		
Senior Citizen Transportation	15,420	60,402	60,402		
Matching Funds for Grants	60,000	60,000	57,035	2,965	
Pedestrian Safety Grant		16,000	16,000		
Neighborhood Crime Prevention	40,578	40,578	40,578		
Municipal Alliance on Alcoholism and Drug Abuse		41,903	41,903		
Baseball Tomorrow		95,597	95,597		
Housing Opportunity HOPWA Grant	142,000	142,000	142,000	-	-
Total Public and Private Program Offset by Revenues	2,038,690	8,631,804	8,607,789	24,015	-
Total Operations - Excluded from "CAPS"	3,298,241	9,891,355	9,859,668	31,687	-
Detail:					
Other Expenses	3,298,241	9,891,355	9,859,668	31,687	-

See Accompanying Notes to Financial Statements

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	$ 1,864,680	$ 1,864,680	$ 1,864,680		
Interest on Bonds	745,119	745,119	745,116		$ 3
Interest on Notes	8,220	8,220	8,100		120
Payment of Loan Principal and Interest	83,632	83,632	83,628	-	4
Total Municipal Debt Service - Excluded from "CAPS"	2,701,651	2,701,651	2,701,524	-	127
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Emergency Authorization	23,671	23,671	23,671		
Special Emergency Authorization - 5 Years	120,000	120,000	120,000	-	-
Total Deferred Charges Municipal - Excluded from "CAPS"	143,671	143,671	143,671	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	6,143,563	12,736,677	12,704,863	$ 31,687	127
Subtotal General Appropriations	82,421,738	90,554,852	87,519,598	2,232,529	802,725
Reserve for Uncollected Taxes	900,000	900,000	900,000	-	-
Total General Appropriations	$ 83,321,738	$ 91,454,852	$ 88,419,598	$ 2,232,529	$ 802,725
	A-2		A-1	A,A-1	

	Reference		
Budget	A-2	$ 83,321,738	
Emergency Appropriations	A-16	40,000	
Special Emergency Appropriations	A-17	1,500,000	
Appropriation by 40A:4-87	A-2	6,593,114	
		$ 91,454,852	
Cash Disbursed	A-4		$ 73,888,182
Encumbrances Payable	A-24		741,559
Deferred Charges:			
Emergency Authorizations	A-16		23,671
Special Emergency Authorizations	A-17		120,000
Due to Grant Fund	A-10		8,607,789
Due to Other Trust Fund	B-8		4,068,325
Due to Sewer Utility Operating Fund	D-13		70,072
Reserve for Uncollected Taxes	A-2		900,000
			$ 88,419,598

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF JUNE 30, 2012 AND 2011

ASSETS	Reference	2012	2011
ANIMAL CONTROL FUND			
Cash	B-1	$ 47,030	$ 34,832
Due from Current Fund	B-4		32
Due from Other Trust Fund	B-5	-	1,501
		47,030	36,365
OTHER TRUST FUND			
Cash	B-1	4,348,818	4,608,110
Other Receivables	B-7	19,416	19,416
Due from Current Fund	B-8	236,567	
Due from Sewer Utility Operating Fund	D-13	-	200,000
		4,604,801	4,827,526
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Cash	B-1	28,056	6,301
Due from HUD	B-12	1,737,248	1,358,388
Other Receivables	B-15	155,454	155,454
Due from Current Fund	B-19	1,723	9,207
Due from Grant Fund	B-17	-	228,900
		1,922,481	1,758,250
HOME INVESTMENT PROGRAM FUND			
Cash	B-1	220,376	14,752
Due from HUD	B-14	413,283	549,128
Mortgage Receivable	B-16	446,267	441,849
		1,079,926	1,005,729
Total Assets		$ 7,654,238	$ 7,627,870

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF JUNE 30, 2012 AND 2011

LIABILITIES, RESERVES AND FUND BALANCE	Reference	2012	2011
ANIMAL CONTROL FUND			
Due State of New Jersey	B-2	$ 169	$ 101
Encumbrances Payable	B-6	5,940	2,699
Reserve for Animal Control Expenditures	B-3	40,921	33,565
		47,030	36,365
OTHER TRUST FUND			
Due to Current Fund	B-8		96,336
Due to Grant Fund	B-9		977
Due to Animal Control Fund	B-5		1,501
Due to State of New Jersey - Unemployment	B-10	35,552	39,501
Miscellaneous Reserves and Deposits	B-11	4,569,249	4,689,211
		4,604,801	4,827,526
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Reserve for Program Expenditures - UDAG	B-18	8,122	8,122
Reserve for Program Expenditures - CDBG	B-13	1,914,359	1,750,128
		1,922,481	1,758,250
HOME INVESTMENT PROGRAM FUND			
Due to Current Fund	B-20		43,566
Due to Grant Fund	B-22	247,294	
Reserve for Loan Receivable	B-16	446,267	441,849
Reserve for Home Investment Program	B-21	386,365	520,314
		1,079,926	1,005,729
Total Liabilities, Reserves and Fund Balance		$ 7,654,238	$ 7,627,870

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF JUNE 30, 2012 AND 2011

	Reference	2012	2011
ASSETS			
Cash	C-2,C-3	$ 1,468,071	$ 2,308,806
Grants and Loans Receivable	C-4	1,500,000	1,500,000
Deferred Charges to Future Taxation			
Funded	C-6	17,389,422	19,319,924
Unfunded	C-7	1,109,008	871,508
Total Assets		$ 21,466,501	$24,000,238
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-11	$ 12,048,484	$ 13,308,164
Pension Refunding Bonds	C-11	4,500,000	5,105,000
Green Acres Loans Payable	C-12	840,938	906,760
Encumbrances Payable	C-9	1,426,110	56,509
Improvement Authorizations			
Funded	C-10	1,871,284	2,566,840
Unfunded	C-10	29,436	869,433
Capital Improvement Fund (Deficit)	C-8	(4,751)	7,749
Reserve for Curb and Sidewalk Improvements	C-13	5,000	5,000
Reserve for Payment of Debt Service	C-14		341,480
Reserve for Loans Receivable	C-4	750,000	750,000
Fund Balance	C-1	-	83,303
Total Liabilities, Reserves and Fund Balance		$ 21,466,501	$24,000,238

There were Bonds and Notes Authorized But Not Issued on June 30, 2012 and 2011 of $1,109,008 and $871,508, respectively, (See Exhibit C-15).

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	Reference	2012	2011
Fund Balance, Beginning of Year	C	$ 83,303	$ 83,303
Decreased by:			
Appropriated as SFY 2012 Current Fund Revenue	C-5	83,303	-
Fund Balance, End of Year	C	$ -	$ 83,303

EXHIBIT D

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF JUNE 30, 2012 AND 2011

	Reference	2012	2011
ASSETS			
OPERATING FUND			
Cash	D-5	$ 168,757	$ 91,051
Due from PVWC	D-9	37,373	
Due from Current Fund	D-13		57,801
Due from Sewer Utility Capital Fund	D-16	20,824	20,824
		226,954	169,676
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	938,841	622,182
Other Accounts Receivable	D-8	297,472	272,800
		1,236,313	894,982
Deferred Charges			
Operating Deficit	D-10	-	217,364
		-	217,364
Total Operating Fund		1,463,267	1,282,022
CAPITAL FUND			
Cash	D-5,D-6	18,814	26,840
Fixed Capital	D-11	5,209,460	5,209,460
Fixed Capital Authorized and Uncompleted	D-12	315,214	35,214
Total Capital Fund		5,543,488	5,271,514
		$ 7,006,755	$ 6,553,536
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4,D-24	$ 8	$ 35,292
Encumbrances Payable	D-18	65,950	7,000
Accounts Payable	D-19		21,610
Accrued Interest on Bonds	D-23	24,277	31,781
Prepaid Sewer Rents	D-15		38,513
Due to Current Fund	D-13	83,875	
Due to Other Trust Fund	D-14	-	200,000
		174,110	334,196
Reserve for Receivables	D	1,236,313	894,982
Fund Balance	D-1	52,844	52,844
Total Operating Fund		1,463,267	1,282,022
CAPITAL FUND			
Serial Bonds	D-25	1,554,516	1,920,836
Due to Current Fund	D-20	100,000	
Due to Sewer Utility Operating Fund	D-16	20,824	20,824
Improvement Authorizations			
Funded	D-17	35,006	35,006
Unfunded	D-17	172,182	208
Reserve for Amortization	D-21	3,610,944	3,244,624
Reserve for Deferred Amortization	D-22	49,006	35,006
Fund Balance	D-2	1,010	15,010
Total Capital Fund		5,543,488	5,271,514
		$ 7,006,755	$ 6,553,536

There were Bonds and Notes Authorized But Not Issued on June 30, 2012 and 2011 of $310,208 and $44,208 , respectively. (See 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, 2012 AND 2011

	Reference	2012	2011
REVENUES AND OTHER INCOME REALIZED			
Sewer Rents	D-3	$ 5,557,405	$ 4,891,912
Non-Budget Revenues	D-1		298
Other Credits to Income:			
Cancelled Accounts Payable	D-19	21,610	-
Total Income		5,579,015	4,892,210
EXPENDITURES			
Operating	D-4	5,001,619	5,139,543
Debt Service	D-4	423,618	379,162
Deferred Charges	D-4	217,364	-
Total Expenditures		5,642,601	5,518,705
Deficit in Revenue		(63,586)	(626,495)
Adjustments to Income before Fund Balance:			
Realized from Current Fund Budget for Anticipated Deficit	D-3	63,586	409,131
Operating Deficit to be Raised in Budget of Succeeding Year	D-10	-	$ (217,364)
Fund Balance, Beginning of Year,	D	52,844	52,844
Fund Balance, End of Year,	D	$ 52,844	$ 52,844

See Accompanying Notes to Financial Statements

CITY OF PASSAIC
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	Reference	2012	2011
Fund Balance, Beginning of Year	D	$ 15,010	$ 14,992
Increased by:			
Transfer from Reserve for Amortization	D-2	-	18
		15,010	15,010
Decreased by:			
Appropriated to Finance Improvement Authorizations	D-17	14,000	-
Fund Balance, End of Year	D	$ 1,010	$ 15,010

CITY OF PASSAIC
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Reference	Anticipated	Realized	Excess or (Deficit)
Sewer Rents and Charges	D-7,D-8	$ 4,891,912	$ 5,557,405	$ 665,493
Deficit - Current Fund Budget	D-1,D-13	887,794	63,586	(824,208)
	D-4	$ 5,779,706	$ 5,620,991	$ (158,715)

CITY OF PASSAIC
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

		Appropriated		Expended		
		Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATING						
Other Expenses		$ 143,490	$ 130,480	$ 130,480		
Sewer Treatment Expenses		4,500,000	4,500,000	4,385,425		$ 114,575
Sewer Maintenance Fee - Contractual		472,704	485,714	485,706	$ 8	-
Total Operating		5,116,194	5,116,194	5,001,611	8	114,575
DEBT SERVICE						
Payment of Bond Principal		366,320	366,320	366,320		
Interest on Bonds		79,828	79,828	57,298	-	22,530
Total Debt Service		446,148	446,148	423,618	-	22,530
DEFERRED CHARGES						
Deficit in Operations in Prior Years		217,364	217,364	217,364	-	-
		$ 5,779,706	$ 5,779,706	$ 5,642,593	$ 8	$ 137,105
	Reference	D-3	D-4	D-1	D,D-1	

Disbursed	D-5	$ 4,864,374
Accrued Interest on Bonds	D-23	57,298
Encumbrances Payable	D-18	65,950
Deferred Charges - Deficit in Operations	D-10	217,364
Due to Current Fund	D-13	437,607
		$ 5,642,593

See Accompanying Notes to Financial Statements

CITY OF PASSAIC
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF JUNE 30, 2012 AND 2011
(UNAUDITED)

	2012	2011
ASSETS		
Fixed Assets	$ 91,441,474	$91,441,474
LIABILITIES		
Investments in General Fixed Assets	$ 91,441,474	$91,441,474

See Accompanying Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS

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 Public Library, Passaic 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.

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 Act 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:

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 standard tax sale. The City also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11^{th} day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. 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 (i.e., when they are both levied and available), 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 monthly or 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.

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 2012 and 2011 the City Council increased the original budget by $8,133,114 and $3,610,183, respectively. The increases were funded by additional aid allotted to the City during 2012 and 2011, and emergency appropriations in 2012 for terminal leave pay and telephone expenses and 2011 for terminal leave pay and matching funds for grants. In addition, the governing body approved several budget transfers during 2012 and 2011.

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.

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.

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, 2011 balances to conform to the June 30, 2012 presentation.

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 pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lessor of 75% of its capital funds or $200 million 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, 2012 and 2011, the book value of the City's deposits were $16,428,199 and $11,313,802 and bank and brokerage firm balances of the City's deposits amounted to $17,883,671 and $12,453,287, respectively. The City's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

	Bank Balance	
Depository Account	2012	2011
Insured	$ 17,883,671	$ 12,453,287

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, 2012 and 2011, 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, 2012 and 2011 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, 2012 consisted of the following:

	Current	Utility	Total
2012			
Property Taxes	$ 59,302		$ 59,302
Tax Title Liens	199,773		199,773
Utility Rents and Fees	-	$ 1,236,313	1,236,313
	$ 259,075	$ 1,236,313	$ 1,495,388

In 2012, the City collected $294,256 and $894,982 from delinquent taxes and utility rents, which represented 100% and 100% of the delinquent tax and sewer charges receivable at June 30, 2011.

NOTE 3 TAXES AND UTILITY RENTS RECEIVABLE (Continued)

Receivables at June 30, 2011 consisted of the following:

	Current	Sewer Utility	Total
2011			
Property Taxes	$ 43,901		$ 43,901
Tax Title Liens	170,534		170,534
Utility Rents and Fees	-	$ 894,982	894,982
	$ 214,435	$ 894,982	$ 1,109,417

In 2011, the City collected $104,505 and $1,108,484 from delinquent taxes and utility rents, which represented 100% and 100% of the delinquent tax and sewer charges receivable at June 30, 2010.

NOTE 4 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds, notes and loans used to finance capital expenditures. General obligation bonds and loans have been issued for both general capital and utility funds. All bonds are retired in serial installments within the statutory period of usefulness. Bonds and loans issued by the City are general obligation debt, 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 or loans.

The City's debt is summarized as follows:

	2012	2011
Issued		
General		
Bonds, Notes and Loans	$ 17,389,422	$ 19,319,924
Sewer Utility		
Bonds and Notes	1,554,516	1,920,836
Authorized But Not Issued		
General		
Bonds and Notes	1,109,008	871,508
Sewer Utility		
Bonds and Notes	310,208	44,208
Less Funds Temporarily Held to Pay Bonds and Notes	-	(341,480)
Net Bonds and Notes Issued and Authorized But Not Issued	$ 20,363,154	$ 21,814,996

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 .41% and .45% at June 30, 2012 and 2011, respectively.

