

*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, 2010*



BOROUGH OF HAWTHORNE

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BOROUGH OF HAWTHORNE

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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YEAR ENDED DECEMBER 31, 2010



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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

We have audited the accompanying financial statements - statutory basis of the various individual funds and the account group of the Borough of Hawthorne, County of Passaic, New Jersey as of and for the year ended December 31, 2010, as listed as financial statements - statutory basis in the foregoing table of contents. These financial statements - statutory basis are the responsibility of the management of the Borough of Hawthorne. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2009 were audited by other auditors whose report dated July 16, 2010 expressed a qualified opinion on those financial statements presented on the statutory basis of accounting due to the presentation of the unaudited LOSAP fund financial statements.

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

As described in Note 1, the Borough of Hawthorne, County of Passaic, 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 the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In our opinion, because the Borough of Hawthorne prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Borough of Hawthorne, County of Passaic, as of December 31, 2010 or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended December 31, 2010.

However, in our opinion, the financial statements - statutory basis present fairly, in all material respects, the financial position - statutory basis of the various individual funds and the account group of the Borough of Hawthorne, County of Passaic, as of December 31, 2010, and the results of its operations and changes in fund balance - statutory basis for the year then ended and the revenues, expenditures and changes in fund balance - statutory basis for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 29, 2011 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, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements - statutory basis taken as a whole. The information included in the schedules of expenditures of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 29, 2011

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CURRENT FUND

BOROUGH OF HAWTHORNE

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2009</u>
<u>ASSETS</u>			
Cash	A-4	\$ 12,525,708.51	\$ 11,850,073.00
Change Fund	A-5	310.00	310.00
Grants Receivable	A-7	<u>193,691.44</u>	<u>161,127.00</u>
		<u>12,719,709.95</u>	<u>12,011,510.00</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	982,893.85	931,153.00
Tax Title Liens Receivable	A-9	784,913.33	726,501.00
Foreclosed Property	A-10	34,980.00	34,980.00
Revenue Accounts Receivable	A-8	34,786.67	20,789.00
Due General Capital Fund	C-17		118,541.00
Due Water Utility Operating Fund	D-13		125,000.00
		<u>1,837,573.85</u>	<u>1,956,964.00</u>
		<u>\$ 14,557,283.80</u>	<u>\$ 13,968,474.00</u>

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

BOROUGH OF HAWTHORNE

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-14	\$ 573,679.74	\$ 385,838.00
Encumbrances Payable	A-17	641,942.66	872,029.00
Prepaid Taxes	A-15	190,046.75	227,355.00
County Taxes Payable	A-12	11,858.12	29,468.00
Local District School Taxes Payable	A-13	7,771,659.00	7,161,237.00
Accounts Payable	A-18	108,250.00	104,026.00
Reserve for Third Party Lien Redemptions	A-16		
Fees Payable	A-19	17,987.00	17,514.00
Due State of New Jersey-Chapter 20, PL 1971	A-7	60,517.30	62,131.00
Due Assessment Trust Fund	B-6	1,512.74	69,843.00
Due Animal Control Fund	B-3		44.00
Due General Capital Fund	C-17	34.93	
Due Public Assistance Trust Fund	E-6		285.00
Due Other Trust Fund	B-14		997.00
LOSAP Contributions Payable	A-20	150,564.00	118,062.00
Unappropriated Reserves for Grants	A-22		5,972.00
Appropriated Reserves for Grants	A-21	122,049.17	91,754.00
Reserve for U.C.C. Dedicated Revenues	A-16		38,821.00
		<u>9,650,101.41</u>	<u>9,185,376.00</u>
Reserve for Receivables and Other Assets	A	1,837,573.85	1,956,964.00
Fund Balance	A-1	3,069,608.54	2,826,134.00
		<u>\$ 14,557,283.80</u>	<u>\$ 13,968,474.00</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 - STATUTORY BASIS

	<u>REF.</u>	<u>YEAR 2010</u>	<u>YEAR 2009</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 1,120,000.00	\$ 1,460,185.00
Miscellaneous Revenue Anticipated	A-2	3,559,341.75	3,763,513.00
Receipts From Delinquent Taxes	A-2	921,198.40	774,596.00
Receipts From Current Taxes	A-2	59,265,189.74	56,968,858.00
Non-Budget Revenue	A-2	181,791.98	262,120.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	343,586.48	303,472.00
Accounts Payable Canceled	A-18	6,950.12	97,395.00
Grants Canceled	A-21	24,637.61	5,569.00
Interfunds Returned	A	118,541.00	
<u>Total Income</u>		<u>65,541,237.08</u>	<u>63,635,708.00</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	11,083,902.00	11,192,450.00
Deferred Charges and Statutory Expenditures	A-3	1,195,869.00	1,225,453.00
Operations Excluded From "CAPS":			
Operating	A-3	2,770,296.20	2,598,051.00
Capital Improvements	A-3	182,000.00	252,400.00
Municipal Debt Service	A-3	1,774,415.03	1,877,850.00
Deferred Charges	A-3		7,785.00
County Taxes	A-12	14,922,561.13	14,430,559.00
Local District School Tax	A-13	32,119,402.00	30,870,254.00
Senior Citizens' Deductions Disallowed- Prior Year	A-7		2,250.00
Interfunds Advanced	A		243,541.00
Grants Receivable Cancelled	A-21	42,851.99	876.00
Refund of Prior Year Revenue	A-4	86,465.19	152,280.00
<u>Total Expenditures</u>		<u>64,177,762.54</u>	<u>62,853,749.00</u>
Statutory Excess to Fund Balance		1,363,474.54	781,959.00
<u>Fund Balance</u>			
Balance, January 1	A	<u>2,826,134.00</u>	<u>3,504,360.00</u>
		4,189,608.54	4,286,319.00
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>1,120,000.00</u>	<u>1,460,185.00</u>
Fund Balance, December 31	A	<u>\$ 3,069,608.54</u>	<u>\$ 2,826,134.00</u>

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

BOROUGH OF HAWTHRONE

CURRENT FUND

STATEMENT OF REVENUES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,120,000.00		\$ 1,120,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-8	40,000.00		40,700.00	\$ 700.00
Other	A-2	17,000.00		16,707.00	(293.00)
Fees and Permits:	A-2	106,000.00		118,194.74	12,194.74
Fines and Costs					
Municipal Court	A-8	300,000.00		253,070.99	(46,929.01)
Interest and Costs on Taxes	A-8	100,000.00		213,223.97	113,223.97
Interest on Investments and Deposits	A-2	154,000.00		154,629.07	629.07
Swimming Pool Admission Fees	A-8	107,000.00		139,845.00	32,845.00
Energy Receipts Taxes	A-8	1,288,284.00		1,288,284.00	
Consolidated Municipal Property Tax					
Relief Aid	A-8	179,994.00		179,994.00	
Rentals - Board of Education	A-8	20,000.00		20,000.00	
Rentals - Cellular Phone	A-8	235,000.00		293,532.26	58,532.26
Sewer Charges	A-8	40,000.00		52,962.78	12,962.78
Cable Television Franchise Fees	A-8	65,000.00		65,612.00	612.00
Commuter Parking	A-8	29,000.00		20,768.00	(8,232.00)
Uniform Construction Code Fees	A-8	154,144.00		190,917.00	36,773.00
Reserve for UCC Dedicated Revenues	A-16	38,821.00		38,821.00	
State and Federal Revenues Offset With Appropriations:					
Municipal Alliance Program	A-11	27,700.00		27,700.00	
Police Body Armor Grant	A-11	1,281.00	\$ 3,023.10	4,304.10	
Emergency Management Grant	A-11	5,000.00	5,000.00	10,000.00	
Clean Communities Program	A-11	34,741.00		34,741.00	
Click it or Ticket	A-11	4,000.00		4,000.00	
Municipal Alcohol Education	A-11		1,307.10	1,307.10	
Open Space - Veterans	A-11		138,000.00	138,000.00	
Shade Tree Grant	A-11		7,000.00	7,000.00	
BPU - Clean Energy Grant	A-11	25,500.00	3,945.00	29,445.00	
Special Items of General Revenue Anticipated with Prior Written					
Consent of Director Of Local Government Services					
Uniform Fire Safety Act - Life Hazard	A-8	35,000.00		40,582.74	5,582.74
Reserve for Payment of Debt Service	A-4	50,000.00		50,000.00	
Interfund - Due from Water Utility Operating Fund	A-4	125,000.00		125,000.00	
<b>Total Miscellaneous Revenues</b>		<b>3,182,465.00</b>	<b>158,275.20</b>	<b>3,559,341.75</b>	<b>218,601.55</b>
Receipts From Delinquent Taxes	A-6	776,000.00		921,198.40	145,198.40
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	13,281,059.00		13,623,226.61	342,167.61
<b>Budget Totals</b>		<b>\$ 18,359,524.00</b>	<b>\$ 158,275.20</b>	<b>19,223,766.76</b>	<b>\$ 705,967.56</b>
Non-Budget Revenue	A-2			181,791.98	
				\$ 19,405,558.74	
	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 - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Revenue From Collections	A-6	\$ 59,265,189.74
Allocated to:		
School and County Taxes	A-12:13	<u>47,041,963.13</u>
Balance for Support of Municipal Budget Appropriations	A-2	12,223,226.61
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3	<u>1,400,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-1	\$ <u><u>13,623,226.61</u></u>
Licenses - Other:		
Borough Clerk	A-11	\$ 12,795.00
Board of Health	A-11	<u>3,912.00</u>
	A-2	\$ <u><u>16,707.00</u></u>
Fees and Permits		
Police Department	A-11	\$ 3,983.85
Board of Health/Registrar of Vital Statistics	A-11	31,613.00
Public Works Department	A-11	21,501.89
Planning Board	A-11	1,000.00
Zoning Board of Adjustment	A-11	1,800.00
Fire Prevention	A-11	32,163.00
Building Department	A-11	<u>26,133.00</u>
	A-2	\$ <u><u>118,194.74</u></u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-11	\$ 134,740.60
Due from General Capital Fund	C-17	12,304.31
Due from Assessment Trust	B-6	7,034.10
Due from Animal Control Trust Fund	B-3	377.37
Due from Public Assistance Fund	E-6	<u>172.69</u>
	A-2	\$ <u><u>154,629.07</u></u>

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF REVENUES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

Non Budget Revenues		
Recreation	\$	
Administrative Fee - Off Duty Police		65,996.50
Copies, Maps and List		2,174.92
Administrative Fee - Senior Citizens/Veterans Deductions		3,605.00
Tax Searches / Duplicate Tax Bills		1,920.00
Public Auctions		4,317.75
Recreation		35,479.00
NSF Check Fees		1,300.04
Other Miscellaneous		66,998.77
		<hr/>
	\$	<u>181,791.98</u>

