

Report of Audit

on the

Financial Statements

of the

Borough of Hawthorne

in the

County of Passaic
New Jersey

for the

Year Ended
December 31, 2015

BOROUGH OF HAWTHORNE

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BOROUGH OF HAWTHORNE

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES AND DATA

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2015 AND 2014



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Hawthorne
County of Passaic
Hawthorne, New Jersey 07506

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Hawthorne, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough of Hawthorne's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Hawthorne's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the regulatory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Hawthorne on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Hawthorne as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2015 and 2014, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Hawthorne's regulatory financial statements. The supplementary information and data and schedules of federal awards and state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents, schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2016 on our consideration of the Borough of Hawthorne'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Hawthorne's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 7, 2016

CURRENT FUND

BOROUGH OF HAWTHORNE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
<u>ASSETS</u>			
Cash	A-4	\$ 16,738,006.43	\$ 15,504,126.36
Change Fund	A-5	310.00	310.00
Grants Receivable	A-11	<u>32,395.71</u>	<u>33,283.27</u>
		<u>16,770,712.14</u>	<u>15,537,719.63</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	878,856.95	1,045,581.46
Tax Title Liens Receivable	A-9	1,185,131.94	1,092,871.05
Foreclosed Property	A-10	34,980.00	34,980.00
Revenue Accounts Receivable	A-8	35,304.98	13,988.01
Due Assessment Trust Fund	A-24	2,967.98	2,193.51
Due Trust Other Fund - Escrow	A-24	56.25	8,368.89
Due Water Utility Operating Fund	A-24	<u>3,931.00</u>	<u>435.62</u>
		<u>2,141,229.10</u>	<u>2,198,418.54</u>
Deferred Charges:			
Emergency Appropriations 40A:4-46	A-23		<u>21,500.00</u>
		<u>\$ 18,911,941.24</u>	<u>\$ 17,757,638.17</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-14	\$ 916,591.28	\$ 588,657.56
Encumbrances Payable	A-17	838,817.74	670,885.58
Prepaid Taxes	A-15	247,622.01	312,575.46
County Taxes Payable	A-12	9,466.05	33,328.88
Tax Overpayments	A-16		
Local District School Taxes Payable	A-13	9,662,535.00	9,211,629.00
Accounts Payable	A-18	23,000.00	14,009.70
Reserve for Library State Aid	A-25	9,861.00	
Fees Payable	A-19	18,134.00	20,682.00
Due State of New Jersey-Chapter 20, PL 1971	A-7	87,961.36	83,550.40
Due Animal Control Fund	A-24	9,500.00	
Due Other Trust Fund	A-24	1,500.00	
LOSAP Contributions Payable	A-20	165,196.48	165,065.34
Unappropriated Reserves for Grants	A-22	8,110.08	34,554.93
Appropriated Reserves for Grants	A-21	228,102.88	262,451.24
		<u>12,226,397.88</u>	<u>11,397,390.09</u>
Reserve for Receivables and Other Assets	A	2,141,229.10	2,198,418.54
Fund Balance	A-1	4,544,314.26	4,161,829.54
		<u>\$ 18,911,941.24</u>	<u>\$ 17,757,638.17</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNECURRENT FUNDSTATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 1,941,000.00	\$ 1,641,000.00
Miscellaneous Revenue Anticipated	A-2	3,991,078.48	3,657,307.49
Receipts From Delinquent Taxes	A-2	1,047,949.96	968,583.47
Receipts From Current Taxes	A-2	67,461,956.30	64,643,969.00
Non-Budget Revenue	A-2	276,001.62	533,571.38
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	653,440.74	501,082.68
Grant Reserves Cancelled	A-14	4,000.00	
Interfunds Returned		4,042.79	
<u>Total Income</u>		<u>75,379,469.89</u>	<u>71,945,514.02</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	12,330,455.00	12,283,238.00
Deferred Charges and Statutory Expenditures	A-3	1,309,834.00	1,285,559.00
Operations Excluded From "CAPS":			
Operating	A-3	3,255,060.96	2,678,654.93
Capital Improvements	A-3	190,000.00	100,000.00
Municipal Debt Service	A-3	2,035,857.25	2,182,735.37
Deferred Charges	A-3	21,500.00	
County Taxes	A-12	17,539,833.79	16,000,392.78
Local District School Tax	A-13	36,347,601.00	35,441,966.00
Interfunds Advanced			8,949.73
Prior Year Accounts Payable	A-18	12,483.30	12,963.73
Grants Unappropriated	A-22	0.13	
Refund of Prior Year Revenue	A-4	13,359.74	65,568.75
<u>Total Expenditures</u>		<u>73,055,985.17</u>	<u>70,060,028.29</u>
Excess in Revenue		2,323,484.72	1,885,485.73
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charges to the Budget of the Succeeding Year	A-3		21,500.00
Statutory Excess to Fund Balance		2,323,484.72	1,906,985.73
<u>Fund Balance</u>			
Balance, January 1	A	<u>4,161,829.54</u>	<u>3,895,843.81</u>
		6,485,314.26	5,802,829.54
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>1,941,000.00</u>	<u>1,641,000.00</u>
Fund Balance, December 31	A	<u>\$ 4,544,314.26</u>	<u>\$ 4,161,829.54</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHRONE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,941,000.00	\$	\$ 1,941,000.00	\$
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-8	40,000.00		40,450.00	450.00
Other	A-2	16,000.00		17,914.00	1,914.00
Fees and Permits:	A-2	130,000.00		137,589.10	7,589.10
Fines and Costs					
Municipal Court	A-8	249,000.00		294,796.69	45,796.69
Interest and Costs on Taxes	A-8	100,000.00		186,667.97	86,667.97
Interest on Investments and Deposits	A-2	35,000.00		36,152.49	1,152.49
Swimming Pool Admission Fees	A-8	140,000.00		151,845.00	11,845.00
Energy Receipts Taxes	A-8	1,426,836.00		1,426,836.00	
Consolidated Municipal Property Tax					
Relief Aid	A-8	41,442.00		41,442.00	
Rentals - Board of Education	A-8	20,000.00		25,000.00	5,000.00
Rentals - Cellular Phone	A-8	365,000.00		572,848.76	207,848.76
Sewer Charges	A-8	50,000.00		74,131.64	24,131.64
Cable Television Franchise Fees	A-8	260,000.00		272,331.64	12,331.64
Commuter Parking	A-8	20,000.00		26,542.00	6,542.00
Uniform Construction Code Fees	A-8	218,047.00		248,645.00	30,598.00
State and Federal Revenues Offset With Appropriations:					
Municipal Alliance Program	A-11	22,440.00		22,440.00	
Recycling Tonnage Grant	A-11	31,440.00		31,440.00	
Clean Communities Program	A-11		36,416.70	36,416.70	
Click It or Ticket	A-11		4,000.00	4,000.00	
Municipal Alcohol Education	A-11		1,532.26	1,532.26	
Drive Sober or Get Pulled Over	A-11	7,500.00	5,000.00	12,500.00	
Body Armor Replacement Fund	A-11	3,115.00		3,115.00	
Passaic County Community Garden	A-11	1,000.00		1,000.00	
Uniform Fire Safety Act - Life Hazard	A-8	33,000.00		35,442.23	2,442.23
Utility Operating Surplus	A-8	100,000.00		100,000.00	
Reserve for Payment of Debt Service	A-8	190,000.00		190,000.00	
Total Miscellaneous Revenues		3,499,820.00	46,948.96	3,991,078.48	444,309.52
Receipts From Delinquent Taxes	A-1	800,000.00		1,047,949.96	247,949.96
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	13,790,578.46		14,466,877.97	676,299.51
Minimum Library Tax	A-2	767,643.54		767,643.54	
		14,558,222.00		15,234,521.51	676,299.51
Budget Totals		\$ 20,799,042.00	\$ 46,948.96	\$ 22,214,549.95	\$ 1,368,558.99
Non-Budget Revenue	A-2			276,001.62	
				\$ 22,490,551.57	
	REF.	A-3	A-3		

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>		
Allocation of Current Tax Collections:			
Revenue From Collections	A-6	\$	67,461,956.30
Allocated to:			
School and County Taxes			<u>53,887,434.79</u>
Balance for Support of Municipal Budget Appropriations			13,574,521.51
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3		<u>1,660,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-1	\$	<u><u>15,234,521.51</u></u>
Licenses - Other:			
Borough Clerk	A-8	\$	13,878.00
Board of Health	A-8		<u>4,036.00</u>
	A-2	\$	<u><u>17,914.00</u></u>
Fees and Permits			
Police Department	A-8	\$	4,492.50
Board of Health/Registrar of Vital Statistics	A-8		34,694.00
Public Works Department	A-8		11,050.00
Planning Board	A-8		12,225.00
Zoning Board of Adjustment	A-8		2,310.00
Fire Prevention	A-8		39,232.00
Other	A-8		4,780.60
Building Department	A-8		<u>28,805.00</u>
	A-2	\$	<u><u>137,589.10</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	
Non Budget Revenues		
Recreation		\$ 54,870.00
Administrative Fee - Off Duty Police		36,226.00
Copies, Maps and List		2,963.15
Administrative Fee - Senior Citizens/Veterans Deductions		2,678.22
DMV Vehicle Fines/Charges		6,292.50
Tax Searches/Duplicate Tax Bills		4,916.65
Insurance Dividend		85,572.59
Prior Year Reimbursement		26,331.85
Glen Rock Training Fees		5,000.00
Prospect Park Library Cards		13,000.00
FEMA		4,050.55
Rental of Property		10,834.00
Prior Year Damage Restitution		11,283.49
Other Miscellaneous		<u>11,982.62</u>
	A-4	\$ <u><u>276,001.62</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	CASH	PAID OR CHARGED	RESERVED	
OPERATIONS WITHIN "CAPS"						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 159,545.00	\$ 170,445.00	\$ 170,420.99	\$ 170,420.99	\$ 24.01	\$
Other Expenses	12,325.00	12,325.00	10,595.90	11,566.28	758.72	
Other Expenses - Postage	28,000.00	28,000.00	28,000.00	28,000.00		
Mayor and Council:						
Salaries and Wages	36,500.00	36,500.00	34,502.52	34,502.52	1,997.48	
Other Expenses	1,710.00	1,710.00	1,677.00	1,677.00	33.00	
Municipal Clerk:						
Salaries and Wages	99,455.00	100,555.00	98,081.46	98,081.46	2,473.54	
Other Expenses	37,103.00	46,103.00	39,248.19	45,725.60	377.40	
Financial Administration:						
Salaries and Wages	149,558.00	153,658.00	153,630.76	153,630.76	27.24	
Other Expenses	36,315.00	36,315.00	25,178.60	36,288.00	27.00	
Audit Services:						
Other Expenses	26,800.00	26,800.00		26,800.00		
Revenue Administration (Tax Collection):						
Salaries and Wages	65,772.00	65,772.00	64,886.68	64,886.68	885.32	
Other Expenses	16,865.00	21,865.00	9,285.87	20,552.18	1,312.82	
Tax Assessment Administration:						
Salaries and Wages	57,967.00	57,967.00	55,710.54	55,710.54	2,256.46	
Other Expenses	23,895.00	23,895.00	9,343.66	23,850.57	44.43	
Legal Services:						
Salaries and Wages	79,107.00	87,107.00	84,881.30	87,107.00		
Other Expenses	12,000.00	13,300.00	8,776.80	13,300.00		
Engineering Services:						
Other Expenses	92,000.00	92,000.00	76,857.64	92,000.00		
Future of Hawthorne:						
Other Expenses	1,000.00	1,000.00			1,000.00	
<u>LAND USE ADMINISTRATION</u>						
Planning Board:						
Salaries and Wages	23,846.00	23,846.00	23,845.90	23,845.90	0.10	
Other Expenses	76,212.00	78,212.00	48,874.77	78,212.00		