	Gross Debt	Deductions	Net Debt
2012			
General Debt	$ 18,498,430	$ 4,500,000	$ 13,998,430
Parking Authority Debt	2,460,000	2,460,000	
Utility Debt	1,864,724	1,530,208	334,516
School Debt - Type II	866,757	866,757	-
Total	$ 23,689,911	$ 9,356,965	$ 14,332,946

	Gross Debt	Deductions	Net Debt
2011			
General Debt	$ 20,191,432	$ 5,446,480	$ 14,744,952
Parking Authority Debt	2,710,000	2,710,000	
Utility Debt	1,965,044		1,965,044
School Debt - Type II	1,607,391	1,607,391	-
Total	$ 26,473,867	$ 9,763,871	$ 16,709,996

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

	2012	**2011**
3-1/2% of Equalized Valuation Basis (Municipal)	$ 122,422,833	$ 128,313,546
Net Debt	14,332,946	16,709,996
Remaining Borrowing Power	$ 108,089,887	$ 111,603,550

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:

	2012	2011
$6,369,326, 1998 General Obligation Bonds, due in annual installments of $559,600 to $584,484 through July 15, 2012, interest at 4.80% to 4.85%	$ 584,484	$ 1,144,164
$7,800,000, 2003 Early Retirement Incentive Pension Refunding Bonds due in annual installments of $605,000 to $1,135,000 through February 1, 2017, interest at 5.00% to 5.35%	4,500,000	5,105,000
$6,215,000, 2005 General Obligation Bonds, due in annual installments of $700,000 to $890,000 through May 1, 2017, interest at 3.80% to 4.00%	4,215,000	4,915,000
$7,249,000, 2010 General Obligation Bonds, due in annual installments of $250,000 to $700,000 through August 1, 2026, interest at 3.00% to 4.00%	7,249,000	7,249,000
	$ 16,548,484	$ 18,413,164

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:

	2012	2011
$200,000, 2006 Loans, due in semi-annual installments of $4,523 to $6,157 through March, 2026, interest at 2%	$ 151,208	$ 160,481
$500,000, 2008 Loans, due in semi-annual installments of $16,549 to $21,013 through July, 2022, interest at 2%	400,197	434,129
$100,000, 2008 Loans, due in semi-annual installments of $2,217 to $3,078 through June, 2027, interest at 2%	80,240	84,785
$250,000, 2009 Loans, due in semi-annual installments of $8,357 to $10,506 through April, 2022, interest at 2%	191,488	208,624
$21,000, 2009 Loans, due in semi-annual installments of $447 to $646 through June, 2028, interest at 2%	17,805	18,741
	$ 840,938	$ 906,760

NOTE 4 MUNICIPAL DEBT (Continued)

Utility Bonds

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

Sewer Utility

	2012	2011
$3,664,674, 1998 General Obligation Bonds, due in annual installments of $334,516 through July, 2012, interest at 4.85%	$ 334,516	$ 654,836
$1,266,000, 2010 Sewer Bonds, due in annual installments of $50,000 to 90,000 through August 1, 2025, interest at 3.00% to 3.75%	1,220,000	1,266,000
	$ 1,554,516	$ 1,920,836

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

	General						
Fiscal	Bonds		Loans		Sewer Utility		
Year	Principal	Interest	Principal	Interest	Principal	Interest	Total
2013	$ 1,979,484	$ 411,013	$ 67,145	$ 16,484	$ 384,516	$ 47,562	$ 2,906,204
2014	1,655,000	335,488	68,494	14,135	90,000	37,351	2,200,468
2015	2,055,000	262,264	69,870	13,760	90,000	34,650	2,525,544
2016	2,185,000	419,401	71,278	12,356	90,000	31,951	2,809,986
2017	2,275,000	323,908	72,707	10,922	90,000	29,138	2,801,675
2018-2022	2,950,000	904,707	386,058	32,088	450,000	101,700	4,824,553
2023-2027	3,449,000	326,195	104,100	4,485	360,000	25,985	4,269,765
2028-2030	-	-	1,286	19	-	-	1,305
	$ 16,548,484	$ 2,982,976	$ 840,938	$ 104,249	$ 1,554,516	$ 308,337	$ 22,339,500

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the fiscal years 2012 and 2011 were as follows:

	Balance, June 30, 2011	Additions	Reductions	Balance, June 30, 2012	Due Within One year
2012					
General Capital					
Serial Bonds	$ 13,308,164		$ 1,259,680	$ 12,048,484	$ 1,284,484
Pension Refunding Bonds	5,105,000		605,000	4,500,000	695,000
Green Acres Loan Payable	906,760	-	65,822	840,938	67,145
General Capital Fund Long Term Liabilities	$ 19,319,924	-	$ 1,930,502	$ 17,389,422	$ 2,046,629
Sewer Capital					
Serial Bonds	$ 1,920,836	-	$ 366,320	$ 1,554,516	$ 384,516
Sewer Capital Fund Long Term Liabilities	$ 1,920,836	$ -	$ 366,320	$ 1,554,516	$ 384,516

	Balance, June 30, 2010	Additions	Reductions	Balance, June 30, 2011	Due Within One year
2011					
General Capital					
Serial Bonds	$ 6,843,404	$ 7,249,000	$ 784,240	$ 13,308,164	$ 1,259,680
Fiscal Year Adjustment Bonds	585,000		585,000		
Pension Refunding Bonds	5,675,000		570,000	5,105,000	605,000
Green Acres Loan Payable	970,832	-	64,072	906,760	65,822
General Capital Fund Long Term Liabilities	$ 14,074,236	$ 7,249,000	$ 2,003,312	$ 19,319,924	$ 1,930,502
Sewer Capital					
Serial Bonds	$ 960,596	$ 1,266,000	$ 305,760	$ 1,920,836	$ 366,320
Sewer Capital Fund Long Term Liabilities	$ 960,596	$ 1,266,000	$ 305,760	$ 1,920,836	$ 366,320

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The City's short-term capital debt activity for fiscal years 2012 and 2011 was as follows:

2012

The City has no short-term capital debt activity for fiscal year 2012.

	Balance, June 30, 2010	Additions	Reductions	Balance, June 30, 2011
2011				
Bond Anticipation Notes				
General Capital Fund	$ 6,855,792		$ 6,855,792	
Sewer Capital Fund	1,044,208	-	1,044,208	-
	$ 7,900,000	$ -	$ 7,900,000	$ -

In addition to the debt shown in the above schedule, municipalities may issue debt to finance special emergency appropriations. This debt which is not included in the City's statutory debt limit calculation is reported in the Current Fund for fiscal years 2012 and 2011 as follows:

2012	Balance, June 30, 2011	Additions	Reductions	Balance, June 30, 2012
Special Emergency Notes	$ 600,000	$ 1,980,000	$ 600,000	$ 1,980,000

2011	Balance, June 30, 2010	Additions	Reductions	Balance, June 30, 2011
Special Emergency Notes	$ -	$ 600,000	$ -	$ 600,000

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for fiscal years 2012 and 2011.

	Balance, June 30, 2011 (Unaudited)	Balance, June 30, 2012 (Unaudited)
Fixed Assets	$ 91,441,474	$ 91,441,474

Sewer Utility Fund Fixed Assets

The following is a summary of changes in the utility fund fixed assets for fiscal years 2012 and 2011.

Sewer Utility Fund	Balance June 30, 2011	Increases	Balance, June 30, 2012
2012			
Fixed Capital			
System and System Improvements	$ 4,899,460		$ 4,899,460
Vehicles and Equipment	310,000	-	310,000
	$ 5,209,460	$ -	$ 5,209,460

	Balance June 30, 2010	Increases	Balance, June 30, 2011
2011			
Fixed Capital			
System and System Improvements	$ 4,638,145	$ 261,315	$ 4,899,460
Vehicles and Equipment	310,000	-	310,000
	$ 4,948,145	$ 261,315	$ 5,209,460

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	2012		2011	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund				
Regular	$ 183,875	$ 306,567	$ 285,995	$ 67,040
Grant	315,571		977	374,993
Trust Funds				
Animal Control			1,533	
Other Trust	236,567		200,000	98,814
Community Development	1,723		238,107	
Home Investment Program		247,294		43,566
Sewer Utility Fund				
Operating	20,824	83,875	78,625	200,000
Capital	-	120,824	-	20,824
Total	$ 758,560	$ 758,560	$ 805,237	$ 805,237

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.

The City expects all interfund balances to be liquidated within one year.

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, 2012	Utilized in Subsequent Year's Budget	Fund Balance June 30, 2011	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	$ 2,416,923	$ 1,330,000	$ 1,337,486	$ 1,330,000
Non-Cash Surplus	90,765	-	434,731	362,500
	$ 2,507,688	$ 1,330,000	$ 1,772,217	$ 1,692,500
Sewer Utility Operating Fund				
Cash Surplus	$ 52,844			
Non-Cash Surplus	-	-	$ 52,844	-
	$ 52,844	$ -	$ 52,844	$ -

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
2012			
Current Fund			
Emergency Authorizations	$ 40,000	$ 40,000	
Special Emergency Authorizations	1,980,000	420,000	$ 1,560,000
2011			
Current Fund			
Emergency Authorizations	$ 23,671	$ 23,671	
Special Emergency Authorizations	600,000	120,000	$ 480,000
Sewer Utility Operating Fund			
Operating Deficit	217,364	217,364	

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 $4,968,693 and $5,568,558 at June 30, 2012 and 2011, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of June 30, 2012 and 2011, the City has reserved $282,490 and $216,889, respectively, in the Other Trust Fund to fund compensated absences in accordance with NJSA 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 (CPFPF) – 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 10 years of service for pension benefits and, if applicable, 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.

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 CPFPF. 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/pensions.

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.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years, PFRS and PERS Prosecutors Part active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 70.5 percent with an unfunded actuarial accrued liability of $36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and $25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and $10.7 billion, respectively.

The funded status and funding progress of the retirement systems includes 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.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2010 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 CPFPF; 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 6.50% for PERS, 8.50% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for CPFPF, 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. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2012, 2011 and 2010, the City, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each year:

Year Ended December 31	CPFPF	PFRS	PERS	DCRP
2012	$ 25,263	$ 7,339,135	$ 1,659,283	$ 3,800
2011	76,519	7,679,398	1,549,187	3,673
2010	168,706	6,348,226	1,071,493	3,800

During the year ended June 30, 2009 the City elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled $3,644,176 and will be paid back with interest over 15 years beginning in the 2012 fiscal year. The City is permitted to pay off the deferred PFRS and PERS pension obligations at any time. It is estimated that the total liability including accrued interest (at 8.25%) at June 30, 2012 and 2011 is $4,125,478 and $4,245,466, respectively.

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 Borough.

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 classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as ~~a~~Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

Health Benefits Program Fund (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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 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.

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a $59.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of $21.1 billion for state active and retired members and $38.2 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.

Actuarial Methods and Assumptions

In the July 1, 2010 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, 2011, there were 93,323 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.

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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 $108.1 million for 8,161 eligible retired members for Fiscal Year 2011. This benefit covers the PFRS.

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 $34.2 million in Fiscal Year 2011 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-Local Government for post-retirement benefits for the years ended December 31, 2012, 2011 and 2010 were $5,208,534, $5,028,689 and $4,696,083, 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.

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, 2012 and 2011. 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, 2012 and 2011 the City has available in the Other Trust Fund $428,649 and $430,302, 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, 2012 and 2011. 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, 2012 and 2011, the City reserved $1,304,289 and $210,607, 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, 2012 and 2011, 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.

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, 2012 and 2011 was $65,217,839 and $78,708,854, respectively, of which the City the Passaic's share was $3,329,176 and $3,681,219, 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 $161,175,438 and $141,762,469 of debt outstanding as of June 30, 2012 and 2011, respectively, of which the City of Passaic's share was $46,047,823 and $40,501,537, 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, 2012 and 2011, the City has not estimated arbitrage earnings due to the IRS, if any.

NOTE 15 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

Capital Project	Construction Commitment	Estimated Date of Completion
2012		
Improvements to Pulaski Park	$1,890,582	2013
Resurfacing of Passaic Avenue and Reconstruction Of Curbing and Sidewalks on Park Ave & Spring Street	330,480	2013
Ceiling Replacement at Julius Forstmann Library	86,000	2013
2011		
Boiler Replacement at Municipal Complex	$317,300	2012

NOTE 16 SUBSEQUENT EVENTS

Debt Authorized

On September 11, 2012 the City adopted a Bond Ordinance authorizing the issuance of $380,000 in Bonds or Bond Anticipation Notes to fund various sewer improvements. As of the date of this report the City has not issued nor awarded the sale of said bonds or notes.

On October 23, 2012 the City adopted a Bond Ordinance authorizing the issuance of $266,000 in Bonds or Bond Anticipation Notes for acquisition of a fire apparatus pumper. As of the date of this report, the City has not issued nor awarded the sale of said bonds or notes.

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CURRENT FUND

CITY OF PASSAIC
STATEMENT OF CASH AND INVESTMENTS - CURRENT FUND

Balance, June 30, 2011		$ 3,863,353
Increased by Receipts:		
Tax Collector	$ 95,823,467	
Due from State of New Jersey - Transitional Aid	362,500	
Revenue Accounts Receivable	16,786,113	
Nonbudget Revenue	964,201	
Petty Cash Fund	1,050	
Due from State of New Jersey - Senior Citizen/Veterans Deductions	129,119	
Special Emergency Note	1,980,000	
Miscellaneous Reserves	103,281	
Receipts from the Parking Authority	964,824	
Receipts from Grant Fund	4,092,186	
Receipts for Grant Fund	1,131,043	
Receipts for Other Trust Fund	51,328	
Receipts from Other Trust Fund	2,096,336	
Receipts from Home Investment Program Trust Fund	155,271	
Receipts from Community Development Block Grant Fund	228,389	
Receipts from General Capital Fund	700,000	
Receipts from Sewer Utility Operating Fund	450,751	
Fees Payable	1,199,836	
		127,219,695
		131,083,048
Decreased by Disbursements:		
2012 Budget Appropriations	73,888,182	
2011 Appropriation Reserves	238,346	
Petty Cash Fund	1,050	
Encumbrances Payable	423,327	
Accounts Payable	3,890	
County Taxes	19,967,078	
Local School Taxes	17,130,406	
Tax Overpayments	28,042	
Special Emergency Note	600,000	
Payments made for Parking Authority	29,752	
Payments for Grant Fund	2,424,714	
Payment to Grant Fund	2,606,051	
Payments to Animal Control Fund	32	
Payment for Other Trust Fund	3,969,929	
Payments for Community Development Grant Fund	16,691	
Payments for Home Investment Program Fund	111,705	
Payments to General Capital Fund	275,090	
Payments for Sewer Utility Operating Fund	437,607	
Payments to Sewer Utility Capital Fund	100,000	
Fees Payable	1,240,605	
Reserve for Tax Appeals	156,318	
		123,648,815
Balance, June 30, 2012		$ 7,434,233

EXHIBIT A-5

CITY OF PASSAIC
STATEMENT OF CASH AND INVESTMENTS - GRANT FUND

Balance, June 30, 2011		$ 357,157
Increased by:		
Grants Receivable	$ 3,548,164	
Receipts from Current Fund	2,606,051	
Receipts from Other Trust Fund	977	
Reserve for Program Income	6,000	
Unappropriated Grant Reserves	3,397,453	
		9,558,645
		9,915,802
Decreased by:		
Payments to Current Fund	4,092,186	
Payments to Community Development Grant Fund	228,900	
Payments to Redevelopment Authority	2,384	
Appropriated Grant Reserves	2,900,885	
		7,224,355
Balance, June 30, 2012		$ 2,691,447

EXHIBIT A-6

SCHEDULE OF TAX COLLECTOR'S CASH

Increased by:		
Taxes Receivable	$ 94,195,774	
Tax Title Liens Receivable	279,007	
Interest and Cost on Taxes	396,160	
Payment in Lieu of Taxes	764,146	
Tax Overpayments	105,727	
Prepaid Taxes	82,653	
		$ 95,823,467
Decreased by:		
Payment to Treasurer		$ 95,823,467

EXHIBIT A-7

CITY OF PASSAIC
SCHEDULE OF CASH - CHANGE FUND

Balance, June 30, 2011	$	2,600
Balance, June 30, 2012	$	2,600

EXHIBIT A-8

SCHEDULE OF CASH - PETTY CASH CHANGE FUND

Increased by:		
Treasurer's Disbursements	$	1,050
Decreased by:		
Treasurer's Receipts	$	1,050