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 150,517.00	\$ 150,517.00	\$ 145,135.00	\$ 5,382.00	
Other Expenses	12,170.00	12,170.00	11,004.70	1,165.30	
Other Expenses - Postage	18,000.00	18,000.00	12,398.56	5,601.44	
Mayor and Council:					
Salaries and Wages	36,500.00	36,500.00	36,350.16	149.84	
Other Expenses	1,635.00	1,635.00	1,235.00	400.00	
Municipal Clerk:					
Salaries and Wages	94,461.00	94,461.00	91,176.28	3,284.72	
Other Expenses	27,950.00	27,950.00	26,480.92	1,469.08	
<u>Financial Administration:</u>					
Salaries and Wages	145,412.00	145,412.00	145,024.25	387.75	
Other Expenses	17,505.00	17,505.00	15,259.30	2,245.70	
Audit Services:					
Other Expenses	25,000.00	25,000.00	25,000.00		
Revenue Administration (Tax Collection):					
Salaries and Wages	68,869.00	68,869.00	68,867.01	1.99	
Other Expenses	12,995.00	12,995.00	11,037.95	1,957.05	
<u>Tax Assessment Administration:</u>					
Salaries and Wages	67,231.00	67,231.00	67,231.00		
Other Expenses	22,600.00	22,600.00	22,600.00		
Legal Services:					
Salaries and Wages	84,565.00	84,565.00	84,565.00		
Other Expenses	37,500.00	37,500.00	35,881.15	1,618.85	
<u>Engineering Services:</u>					
Other Expenses	88,299.00	79,799.00	70,524.43	9,274.57	
Future of Hawthorne:					
Other Expenses	2,500.00	2,500.00	190.47	2,309.53	
<u>LAND USE ADMINISTRATION</u>					
Planning Board:					
Salaries and Wages	22,030.00	22,030.00	22,030.00		
Other Expenses	1,099.00	1,099.00	723.50	375.50	
<u>Zoning Board of Adjustments:</u>					
Salaries and Wages	19,818.00	19,818.00	19,818.00		
Other Expenses	1,782.00	1,782.00	698.49	1,083.51	
Computerized Data Processing:					
Other Expenses	25,060.00	25,060.00	25,060.00		
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	3,372,286.00	3,372,286.00	3,372,286.00		
Other Expenses	61,197.00	61,197.00	52,724.07	8,472.93	
Police Dispatchers:					
Salaries and Wages	121,231.00	121,231.00	121,231.00		

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>OPERATIONS WITHIN "CAPS" (CONTINUED)</b>					
<b>PUBLIC SAFETY (CONTINUED)</b>					
Occupational Safety Health Act (NJS 40A 4-45.3):					
Salaries and Wages	\$ 19,125.00	\$ 19,125.00	\$ 19,124.37	\$ 0.63	
Other Expenses	6,295.00	6,295.00	5,276.79	1,018.21	
Emergency Management Services:					
Salaries and Wages	2,000.00	2,000.00	2,000.00		
Other Expenses	4,150.00	4,150.00	2,102.48	2,047.52	
Ambulance Corps:					
Other Expenses	4,500.00	4,500.00	3,825.00	675.00	
Domestic Violence Response:					
Other Expenses	1,000.00	1,000.00	663.75	336.25	
Fire:					
Salaries and Wages	17,926.00	17,926.00	17,926.00		
Other Expenses	190,810.00	190,810.00	176,358.17	14,451.83	
Other Expenses - Fire Hydrant Service	89,100.00	89,100.00	89,100.00		
Uniform Fire Safety A:					
Salaries and Wages	108,702.00	108,702.00	108,702.00		
Other Expenses	4,466.00	4,466.00	3,981.00	485.00	
Municipal Court:					
Salaries and Wages	152,107.00	152,107.00	151,806.89	300.11	
Other Expenses	12,054.00	12,054.00	9,688.14	2,365.86	
<b>PUBLIC WORKS</b>					
Road Repair and Maintenance:					
Salaries and Wages	628,464.00	623,564.00	613,281.07	10,282.93	
Other Expenses	182,470.00	182,470.00	182,064.12	405.88	
Sewer System Maintenance:					
Salaries and Wages	151,561.00	156,461.00	156,461.00		
Other Expenses	72,069.00	72,069.00	67,063.52	5,005.48	
Shade Tree Commission:					
Salaries and Wages	8,305.00	8,305.00	7,641.88	663.12	
Other Expenses	77,540.00	77,540.00	77,139.45	400.55	
Solid Waste Collection:					
Salaries and Wages - Recycling	119,259.00	119,259.00	68,642.29	50,616.71	
Other Expenses - Recycling	294,350.00	294,350.00	278,364.19	15,985.81	
Other Expenses - Garbage Removal - Contractual	382,800.00	382,800.00	382,710.96	89.04	
Buildings and Grounds:					
Salaries and Wages	96,967.00	96,967.00	96,967.00		
Other Expenses	60,595.00	72,095.00	71,696.89	398.11	
Maintenance of Parks:					
Other Expenses	22,625.00	22,625.00	16,282.53	6,342.47	

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>PUBLIC WORKS (CONTINUED)</b>					
Vehicle Maintenance:					
Other Expenses			171,251.27	\$ 36,509.73	\$
Community Services Act:					
Other Expenses	38,000.00	38,000.00	38,000.00		
<b>HEALTH AND HUMAN SERVICES</b>					
Board of Health:					
Salaries and Wages	103,282.00	103,282.00	98,972.20	4,309.80	
Other Expenses	16,834.00	16,834.00	16,810.46	23.54	
Environmental Commission:					
Other Expenses	2,300.00	2,300.00	2,293.07	6.93	
Animal Control Services:					
Other Expenses	8,000.00	8,000.00	8,000.00		
Board of Recreation:					
Salaries and Wages	63,914.00	63,914.00	63,914.00		
Other Expenses	81,140.00	81,140.00	59,565.82	21,574.18	
Swimming Pool:					
Salaries and Wages	83,500.00	83,500.00	79,851.85	3,648.15	
Other Expenses	22,090.00	22,090.00	21,971.24	118.76	
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Committee on Disability Issues:					
Other Expenses	100.00	100.00		100.00	
Celebration of Public Events:					
Other Expenses	25,900.00	25,900.00	23,834.48	2,065.52	
Bond Fees:					
Other Expenses	9,115.00	9,105.00	9,015.00	90.00	
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Uniform Construction Code Enforcement Functions:					
Building Inspector:					
Salaries and Wages	145,872.00	145,872.00	142,846.86	3,025.14	
Other Expenses	47,093.00	47,093.00	47,093.00		
Property Code Enforcement:					
Salaries and Wages	61,079.00	61,079.00	52,868.11	8,210.89	
Other Expenses	2,450.00	2,950.00	2,806.90	143.10	

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Electricity	\$ 206,500.00	\$ 206,500.00	\$ 205,158.06	\$ 1,341.94	
Street Lighting	150,000.00	150,000.00	150,000.00		
Telephone	60,000.00	60,000.00	60,000.00		
Gasoline	153,000.00	153,000.00	133,592.75	19,407.25	
Landfill/Solid Waste Disposal Costs:					
Dumping Fees	489,325.00	489,325.00	463,350.00	25,975.00	
Insurance:					
General Insurance	216,561.00	213,061.00	198,751.59	14,309.41	
Worker's Compensation Insurance	119,000.00	119,000.00	119,000.00		
Group Insurance for Employees	1,521,634.00	1,521,634.00	1,459,253.78	62,380.22	
Total Operations Within "CAPS"	11,081,912.00	11,081,902.00	10,721,612.17	360,289.83	
Contingent	2,000.00	2,000.00		2,000.00	
<u>Total Operations Including Contingent Within "CAPS"</u>	<u>11,083,912.00</u>	<u>11,083,902.00</u>	<u>10,721,612.17</u>	<u>362,289.83</u>	
Detail:					
Salaries and Wages	5,944,983.00	5,944,983.00	5,854,719.22	90,263.78	
Other Expenses:	5,138,929.00	5,138,919.00	4,866,892.95	272,026.05	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS":					
Statutory Charges:					
Social Security System (O.A.S.I)	251,443.00	251,443.00	236,950.47	14,492.53	
Public Employees' Retirement System of NJ	211,487.00	211,487.00	211,487.00		
Police and Fireman's Retirement System of NJ	718,739.00	718,739.00	718,739.00		
Consolidated Police and Firemen's Pension	14,200.00	14,200.00	1,213.49	12,986.51	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,195,869.00	1,195,869.00	1,168,389.96	27,479.04	
Total General Appropriations for Municipal Purposes Within "CAPS"	12,279,781.00	12,279,771.00	11,890,002.13	389,768.87	

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>					
Planning Board:					
Other Expenses - Affordable Housing	\$ 10,000.00	\$ 10,000.00	\$	\$ 10,000.00	\$
Length of Service Award Program (LOSAP)	105,000.00	105,000.00	105,000.00		
Recycling Tax	19,000.00	19,000.00		19,000.00	
Employee Group Insurance	83,386.00	83,386.00	83,386.00		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Contribution to Public Employees Retirement System	15,716.00	15,716.00	15,716.00		
<u>EDUCATIONAL FUNCTIONS:</u>					
Maintenance of Free Public Library:					
Salaries and Wages	576,284.00	576,284.00	576,284.00		
Other Expenses - Contribution	245,154.00	245,154.00	245,154.00		
Other Expenses - Other Costs	347,145.00	347,145.00	347,145.00		
Sewer Processing and Disposal:					
Other Expenses - Passaic Valley Sewer Rental	1,065,089.00	1,065,089.00	1,065,089.39	0.61	
Other Expenses - Other Municipal Projects	20,100.00	20,100.00	20,030.58	69.42	
NJDES Stormwater Permits	20,000.00	20,000.00	19,894.00	106.00	
<u>Total Other Operations Excluded from "CAPS"</u>	<u>2,506,874.00</u>	<u>2,506,874.00</u>	<u>2,477,697.97</u>	<u>29,176.03</u>	
<u>Public and Private Programs Offset by Revenues</u>					
BPU Clean Energy Grant	25,500.00	29,445.00	29,445.00		
Shade Tree Grant (40A-4-87 +7,000.00)		7,000.00	7,000.00		
Open Space - Veterans (40A-4-87 +138,000.00)		138,000.00	107,885.50	30,114.50	
Municipal Alliance:					
Grant Funds	27,700.00	27,700.00	26,259.37	1,440.63	
Local Match	6,925.00	6,925.00	6,733.60	191.40	
Emergency Management Grant	5,000.00	10,000.00	4,000.00	10,000.00	
Click It or Ticket Grant	4,000.00	4,000.00			
Alcohol Rehab Grant (40A-4-87 +1,307.10)	1,281.00	1,307.10	1,307.10		
Police Body Armor Grant (40A-4-87 +3,023.10)		4,304.10		4,304.10	
Clean Communities Program:					
Salaries and Wages	5,000.00	5,000.00		5,000.00	
Other Expenses	29,741.00	29,741.00	3,555.00	26,186.00	
<u>Total Public and Private Programs Offset by Revenues</u>	<u>105,147.00</u>	<u>263,422.20</u>	<u>184,878.47</u>	<u>78,543.73</u>	
<u>Total Other Operations Excluded from "CAPS"</u>	<u>2,612,021.00</u>	<u>2,770,296.20</u>	<u>2,662,576.44</u>	<u>107,719.76</u>	
<u>Detail:</u>					
Salaries and Wages	581,284.00	581,284.00	576,284.00	5,000.00	
Other Expenses:	2,030,737.00	2,189,012.20	2,086,292.44	102,719.76	

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$	
Sewer SCADA Communications	13,500.00	13,500.00		13,500.00	
Rescue 5 Building - Roof	9,000.00	9,000.00		9,000.00	
Sewer Transducers	11,000.00	11,000.00		11,000.00	
Sewer - Southfield Rehabilitation	8,000.00	8,000.00		8,000.00	
Sewer - Southfield Sewer Motor	15,000.00	15,000.00		15,000.00	
Sewer Jet-Vac Rehab & Pump	12,000.00	12,000.00		12,000.00	
Fields Box Trailer	7,500.00	7,500.00		7,500.00	
Police Vehicle - MDTs	6,000.00	6,000.00	5,808.89	191.11	
Total Capital Improvements - Excluded from "CAPS"	182,000.00	182,000.00	105,808.89	76,191.11	
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	970,000.00	970,000.00	970,000.00		
Interest on Bonds	492,182.00	492,182.00	492,188.52	3.48	
Interest on Notes	31,200.00	31,200.00	31,113.33	86.67	
Payment of EDA Loan	12,950.00	12,950.00	12,950.00		
Payment of NJEIT Loan	379,390.00	379,390.00	268,163.18		111,226.82
Total Municipal Debt Service - Excluded from "CAPS"	1,885,722.00	1,885,732.00	1,774,415.03		111,316.97
Total General Appropriations Excluded from "CAPS"	4,679,743.00	4,838,028.20	4,542,800.36	183,910.87	111,316.97
Subtotal General Appropriations	16,959,524.00	17,117,799.20	16,432,802.49	573,679.74	111,316.97
Reserve for Uncollected Taxes	1,400,000.00	1,400,000.00	1,400,000.00		
Total General Appropriations	\$ 18,359,524.00	\$ 18,517,799.20	\$ 17,832,802.49	\$ 573,679.74	\$ 111,316.97