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	CASH	PAID OR CHARGED	RESERVED	
OPERATIONS WITHIN "CAPS" (CONTINUED)						
LAND USE ADMINISTRATION (CONTINUED)						
Zoning Board of Adjustments:						
Salaries and Wages	\$ 21,000.00	\$ 21,000.00	\$ 16,691.19	\$ 17,691.19	\$ 3,308.81	\$
Other Expenses	10,035.00	10,035.00	2,186.79	7,216.43	2,818.57	
Computerized Data Processing:	50,680.00	53,280.00	48,393.70	53,280.00		
PUBLIC SAFETY						
Police:						
Salaries and Wages	3,975,634.00	3,965,534.00	3,909,321.24	3,934,321.24	31,212.76	
Other Expenses	206,801.00	206,801.00	139,295.54	198,617.33	8,183.67	
Police Dispatchers:						
Salaries and Wages	151,477.00	151,477.00	143,525.40	146,025.40	5,451.60	
Occupational Safety Health Act (NJS 40A:4-45.3):						
Salaries and Wages	21,952.00	21,952.00	21,916.49	21,916.49	35.51	
Other Expenses	10,105.00	10,105.00	2,654.14	4,496.34	5,608.66	
Emergency Management Services:						
Salaries and Wages	2,000.00	2,000.00	2,000.00	2,000.00		
Other Expenses	5,965.00	5,965.00	4,220.49	5,327.12	637.88	
Ambulance Corps:						
Other Expenses	5,181.00	5,181.00	3,825.00	3,825.00	1,356.00	
Prosecutor						
Salaries and Wages	32,019.00	32,019.00	32,019.00	32,019.00		
Domestic Violence Response:						
Other Expenses						
Fire:						
Salaries and Wages	18,000.00	18,000.00	16,123.29	18,000.00		
Other Expenses	208,061.00	213,061.00	147,940.01	213,004.17	56.83	
Other Expenses - Fire Hydrant Service	89,100.00	89,100.00	89,100.00	89,100.00		
Uniform Fire Safety Act:						
Salaries and Wages	119,850.00	123,650.00	122,757.18	123,650.00	281.05	
Other Expenses	3,835.00	3,835.00	878.95	3,553.95		
Municipal Court:						
Salaries and Wages	118,429.00	118,429.00	118,104.00	118,428.96	0.04	
Other Expenses	10,462.00	10,462.00	7,410.91	8,088.91	2,373.09	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	CASH	PAID OR CHARGED	RESERVED	
PUBLIC WORKS						
Road Repair and Maintenance:						
Salaries and Wages	\$ 672,243.00	\$ 672,243.00	\$ 666,346.39	\$ 672,243.00	\$ 3,284.30	
Other Expenses	271,385.00	271,385.00	248,508.37	268,100.70		
Sewer System Maintenance:						
Salaries and Wages	165,434.00	165,434.00	162,036.26	165,434.00		
Other Expenses	96,706.00	96,706.00	71,027.27	92,426.93	4,279.07	
Shade Tree Commission:						
Salaries and Wages	3,000.00	3,000.00	641.63	1,641.63	1,358.37	
Other Expenses	115,945.00	110,645.00	40,401.88	96,185.21	14,459.79	
Solid Waste Collection:						
Salaries and Wages - Recycling	73,900.00	73,900.00	64,110.17	73,110.17	789.83	
Other Expenses - Recycling	272,150.00	272,150.00	249,809.83	260,634.83	11,515.17	
Other Expenses - Garbage Removal - Contractual	301,500.00	301,500.00	296,768.00	296,768.00	4,732.00	
Buildings and Grounds:						
Salaries and Wages	86,591.00	86,591.00	76,590.25	79,590.25	7,000.75	
Other Expenses	105,838.00	120,938.00	84,033.71	117,217.66	3,720.34	
Maintenance of Parks:						
Other Expenses	41,342.00	41,342.00	30,950.04	31,763.46	9,578.54	
Vehicle Maintenance:						
Other Expenses	223,671.00	228,671.00	171,529.57	213,328.69	15,342.31	
Community Services Act:						
Other Expenses	40,000.00	40,000.00		40,000.00		
HEALTH AND HUMAN SERVICES						
Board of Health:						
Salaries and Wages	105,158.00	105,158.00	98,317.59	105,158.00		
Other Expenses	27,429.00	27,429.00	24,299.04	25,084.10	2,344.90	
Environmental Commission:						
Other Expenses	2,800.00	2,800.00	2,668.59	2,788.47	11.53	
Animal Control Services:						
Other Expenses	9,500.00	9,500.00	9,500.00	9,500.00		
Board of Recreation:						
Salaries and Wages	88,776.00	88,776.00	77,919.77	81,919.77	6,856.23	
Other Expenses	81,628.00	81,628.00	56,286.37	65,947.96	15,680.04	
Swimming Pool:						
Salaries and Wages	86,740.00	96,440.00	96,440.00	96,440.00		
Other Expenses	40,600.00	40,600.00	29,522.44	35,208.85	5,391.15	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		CASH	EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		PAID OR CHARGED	RESERVED	
\$	28,550.00	28,550.00	17,025.99	19,137.25	9,412.75	\$
<u>OTHER COMMON OPERATING FUNCTIONS</u>						
Celebration of Public Events:						
Other Expenses						
Relocation Fund:						
Other Expenses	5,000.00	5,000.00	5,000.00	5,000.00		
Bond Fees:						
Other Expenses	3,270.00	3,270.00	3,270.00	3,270.00		
<u>CODE ENFORCEMENT AND ADMINISTRATION</u>						
Uniform Construction Code Enforcement Functions:						
Building Inspector:						
Salaries and Wages	161,950.00	131,950.00	123,916.13	128,916.13	3,033.87	
Other Expenses	56,097.00	86,097.00	86,097.00	86,097.00		
Property Code Enforcement:						
Salaries and Wages	67,573.00	67,573.00	66,458.59	67,573.00	3,270.16	
Other Expenses	5,985.00	5,985.00	1,914.84	2,714.84		
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Electricity	196,700.00	196,700.00	164,297.52	196,700.00		
Street Lighting	152,000.00	152,000.00	132,257.65	152,000.00		
Telephone	61,600.00	61,600.00	36,546.04	56,546.04	5,053.96	
Gasoline	184,250.00	162,650.00	85,632.48	101,050.53	61,599.47	
Landfill/Solid Waste Disposal Costs:						
Dumping Fees	488,250.00	488,250.00	387,814.32	462,814.32	25,435.68	
Salary Adjustment Account	26,000.00	26,000.00			26,000.00	
Insurance:						
General Insurance	214,742.00	214,742.00	161,765.38	214,686.23	55.77	
Worker's Compensation Insurance	135,000.00	135,000.00	135,000.00	135,000.00		
Group Insurance for Employees	1,530,191.00	1,483,391.00	1,296,106.79	1,306,876.79	176,514.21	
Public Defender:						
Salaries and Wages	3,600.00	3,600.00	3,300.00	3,600.00		
Total Operations Within "CAPS"	12,329,655.00	12,328,455.00	11,036,271.80	11,839,192.82	489,262.18	
Contingent	<u>2,000.00</u>	<u>2,000.00</u>			<u>2,000.00</u>	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS			EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	CASH	PAID OR CHARGED	RESERVED	CANCELED
Total Operations Including Contingent Within "CAPS":	\$ 12,331,655.00	\$ 12,330,455.00	\$ 11,036,271.80	\$ 11,839,192.82	\$ 491,262.18	\$
Detail:						
Salaries and Wages	\$ 6,673,076.00	\$ 6,670,576.00	\$	\$ 6,542,245.08	\$ 128,330.92	\$
Other Expenses:	5,658,579.00	5,659,879.00		5,296,947.74	362,931.26	
Municipal Within "CAPS":						
Statutory Charges:						
Social Security System (O.A.S.I)	245,000.00	245,000.00	228,639.68	228,639.68	16,360.32	
Public Employees' Retirement System of NJ	256,910.00	256,910.00	256,910.00	256,910.00		
Police and Fireman's Retirement System of NJ	789,424.00	789,424.00	789,424.00	789,424.00		
DCRP	3,000.00	3,500.00	3,063.62	3,063.62	436.38	
Unemployment Insurance	5,000.00	5,000.00	5,000.00	5,000.00		
Pension Adjustment	10,000.00	10,000.00		10,000.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,309,334.00	1,309,834.00	1,283,037.30	1,293,037.30	16,796.70	
Total General Appropriations for Municipal Purposes Within "CAPS"	13,640,989.00	13,640,289.00	12,319,309.10	13,132,230.12	508,058.88	
OPERATIONS EXCLUDED FROM "CAPS"						
Length of Service Award Program (LOSAP)	114,000.00	114,000.00	114,000.00	114,000.00		
Recycling Tax	19,000.00	19,000.00			19,000.00	
Maintenance of Free Public Library:						
Salaries and Wages	636,265.00	636,265.00	603,644.44	628,644.44	7,620.56	
Other Expenses - Contribution	267,955.00	267,955.00	267,955.00	267,955.00		
Other Expenses - Other Costs	417,725.00	417,725.00	417,725.00	417,725.00		
Sewer Processing and Disposal:						
Other Expenses - Passaic Valley Sewer Rental	1,202,188.00	1,202,188.00	1,202,187.73	1,202,187.73	0.27	
Other Expenses - Other Municipal Projects	20,000.00	20,700.00	19,655.00	20,551.72	148.28	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS EXCLUDED FROM "CAPS" (CONTINUED)</u>					
\$	49,324.00	49,324.00	\$	49,324.00	\$
Employee Group Health Insurance	400,000.00	400,000.00	164,802.01	235,197.99	
Reserve for Tax Appeals	9,850.00	9,850.00	4,435.00	5,415.00	
NJDEP Stormwater Permits					
<u>Total Other Operations Excluded from "CAPS"</u>	<u>3,136,307.00</u>	<u>3,137,007.00</u>	<u>2,794,404.18</u>	<u>316,706.10</u>	
<u>Public and Private Programs Offset by Revenues</u>					
Click or Ticket Grant (N.J.S.A. 40A:4-87 \$4,000.00)	7,500.00	4,000.00	4,000.00	300.00	
Drive Sober Grant (N.J.S.A. 40A:4-87 \$5,000.00)	3,115.00	12,500.00	12,200.00	3,115.00	
Police Body Armor Fund		3,115.00			
Municipal Alliance:					
Grant Funds	22,440.00	22,440.00	8,087.66	14,352.34	
Local Match	5,610.00	5,610.00		5,610.00	
Emergency Management Grant					
City Green Grant Program	1,000.00	1,000.00	1,000.00		
Recycling Tonnage Grant	31,440.00	31,440.00		31,440.00	
Alcohol Rehab Grant (N.J.S.A. 40A:4-87 \$1,532.26)		1,532.26		1,532.26	
Clean Communities Program					
Salaries and Wages (40A:4-87 \$5,000.00)		5,000.00		5,000.00	
Other Expenses (40A:4-87 \$31,416.70)		31,416.70	940.00	30,476.70	
<u>Total Public and Private Programs Offset by Revenues</u>	<u>71,105.00</u>	<u>118,053.96</u>	<u>26,227.66</u>	<u>91,826.30</u>	
<u>Total Other Operations Excluded from "CAPS"</u>	<u>3,207,412.00</u>	<u>3,255,060.96</u>	<u>2,820,631.84</u>	<u>408,532.40</u>	
Detail:					
Salaries and Wages	636,265.00	641,265.00	603,644.44	12,620.56	
Other Expenses:	2,571,147.00	2,613,795.96	2,216,987.40	395,911.84	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	190,000.00	190,000.00	190,000.00		
<u>Total Capital Improvements - Excluded from "CAPS"</u>	<u>190,000.00</u>	<u>190,000.00</u>	<u>190,000.00</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		CASH	EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		PAID OR CHARGED	RESERVED	
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 1,550,000.00	\$ 1,550,000.00 #	\$ 1,531,000.00	\$ 1,531,000.00	\$	\$ 19,000.00
Interest on Bonds	346,998.00	346,998.00	340,993.76	340,993.76		6,004.24
Interest on Notes	53,000.00	53,000.00	52,519.99	52,519.99		480.01
Loan Repayments for Principal and Interest	129,143.00	129,143.00	111,343.50	111,343.50		17,799.50
Total Municipal Debt Service - Excluded from "CAPS"	2,079,141.00	2,079,141.00	2,035,857.25	2,035,857.25		43,283.75
Deferred Charges: Emergency Authorizations N.J.S. 40A:4-46	21,500.00	21,500.00	21,500.00	21,500.00		
Total General Appropriations Excluded from "CAPS"	5,498,053.00	5,545,701.96	5,067,989.09	5,093,885.81	408,532.40	43,283.75
<u>Subtotal General Appropriations</u>	19,139,042.00	19,185,990.96	17,387,298.19	18,226,115.93	916,591.28	43,283.75
Reserve for Uncollected Taxes	1,660,000.00	1,660,000.00	1,660,000.00	1,660,000.00		
Total General Appropriations	20,799,042.00	20,845,990.96	19,047,298.19	19,886,115.93	916,591.28	43,283.75
	A-3		A-1	A:A-1		
Budget as Adopted	\$	20,799,042.00				
Added by N.J.S. 40A:4-87		46,948.96				
Cash Disbursed	\$	20,845,990.96				
Encumbrances Payable			\$	17,748,453.11		
Length of Service Award Program Contributions Pay:	A-4			838,817.74		
A-17				114,000.00		
A-20				21,500.00		
Deferred Charge - Emergency Authorization	A-23			1,660,000.00		
Reserve for Uncollected Taxes	A-2			20,382,770.85		
Cash Receipts	A-4			496,654.92		
			\$	19,886,115.93		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND

BOROUGH OF HAWTHORNE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>ASSETS</u>			
Assessment Trust Fund:			
Cash	B-2	\$ 637,868.21	\$ 617,262.54
Assessments Receivable	B-4	130,419.76	210,250.96
Assessments Liens Receivable	B-5	10,331.00	10,331.00
Assessment Lien Interest and Costs	B-6	2,743.00	2,743.00
Prospective Assessments Funded	B-9	<u>252,487.30</u>	<u>237,137.30</u>
Amount to be Raised by Taxation- Canceled Assessments	B-10	<u>6,253.21</u>	<u>6,253.21</u>
		<u>1,040,102.48</u>	<u>1,083,978.01</u>
Animal Control Trust Fund:			
Cash	B-2	28,026.23	34,555.03
Due From State of New Jersey	B-13		1.20
Due Current Fund	B-19	<u>9,500.00</u>	<u></u>
		<u>37,526.23</u>	<u>34,556.23</u>
Other Trust Funds:			
Cash	B-2	1,417,729.20	971,727.98
Due Current Fund	B-16	<u>1,443.75</u>	<u></u>
		<u>1,419,172.95</u>	<u>971,727.98</u>
		<u>\$ 2,496,801.66</u>	<u>\$ 2,090,262.22</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Assessment Trust Fund:			
Due General Capital Fund	B-8	\$ 540,218.74	\$ 540,218.74
Due Current Fund	B-7	2,967.98	2,193.51
Assessment Bonds Payable	B-15	420,000.00	480,000.00
Reserve for:			
Assessments Receivable	B-4	2,935.76	2,935.76
Assessment Liens Receivable	B-5	10,331.00	10,331.00
Prospective Assessments Funded	B-9	60,900.00	45,550.00
Assessment Lien Interest and Costs	B-6	2,743.00	2,743.00
Fund Balance	B-1	<u>6.00</u>	<u>6.00</u>
		<u>1,040,102.48</u>	<u>1,083,978.01</u>
Animal Control Trust Fund:			
Due To State of New Jersey	B-13	3.00	
Reserve for Animal Control Fund Expenditures	B-12	<u>37,523.23</u>	<u>34,556.23</u>
		<u>37,526.23</u>	<u>34,556.23</u>
Other Funds:			
Reserve For:			
Due Current Fund	B-16		8,368.89
Due General Capital	B-18	200.00	
Due to State of NJ - Unemployment Claims	B-14	131,255.37	121,003.44
Various Reserves and Deposits	B-11	<u>1,287,717.58</u>	<u>842,355.65</u>
		<u>1,419,172.95</u>	<u>971,727.98</u>
		<u>\$ 2,496,801.66</u>	<u>\$ 2,090,262.22</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2015</u>	<u>YEAR ENDED DECEMBER 31, 2014</u>
Balance, January 1	B	\$ <u>6.00</u>	\$ <u>6.00</u>
Balance, December 31	B	\$ <u>6.00</u>	\$ <u>6.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

"C"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 3,369,731.56	\$ 2,768,014.72
Grants Receivable	C-8	1,743,951.90	1,921,116.26
Due Assessment Trust Fund	C-7	540,218.74	540,218.74
Due Trust Other Fund	C-12	200.00	
Loans Proceeds Receivable	C-6	270,464.00	270,464.00
Prospective Assessments Raised by Taxation	C-9	34,100.00	18,750.00
Deferred Charges to Future Taxation:			
Funded	C-4	9,818,958.25	11,448,349.28
Unfunded	C-5	8,335,037.35	6,636,076.93
		<u>\$ 24,112,661.80</u>	<u>\$ 23,602,989.93</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-10	\$ 9,055,000.00	\$ 10,580,000.00
NJ Environmental Infrastructure Loans Payable	C-11	763,958.25	868,349.28
Bond Anticipation Notes	C-14	7,026,600.00	5,252,000.00
Improvement Authorizations:			
Funded	C-15	140,145.22	198,708.43
Unfunded	C-15	2,494,675.16	2,544,274.94
Capital Improvement Fund	C-16	192,780.03	133,130.03
Encumbrances Payable	C-17	1,042,632.00	1,087,893.47
Due Water Utility Capital Fund	C-18	500,000.00	
Various Reserves and Deposits	C-13	1,040,149.47	1,116,650.75
Reserve for Receivables	C-8	1,712,333.07	1,692,944.43
Reserve for Prospective Assessments	C-9	34,100.00	18,750.00
Fund Balance	C-1	110,288.60	110,288.60
		<u>\$ 24,112,661.80</u>	<u>\$ 23,602,989.93</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS

REF.

Balance, December 31, 2014 and Balance, December 31, 2015	C	\$ <u>110,288.60</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

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WATER UTILITY FUND

BOROUGH OF HAWTHORNE

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
Operating Fund:			
Cash	D-5	\$ 1,551,339.34	\$ 1,093,831.79
Change Fund	D	<u>100.00</u>	<u>100.00</u>
		<u>1,551,439.34</u>	<u>1,093,931.79</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>454,193.58</u>	<u>489,755.92</u>
<u>Total Operating Fund</u>		<u>2,005,632.92</u>	<u>1,583,687.71</u>
Capital Fund:			
Cash	D-5	257,428.23	342,879.15
Due General Capital Fund	C-2	500,000.00	
Loan Proceeds Receivable	D-15	307,803.00	307,803.00
Fixed Capital	D-16	10,318,746.57	10,318,746.57
Fixed Capital Authorized and Uncompleted	D-17	<u>1,815,000.00</u>	<u>1,615,000.00</u>
<u>Total Capital Fund</u>		<u>13,198,977.80</u>	<u>12,584,428.72</u>
		<u>\$ 15,204,610.72</u>	<u>\$ 14,168,116.43</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-9	\$ 38,268.52	\$ 185,517.19
Encumbrances Payable	D-10	110,902.17	109,915.93
Due Current Fund	D-13	3,931.00	
Water Rent Overpayments	D-8		4,157.02
Accrued Interest on Bonds and Loans	D-14	23,928.00	23,928.00
		<u>177,029.69</u>	<u>323,518.14</u>
Reserve for Receivables	D-7	454,193.58	489,755.92
Fund Balance	D-1	1,374,409.65	873,276.76
		<u>1,728,432.24</u>	<u>1,637,257.82</u>
<u>Total Operating Fund</u>		<u>2,005,632.92</u>	<u>1,686,550.82</u>
Capital Fund:			
Serial Bonds Payable	D-24	1,224,000.00	1,344,000.00
Water Loans Payable	D-11	1,002,399.78	1,145,634.43
Bond Anticipation Notes	D-24	500,000.00	
Improvement Authorizations:			
Funded	D-18	175,420.19	254,794.19
Unfunded	D-18	573,616.04	399,692.96
Capital Improvement Fund	D-22	23,851.00	3,851.00
Reserve for:			
Payment of Debt	D-20	390,966.00	390,966.00
Amortization	D-19	9,246,346.79	8,983,112.14
Deferred Amortization	D-21	60,750.00	60,750.00
Fund Balance	D-2	1,628.00	1,628.00
		<u>10,362,836.62</u>	<u>10,272,346.29</u>
<u>Total Capital Fund</u>		<u>13,198,977.80</u>	<u>12,584,428.72</u>
		<u>\$ 15,204,610.72</u>	<u>\$ 14,270,979.54</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE
WATER UTILITY OPERATING FUND
STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$	\$ 224,014.50
Water Rents	D-3	3,381,426.51	3,119,046.70
Fire Hydrant Service	D-3	109,321.85	102,900.00
Miscellaneous	D-3	32,505.72	34,647.81
Non-Budget Revenue	D-3:D-5	6,866.91	5,631.70
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-9	121,847.03	148,611.20
Cancel Encumbrances Payable	D-10		2,876.00
		<u>3,651,968.02</u>	<u>3,637,727.91</u>
<u>TOTAL INCOME</u>			
<u>EXPENDITURES</u>			
Operating	D-4	2,536,440.00	2,443,193.00
Capital Improvements	D-4	20,000.00	11,500.00
Debt Service	D-4	313,395.13	318,690.42
Statutory Expenditures and Deferred Charges	D-4	181,000.00	145,631.50
Refund of Prior Year Revenue	D-5		1,262.22
		<u>3,050,835.13</u>	<u>2,920,277.14</u>
<u>TOTAL EXPENDITURES</u>			
Excess in Revenue to Fund Balance		601,132.89	717,450.77
<u>Fund Balance</u>			
Balance, January 1	D	873,276.76	379,840.49
		<u>1,474,409.65</u>	<u>1,097,291.26</u>
Decreased by:			
Payment to Current Fund as Anticipated Revenue	D-5	100,000.00	
Utilization by Water Utility Operating Budget	D-1:D-3		224,014.50
		<u>1,374,409.65</u>	<u>873,276.76</u>
Balance, December 31	D	\$	\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER <u>31, 2015</u>	YEAR ENDED DECEMBER <u>31, 2014</u>
Balance, December 31	D	\$ <u>1,628.00</u>	\$ <u>1,628.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Water Rents	D-1	\$ 2,957,133.00	\$ 3,381,426.51	\$ 424,293.51
Fire Hydrant Service	D-1:D-5	89,100.00	109,321.85	20,221.85
Miscellaneous	D-1:D-5	<u>25,000.00</u>	<u>32,505.72</u>	<u>7,505.72</u>
	D-4	\$ <u>3,071,233.00</u>	\$ <u>3,523,254.08</u>	\$ <u>452,021.08</u>
Non-Budget Revenue	D-5		<u>6,866.91</u>	
			\$ <u>3,530,120.99</u>	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Operating:	\$	\$	\$	\$	
Salaries and Wages	1,092,668.00	1,092,668.00	1,092,668.00		
Other Expenses	871,527.00	871,527.00	843,157.02	28,369.98	
General Insurance	181,045.00	181,045.00	181,045.00		
Group Insurance for Employees	354,700.00	354,700.00	354,700.00		
Laboratory Testing and Safe Water Act	36,500.00	36,500.00	28,866.25	7,633.75	
<u>Total Operating</u>	<u>2,536,440.00</u>	<u>2,536,440.00</u>	<u>2,500,436.27</u>	<u>36,003.73</u>	
Capital Improvements:					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
<u>Total Capital Improvements</u>	<u>20,000.00</u>	<u>20,000.00</u>	<u>20,000.00</u>		
Debt Service:					
Payment of Bond Principal	120,000.00	120,000.00	120,000.00		
Interest on Bonds	33,450.00	33,450.00	33,450.00		
Payment Of Loan Principal & Interest	180,343.00	180,343.00	159,945.13		20,397.87
<u>Total Debt Service</u>	<u>333,793.00</u>	<u>333,793.00</u>	<u>313,395.13</u>		<u>20,397.87</u>
Statutory Expenditures:					
Contributions To:					
Public Employees Retirement System	96,000.00	96,000.00	96,000.00		
Social Security System (O.A.S.I.)	85,000.00	85,000.00	82,735.21	2,264.79	
<u>Total Deferred Charges & Statutory Expenditures</u>	<u>181,000.00</u>	<u>181,000.00</u>	<u>178,735.21</u>	<u>2,264.79</u>	
<u>\$</u>	<u>3,071,233.00</u>	<u>\$ 3,071,233.00</u>	<u>\$ 3,012,566.61</u>	<u>\$ 38,268.52</u>	<u>\$ 20,397.87</u>

REF. D-3

D-5

D-10

D

\$ 2,901,664.44

110,902.17

\$ 3,012,566.61

The accompanying Notes to the Financial Statements are an integral part of this statement.