EXHIBIT A-9

SCHEDULE OF DUE FROM STATE OF NEW JERSEY - TRANSITIONAL AID

Balance, June 30, 2011	$	362,500
Decreased by:		
Cash Receipts	$	362,500

EXHIBIT A-10

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

Balance, June 30, 2011 (Due To)		$ 146,093
Increased by:		
Anticipated as 2012 Budget Revenue		
Grants Receivable Anticipated as 2012 Budget Revenue	$ 6,831,263	
Unappropriated Grants Anticipated as 2012 Budget Revenue	1,719,491	
Grant Fund Expenditures Paid by Current Fund	2,424,714	
Receipts from Current Fund	2,606,051	
Cancelled Appropriated Grant Reserves	35,129	
		13,616,648
		13,762,741
Decreased By:		
2012 Budget Appropriation for Grants	8,607,789	
Payments to Current Fund	4,092,186	
Grant Fund Receipts Deposited in Current Fund	1,131,043	
		13,831,018
Balance, June 30, 2012 (Due From)		$ 68,277

EXHIBIT A-11

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

Balance, June 30, 2011		$ 48,560
Increased by:		
Senior Citizens/Veterans Deductions Per Tax Duplicate	$ 135,250	
Deductions Allowed by Tax Collector - SFY 2012	7,250	
		142,500
		191,060
Decreased by:		
Cash Received from State	129,119	
Deductions Disallowed by Tax Collector	11,176	
		140,295
Balance, June 30, 2012		$ 50,765

CITY OF PASSAIC
STATEMENT OF DUE FROM PARKING AUTHORITY

Balance, June 30, 2011			$	282,072
Increased by:				
Anticipated as Current Fund Revenue-Interlocal Agreement	$	653,000		
Payments Made for Parking Authority		29,752		
				682,752
				964,824
Decreased by:				
Cash Receipts			$	964,824

EXHIBIT A-13

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

Fiscal Year Ended	Balance, June 30, 2011	SFY 2012 Levy	Senior Citizens and Veterans Deductions Disallowed	Collections SFY 2011	Collections SFY 2012	Senior Citizens and Veterans Deductions Allowed	Transferred to Tax Title Liens	Cancelled	Balance, June 30, 2012
June 30, 2009	$ 12,369				$ 12				$ 12,357
June 30, 2010	5,454				13				5,441
June 30, 2011	26,078	-	-	-	15,224	-	-	-	10,854
	43,901	-	-	-	15,249	-	-	-	28,652
June 30, 2012	-	$ 95,380,268	$ 11,176	$ 122,125	94,180,525	$ 142,500	$ 301,077	$ 614,567	30,650
	$ 43,901	$ 95,380,268	$ 11,176	$ 122,125	$ 94,195,774	$ 142,500	$ 301,077	$ 614,567	$ 59,302

Tax Yield:			
General Purpose Tax	$ 94,085,465		
Added Taxes	1,294,803		
		$ 95,380,268	
Tax Levy:			
Local District School Tax Levy		$ 17,130,406	
County Taxes:			
County Tax - General	$ 19,344,785		
County Tax Open Space	341,249		
County Tax - Added/Omitted	281,044		
		19,967,078	
Local Tax for Municipal Purposes	56,007,635		
Minimum Library Tax	1,159,551		
Add Additional Tax Levied	1,115,598		
		58,282,784	
			$ 95,380,268

CITY OF PASSAIC
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, June 30, 2011	Accrued	Collected Treasurer	Collected Tax Collector	Balance, June 30, 2012
Licenses					
Alcoholic Beverages		$ 36,041	$ 36,041		
Other		40,000	40,000		
Fees and Permits					
Construction Code Official		663,255	663,255		
Other		109,894	109,894		
Fines and Costs					
Municipal Court	$ 64,704	2,133,759	2,012,426		$ 186,037
Interest on Investments and Deposits		15,471	15,471		
Police Record Bureau		17,599	17,599		
Ambulance Billing		882,492	882,492		
Energy Receipts Tax		7,316,040	7,316,040		
Supplemental Energy Receipts Tax		107,457	107,457		
Consolidated Municipal Property Tax Relief Aid		5,121,985	5,121,985		
Interest and Costs on Taxes		396,160		$ 396,160	
Board of Education - Security Watch		2,221,000	2,221,000		
Interlocal Agreement-Passaic Parking Authority		653,000	653,000		
Cable Franchise Fee		394,970	394,970		
Housing Authority Police Program		526,975	526,975		
Fire Life Safety Registration and Permits		100,000	100,000		
General Capital Fund Balance		83,303	83,303		
Reserve for Debt Service (General Capital Fund)		341,480	341,480		
County of Passaic - Street Lighting		60,000	60,000		
Payment in Lieu of Taxes					
St. Mary's Reise Corp.		155,127		155,127	
Housing Authority		52,376		52,376	
Chestnut Housing Phase I		80,579		80,579	
Jack Parker Associates		331,235		331,235	
YMCA - River Road		30,000		30,000	
Garden Howe		39,284		39,284	
Highview Terrace	-	75,545	-	75,545	-
	$ 64,704	$ 21,985,027	$ 20,703,388	$ 1,160,306	$ 186,037

	Treasurer	Tax Collector
Cash Receipts	$ 16,786,113	$ 1,160,306
Due from Parking Authority	653,000	
Due from Other Trust Fund	2,420,183	
Due from CDBG Trust Fund	219,182	
Due from Sewer Utility Operating	200,000	
Due from General Capital	424,910	-
	$ 20,703,388	$ 1,160,306

CITY OF PASSAIC
STATEMENT OF TAX TITLE LIEN RECEIVABLE

Balance, June 30, 2011		$ 170,534
Increased by:		
Interest and Costs from Tax Sale	$ 7,169	
Transfers from Taxes Receivable	301,077	
		308,246
		478,780
Decreased by:		
Receipts		279,007
Balance, June 30, 2012		$ 199,773

EXHIBIT A-16

CITY OF PASSAIC
STATEMENT OF DEFERRED CHARGES

	Balance, June 30, 2011	Added in 2012	Reduced in 2012	Balance, June 30, 2012
Emergency Authorizations	$ 23,671	$ 40,000	$ 23,671	$ 40,000

EXHIBIT A-17

STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS

Date Authorized	Purpose	Net Amount Authorized	1/5 of Net Amount Authorized	Balance June 30, 2011	Added in 2012	Reduced in 2012	Balance June 30, 2012
9/21/2010	Terminal Leave Pay	$ 600,000	$ 120,000	$ 600,000		120,000	$ 480,000
8/2/2011	Sick/Vacation - Terminal Pay	700,000	140,000		$ 700,000		700,000
1/24/2012	Sick/Vacation - Terminal Pay	800,000	160,000	-	800,000	-	800,000
				$ 600,000	$ 1,500,000	$ 120,000	$ 1,980,000

EXHIBIT A-18

CITY OF PASSAIC
STATEMENT OF TAX OVERPAYMENTS

Balance, June 30, 2011	$	90,927
Increased by:		
Overpayments Received		105,727
		196,654
Decreased by:		
Refunds		28,042
Balance, June 30, 2012	$	168,612

EXHIBIT A-19

STATEMENT OF PREPAID TAXES

Balance, June 30, 2011	$	122,125
Increased by:		
Cash Receipts		82,653
		204,778
Decreased by:		
Applied to 2012 Taxes Receivable		122,125
Balance, June 30, 2012	$	82,653

EXHIBIT A-20

STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

Balance, June 30, 2011	$	600,000
Increased by:		
Cash Receipts		1,980,000
		2,580,000
Decreased by:		
Cash Disbursements		600,000
Balance, June 30, 2012	$	1,980,000

CITY OF PASSAIC
STATEMENT OF 2011 APPROPRIATION RESERVES

	Balance, June 30, 2011	Transfers	Encumbrances Cancelled	Balance After Modifications	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT						
DEPARTMENT OF ADMINISTRATION						
Office of Business Administration						
Salaries & Wages	$ 5,112			$ 5,112		$ 5,112
Other Expenses	19,693			19,693	$ 140	19,553
Mayor and Council						
Salaries and Wages	10,009			10,009		10,009
Other Expenses	3,545			3,545	1,050	2,495
City Clerk						
Salaries and Wages	2,094			2,094		2,094
Other Expenses	7,645	$ 3,000		10,645	8,720	1,925
Human Resources						
Salaries and Wages	1,262			1,262		1,262
Other Expenses	1,296		$ 62	1,358		1,358
Financial Administration-Treasurer's Office						
Salaries and Wages	11,951			11,951		11,951
Other Expenses	2,708	7,000		9,708	8,683	1,025
Annual Audit						
Other Expenses	5,000			5,000	154	4,846
Revenue Administration						
Other Expenses	1,536			1,536	570	966
Tax Assessment Administration						
Salaries and Wages	5,093			5,093		5,093
Other Expenses	6,787			6,787	2,725	4,062
Legal Services						
Other Expenses	7,068		18,090	25,158		25,158
Office of Engineer						
Salaries and Wages	1,018			1,018		1,018
Other Expenses	2,213			2,213	288	1,925
Planning and Economic Development						
Salaries and Wages	489			489	489	
Other Expenses	1,656			1,656		1,656
Division of Housing						
Salaries and Wages	4,591			4,591	4,500	91
Other Expenses	3,546			3,546	130	3,416
Redevelopment Agency	100			100		100
Planning Board						
Other Expenses	3,083			3,083	96	2,987
Board of Adjustment						
Other Expenses	2,764			2,764	96	2,668
Rent Leveling Board						
Salaries and Wages	426			426	426	
Other Expenses	68			68		68
DEPARTMENT OF PUBLIC WORKS						
Insurance						
Liability Insurance	1			1		1
Workmen's Compensation	1			1		1
Employee Group Insurance	74,623		102,476	177,099	177,000	99
Unemployment Insurance	1			1		1
Streets and Road Maintenance						
Salaries & Wages	21,869			21,869	8,728	13,141
Other Expenses	3,602			3,602	1,533	2,069
Solid Waste Collection						
Other Expenses						
Garbage Removal Contractual	45,000	9,200		54,200	45,170	9,030
Building and Grounds						
Salaries & Wages	5,553			5,553		5,553
Other Expenses	9,136			9,136	7,943	1,193
Vehicle Maintenance						
Salaries & Wages	37,737	(17,000)		20,737		20,737
Other Expenses	560	6,000	271	6,831		6,831

CITY OF PASSAIC
STATEMENT OF 2011 APPROPRIATION RESERVES

	Balance, June 30, 2011	Transfers	Encumbrances Cancelled	Balance After Modifications	Paid or Charged	Balance Lapsed
DEPARTMENT OF PUBLIC SAFETY						
Police Department						
Salaries and Wages	$ 47,964			$ 47,964	$ 47,900	$ 64
Other Expenses	2,730			2,730	1,316	1,414
Fire Department						
Salaries and Wages	11,910		$ 181,481	193,391	193,000	391
Other Expenses	494		1,382	1,876		1,876
Municipal Court						
Salaries and Wages	10,570			10,570		10,570
Other Expenses	18,325		3,716	22,041		22,041
Office of Emergency Management						
Salaries and Wages	2,098			2,098		2,098
Other Expenses	1,271			1,271	570	701
Prosecutor 's Office						
Other Expenses	5,100	$ (33,000)	63,682	35,782	13,583	22,199
Public Defender						
Other Expenses			2,650	2,650		2,650
Passaic Parking Authority						
Salaries and Wages	987			987		987
Other Expenses	1,868			1,868		1,868
DEPARTMENT OF HUMAN RESOURCES						
Division of Health						
Salaries & Wages	12,718		18,308	31,026		31,026
Other Expenses	40,797	(18,200)	3,541	26,138		26,138
Animal Regulation						
Salaries & Wages	4,251			4,251		4,251
Other Expenses	270		1,318	1,588		1,588
DEPARTMENT OF PARKS AND RECREATION						
Division of Recreation						
Salaries & Wages	6,028			6,028		6,028
Other Expenses	4,430			4,430	1,200	3,230
Senior Citizens						
Salaries & Wages	3,314			3,314	3,300	14
Other Expenses	1,643			1,643	433	1,210
Handicapped Recreation						
Salaries & Wages	16,862			16,862		16,862
Other Expenses	6,792			6,792	626	6,166
Maintenance of Parks						
Salaries & Wages	11,953			11,953		11,953
Other Expenses	13,088		3,219	16,307		16,307
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events	8,500			8,500		8,500
Retired Employees						
Other Expenses	100			100		100
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUES						
Division of Code Enforcement						
Salaries & Wages	11			11		11
Other Expenses	1,834			1,834	114	1,720

CITY OF PASSAIC
STATEMENT OF 2011 APPROPRIATION RESERVES

	Balance, June 30, 2011	Transfers	Encumbrances Cancelled	Balance After Modifications	Paid or Charged	Balance Lapsed
UNCLASSIFIED						
Utilities:						
Electricity	$ 93,023	$ 33,000		$ 126,023	$ 113,373	$ 12,650
Telephone and Telegraph	15,241			15,241	11,180	4,061
Heating Oil	814			814		814
Street Lighting	127,821			127,821	118,960	8,861
Gasoline	5,548	10,000		15,548	14,837	711
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Tipping Fees	182,805		$ 113,603	296,408		296,408
Tipping Fees Recycling Tax	10,949			10,949	9,113	1,836
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures						
Social Security System (O.A.S.I.)	12,210			12,210	4,209	8,001
PERS	26,493			26,493		26,493
PFRS	8,264			8,264		8,264
Consolidated Police and Firemen's Pension Fund	3,481			3,481		3,481
Deferred Compensation Retirement Plan	127			127		127
GENERAL APPROPRIATIONS - ALL OTHER OPERATIONS EXCLUDED FROM "CAPS"						
Matching Funds For Grants	829	-	-	829	-	829
	$ 1,032,349	$ -	$ 513,799	$ 1,546,148	$ 802,155	$ 743,993

Cash Disbursements	$ 238,346
Transferred to Accounts Payable	56,783
Transferred to Miscellaneous Reserves -Other Trust Fund	507,026
	$ 802,155

CITY OF PASSAIC
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
Levy		$ 17,130,406
Decreased by:		
Cash Disbursements		$ 17,130,406

EXHIBIT A-23

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
Levy		
General County	$ 19,344,785	
County Open Space Preservation	341,249	
County Added/Omitted Taxes	281,044	
		$ 19,967,078
Decreased by:		
Cash Disbursed		$ 19,967,078

EXHIBIT A-24

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, June 30, 2011		$ 937,126
Increased by:		
Transferred from Budget Appropriations		741,559
		1,678,685
Decreased by:		
Payments	$ 423,327	
Cancelled Encumbrances Restored to Appropriation Reserves	513,799	
		937,126
Balance, June 30, 2012		$ 741,559

CITY OF PASSAIC
STATEMENT OF RESERVE FOR TAX APPEALS

Balance, June 30, 2011	$	210,607
Increased by:		
Transferred from 2012 Tax Collections		1,250,000
		1,460,607
Decreased by:		
Cash Payments		156,318
Balance, June 30, 2012	$	1,304,289

EXHIBIT A-26

STATEMENT OF ACCOUNTS PAYABLE

Balance, June 30, 2011	$	9,476
Increased by:		
Transfer from SFY 2011 Appropriation Reserves		56,783
		66,259
Decreased by:		
Cash Disbursements		3,890
Balance, June 30, 2012	$	62,369

EXHIBIT A-27

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, June 30, 2011	Cash Receipts	Balance, June 30, 2012
Allowance for Grant Reimb.	$ 706		$ 706
PILOT - Housing Authority	-	$ 103,281	103,281
	$ 706	$ 103,281	$ 103,987

EXHIBIT A-28

CITY OF PASSAIC
STATEMENT OF FEES PAYABLE

	Balance, June 30, 2011	Receipts	Disburse- ments	Balance, June 30, 2012
Construction Code Training Fees	$ 4,661	$ 18,680	$ 23,218	$ 123
Burial Fees	120	365	250	235
Bail Bond Forfeiture Fees	8,080	191,642	199,497	225
Ambulance Billing Fees	45,250	989,149	1,017,640	16,759
	$ 58,111	$ 1,199,836	$ 1,240,605	$ 17,342