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

Budget as Adopted			
Added by N.J.S. 40A:4-87	\$ 18,359,524.00		
	<u>158,275.10</u>		
	\$ <u>18,517,799.10</u>		
Cash Disbursed		\$ 15,685,859.83	
Encumbrances Payable		641,942.66	
Length of Service Award Program Contributions Payable		105,000.00	
Reserve for Uncollected Taxes		<u>1,400,000.00</u>	
		\$ <u>17,832,802.49</u>	

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

TRUST FUND

BOROUGH OF HAWTHORNE

TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2009</u>
<u>ASSETS</u>			
Assessment Trust Fund:			
Cash	B-2	\$ 326,934.10	\$ 195,185.00
Due from Current Fund	B-7	1,512.74	69,843.00
Due from Other Trust Fund	B-11		4,638.00
Assessments Receivable	B-4	145,221.90	148,354.00
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	40,800.00	40,800.00
		<u>527,542.74</u>	<u>471,894.00</u>
Animal Control Trust Fund:			
Cash	B-1	26,027.54	24,996.00
Due From Current Fund	B-3		44.00
		<u>26,027.54</u>	<u>25,040.00</u>
Other Trust Funds:			
Cash	B-1	1,173,531.61	1,257,026.00
Due from Animal Control Fund	B-15	133.00	
Due From Current Fund	B-14		997.00
		<u>1,173,664.61</u>	<u>1,258,023.00</u>
		<u>\$ 1,727,234.89</u>	<u>\$ 1,754,957.00</u>

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

BOROUGH OF HAWTHORNE

TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Assessment Trust Fund:			
Due to General Capital Fund	B-8	\$ 436,968.74	\$ 381,320.00
Assessment Notes Payable	B-10	12,500.00	12,500.00
Reserve for:			
Assessments Receivable	B-4	24,194.00	24,194.00
Assessment Liens Receivable	B-5	10,331.00	10,331.00
Prospective Assessments Funded	B-9	40,800.00	40,800.00
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>527,542.74</u>	<u>471,894.00</u>
Animal Control Trust Fund:			
Due Other Trust Fund	B-15	133.00	
Reserve for Animal Control Fund Expenditures	B-12	<u>25,894.54</u>	<u>25,040.00</u>
		<u>26,027.54</u>	<u>25,040.00</u>
Other Funds:			
Reserve For:			
Payroll Deductions Payable	B-7	3,438.55	91.00
Due to Assessment Trust Fund	B-11		4,638.00
Due to State of NJ- Unemployment Claims	B-18		2,190.00
Various Reserves and Deposits	B-19	<u>1,170,226.06</u>	<u>1,251,104.00</u>
		<u>1,173,664.61</u>	<u>1,258,023.00</u>
		<u>\$ 1,727,234.89</u>	<u>\$ 1,754,957.00</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 - STATUTORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2010</u>	<u>YEAR ENDED DECEMBER 31, 2009</u>
Balance, January 1	B	\$ <u>6.00</u>	\$ <u>6.00</u>
Balance, December 31	B	\$ <u><u>6.00</u></u>	\$ <u><u>6.00</u></u>

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

GENERAL CAPITAL FUND

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2009</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,088,823.24	\$ 928,430.00
Grants Receivable	C-8	402,822.77	337,636.00
Due Assessment Trust Fund	C-7	436,968.74	381,320.00
Due to Current Fund	C-17	34.93	
Loans Proceeds Receivable	C-6	959,214.00	561,378.00
Prospective Assessments Raised by Taxation	C-9	36,250.00	23,250.00
Deferred Charges to Future Taxation:			
Funded	C-4	13,598,265.39	14,700,837.00
Unfunded	C-5	4,194,187.03	3,625,499.00
		<u>\$ 20,716,566.10</u>	<u>\$ 20,558,350.00</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-10	\$ 11,397,000.00	\$ 12,367,000.00
NJ Environmental Infrastructure Loans Payable	C-11	2,201,265.39	2,320,887.00
NJ Economic Development Authority Loans Payable	C-12		12,950.00
Bond Anticipation Notes	C-13	3,352,500.00	1,547,500.00
Improvement Authorizations:			
Funded	C-14	780,632.60	919,812.00
Unfunded	C-14	997,054.18	2,055,448.00
Capital Improvement Fund	C-15	176,263.00	144,363.00
Encumbrances Payable	C-16	1,204,918.16	499,689.00
Due to Current Fund	C-17		118,541.00
Various Reserves and Deposits	C-18	145,810.00	195,810.00
Reserve for Receivables	C-8	255,322.77	190,136.00
Reserve for Prospective Assessments	C-9	36,250.00	23,250.00
Fund Balance	C-1	<u>169,550.00</u>	<u>162,964.00</u>
		<u>\$ 20,716,566.10</u>	<u>\$ 20,558,350.00</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 - STATUTORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2010</u>	<u>YEAR ENDED DECEMBER 31, 2009</u>
Balance, January 1	C	\$ 162,964.00	\$ 149,180.00
Increased by:			
Premium on Sale of Bonds and Notes	C-2	<u>6,586.00</u>	<u>13,784.00</u>
Balance, December 31	C	<u>\$ 169,550.00</u>	<u>\$ 162,964.00</u>

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 - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, 2010	BALANCE DECEMBER 31, 2009
Operating Fund:			
Cash	D-5	\$ 567,036.64	\$ 347,650.00
Change Fund	D	<u>100.00</u>	<u>100.00</u>
		<u>567,136.64</u>	<u>347,750.00</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>457,982.22</u>	<u>291,276.00</u>
<u>Total Operating Fund</u>		<u>1,025,118.86</u>	<u>639,026.00</u>
Capital Fund:			
Cash	D-5	339,032.79	157,741.00
Due Water Utility Operating Fund	D-12	6.13	751.00
Loan Proceeds Receivable	D-15	307,803.00	604,120.00
Fixed Capital	D-16	10,181,434.00	10,181,434.00
Fixed Capital Authorized and Uncompleted	D-17	<u>919,552.00</u>	<u>1,215,869.00</u>
<u>Total Capital Fund</u>		<u>11,747,827.92</u>	<u>12,159,915.00</u>
		<u>\$ 12,772,946.78</u>	<u>\$ 12,798,941.00</u>

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

BOROUGH OF HAWTHORNE

WATER UTILITY FUND

BALANCE SHEETS - STATUTORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2009</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-9	\$ 6,766.74	\$ 26,492.00
Encumbrances Payable	D-10	105,969.45	97,998.00
Accounts Payable	D-8		16,415.00
Due Water Utility Capital Fund	D-12	6.13	751.00
Due Current Fund	D-13		125,000.00
Water Rent Overpayments	D-11	5,890.18	3,083.00
Accrued Interest on Bonds and Loans	D-14	23,928.00	23,928.00
		<u>142,560.50</u>	<u>293,667.00</u>
Reserve for Receivables		457,982.22	291,276.00
Fund Balance	D-1	424,576.14	54,083.00
		<u>1,025,118.86</u>	<u>639,026.00</u>
<u>Total Operating Fund</u>		<u>1,025,118.86</u>	<u>639,026.00</u>
Capital Fund:			
Serial Bonds Payable	D-25	528,000.00	578,000.00
Water Loans Payable	D-26	1,699,811.71	2,124,698.00
Bond Anticipation Notes	D-24	495,000.00	
Improvement Authorizations:			
Funded	D-18	378,825.00	675,142.00
Unfunded	D-18	176,317.92	230,305.00
Capital Improvement Fund		64,601.00	64,601.00
Reserve For:			
Contracts Payable	D-19	36,919.00	252,385.00
Payment of Debt	D-20	12,141.00	57,141.00
Amortization	D-23	8,284,584.29	8,106,015.00
Deferred Amortization	D-21	70,000.00	70,000.00
Fund Balance	D-2	1,628.00	1,628.00
		<u>11,747,827.92</u>	<u>12,159,915.00</u>
<u>Total Capital Fund</u>		<u>11,747,827.92</u>	<u>12,159,915.00</u>
		<u>\$ 12,772,946.78</u>	<u>\$ 12,798,941.00</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 - STATUTORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER <u>31, 2010</u>	YEAR ENDED DECEMBER <u>31, 2009</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 11,270.00	\$ 11,000.00
Water Rents	D-3	2,659,475.47	2,243,859.00
Fire Hydrant Service	D-3	89,100.00	97,350.00
Miscellaneous	D-3	40,276.61	34,696.00
Non-Budget Revenue	D-3	4,730.23	1,793.00
Reserve for Payment of Debt	D-20	45,000.00	55,000.00
Other Credits to Income:			
Cancellation of Accounts Payable	D-8	3,234.02	
Unexpended Balance of Appropriation Reserves	D-9	27,688.85	33,838.00
		<u>2,880,775.18</u>	<u>2,477,536.00</u>
<u>TOTAL INCOME</u>			
<u>EXPENDITURES</u>			
Operating	D-4	2,226,282.00	2,209,398.00
Debt Service	D-4	145,646.06	143,037.00
Statutory Expenditures and Deferred Charges	D-4	127,000.00	122,000.00
Refund of Prior Years' Revenue	D-5	83.98	
		<u>2,499,012.04</u>	<u>2,474,435.00</u>
<u>TOTAL EXPENDITURES</u>			
Statutory Excess to Fund Balance		381,763.14	3,101.00
<u>Fund Balance</u>			
Balance, January 1	D	54,083.00	61,982.00
		<u>435,846.14</u>	<u>65,083.00</u>
Decreased by:			
Utilization by Swimming Pool Operating Budget	D-1:D-3	11,270.00	11,000.00
Balance, December 31	D	<u>\$ 424,576.14</u>	<u>\$ 54,083.00</u>

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 - STATUTORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2010</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2009</u>
Balance, January 1	D	\$ <u>1,628.00</u>	\$ <u>1,628.00</u>
Balance, December 31	D	\$ <u><u>1,628.00</u></u>	\$ <u><u>1,628.00</u></u>

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

BOROUGH OF HAWTHORNEWATER UTILITY OPERATING FUNDSTATEMENT OF REVENUES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 11,270.00	\$ 11,270.00	\$
Water Rents	D-5	2,243,859.00	2,484,330.47	240,471.47
Fire Hydrant Service	D-5	97,350.00	89,100.00	(8,250.00)
Reserve for Payment of Debt	D-20	45,000.00	45,000.00	
Miscellaneous	D-5	34,696.00	40,276.61	5,580.61
Special Items of Revenue with Prior Written Consent of Director of Local Government Services:				
Additional Water Rents	D-5	<u>175,145.00</u>	<u>175,145.00</u>	<u></u>
	D-4	\$ <u>2,607,320.00</u>	2,845,122.08	\$ <u>237,802.08</u>
Non-Budget Revenue	D-5		<u>4,730.23</u>	
			\$ <u>2,849,852.31</u>	
<u>Analysis of Miscellaneous Revenue:</u>				
Cash Receipts	D-5		\$ 36,427.33	
Due from Water Capital Fund	D-12		3,849.28	
			\$ <u>40,276.61</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 - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Operating:					
Salaries and Wages	\$ 1,011,022.00	\$ 1,011,022.00	\$ 1,011,022.00	\$	
Other Expenses	803,110.00	803,110.00	801,343.26	1,766.74	
General Insurance	166,800.00	166,800.00	166,800.00		
Group Insurance for Employees	217,350.00	217,350.00	217,350.00		
Laboratory Testing and Safe Water Act	28,000.00	28,000.00	28,000.00		
<u>Total Operating</u>	<u>2,226,282.00</u>	<u>2,226,282.00</u>	<u>2,224,515.26</u>	<u>1,766.74</u>	
Debt Service:					
Payment of Bond Principal	50,000.00	50,000.00	50,000.00		
Interest on Bonds	22,811.00	22,811.00	22,801.65		9.35
Water Supply Rehabilitation Loans	181,227.00	181,227.00	72,844.41		108,382.59
<u>Total Debt Service</u>	<u>254,038.00</u>	<u>254,038.00</u>	<u>145,646.06</u>		<u>108,391.94</u>
Statutory Expenditures:					
Contributions To:					
Social Security System (O.A.S.I.)	80,000.00	80,000.00	75,000.00	5,000.00	
Public Employees Retirement System	47,000.00	47,000.00	47,000.00		
<u>Total Deferred Charges &amp; Statutory Expenditures</u>	<u>127,000.00</u>	<u>127,000.00</u>	<u>122,000.00</u>	<u>5,000.00</u>	
	<u>\$ 2,607,320.00</u>	<u>\$ 2,607,320.00</u>	<u>\$ 2,492,161.32</u>	<u>\$ 6,766.74</u>	<u>\$ 108,391.94</u>

REF.