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PUBLIC ASSISTANCE FUND

BOROUGH OF HAWTHORNE

PUBLIC ASSISTANCE FUND

BALANCE SHEETS - REGULATORY BASIS

			DECEMBER 31, 2015	DECEMBER 31, 2014
	<u>ASSETS</u>	<u>REF.</u>		
Cash		E-1	\$ <u>14,268.59</u>	\$ <u>15,618.59</u>
			\$ <u>14,268.59</u>	\$ <u>15,618.59</u>
	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance		E-5	\$ <u>14,268.59</u>	\$ <u>15,618.59</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

BOROUGH OF HAWTHORNE
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - REGULATORY BASIS

	<u>DECEMBER</u> <u>31, 2015</u>	<u>DECEMBER</u> <u>31, 2014</u>
General Fixed Assets:		
Land	\$ 14,620,500.00	\$ 14,620,500.00
Buildings	5,989,500.00	5,989,500.00
Machinery and Equipment	<u>11,983,856.00</u>	<u>11,485,268.00</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 32,593,856.00</u>	<u>\$ 32,095,268.00</u>
Investment in General Fixed Assets	<u>\$ 32,593,856.00</u>	<u>\$ 32,095,268.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF HAWTHORNE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Hawthorne is an instrumentality of the State of New Jersey, established to function as a municipality. A Mayor is elected to serve a term of four years as the Chief Executive Officer. A Council of seven members, consisting of four (4) ward seats and three (3) at-large seats, is elected to serve four year overlapping terms.

Except as noted below, the financial statements of the Borough of Hawthorne include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Hawthorne, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Hawthorne do not include the operations of the public library, volunteer rescue organizations or the local public school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. All grants are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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 the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is recognized on the cash basis, whereas interest on utility indebtedness is recognized on the accrual basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its estimated market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as a gain or loss on disposition in the year of sale.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence and a useful life of more than one year. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the Borough's table of aggregates.

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

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Inventories of Supplies - The cost of inventories of supplies for all utility funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset for proprietary funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Water Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased or constructed by the Water 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. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. 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 cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, Accounting for Pension by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

In November of 2013, GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation.

The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough considers change funds; cash in bank, investment in certificates of deposits as cash and cash equivalents. The Borough of Hawthorne has the following cash and cash equivalents at December 31, 2015:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$16,733,454.60	\$36,251.00	\$31,699.17	\$16,738,006.43
Animal Control Trust Fund	28,026.23			28,026.23
Assessment Trust Fund	637,913.94		45.73	637,868.21
Other Trust Fund	1,438,385.09	0.50	20,656.39	1,417,729.20
General Capital Fund	3,687,426.85		317,695.29	3,369,731.56
Public Assistance Fund	14,268.59			14,268.59
Water Utility:				
Operating Fund	1,551,737.88	326.23	724.77	1,551,339.34
Capital Fund	<u>257,427.02</u>	<u>1.21</u>		<u>257,428.23</u>
<u>TOTAL DECEMBER 31, 2015</u>	<u>\$24,348,640.20</u>	<u>\$36,578.94</u>	<u>\$370,821.35</u>	<u>\$24,014,397.79</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2015, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$23,204,804.55 was covered under the provisions of NJGUDPA. \$893,835.65 invested in the New Jersey Cash Management fund (cash equivalents) is uninsured.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (c.52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (c. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2015, the Borough has \$893,835.65 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1, and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Borough is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, based by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years if financed by the issuance of bonds.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2015</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 16,845,558.25	\$ 16,700,349.28	\$ 15,033,330.58
Assessment:			
Bonds and Notes	420,000.00	480,000.00	540,000.00
Water Utility:			
Bonds, Loans and Notes	<u>2,726,399.78</u>	<u>2,489,634.43</u>	<u>2,750,151.52</u>
	19,991,958.03	19,669,983.71	18,323,482.10
Less: Funds Temporarily held to pay Bond and Notes - General Debt	<u>1,037,745.47</u>	<u>1,114,246.75</u>	<u>1,058,060.98</u>
<u>Net Debt Issued</u>	<u>18,954,212.56</u>	<u>18,555,736.96</u>	<u>17,265,421.12</u>
Authorized But Not Issued:			
General - Bonds and Notes	1,460,772.48	1,386,379.57	2,956,661.25
Assessment- Bonds and Notes	32,046.95	32,046.95	32,046.95
Water Utility - Bonds and Notes	<u>123,594.00</u>	<u>423,594.00</u>	<u>23,594.00</u>
<u>Total Authorized But Not Issued</u>	<u>1,616,413.43</u>	<u>1,842,020.52</u>	<u>3,012,302.20</u>
 NET BONDS AND NOTES ISSUED AND AUTHORIZED <u>BUT NOT ISSUED</u>	 \$ <u>20,570,625.99</u>	 \$ <u>20,397,757.48</u>	 \$ <u>20,277,723.32</u>

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.775% as of December 31, 2015.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local District School Debt	\$ 7,241,000.00	\$ 7,241,000.00	
Water Utility Debt	2,849,993.78	2,849,993.78	
General Debt	<u>18,758,377.68</u>	<u>1,037,745.47</u>	\$ <u>17,720,632.21</u>
	<u>\$ 28,849,371.46</u>	<u>\$ 11,128,739.25</u>	<u>\$ 17,720,632.21</u>

NET DEBT \$17,720,632.21 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$2,287,646,839.00 EQUALS 0.775%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2015	\$	<u>2,287,646,839.00</u>
3-1/2% of Equalized Valuation Basis	\$	80,067,639.37
Net Debt		<u>17,720,632.21</u>
Remaining Borrowing Power	\$	<u>62,347,007.16</u>

*Equalized Valuation basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough for the last three (3) preceding years.

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 4% of the Average Equalized Assessed Valuation of real property for the Local School District.

CALCULATION OF "SELF-LIQUIDATING PURPOSE" - WATER UTILITY
PER N.J.S. 40A:2-45 AT DECEMBER 31, 2015

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus		\$3,494,234.14
Deduction:		
Operating and Maintenance Cost	\$2,717,440.00	
Debt Service Per Water Utility Account	<u>333,792.15</u>	
		<u>3,051,232.15</u>
Excess in Revenue - Self-Liquidating		<u>\$443,001.99</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long-Term Debt

General Capital Fund

General Serial Bonds:

\$3,510,000.00 of 2008 General Improvement Bonds due in annual installments of \$210,000.00 through February 2026 at interest rates of 4.00% to 5.00%.	\$ 2,310,000.00
\$1,585,000.00 of 2009 Refunding Bonds due in remaining installment of \$215,000.00 on October 2016, at interest rates of 2.50% to 3.50%.	215,000.00
\$4,235,000.00 of 2012 General Improvement Bonds due in annual installments of \$225,000.00 to \$350,000.00 through July 2028 at interest rates of 2.00% to 3.00%.	3,660,000.00
\$4,110,000.00 of 2012 Refunding Bonds due in annual installments of \$685,000.00 to \$745,000.00 through June 2019 at interest rates of 2.00% to 4.00%.	<u>2,870,000.00</u>
	\$ <u>9,055,000.00</u>

Assessment Trust Fund

Assessment Serial Bonds:

\$600,000.00 of 2012 Assessment Bonds due in annual installments of \$60,000.00 through July 2022 at interest rates of 2.00% to 3.00%.	\$ <u>420,000.00</u>
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Water Utility Capital Fund

Water Serial Bonds:

\$3,510,000.00 of 2012 Water Improvement Bonds due in annual installments of \$70,000.00 to \$100,000.00 through July 2028 at interest rates of 2.00% to 3.00%.	\$ 979,000.00
\$365,000.00 of 2012 Refunding Bonds due in annual Installments of \$60,000.00 to \$65,000.00 through June 2019, at interest rates of 2.00% to 4.00%.	<u>245,000.00</u>
	\$ <u>1,224,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long-Term Debt

Intergovernmental Loans:

General Capital Fund

Environmental Infrastructure Loans:

\$1,850,450 of 2004 Loans:

Fund Loan due in annual installments of principal only of \$ 47,033.53 to \$48,949.25 through August 2018, interest free \$ 143,631.70

Trust Loan due in annual installments of principal of \$50,000.00 to \$65,000.00 interest at 3.0% to 5.0% 345,000.00

\$513,750 of 2010 Fund Loan due in annual installments of principal of \$12,670.38 to \$27,522.31 through August 2023 interest-free 205,326.55

\$175,000 of 2010 Trust Loan due in annual installments of principal of \$10,000.00 through August 2022 at interest rates of 4.0% to 5.0% 70,000.00
\$ 763,958.25

Water Capital Fund

Environmental Infrastructure Loans:

\$1,425,000 of 2003 Trust Loan due in annual installments of principal of \$80,000.00 to \$105,000.00 through August 2023 at interest rates of 3.0% to 4.75%. \$ 745,000.00

\$1,299,259 of 2003 Fund Loan due in annual installments of principal of \$49,025.52 to \$70,547.53 through August 2019 interest-free 257,399.78
\$ 1,002,399.78

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2015, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ <u>1,460,772.48</u>
Assessment Fund	\$ <u>32,046.95</u>
Water Utility Capital Fund	\$ <u>123,594.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2015

General Capital Fund

Calendar Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,335,000.00	\$ 286,468.76	\$ 1,621,468.76
2017	1,145,000.00	243,825.00	1,388,825.00
2018	1,165,000.00	203,575.00	1,368,575.00
2019	1,205,000.00	159,075.00	1,364,075.00
2020	460,000.00	128,675.00	588,675.00
2021	460,000.00	115,275.00	575,275.00
2022	485,000.00	101,875.00	586,875.00
2023	510,000.00	85,225.00	595,225.00
2024	510,000.00	67,825.00	577,825.00
2025	535,000.00	50,162.50	585,162.50
2026	560,000.00	33,925.00	593,925.00
2027	350,000.00	17,125.00	367,125.00
2028	335,000.00	8,375.00	343,375.00
Total	\$ <u>9,055,000.00</u>	<u>1,501,406.26</u>	\$ <u>10,556,406.26</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2015

Water Utility Capital Fund

<u>CALENDAR YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	\$ 130,000.00	\$ 30,750.00	\$ 160,750.00
2017	130,000.00	27,550.00	157,550.00
2018	130,000.00	24,050.00	154,050.00
2019	135,000.00	20,150.00	155,150.00
2020	80,000.00	17,450.00	97,450.00
2021	80,000.00	15,850.00	95,850.00
2022	80,000.00	14,250.00	94,250.00
2023	80,000.00	11,850.00	91,850.00
2024	90,000.00	9,450.00	99,450.00
2025	90,000.00	6,750.00	96,750.00
2026	100,000.00	4,725.00	104,725.00
2027	<u>99,000.00</u>	<u>2,475.00</u>	<u>101,475.00</u>
Total	\$ <u>1,224,000.00</u>	\$ <u>185,300.00</u>	\$ <u>1,409,300.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2015

<u>CALENDAR YEAR</u>	<u>NJ EIT LOANS - GENERAL CAPITAL</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	\$ 86,471.56	\$ 24,025.00	\$ 110,496.56
2017	135,171.23	23,525.00	158,696.23
2018	139,555.84	20,525.00	160,080.84
2019	92,522.31	17,275.00	109,797.31
2020	97,522.31	14,125.00	111,647.31
2021	97,522.31	10,625.00	108,147.31
2022	102,522.31	7,325.00	109,847.31
2023	<u>12,670.38</u>	<u>3,675.00</u>	<u>16,345.38</u>
	\$ <u>763,958.25</u>	\$ <u>121,100.00</u>	\$ <u>885,058.25</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2015

CALENDAR YEAR	NJ EIT LOANS - WATER CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
2016	\$ 149,451.95	\$ 34,107.50	\$ 183,559.45
2017	155,547.53	30,907.50	186,455.03
2018	153,374.78	27,337.50	180,712.28
2019	139,025.52	23,725.00	162,750.52
2020	95,000.00	19,225.00	114,225.00
2021	100,000.00	14,475.00	114,475.00
2022	105,000.00	9,975.00	114,975.00
2023	105,000.00	4,987.50	109,987.50
	<u>\$ 1,002,399.78</u>	<u>\$ 164,740.00</u>	<u>\$ 1,167,139.78</u>

BOND ANTICIPATION NOTE

	Interest Rate	Maturity Date	Amount
General Capital	2.00%	10/28/2016	\$ <u>7,026,600.00</u>
Water Capital	2.00%	10/28/2016	\$ <u>500,000.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016, were as follows:

Current Fund	\$1,708,000.00
Water Utility Operating Fund	-0-

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
Prepaid Taxes	<u>\$247,622.01</u>	<u>\$312,575.46</u>

NOTE 6: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrprts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

NOTE 6: PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2013 PERS provides for employee contributions of 6.78% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2013, certain portions of the costs are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$1,046,334.00 for 2015 \$1,015,469.00 for 2014 and \$1,204,290.00 for 2013.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Borough employees are also covered by Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2015. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2015.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$11,467,872.00 for the Borough of Hawthorne's proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0510863967 percent, which was an increase of 0.0003504290 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$820,706.00 for the Borough of Hawthorne's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was \$418,260.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$273,583.00
Changes of assumptions		1,231,558.00
Net difference between projected and actual earnings on pension plan investments	\$184,381.00	
Changes in proportion and differences between borough contributions and proportionate share of contributions		<u>274,054.00</u>
	<u>\$184,381.00</u>	<u>\$1,779,195.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS)

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2016	\$301,291.00
2017	\$301,291.00
2018	\$301,291.00
2019	\$442,816.00
2020	\$248,125.00

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$5,086,138,484	\$1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability - local	22,447,996,119	18,722,735,003
Borough's proportion	0.0510863967%	0.0507359677%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Inflation	3.01 Percent	3.04 Percent
Salary Increases (based on age)		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 percent

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 and June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	(0.40)%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20 - Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Borough's proportionate share of the pension liability	\$14,253,162.00	\$11,467,872.00	\$9,132,705.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2015, the State reported a net pension liability of \$18,309,053.00 for the Borough of Hawthorne's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough's proportion was 0.1099212736 percent, which was an increase of 0.0071409334 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$893,496.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was \$789,424.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$157,921.00	
Changes of assumptions		\$3,380,306.00
Net difference between projected and actual earnings on pension plan investments	318,653.00	
Changes in proportion and differences between the borough's contributions and proportionate share of contributions	<u>151,592.00</u>	<u>783,293.00</u>
	<u>\$628,166.00</u>	<u>\$4,163,599.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2016	\$687,237.00
2017	\$687,237.00
2018	\$687,237.00
2019	\$1,017,072.00
2020	\$456,650.00

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$3,527,123,787	\$456,706,121
Collective deferred inflows of resources	466,113,435	1,283,652,103
Collective net pension liability - local	16,656,514,197	12,579,072,492
Borough's proportion	0.1099212736%	0.1027803402%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions:

Inflation	3.04 Percent	3.01 Percent
Salary Increases (based on age)		
2012-2021	2.60-9.48 Percent	3.95-8.62 Percent
Thereafter	3.60-10.48 Percent	4.95-9.62 Percent
Investment Rate of Return	7.90 Percent	7.90 Percent

Mortality rates used for the July 1, 2014 valuation were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Mortality rates used for the July 1, 2013 valuation were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30,2015</u>		<u>June 30,2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	(0.40)%		
REIT	4.25%	5.12%		
US Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20 - Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Borough's proportionate share of the PFRS pension liability	\$24,137,144.00	\$18,309,053.00	\$13,556,765.00

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS).

NOTE 7: COMPENSATED ABSENCES

Under the existing policies and labor contracts of the Borough, employees are not permitted to accumulate unused vacation days and sick pay over the life of their working careers in exchange for lump sum distributions at retirement.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough as of December 31, 2015.

NOTE 9: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the year 2015. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve, through direct charges to operations or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 10: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2015, the Borough does not believe that any material liabilities will result from such audits.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Borough of Hawthorne is a member of the Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund (the "Funds"). The Funds are an insured group of municipalities established for the purpose of operating as risk-sharing public entity pools. The funds are insurance purchasing poolings of risk, subject to established limits and deductibles. Each participating municipality receives their own insurance policies. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded policy limits in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following table is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the 2015 and the previous two years:

<u>Fiscal Year</u>		<u>Interest Earned</u>		<u>Employee Contributions</u>		<u>Amount Reimbursed</u>		<u>Ending Balance</u>
2015	\$	189.63	\$	16,724.74	\$	6,662.44	\$	131,255.37
2014		129.85		15,995.69		31,447.45		121,003.44
2013		114.03		11,145.40		14,552.19		136,325.35

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2015:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 6,955.23	\$ 11,000.00
Assessment Trust Fund		543,186.72
Trust Funds	1,443.75	200.00
Animal Control Trust Fund	9,500.00	
General Capital Fund	540,418.74	500,000.00
Water Utility Operating Fund	<u>500,000.00</u>	<u>3,931.00</u>
	\$ <u>1,058,317.72</u>	\$ <u>1,058,317.72</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and the payment between the funds was made.

NOTE 13: POST-EMPLOYMENT BENEFITS (GASB 45)

Plan Description: The Borough provides post-employment healthcare for eligible retirees and their spouses in accordance with established collective bargaining contracts and Borough Code. Employees who retire at age 59 and who have completed 25 years of service with the Borough are eligible to participate. The Borough contributes 50% of the cost of the plan with the remaining 50% of the cost borne by the retiree.

Funding Policy: Medical benefits are funded on a pay-as-you-go basis.

Disclosure Requirements: Under current New Jersey budget and financial reporting requirements, the Borough is not required to recognize any long-term obligations resulting from OPEB on the balance sheets; however, OPEB obligations are required to be disclosed in the Notes to the Financial Statements as required by Local Finance Notice 2009-13.