EXHIBIT A-29

STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS

	Balance June 30, 2011	Cash Receipts	Realized as Current Fund Revenue	Transfer to Grants Receivable	Balance June 30, 2012
Alcohol Education	$ 10,140	$ 11,440	$ 10,140		$ 11,440
Clean Community Grant	60,036		60,036		
Body Armor Grant		14,389			14,389
Ryan White	27,315	15,630	27,315		15,630
UEZA		3,355,994	1,622,000		1,733,994
DHS	4,000	-	-	$ 4,000	-
	$ 101,491	$ 3,397,453	$ 1,719,491	$ 4,000	$ 1,775,453

EXHIBIT A-30

STATEMENT OF DUE TO REDEVELOPMENT AUTHORITY - GRANT FUND

Balance, June 30, 2011	$ 2,384
Decreased by:	
Payments to Redevelopment Authority	$ 2,384

EXHIBIT A-31

CITY OF PASSAIC

STATEMENT OF DUE FROM HOME INVESTMENT PROGRAM FUND - GRANT FUND

Increased by:		
Grant Fund Receipts Deposited in Home Investment Program Fund	$	247,294
Balance, June 30, 2012	$	247,294

EXHIBIT A-32

STATEMENT OF RESERVE FOR PROGRAM INCOME - GRANT FUND

Increased by:		
Cash Receipts	$	6,000
Balance, June 30, 2012	$	6,000

CITY OF PASSAIC
STATEMENT OF GRANTS RECEIVABLE

	2011	Accrued	Received	Cancellations	2012
NJ DCA: Lead Intervention	$ 181,860				$ 181,860
NJ DOT: Main Ave Streetscape	3,629				3,629
NJ Transportation Trust: Passaic Train Station	1,584			$ 1,584	
Public Archives 2006 PARIS	1,809			1,809	
Woman, Infant, Children 07	511			511	
Booster Seat Enforcement Grant 08	50			50	
Public Archives 07 (Paris)	6,060			6,060	
Woman, Infant, Children 08	9			9	
Housing Opportunity for People with Aides 06	737			737	
Municipal Alliance 2008	163			163	
Open Space 08 - Parks Rehabilitation	106,444				106,444
Trans Trust 07: Parker / Holdsworth / Howe Avenues	75,000				75,000
UZEA08 -34 : Commercial Redevelopment PH	206,646		$ 3,787	202,859	
Fire Safety 09	742		742		
Over Limit 08	500			500	
Summer Food 09	210,872			210,872	
UEZA 09:Commercial Redevelopment	1,065,996		5,345	1,060,651	
JAIBG07:St House + Match	20,328		20,244		84
UZEA08-95:Landscape Maintenance	21,939		21,939		
Muni Alliance 09	8			8	
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA	354,649		323,073		31,576
Women, Infant, Children (WIC)	3,150			3,150	
Parks Rehabilitation - Passaic County Open Space	137,205				137,205
Urban Enterprize Zone-Administration	145,136			145,136	
DCA Neighborhood Preservation Program	1,038,812		243,605		795,207
Business Stimulus - NJ Forestry Service	7,000		7,000		
Assistance to Firefighters Grant Program - Homeland Security - FEMA	28,851		4,000		24,851
Community Stewardship Incentive Program	2,295		2,295		
Pedestrian Safety Grant - Division of Highway Traffic Safety	47			47	
SAFER Grant Program - Homeland Security - FEMA	221,419		221,419		
2011 Municipal Aid Program-Quincy/Sherman Streets	325,850		217,984		107,866
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA	378,650		280,097		98,553
Neighborhood Crime Prevention - NJ Dept. of Law & Public Safety	40,578				40,578
Municipal Alliance on Alcoholism and Drug Abuse	28			28	
Addiction Services	2,270				2,270
Advanced Traffic	119,600				119,600
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA-10	362,938		133,989		228,949
Cancer Assessment - 2011	34,746		34,746		
Click It or Ticket Grant	4,000		3,500		500
Childhood Lead Paint	81,374		81,374		
Emergency Preparedness Grant	10,000		10,000		
Law Enforcement Block Grant	250,000		3,796		246,204
Neighborhood Crime Prevention - NJ Dept. of Law & Public Safety	40,578		40,578		
Summer Employment - 2011	19,400		19,400		
Summer Food Program	458,147		175,407	282,740	
Safe and Secure Grant	79,985		79,985		
Women Infant Children - 2011	447,134		350,887	96,247	
Walk Safe Passaic	13,400		11,700		1,700

CITY OF PASSAIC
STATEMENT OF GRANTS RECEIVABLE

	Balance, June 30, 2011	Revenue Accrued	Cash Received	Cancellations	Balance, June 30, 2012
Housing Opportunity - HOPWA	$ 43,975	$ 142,000	$ 89,386		$ 96,589
Municipal Alliance on Alcoholism and Drug Abuse - 2011	41,903		41,881		22
Multicultural Affairs - County of Passaic	565		565		
Urban Enterprize Zone - Marketing	65,335		65,335		
Urban Enterprize Zone - Graffiti Eradication	116,547		116,547		
Urban Enterprize Zone - Clean Sweep	212,980		212,980		
Urban Enterprize Zone - Security Patrol VIII	478,106		478,106		
Urban Enterprize Zone - Administration	222,073		222,073		
Urban Enterprize Zone - Panatose Study		100,000	100,000		
Urban Enterprize Zone - Surveillance Camera Phase II		31,854	31,854		
Urban Enterprize Zone - Signage Improvement		200,000	200,000		
Cancer Assessment - 2012		50,000	14,536		35,464
Clean Communities - 2012		59,112	59,112		
Childhood Lead Paint - 2012		159,250	115,988		43,262
COPS - Passaic Board of Education - Local Match		17,450	17,450		
COPS - Secure Our School - 2012		38,500	38,500		
Driver Sober - 2012		5,000	4,950		50
Hep. Inoculation - 2012		4,575	4,575		
JAIBG - 2010		20,328	20,328		
Multicultural Affairs - County of Passaic - 2012		1,100	550		550
Recycling Tonnage - 2012		92,706	92,706		
Recycling Tonnage - 2009		4,812	4,812		
Ryan White I - 2012		174,774	174,774		
County Senior Transportation - 2010		15,420	15,420		
County Senior Transportation - 2011		44,982	44,982		
Women Infant Children - 2012		779,507	466,199		313,308
NJ DOT - St Francis Monroe Blaine		300,614			300,614
NJ DOT - Quincy/Allen		285,500			285,500
Green Acres 2010: Christopher Columbus		900,000			900,000
Byrne Memorial - 2011		284,032			284,032
Baseball Tomorrow		95,597			95,597
Click It or Ticket - 2012		4,000			4,000
Fire Safer - 2012		1,530,304			1,530,304
Municipal Alliance on Alcoholism and Drug Abuse - 2012		41,903			41,903
Neighborhood Crime JAG		40,578			40,578
Open Space - 2010 - Christopher Columbus		200,000			200,000
Open Space - 2011 - Christopher Columbus		500,000			500,000
Recreation Opportunity - 2012		7,500			7,500
Ryan White I - 2013		169,787			169,787
Summer Employment - 2012		19,400			19,400
Summer Food - 2012		404,678			404,678
Safe and Secure - 2012		90,000			90,000
Walk Safe - 2012	-	16,000	-	-	16,000
	$ 7,693,613	$ 6,831,263	$ 4,930,501	$ 2,013,161	$ 7,581,214
Due to Current Fund		$ 6,831,263			
Cash Receipts			$ 3,548,164		
Due from Current Fund - Grant Receipts			1,131,043		
Due from Home Investment Program Fund - Grant Receipts			247,294		
Transferred from Unappropriated Grant Reserves			4,000		
Cancelled to Reserve for Appropriated Grants		-	-	$ 2,013,161	
		$ 6,831,263	$ 4,930,501	$ 2,013,161	

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance June 30, 2011		Increased by:			Balance June 30, 2012	
	Encumbered	Reserved	Budget Appropriation	Cash Disbursements	Cancelled	Encumbered	Reserved
Department of Health and Human Services							
Headstart Program		$ 8,829		$ 8,829			
Department of Agriculture -							
Women, Infants and Children 2006		18,081			$ 18,081		
Relocation Assistance Program		4,890					$ 4,890
Relocation Assistance Program - City Match		9,191		3,756			5,435
Municipal Alliance 2006		5					5
Columbia Ave/Green Acres/UPAR		3,721					3,721
Occupant Protection Highway		196		196			-
Community Health Enhancement		123		123			
Non-Public Nursing - 2005		1,660		1,660			
Byrne Memorial Justice - 2006	$ 153	224					377
Booster Seat - 2008		2,550		1,273	50		1,227
NJ Comprehensive Cancer Awareness - 2009		4,922				$ 1,534	3,388
Cancer Assessment - 2010		91				91	
Sr Citizen & Disabled Resident Transportation		335		335			
Ryan White Title I - 2008	100	8,341		6,491		1,950	
Ryan White Title I - 2009		217		149		68	
Tobacco Control Grant		2,528		2,528			
Tobacco Control Grant		18					18
COPS Universal Hiring		837		837			
Local Law Enforcement - OJP	2,662			2,662			
NJDCA - Lead Intervention		149,440					149,440
Passaic County - Open Space Parks - 2008	14,728			14,728			
Passaic County - Open Space - 2008		27,486				5,500	21,986
Public Archive 2006 (PARIS)		1,809			1,809		
Public Archive 2007 (PARIS)		6,060			6,060		
NJDOT - Transportation Trust - Passaic Train St.		1,584			1,584		
NJDOT - Transportation Trust - Howe/Parker Ave., Holdsworth Ct.		75,000					75,000
NJDOT - Transportation Trust - Howel/Lincoln/St. Francis		61,555					61,555
NJ Community Policing		7,000		7,000			
Emergency Management - FEMA		1				1	
Storm Water 2004		5,853		5,853			
Body Armor 07		6,092		6,092			
Body Armor 08		18,754		2,032		813	15,909
Clean Community 07		8		8			
Child Lead Paint Prevention: 08		2,996		2,996			
Drunk Driving 07		168					168
Drunk Driving 08		549					549
Domestic Violence - 2006		1,826		103		184	1,539
Emergency Tel 07: Communications - 911 Grant		2,829					2,829
Emergency Tel 08: Communications - 911 Grant		6,961					6,961
Hepatitis B Inoculation - 2008	309	257		557			9
Juvenile Accountability Incentive 2008		84		84			

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance June 30, 2011		Increased by:			Balance June 30, 2012	
	Encumbered	Reserved	Budget Appropriation	Cash Disbursements	Cancelled	Encumbered	Reserved
Municipal Alliance 2007		$ 13					$ 13
Municipal Alliance 2008		358			$ 163		195
Municipal Alliance 2009		304			7		297
Narcotics Task 2008		40,718		$ 40,718			
Pandemic Flu 08		1,055		1,055			
Public Health 01 Priority Funding		41,035		41,035			
Ryan White I '10		80		80			
Summer Employment 2009		9		9			
Summer Food 2009		225,901		3,009	210,935		11,957
Tobacco Prevention 2008		51					51
Tobacco Prevention 2009	$ 160	3,472				$ 160	3,472
UEZA '08-Commercial Redevelopment IV	10,490	192,401			202,891		
UEZA '08-Landscape Maintenance		21,939		8,318			13,621
UEZA '09- Commercial Redevelopment PH V		1,064,716		4,065	1,060,651		
Women, Infants and Children '09		31,674			31,674		
Walk Safe Passaic 07	778			778			
Walk Safe Passaic 08	537			537			
Walk Safe Passaic 09	201			201			
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA	13,842	325,030		333,644		1,797	3,431
Lead Intervention for Children at Risk		71					71
Drunk Driving Enforcement Fund		2,344					2,344
NJDEP-Recycling Tonnage Grant		13		13			
Women, Infant, Children (WIC)		33,962			33,962		
Parks Rehabilitation - Passaic County Open Space Grant		137,205					137,205
Urban Enterprize Zone-Administration		146,195			145,136		1,059
DCA Neighborhood Preservation Program	298,015	332,176		242,349		193,966	193,876
Business Stimulus - NJ Forestry Service	7,000			7,000			
Assistance to Firefighters Grant Program - Homeland Security - FEMA		18,177			3,078		15,099
Assistance to Firefighters Grant Program-Matching		13,752					13,752
Pedestrian Safety Grant - Division of Highway Traffic Safety	455	557		455	47		510
SAFER Grant Program - Homeland Security - FEMA		359,621		359,621			
SAFER Grant Program-Matching		44,713		44,713			
NJ DOT - 2010 Municipal Aid Program-Quincy/Sherman Streets	18,534	300,350		318,884			
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA	51,808	133,857		116,746		34,567	34,352
Municipal Alliance on Alcoholism and Drug Abuse		46			28		18
Municipal Alliance on Alcoholism and Drug Abuse-Matching							
Public Health Priority Funding		3,645					3,645
Energy Efficiency & Conservation Block Grant - US Dept. of Energy	334,380	234,120		277,706		59,874	230,920
Body Armor Fund		5,139					5,139
Juvenile Accountability Incentive Block Grant (JAIBG)-Station House		121		121			
Multicultural Affairs - County of Passaic		650					650
Ryan White Title I		63,107		63,107			
NJDOA-Summer Food Program	70	10,489		70			10,489

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance June 30, 2011 Encumbered	Balance June 30, 2011 Reserved	Increased by: Budget Appropriation	Cash Disbursements	Cancelled	Balance June 30, 2012 Encumbered	Balance June 30, 2012 Reserved
Edward Byrne Memorial Justice Assistance Grant (JAG)-ARRA	$ 160,646	$ 159,335		$ 111,089		$ 91,831	$ 117,061
Cancer Assessment Grant	3,152	18,481		20,153		727	753
Lead Intervention for Children at Risk	1,784	43,301		39,974		3,119	1,992
Drunk Driving Enforcement Fund		14,661		6,686			7,975
Law Enforcement Grant		250,000		167,881		31,976	50,143
Over the Limit - Under Arrest		2,000					2,000
Recreation Opportunity		12,000		12,000			
Recycling Tonnage Grant	13,116	30,871		43,599		388	
Safe & Secure Communities Grant		39,992		39,992			
Women, Infant & Children (WIC)	3,796	250,427		225,879	$ 28,344		
Urban Enterprise Zone - Marketing 2011		36,940		6,857			30,083
Urban Enterprise Zone - Graffiti Eradication 2011		72,841		39,943			32,898
Urban Enterprise Zone - Clean Sweep 2011		133,113		133,113			
Urban Enterprise Zone - Security Patrol 2011		432,546		393,756			38,790
Urban Enterprise Zone - Administration 2011		151,717		151,716			1
Addiction Services	2,123			2,123			
Emergency Preparedness Grant	4,975			4,969			6
Clean Communities Program	10,085	12,383		21,971		130	367
Body Armor Fund		15,165					15,165
Juvenile Accountability Incentive Block Grant (JAIBG) - Station House		100					100
Occupant Protection Program - Click It or Ticket 2010		1,550		1,050			500
Summer Employment		19,400		18,541			859
Summer Food Grant		458,147		173,352	282,740		2,055
Multicultural Affairs		1,130		1,130			
Pedestrian Safety Grant		5,750		5,450			300
Neighborhood Crime Prevention		32,387		32,219			168
Municipal Alliance on Alcoholism and Drug Abuse	1,114	49,179		47,783			2,510
Advanced Traffic Grant	15,148	99,865		507		14,641	99,865
Housing Opportunity HOPWA Grant		27,300	142,000	95,844			73,456
Alcohol Education - 2011			10,140	7,000		3,075	65
Edward Byrne Memorial - 2011			284,032			184,295	99,737
Baseball Tomorrow - 2011			95,597			95,597	-
Cancer Assessment - 2012			50,000	31,731		875	17,394
Clean Communities - 2010			60,036	59,949			87
Clean Communities - 2012			59,112				59,112
Click It or Ticket - 2012			4,000	3,900			100
Childhood Lead Paint - 2012			159,250	154,818		4,432	
COPS Secure - 2011 School Security			55,950	34,900	21,050		
Drive Sober - 2012			5,000	4,950			50
NJ DOT - St Francis Monroe Blaine			300,614				300,614
NJ DOT - Quincy/Allen			285,500				285,500
Fire Safer - 2012			1,530,304				1,530,304