D-3

Cash Disbursements	
Encumbrances Payable	\$ 2,353,525.22
Accrued Interest	105,969.45
Due Water Capital Fund	22,801.65
	9,865.00
	<u>\$ 2,492,161.32</u>

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

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PUBLIC ASSISTANCE FUND

"E"

BOROUGH OF HAWTHORNE

PUBLIC ASSISTANCE FUND

BALANCE SHEETS - STATUTORY BASIS

<u>A S S E T S</u>	<u>REF.</u>	<u>DECEMBER</u> <u>31, 2010</u>	<u>DECEMBER</u> <u>31, 2009</u>
Cash	E-1	\$ 17,573.59	\$ 17,053.00
Due from Current Fund	E-4		285.00
		<u>\$ 17,573.59</u>	<u>\$ 17,338.00</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance	E-5	\$ <u>17,573.59</u>	\$ <u>17,338.00</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

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

	DECEMBER <u>31, 2010</u>	DECEMBER <u>31, 2009</u>
General Fixed Assets:		
Land	\$ 14,686,600.00	\$ 14,686,600.00
Buildings	5,989,500.00	5,989,500.00
Machinery and Equipment	<u>10,825,101.00</u>	<u>10,284,336.00</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 31,501,201.00</u>	<u>\$ 30,960,436.00</u>
Investment in General Fixed Assets	<u>\$ 31,501,201.00</u>	<u>\$ 30,960,436.00</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  
YEAR ENDED DECEMBER 31, 2010

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.

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, 2010:

FUND	CASH IN BANK	CASH EQUIVALENTS	OUTSTANDING CHECKS	TOTAL
Current Fund	\$ 11,750,781.66	\$ 878,931.98	\$ (104,005.13)	\$ 12,525,708.51
Assessment Trust Fund	326,979.83		(45.73)	326,934.10
Animal Control Fund	26,168.94		(141.40)	26,027.54
Other Trust Fund	1,246,855.54		(73,323.93)	1,173,531.61
General Capital Fund	1,079,360.60	11,521.36	(2,058.72)	1,088,823.24
Water Utility Operating Fund	577,773.27		(10,736.63)	567,036.64
Water Utility Capital Fund	348,896.58		(9,863.79)	339,032.79
Public Assistance Fund	17,573.59			17,573.59
<b>TOTAL DECEMBER 31, 2010</b>	<b>\$ 15,374,390.01</b>	<b>\$ 890,453.34</b>	<b>\$ (200,175.33)</b>	<b>\$ 16,064,668.02</b>

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, 2010, 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, \$380,000.00 was covered by Federal Depository Insurance and \$14,994,344.28 was covered under the provisions of NJGUDPA. \$890,453.34 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, 2010, the Borough has \$890,453.34 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 2010</u>	<u>YEAR 2009</u>	<u>YEAR 2008</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 16,950,765.39	\$ 16,248,337.00	\$ 15,936,229.00
Assessment:			
Notes	12,500.00	12,500.00	
Water Utility:			
Bonds, Loans and Notes	<u>2,722,811.71</u>	<u>2,702,698.00</u>	<u>2,878,093.00</u>
	19,686,077.10	18,963,535.00	18,814,322.00
Less: Funds Temporarily Held to Pay Bond and Notes - General Debt	<u>186,151.83</u>	<u>263,047.00</u>	<u>350,547.00</u>
 <u>Net Debt Issued</u>	 <u>19,499,925.27</u>	 <u>18,700,488.00</u>	 <u>18,463,775.00</u>
Authorized But Not Issued:			
General - Bonds and Notes	871,932.86	2,077,999.00	1,664,330.00
Assessment- Bonds and Notes	121,027.90	124,160.00	112,039.00
Water Utility - Bonds and Notes	<u>23,590.00</u>	<u>518,590.00</u>	<u>23,590.00</u>
 <u>Total Authorized But Not Issued</u>	 <u>1,016,550.76</u>	 <u>2,720,749.00</u>	 <u>1,799,959.00</u>
 NET BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	   <u>\$ 20,516,476.03</u>	   <u>\$ 21,421,237.00</u>	   <u>\$ 20,263,734.00</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 0.63% as of December 31, 2010.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local District School Debt	\$ 11,801,476.00	\$ 11,801,476.00	
Water Utility Debt	2,746,401.71	2,746,401.71	
General Debt	<u>17,956,226.15</u>	<u>186,151.83</u>	\$ <u>17,770,074.32</u>
	 <u>\$ 32,504,103.86</u>	 <u>\$ 14,734,029.54</u>	 <u>\$ 17,770,074.32</u>

NET DEBT \$17,770,074.32 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$2,794,439,574 EQUALS 0.63%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2010	<u>\$2,794,439,574.00</u>
3-1/2% of Equalized Valuation Basis	\$97,805,385.09
Net Debt	<u>17,770,074.32</u>
Remaining (Deficit) Borrowing Power	<u>\$80,035,310.77</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, 2010

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus		\$2,849,852.31
Deduction:		
Operating and Maintenance Cost	\$2,353,282.00	
Debt Service Per Water Utility Account	<u>145,646.06</u>	
		<u>2,498,928.06</u>
Excess in Revenue		<u>\$350,924.25</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long-Term Debt

**General Capital Fund**

**General Serial Bonds:**

\$6,292,000.00 of 2004 General Improvement Bonds due in annual installments of \$300,000.00 to \$777,000.00 through June 2019, interest rates of 4.125%.	\$ 5,217,000.00
\$3,285,000.00 of 2005 Refunding Bonds due in annual installments of \$300,000.00 to \$315,000.00 through August 2015, at interest rates of 3.75% to 4.00%.	1,540,000.00
\$3,510,000.00 of 2008 General Improvement Bonds due in annual installments of \$160,000.00 to \$210,000.00 through February 2026 at interest rates of 4.00% to 5.00%.	3,295,000.00
\$1,585,000.00 of 2009 Refunding Bonds due in annual installments of \$20,000.00 to \$215,000.00 through October 2016, at interest rates of 2.00% to 3.50%.	<u>1,345,000.00</u>
	\$ <u><u>11,397,000.00</u></u>

**Water Serial Bonds:**

\$718,000.00 of 2004 Water Improvement Bonds due in annual installments of \$50,000.00 to \$68,000.00 through June 2019, interest rates of 4.125%.	\$ <u><u>528,000.00</u></u>
--	-----------------------------

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long-Term Debt

**Intergovernmental Loans:**

General Capital Fund

Environmental Infrastructure Loans:

\$1,489,254 of 1992 Fund Loan due in annual installments of principal of \$82,033.71 to \$82,627.33 through May 2012 interest-free	\$164,661.04
--	--------------

\$429,854 of 1994 Fund Loan due in annual installments of principal of \$21,543.02 to \$23,348.59 through March 2014 interest-free	89,977.55
--	-----------

\$1,635,000 of 1998 Trust Loan due in annual installments of principal of \$100,050.76 to \$106,516.59 through May 2012 at interest rates of 4.0% to 5.0%.	206,567.35
--	------------

\$455,000 of 1998 Trust Loan due in annual installments of principal of \$27,831.33 to \$35,511.55 through May 2012 at interest rates of 4.0% to 5.0%.	126,865.00
--	------------

\$1,850,450 of 2004 Loans:

Fund Loan due in annual installments of principal only of \$ 47,033.53 to \$48,851.72 through August 2018, interest free	384,444.45
--	------------

Trust Loan due in annual installments of principal of \$40,000.00 to \$65,000.00 interest at 3.0% to 5.0%	540,000.00
---	------------

\$513,750 of 2010 Fund Loan due in annual installments of principal of \$18,348.21 to \$27,522.52 through August 2029 interest-free	513,750.00
---	------------

\$175,000 of 2010 Trust Loan due in annual installments of principal of \$5,000.00 to \$15,000.00 through August 2029 at interest rates of 4.0% to 5.0%.	175,000.00
--	------------

	<u>\$2,201,265.39</u>
--	-----------------------

Water Capital Fund

Environmental Infrastructure Loans:

\$1,425,000 of 2003 Trust Loan due in annual installments of principal of \$60,000.00 to \$105,000.00 through August 2023 at interest rates of 3.0% to 4.75%	\$1,095,000.00
--	----------------

\$1,299,259 of 2003 Fund Loan due in annual installments of principal of \$49,025.52 to \$70,547.53 through August 2023 interest-free	604,811.71
---	------------

	<u>\$1,699,811.71</u>
--	-----------------------

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2010, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ <u>871,932.86</u>
Assessment Fund	\$ <u>121,027.90</u>
Water Utility Capital Fund	\$ <u>23,590.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2010

General Capital Fund

Calendar Year	Principal	Interest	Total
2011	\$ 1,010,000.00	\$ 458,283.01	\$ 1,468,283.01
2012	1,040,000.00	420,645.01	1,460,645.01
2013	1,240,000.00	375,920.01	1,615,920.01
2014	1,285,000.00	326,363.76	1,611,363.76
2015	1,330,000.00	273,695.01	1,603,695.01
2016	1,125,000.00	216,782.51	1,341,782.51
2017	940,000.00	170,070.00	1,110,070.00
2018	970,000.00	128,838.75	1,098,838.75
2019	987,000.00	86,638.13	1,073,638.13
2020	210,000.00	60,112.50	270,112.50
2021	210,000.00	51,712.50	261,712.50
2022	210,000.00	43,312.50	253,312.50
2023	210,000.00	34,912.50	244,912.50
2024	210,000.00	26,512.50	236,512.50
2025	210,000.00	17,850.00	227,850.00
2026	<u>210,000.00</u>	<u>8,925.00</u>	<u>218,925.00</u>
Total	\$ <u>11,397,000.00</u>	\$ <u>2,700,573.69</u>	\$ <u>14,097,573.69</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2010

Water Utility Capital Fund

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 50,000.00	\$ 20,748.75	\$ 70,748.75
2012	55,000.00	18,583.13	73,583.13
2013	55,000.00	16,314.38	71,314.38
2014	55,000.00	14,045.63	69,045.63
2015	60,000.00	11,673.75	71,673.75
2016	60,000.00	9,198.75	69,198.75
2017	60,000.00	6,723.75	66,723.75
2018	65,000.00	4,145.63	69,145.63
2019	<u>68,000.00</u>	<u>1,402.50</u>	<u>69,402.50</u>
Total	\$ <u>528,000.00</u>	\$ <u>102,836.25</u>	\$ <u>630,836.25</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2010