Contributions to pay for the health premiums of participating retirees in the plan are billed to the Borough on a monthly basis. The Borough's contributions to the plan for the years ended December 31, 2015, 2014 and 2013, were \$4,122.20, \$4,020.90 and \$6,057.00, respectively, which equaled the required pay-as-you-go contributions for each year.

NOTE 14: DEFERRED SCHOOL TAXES

School taxes raised in the calendar year for the school fiscal year (July 1 to June 30) which remain unpaid at December 31 may be deferred to current fund balance in an amount not exceeding fifty percent (50%) of the levy providing the school district has not requisitioned the funds. As of December 31, 2015 the unpaid levy was \$17,613,999.00. The Borough has deferred \$7,951,464.00. The balance of \$9,662,535.00 is reported as a liability as of December 31, 2015.

NOTE 15: LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

The voters of the Borough of Hawthorne approved the adoption of a LOSAP plan at the general election held on November 7, 2000. The first year of service eligibility was the calendar year 2001. The Borough provides tax deferred income benefits for emergency service volunteers of the Volunteer Fire Department and First Aid Organization. Contributions are made solely by the Borough on behalf of those volunteers who meet the eligibility criteria established by Ordinance.

New Jersey statutes establish a minimum contribution of \$100 and a maximum contribution of \$1,150 per year, subject to annual increases as certified annually by the Division of Local Government Services.

The Borough's costs amounted to \$114,000.00.

State regulations require that an annual review be conducted on the Plan's financial statements in accordance with professional standards established by the American Institute of Certified Public Accountants (AICPA). A copy of the most recent LOSAP Plan financial statements may be obtained by contacting the Borough of Hawthorne, 445 Lafayette Avenue, Hawthorne, New Jersey.

NOTE 16: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through July 7, 2016 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no material subsequent events needed to be disclosed.

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BOROUGH OF HAWTHORNE
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2015

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	
Balance, December 31, 2014	A	\$	15,504,126.36
Increased by Receipts:			
Taxes Receivable	A-6	\$	68,064,984.70
Tax Title Liens	A-9		2,846.10
Tax Overpayments	A-16		13,418.03
State of New Jersey-Chapter 20, P.L. 1971	A-7		133,910.96
Revenue Accounts Receivable	A-8		3,878,634.52
Miscellaneous Revenue Not Anticipated	A-2		276,001.62
Prepaid Taxes	A-15		247,622.01
Grants Unappropriated	A-22		8,110.02
Grants Receivable	A-11		75,588.96
Appropriation Refunds	A-3		496,654.92
Fees Payable	A-19		31,627.00
Reserve for Library State Aid	A-25		9,861.00
Interfunds	A-24		219,282.32
			<u>73,458,542.16</u>
			88,962,668.52
Decreased by Disbursements:			
2015 Appropriations	A-3		17,748,453.11
2014 Appropriation Reserves	A-13		542,607.04
Accounts Payable	A-18		3,493.00
Tax Overpayments Refunded	A-16		13,418.03
County Taxes	A-12		17,563,696.62
Local District School Tax	A-13		35,896,695.00
LOSAP Contributions Payable	A-20		113,868.86
Reserve for Grants Appropriated	A-21		90,656.16
Interfunds	A-24		204,239.53
Fees Payable	A-19		34,175.00
Refund of Prior Year Revenues	A-1		13,359.74
			<u>72,224,662.09</u>
Balance, December 31, 2015	A	\$	<u>16,738,006.43</u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

<u>OFFICE</u>	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
Tax Office	\$ 100.00	\$ 100.00
Municipal Court	150.00	150.00
Borough Clerk	25.00	25.00
Board of Health/Registrar	25.00	25.00
Library	<u>10.00</u>	<u>10.00</u>
	\$ <u>310.00</u>	\$ <u>310.00</u>
<u>REF.</u>	A	A

BOROUGH OF HAWTHORNE
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>2015 LEVY</u>	<u>IN 2014</u>	<u>COLLECTED IN 2015</u>	<u>TRANSFER TO TAX TITLE LIENS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2015</u>
2014	\$ 1,045,581.46	\$	\$	\$ 1,045,103.86	\$	477.60	
	<u>1,045,581.46</u>			<u>1,045,103.86</u>		<u>477.60</u>	
2015		68,507,867.67	312,575.46	67,149,380.84	86,492.13	80,562.29	878,856.95
	<u>\$ 1,045,581.46</u>	<u>\$ 68,507,867.67</u>	<u>\$ 312,575.46</u>	<u>\$ 68,194,484.70</u>	<u>\$ 86,492.13</u>	<u>\$ 81,039.89</u>	<u>\$ 878,856.95</u>

REF. A A-2-A-15 A-2 A-9 A

Cash Receipts
Due from State of New Jersey

A-4 \$ 68,064,984.70
A-7 129,500.00
\$ 68,194,484.70

ANALYSIS OF 2015 PROPERTY TAX LEVY

TAX YIELD
General Purpose Tax \$ 68,443,693.41
Added Taxes (54:4-63.1 et. seq.) 64,174.26
\$ 68,507,867.67

TAX LEVY
Local District School Tax (Abstract) A-13 \$ 36,347,601.00
County Taxes:
County Tax (Abstract) \$ 17,530,376.63
Due County for Added Taxes (54:4-63.1 et. seq.) 9,457.16

Total County Taxes A-12 17,539,833.79

Local Tax for Municipal Purposes (Abstract) A-2 13,790,578.46
Minimum Library Tax A-2 767,643.54
Add: Additional Tax Levied 14,620,432.88

\$ 68,507,867.67

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
PER CHAPTER 20, P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2014 (Due To)	A		\$ 83,550.40
Increased by:			
Deductions Disallowed:			
Current Year Deductions		\$ 5,250.00	
Received From State of New Jersey	A-4	<u>133,910.96</u>	
			<u>139,160.96</u>
			<u>222,711.36</u>
Decreased by:			
Deductions Per Tax Duplicate:			
Senior Citizens		22,000.00	
Veterans		111,750.00	
Allowed by Tax Collector:			
Senior Citizens and Veterans-Current Year		<u>1,000.00</u>	
			<u>134,750.00</u>
Balance, December 31, 2015 (Due To)	A		\$ <u><u>87,961.36</u></u>

SUMMARY OF 2015 EXEMPTIONS

Senior Citizens and Veterans Exemptions Per Tax Billings		\$ 133,750.00	
Senior Citizens and Veterans Exemptions Allowed by Tax Collector		1,000.00	
Senior Citizens and Veterans Exemptions Disallowed by Tax Collector- 2015		<u>(5,250.00)</u>	
	A-6		\$ <u><u>129,500.00</u></u>

BOROUGH OF HAWTHORNECURRENT FUNDSCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>ACCRUED IN 2015</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2015</u>
Clerk:					
Alcoholic Beverage Licenses	A-2	\$	\$ 40,450.00	\$ 40,450.00	\$
Licenses-Other	A-2		13,878.00	13,878.00	
Building Code Official:					
Fees and Permits	A-2		28,805.00	28,805.00	
Municipal Court:					
Fines and Costs	A-2	13,988.01	316,113.66	294,796.69	35,304.98
Board of Health/Registrar:					
Licenses-Other	A-2		4,036.00	4,036.00	
Fees and Permits	A-2		34,694.00	34,694.00	
Police Department:					
Fees and Permits	A-2		4,492.50	4,492.50	
Public Works Department:					
Fees and Permits	A-2		11,050.00	11,050.00	
Planning Board:					
Fees and Permits	A-2		12,225.00	12,225.00	
Zoning Board:					
Fees and Permits	A-2		2,310.00	2,310.00	
Fire Prevention:					
Fees and Permits	A-2		39,232.00	39,232.00	
Other					
Fees and Permits	A-2		4,780.60	4,780.60	
Uniform Construction Code Fees	A-2		248,645.00	248,645.00	
Rentals- Board of Education	A-2		25,000.00	25,000.00	
Interest and Costs on Taxes	A-2		186,667.97	186,667.97	
Interest on Investments	A-2		36,152.49	36,152.49	
Cellular Phone Tower Leases					
Rentals - Board of Education	A-2		572,848.76	572,848.76	
Cable Television Franchise Fee	A-2		272,331.64	272,331.64	
Swimming Pool Admission Fees	A-2		151,845.00	151,845.00	
Commuter Parking Permits	A-2		26,542.00	26,542.00	
Sewer Charges	A-2		74,131.64	74,131.64	
Reserve for Debt Service	A-2		190,000.00	190,000.00	
Utility Operating Surplus	A-2		100,000.00	100,000.00	
Consolidated Municipal Property Tax Relief Act	A-2		41,442.00	41,442.00	
Energy Receipts Tax	A-2		1,426,836.00	1,426,836.00	
Uniform Fire Safety Act	A-2		35,442.23	35,442.23	
		<u>\$ 13,988.01</u>	<u>\$ 3,899,951.49</u>	<u>\$ 3,878,634.52</u>	<u>\$ 35,304.98</u>
<u>REF.</u>		<u>A</u>		<u>A-4</u>	<u>A</u>

"A-9"

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2014	A		\$ 1,092,871.05
Increased by:			
Interest and Costs on Tax Sale		\$ 8,614.86	
Transfer from Taxes Receivable	A-7	<u>86,492.13</u>	
			<u>95,106.99</u>
			<u>1,187,978.04</u>
Decreased by:			
Cash Receipts	A-4		<u>2,846.10</u>
Balance, December 31, 2015	A		\$ <u><u>1,185,131.94</u></u>

"A-10"

SCHEDULE OF FORECLOSED PROPERTY

Balance, December 31, 2014 and December 31, 2015	A		\$ <u><u>34,980.00</u></u>
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BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>GRANT</u>	BALANCE DECEMBER 31, 2014	2015 REVENUE ANTICIPATED	CASH RECEIPTS	UNAPPROPRIATED GRANT RESERVE APPLIED	<u>CANCELLED</u>	BALANCE DECEMBER 31, 2015
Municipal Alliance	\$ 26,633.27	\$ 22,440.00	\$ 20,440.00	\$ 31,440.00	\$ 3,187.56	\$ 25,445.71
Recycling Tonnage Grant		31,440.00		3,115.00		
Body Armor Replacement Fund		36,416.70	36,416.70			
Clean Communities Grant		4,000.00	4,000.00			
Click It or Ticket Grant		12,500.00	12,200.00			300.00
Drive Sober or Get Pulled Over		1,000.00	1,000.00			
Passaic County Community Garden	6,650.00					6,650.00
Open Space Grant - Passaic County		1,532.26	1,532.26			
Alcohol Education and Rehabilitation Fund						
	<u>\$ 33,283.27</u>	<u>\$ 112,443.96</u>	<u>\$ 75,588.96</u>	<u>\$ 34,555.00</u>	<u>\$ 3,187.56</u>	<u>\$ 32,395.71</u>
	A	A-2	A-4	A-22	A-1	A

REF.

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	A		\$ 33,328.88
2015 Tax Levy:			
County Taxes	A-1:A-6	\$ 17,299,415.19	
County Open Space Taxes	A-1:A-6	230,961.44	
County Share of Added Taxes	A-1:A-6	<u>9,457.16</u>	
			\$ <u>17,539,833.79</u>
			<u>17,573,162.67</u>
Decreased by:			
Cash Disbursements	A-4		<u>17,563,696.62</u>
Balance, December 31, 2015	A		\$ <u><u>9,466.05</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2014			
Taxes Deferred		\$ 7,951,484.00	
Taxes Payable	A	<u>9,211,629.00</u>	
			\$ 17,163,113.00
Increased by:			
2015 Levy	A-1:A-6		<u>36,347,601.00</u>
			<u>53,510,714.00</u>
Decreased by:			
Cash Disbursements	A-4		<u>35,896,695.00</u>
Balance, December 31, 2015			
Taxes Deferred		7,951,484.00	
Taxes Payable	A	<u>9,662,535.00</u>	
			\$ <u><u>17,614,019.00</u></u>
<u>Amount Charged to 2015 Operations:</u>			
Taxes Paid			\$ 35,896,695.00
Add: Current Year Taxes Payable			9,662,535.00
Less: Prior Year Taxes Payable			<u>(9,211,629.00)</u>
			\$ <u><u>36,347,601.00</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	BALANCE AFTER TRANSFERS	PAYD OR CHARGED	BALANCE LAPSED
\$	0.01	0.01	\$	0.01
Administrative and Executive:				
Salaries and Wages	5,409.57	21,770.50	20,838.43	932.07
Other Expenses	11.23	11.23		11.23
Other Expenses - Postage				
Mayor and Council:				
Salaries and Wages	1,076.33	1,076.33	1,075.00	1.33
Other Expenses	7.00	7.00		7.00
Municipal Clerk:				
Salaries and Wages	3,204.48	3,204.48		3,204.48
Other Expenses	1,918.90	7,153.03	4,128.35	3,024.68
Financial Administration:				
Salaries and Wages	5.03	5.03		5.03
Other Expenses	41.90	9,293.86	9,293.86	
Audit Services:				
Other Expenses		26,175.00	26,175.00	
Revenue Administration (Tax Collection):				
Salaries and Wages	2.16	2.16		2.16
Other Expenses	16.08	7,595.55	3,579.47	4,016.08
Tax Assessment Administration:				
Salaries and Wages	0.28	0.28		0.28
Other Expenses	2.59	13,081.35	1,578.76	11,502.59
Legal Services:				
Salaries and Wages	4,260.95	16,260.95	9,930.00	6,330.95
Other Expenses	5,240.50	7,256.50	3,466.00	3,790.50
Engineering Services:				
Other Expenses	6,000.00	19,974.72	11,903.00	8,071.72
Future of Hawthorne:				
Other Expenses	2,000.00	2,000.00		2,000.00
<u>LAND USE ADMINISTRATION</u>				
Planning Board:				
Salaries and Wages	1.10	1.10		1.10
Other Expenses	2,850.13	2,850.13	18.72	2,831.41
Zoning Board of Adjustments:				
Salaries and Wages	472.27	472.27		472.27
Other Expenses	101.02	5,150.16	3,862.32	1,287.84
Computerized Data Processing:	3,028.69	52,839.60	45,302.63	7,536.97

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

OPERATIONS WITHIN "CAPS" (CONTINUED)

PUBLIC SAFETY

Police:						
Salaries and Wages			13,748.01	\$	10,429.42	\$ 3,318.59
Other Expenses	112.41		32,672.16		30,593.47	2,078.69
Police Dispatchers:						
Salaries and Wages			4,707.12		2,989.09	1,718.03
Occupational Safety Health Act (NJS 40A:4-45.3):						
Salaries and Wages	239.27		239.27			239.27
Other Expenses	242.06		2,447.06		1,255.86	1,191.20
Emergency Management Services:						
Other Expenses	5,490.00		5,490.00		5,490.00	
Ambulance Corps:						
Other Expenses	157.00		157.00			157.00
Prosecutor:						
Salaries and Wages	0.89		0.89			0.89
Domestic Violence Response:						
Other Expenses	500.00		500.00			500.00
Fire:						
Salaries and Wages			988.31		64.02	924.29
Other Expenses			2,694.05		2,386.40	307.65
Uniform Fire Safety Act:						
Salaries and Wages			2,236.62		286.62	1,950.00
Other Expenses	10,456.90		49,544.07		34,149.38	15,394.69
Municipal Court:						
Salaries and Wages	8,180.22		8,180.22		1,744.60	6,435.62
Other Expenses	3,369.43		3,744.17		365.67	3,378.50

PUBLIC WORKS

Road Repair and Maintenance:						
Salaries and Wages	30,800.00		35,000.00		3,207.58	31,792.42
Other Expenses	2,015.35		67,669.73		58,361.27	9,308.46
Sewer System Maintenance:						
Salaries and Wages	15,653.82		1,492.20		624.75	867.45
Other Expenses			28,296.30		15,872.89	12,423.41
Shade Tree Commission:						
Salaries and Wages	1,763.85		1,763.85			1,763.85
Other Expenses	24,978.25		59,841.34		26,769.96	33,071.38

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
	\$			
<u>PUBLIC WORKS (CONTINUED)</u>				
Solid Waste Collection:				
Other Expenses - Recycling	8,045.59	18,770.59	10,725.00	8,045.59
Other Expenses - Garbage Removal - Contractual	4,632.00	4,632.00		4,632.00
Buildings and Grounds:				
Salaries and Wages	31,330.69	31,330.69		31,330.69
Other Expenses	3,476.09	25,311.90	17,867.71	7,444.19
Maintenance of Parks:				
Other Expenses	14,454.11	16,099.99	636.87	15,463.12
Vehicle Maintenance:				
Other Expenses	3,480.09	74,037.60	58,889.31	15,148.29
Community Services Act:				
Other Expenses		40,000.00	6,903.84	33,096.16
<u>HEALTH AND HUMAN SERVICES</u>				
Board of Health:				
Salaries and Wages	78.99	3,278.99	925.40	2,353.59
Other Expenses	453.56	1,514.79	334.94	1,179.85
Environmental Commission:				
Other Expenses	45.64	45.64		45.64
Board of Recreation:				
Salaries and Wages	2,102.42	7,102.42		7,102.42
Other Expenses	12,533.18	20,984.18	6,934.13	14,050.05
Swimming Pool:				
Salaries and Wages	2,929.48	2,929.48		2,929.48
Other Expenses	22,481.52	34,292.84	8,265.51	26,027.33
<u>OTHER COMMON OPERATING FUNCTIONS</u>				
Celebration of Public Events:				
Other Expenses	782.81	2,515.66	2,306.60	209.06
Bond Fees:				
Other Expenses	1,539.25	1,539.25		1,539.25
<u>CODE ENFORCEMENT AND ADMINISTRATION</u>				
Uniform Construction Code Enforcement Functions:				
Building Inspector:				
Salaries and Wages	13,742.16	15,242.16	1,307.95	13,934.21