CITY OF PASSAIC
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance June 30, 2011		Increased by: Budget	Cash		Balance June 30, 2012	
	Encumbered	Reserved	Appropriation	Disbursements	Cancelled	Encumbered	Reserved
Green Acres 2010: Christopher Columbus			$ 900,000				$ 900,000
Hep. Inoculation - 2012			4,575			$ 2,788	1,787
JAIBG - 2010			20,328	$ 19,284		225	819
Municipal Alliance on Alcoholism and Drug Abuse - 2012			41,903	24,002		484	17,417
Municipal Alliance on Alcoholism and Drug Abuse - 2012 Local Match			10,476				10,476
Multicultural Affairs - County of Passaic - 2012			1,100				1,100
Neighborhood Crime JAG			40,578	17,531		1,781	21,266
Neighborhood Crime JAG - Local Match			13,526				13,526
Open Space - 2010 - Christopher Columbus			200,000				200,000
Open Space - 2011 - Christopher Columbus			500,000				500,000
Recreation Opportunity - 2012			7,500				7,500
Ryan White I - 2012			169,787	30			169,757
Ryan White I - 2013			202,089	124,163		1,328	76,598
Summer Employment - 2012			19,400				19,400
Summer Food - 2012			404,678	1,678			403,000
Safe and Secure - 2012			90,000				90,000
Walk Safe - 2012			16,000	5,400		1,915	8,685
Recycling Tonnage Grant - 2011			97,518	34,700		19,364	43,454
County Senior Transportation - 2010			15,420	15,420			
County Senior Transportation - 2011			44,982	44,982			
Urban Enterprize Zone - Panatose Study			100,000	20,820			79,180
Urban Enterprize Zone - Surveillance Camera Phase II			31,854	31,854			
Urban Enterprize Zone - Surveillance Camera Phase II - Municipal Share			7,963	7,963			
Urban Enterprize Zone - Signage Improvement			200,000	6,341			193,659
Urban Enterprize Zone - Graffiti Erad			100,000	16,824			83,176
Urban Enterprize Zone - Clean Sweep			220,000	80,620			139,380
Urban Enterprize Zone - Security Patrol			25,070	19,950			5,120
Urban Enterprize Zone - Security Patrol - Municipal Share			102,000	94,915			7,085
Urban Enterprize Zone - Administration Salaries and Wages			29,655	29,652			3
Urban Enterprize Zone - Administration Commodities			170,345	82,437			87,908
Urban Enterprize Zone - Revolving Loan II			1,000,000	1,815			998,185
Women Infant Children - 2012	-	-	779,507	617,867	-	$ 5,980	155,660
	$ 970,161	$ 6,602,718	$ 8,607,789	$ 5,325,599	$ 2,048,290	$ 765,456	$ 8,041,323

Cash Disbursements		$ 2,900,885	
Due from Current Fund	$ 8,607,789		
Due to Current Fund		2,424,714	$ 35,129
Grants Receivable	-	-	2,013,161
	$ 8,607,789	$ 5,325,599	$ 2,048,290

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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, 2011	$ 34,832	$ 4,608,110	$ 6,301	$ 14,752
Increased by:				
Animal Licenses	6,216			
Adoption Fees	12,531			
Due State of New Jersey	1,089			
Current Fund Receipts		2,420,183	219,182	
Grant Fund Receipts				247,294
Miscellaneous Reserves and Deposits		65,012,309		
Received from Current Fund	32			
Received from Grant Fund			228,900	
Received from Sewer Utility Operating Fund		200,000		
Received from Other Trust Fund	1,501			
Interest Income				281
HUD - CDBG Program			926,391	
HUD - HOME Program	-	-	-	1,013,224
	21,369	67,632,492	1,374,473	1,260,799
	56,201	72,240,602	1,380,774	1,275,551
Decreased by:				
Due State of New Jersey	1,021	39,501		
Animal Control Expenditures	5,451			
Miscellaneous Reserves and Deposits		65,650,142		
Reserve for Encumbrances	2,699			
HUD-CDBG Program Expenditures			1,124,329	
Payments to Current Fund		2,096,336	228,389	155,271
Payments to Animal Control Fund		1,501		
Payments made for Current Fund		103,327		
Payments to Grant Fund		977		
HUD - Home Investment Program Expenditures	-	-	-	899,904
	9,171	67,891,784	1,352,718	1,055,175
Balance, June 30, 2012	$ 47,030	$ 4,348,818	$ 28,056	$ 220,376

EXHIBIT B-2

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

Balance, June 30, 2011		$ 101
Increased by:		
Cash Receipts		1,089
		1,190
Decreased by:		
Cash Disbursed		1,021
Balance, June 30, 2012		$ 169

EXHIBIT B-3

STATEMENT OF RESERVE FOR EXPENDITURES
ANIMAL CONTROL FUND

Balance, June 30, 2011		$ 33,565
Increased by:		
Dog/Cat Licenses	$ 6,216	
Adoption Fees	12,531	
		18,747
		52,312
Decreased by:		
Cash Disbursements	5,451	
Reserved for Encumbrances	5,940	
		11,391
Balance, June 30, 2012		$ 40,921

EXHIBIT B-4

STATEMENT OF DUE FROM CURRENT FUND
ANIMAL CONTROL FUND

Balance, June 30, 2011		$ 32
Decreased by:		
Receipts from Current Fund		$ 32

EXHIBIT B-5

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

Balance, June 30, 2011	$	1,501
Decreased by:		
Payments to Animal Control Fund	$	1,501

EXHIBIT B-6

STATEMENT OF RESERVE FOR ENCUMBRANCES
ANIMAL CONTROL FUND

Balance, June 30, 2011	$	2,699
Increased by:		
Charges to Reserve for Expenditures		5,940
		8,639
Decreased by:		
Cash Disbursements		2,699
Balance, June 30, 2012	$	5,940

EXHIBIT B-7

STATEMENT OF OTHER RECEIVABLES
OTHER TRUST FUND

Balance, June 30, 2011	$	19,416
Balance, June 30, 2012	$	19,416

EXHIBIT B-8

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

Balance, June 30, 2011 (Due To)			$ 96,336
Increased by:			
Other Trust Fund Expenditures Paid by Current Fund		$ 3,969,929	
Current Fund Receipts Deposited in Other Trust Fund		2,420,183	
			6,390,112
			6,486,448
Decreased by:			
Current Fund Expenditures Paid by Other Trust Fund		103,327	
Payments to Current Fund		2,096,336	
Other Trust Reserves and Deposits:			
Receipts Deposited in Current Fund	$ 51,328		
Transfer to Miscellaneous Reserves - Current Fund			
2011 Appropriation Reserves	507,026		
2012 Budget Appropriations			
Accumulated Leave	1,500,000		
Workers Compensation	759,999		
Liability Insurance	1,275,000		
Unemployment Insurance	429,999		
		4,523,352	
			6,723,015
Balance, June 30, 2012 (Due From)			$ 236,567

EXHIBIT B-9

STATEMENT OF DUE TO GRANT FUND
OTHER TRUST FUND

Balance, June 30, 2011	$ 977
Decreased by:	
Payments to Grant Fund	$ 977

EXHIBIT B-10

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

Balance, June 30, 2011	$ 39,501
Increased by:	
Unemployment Claims Charged to Miscellaneous Reserves and Deposits	35,552
	75,053
Decreased by:	
Cash Disbursements	39,501
Balance, June 30, 2012	$ 35,552

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

	Balance, June 30, 2011	Increases	Decreases	Balance, June 30, 2012
Marriage License Fees	$ 6,800	$ 9,875	$ 9,400	$ 7,275
Payroll Deductions/Pension/ Salary Deposits	647,626	58,520,325	58,943,639	224,312
Police Funds	123,645	128,952	138,987	113,610
Police Off Duty Fees	50,787	663,310	627,156	86,941
Demolition & Performance Bond Deposits	79,848	9,000	4,000	84,848
Tax Redemption Deposits	373,515	2,426,410	2,587,910	212,015
Rental Rehabilitation	7,699			7,699
Developers Escrow Deposits	188,745	82,053	87,971	182,827
Primary General Election	61,952	71,654	52,620	80,986
Defense Bond Deposits	345			345
Elevator Inspection Fees	103,943	63,771	45,934	121,780
Fire Permits and Fines	105,374	48,238	27,945	125,667
Fire Line Safety Reg.	258,538	326,344	300,277	284,605
Fire Dedicated Funds	13,086	6,375		19,461
Unemployment Compensation Insurance	96,683	463,729	556,325	4,087
Self-Insurance	257,616	1,224,484	1,191,976	290,124
Workmans Compensation	172,686	2,249,612	2,283,773	138,525
Parking Offenses Adjudication Act Fees	6,600	30,150	26,596	10,154
Municipal Alliance Fund Raiser - Donations	35	250		285
Tax Sale Premium Deposits	887,350	900,600	578,100	1,209,850
Festival Performance Bonds	40,373	30,000	22,702	47,671
Recreation - Donations	1,665	3,348		5,013
Recreation Official Fee		6,980	2,145	4,835
EMS Facility	3,009	171		3,180
United Way Alliance	5			5
Multi Cultural Affair - Donations	10,948	17,000	11,622	16,326
Animal Control - Donations	2,618	800	384	3,034
Relocation Assistance-Donations	1,209			1,209
Senior Citizen - Donations	2,718	1,000	840	2,878
Substance Abuse - Donations	20,857	14,454	22,700	12,611
Nextel Rebanding Escrow Deposit	29,655			29,655
Affordable Housing	30,662			30,662
Regional Contribution Agreement	116,071	61	50,000	66,132
Police and Firemen's Retirement Pension	279			279
Health Benefit Insurance	441,851	177,000		618,851
Capital Lease - Police Vehicle	17,471		17,471	
Developers Performance Bond	20,000			20,000
Accumulated Sick and Vacation	216,889	1,907,720	1,842,119	282,490
Drug Court Substance Abuse	56,060	126,415	85,264	97,211
NJ ACH Death Certificate	27,180	14,000		41,180
Festival Expense	480	1,600	1,600	480
Substance Abuse - NJ Medical Assistance	6,329	2,989	7,381	1,937
NJAI State Substance Abuse	117		110	7
Litigation Settlement	199,892	6,991	128,676	78,207
	$ 4,689,211	$ 69,535,661	$ 69,655,623	$ 4,569,249

Cash Receipts	$ 65,012,309
Due from Current Fund	4,523,352
	$ 69,535,661

Cash Disbursed	$ 65,650,142
Due to Current Fund	3,969,929
Due to State of New Jersey	35,552
	$ 69,655,623

EXHIBIT B-12

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

Balance, June 30, 2011		$ 1,358,388
Increased by:		
Program Allotment - Year 37	$ 1,115,544	
IDIS Adjustments	189,707	
		1,305,251
		2,663,639
Decreased by:		
Cash Receipts		926,391
Balance, June 30, 2012		$ 1,737,248

EXHIBIT B-13

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

Balance, June 30, 2011		$ 1,750,128
Increased by:		
Program Allotment - Year 37	$ 1,115,544	
IDIS Adjustments	189,707	
		1,305,251
		3,055,379
Decreased by:		
Cash Disbursements	1,124,329	
CDBG Expenditures Paid by Current Fund	16,691	
		1,141,020
Balance, June 30, 2012		$ 1,914,359

Program Income	$ 36,572
Year 37	796,340
Year 36 and Prior	1,081,447
	$ 1,914,359

EXHIBIT B-14

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

Balance, June 30, 2011	$ 549,128
Increased by:	
Grant Allotments	
Current Year Allotment - Year 37	877,379
	1,426,507
Decreased by:	
Cash Receipts - HUD	1,013,224
Balance, June 30, 2012	$ 413,283

EXHIBIT B-15

STATEMENT OF OTHER RECEIVABLES
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Balance, June 30, 2011	$ 155,454
Balance, June 30, 2012	$ 155,454

Analysis of Balance

Business and Housing Loans	$ 155,454

EXHIBIT B-16

STATEMENT OF MORTGAGE RECEIVABLE
HOME INVESTMENT PROGRAM FUND

Balance, June 30, 2011	$ 441,849
Increased by:	
Deferred Interest Accrued	4,418
Balance, June 30, 2012	$ 446,267

EXHIBIT B-17

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

Balance, June 30, 2011	$	228,900
Decreased by:		
Cash Received From Grant Fund	$	228,900

EXHIBIT B-18

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

Balance, June 30, 2011	$	8,122
Balance, June 30, 2012	$	8,122

EXHIBIT B-19

STATEMENT OF DUE FROM CURRENT FUND
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Balance, June 30, 2011			$	9,207
Increased by:				
Payments to Current Fund				228,389
				237,596
Decreased by:				
Current Fund Receipts Deposited in CDBG	$	219,182		
CDBG Expenditures Paid by Current Fund		16,691		
				235,873
Balance, June 30, 2012			$	1,723

EXHIBIT B-20

CITY OF PASSAIC
STATEMENT OF DUE TO CURRENT FUND
HOME INVESTMENT PROGRAM FUND

Balance, June 30, 2011		$ 43,566
Increased by:		
Payments Made by Current Fund		111,705
		155,271
Decreased by:		
Payments to Current Fund		$ 155,271

EXHIBIT B-21

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

Balance, June 30, 2011		$ 520,314
Increased by:		
Grant Allotments		
Current Year Allotment - Year 37	$ 877,379	
Program Income		
Interest Income	281	
		877,660
		1,397,974
Decreased by:		
Cash Disbursements	899,904	
Payments Made by Current Fund	111,705	
		1,011,609
Balance, June 30, 2012		$ 386,365

EXHIBIT B-22

STATEMENT OF DUE TO GRANT FUND
HOME INVESTMENT PROGRAM FUND

Increased by:	
Grant Fund Receipts Deposited in HOME Investment Program Fund	247,294
Balance, June 30, 2012	$ 247,294

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GENERAL CAPITAL FUND

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

Balance, June 30, 2011		$ 2,308,806
Increased by Receipts:		
Interest Earned	$ 127	
Received from Current Fund	275,090	
		275,217
		2,584,023
Decreased by Disbursements:		
Payments to Current Fund	700,000	
Improvement Authorizations	359,443	
Encumbrances Payable	56,509	
		1,115,952
Balance, June 30, 2012		$ 1,468,071

CITY OF PASSAIC
ANALYSIS OF GENERAL CAPITAL CASH

		Balance June 30, 2012
Capital Improvement Fund (Deficit)		$ (4,751)
Grants/Loans Receivable		(750,000)
Encumbrances Payable		1,426,110
Reserve for Curb and Sidewalk Improvements		5,000
Improvement Authorizations		
Ord. No.	Improvement Description	
1036-88	Various Improvements	(2,075)
1413-97	Various Improvements	83
1418-97	Construction of Traffic Signal	45,937
1451-98	Various Improvements	27,430
1469-99	Improvements to Broadway Viaduct	15,995
1474-99	Improvements to Third Ward Park	9,673
1493-00	Various Improvements	94,776
1494-00	Removal of Underground Storage tanks	4,935
1508-01	Various Improvements	120,300
1542-02/ 1784-08	Various Improvements	800,290
1557-02	Refunding Bond Ordinance	23,610
1587-03	Various Improvements	203,071
1623-04	Various Improvements	82,856
1643-04	Various Improvements - Pulaski Park	(250,000)
1655-05	Various Improvements	166,851
1675-05	Various Park Improvements	23,767
1697-06	Purchase of Real Property	74,716
1746-07	Acquisition of Tractor Drawn Aerial and Equipment	149,627
1769-08	Building Acquisition / Improvements	27,367
1839-10	Improvements to Pulaski Park	(487,450)
1865-11	Acquisition of Ambulance	(118,647)
1868-11	Replacement of City's Telephone System	(221,400)
		$ 1,468,071