<u>CALENDAR YEAR</u>	<u>NJ EIT LOANS - GENERAL CAPITAL</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$ 343,658.75	\$ 65,542.00	\$ 409,200.75
2012	364,388.70	56,771.35	421,160.05
2013	180,461.19	28,224.34	208,685.53
2014	184,421.47	23,470.32	207,891.79
2015	104,391.03	25,275.00	129,666.03
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	37,522.31	3,675.00	41,197.31
2024	37,522.31	3,275.00	40,797.31
2025	37,522.31	2,875.00	40,397.31
2026	37,522.31	2,475.00	39,997.31
2027	37,522.31	2,125.00	39,647.31
2028	42,522.31	1,725.00	44,247.31
2029	<u>42,522.52</u>	<u>1,125.00</u>	<u>43,647.52</u>
	\$ <u>2,201,265.39</u>	\$ <u>333,983.01</u>	\$ <u>2,535,248.40</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2010

CALENDAR YEAR	NJ EIT LOANS - WATER CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
2011	\$ 343,658.75	\$ 65,542.00	\$ 409,200.75
2012	364,388.70	56,771.35	421,160.05
2013	180,461.19	28,224.34	208,685.53
2014	184,421.47	23,470.32	207,891.79
2015	104,391.03	25,275.00	129,666.03
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	37,522.31	3,675.00	41,197.31
2024	37,522.31	3,275.00	40,797.31
2025	37,522.31	2,875.00	40,397.31
2026	37,522.31	2,475.00	39,997.31
2027	37,522.31	2,125.00	39,647.31
2028	42,522.31	1,725.00	44,247.31
2029	42,522.52	1,125.00	43,647.52
	<u>\$ 2,201,265.39</u>	<u>\$ 333,983.01</u>	<u>\$ 2,535,248.40</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2010, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011, were as follows:

Current Fund	\$1,225,000.00
Swimming Pool Operating Fund	23,344.00

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, 2010</u>	BALANCE DECEMBER <u>31, 2009</u>
Prepaid Taxes	<u>\$190,046.75</u>	<u>\$227,355.00</u>

NOTE 6: PENSION PLANS

Borough employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees Retirement System (PERS), the Police and Firemen's Retirement System (PFRS) and the Defined Contribution Retirement Plan (DCRP). The PERS and the PFRS are cost-sharing multiple employer defined benefit plans. The DCRP is a defined contribution plan. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. 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 \$1,073,655.49 for 2010, \$1,009,344.00 for 2009, and \$885,652.00 for 2008.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

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, 2010.

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 2010. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve, 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, 2010, 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.

NOTE 11: RISK MANAGEMENT (CONTINUED)

**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 2010 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>
2010	\$ 1,381.15	\$ 10,711.75	\$ 29,666.91	\$ 189,610.99
2009	1,985.00	11,078.00	16,394.00	207,185.00
2008	4,024.00	9,590.00	6,519.00	210,516.00

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2010:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$	\$ 1,547.67
Trust Funds	1,645.74	437,101.74
General Capital Fund	437,003.67	
Water Utility Operating Fund		6.13
Water Utility Capital Fund	6.13	
	<u>\$ 438,655.54</u>	<u>\$ 438,655.54</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, 2010, 2009 and 2008, were \$16,785.00, \$15,168.00 and \$21,100.00, 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, 2010 the unpaid levy was \$15,723,143.00. The Borough has deferred \$7,951,484.00. The balance of \$7,771,659.00 is reported as a liability as of December 31, 2010.

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.

NOTE 15: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (CONTINUED)

The Borough has contributed \$1,076 for 2010 and 2009 for each eligible Plan member.

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 2010 LOSAP Plan financial statements may be obtained by contacting the Borough of Hawthorne, 445 Lafayette Avenue, Hawthorne, NJ.

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BOROUGH OF HAWTHORNE  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2010

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance, December 31, 2009	A	\$ 11,850,073.00
Increased by Receipts:		
Taxes Receivable	A-6	\$ 59,777,169.44
State of New Jersey-Chapter 20, P.L. 1971	A-7	180,250.00
Revenue Accounts Receivable	A-9	3,069,135.08
Miscellaneous Revenue Not Anticipated	A-2	181,791.98
Prepaid Taxes	A-15	190,046.75
Grants Receivable	A-11	175,108.77
Reserve for Payment of Debt	C-18	50,000.00
Fees Payable	A-19	31,643.00
Due Animal Control Fund	B-3	333.37
Due Water Utility Operating Fund	D-13	125,000.00
Due General Capital Fund	C-17	130,880.24
Due Assessment Trust Fund	B-7	18,396.14
Due Public Assistance Fund	E-4	172.69
		<u>63,929,927.46</u>
		75,780,000.46
Decreased by Disbursements:		
2010 Appropriations	A-3	15,685,859.83
2009 Appropriation Reserves	A-13	766,976.84
Accounts Payable	A-18	38,747.88
County Taxes	A-14	14,940,171.01
Local District School Tax	A-15	31,508,980.00
LOSAP Contributions Payable	A-20	99,015.00
Reserve for Grants Appropriated	A-21	15,931.90
Due Assessment Trust Fund	B-7	79,692.30
Due Other Trust Fund	B-16	997.00
Due Public Assistance Fund	E-4	285.00
Fees Payable	A-19	31,170.00
Refund of Prior Year Revenues	A-1	86,465.19
		<u>63,254,291.95</u>
Balance, December 31, 2010	A	\$ <u><u>12,525,708.51</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

<u>OFFICE</u>	BALANCE DECEMBER <u>31, 2009</u>	BALANCE DECEMBER <u>31, 2010</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

YEAR	BALANCE DECEMBER 31, 2009	2010 LEVY	COLLECTED IN 2009	COLLECTED IN 2010	TRANSFER TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2010
2009	\$ 931,153.00		\$ 921,198.40	\$ 921,198.40	\$	9,954.60	
	931,153.00			921,198.40		9,954.60	
2010		\$ 60,315,016.25	\$ 227,355.00	\$ 59,037,834.74	\$ 58,412.33	8,520.33	\$ 982,893.85
	\$ 931,153.00	\$ 60,315,016.25	\$ 227,355.00	\$ 59,959,033.14	\$ 58,412.33	18,474.93	\$ 982,893.85
	A		A-2-A-17	A-2	A-12		A

REF. A  
A-4  
A-7

Cash Receipts  
Due from State of New Jersey

ANALYSIS OF 2010 PROPERTY TAX LEVY

TAX YIELD	AMOUNT
General Purpose Tax	\$ 60,267,084.02
Added Taxes (54:4-63.1 et. seq.)	47,932.23
	\$ 60,315,016.25
TAX LEVY	
Local District School Tax (Abstract)	\$ 32,119,402.00
County Taxes:	
County Tax (Abstract)	\$ 14,910,703.01
Due County for Added Taxes (54:4-63.1 et. seq.)	11,858.12
Total County Taxes	14,922,561.13
Local Tax for Municipal Purposes (Abstract)	13,281,059.00
Add: Additional Tax Levied	(8,005.88)
	13,273,053.12
	\$ 60,315,016.25

BOROUGH OF HAWTHORNE

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2009 (Due To)	A		\$ 62,131.00
Increased by:			
Deductions Disallowed:			
Current Year Deductions		\$ 1,886.30	
Received From State of New Jersey	A-4	<u>180,250.00</u>	
			<u>182,136.30</u>
			<u>244,267.30</u>
Decreased by:			
Deductions Per Tax Duplicate:			
Senior Citizens		39,000.00	
Veterans		143,250.00	
Allowed by Tax Collector:			
Senior Citizens and Veterans		<u>1,500.00</u>	
			<u>183,750.00</u>
Balance, December 31, 2010 (Due To)			\$ <u><u>60,517.30</u></u>

SUMMARY OF 2010 EXEMPTIONS

Senior Citizens and Veterans Exemptions Per Tax Billings		\$ 182,250.00	
Senior Citizens and Veterans Exemptions Allowed by Tax Collector		1,500.00	
Senior Citizens and Veterans Exemptions Disallowed by Tax Collector- 2010		<u>(1,886.30)</u>	
	A-6		\$ <u><u>181,863.70</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>REF.</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>ACCRUED IN 2010</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2010</u>
Clerk:				
Alcoholic Beverage Licenses	\$	40,700.00 \$	40,700.00 \$	
Licenses-Other		12,795.00	12,795.00	
Building Code Official:				
Fees and Permits		26,133.00	26,133.00	
Municipal Court:				
Fines and Costs	20,789.00	243,670.49	253,070.99	11,388.50
Board of Health/Registrar:				
Licenses-Other		3,912.00	3,912.00	
Fees and Permits		31,613.00	31,613.00	
Police Department:				
Fees and Permits		3,983.85	3,983.85	
Public Works Department:				
Fees and Permits		21,501.89	21,501.89	
Planning Board:				
Fees and Permits		1,000.00	1,000.00	
Zoning Board:				
Fees and Permits		1,800.00	1,800.00	
Fire Prevention:				
Fees and Permits		32,163.00	32,163.00	
Uniform Construction Code Fees		190,917.00	190,917.00	
Rentals- Board of Education		20,000.00	20,000.00	
Interest and Costs on Taxes		236,622.14	213,223.97	23,398.17
Interest on Investments		134,740.60	134,740.60	
Cellular Phone Tower Leases		293,532.26	293,532.26	
Cable Television Franchise Fee		65,612.00	65,612.00	
Swimming Pool/ Admission Fees		139,845.00	139,845.00	
Commuter Parking Permits		20,768.00	20,768.00	
Sewer Charges		52,962.78	52,962.78	
Consolidated Municipal Property Tax Relief Act		179,994.00	179,994.00	
Energy Receipts Tax		1,288,284.00	1,288,284.00	
Uniform Fire Safety Act		40,582.74	40,582.74	
	<u>\$ 20,789.00</u>	<u>\$ 3,083,132.75</u>	<u>\$ 3,069,135.08</u>	<u>\$ 34,786.67</u>

REF.

A

A-2

A-4

A

"A-9"

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2009	A	\$ 726,501.00
Increased by:		
Transfer from Taxes Receivable	A-6	<u>58,412.33</u>
Balance, December 31, 2010	A	<u>\$ 784,913.33</u>

"A-10"

SCHEDULE OF FORECLOSED PROPERTY

Balance, December 31, 2009	A	\$ <u>34,980.00</u>
Balance, December 31, 2010	A	<u>\$ 34,980.00</u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>GRANT</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>2010 REVENUE ANTICIPATED</u>	<u>CASH RECEIPTS</u>	<u>UNAPPROPRIATED GRANT RESERVE APPLIED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2010</u>
Municipal Alliance	\$ 31,201.00	\$ 27,700.00	\$ 26,058.32	\$	\$ 18,596.24	\$ 14,246.44
Liveable Communities - Library Grant	90,000.00		88,528.88		1,471.12	0.00
H1N1 Supplemental Grant	37,760.00		17,141.00		20,619.00	
Police Body Armor Grant	2,166.00	4,304.10	4,304.47		2,165.63	
Emergency Management Grant		10,000.00	5,000.00			
Clean Communities Grant		34,741.00	28,769.00	5,972.00		5,000.00
Clickit or Ticket Grant		4,000.00	4,000.00			
BPU- Clean Energy Grant		29,445.00				29,445.00
NJ Tree Grant		7,000.00				7,000.00
Open Space Grant - Passaic County		138,000.00				138,000.00
Alcohol Education and Rehabilitation Fund		1,307.10	1,307.10			
	<u>\$ 161,127.00</u>	<u>\$ 256,497.20</u>	<u>\$ 175,108.77</u>	<u>\$ 5,972.00</u>	<u>\$ 42,851.99</u>	<u>\$ 193,691.44</u>
	A	A-2	A-4	A-23	A-1	A

REF.