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	\$	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>CODE ENFORCEMENT AND ADMINISTRATION (CONTINUED)</u>		\$			
Property Code Enforcement:			1,094.17	394.17	700.00
Salaries and Wages	1,374.28	\$	3,026.03	986.27	2,039.76
Other Expenses					
<u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Electricity	5,294.58		28,123.04	19,814.76	8,308.28
Street Lighting			17,720.87	13,284.90	4,435.97
Telephone	125.00		16,612.31	3,173.58	13,438.73
Gasoline	7,104.58		29,629.75	16,028.55	13,601.20
Landfill/Solid Waste Disposal Costs:					
Dumping Fees	33,654.87		37,265.22	1,249.45	36,015.77
Insurance:					
General Insurance	37,578.70		43,878.70	932.73	42,945.97
Group Insurance for Employees	100,676.27		100,976.27	2,681.46	98,294.81
Public Defender:					
Salaries and Wages	300.00		300.00	300.00	
<u>Total Operations Within "CAPS"</u>	<u>448,079.58</u>		<u>1,095,848.15</u>	<u>509,685.65</u>	<u>586,162.50</u>
Contingent	2,000.00		2,000.00		2,000.00
<u>Total Operations Including Contingent Within "CAPS"</u>	<u>450,079.58</u>		<u>1,097,848.15</u>	<u>509,685.65</u>	<u>588,162.50</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS":					
Statutory Charges:					
Social Security System (O.A.S.I)	6,757.52		6,757.52	148.67	6,608.85
DCRP	386.19		636.19	346.30	289.89
Pension Adjustment	1,059.05		1,059.05		1,059.05
<u>Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</u>	<u>8,202.76</u>		<u>8,452.76</u>	<u>494.97</u>	<u>7,957.79</u>
<u>Total General Appropriations for Municipal Purposes Within "CAPS"</u>	<u>458,282.34</u>		<u>1,106,300.91</u>	<u>510,180.62</u>	<u>596,120.29</u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
OPERATIONS EXCLUDED FROM "CAPS":				
Planning Board:				
Other Expenses - Affordable Housing	\$ 5,000.00	\$ 5,000.00	\$	5,000.00
Maintenance of Free Public Library:				
Salaries and Wages	33,022.86	53,022.86	5,925.26	47,097.60
Sewer Processing and Disposal:				
Other Expenses - Passaic Valley Sewer Rental	0.87	0.87		0.87
Other Expenses - Other Municipal Projects	246.98	246.98		246.98
NJDES Stormwater Permits	4,975.00	4,975.00		4,975.00
Total Other Operations Excluded from "CAPS"	43,245.71	63,245.71	5,925.26	57,320.45
Public and Private Programs Offset by Revenues				
Click It or Ticket Grant	4,000.00	4,000.00	4,000.00	
Police Body Armor Fund	1,699.15	3,925.00	3,925.00	
Municipal Alliance:				
Grant Funds	16,133.43	16,774.59	16,774.59	
Local Match	8,672.00	8,672.00	8,672.00	
Alcohol Rehab Grant	1,122.52	1,122.52	1,122.52	
Shade Tree Grant				
Drunk Driving Enforcement Fund	6,158.02	6,158.02	6,158.02	
Emergency Management Grant	2,005.00	2,005.00	2,005.00	
Recycling Tonnage Grant	22,381.00	22,381.00	22,381.00	
Clean Communities Program	24,958.39	24,958.39	24,958.39	
Total Public and Private Programs Offset by Revenues	87,129.51	89,996.52	89,996.52	
Total Other Operations Excluded from "CAPS"	130,375.22	153,242.23	95,921.78	57,320.45

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Total General Appropriations Excluded from "CAPS"	\$ 130,375.22	\$ 153,242.23	\$ 95,921.78	\$ 57,320.45
<u>Subtotal General Appropriations</u>	<u>588,657.56</u>	<u>1,259,543.14</u>	<u>606,102.40</u>	<u>653,440.74</u>
Total General Appropriations	<u>\$ 588,657.56</u>	<u>\$ 1,259,543.14</u>	<u>\$ 606,102.40</u>	<u>\$ 653,440.74</u>
<u>REF.</u>				A-1
Appropriated Grant Reserves			\$ 59,495.36	
Grant Cancelled			4,000.00	
Cash Disbursements			<u>542,607.04</u>	
			<u>606,102.40</u>	

"A-15"

BOROUGH OF HAWTHORNE
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2014 (2015 Taxes)	A	\$	312,575.46
Increased by:			
Collection of 2016 Taxes	A-4		<u>247,622.01</u>
		\$	<u>560,197.47</u>
Decreased by:			
Application to 2015 Taxes Receivable	A-6		<u>312,575.46</u>
Balance, December 31, 2015	A	\$	<u><u>247,622.01</u></u>

"A-16"

SCHEDULE OF RESERVE FOR TAX OVERPAYMENTS

Increased by:			
Cash Receipts	A-4		<u>13,418.03</u>
		\$	<u>13,418.03</u>
Decreased by:			
Cash Disbursements	A-4	\$	<u><u>13,418.03</u></u>

"A-17"

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2014	A	\$ 670,885.58
Increased by:		
Charged to 2015 Appropriations	A-3	<u>838,817.74</u>
		\$ 1,509,703.32
Decreased by:		
Transfer to Appropriation Reserves	A-14	<u>670,885.58</u>
Balance, December 31, 2015	A	\$ <u><u>838,817.74</u></u>

"A-18"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2014	A	\$ 14,009.70
Increased by:		
Prior Year Accounts Payable to Operations	A-1	<u>12,483.30</u>
		\$ 26,493.00
Decreased by:		
Cash Disbursements	A-4	<u>3,493.00</u>
Balance, December 31, 2015	A	\$ <u><u>23,000.00</u></u>

"A-19"

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF FEES PAYABLE

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2015</u>
DCA State Training Fees	\$ 6,046.00	\$ 12,802.00	\$ 15,710.00	\$ 3,138.00
Miscellaneous	5,280.00	16,000.00	15,440.00	5,840.00
Sales Tax	7,936.00			7,936.00
Marriage License Fees	1,420.00	2,825.00	3,025.00	1,220.00
	<u>\$ 20,682.00</u>	<u>\$ 31,627.00</u>	<u>\$ 34,175.00</u>	<u>\$ 18,134.00</u>

REF.

A

A-4

A-4

A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE LOSAP CONTRIBUTIONS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2014	A	\$ 165,065.34
Increased by:		
Transfers from 2015 Appropriations	A-3	<u>114,000.00</u>
		279,065.34
Decreased by:		
LOSAP Plan Contributions Made	A-4	<u>113,868.86</u>
Balance, December 31, 2015	A	<u><u>\$ 165,196.48</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF RESERVES FOR GRANTS APPROPRIATED

<u>GRANT</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>TRANSFERRED FROM 2014 APPROPRIATION RESERVES</u>	<u>EXPENDED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2015</u>
	\$	\$	\$	\$	\$
Municipal Alliance	3,585.44	3,209.13		3,187.56	3,607.01
Livable Communities Grant	16,287.00				16,287.00
Police Body Armor Grant		902.80			902.80
Emergency Management Grant	8,506.28	2,005.00	6,131.08		4,380.20
Clean Communities Grant	62,894.01	24,958.39	49,521.00		38,331.40
Alcohol Education and Rehabilitation Fund	1,132.20	1,122.52	600.08		1,654.64
Shade Tree Grant	3,716.00				3,716.00
Recycling Grant	28,732.00				28,732.00
Drunk Driving Enforcement Fund	302.35	4,916.52			5,218.87
Domestic Violence Prevention Grant	107.00				107.00
Stormwater Grant	6,654.00		1,330.00		5,324.00
Audio/Visual Grant	104.02				104.02
Recycling Tonnage Grant	129,482.59	22,381.00	32,794.00		119,069.59
NJ Clean Energy Grant	948.35		280.00		668.35
	<u>\$ 262,451.24</u>	<u>\$ 59,495.36</u>	<u>\$ 90,656.16</u>	<u>\$ 3,187.56</u>	<u>\$ 228,102.88</u>

REF.

A

A-14

A-4

A-1

A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

<u>GRANT</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>CASH RECEIPTS</u>	<u>APPLIED TO RECEIVABLE</u>	<u>ADJUSTMENT</u>	<u>BALANCE DECEMBER 31, 2015</u>
Body Armor Replacement Fund	\$ 3,114.88	\$ 3,110.02	\$ 3,115.00	\$	\$ 3,109.90
Recycling Tonnage Grant	31,439.87		31,440.00	0.13	0.18
Drunk Driving Enforcement Fund	0.18				5,000.00
Emergency Management Grant		5,000.00			
	<u>\$ 34,554.93</u>	<u>\$ 8,110.02</u>	<u>\$ 34,555.00</u>	<u>\$ 0.13</u>	<u>\$ 8,110.08</u>

REF.

A

A-4

A-11

A-1

A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER 31, 2014	RAISED IN IN BUDGET
Special Emergency Appropriations 40A:4-46	\$ <u>21,500.00</u>	\$ <u>21,500.00</u>
	\$ <u><u>21,500.00</u></u>	\$ <u><u>21,500.00</u></u>
<u>REF.</u>	A	C-14

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	ASSESSMENT TRUST FUND	ANIMAL CONTROL TRUST FUND	TRUST OTHER FUND	TRUST BUILDERS ESCROW	GENERAL CAPITAL FUND	WATER UTILITY OPERATING FUND
Balance, December 31, 2014:							
Due From	\$ 10,998.02	\$ 2,193.51	\$	\$	\$ 8,368.89	\$	\$ 435.62
Due To							
Cash Receipts	219,282.32	2,530.81	9,500.00	1,500.00	8,393.89	196,553.00	804.62
Cash Disbursements	204,239.53	3,305.28			81.25	196,553.00	4,300.00
Balance, December 31, 2015:							
Due From	\$ 6,955.23	\$ 2,967.98	\$	\$	\$ 56.25	\$	\$ 3,931.00
Due To	<u>11,000.00</u>	<u>9,500.00</u>	<u>1,500.00</u>	<u>56.25</u>	<u>4,300.00</u>	<u>3,931.00</u>	

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE RESERVE FOR LIBRARY STATE AID

REF.

Increased by:		
Cash Receipts	A-4	\$ <u>9,861.00</u>
Balance, December 31, 2015	A	\$ <u><u>9,861.00</u></u>

BOROUGH OF HAWTHORNE

TRUST FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ASSESSMENT TRUST</u>	<u>ANIMAL CONTROL</u>	<u>TRUST OTHER</u>
Balance, December 31, 2014	B	\$ 617,262.54	\$ 34,555.03	\$ 971,727.98
Increased by Receipts:				
Assessments Receivable	B-4	79,831.20		
Assessment Notes	B-10			
Animal Control License Fees	B-12		22,379.33	
Assessment Overpayments	B-20	4,913.30		
Budget Appropriation	B-12		9,500.00	
Due State of New Jersey	B-13		2,041.80	
Various Reserves and Deposits	B-11			11,652,742.68
Unemployment	B-14			16,914.37
Due General Capital Fund	B-18			200.00
Due Other Trust Fund	B-11:B-15			81.25
Due Current Fund	B-7:B-16	774.47		
		<u>85,518.97</u>	<u>33,921.13</u>	<u>11,669,938.30</u>
Decreased by Disbursements:				
Expenditures Under R.S.4:19-15.11	B-12		28,912.33	
Due State of New Jersey	B-13		2,037.60	
Unemployment Claims	B-14			6,662.44
Various Reserves and Deposits	B-11			11,207,380.75
Due General Capital Fund	B-17			
Assessment Refunds	B-20	4,913.30		
Assessment Bonds	B-15	60,000.00		
Due Current Fund	B-19:B-16	<u>64,913.30</u>	<u>9,500.00</u>	<u>9,893.89</u>
		<u>64,913.30</u>	<u>40,449.93</u>	<u>11,223,937.08</u>
Balance, December 31, 2015	B	\$ 637,868.21	\$ 28,026.23	\$ 1,417,729.20

"B-3"

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2015

Due Current Fund	\$	2,967.98
Due General Capital Fund		540,218.74
Fund Balance		6.00
<u>Assessment Serial Bonds</u>		
Various Ordinances		<u>94,675.49</u>
	\$	<u><u>637,868.21</u></u>

REF.

B:B-2

BOROUGH OF HAWTHORNE
ASSESSMENT TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2014</u>	<u>ASSESSMENTS</u> <u>COLLECTED</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2015</u>	<u>BALANCE PLEDGED TO</u> <u>RESERVE</u>	<u>ASSESSMENT</u> <u>BONDS</u>
1734/1757	Sanitary Sewers - Highview Charwalt	\$ 2,000.00	\$ 2,000.00	\$	\$	
1939	VanWinkle Ave - Sidewalks/Driveways					2,089.00
1948	Tuxedo Ave - Sidewalks/Driveways	2,555.00	466.00	2,089.00		
1972	Central Ave - Sidewalks/Driveways	2,988.00	1,137.00	1,851.00		1,851.00
1989	Road and Stormwater Improvements	125,550.00	37,550.00	88,000.00		88,000.00
2009	Sidewalk Improvements	5,368.00	5,368.00	0.00		
2047	Reconstruction of Sidewalk	20,515.37	5,913.37	14,602.00		14,602.00
2063	Reconstruction of Sidewalk	<u>51,274.59</u>	<u>27,396.83</u>	<u>23,877.76</u>	<u>2,935.76</u>	<u>20,942.00</u>
		<u>\$ 210,250.96</u>	<u>\$ 79,831.20</u>	<u>\$ 130,419.76</u>	<u>\$ 2,935.76</u>	<u>\$ 127,484.00</u>

REF.

B

B-2

B

B

"B-5"

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF ASSESSMENTS LIENS

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2015	BALANCE PLEGDED TO RESERVE
1370	Central Avenue Sidewalks	\$ 1,019.00	\$ 1,019.00	\$ 1,019.00
1607/1682	Lafayette Ave - Curbs and Sidewalks	6,679.00	6,679.00	6,679.00
1636/1684	Lafayette Ave - Brick Pavers	<u>2,633.00</u>	<u>2,633.00</u>	<u>2,633.00</u>
		<u>\$ 10,331.00</u>	<u>\$ 10,331.00</u>	<u>\$ 10,331.00</u>
	<u>REF.</u>	B	B	B

"B-6"

SCHEDULE OF ASSESSMENTS LIEN INTEREST AND COSTS

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2015	BALANCE PLEGDED TO RESERVE
	Prior Year Unallocated	\$ 121.00	\$ 121.00	\$ 121.00
1607/1682	Lafayette Ave - Curbs and Sidewalks	1,881.00	1,881.00	1,881.00
1636/1684	Lafayette Ave - Brick Pavers	<u>741.00</u>	<u>741.00</u>	<u>741.00</u>
		<u>\$ 2,743.00</u>	<u>\$ 2,743.00</u>	<u>\$ 2,743.00</u>
	<u>REF.</u>	B	B	B

"B-7"

BOROUGH OF HAWTHORNE
ASSESSMENT TRUST FUND
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2014 (Due to)	B	\$ 2,193.51
Increased by:		
Cash Receipts	B-2	<u>774.47</u>
Balance, December 31, 2015 (Due to)	B	<u>\$ 2,967.98</u>

"B-8"

ASSESSMENT TRUST FUND
SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2014 and December 31, 2015 (Due to)	B	<u>\$ 540,218.74</u>
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BOROUGH OF HAWTHORNE
ASSESSMENT TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2014</u>	<u>FUNDED FROM</u> <u>CAPITAL</u> <u>IMPROVEMENT</u> <u>FUND</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2015</u>	<u>BALANCE</u> <u>PLEDGED TO</u> <u>BONDS</u>	<u>BALANCE</u> <u>PLEDGED TO</u> <u>RESERVE</u>
		\$	\$	\$	\$	\$
1506	Construction of Curbs on Royal Ave.	40,800.00		40,800.00		40,800.00
1939	Van Winkle Avenue	10,000.00		10,000.00	10,000.00	
1948	Sidewalk and Driveway Improvements	20,000.00		20,000.00	20,000.00	
1972	Road Reconstruction	40,000.00		40,000.00	40,000.00	
1989	Road and Stormwater Improvements	12,600.00		12,600.00	12,600.00	
2009	Sidewalk Improvements	89,932.96		89,932.96	89,932.96	
2047	Reconstruction of Sidewalk	19,054.34		19,054.34	19,054.34	
2063/2070	Sidewalk and Driveway Improvements					
2082/2094	Sidewalk and Driveway Improvements	4,750.00	9,500.00	4,750.00		4,750.00
2130	Sidewalk and Driveway Improvements		5,500.00	9,500.00		9,500.00
2138	Sidewalk and Driveway Improvements		350.00	5,500.00		5,500.00
2106/2139	Reconstruction of Sidewalk			350.00		350.00
		<u>\$ 237,137.30</u>	<u>\$ 15,350.00</u>	<u>\$ 252,487.30</u>	<u>\$ 191,587.30</u>	<u>\$ 60,900.00</u>

REF.

B

C-9

B

B

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF AMOUNT TO BE RAISED BY TAXATION FOR CANCELED ASSESSMENTS

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
1939	Van Winkle Avenue	\$ 4,292.31	\$ 4,292.31
1948	Sidewalk and Driveway Improvements	1,300.23	1,300.23
2009	Sidewalk Improvements	<u>660.67</u>	<u>660.67</u>
		<u>\$ 6,253.21</u>	<u>\$ 6,253.21</u>
		<u>REF.</u> B	B

BOROUGH OF HAWTHORNE

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

<u>Description</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2014</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2015</u>
<u>Reserve for:</u>				
Recycling Expenditures	\$ 180,019.43	\$ 92,990.13	\$ 73,465.23	\$ 199,544.33
UCC Penalties	42,385.45	2,000.00	21,797.72	22,587.73
Municipal Alliance Program	24,386.65	1,300.00	611.81	25,074.84
Relocation Fund	22,356.00	5,000.00	3,200.00	24,156.00
Snow Removal	36,341.89	20,000.00	12,517.84	43,824.05
Public Events	24,000.00	36,732.24	35,878.86	24,853.38
Third Party Liens	1,912.19	443,548.86	443,548.86	1,912.19
Fire Code Penalties	36,387.26	1,880.00	300.00	38,267.26
Public Defender Fees	20,432.00	4,025.00	300.00	24,157.00
POAA	3,161.78	548.00	300.00	3,709.78
Off-Duty Municipal Police Pay	66,465.37	259,304.13	227,789.94	97,979.56
911 Memorial	15,019.24	60,855.24	76,073.35	15,019.24
Builders Escrow Deposits	67,107.38	3,800.00	4,274.50	51,889.27
Antenna Plan Reviews	6,000.00	509,000.00	97,600.00	5,525.50
Tax Sale Premiums	140,700.00	20,000.00	21,150.00	552,100.00
Performance Deposits	24,550.00	552.00	552.00	23,400.00
PCUA - EIC	552.00	5,659.00	5,659.00	552.00
Sidewalk Replacements	5,659.00	29,526.75	2,822.74	5,659.00
Other Escrow Deposits	29,526.75	387.99	2,822.74	27,092.00
Security Deposits	66,186.66	1,575.00	1,006.25	66,755.41
Housing Trust	28,908.82	2,264.95	1,655.35	29,518.42
Pre-Tax Medical Payments	106.16	2,000.16	1,425.97	680.35
Payroll Deductions Payable	191.62	10,185,530.98	10,182,262.33	3,460.27
	<u>\$ 842,355.65</u>	<u>\$ 11,652,742.68</u>	<u>\$ 11,207,380.75</u>	<u>\$ 1,287,717.58</u>

REF.