CITY OF PASSAIC
STATEMENT OF GRANTS AND LOANS RECEIVABLE

Ord. No.	Grantor Agency	Balance June 30, 2011	Increased	Balance June 30, 2012	Balance Pledged to Improvement Authorizations	Balance Pledged to Reserve
Loans						
1643-04	Green Acres Trust - Pulaski Park (RC Field)	$ 250,000		$ 250,000		$ 250,000
1839-10	Green Acres Trust - Pulaski Park	500,000	-	500,000	-	500,000
	Total Loans	750,000	-	750,000	-	750,000
Grants						
1643-04	Green Acres Trust - Pulaski Park (RC Field)	$ 250,000		250,000	$ 250,000	
1839-10	Green Acres Trust - Pulaski Park	500,000	-	500,000	500,000	-
	Total Grants	750,000	-	750,000	750,000	-
	Grand Total	$ 1,500,000	$ -	$ 1,500,000	$ 750,000	$ 750,000

EXHIBIT C-5

STATEMENT OF DUE FROM CURRENT FUND

Increased by:		
Payments to Current Fund		$ 700,000
Decreased by:		
Receipts from Current Fund	$ 275,090	
Interest Earned	127	
Anticipated Revenue - Current Fund - Reserve for Debt Service	341,480	
Anticipated Revenue - Current Fund - General Capital Fund Balance	83,303	
		$ 700,000

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

Balance, June 30, 2011		$ 19,319,924
Decreased by:		
Payment of Bonds - Budget Appropriation	$ 1,864,680	
Payment of Loans- Budget Appropriation	65,822	
		1,930,502
Balance, June 30, 2012		$ 17,389,422

EXHIBIT C-7

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

					Analysis of Balance June 30, 2012	
Ord. No.	Improvement Description	Balance, June 30, 2011	2012 Authorizations	Balance, June 30, 2012	Expended	Unexpended Improvement Authorizations
1036-88	Various Improvements	$ 2,075		$ 2,075	$ 2,075	
1469-99	Broadway Viaduct	20		20		$ 20
1643-04	Various Impts - Pulaski Park	250,000		250,000	250,000	
1769-08	Building Acquisitions / Imp.	581		581		581
1784-08	Various Improvements	82		82		82
1839-10	Improvements to Pulaski Park	500,000		500,000	487,450	12,550
1865-11	Acquisition of Ambulance	118,750		118,750	118,647	103
1868-11	Replacement of City's Telephone System	-	$ 237,500	237,500	221,400	16,100
		$ 871,508	$ 237,500	$ 1,109,008	$ 1,079,572	$ 29,436

EXHIBIT C-8

CITY OF PASSAIC
STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, June 30, 2011	$	7,749
Decreased by:		
Appropriated to Finance Improvement Authorizations		12,500
Balance (Deficit), June 30, 2012	$	(4,751)

EXHIBIT C-9

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, June 30, 2011	$	56,509
Increased by:		
Charges to Improvement Authorizations		1,426,110
		1,482,619
Decreased by:		
Payments		56,509
Balance, June 30, 2012	$	1,426,110

CITY OF PASSAIC
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

		Balance, June 30, 2011		2012 Authorizations			Balance, June 30, 2012	
Ord. No.	Improvement Description	Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded	Expended	Funded	Unfunded
1413-97	Various Improvements	$ 83					$ 83	
1418-97	Traffic Signal	45,937					45,937	
1451-98	Various Improvements	29,742				$ 2,312	27,430	
1469-99	Improvements to Broadway Viaduct	16,273	$ 20			278	15,995	$ 20
1474-99	Improvements to Third Ward Park	9,673					9,673	
1493-00	Various Improvements	99,397				4,621	94,776	
1494-00	Removal of Underground Storage Tanks	4,935					4,935	
1508-01	Various Improvements	136,737				16,437	120,300	
1542-02 / 1784-08	Various Improvements	801,050	82			760	800,290	82
1557-02	Pension Refunding Bond	23,610					23,610	
1587-03	Various Improvements	203,991				920	203,071	
1623-04	Various Improvements	101,601				18,745	82,856	
1643-04	Various Improvements - Pulaski Park (RC Field)	193,767	250,000			443,767		
1655-05	Various Improvements	169,317				2,466	166,851	
1675-05/1442-98	Various Park Improvements	23,767					23,767	
1697-06	Rail Property Easement	74,716					74,716	
1746-07	Acquisition of Vehicles and Equipment	149,627					149,627	
1769-08	Building Acquisition / Improvements	27,367	581				27,367	581
1839-10	Improvements to Pulaski Park	449,000	500,000			936,450		12,550
1865-11	Acquisition of Ambulance	6,250	118,750			124,897		103
1868-11	Replacement of City's Telephone System	-	-	$ 12,500	$ 237,500	233,900	-	16,100
		$ 2,566,840	$ 869,433	$ 12,500	$ 237,500	$ 1,785,553	$ 1,871,284	$ 29,436

Cash Disbursements	$ 359,443
Encumbrances Payable	1,426,110
	$ 1,785,553

CITY OF PASSAIC
STATEMENT OF BONDS PAYABLE

Purpose.	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2012 Date	Amount	Interest Rate	Balance, June 30, 2011	Increased	Decreased	Balance, June 30, 2012
General Obligation Bonds	7/15/1998	$ 6,369,326	7/15/12	$ 584,484	4.85%	$ 1,144,164		$ 559,680	$ 584,484
ERIP Pension Refunding Bonds	2/1/2003	7,800,000	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%	5,105,000		605,000	4,500,000
General Obligation Bonds	5/1/2005	6,215,000	5/1/2013	700,000	3.80%				
			5/1/2014	875,000	3.80%				
			5/1/2015	875,000	3.80%				
			5/1/2016	875,000	3.875%				
			5/1/2017	890,000	4.00%	4,915,000		700,000	4,215,000

CITY OF PASSAIC
STATEMENT OF BONDS PAYABLE

Purpose.	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2012 Date	Amount	Interest Rate	Balance, June 30, 2011	Increased	Decreased	Balance, June 30, 2012
General Obligation Bonds	8/5/2010	$ 7,249,000	8/1/2014	$ 300,000	3.00%				
			8/1/2015	300,000	3.00%				
			8/1/2016	250,000	3.25%				
			8/1/2017	250,000	3.25%				
			8/1/2018	675,000	3.25%				
			8/1/2019	675,000	3.25%				
			8/1/2020	675,000	3.25%				
			8/1/2021	675,000	3.50%				
			8/1/2022	675,000	3.50%				
			8/1/2023	675,000	3.50%				
			8/1/2024	700,000	3.50%				
			8/1/2025	700,000	3.75%				
			8/1/2026	699,000	4.00%	$ 7,249,000	-	-	$ 7,249,000
						$ 18,413,164	$ -	$ 1,864,680	$ 16,548,484
			Paid by Budget Appropriation					$ 1,864,680	
			Analysis of Balance:						
			General Serial Bonds						$ 12,048,484
			Early Retirement Incentive Pension Refunding Bonds						4,500,000
									$ 16,548,484

EXHIBIT C-12

CITY OF PASSAIC
STATEMENT OF GREEN ACRES LOANS PAYABLE

Balance, June 30, 2011	$	906,760
Decreased by:		
Paid by Budget Appropriation		65,822
Balance, June 30, 2012	$	840,938

Ord. No.	Description		
1442-98/1622-04/ 1675-05	Dundee Island Field Rehabilitation	$	231,448
1442-98/1474-99/ 1622-04/1675-05	Third Ward Park Improvements		400,197
1442-98/1474-99/ 1622-04/1675-05	Hughes Lake		191,488
1655-05	Pulaski Park Renovation		17,805
		$	840,938

EXHIBIT C-13

STATEMENT OF RESERVE FOR CURB AND SIDEWALK IMPROVEMENTS

Balance, June 30, 2011	$	5,000
Balance, June 30, 2012	$	5,000

CITY OF PASSAIC
STATEMENT OF RESERVE FOR DEBT SERVICE

Balance, June 30, 2011	$	341,480
Decreased by:		
Due to Current Fund as Anticipated Revenue	$	341,480

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

Ord. No.	Description	Balance June 30, 2011	2012 Authorizations	Balance June 30, 2012
1036-88	Various Improvements	$ 2,075		$ 2,075
1469-99	Broadway Viaduct	20		20
1643-04	Various Improvements - Pulaski Park (R.C. Field)	250,000		250,000
1769-08	Acquisition of Tractor Drawn Aerial & Equipment	581		581
1784-08	Various Improvements	82		82
1839-10	Improvements to Pulaski Park	500,000		500,000
1865-11	Acquisition of Ambulance	118,750		118,750
1868-11	Replacement of City's Telephone System	-	$ 237,500	237,500
		$ 871,508	$ 237,500	$ 1,109,008

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SEWER UTILITY FUND

EXHIBIT D-5

CITY OF PASSAIC
STATEMENT OF SEWER UTILITY CASH

		Operating Fund		Capital Fund
Balance, June 30, 2011		$ 91,051		$ 26,840
Increased by Receipts:				
Sewer Rents Received	$ 5,207,284			
Other Accounts Receivable	274,235			
Current Fund Receipts Deposited in Sewer Operating Fund	200,000			
Received from Current Fund	-		$ 100,000	
		5,681,519		100,000
		5,772,570		126,840
Decreased by Disbursements:				
Budget Appropriations	4,864,374			
Appropriation Reserves	10,400			
Interest on Bonds and Notes	64,802			
Improvement Authorizations			108,026	
Encumbrances Payable	7,000			
Current Fund Expenditures Paid by Sewer Operating Fund	6,486			
Payments made to Other Trust Fund	200,000			
Payments made to Current Fund	450,751		-	
		5,603,813		108,026
Balance, June 30, 2012		$ 168,757		$ 18,814

EXHIBIT D-6

ANALYSIS OF SEWER CAPITAL CASH

	Balance, June 30, 2012
Fund Balance	$ 1,010
Due to Sewer Utility Operating Fund	20,824
Due to Current Fund	100,000
Improvement Authorizations:	
Ord. No.	
1611-04 Various Sewer Improvements	(44,000)
1667-05 Various Sewer Improvements	11,384
1698-06 Various Sewer Improvements	11,405
1822-10 Various Sewer Improvements	12,217
1871-11 Various Sewer Improvements	(94,026)
Balance, June 30, 2012	$ 18,814

EXHIBIT D-7

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

Balance, June 30, 2011		$ 622,182
Increased by:		
Sewer Rents Levied - Net		5,599,829
		6,222,011
Decreased by:		
Sewer Rents Collected:		
Receipts from Passaic Valley Water Commission	$ 5,207,284	
Prepaid Sewer User Charges Applied	38,513	
Due From Passaic Valley Water Commission	37,373	
		5,283,170
Balance, June 30, 2012		$ 938,841

EXHIBIT D-8

STATEMENT OF OTHER ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND

Balance, June 30, 2011	$ 272,800
Increased by:	
St. Marys Sewer Rents Levied	298,907
	571,707
Decreased by:	
Cash Receipts	274,235
Balance, June 30, 2012	$ 297,472

EXHIBIT D-9

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

Increased by:	
Rents Due from SFY 2012	$ 37,373
Balance, June 30, 2012	$ 37,373

EXHIBIT D-10

STATEMENT OF DEFERRED CHARGES
SEWER UTILITY OPERATING FUND

	Balance June 30, 2011	Amount Raised in SFY 2012 Budget	Balance June 30, 2012
Operating Deficit	$ 217,364	$ 217,364	$ -
	$ 217,364	$ 217,364	$ -

EXHIBIT D-11

CITY OF PASSAIC
STATEMENT OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND

	Balance, June 30, 2011	Balance, June 30, 2012
Sanitary Sewer System	$ 4,899,460	$ 4,899,460
Sewer Jet Cleaning Truck	185,000	185,000
T.V. Camera Truck	125,000	125,000
	$ 5,209,460	$ 5,209,460

EXHIBIT D-12

STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND

Ordinance Number	Description	Balance, June 30, 2011	Authorized in 2012	Balance, June 30, 2012
1611-04	Various Sewer Improvements			
1667-05	Various Sewer Improvements	$ 11,384		$ 11,384
1698-06	Various Sewer Improvements	11,613		11,613
1822-10	Various Sewer Improvements	12,217		12,217
1871-11	Various Sewer Improvements	-	$ 280,000	280,000
		$ 35,214	$ 280,000	$ 315,214

EXHIBIT D-13

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

Balance, June 30, 2011 (Due From)		$ 57,801
Increased by:		
Anticipated Revenue - Deficit Current Fund Budget	$ 63,586	
Payments made by Sewer Utility Operating Fund for Current Fund	6,486	
Payments to Current Fund	450,751	
		520,823
		578,624
Decreased by:		
Lapse 2011 Appropriation Reserves	24,892	
Current Fund Receipts Deposited in Sewer Utility Operating Fund	200,000	
Payments made by Current Fund for Sewer Utility Operating Fund Budget	437,607	
		662,499
Balance, June 30, 2012 (Due To)		$ 83,875

EXHIBIT D-14

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

Balance, June 30, 2011	$	200,000
Decreased by:		
Payments to Other Trust Fund	$	200,000

EXHIBIT D-15

STATEMENT OF PREPAID SEWER RENTS
SEWER UTILITY OPERATING FUND

Balance, June 30, 2011	$	38,513
Decreased by:		
Applied to Sewer Rents	$	38,513

EXHIBIT D-16

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

Balance, June 30, 2011	$	20,824
Balance, June 30, 2012	$	20,824

EXHIBIT D-17

CITY OF PASSAIC
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND

Ordinance Number	Description	Ordinance Amount	Balance June 30, 2011 Funded	Balance June 30, 2011 Unfunded	SFY 2012 Authorizations Capital Fund Balance	SFY 2012 Authorizations Deferred Charges to Future Revenue	Expended	Balance June 30, 2012 Funded	Balance June 30, 2012 Unfunded
1667-05	Various Sewer Improv	$ 280,000	$ 11,384					$ 11,384	
1698-06	Various Sewer Improv	280,000	11,405	$ 208				11,405	$ 208
1822-10	Various Sewer Improv	280,000	12,217					12,217	
1871-11	Various Sewer Improv	280,000	-	-	$ 14,000	$ 266,000	$ 108,026	-	171,974
			$ 35,006	$ 208	$ 14,000	$ 266,000	$ 108,026	$ 35,006	$ 172,182

EXHIBIT D-18

CITY OF PASSAIC
STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND

Balance, June 30, 2011	$	7,000
Increased by:		
Charges to Budget Appropriations		65,950
		72,950
Decreased by:		
Payments		7,000
Balance, June 30, 2012	$	65,950

EXHIBIT D-19

STATEMENT OF ACCOUNTS PAYABLE
SEWER UTILITY OPERATING FUND

Balance, June 30, 2011	$	21,610
Decreased by:		
Cancelled to Operations	$	21,610

EXHIBIT D-20

STATEMENT OF DUE TO CURRENT FUND
SEWER UTILITY CAPITAL FUND

Increased by:		
Cash Received from Current Fund	$	100,000
Balance, June 30, 2012	$	100,000

EXHIBIT D-21

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

Balance, June 30, 2011	$ 3,244,624
Increased by:	
Paid by Operating Budget:	
Serial Bonds	366,320
Balance, June 30, 2012	$ 3,610,944

EXHIBIT D-22

STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND

Balance, June 30, 2011	$ 35,006
Increased by:	
Improvement Authorizations Funded by Capital Fund Balance	14,000
Balance, June 30, 2012	$ 49,006