"A-12"

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2009	A		\$ 29,468.00
2010 Tax Levy:			
County Taxes	A-1:A-6	\$ 14,632,510.69	
County Open Space Taxes	A-1:A-6	278,192.32	
County Share of Added Taxes	A-1:A-6	<u>11,858.12</u>	
			\$ <u>14,922,561.13</u>
			<u>14,952,029.13</u>
Decreased by:			
Cash Disbursements	A-4		<u>14,940,171.01</u>
Balance, December 31, 2010	A		\$ <u><u>11,858.12</u></u>

"A-13"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2009			
Taxes Deferred		\$ 7,951,484.00	
Taxes Payable	A	<u>7,161,237.00</u>	
			\$ 15,112,721.00
Increased by:			
2010 Levy	A-1:A-6		<u>32,119,402.00</u>
			<u>47,232,123.00</u>
Decreased by:			
Cash Disbursements	A-4		<u>31,508,980.00</u>
Balance, December 31, 2010			
Taxes Deferred		7,951,484.00	
Taxes Payable	A	<u>7,771,659.00</u>	
			\$ <u><u>15,723,143.00</u></u>
<u>Amount Charged to 2010 Operations:</u>			
Taxes Paid			\$ 31,508,980.00
Add: Current Year Taxes Payable			7,771,659.00
Less: Prior Year Taxes Payable			<u>(7,161,237.00)</u>
			\$ <u><u>32,119,402.00</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2009	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 858.92	\$	\$ 858.92	\$	\$ 858.92
Other Expenses	2,103.44	1,904.20	4,007.64	2,154.05	1,853.59
Mayor and Council:					
Other Expenses	33.00		33.00		33.00
Municipal Clerk:					
Salaries and Wages	3,546.37		46.37		46.37
Other Expenses	21.12	6,251.35	9,772.47	9,447.47	325.00
Financial Administration:					
Salaries and Wages	2,274.60		2,274.60		2,274.60
Other Expenses	377.06	7,082.87	7,459.93	7,432.87	27.06
Audit Services:					
Other Expenses		30,000.00	30,000.00	30,000.00	
Revenue Administration (Tax Collection):					
Salaries and Wages	2.08		2.08		2.08
Other Expenses		1,712.69	1,712.69	515.22	1,197.47
Tax Assessment Administration:					
Salaries and Wages	344.68		344.68		344.68
Other Expenses	96.97	16,549.33	16,646.30	849.33	15,796.97
Legal Services:					
Salaries and Wages	0.02		0.02		0.02
Other Expenses	136.06	21,200.00	21,336.06	12,594.00	8,742.06
Engineering Services:					
Other Expenses	10.07	11,300.00	11,310.07	11,310.07	
Future of Hawthorne:					
Other Expenses	2,500.00		2,500.00		2,500.00
<u>LAND USE ADMINISTRATION</u>					
Planning Board:					
Other Expenses	50.42	30,471.76	30,522.18	30,521.76	0.42
Zoning Board of Adjustments:					
Salaries and Wages	0.02		0.02		0.02
Other Expenses	165.94	247.11	413.05	247.11	165.94
Computerized Data Processing:					
		9,454.57	9,454.57	9,133.00	321.57
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	17,382.79		17,382.79	17,382.79	
Other Expenses	1,922.92	8,420.80	10,343.72	8,770.73	1,572.99
Police Dispatchers:					
Salaries and Wages	4,132.19		4,132.19	1,225.46	2,906.73

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>ENCUMBR. PAYABLE</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
<u>PUBLIC SAFETY (CONTINUED)</u>					
Occupational Safety Health Act (NJS 40A:4-45.3):					
Other Expenses	\$ 3,675.54	\$ 1,218.89	\$ 4,894.43	\$ 734.89	\$ 4,159.54
Emergency Management Services:					
Other Expenses	304.44	64.01	368.45	64.01	304.44
Ambulance Corps:					
Other Expenses	522.00		522.00		522.00
Fire:					
Salaries and Wages	1,919.13		1,919.13	451.00	1,468.13
Other Expenses	1.85	26,230.51	26,232.36	24,303.30	1,929.06
Uniform Fire Safety Act:					
Salaries and Wages	4,376.65		4,376.65	2,573.96	1,802.69
Other Expenses	259.85	3,113.90	3,373.75	1,078.90	2,294.85
Municipal Court:					
Salaries and Wages	2,526.83		2,526.83	547.50	1,979.33
Other Expenses	1,215.02	659.71	1,874.73	904.71	970.02
<u>PUBLIC WORKS</u>					
Road Repair and Maintenance:					
Salaries and Wages	6,175.20	8,928.35	15,103.55	14,279.74	823.81
Other Expenses	2,672.70	63,240.58	65,913.28	58,802.32	7,110.96
Sewer System Maintenance:					
Salaries and Wages		7,231.27	7,231.27	1,093.18	6,138.09
Other Expenses	156.45	64,040.79	64,197.24	58,964.00	5,233.24
Shade Tree Commission:					
Salaries and Wages		753.10	753.10		753.10
Other Expenses	2,100.76	56,773.91	58,874.67	56,778.91	2,095.76
Solid Waste Collection:					
Salaries and Wages - Recycling		5,632.03	5,632.03		5,632.03
Other Expenses - Recycling	2,792.89	14,162.36	16,955.25	14,287.40	2,667.85
Other Expenses - Garbage Removal - Contractual	89.04		89.04		89.04
Buildings and Grounds:					
Salaries and Wages		4,409.23	4,409.23	846.00	3,563.23
Other Expenses	8,521.91	4,450.65	12,972.56	7,704.95	5,267.61
Maintenance of Parks:					
Other Expenses		130.18	130.18		130.18

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2009	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>PUBLIC WORKS (CONTINUED)</u>					
Vehicle Maintenance:					
Other Expenses	\$ 8,622.02	\$ 24,546.87	\$ 38,168.89	\$ 20,520.22	17,648.67
Community Services Act:					
Other Expenses		38,000.00	38,000.00	37,999.82	0.18
<u>HEALTH AND HUMAN SERVICES</u>					
Board of Health:					
Other Expenses	2,466.40	707.35	3,173.75	1,937.35	1,236.40
Environmental Commission:					
Other Expenses	53.56		53.56		53.56
Board of Recreation:					
Salaries and Wages	3,392.92	4,000.00	7,392.92	2,255.00	5,137.92
Other Expenses	7,265.21	7,663.59	14,928.80	12,260.75	2,668.05
Swimming Pool:					
Salaries and Wages	124.16		124.16		124.16
Other Expenses	1,094.54	83.94	1,178.48		1,178.48
<u>OTHER COMMON OPERATING FUNCTIONS</u>					
Committee on Disability Issues:					
Other Expenses	100.00		100.00		100.00
Celebration of Public Events:					
Other Expenses	3,326.65	6,375.67	9,702.32	5,143.68	4,558.64
Bond Fees:					
Other Expenses	850.57		850.57		850.57
<u>CODE ENFORCEMENT AND ADMINISTRATION</u>					
Uniform Construction Code Enforcement Functions:					
Building Inspector:					
Salaries and Wages	5,652.02		5,652.02	2,005.88	3,646.14
Other Expenses		36,446.23	36,446.23	36,246.88	199.35
Property Code Enforcement:					
Salaries and Wages	11,065.61		11,065.61	1,232.74	9,832.87
Other Expenses	73.80	87.96	161.76	87.96	73.80
Salary Adjustments		52,247.42	52,247.42	22,550.75	29,696.67

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2009	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Electricity	\$	\$ 41,784.17	\$ 41,784.17	\$ 18,461.68	\$ 23,322.49
Street Lighting		12,434.33	12,434.33	12,434.33	
Telephone		1,181.88	3,681.88	2,672.23	1,009.65
Gasoline		3,884.36	17,584.36	16,507.13	1,077.23
Landfill/Solid Waste Disposal Costs:					
Dumping Fees	64,950.00	58,899.84	123,849.84	55,136.69	68,713.15
Insurance:					
General Insurance	39,119.01		17,919.01	11,781.72	6,137.29
Group Insurance for Employees	32,199.93	13,400.00	45,599.93	4,618.94	40,980.99
Total Operations Within "CAPS"	253,625.33	707,377.76	961,003.09	648,852.38	312,150.71
Contingent	2,000.00		2,000.00	2,000.00	
<u>Total Operations Including Contingent Within "CAPS"</u>	<u>255,625.33</u>	<u>707,377.76</u>	<u>963,003.09</u>	<u>650,852.38</u>	<u>312,150.71</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS":					
Statutory Charges:					
Social Security System (O.A.S.I)	821.20		821.20		821.20
Consolidated Police and Firemen's Pension	59.48		59.48		59.48
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	880.68		880.68		880.68
Total General Appropriations for Municipal Purposes Within "CAPS"	256,506.01	707,377.76	963,883.77	650,852.38	313,031.39

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2009	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Planning Board :					
Other Expenses - Affordable Housing	\$	\$ 8,410.35	\$ 8,410.35	\$ 8,410.00	\$ 0.35
Length of Service Award Program (LOSAP)	26,517.00		26,517.00	26,517.00	
<u>EDUCATIONAL FUNCTIONS</u>					
Maintenance of Free Public Library:					
Salaries and Wages		27,022.86	27,022.86	8,013.34	19,009.52
Sewer Processing and Disposal:					
Other Expenses - Passaic Valley Sewer Rental	0.23		0.23		0.23
Other Expenses - Other Municipal Projects	3,132.28		3,132.28		3,132.28
NJDES Stormwater Permits		15,950.00	15,950.00	15,950.00	
<b>Total Other Operations Excluded from "CAPS"</b>	<b>29,649.51</b>	<b>51,383.21</b>	<b>81,032.72</b>	<b>58,890.34</b>	<b>22,142.38</b>
<u>Public and Private Programs Offset by Revenues</u>					
H1N1 Supplemental	27,381.23	45.77	27,427.00	27,427.00	
Municipal Alliance:					
Grant Funds	430.00	11,589.42	12,019.42	12,002.45	16.97
Local Match	108.14	2,128.74	2,236.88	2,236.88	
Emergency Management Grant	878.28		878.28	878.28	
Alcohol Rehab Grant	1,577.92		1,577.92	1,577.92	
Drunk Driving Enforcement	5,584.33		5,584.33	5,584.33	
Recycling Tonnage Grant	38,512.09		38,512.09	38,512.09	
Police Body Armor Grant	2,987.75		2,987.75	2,987.75	
Clean Communities Program:					
Other Expenses	16,727.00		16,727.00	16,727.00	
<b>Total Public and Private Programs Offset by Revenues</b>	<b>94,186.74</b>	<b>13,763.93</b>	<b>107,950.67</b>	<b>107,933.70</b>	<b>16.97</b>
<b>Total Other Operations Excluded from "CAPS"</b>	<b>123,836.25</b>	<b>65,147.14</b>	<b>188,983.39</b>	<b>166,824.04</b>	<b>22,159.35</b>

CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2009	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund					
Acq/Upgrade DPW	\$ 984.49	\$ 27,915.35	\$ 28,899.84	\$ 27,915.35	\$ 984.49
Cornell Sewer Line	1,000.00		1,000.00		1,000.00
Fire Department Upgrades	11.25	2,388.75	2,400.00	2,388.75	11.25
DPW Garage Lights	3,500.00	3,500.00	7,000.00	4,100.00	2,900.00
Imprv to Rescue 5		24,000.00	24,000.00	20,500.00	3,500.00
Police Computers		34,000.00	34,000.00	34,000.00	
Repl/Rebl Sewer		7,700.00	7,700.00	7,700.00	
Total Capital Improvements Excluded from "CAPS"	<u>5,495.74</u>	<u>99,504.10</u>	<u>104,999.84</u>	<u>96,604.10</u>	<u>8,395.74</u>
Total General Appropriations Excluded from "CAPS"	<u>129,331.99</u>	<u>164,651.24</u>	<u>293,983.23</u>	<u>263,428.14</u>	<u>30,555.09</u>
Total General Appropriations	<u>\$ 385,838.00</u>	<u>\$ 872,029.00</u>	<u>\$ 1,257,867.00</u>	<u>\$ 914,280.52</u>	<u>\$ 343,586.48</u>
	REF. A	A-17			
LOSAP Contributions Payable	A-20		\$ 26,517.00		
Appropriated Grant Reserves	A-21		70,864.68		
Accounts Payable	A-18		49,922.00		
Cash Disbursements	A-4		766,976.84		
			<u>\$ 914,280.52</u>		

"A-15"

BOROUGH OF HAWTHORNE  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2009 (2010 Taxes)	A	\$	227,355.00
Increased by:			
Collection of 2011 Taxes	A-4		190,046.75
			<u>417,401.75</u>
Decreased by:			
Application to 2010 Taxes Receivable	A-6		<u>227,355.00</u>
Balance, December 31, 2010 (2011 Taxes)	A	\$	<u><u>190,046.75</u></u>

"A-16"

SCHEDULE OF RESERVE FOR UCC DEDICATED REVENUES

Balance, December 31, 2009	A	\$	38,821.00
Decreased by:			
Appropriated to Budget Revenue	A-2	\$	<u><u>38,821.00</u></u>

"A-17"

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2009	A	\$	872,029.00
Increased by:			
Charged to 2010 Appropriations	A-3		<u>641,942.66</u>
			1,513,971.66
Decreased by:			
Transfer to Appropriation Reserves	A-14		<u>872,029.00</u>
Balance, December 31, 2010	A	\$	<u><u>641,942.66</u></u>

"A-18"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2009	A	\$	104,026.00
Increased by:			
Charged to 2009 Appropriation Reserves	A-11		<u>49,922.00</u>
			153,948.00
Decreased by:			
Canceled to Operations	A-1	\$	6,950.12
Payments	A-4		<u>38,747.88</u>
			<u>45,698.00</u>
Balance, December 31, 2010	A	\$	<u><u>108,250.00</u></u>

"A-19"

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF FEES PAYABLE

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2010</u>
DCA State Training Fees	\$ 2,006.00	\$ 11,805.00	10,880.00	\$ 2,931.00
Miscellaneous	6,460.00	16,530.00	17,140.00	5,850.00
Sales Tax	7,936.00			7,936.00
Burial Certificate Fees	(33.00)	33.00		
Marriage License Fees	1,145.00	3,275.00	3,150.00	1,270.00
	<u>\$ 17,514.00</u>	<u>\$ 31,643.00</u>	<u>\$ 31,170.00</u>	<u>\$ 17,987.00</u>

REF.

A

A-4:A-4

A-4

A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE LOSAP CONTRIBUTIONS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2009	A		\$ 118,062.00
Increased by:			
Transfers from 2010 Appropriations	A-3	\$ 105,000.00	
Transfers from Appropriation Reserves	A-14	<u>26,517.00</u>	
			<u>131,517.00</u>
			249,579.00
Decreased by:			
LOSAP Plan Contributions made	A-4		<u>99,015.00</u>
Balance, December 31, 2010	A		\$ <u><u>150,564.00</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF APPROPRIATED RESERVES FOR GRANTS

<u>GRANT</u>	BALANCE DECEMBER 31, 2009	TRANSFERRED FROM 2009 APPROPRIATION RESERVES	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2010
	\$ 1,272.00	\$ 1,282.53	\$	\$ 2,554.53	\$ 16,287.00
Municipal Alliance	16,287.00				
Livable Communities Grant		22,083.08		22,083.08	2,987.75
H1N1 Supplemental Grant		2,987.75			878.28
Police Body Armor Grant		878.28			14,132.49
Emergency Management Grant	26,512.00	410.40	12,789.91		2,068.92
Clean Communities Grant	741.00	1,577.92	250.00		21.00
Alcohol Education and Rehabilitation Fund	21.00				3,716.00
Municipal Court Administration Fund	3,716.00				428.00
Shade Tree Grant	428.00				28,732.00
Scrap Tire Grant	28,732.00				1,409.00
Recycling Grant	1,409.00	3,132.63	1,409.00		3,132.63
Drunk Driving Enforcement Fund	107.00				107.00
Domestic Violence Prevention Grant	12,045.00		1,283.00		10,762.00
Stormwater Grant	484.00		199.99		284.01
Audio/Visual Grant		38,512.09			38,512.09
Recycling Tonnage Grant					
	<u>\$ 91,754.00</u>	<u>\$ 70,864.68</u>	<u>\$ 15,931.90</u>	<u>\$ 24,637.61</u>	<u>\$ 122,049.17</u>
	A	A-14	A-4	A-1	A

REF.

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

<u>GRANT</u>	BALANCE DECEMBER <u>31, 2009</u>	APPLIED TO 2010 BUDGET <u>REVENUE</u>
Clean Communities Program	\$ 5,972.00	\$ 5,972.00
	<hr/>	<hr/>
	\$ <u>5,972.00</u>	\$ <u>5,972.00</u>
<u>REF.</u>	A	A-11

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, 2009	\$ 195,185.00	\$ 24,996.00	\$ 1,257,026.00
Increased by Receipts:			
Assessments Receivable	58,780.84		
Assessment Notes	12,500.00		
Animal Control License Fees		24,001.00	
Due State of New Jersey		2,143.80	
Payroll Deductions			8,422,145.52
Various Reserves and Deposits			1,442,085.25
Due Other Trust Fund	4,638.00	133.00	
Due Current Fund	86,726.40	377.37	997.00
	<u>162,645.24</u>	<u>26,655.17</u>	<u>9,865,227.77</u>
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11			
Due State of New Jersey		23,146.46	2,190.00
Payroll Deductions		2,143.80	8,418,797.97
Various Reserves and Deposits			1,523,096.19
Due Assessment Trust Fund			4,638.00
Assessment Notes	12,500.00	333.37	
Due Current Fund	18,396.14	25,623.63	
	<u>30,896.14</u>	<u>25,623.63</u>	<u>9,948,722.16</u>
Balance, December 31, 2010	\$ 326,934.10	\$ 26,027.54	\$ 1,173,531.61

"B-3"

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

ANALYSIS OF CASH

BALANCE  
DECEMBER  
31, 2010

Due Current Fund	\$	(1,512.74)
Due General Capital Fund		436,968.74
Fund Balance		6.00
<u>Bond Anticipation Notes:</u>		
Ord 1939- Van Winkle Ave Sidewalks & Driveways		12,500.00
<u>Unfinanced Assessments:</u>		
Ord 1733- Bamford Ave Curbs & Sidewalks		(1,408.20)
Ord 1734/1757- Sanitary Sewers- Highview/Charwalt		(74,000.00)
Ord 1939- Van Winkle Ave Sidewalks & Driveways		(5,958.31)
Ord 1948- Tuxedo Ave Sidewalks & Driveways		(13,357.25)
Ord 1972- Central Ave Sidewalks & Driveways		<u>(26,304.14)</u>
	\$	<u>326,934.10</u>

REF.

B:B-2

BOROUGH OF HAWTHORNE  
ASSESSMENT TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2009	ASSESSMENTS CONFIRMED	ASSESSMENTS COLLECTED	BALANCE DECEMBER 31, 2010	BALANCE PLEDGED TO RESERVE	DUE GENERAL CAPITAL FUND
1427/1462	Mountain Avenue Sewers	\$ 3,978.00	\$	\$	3,978.00	\$ 3,978.00	\$
1428/1463	Mountain Avenue Curbs	3.00			3.00	3.00	
1433	Central Avenue Curbs/Sidewalks	469.00			469.00	469.00	
1628	Lincoln Avenue Curbs/Sidewalks	1,546.00			1,546.00	1,546.00	
1607/1682	Lafayette Avenue Curbs/Sidewalks	3,798.00			3,798.00	3,798.00	
1655	Lafayette Avenue Curbs/Sidewalks	14,400.00			14,400.00	14,400.00	
1733	Barnford Avenue Curbs/Sidewalks	1,741.00	332.80		1,408.20		1,408.20
1734/1757	Sanitary Sewers - Highview Charwait	90,000.00	16,000.00		74,000.00		74,000.00
1939	VanWinkle Ave - Sidewalks/Driveways	11,360.00	5,401.69		5,958.31		5,958.31
1948	Tuxedo Ave - Sidewalks/Driveways	21,059.00	7,701.75		13,357.25		13,357.25
1972	Central Ave - Sidewalks/Driveways		55,648.74	29,344.60	26,304.14		26,304.14
		<u>\$ 148,354.00</u>	<u>\$ 55,648.74</u>	<u>\$ 58,780.84</u>	<u>\$ 145,221.90</u>	<u>\$ 24,194.00</u>	<u>\$ 121,027.90</u>

REF.

B

B-2

B

B-3

"B-5"

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF ASSESSMENTS LIENS

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DECEMBER 31, <u>2009</u>	BALANCE DECEMBER 31, <u>2010</u>	BALANCE PLEGDED TO <u>RESERVE</u>
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	2,633.00	2,633.00	2,633.00
		<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, <u>2009</u>	BALANCE DECEMBER 31, <u>2010</u>	BALANCE PLEGDED TO <u>RESERVE</u>
	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	741.00	741.00	741.00
		<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, 2009 (Due from)	B	\$	69,843.00
Increased by:			
Payments to Current Fund	B-2		<u>18,396.14</u>
			88,239.14
Decreased by:			
Interest Due Current Fund	B-2	\$	7,034.10
Receipts from Current Fund	B-2		<u>79,692.30</u>
			<u>86,726.40</u>
Balance, December 31, 2010 (Due from)	B	\$	<u><u>1,512.74</u></u>

"B-8"

ASSESSMENT TRUST FUND  
SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2009 (Due to)	B	\$	381,320.00
Increased by:			
Assessments Confirmed	B-4		<u>55,648.74</u>
Balance, December 31, 2010	B	\$	<u><u>436,968.74</u></u>

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DECEMBER 31, <u>2009</u>	BALANCE DECEMBER 31, <u>2010</u>	BALANCE PLEGGED TO <u>RESERVE</u>
1506	Construction of Curbs on Royal Ave.	\$ 40,800.00	\$ 40,800.00	\$ 40,800.00
		<u>\$ 40,800.00</u>	<u>\$ 40,800.00</u>	<u>\$ 40,800.00</u>
	<u>REF.</u>	B	B	B

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF ASSESSMENT 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, 2009</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2010</u>
	<u>Local Improvements:</u>								
1939	Van Winkle Ave - Sidewalks/Driveways	10/9/2009	10/9/2009 10/8/2010	10/8/2010 10/8/2011	2.00% 1.25%	\$ 12,500.00	12,500.00	12,500.00	\$ 12,500.00
						<u>\$ 12,500.00</u>	<u>12,500.00</u>	<u>12,500.00</u>	<u>\$ 12,500.00</u>

REF.