B

B-2

B-2

B

"B-12"

BOROUGH OF HAWTHORNE

ANIMAL CONTROL FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2014	B	\$	34,556.23
Increased by:			
Budget Appropriation	B-2	\$	9,500.00
Animal Control License Fees Collected	B-2		<u>22,379.33</u>
			31,879.33
		\$	<u>66,435.56</u>
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash Disbursements	B-2		<u>28,912.33</u>
Balance, December 31, 2015	B	\$	<u><u>37,523.23</u></u>

<u>LICENSE FEES COLLECTED</u>		
<u>YEAR</u>		<u>AMOUNT</u>
2014	\$	23,050.80
2013		<u>24,922.00</u>
	\$	<u><u>47,972.80</u></u>

"B-13"

ANIMAL CONTROL FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

Balance, December 31, 2014 (Due From)	B	\$	1.20
Increased by:			
Cash Disbursements	B-2		<u>2,037.60</u>
		\$	<u>2,038.80</u>
Decreased by:			
Cash Receipts	B-2		<u>2,041.80</u>
Balance, December 31, 2014 (Due To)	B	\$	<u><u>3.00</u></u>

BOROUGH OF HAWTHORNE

TRUST FUND

SCHEDULE OF DUE STATE - UNEMPLOYMENT CLAIMS

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 121,003.44
Increased by:		
Cash Receipts	B-2	16,914.37
		<u>\$ 137,917.81</u>
Decreased by:		
Cash Disbursements	B-2	6,662.44
		<u>6,662.44</u>
Balance, December 31, 2015	B	<u><u>\$ 131,255.37</u></u>

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF ASSESSMENT SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2015</u>
			<u>DATE</u>	<u>AMOUNT</u>			
Various Curb, Sidewalk and Driveway Improvements	7/15/2013	\$ 600,000.00	7/1/16	\$ 60,000.00	2.000%	\$	\$
			7/1/17	60,000.00	2.000%		
			7/1/18	60,000.00	2.000%		
			7/1/19	60,000.00	2.000%		
			7/1/20	60,000.00	2.000%		
			7/1/21	60,000.00	2.000%		
			7/1/22	60,000.00	3.000%		
				<u>480,000.00</u>		<u>60,000.00</u>	<u>420,000.00</u>
				<u>\$ 480,000.00</u>		<u>\$ 60,000.00</u>	<u>\$ 420,000.00</u>

REF. B B-2 B

BOROUGH OF HAWTHORNE

OTHER TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2014 (Due To)	B	\$ 8,368.89
.		
Decreased by:		
Cash Receipts	B-2	81.25
		<u>\$ 8,450.14</u>
Increased by:		
Cash Disbursements	B-2	<u>9,893.89</u>
Balance, December 31, 2015 (Due From)	B	<u><u>\$ 1,443.75</u></u>

"B-17"

BOROUGH OF HAWTHORNE

OTHER TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2014 and December 31, 2015	B	\$ <u>2,935.76</u>

"B-18"

SCHEDULE OF DUE GENERAL CAPITAL FUND

Increased by:		
Cash Receipts	B-2	\$ <u>200.00</u>
Balance, December 31, 2015 (Due To)	B	\$ <u>200.00</u>

"B-19"

ANIMAL CONTROL FUND

SCHEDULE OF DUE CURRENT FUND

Increased by:		
Cash Disbursements	B-2	\$ <u>9,500.00</u>
Balance, December 31, 2015 (Due From)	B	\$ <u>9,500.00</u>

BOROUGH OF HAWTHORNE

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENT OVERPAYMENTS

	<u>REF.</u>	
Increased by:		
Cash Receipts	B-2	\$ <u>4,913.30</u>
Decreased by:		
Cash Disbursements	B-2	\$ <u><u>4,913.30</u></u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2014	C		\$ 2,768,014.72
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-16	\$ 190,000.00	
Grants Receivable	C-8	407,064.36	
Due Water Capital Fund	C-18	500,000.00	
Reserve for Debt Service	C-13	93,099.00	
Bond Anticipation Notes	C-14	<u>7,026,600.00</u>	
			<u>8,216,763.36</u>
			\$ <u>10,984,778.08</u>
Decreased by Disbursements:			
Encumbrances Payable	C-17	\$ 2,172,846.52	
Bond Anticipation Notes	C-14	5,252,000.00	
Various Reserves and Deposits	C-13	190,000.00	
Due Trust Other Fund	C-12	<u>200.00</u>	
			<u>7,615,046.52</u>
Balance, December 31, 2015	C:C-3		\$ <u><u>3,369,731.56</u></u>

"C-3"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2015

Capital Improvement Fund	\$	192,780.03
Fund Balance		110,288.60
Encumbrances Payable		1,042,632.00
Cash on Hand to Pay Notes "C-5"		152,406.85
Improvement Authorizations:		
Funded Improvements Listed on "C-15"		140,145.22
Improvements Expended Set Forth on "C-5"		(892,827.51)
Unexpended Note Proceeds Listed on "C-5"		1,926,658.47
Various Reserves and Deposits		1,040,149.47
Due Assessment Trust Fund		(540,218.74)
Due Water Utility Capital Fund		500,000.00
Due Trust Other Fund		(200.00)
Loan Proceeds Receivable		(270,464.00)
Grants Receivable		<u>(31,618.83)</u>
	\$	<u>3,369,731.56</u>

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2014	C		\$	11,448,349.28
Decreased by:				
Payment of :				
Bond Principal	C-10	\$	1,525,000.00	
Loan Payable	C-11		<u>104,391.03</u>	
				<u>1,629,391.03</u>
Balance, December 31, 2015	C		\$	<u>9,818,958.25</u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	BALANCE DECEMBER 31, 2014	2015 AUTHORIZATIONS	GRANT	CANCELLED	BALANCE DECEMBER 31, 2015	BOND ANTICIPATION NOTES	ANALYSIS OF BALANCE DECEMBER 31, 2015		
							EXPENDITURES	UNEXPENDED BALANCE	
	\$	\$	\$	\$	\$		\$	\$	
<u>General Improvements:</u>									
1591	649.84				649.84		649.84		
1634/1663	3,844.00				3,844.00		3,844.00		
1908									
1938	933.76				933.76		933.76		
1949	617.74				617.74		617.74		
1956	264,000.00				264,000.00		253,304.34	10,695.66	
1817/1959	126.48				126.48		126.48		
1885/1970	4,736.29				4,736.29		4,736.29		
1975	18,084.55				18,084.55		18,084.55		
2032									
2044/2057	67,500.00			21,911.72	45,588.28		45,588.28		
2048									
1765									
2067/2078	318,046.91				318,046.91		306,209.66	11,837.25	
2073	144,947.36				144,947.36		144,947.36		
2081	665,000.00		28,837.71	117,843.25	518,319.04		518,319.04		
2083	190,000.00			3,423.25	186,576.75		186,576.75		
2095	76,000.00				76,000.00		76,000.00		
2096	95,000.00				95,000.00		95,000.00		
2100	560,500.00				560,500.00		560,500.00		
2101	1,100,000.00		181,673.65		918,326.35		500,000.00	418,326.35	
2102	950,000.00				950,000.00		950,000.00		
2103	280,250.00				280,250.00		280,250.00		
2105	760,000.00				760,000.00		760,000.00		
2116	116,000.00				116,000.00		116,000.00		
2122	332,500.00				332,500.00		332,500.00		
2123	71,250.00				71,250.00		71,250.00		
2124	266,000.00				266,000.00		266,000.00		

"C-6"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE
LOAN PROCEEDS RECEIVABLE

REF.

Balance, December 31, 2014 and
December 31, 2015

C

\$ 270,464.00

"C-7"

SCHEDULE OF DUE ASSESSMENT TRUST FUND

Balance, December 31, 2014 and
December 31, 2015 (Due From)

C

\$ 540,218.74

BOROUGH OF HAWTHORNE
GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

ORDINANCE NUMBER	PROJECT	BALANCE DECEMBER 31, 2014	GRANTS AWARDED	CASH RECEIPTS	BALANCE DECEMBER 31, 2015	BALANCE PLEDGED TO:	
						IMPROVEMENT AUTHORIZATION	RESERVE
	<u>State Department of Transportation:</u>						
2048	Reconstruction, Resurfacing, Drainage, Driveway Aprons Curb and Sidewalk Improvements-Mohawk Forest Avenue Improvements	\$ 2,842.43	\$	\$	\$ 2,842.43	\$	\$ 2,842.43
2067	Improvements at NYS & W Railroad Crossing	21,260.00		196,553.00	21,260.00		
2095	May Street Road Improvements	196,553.00					
2102	NJDOT Streetscape	600,000.00					600,000.00
2116	Washington and Royal Avenues	50,000.00			50,000.00		50,000.00
2101	DCA-Property Buy-Outs CDBG-DR	821,602.00		181,673.65	639,928.35		639,928.35
2137	Improvements to Braen Avenue		175,000.00		175,000.00		175,000.00
	<u>Passaic County Open Space Trust Fund:</u>						
2103	County Open Space	53,500.00			53,500.00		53,500.00
2103	County Open Space	65,000.00			65,000.00		65,000.00
	<u>Community Development Block Grant:</u>						
1974	Handicapped Accessible Grants	1,000.00			1,000.00		
2081	2013 Road Program-CDBG	9,358.83			9,358.83		
2081	2013 Road Program-CDBG	50,000.00		28,837.71	21,162.29		21,162.29
2105	2014 Road Program	50,000.00			50,000.00		50,000.00
2129	2015 Road Program		54,900.00		54,900.00		54,900.00
		\$ 1,921,116.26	\$ 229,900.00	\$ 407,064.36	\$ 1,743,951.90	\$ 31,618.83	\$ 1,712,333.07
	<u>REF.</u>	C	C-2	C	C-3	C	C

BOROUGH OF HAWTHORNE
GENERAL CAPITAL FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>TOTAL APPROPRIATED</u>	<u>DOWN PAYMENT</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>FINANCED BY CAPITAL IMPROVEMENT FUND</u>	<u>BALANCE DECEMBER 31, 2015</u>
	<u>Local Improvements:</u>					
2012	Reconstruction of Sidewalks and Driveway Aprons-Pasadena and Mohawk	\$ 120,000.00	\$ 6,000.00	\$ 6,000.00	\$	6,000.00
2063/2070	Reconstruction of Sidewalks and Driveway	140,000.00	7,000.00			
2082/2094	Reconstruction of Sidewalks and Driveway	95,000.00	4,750.00	4,750.00		4,750.00
2106	Reconstruction of Sidewalks and Driveway	167,000.00	8,000.00	8,000.00	350.00	8,350.00
2130	Sidewalk/Driveway Improvements - Various Streets	190,000.00	9,500.00		9,500.00	9,500.00
2138	Sidewalk/Driveway Improvements - Braen Avenue	110,000.00	5,500.00		5,500.00	5,500.00
				<u>\$ 18,750.00</u>	<u>\$ 15,350.00</u>	<u>\$ 34,100.00</u>
	<u>REF.</u>	C			B-9	C

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2015
			DATE	AMOUNT			
Refunding Bonds of 2005	4/1/2005	3,285,000.00				\$ 300,000.00	\$ 300,000.00
General Improvement Bonds of 2008	9/1/2008	3,510,000.00	3/1/2016	210,000.00	5.000%		
			3/1/2017	210,000.00	5.000%		
			3/1/2018	210,000.00	5.000%		
			3/1/2019	210,000.00	5.000%		
			3/1/2020	210,000.00	4.000%		
			3/1/2021	210,000.00	4.000%		
			3/1/2022	210,000.00	4.000%		
			3/1/2023	210,000.00	4.000%		
Refunding Bonds of 2009	10/15/2009	1,585,000.00	3/1/2024	210,000.00	4.125%		
			3/1/2025	210,000.00	4.250%		
			3/1/2026	210,000.00	4.250%	2,520,000.00	2,310,000.00
			10/15/2016	215,000.00	3.125%	435,000.00	215,000.00
						DECREASED	300,000.00

BOROUGH OF HAWTHORNE
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2015</u>
			<u>DATE</u>	<u>AMOUNT</u>			
General Improvement Bonds of '12	7/10/2012	\$ 4,235,000.00	7/15/2016	\$ 225,000.00	2.000%	\$	\$
			7/15/2017	225,000.00	2.000%		
			7/15/2018	225,000.00	2.000%		
			7/15/2019	250,000.00	2.000%		
			7/15/2020	250,000.00	2.000%		
			7/15/2021	250,000.00	2.000%		
			7/15/2022	275,000.00	3.000%		
			7/15/2023	300,000.00	3.000%		
			7/15/2024	300,000.00	3.000%		
			7/15/2025	325,000.00	2.250%		
			7/15/2026	350,000.00	2.250%		
		7/15/2027	350,000.00	2.500%			
			7/15/2028	335,000.00	2.500%	3,860,000.00	3,660,000.00
Refunding Bonds of '12	3/29/2012	4,110,000.00	6/1/2016	685,000.00	3.000%		
			6/1/2017	710,000.00	3.000%		
			6/1/2018	730,000.00	4.000%		
			6/1/2019	745,000.00	4.000%		
						3,465,000.00	2,870,000.00
						\$ 10,580,000.00	\$ 9,055,000.00

REF.

C-4

C

"C-11"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF DEPARTMENT OF ENVIRONMENTAL PROTECTION -
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 868,349.28
Decreased by:		
Paid by Budget Appropriation	C-4	<u>104,391.03</u>
Balance, December 31, 2015	C	<u>\$ 763,958.25</u>

"C-12"

SCHEDULE OF DUE TRUST OTHER FUND

Increased by:		
Cash Disbursements	C-2	\$ <u>200.00</u>
Balance, December 31, 2015		<u>\$ 200.00</u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	<u>BALANCE DECEMBER 31, 2014</u>	<u>INCREASE</u>	<u>IMPROVEMENT AUTHORIZATIONS CANCELED</u>	<u>DECREASE BUDGET REVENUE</u>	<u>BALANCE DECEMBER 31, 2015</u>
Reserve for Bond Sale Issuance Costs	\$ 2,404.00	\$	\$	\$	2,404.00
Reserve for Payment of Debt	<u>1,114,246.75</u>	<u>93,099.00</u>	<u>20,399.72</u>	<u>190,000.00</u>	<u>1,037,745.47</u>
	<u>\$ 1,116,650.75</u>	<u>\$ 93,099.00</u>	<u>\$ 20,399.72</u>	<u>\$ 190,000.00</u>	<u>\$ 1,040,149.47</u>

REF.