Analysis of Balance - June 30, 2012

Ord. No.	Description	Amount
1667-05	Various Improvements	$ 11,384
1698-06	Various Improvements	11,405
1822-10	Various Improvements	12,217
1871-11	Various Improvements	14,000
		$ 49,006

EXHIBIT D-23

STATEMENT OF ACCRUED INTEREST ON BONDS
SEWER UTILITY OPERATING FUND

Balance, June 30, 2011	$ 31,781
Increased by:	
Charges to Budget Appropriations	
Interest on Bonds	57,298
	89,079
Decreased by:	
Interest Paid	64,802
Balance, June 30, 2012	$ 24,277

CITY OF PASSAIC
STATEMENT OF 2011 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND

	Balance June 30, 2011	Balance After Modifications	Paid or Charged	Balance Lapsed
OPERATING				
Other Expenses	$ 28,605	$ 28,605	$ 10,400	$ 18,205
Sewer Treatment Expenses	6,624	6,624		6,624
Sewer Maintenance Fee	63	63	-	63
	$ 35,292	$ 35,292	$ 10,400	$ 24,892
Due to Current Fund				$ 24,892

CITY OF PASSAIC
STATEMENT OF SERIAL BONDS
SEWER UTILITY CAPITAL FUND

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2012 Date	Maturities of Bonds Outstanding June 30, 2012 Amount	Interest Rate	Balance, June 30, 2011	Increased	Decreased	Balance, June 30, 2012
General Bonds of 1998	7/15/1998	$ 3,644,674	7/15/12	$ 334,516	4.85%	$ 654,836		$ 320,320	$ 334,516
Sewer Bonds of 2010	7/27/2010	1,266,000	8/1/2012	50,000	3.00%				
			8/1/2013	90,000	3.00%				
			8/1/2014	90,000	3.00%				
			8/1/2015	90,000	3.00%				
			8/1/2016	90,000	3.25%				
			8/1/2017	90,000	3.25%				
			8/1/2018	90,000	3.25%				
			8/1/2019	90,000	3.25%				
			8/1/2020	90,000	3.25%				
			8/1/2021	90,000	3.50%				
			8/1/2022	90,000	3.50%				
			8/1/2023	90,000	3.50%				
			8/1/2024	90,000	3.50%				
			8/1/2025	90,000	3.75%	1,266,000	-	46,000	1,220,000
						$ 1,920,836	$ -	$ 366,320	$ 1,554,516
				Paid by Budget Appropriation				$ 366,320	

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

Ord. No.	Improvement Description	Balance, June 30, 2011	Authorized	Balance, June 30, 2012
1611-04	Various Sewer Improvements	$ 44,000		$ 44,000
1698-06	Various Sewer Improvements	208		208
1871-11	Various Sewer Improvements	-	$ 266,000	266,000
		$ 44,208	$ 266,000	$ 310,208

CITY OF PASSAIC

PART II

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

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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 fiscal year ended June 30, 2012, and have issued our report thereon dated January 31, 2013 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 a scope limitation due to 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

Management of the City of Passaic is responsible for establishing and maintaining effective 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 2012-1 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 is described in the accompanying schedule of findings and questioned costs as item 2012-1.

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 management, governing body, others within the City, 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

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

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
January 31, 2013

LERCH, VINCI & HIGGINS, LLP

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

Independent Auditor's Report

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 fiscal year ended June 30, 2012. 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 fiscal year ended June 30, 2012. However, the results of our auditing procedures disclosed 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 2012-2 through 2012-4.

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 material weaknesses.

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 2012-2 through 2012-4 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

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

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
January 31, 2013

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grant Program	CFDA Number	Grant Award Amount	Grant Receipts	Balance, June 30, 2011	Revenue Realized	Local Match	Program Income	Expenditures	(Cancelled)/ Adjustment	Balance, June 30, 2012	Cumulative Expended
U.S. Department of Health and Human Services											
Ryan White Title I - 2013	93.924	$ 169,787			$ 169,787			$ 30		$ 169,757	$ 30
Ryan White Title I - 2012	93.924	174,774	$ 174,774		174,774			96,848		77,926	96,848
Ryan White Title I - 2012	93.924	27,315			27,315			27,315			27,315
Ryan White Title I - 2010	93.924	198,004		$ 63,187				63,187			198,004
Ryan White Title I - 2009	93.924	197,528		217				149		68	197,460
Ryan White Title I - 2008	93.924	172,274		8,441				6,491		1,950	170,324
Pandemic Flu - Emergency Preparedness	93.069	11,664		1,055				1,055			11,664
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	243,605	630,191				242,349		387,842	2,049,933
U.S. Department of Agriculture											
Women, Infants, and Children-2012	10.557	779,507	466,199		779,507			617,867		161,640	617,867
Women, Infants, and Children-2011	10.557	865,400	350,887	254,223				225,879	$ (28,344)		837,056
Women, Infants, and Children-2010	10.557	850,581		33,962					(33,962)		816,619
Women, Infants, and Children-2009	10.557	736,300		31,674					(31,674)		704,626
Women, Infants, and Children-2006	10.557	642,612		18,081					(18,081)		624,531
12 Summer Food Program	10.559	404,678			404,678			1,678		403,000	1,678
10 Summer Food Program	10.559	458,147	175,407	458,147				173,352	(282,740)	2,055	173,352
10 Summer Food Program	10.559	287,527		10,559				70		10,489	277,038
09 Summer Food Program	10.559	369,547		225,901				3,009	(210,935)	11,957	146,655
07 Summer Food Program	10.559	598,264		8,829				8,829			598,264
U.S. Department of Justice											
Neighborhood Crime Prevention	16.710	54,104		32,387				32,219		168	53,936
Neighborhood Crime Prevention	16.710	40,578	40,578		40,578	$ 13,526		17,531		36,573	4,005
COPS Secure Our School	16.71	38,500	38,500		38,500			34,900	(3,600)		34,900
COPS Universal-2005	16.710	687,500		837				837			687,500
Byrne Memorial Justice Asst. 2011	16.738	284,032			284,032					284,032	
Byrne Memorial Justice Asst. 2010	16.738	362,938	133,989	319,981				111,089		208,892	154,046
Byrne Memorial Justice Asst. 2009	16.738	378,650	280,097	185,665				116,746		68,919	309,731
Byrne Memorial Justice Asst. 2008	16.738	1,622,388	323,073	338,872				333,644		5,228	1,617,160
Byrne Memorial Justice Asst. 2006	16.738	355,820		377						377	355,443
U.S. Department of Homeland Security											
FEMA - Emergency Management	97.000			1						1	
FEMA - Assistance to Fire Fighters	97.044	86,789	4,000	31,929					(3,078)	28,851	54,860
Fire Safer Program	97.000	1,530,304			1,530,304					1,530,304	
Safer Grant Program	97.000	417,473	221,419	404,334				404,334			417,473
Department of Transportation											
Transportation Trust - St Francis, Monroe, Blaine	20.205	300,614			300,614					300,614	
Transportation Trust - Quincy/Allen	20.205	285,500			285,500					285,500	
Transportation Trust - Quincy/Sherman	20.205	325,850	217,984	318,884				318,884			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		61,555						61,555	198,945

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grant Program	CFDA Number	Grant Award Amount	Grant Receipts	Balance, June 30, 2011	Revenue Realized	Local Match	Program Income	Expenditures	(Cancelled)/ Adjustment	Balance, June 30, 2012	Cumulative Expended
Department of Transportation											
Over the Limit/Under Arrest	20.601	$ 9,400		$ 2,000						$ 2,000	$ 7,400
Click It or Ticket - Seat Belt Campaign	20.609	4,000		1,550				$ 1,050		500	3,500
Click It or Ticket - Seat Belt Campaign	20.609	4,000			$ 4,000			3,900		100	3,900
Click It or Ticket - Seat Belt Campaign	20.609	5,000		196				196			5,000
Department of Law and Public											
Pedestrian Safety Grant	20.609	17,000		5,750				5,450		300	16,700
Pedestrian Safety Grant	20.609	18,000		1,012				455	$ (47)	510	17,443
Booster Seat Enforcement Grant	20.613	20,000		2,550				1,273	(50)	1,227	18,723
Department of Energy											
Energy Efficiency & Conserv. Bl. Grant	81.128	613,800		568,500				277,706		290,794	323,006
U.S. Department of Housing and Urban Development											
Community Development Block Grant											
Various Programs	14.218	1,115,544	$ 926,391	1,628,353	1,115,544			1,019,245	189,707	1,914,359	7,098,790
ARRA - R	14.253	320,369		121,775				121,775			320,369
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	877,379	1,013,224	520,314	877,379	-	$ 281	1,011,609	-	386,365	4,864,155
				$ 6,384,606	$ 6,032,512	$ 13,526	$ 281	$ 5,280,951	$ (424,388)	$ 6,725,586	

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, June 30, 2011	Revenue Realized	Local Match	Expended	Adjustments	Balance, June 30, 2012	Cumulative Expended
Department of Community Affairs											
Clean Communities Grant	4900-765-178920	2012	$ 59,112	$ 59,112		$ 59,112				$ 59,112	
Clean Communities Grant	4900-765-178920	2011	60,036	60,036		60,036		$ 59,949		87	$ 59,949
Clean Communities Grant	4900-765-178920	2010	63,927		$ 22,468			21,971		497	63,430
Clean Communities Grant	4900-765-178920	2007	45,797		8			8			45,797
Lead Intervention	N/A	2004	531,600		149,440					149,440	382,160
Lead Intervention	N/A	2011	159,250		45,085			39,974		5,111	154,139
Recreation Opportunity	N/A	2012	7,500			7,500				7,500	
Recreation Opportunity	N/A	2010	24,000		12,000			12,000			24,000
Community Policing	N/A	2004	7,000		7,000			7,000			7,000
Domestic Violence Training Program	N/A	2006	3,000		1,826			103		1,723	1,277
Recycling Tonnage	N/A	2012	97,518	97,518		97,518		34,700		62,818	34,700
Recycling Tonnage	N/A	2010	87,129		43,987			43,599		388	86,741
Recycling Tonnage	N/A	2009	78,051		13			13			78,051
Summer Employment	N/A	2012	19,400			19,400				19,400	
Summer Employment	N/A	2010	36,359	19,400	19,400			18,541		859	35,500
Summer Employment	N/A	2009	16,959		9			9			16,959
Department of Health											
Public Health Priority Funding	4220-150-021030-60	2010	31,096		3,645					3,645	27,451
Public Health Priority Funding	4220-150-021030-60	2001	49,947		41,035			41,035			49,947
Community Health Enhancement	N/A	1999			123			123			
Alcohol Education and Rehabilitation	N/A	2011	10,140	10,140		10,140		7,000		3,140	7,000
Narcotics Task 2008	N/A	2008	40,718		40,718			40,718			40,718
Childhood Lead Poisoning Prevention	12-348-CHS-L-0	2012	159,250	115,988		159,250		154,818		4,432	154,818
Childhood Lead Poisoning Prevention	10-348-CHS-L-0	2010	168,000	81,374	71					71	167,929
Childhood Lead Poisoning Prevention	08-348-CHS-L-0	2008	120,000		2,996			2,996			120,000
Passed Thru County of Passaic											
Municipal Alliance	N/A	2012	41,903			41,903	$ 10,476	24,002		28,377	13,526
Municipal Alliance	N/A	2011	52,048	41,881	50,293			47,783		2,510	49,538
Municipal Alliance	N/A	2010	55,800		46				$ (28)	18	55,754
Municipal Alliance	N/A	2009	55,800		304				(7)	297	55,496
Municipal Alliance	N/A	2008	46,300		358				(163)	195	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	2012	44,982	44,982		44,982		44,982			44,982
Sr. Citizen & Disabled Resident Transport	N/A	2010	15,420	15,420		15,420		15,420			15,420
Sr. Citizen & Disabled Resident Transport	N/A	2003	59,520		335			335			59,520
Cancer Control and Prevention Grant	09-32-CCC-L-1	2008	65,000		4,922					4,922	60,078
Cancer Assessment - 2010	09-32-CCC-L-1	2010	65,000		91					91	64,909
Cancer Assessment - 2011	09-32-CCC-L-1	2011	65,000	34,746	21,633			20,153		1,480	63,520
Cancer Assessment - 2012	09-32-CCC-L-1	2012	50,000	14,536		50,000		31,731		18,269	31,731
Multi Cultural	N/A	2012	1,100	550		1,100				1,100	
Multi Cultural	N/A	2011	1,130	565	1,130			1,130			1,130
Multi Cultural	N/A	2009	2,000		650					650	1,350

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, June 30, 2011	Revenue Realized	Local Match	Expended	Adjustments	Balance, June 30, 2012	Cumulative Expended
Department of Education											
(Passed thru Passaic Board of Education)											
Non-Public Nursing	5120-150-020080-60	2005	$ 65,793		$ 1,660			$ 1,660			$ 65,793
Department of Public Safety											
Drunk Driving Enforcement	1110-448-031020-22	2010	30,644		14,661			6,686		$ 7,975	22,669
Drunk Driving Enforcement	1110-448-031020-22	2009	21,727		2,344					2,344	19,383
Drunk Driving Enforcement	1110-448-031020-22	2008	24,507		549					549	23,958
Drunk Driving Enforcement	1110-448-031020-22	2007	32,323		168					168	32,155
Drive Sober	N/A	2012	5,000	$ 4,950	-	$ 5,000		4,950		50	4,950
Body Armor Replacement	N/A	2011	15,165		15,165					15,165	
Body Armor Replacement	N/A	2010	5,139		5,139					5,139	
Body Armor Replacement	N/A	2009	18,754		18,754			2,032		16,722	2,032
Body Armor Replacement	N/A	2008	20,629		6,092			6,092			20,629
Local Law Enforcement BI Grant	N/A	2011	250,000	3,796	250,000			167,881		82,119	167,881
Local Law Enforcement BI Grant - OJP	N/A	2004	139,466		2,662			2,662			139,466
Advanced Traffic Grant	N/A	2011	119,600		115,013			507		114,506	5,094
Department of Law											
Safe and Secure	100-066-1020-107-090940	2012	90,000			90,000				90,000	
Safe and Secure	100-066-1020-107-090940	2011	79,985	79,985	39,992			39,992			79,985
Juvenile Acct. Incentive Block Grant	JAIBG-16-01-02	2012	20,328	20,328		20,328		19,284		1,044	19,284
Juvenile Acct. Incentive Block Grant	JAIBG-16-01-02	2010	32,000		100					100	31,900
Juvenile Acct. Incentive Block Grant	JAIBG-16-01-02	2009	20,328		121			121			20,328
Juvenile Acct. Incentive Block Grant	JAIBG-16-01-02	2008	20,328		84			84			20,328
Juvenile Acct. Incentive Block Grant	JAIBG-16-01-02	2007	23,353	20,244							23,353
Walk Safe Passaic	PS05-16-02-18	2012	16,000			16,000		5,400		10,600	5,400
Walk Safe Passaic	PS05-16-02-18	2009	22,000	11,700	201			201			22,000
Walk Safe Passaic	PS05-16-02-18	2008	22,000		537			537			22,000
Walk Safe Passaic	PS05-16-02-18	2007	20,000		778			778			20,000
Department of Commerce and Economic Development											
Urban Enterprise Zone Assistance Fund (UEZ)	2830-763-250-XXX-50										
12 - Panatose Study	UEZA	2012	100,000	100,000		100,000		20,820		79,180	20,820
12 - Surveillance Camera Phase II	UEZA	2012	31,854	31,854		31,854	$ 7,963	39,817			31,854
12 - Signage Improvement	UEZA	2012	200,000	200,000		200,000		6,341		193,659	6,341
12 - Graffiti Eradication	UEZA	2012	100,000	100,000		100,000		16,824		83,176	16,824
12 - Clean Sweep	UEZA	2012	220,000	220,000		220,000		80,620		139,380	80,620
12 - Security Patrol	UEZA	2012	102,000	102,000		102,000	25,070	114,865		12,205	89,795
12 - Administration	UEZA	2012	200,000	200,000		200,000		112,089		87,911	112,089
12 - Revolving Loan	UEZA	2012	1,000,000	1,000,000		1,000,000		1,815		998,185	1,815
11 - Marketing	UEZA	2011	76,000	65,335	36,940			6,857		30,083	45,917
11 - Graffiti Eradication	UEZA	2011	145,683	116,547	72,841			39,943		32,898	112,785