C

C-2

C-15

C-2

C

BOROUGH OF HAWTHORNE
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2015</u>
	<u>General Improvements:</u>								
2073	Installation of Lighting Wagaraw Field	10/31/2013	10/29/2015	10/28/2016	2.00%	\$	\$ 147,250.00	\$	\$ 147,250.00
	Installation of Lighting Wagaraw Field	10/31/2013	10/31/2014	10/30/2015	1.00%	147,250.00	147,250.00		190,000.00
2083	Purchase of Dump Truck	10/31/2013	10/29/2015	10/28/2016	2.00%	190,000.00	190,000.00		76,000.00
	Purchase of Dump Truck	10/31/2013	10/31/2014	10/30/2015	1.00%	190,000.00	190,000.00		95,000.00
2095	May Street Road Improvements	10/31/2013	10/29/2015	10/28/2016	2.00%	76,000.00	76,000.00		560,500.00
	May Street Road Improvements	10/31/2013	10/31/2014	10/30/2015	1.00%	76,000.00	76,000.00		665,000.00
2096	Sanitary Sewer Line Improvements	10/31/2013	10/29/2015	10/28/2016	2.00%	95,000.00	95,000.00		90,250.00
	Sanitary Sewer Line Improvements	10/31/2013	10/31/2014	10/30/2015	1.00%	95,000.00	95,000.00		500,000.00
2100	Acquisition of Fire Dept Capital Equipment	10/31/2013	10/29/2015	10/28/2016	2.00%	560,500.00	560,500.00		950,000.00
	Acquisition of Fire Dept Capital Equipment	10/31/2013	10/31/2014	10/30/2015	1.00%	560,500.00	560,500.00		280,250.00
2081	2013 Road Program	10/31/2013	10/29/2015	10/28/2016	2.00%	665,000.00	665,000.00		760,000.00
	2013 Road Program	10/31/2013	10/31/2014	10/30/2015	1.00%	665,000.00	665,000.00		116,000.00
2082/2094	Local Improvements	10/31/2013	10/29/2015	10/28/2016	2.00%	90,250.00	90,250.00		332,500.00
	Local Improvements	10/31/2013	10/31/2014	10/30/2015	1.00%	90,250.00	90,250.00		71,250.00
2101	Property Buy-Outs CDBG DR	10/31/2014	10/29/2015	10/28/2016	2.00%	500,000.00	500,000.00		266,000.00
	Property Buy-Outs CDBG DR	10/31/2014	10/31/2014	10/30/2015	1.00%	500,000.00	500,000.00		648,100.00
2102	NJDOT Streetscape	10/31/2014	10/29/2015	10/28/2016	2.00%	950,000.00	950,000.00		180,500.00
	NJDOT Streetscape	10/31/2014	10/31/2014	10/30/2015	1.00%	950,000.00	950,000.00		110,000.00
2103	Construction of Bandshell at Pool	10/31/2014	10/29/2015	10/28/2016	2.00%	280,250.00	280,250.00		104,500.00
	Construction of Bandshell at Pool	10/31/2014	10/31/2014	10/30/2015	1.00%	280,250.00	280,250.00		209,000.00
2105	14 Road Program	10/31/2014	10/29/2015	10/28/2016	2.00%	760,000.00	760,000.00		522,500.00
	14 Road Program	10/31/2014	10/31/2014	10/30/2015	1.00%	760,000.00	760,000.00		152,000.00
2106	Washington Avenue Road Improvements	10/31/2014	10/29/2015	10/28/2016	2.00%	116,000.00	116,000.00		
	Washington Avenue Road Improvements	10/31/2014	10/31/2014	10/30/2015	1.00%	116,000.00	116,000.00		
2122	DPW Dump Truck, Chipper	10/31/2014	10/29/2015	10/28/2016	2.00%	332,500.00	332,500.00		
	DPW Dump Truck, Chipper	10/31/2014	10/31/2014	10/30/2015	1.00%	332,500.00	332,500.00		
2123	Library Roof Repair	10/31/2014	10/29/2015	10/28/2016	2.00%	71,250.00	71,250.00		
	Library Roof Repair	10/31/2014	10/31/2014	10/30/2015	1.00%	71,250.00	71,250.00		
2124	Acquisition of Fire Equipment	10/31/2014	10/29/2015	10/28/2016	2.00%	266,000.00	266,000.00		
	Acquisition of Fire Equipment	10/31/2014	10/31/2014	10/30/2015	1.00%	266,000.00	266,000.00		
2129	Road Reconstruction - Various Streets	10/29/2015	10/29/2015	10/28/2016	2.00%	648,100.00	648,100.00		
	Road Reconstruction - Various Streets	10/29/2015	10/31/2015	10/28/2016	2.00%	180,500.00	180,500.00		
2130	Sidewalk/Driveway Improvements - Braen Avenue	10/29/2015	10/29/2015	10/28/2016	2.00%	110,000.00	110,000.00		
	Sidewalk/Driveway Improvements - Braen Avenue	10/29/2015	10/31/2015	10/28/2016	2.00%	104,500.00	104,500.00		
2137	Improvements to Braen Avenue	10/29/2015	10/29/2015	10/28/2016	2.00%	209,000.00	209,000.00		
	Improvements to Braen Avenue	10/29/2015	10/31/2015	10/28/2016	2.00%	522,500.00	522,500.00		
2138	Purchase of Dump Truck	10/29/2015	10/29/2015	10/28/2016	2.00%	152,000.00	152,000.00		
	Purchase of Dump Truck	10/29/2015	10/31/2015	10/28/2016	2.00%				
2141	DPW Garage	10/29/2015	10/29/2015	10/28/2016	2.00%				
	DPW Garage	10/29/2015	10/31/2015	10/28/2016	2.00%				
2106	Reconstruction or Replacement of Sidewalks	10/31/2014	10/29/2015	10/28/2016	2.00%				
	Reconstruction or Replacement of Sidewalks	10/31/2014	10/31/2015	10/30/2015	1.00%	152,000.00	152,000.00		
						\$ 5,252,000.00	\$ 7,026,600.00	\$ 5,252,000.00	\$ 7,026,600.00

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BOROUGH OF HAWTHORNE
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2014		2015 AUTHORIZATIONS	PAID OR CHARGED	CANCELED	BALANCE DECEMBER 31, 2015	
		FUNDED	UNFUNDED				FUNDED	UNFUNDED
	<u>General Improvements:</u>							
1588	Handicapped Curb Cuts	\$ 29,908.20	\$	\$	\$		\$ 29,908.20	\$
1591	Fuel Storage Tanks	39,497.64					39,497.64	
1594	ADA Compliant Equipment				(11,837.25)			11,837.25
1765	Acq. & Install. of Public Safety Commun. System		11,980.66		1,285.00			10,695.66
1956	Drainage & Stormwater Imprv. Various Locations							
2032	Rehabilitation of Substandard Housing							
2043	Sanitary Sewer Main Improvements	100,591.75			42,111.63		58,480.12	
2044/2057	Library Roof Repairs		21,911.72			21,911.72		
2046	Various Road Reconstruction, Curbing							
2048	Reconstruction, Resurfacing, Drainage, Driveway Aprons, Curbs and Sidewalk Improvements							
	Aprons, Curbs and Sidewalk Improvements							
	Aprons, Curbs and Sidewalk Improvements							
2062	Road Reconstruction, Curb and Drainage							
2067/2078	Road Reconstruction, Curb and Drainage - Forest							
2068	Improvements at NYS & W Railroad Crossing							
2073	Installation of Lighting Wagaraw Field		800.00					800.00
2081	2013 Road Program		117,843.25		(9,631.45)		117,843.25	9,631.45
2083	Purchase of Dump Truck		3,423.25				3,423.25	
2095	May Street Road Improvements		26,750.91					26,750.91
2096	Sanitary sewer line improvements		16,094.12		312.00			15,782.12
2100	Acquisition of Fire Dept Capital Equipment		26,140.11		21,818.00			4,322.11
2101	Property Buy-outs CDBG-DR		1,077,258.78		207,426.05			869,832.73
2102	NJDOT Streetscape		740,353.36		82,358.40			657,994.96

BOROUGH OF HAWTHORNE
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2014		2015 AUTHORIZATIONS	PAID OR CHARGED	CANCELED	BALANCE DECEMBER 31, 2015		
		FUNDED	UNFUNDED				FUNDED	UNFUNDED	
2103	Construction of Band Shell at Pool Complex	\$	\$ 268,470.80	\$ 20,000.00	\$ 258,325.36	\$	\$	\$ 30,145.44	
2105	2014 Road Program		46,830.12		1,500.00			45,330.12	
2116	Washington Ave Road Improvements		4,245.83		2,215.00			2,030.83	
2122	DPW Dump Truck, Chipper		5,799.23		600.00			5,199.23	
2123	Library Roof Repair		9,793.86		4,802.95			4,990.91	
2124	Acquisition of Fire Equipment		118,933.10		56,342.50			62,590.60	
2126	Finance Department Software						8,311.12		
2129	Road Reconstruction - Various Streets			740,000.00	703,165.23			36,834.77	
2137	Improvement to Braen Avenue			300,000.00	297,887.06			2,112.94	
2140	Purchase of Dump Truck			220,000.00	207,232.18			12,767.82	
2141	DPW Garage			550,000.00	68,841.78			481,158.22	
2149	Resurfacing of Garage			90,000.00	551.86		3,948.14	85,500.00	
<u>Local Improvements:</u>									
2047	Reconstruction of Sidewalks and Driveway Aprons-Pasadena and Mohawk		44,000.00			64,399.72			
2082/2094	Local Improvements		264.78		42.90			221.88	
2106	Reconstruction of Replacement of Sidewalks		3,381.06	7,000.00	8,301.34			2,079.72	
2130	Sidewalk/Driveway Improvements - Various Streets			190,000.00	94,566.32			95,433.68	
2138	Sidewalk/Driveway Improvements - Braen Ave.			110,000.00	89,368.19			20,631.81	
		\$	\$ 198,708.43	\$ 2,227,000.00	\$ 2,127,585.05	\$ 207,577.94	\$ 140,145.22	\$ 2,494,675.16	
		REF.	C	C	C-17		C:C-3	C:C-5	
	Capital Improvement Fund			\$ 130,350.00					
	Deferred Charges to Future Taxation Unfunded Reserve for Debt Service			2,096,650.00		\$ 187,178.22			
						20,399.72			
				\$ 2,227,000.00		207,577.94			

"C-16"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 133,130.03
Increased by:		
2015 Budget Appropriation	C-2	<u>190,000.00</u>
		\$ <u>323,130.03</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-15	<u>130,350.00</u>
Balance, December 31, 2015	C	\$ <u><u>192,780.03</u></u>

"C-17"

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, December 31, 2014	C	\$ 1,087,893.47
Increased by:		
Encumbrances Issued	C-15	<u>2,127,585.05</u>
		\$ <u>3,215,478.52</u>
Decreased by:		
Cash Disbursements	C-2	<u>2,172,846.52</u>
Balance, December 31, 2015	C	\$ <u><u>1,042,632.00</u></u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF DUE WATER UTILITY CAPITAL FUND

	<u>REF.</u>	
Increased by:		
Cash Receipts	C-2	\$ <u>500,000.00</u>
Balance, December 31, 2015 (Due to)	C	\$ <u><u>500,000.00</u></u>

BOROUGH OF HAWTHORNEGENERAL CAPITAL FUNDSCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE	
		CAPITAL	ASSESSMENT
		DECEMBER 31, 2015	
	<u>General Improvements:</u>		
1591	Construction of Roadway - Sherman Avenue	\$ 649.84	\$
1634/1663	Resurfacing and Reconstruction of Grand Avenue	3,844.00	
1938	Improvement of Van Winkle Avenue	933.76	
1949	Road Resurfacing, Curbing and Drainage	617.74	
1956	Drainage and Stormwater Improvements	264,000.00	
1959	Recreation Facility at Wagaraw Road	126.48	
1885/1970	Repairs and Renovation to Municipal Pool	4,736.29	
1975	Road Reconstruction and Improvements - Central Avenue	18,084.55	
2044/2057	Library Roof Repairs	45,588.28	
2058	Refunding Bond Ordinance		
	Acq. and Installation of Public Safety Communication Equipment	318,046.91	
2101	Property Buy-outs CDBG-DR	418,326.35	
2129	Road Reconstruction - Various Streets	54,900.00	
2137	Improvement to Braen Avenue	175,000.00	
2149	Resurfacing of the Hockey Rink	85,500.00	
	<u>Local Improvements:</u>		
1427/1462	Mountain Ave Sanitary Sewers	4,343.00	
1540	Curbs - Van Winkle Avenue	974.00	
1554	Sanitary Sewers- Highview Terrace	15,870.00	
1564	Curbs/Aprons/Sidewalks - Rock & Goffle	3,119.00	
1607/1682	Curbs and Sidewalks- Lafayette Avenue	3,800.00	
1636/1684	Pavers on Lafayette Ave.	3,450.00	
1726	Curbs/Aprons/Sidewalks - Post Avenue	4,124.00	
1733	Curbs/Aprons/Sidewalks - Bamford Avenue	3,563.00	200.20
1734/1757	Sanitary Sewers - Highview/Charwalt	22,187.00	31,846.75
1810	Curbs/Aprons/Sidewalks - Hutchinson, Roosevelt and Van Winkle	2,410.00	
2106	Reconstruction/Replacement of Sidewalks	6,650.00	
		\$ 1,460,844.20	\$ 32,046.95

BOROUGH OF HAWTHORNE

WATER UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2014	D	\$	1,093,831.79 \$	\$ 342,879.15
Increased by Receipts:				
Water Rents Receivable	D-7		3,378,127.98	
Fire Hydrant Service	D-3		109,321.85	
Non-Budget Revenue	D-3		6,866.91	
Water Rent Overpayments	D-8		666.30	
Due Current Fund	D-13		4,300.00	
Capital Improvement Fund	D-22			20,000.00
Bond Anticipation Note	D-24			500,000.00
Miscellaneous	D-3		<u>32,505.72</u>	
			<u>3,531,788.76</u>	<u>520,000.00</u>
			<u>4,625,620.55</u>	<u>862,879.15</u>
Decreased by Disbursements:				
Appropriations	D-4		2,901,664.44	
Appropriation Reserves	D-9		71,145.85	
Payment to Current Fund as Anticipated Revenue	D-1		100,000.00	
Overpayments Refunded	D-8		666.30	
Improvement Authorizations	D-18			105,450.92
Due Current Fund	D-13		804.62	
Due General Capital Fund	C-2			<u>500,000.00</u>
			<u>3,074,281.21</u>	<u>605,450.92</u>
Balance, December 31, 2015	D	\$	<u>1,551,339.34</u>	\$ <u>257,428.23</u>

"D-6"

BOROUGH OF HAWTHORNE
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH

BALANCE
DECEMBER 31,
2015

Fund Balance	\$	1,628.00
Capital Improvement Fund		23,851.00
Reserve for Payment of Debt		390,966.00
Loan Proceeds Receivable		(307,803.00)
Improvement Authorizations:		
Ord. 1994 - Various Improvements and Equipment		<u>148,786.23</u>
	\$	<u><u>257,428.23</u></u>

REF.

D

"D-7"

BOROUGH OF HAWTHORNE
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2014	D		\$ 489,755.92
Increased by:			
Water Rents Levied			<u>3,378,272.30</u>
			\$ <u>3,868,028.22</u>
Decreased by:			
Collections	D-5	\$ 3,378,127.98	
Cancellation of receivables		32,408.13	
Overpayments Applied	D-8	<u>3,298.53</u>	
			<u>3,413,834.64</u>
Balance, December 31, 2015	D		<u><u>\$ 454,193.58</u></u>

"D-8"

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER RENT OVERPAYMENTS

Balance, December 31, 2014	D		\$ 3,298.53
Increased by:			
Overpayments Collected	D-5		<u>666.30</u>
			\$ <u>3,964.83</u>
Decreased by:			
Overpayments Refunded	D-5	\$ 666.30	
Applied	D-7	<u>3,298.53</u>	
			<u><u>\$ 3,964.83</u></u>

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Operating:				
Salaries and Wages	\$ 506.41	\$ 2,556.41	\$ 506.41	\$ 2,050.00
Other Expenses	48,515.81	178,936.47	70,639.44	108,297.03
Capital Improvement:				
Capital Outlay	<u>11,500.00</u>	<u>11,500.00</u>		<u>11,500.00</u>
	<u>\$ 60,522.22</u>	<u>\$ 192,992.88</u>	<u>\$ 71,145.85</u>	<u>\$ 121,847.03</u>
<u>REF.</u>	<u>D</u>		<u>D-5</u>	<u>D-1</u>
Balance, December 31, 2014	D	\$ 60,522.22		
Encumbrances Payable	D-10	132,470.66		
Cash Disbursements	D-5		<u>\$ 71,145.85</u>	
		<u>\$ 192,992.88</u>	<u>\$ 71,145.85</u>	

BOROUGH OF HAWTHORNE
WATER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	D	\$	132,470.66
Increased by:			
Charges to 2015 Budget Appropriations	D-4	\$	<u>110,902.17</u>
		\$	<u>243,372.83</u>
Decreased by:			
Transferred to Appropriation Reserves	D-9		<u>132,470.66</u>
Balance, December 31, 2015	D	\$	<u><u>110,902.17</u></u>

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF WATER LOANS PAYABLE

<u>PURPOSE</u>	<u>Ord. No.</u>	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2015	PAID BY BUDGET
Replacement of Various Water Mains	1811	\$ 1,145,634.43	\$ 1,002,399.78	143,234.65
		\$ 1,145,634.43	\$ 1,002,399.78	143,234.65

REF.

D

D-19

D

"D-12"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>		<u>BALANCE DECEMBER 31, 2015</u>
1575	Acquisition of Two Pickup Trucks	\$	23,344.00
2069	Various Water Department Equipment		250.00
2125-14	Acquisition of Generators		<u>100,000.00</u>
		\$	<u><u>123,594.00</u></u>

"D-13"

WATER UTILITY OPERATING FUND

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2014 (Due To)	D	\$	435.62
Increased by:			
Cash Receipts	D-5		<u>4,300.00</u>
		\$	<u>4,735.62</u>
Decreased by:			
Cash Disbursements	D-5		<u>804.62</u>
Balance, December 31, 2015 (Due To)	D	\$	<u><u>3,931.00</u></u>

"D-14"

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

REF.

Balance, December 31, 2014 and
December 31, 2015

D

\$ 23,928.00

"D-15"

WATER UTILITY CAPITAL FUND

SCHEDULE OF LOAN PROCEEDS RECEIVABLE

Balance, December 31, 2014 and
December 31, 2015

D

\$ 307,803.00

"D-16"

BOROUGH OF HAWTHORNE
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2015
Land and Wells	\$ 525,041.00	\$ 525,041.00
Storage Reservoirs, Tanks and Standpipes, Distribution Mains and Accessories	4,194,599.00	4,194,599.00
Water System and Distribution System	3,637,199.00	3,637,199.00
Other Tangible Capital	1,961,907.57	1,961,907.57
	<u>\$ 10,318,746.57</u>	<u>\$ 10,318,746.57</u>

REF.

D

D

"D-17"

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ACCOUNT</u>	BALANCE DECEMBER 31, 2014	DEFERRED CHARGES TO FUTURE REVENUE	BALANCE DECEMBER 31, 2015
Ord 1994/2069 Various Improvements and Equipment	\$ 1,615,000.00	\$	\$ 1,615,000.00
Ord 2142-15 DPW Garage		200,000.00	200,000.00
	<u>\$ 1,615,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 1,815,000.00</u>

REF.

D

D-18

D

BOROUGH OF HAWTHORNE
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2014		2015 AUTHORIZATION	PAID OR CHARGED	BALANCE DECEMBER 31, 2015	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
<u>General Improvements:</u>									
1994/2069	Various Improvement and Equipment	11/7/2010	\$ 495,000.00	\$ 254,794.19	\$ 250.00	\$	\$ 79,374.00	\$ 175,420.19	\$ 250.00
2125-14	Acquisition of Generators	10/15/2014	400,000.00		399,442.96		19,855.00		379,587.96
2142-15	DPW Garage	8/12/2015	200,000.00			200,000.00	6,221.92		193,778.08
			\$	\$ 254,794.19	\$ 399,692.96	\$ 200,000.00	\$ 105,450.92	\$ 175,420.19	\$ 573,616.04
			<u>REF.</u>	D	D		D-5	D	D
	Debt Authorized		D-17			\$ 200,000.00			

"D-19"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>		
Balance, December 31, 2014	D	\$	8,983,112.14
Increased by:			
Serial Bonds Paid by Operating Budget	D-24	\$	120,000.00
NJ EIT Loans Paid by Operating Budget	D-11		<u>143,234.65</u>
			<u>263,234.65</u>
			<u>9,246,346.79</u>
Balance, December 31, 2015	D	\$	<u>9,246,346.79</u>

"D-20"

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2014 and December 31, 2015	D	\$	<u>390,966.00</u>
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"D-21"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

	<u>REF.</u>	
Balance, December 31, 2014 and December 31, 2015	D	\$ <u>60,750.00</u>
<u>Analysis of Balance:</u>		
Ordinance 1994/2069		\$ <u>60,750.00</u>

"D-22"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2014	D	\$ 3,851.00
Increased by:		
2015 Budget Appropriation	D-5	<u>20,000.00</u>
Balance, December 31, 2013	D	\$ <u>23,851.00</u>

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2015</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Water Improvement Bonds	7/10/12	\$ 1,154,000.00	7/15/16	\$ 70,000.00	2.000%			
			7/15/17	70,000.00	2.000%			
			7/15/18	70,000.00	2.000%			
			7/15/19	70,000.00	2.000%			
			7/15/20	80,000.00	2.000%			
			7/15/21	80,000.00	2.000%			
			7/15/22	80,000.00	3.000%			
			7/15/23	80,000.00	3.000%			
			7/15/24	90,000.00	3.000%			
			7/15/25	90,000.00	2.250%			
			100,000.00	2.250%				
			99,000.00	2.500%				
						\$ 1,039,000.00	\$ 60,000.00	\$ 979,000.00
Water Utility Refunding Bonds	3/29/12	365,000.00	6/1/16	60,000.00	3.000%			
			6/1/17	60,000.00	3.000%			
			6/1/18	60,000.00	4.000%			
			65,000.00	4.000%				
						305,000.00	60,000.00	245,000.00
						\$ 1,344,000.00	\$ 120,000.00	\$ 1,224,000.00

REF.

D

D-19

D

D

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>INCREASED</u>	<u>BALANCE DECEMBER 31, 2015</u>
2-125-14	Generators and Electrical Equipment	10/29/15	10/29/15	10/28/16	2.00%	\$ 300,000.00	\$ 300,000.00
2-142-15	DPW Garage	10/29/15	10/29/15	10/28/16	2.00%	200,000.00	200,000.00
						\$ 500,000.00	\$ 500,000.00

REF.

D-5

D

BOROUGH OF HAWTHORNE
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH-TREASURER

	<u>REF.</u>	<u>P.A.T.F. I</u> <u>ACCOUNT</u>	<u>FUND</u> <u>TOTAL</u>
Balance December 31, 2014	E	\$ <u>15,618.59</u>	\$ <u>15,618.59</u>
Increased by Receipts:			
Receipts	E-2	1,025.00	1,025.00
Interest on Deposits	E-2	<u>21.03</u>	<u>21.03</u>
<u>Total Receipts</u>		<u>1,046.03</u>	<u>1,046.03</u>
		<u>16,664.62</u>	<u>16,664.62</u>
Decreased by:			
Payments to Current Fund	E-1	21.03	21.03
Reserve for Expenditures	E-2	<u>2,375.00</u>	<u>2,375.00</u>
<u>Total Disbursements</u>		<u>2,396.03</u>	<u>2,396.03</u>
Balance December 31, 2015	E	\$ <u><u>14,268.59</u></u>	\$ <u><u>14,268.59</u></u>

BOROUGH OF HAWTHORNE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>REF.</u>		
Balance December 31, 2014	E	\$	15,618.59
Increased by:			
Revenues	E-1		<u>1,046.03</u>
Decreased by:			
Expenditures	E-1		<u>2,396.03</u>
Balance December 31, 2015	E	\$	<u><u>14,268.59</u></u>

BOROUGH OF HAWTHORNE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION AS OF DECEMBER 31, 2015

	<u>REF.</u>		
Balance December 31, 2014	E-1	\$	15,618.59
Increased by:			
Cash Receipts	E-1		<u>1,025.00</u>
			16,643.59
Decreased by:			
Cash Disbursements:	E-2		<u>2,375.00</u>
Balance December 31, 2015	E-1	\$	<u><u>14,268.59</u></u>

Reconciliation, December 31, 2015

	<u>P.A.T.F. I ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of: Columbia Bank #24804356	\$ <u>14,268.59</u>	\$ <u>14,268.59</u>
Balance December 31, 2015	\$ <u><u>14,268.59</u></u>	\$ <u><u>14,268.59</u></u>

BOROUGH OF HAWTHORNE

PART II

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

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor and Members
of the Borough Committee
Borough of Hawthorne
County of Passaic
Hawthorne, New Jersey 07506

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Hawthorne, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated July 7, 2016. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Hawthorne prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory financial statements, we considered the Borough's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Borough's internal control.

SUPLEE, CLOONEY & COMPANY

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough of Hawthorne's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Hawthorne's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Hawthorne's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 7, 2016

BOROUGH OF HAWTHORNE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

FEDERAL CFDA NUMBER	GRANT YEAR	GRANT AWARD AMOUNT	2015 FUNDS RECEIVED	2015 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2015
<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>					
<u>Department of Housing and Urban Development</u> (Pass Through from County of Passaic)					
14.218	2009	\$ 147,500.00	\$	\$	\$ 147,500.00
14.218	2013	74,091.00			64,732.17
14.218	2013	50,000.00	28,837.71	6,361.00	50,000.00
14.218	2014	50,000.00			50,000.00
14.218	2015	54,900.00	28,837.71	54,900.00	54,900.00
			<u>28,837.71</u>	<u>61,261.00</u>	<u>367,132.17</u>
<u>Department of Homeland Security</u> Public Assistance for Presidentially Declared Disasters - Passed Through the New Jersey Office of Emergency Management Public Assistance					
97.036	2013	188,573.01	4,050.55	4,050.55	188,573.01
<u>Department of Transportation</u> (Pass Through from State of NJ Dept of Law and Public Safety)					
20.602		4,000.00	4,000.00	4,000.00	4,000.00
20.601		12,500.00	12,200.00	12,200.00	12,200.00
<u>Department of Transportation</u> (Pass through from State of NJ Dept of Transportation)					
20.205	2013	196,553.00	196,553.00	6,000.22	196,553.00
	2013	600,000.00		82,358.40	291,617.78
	2010	44,294.72			44,294.72
	2009	185,000.00			185,000.00
	2014	200,000.00		175,000.00	150,000.00
	2015	175,000.00		279,558.62	175,000.00
			<u>212,753.00</u>	<u>279,558.62</u>	<u>1,058,665.50</u>
			\$ 245,641.26	\$ 344,870.17	\$ 1,614,370.68

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

BOROUGH OF HAWTHORNE

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2015

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>2015 RECEIVED</u>	<u>2015 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2015</u>
<u>Department of Environmental Protection</u>					
Clean Communities Program - Prior Years	4900-765-042-4900	\$ 111,613.50	\$	\$ 49,489.99	\$ 111,613.50
Clean Communities Program - 13	4900-765-042-4900	25,955.02		31.01	12,582.01
Clean Communities Program - 14	4900-765-042-4900	24,958.39			
Clean Communities Program - 15	4900-765-042-4900	36,416.70	36,416.70	940.00	940.00
Shade Tree Grant - Prior Years	not applicable	3,716.00			
Municipal Stormwater Grant	not applicable	12,029.00		1,330.00	6,705.00
Recycling Tonnage Grant	4900-765-042-4900	38,512.00		32,794.00	35,206.41
Recycling Tonnage Grant	4900-765-042-4900	34,825.00			
Recycling Tonnage Grant-12	4900-765-042-4900	33,038.00			
Recycling Tonnage Grant-13	4900-765-042-4900	25,520.00			
Recycling Tonnage Grant-14	4900-765-042-4900	22,381.00			
Recycling Tonnage Grant-15	4900-765-042-4900	31,440.00	31,440.00		
		67,856.70	67,856.70	84,585.00	167,046.92
<u>Department of Law and Public Safety</u>					
Drunk Driving Enforcement Fund - 13	6400-100-078-6400-YYYY	302.35			
Drunk Driving Enforcement Fund - 14	6400-100-078-6400-YYYY	6,158.02		1,241.50	1,241.50
Domestic Violence Grant - 02	100-066-1020-107	107.00			
Municipal Alliance Program - Prior Years	not applicable	49,624.56		397.88	49,624.56
Municipal Alliance Program - 14	not applicable	34,684.00		21,839.58	31,076.99
Municipal Alliance Program - 15	not applicable	20,440.00	20,440.00	8,087.66	8,087.66
Alcohol Education and Rehabilitation Fund - Prior Years	9735-760-098-4900	5,852.28		600.08	5,320.16
Alcohol Education and Rehabilitation Fund - 14	9735-760-098-4900	1,122.52			
Alcohol Education and Rehabilitation Fund - 15	9735-760-098-4900	1,532.26	1,532.26		
Body Armor Replacement Fund - 15	1020-718-066-1020	3,115.00	3,115.00		
Body Armor Replacement Fund - 14	1020-718-066-1020	3,925.00		3,022.20	3,022.20
Emergency Management Grant - 10		10,000.00		3,506.28	10,000.00
Emergency Management Grant - 12		5,000.00		2,624.80	2,624.80
Emergency Management Grant - 14		2,005.00			
		25,087.26	25,087.26	41,319.98	110,997.87
<u>Department of Community Affairs</u>					
Livable Communities Program		75,000.00			58,713.00
Audio Visual Grant		2,805.00			2,700.98
					61,413.98
<u>Board of Public Utilities</u>					
Clean Energy Grant		2,300.00		280.00	1,631.65
			\$ 92,943.96	\$ 126,184.98	\$ 341,090.42

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

BOROUGH OF HAWTHORNE

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2015

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards for the Borough of Hawthorne, County of Passaic, New Jersey. All federal and state financial awards received directly from state agencies as well as federal and state financial awards passed through other governmental agencies are included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the modified accrual basis of accounting, with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. The basis of accounting is described in Note 1 to the Borough's financial statements - regulatory basis.

NOTE 3. 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 differences between the grant reporting year and the Borough's fiscal year.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in the Current Fund, General Capital Fund or Water Utility Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS
(CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 20,250.55	\$ 92,943.96	\$ 1,000.00	\$ 114,194.51
General Capital Fund	<u>225,390.71</u>	<u> </u>	<u> </u>	<u>225,390.71</u>
	<u>\$ 245,641.26</u>	<u>\$ 92,943.96</u>	<u>\$ 1,000.00</u>	<u>\$ 339,585.22</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 20,250.55	\$ 126,184.98	\$ 1,610.00	\$ 148,045.53
General Capital Fund	<u>324,619.62</u>	<u> </u>	<u> </u>	<u>324,619.62</u>
	<u>\$ 344,870.17</u>	<u>\$ 126,184.98</u>	<u>\$ 1,610.00</u>	<u>\$ 472,665.15</u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedules.

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PART III

BOROUGH OF HAWTHORNE

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATION

YEAR ENDED DECEMBER 31, 2015

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	YEAR 2015		YEAR 2014	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,941,000.00	2.57%	\$ 1,641,000.00	2.28%
Miscellaneous-From Other Than Local				
Property Tax Levies	4,928,563.63	6.54%	4,691,961.55	6.52%
Collection of Delinquent Taxes and				
Tax Title Liens	1,047,949.96	1.39%	968,583.47	1.35%
Collection of Current Tax Levy	67,461,956.30	89.50%	64,643,969.00	89.85%
<u>TOTAL INCOME</u>	<u>75,379,469.89</u>	<u>100.00%</u>	<u>71,945,514.02</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	19,142,707.21	26.20%	18,530,187.30	26.45%
County Taxes	17,539,833.79	24.01%	16,000,392.78	22.84%
School Taxes	36,347,601.00	49.75%	35,441,966.00	50.59%
Other	25,843.17	0.04%	87,482.21	0.12%
<u>TOTAL EXPENDITURES</u>	<u>73,055,985.17</u>	<u>100.00%</u>	<u>70,060,028.29</u>	<u>100.00%</u>
Excess in Revenue	2,323,484.72		1,906,985.73	
Fund Balance, January 1	4,161,829.54		3,895,843.81	
	6,485,314.26		5,802,829.54	
Less: Utilization as Anticipated Revenue	1,941,000.00		1,641,000.00	
Fund Balance, December 31	\$ <u>4,544,314.26</u>		\$ <u>4,161,829.54</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - WATER UTILITY FUND

	YEAR 2015		YEAR 2014	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$		\$	
Water Rents	3,381,426.51	92.59%	3,119,046.70	85.74%
Fire Hydrant Service	109,321.85	2.99%	102,900.00	2.83%
Miscellaneous	161,219.66	4.41%	191,766.71	5.27%
<u>TOTAL INCOME</u>	<u>3,651,968.02</u>	<u>100.00%</u>	<u>3,637,727.91</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	2,536,440.00	83.10%	2,443,193.00	83.66%
Capital Improvements	20,000.00	0.66%	11,500.00	0.39%
Debt Service	313,395.13	10.27%	318,690.42	10.91%
Deferred Charges and Statutory Expenditures	181,000.00	5.93%	145,631.50	4.99%
Other	1,262.22		1,262.22	
<u>TOTAL EXPENDITURES</u>	<u>3,052,097.35</u>	<u>99.96%</u>	<u>2,920,277.14</u>	<u>99.96%</u>
Excess in Revenue	599,870.67		717,450.77	
Fund Balance, January 1	873,276.76		379,840.49	
	1,474,409.65		1,097,291.26	
Decreased by:				
Payment to Current Fund as Anticipated Revenue	100,000.00			
Utilization as Anticipated Revenue			224,014.50	
Fund Balance, December 31	\$ <u>1,374,409.65</u>		\$ <u>873,276.76</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$5.604</u>	<u>\$5.373</u>	<u>\$5.284</u>
Apportionment of Tax Rate:			
Municipal	\$1.129	\$1.107	\$1.080
Library	0.062	0.061	0.064
County	1.436	1.307	1.297
Local District School	<u>2.977</u>	<u>2.898</u>	<u>2.843</u>

Assessed Valuations:

2015	\$ <u>1,221,336,431.00</u>		
2014		\$ <u>1,222,857,642.00</u>	
2013			\$ <u>1,223,017,022.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2015	\$ 68,480,696.18	\$ 67,461,956.30	98.51%
2014	65,904,261.96	64,643,969.00	98.09%
2013	64,817,270.48	63,683,298.32	98.25%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DECEMBER 31, YEAR</u>	<u>TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL</u>	<u>PERCENTAGE OF TAX LEVY</u>
2015	\$ 1,185,131.94	\$ 878,856.95	\$ 2,063,988.89	3.06%
2014	\$ 1,092,871.05	\$ 1,045,581.46	2,138,452.51	3.24%
2013	975,788.64	997,224.08	1,973,012.72	3.04%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2015	\$34,980.00
2014	\$34,980.00
2013	\$34,980.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31,</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2015	\$ 4,544,314.26	\$ 1,708,000.00
	2014	4,161,829.54	1,941,000.00
	2013	3,895,843.81	1,641,000.00
	2012	3,419,248.04	1,402,500.00
	2011	3,422,797.83	1,441,300.00
Water Utility Operating Fund	2015	\$ 1,374,409.65	\$ -
	2014	873,276.76	-
	2013	379,840.49	224,014.50
	2012	519,747.22	175,482.00
	2011	530,144.22	10,397.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
Richard S. Goldberg	Mayor	*	
Bruce Bennett	Councilperson	*	
John Bertollo	Councilperson	*	
John Lane	Councilperson	*	
Frank Matthews	Councilperson	*	
Dominic Mele	Councilperson	*	
Garrett Sinning	Councilperson	*	
Joseph Wojtecki	Councilperson	*	
Eric Maurer	Borough Administrator	*	
Lori DiBella	Borough Clerk	*	
Mary Jeanne Hewitt	Chief Financial Officer/ Treasurer	\$1,000,000.00	MEL JIF
Louise Siano	Tax Collector	\$1,000,000.00	MEL JIF
Michael Pasquale, Esq.	Municipal Attorney		
John Meola	Magistrate	\$1,000,000.00	MEL JIF
Katie Viger	Court Administrator	\$1,000,000.00	MEL JIF

*Public Employees Blanket Bond of \$50,000.00 issued by the Morris County Municipal Joint Insurance Fund.

GENERAL COMMENTS AND RECOMMENDATION

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

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 the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Borough has a Qualified Purchasing Agent and has elected to increase its bid threshold to \$40,000.00.

The governing body of the Municipality 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 Solicitor's opinion should be sought before a commitment is made.

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

Road Improvements	Vehicles/Equipment Repairs
Band Shell Construction	Fire Hose and Accessories
Tree/Landscape Services	Dump Truck

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.

The minutes indicate that resolution authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 was advertised during 2015 for the following professional services:

Borough Attorney	Borough Engineer
Borough Auditor	Bond Counsel
Borough Planner	Labor Counsel
Risk Manager	

GENERAL COMMENTS (CONTINUED)

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

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

"WHEREAS, under the provisions of R.S. 54:4-67, the governing body of each municipality may by resolution fix interest and penalties to be charged for delinquent taxes and other municipal liens and charges, and

WHEREAS, it has been determined by the governing body that the fixing of such interest rates and penalties would be beneficial to the municipality,

NOW, THEREFORE, BE IT RESOLVED, that the governing body of the Borough of Hawthorne, County of Passaic, does hereby fix the maximum allowed under R.S. 54:4-67 to be charged against all properties who become delinquent as defined under R.S. 54:4-66 and 67.

BE IT FURTHER RESOLVED, that the charges on account of delinquent properties as set forth herein remain in effect from year to year until such time as the governing body adopts a new resolution setting forth new or different rates."

It appears from an examination of the records that interest was collected in accordance with the forgoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on November 20, 2015 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31st of the last three years:

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2015	4
2014	4
2013	2

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.

CONFIRMATION OF DELINQUENT TAXES AND OTHER CHARGES

A confirmation of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services consisting of verification notices as follows:

<u>TYPE</u>	<u>NUMBER</u>
Delinquent Tax Positive Confirmation	25
Delinquent Utility Rent Positive Confirmation	15
Information Tax Current Positive Confirmation	25
Information Utility Rent Positive Confirmation	25

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

RECOMMENDATIONS

NONE