CITY OF PASSAIC
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grant Program	Account Numbers	Grant Year	Grant Award	Grant Receipts	Balance, June 30, 2011	Revenue Realized	Local Match	Expended	Adjustments	Balance, June 30, 2012	Cumulative Expended
Department of Commerce and Economic Development											
Urban Enterprise Zone (UEZ) (Continued)											
11 - Clean Sweep	UEZA	2011	$ 266,225	$ 212,980	$ 133,113			$ 133,113			$ 266,225
11 - Security Patrol	UEZA	2011	597,633	478,106	432,546			393,756		$ 38,790	558,843
11 - Administration	UEZA	2011	315,000	222,073	151,717			151,716		1	314,999
10 - Administration	UEZA	2010	477,577		146,195				$ (145,136)	1,059	331,382
09 - Commercial Redevelopment	UEZA	2009	2,482,990	5,345	1,064,716			4,065	(1,060,651)		1,422,339
08 - Commercial Redevelopment	UEZA	2008	1,416,000	3,787	202,891				(202,891)		1,213,109
08 - Landscape Maintenance Phase I	UEZA	2008	48,110	21,939	21,939			8,318		13,621	34,489
Other State Departments											
Tobacco Prevention	N/A	2009	5,940		3,632					3,632	2,308
Tobacco Prevention	N/A	2008	5,100		51					51	5,049
Tobacco Control Grant	N/A	2004	11,040		18					18	11,022
Tobacco Control Grant	N/A	2003	19,718		2,528			2,528			19,718
Hepatitis B Inoculation	N/A	2012	4,575	4,575		$ 4,575				4,575	
Hepatitis B Inoculation	N/A	2008	5,000		566			557		9	4,991
Addiction Services	N/A	2011	4,725		2,123			2,123			4,725
Emergency Telecommunication	2034-100-082-SBE7-050-UOAB-6120	2008	579,761		6,961					6,961	572,800
Emergency Telecommunication	2034-100-082-SBE7-050-UOAB-6120	2007	68,000		2,829					2,829	65,171
Storm Water	04-100-042-4850-118	2004	20,679		5,853			5,853			20,679
Housing Opportunity Grant	N/A	2012	142,000	45,411		142,000		68,544		73,456	
Housing Opportunity Grant	N/A	2011	108,000	43,975	27,300			27,300			108,000
Public Archives 2007 PARIS	N/A	2007	49,500		6,060				(6,060)		43,440
Public Archives 2006 PARIS	N/A	2006	38,610		1,809				(1,809)		36,801
Emergency Preparedness Grant	N/A	2011	10,000	10,000	4,975			4,969		6	9,994
Baseball Tomorrow	N/A	2012	95,597			95,597				95,597	
Department of Environmental Protection											
2009 Business Stimulus Fund - Com. Forestry	N/A	2010	7,000	7,000	7,000			7,000			7,000
Green Trust Grant - Christopher Columbus	4800-533-852000-60	2012	900,000			900,000				900,000	
Green Trust Grant Program (Ord. 1643-04)-RC Field	4800-533-852000-60	N/A	250,000		193,767			193,767			250,000
Green Trust Loan Program (Ord. 1643-04)- RC Field	4800-533-851000-60	N/A	250,000		250,000			250,000			250,000
Green Trust Grant Program (Ord. 1839-10)-Pulaski Pa	4800-533-852000-60	N/A	500,000		449,000			436,450		12,550	487,450
Green Trust Loan Program (Ord. 1839-10)-Pulaski Pa	4800-533-851000-60	N/A	500,000		500,000			500,000			500,000
Green Trust Loan Program (Ord. 1675-05)- Dundee Is	4800-533-851000-60	N/A	100,000		23,767	-	-	-	-	23,767	76,233
					$ 4,694,761	$ 3,793,715	$ 43,509	$ 3,559,010	$ (1,416,745)	$ 3,556,230	

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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, 2012

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:

	Federal	State	Total
Current Fund	$ 4,039,589	$ 3,793,715	$ 7,833,304
Community Development Grant Fund	1,115,544		1,115,544
Home Loan Program Fund	877,379	-	877,379
	$ 6,032,512	$ 3,793,715	$ 9,826,227

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, 2012

NOTE 5 STATE LOANS OUTSTANDING

The City's state loans outstanding at June 30, 2012, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

Loan Program	State
N.J. Dept. of Environmental Protection	
Green Acres Loans	
Dundee Island	$ 231,448
Third Ward Park Improvements	400,197
Hughes Lake Rehabilitation	191,488
Pulaski Park Renovation	17,805
	$ 840,938

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

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 none reported

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 none reported

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:

CFDA Number(s)	Name of Federal Program or Cluster
10.557	Woman, Infants and Children
14.218	Community Development Block Grants
14.253	Community Development Block Grants-ARRA
14.239	Home Investment Partnership Program
16.738	Byrne Memorial Justice Asst.
20.205	Department of Transportation
97.000	Safer Grant Program

CITY OF PASSAIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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__ none reported
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
2830-763-250XXX-50	Dept. of Commerce & Economic Develop.
	Urban Enterprise Zone Ass't Fund.
4800-533-851000-60	DEP - Green Trust Loans
4800-533-852000-60	DEP - Green Trust Grants

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 2012-1

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, 2012 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.

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 2012-2

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
16.738 – Byrne Memorial Justice Assistance Grant

Criteria or specific requirement:

Federal Grant Compliance Supplement

Condition:

See Finding 2012-1.

Questioned Costs:

See Finding 2012-1.

Context:

See Finding 2012-1.

Effect:

See Finding 2012-1.

Cause:

See Finding 2012-1.

Recommendation:

See Finding 2012-1.

Management's Response:

See Finding 2012-1.

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 2012-3

The Consolidated Annual Performance & Evaluation Report (CAPER) expenditures for Program Year 2012 were not in agreement with the program funds expended per the budgetary records maintained by the City Treasurer's office. In addition, program year balances and expenditures per the Integrated Disbursement and Integration System (IDIS) reports were not in agreement with the budgetary records maintained by the City Treasurer's office.

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:

Program fund expenditures per the CAPER for the CDBG and Home Grant programs were not in agreement with the City's records. In addition the program year balances and expenditures per the IDIS reports were not in agreement with the City's records.

Questioned Costs:

Unknown.

Context:

See Condition.

Effect:

Unknown.

Cause:

Program expenditures and balances reported on the CAPER and IDIS reports were not reconciled to the City Treasurer's budgetary accounting records.

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 applicable program funds expended. In addition, program balances per the Integrated Disbursement and Integrated System (IDIS) be reconciled to the City's budgetary accounting records.

Management's Response:

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

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 2012-4

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 2012-1.

Questioned Costs:

See Finding 2012-1.

Context:

See Finding 2012-1.

Effect:

See Finding 2012-1.

Cause:

See Finding 2012-1.

Recommendation:

See Finding 2012-1.

Management's Response

See Finding 2012-1.

CITY OF PASSAIC
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

This section identifies the status of prior-year findings related to the financial statements and federal and state awards that are required to be reported in accordance with 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 2011-1, 2011-2 and 2011-4

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

Current Status

See Finding 2012-1, 2012-2 and 2012-4

FINDING 2011-3

The Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year 2011 was not in agreement with the budgetary records maintained by the City Treasurer's office.

Current Status

See Finding 2012-3.

CITY OF PASSAIC

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FISCAL YEAR ENDED JUNE 30, 2012

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

	Fiscal Year 2012 Amount	Fiscal Year 2012 Percent		Fiscal Year 2011 Amount	Fiscal Year 2011 Percent	
REVENUE AND OTHER INCOME REALIZED						
Fund Balance Utilized	$ 1,692,500	1.32	%	$ 3,000,000	2.40	%
Miscellaneous - From Other Than Local Property Tax Levies	31,621,078	24.67		28,024,779	22.39	
Collection of Delinquent Taxes and Tax Title Liens	294,256	0.23		104,505	0.08	
Collection of Current Tax Levy	93,183,974	72.90		93,305,057	74.53	
Other Credits to Income	1,129,649	0.88		747,527	0.60	
Total Income	127,921,457	100.00	%	125,181,868	100.00	%
EXPENDITURES						
Budget Expenditures						
Municipal Purposes	89,752,127	70.65	%	86,242,485	69.11	%
County Taxes	19,967,078	15.72		20,971,240	16.80	
Local School Taxes	17,130,406	13.48		17,140,411	13.74	
Other Expenditures	183,875	0.15		434,000	0.35	
Total Expenditures	127,033,486	100.00	%	124,788,136	100.00	%
Excess in Revenue	887,971			393,732		
Adjustments to Income Before Fund Balance: Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year	1,540,000			623,671		
Statutory Excess to Fund Balance	2,427,971			1,017,403		
Fund Balance, Beginning of Year	1,772,217			3,754,814		
	4,200,188			4,772,217		
Decreased by: Utilization as Anticipated Revenue	1,692,500			3,000,000		
Fund Balance, End of Year	$ 2,507,688			$ 1,772,217		

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

	Fiscal Year 2012 Amount	Fiscal Year 2012 Percent		Fiscal Year 2011 Amount	Fiscal Year 2011 Percent	
REVENUE AND OTHER INCOME REALIZED						
Collection of Sewer Rents	$ 5,557,405	99.61	%	$ 4,891,912	99.99	%
Miscellaneous - From Other than Sewer Rents				298	0.01	
Other Credits to Income	21,610	0.39		-	-	
Total Income	5,579,015	100.00	%	4,892,210	100.00	%
EXPENDITURES						
Budget Expenditures						
Operating	5,001,619	88.64	%	5,139,543	93.13	%
Debt Service	423,618	7.51		379,162	6.87	
Deferred Charges	217,364	3.85		-	-	
Total Expenditures	5,642,601	100.00	%	5,518,705	100.00	%
Deficit in Revenues	(63,586)			(626,495)		
Adjustments to Income Before Fund Balance Realized from Current Fund Budget for Anticipated Deficit	63,586			409,131		
Operating Deficit to be Raised in Budget of Succeeding Year	$ -			$ (217,364)		
Fund Balance, Beginning of Year	$ 52,844			$ 52,844		
Fund Balance, End of Year	$ 52,844			$ 52,844		

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

		2012	2011	2010
Tax Rate		$7.107	$6.891	$6.847
Apportionment of Tax Rate				
Municipal		$4.275	$4.140	$4.134
County		1.562	1.481	1.509
Local School		1.270	1.270	1.204
Assessed Valuation				
2012	$1,343,561,300			
2011			$1,348,200,900	
2010				$1,357,268,200

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.

Fiscal Year Ended	Tax Levy	Cash Collections	Percentage of Collection
June 30, 2012	$ 95,380,268	$ 94,433,974	99.01%
June 30, 2011	93,753,500	93,305,057	99.52%
June 30, 2010	88,391,909	88,106,219	99.68%

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.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2012	$ 199,773	$ 59,302	$ 259,075	0.27%
2011	170,534	43,901	214,435	0.23%
2010	10,039	92,756	102,795	0.12%

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:

Year	Amount
2012	$ -0-
2011	-0-
2010	-0-

COMPARISON OF SEWER UTILITY LEVIES

Year	Levy	Cash Collections(A)	Percentage of Collection
2012	$ 6,156,464	$ 5,557,405	90.27%
2011	4,678,410	4,891,912	104.56%
2010	5,536,444	5,480,146	98.98%

(A) Includes collection of prior year receivable balance.

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Balance, June 30	Utilized In Budget of Succeeding Year
Current Fund	2012	$2,507,688	$1,330,000
	2011	1,772,217	1,692,500
	2010	3,754,814	3,000,000
	2009	3,607,834	3,000,000
	2008	4,257,048	3,500,000
Sewer Utility	2012	52,844	-
	2011	52,844	-
	2010	52,844	-
	2009	52,844	-
	2008	52,844	-

CITY OF PASSAIC
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Name	Title	Amount of Bond	Name of Corporate Or Personal Surety
Dr. Alex D. Blanco	Mayor		
Gary S. Schaer	Council President		
Jose R. Garcia	Councilman		
Hector C. Lora	Councilman		
Terrence L. Love	Councilman		
Chaim M. Munk	Councilman		
Zaida Polanco	Councilwoman		
Daniel J. Schwartz	Councilman		
Ricardo Fernandez	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		
Florio & Kenny LLP	City Attorney		
Theodore Evans	Director of Public Works		
John Biegel	Health Officer		
Guenda Beshin	Registrar of Vital Statistics		
Richard Diaz	Police Chief		
Patrick Trentacost	Fire Chief		
Denise Bradshaw	Municipal Court Administrator	(A)	
Karen Brown	Chief Municipal Judge	(A)	
Debbie Klugler-Irwin	Municipal Judge	(A)	
Xavier Rodriquez	Municipal Judge		

(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. We recommended in prior year audits that these amounts be cancelled by resolution however; the City Attorney recommended that these amounts not be cancelled at this time. We noted the City was currently in the process of reviewing these receivables to make a final determination as to the disposition, therefore no recommendation is warranted.

Our audit of the Municipal Court revealed approximately 2,258 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 of the Municipal Court revealed approximately 1,090 tickets issued and not assigned at year-end. It is recommended that all tickets be assigned in the ATS system prior to their issuance.

Current Year Comments

Our audit revealed that a detail accounting of Developers Escrow and similar deposits are not maintained by individual deposits. It is recommended that a detail accounting by individual deposits be maintained for Developers Escrow and similar deposits.

Our audit of the Sewer Utility Operating Fund revealed certain City accounts were not included in Passaic Valley Water Commission's billing and collection records for a period of the year. It is recommended that Passaic Valley Water Commission periodically review its accounts to ensure all City accounts are included in the billing and collection records provided to the City.

Our audit of payroll revealed no procedures are in place for City employees to verify payroll taxes are paid timely by the City's payroll service provider. In addition, the payroll tax return address is not that of the City but the payroll service provider. It is recommended that the payroll service provider be directed that all IRS and State filings be addressed to City Hall, Passaic, NJ.

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."

CITY OF PASSAIC
GENERAL COMMENTS

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

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:

Replacement of A/C System at Library
Custodial Supplies
Mechanical Supplies
Snow Plowing/Removal
Improvements to Sherman Street
Office Supplies
Ceiling Replacement at Library
Pulaski Park Improvements
Printing Services
Summer Food Program
Resurfacing and Curb/Sidewalks
Recreation Equipment
Acquisition of Ambulance

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.

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.

CITY OF PASSAIC
GENERAL COMMENTS

Delinquent Taxes and Tax Title Liens

The last tax sale was held June 12, 2012.

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 applicable program funds expended. In addition, program balances per the Integrated Disbursement and Integrated System (IDIS) be reconciled to the City's budgetary accounting records.

3. With respect to the Municipal Court:

* a) All outstanding tickets over six months be recalled and reassigned.
* b) All tickets be assigned in the ATS System prior to their issuance.

4. A detail accounting by individual be maintained for Developers Escrow and similar deposits.

5. Passaic Valley Water Commission periodically review its accounts to ensure all City accounts are included in the billing and collection records provided to the City.

6. The payroll service provider be directed that all IRS and State filings be addressed to City Hall, Passaic, NJ.

* * * * * * * *

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

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

Dieter P. Lerch
Certified Public Accountant
RMA Number CR00398