B

B-2

B-2

B

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF DUE OTHER TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2009 (Due From)	B	\$	4,638.00
Decreased by:			
Receipts from Other Trust Fund	B-2	\$	<u>4,638.00</u>

"B-12"

BOROUGH OF HAWTHORNE

ANIMAL CONTROL FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2009	B	\$	25,040.00
Increased by:			
Animal Control License Fees Collected	B-1		<u>24,001.00</u>
			49,041.00
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-1		<u>23,146.46</u>
Balance, December 31, 2010	B	\$	<u><u>25,894.54</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2008	\$ 27,633.00
2009	<u>24,207.00</u>
	\$ <u><u>51,840.00</u></u>

"B-13"

ANIMAL CONTROL FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

Increased by:			
Cash Receipts	B-1	\$	2,143.80
Decreased by:			
Cash Disbursements	B-1	\$	<u><u>2,143.80</u></u>

"B-14"

BOROUGH OF HAWTHORNE  
ANIMAL CONTROL FUND  
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2009 (Due from)	B	\$	44.00
Increased by:			
Cash Paid to Current Fund			333.37
		\$	<u>377.37</u>
Decreased by:			
Receipts Due Current Fund		\$	<u>377.37</u>

"B-15"

ANIMAL CONTROL FUND  
SCHEDULE OF DUE OTHER TRUST FUND

Increased by:			
Receipts Due Other Trust Fund		\$	<u>133.00</u>
Balance, December 31, 2010	B	\$	<u>133.00</u>

"B-16"

BOROUGH OF HAWTHORNE  
OTHER TRUST FUND  
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2009 (Due From)	B	\$ 997.00
Decreased by:		
Receipts from Current Fund	B-2	\$ <u>997.00</u>

"B-17"

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2009	B	\$ 91.00
Increased by:		
Payroll Deposits	B-1	<u>8,422,145.52</u>
		8,422,236.52
Decreased by:		
Payroll Disbursements	B-1	<u>8,418,797.97</u>
Balance, December 31, 2010	B	\$ <u>3,438.55</u>

BOROUGH OF HAWTHORNE

TRUST FUND

SCHEDULE OF DUE STATE - UNEMPLOYMENT CLAIMS

	<u>REF.</u>		
Balance, December 31, 2009	B	\$	2,190.00
Decreased by:			
Cash Disbursements	B-2	\$	<u>2,190.00</u>

BOROUGH OF HAWTHORNE

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

<u>Description</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2009</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2010</u>
<u>Reserve for:</u>					
Recycling Expenditures	\$ 385,894.00	\$ 308,104.26	\$ 212,529.55	\$	\$ 481,468.71
Other Escrow Deposits	316,610.00		209,948.84	(73,381.21)	33,279.95
Builders Escrow Deposits		10,302.15	19,673.14	67,814.55	58,443.56
State Unemployment Insurance	207,185.00	12,092.90	29,666.91		189,610.99
Tax Sale Premiums	91,400.00	143,400.00	84,800.00		150,000.00
Off-Duty Municipal Police Pay	27,975.00	460,003.39	452,772.29		35,206.10
Municipal Alliance Program	14,606.00	10,529.38	5,493.64		19,641.74
PCUA - EIC	10.00	542.00			552.00
Public Defender Fees	10,606.00	2,150.00	650.00		12,106.00
POAA	1,513.00	670.00	279.45		1,903.55
Third Party Liens	6,581.00	261,426.72	267,243.45		764.27
Confiscated Funds	(1,343.00)	1,343.00			
Housing Trust	9,856.00	7,880.15	12,813.20		4,922.95
Domestic Violence Prevention	19.00		19.00		
Fire Code Penalties	1,319.00	1,213.26	460.00		2,072.26
Pre-Tax Medical Payments	1,562.00	5,423.16	5,117.21		1,867.95
Relocation Fund	5,000.00	10,206.00	10,140.00		5,066.00
UCC Penalties	172,311.00	8,550.70	40,118.40		140,743.30
Miscellaneous		6,851.07			6,851.07
Sidewalk Replacements		5,659.00			5,659.00
Security Deposits		16,080.00	2,580.00	5,566.66	19,066.66
Performance Deposits		169,791.11	168,791.11		1,000.00
	\$ 1,251,104.00	\$ 1,442,218.25	\$ 1,523,096.19	\$	\$ 1,170,226.06

REF.

B-2

B

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2009	C		\$ 928,430.00
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-15	\$ 100,000.00	
Premium on Sale of Notes	C-1	6,586.00	
Grants Receivable	C-8	164,813.23	
Due Current Fund	C-17	12,304.31	
Bond Anticipation Notes	C-13	<u>3,352,500.00</u>	
			<u>3,636,203.54</u>
			\$ <u>4,564,633.54</u>
Decreased by Disbursements:			
Encumbrances Payable	C-16	\$ 1,747,430.06	
Bond Anticipation Notes	C-13	1,547,500.00	
Various Reserves and Deposits	C-18	50,000.00	
Due Current Fund	C-17	<u>130,880.24</u>	
			<u>3,475,810.30</u>
Balance, December 31, 2010	C:C-3		\$ <u><u>1,088,823.24</u></u>

"C-3"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE  
DECEMBER  
31, 2010

Capital Improvement Fund	\$	176,263.00
Fund Balance		169,550.00
Encumbrances Payable		1,204,918.16
Excess Note Proceeds		30,245.83
Improvement Authorizations:		
Funded Improvements Listed on "C-7"		780,632.60
Improvements Expended Set Forth on "C-5"		(485,410.02)
Unexpended Note Proceeds Listed on "C-5"		610,531.34
Various Reserves and Deposits		145,810.00
Due Assessment Trust Fund		(436,968.74)
Due Current Fund		(34.93)
Loan Proceeds Receivable		(959,214.00)
Grants Receivable		(147,500.00)
	\$	<u>1,088,823.24</u>

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2009	C	\$	14,700,837.00
Increased by:			
Environmental Infrastructure Loans Issued	C-6		<u>688,750.00</u>
			15,389,587.00
Decreased by:			
Payment of :			
Bond Principal	C-10	\$	970,000.00
Environmental Infrastructure Loan Principal	C-11		808,371.61
EDA Loan Payable	C-12		<u>12,950.00</u>
			<u>1,791,321.61</u>
Balance, December 31, 2010	C	\$	<u>13,598,265.39</u>

BOROUGH OF HAWTHORNE  
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	BALANCE DECEMBER 31, 2009	2010 AUTHORIZATIONS	FUNDED BY GRANTS	FUNDED BY INLEIT LOAN	ASSESSMENTS CONFIRMED	BALANCE DECEMBER 31, 2010	BOND ANTICIPATION NOTES	ANALYSIS OF BALANCE DECEMBER 31, 2010	
								EXPENDITURES	UNEXPENDED BALANCE
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>General Improvements:</u>									
1591	786.00					786.00			786.00
1634/1663	3,844.00					3,844.00		3,844.00	90,000.00
1867	90,000.00					90,000.00			187.00
1908	187.00					187.00			
1938	61,127.00	30,372.83				30,754.17	30,754.17		
1949	285,000.00					285,000.00	285,000.00		9,500.00
1956	959,500.00					959,500.00	950,000.00		250.00
1959	14,250.00					14,250.00	14,000.00		
1961	18,106.00					18,106.00		15,411.62	2,694.38
1963	237,500.00					237,500.00	237,500.00		1,913.71
1885/1970	6,650.00					6,650.00		4,736.29	1,913.71
1975	101,539.00	50,616.65				50,922.35		22,084.55	28,837.80
1976	570,000.00					570,000.00			
1991	700,000.00			688,750.00		11,250.00			11,250.00
2004		285,000.00				285,000.00	285,000.00		
2008		570,000.00				570,000.00	570,000.00		
2010		180,000.00				96,176.25		39,130.11	57,046.14
2011		48,450.00	83,823.75			48,450.00		48,450.00	
2032		85,700.00				85,700.00		39,014.04	46,685.96
<u>Local Improvements:</u>									
1427/1462	4,343.00					4,343.00		4,343.00	
1540	974.00					974.00		974.00	
1554	15,870.00					15,870.00		15,870.00	
1564	3,119.00					3,119.00		3,119.00	
1607/1682	3,800.00					3,800.00		3,800.00	
1636/1684	3,450.00					3,450.00		3,450.00	
1726	4,124.00					4,124.00		4,124.00	
1733	3,563.00					3,563.00		3,563.00	
1734/1757	22,187.00					22,187.00		22,187.00	
1810									
1939	2,410.00					2,410.00		2,410.00	
1948	33,710.00					33,710.00		290.00	33,420.00
1972	37,710.00					37,710.00		5,740.98	31,969.02
1989	61,750.00				55,648.74	6,101.26		5,988.59	102.67
2009	380,000.00	308,750.00				380,000.00	380,000.00		
						308,750.00		236,869.84	71,880.16
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	3,625,499.00	1,477,900.00	164,813.23	688,750.00	55,648.74	4,194,187.03	3,322,254.17	465,410.02	386,522.84
	C	C-19	C	C-11	C-7	C	C-3	C-7	C-7
	REF.								

Bond Anticipation Notes  
Excess Note Proceeds - Ord. 1938

Improvement Authorizations - Unfunded  
Unexpended Proceeds of Bond Anticipation Notes

\$ 3,352,500.00  
(30,245.83)  
\$ 3,322,254.17

\$ 997,054.18  
610,531.34  
\$ 386,522.84

"C-6"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE  
LOAN PROCEEDS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2009	C	\$ 561,378.00
Increased by:		
2010 Loan Proceeds Receivable	C-5	<u>688,750.00</u>
		1,250,128.00
Decreased by:		
Funded Improvement Authorizations Canceled	C-14	<u>290,914.00</u>
Balance, December 31, 2010	C	<u>\$ 959,214.00</u>

"C-7"

SCHEDULE OF DUE ASSESSMENT TRUST FUND

Balance, December 31, 2009 (Due From)	C	\$ 381,320.00
Increased by:		
Assessments Confirmed	C-5	<u>55,648.74</u>
Balance, December 31, 2010 (Due From)	C	<u>\$ 436,968.74</u>

BOROUGH OF HAWTHORNE  
GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

ORDINANCE NUMBER	PROJECT	BALANCE DECEMBER 31, 2009	GRANTS AWARDED	CASH RECEIPTS	BALANCE DECEMBER 31, 2010	BALANCE PLEDGED TO: IMPROVEMENT AUTHORIZATION	RESERVE
	<u>State Department of Transportation:</u>						
1825	Buena Vista Improvements	\$ 16,970.00	\$		16,970.00	\$	16,970.00
1838	Van Winkle Avenue Improvements	60,627.00		30,372.83	30,254.17		30,254.17
1975	Central Avenue Improvements	112,539.00		50,616.65	61,922.35		61,922.35
2010	Van Winkle Avenue Improvements		180,000.00	83,823.75	96,176.25		96,176.25
	<u>Passaic County Open Space Trust Fund:</u>						
1817	Recreation Improvements						
	<u>Community Development Block Grant:</u>						
1974	Handicapped Accessible Grants	147,500.00			147,500.00	147,500.00	
2011	Handicapped Curb Ramps		50,000.00		50,000.00		50,000.00
		\$ 337,636.00	\$ 230,000.00	\$ 164,813.23	\$ 402,822.77	\$ 147,500.00	\$ 255,322.77
	REF.	C		C-2	C	C-3	C



BOROUGH OF HAWTHORNE  
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURETIES OF BONDS OUTSTANDING DECEMBER 31, 2010	INTEREST RATE	BALANCE DECEMBER 31, 2009	DECREASED	BALANCE DECEMBER 31, 2010
General Improvement Bonds of 2004	6/01/2004	\$ 6,292,000.00	6/01/2011	4.125%	\$ 5,517,000.00	\$ 300,000.00	\$ 5,217,000.00
			6/01/2012	4.125%		300,000.00	
			6/01/2013	4.125%		300,000.00	
			6/01/2014	4.125%		550,000.00	
			6/01/2015	4.125%		600,000.00	
			6/01/2016	4.125%		700,000.00	
			6/01/2017	4.125%		730,000.00	
			6/01/2018	4.125%		780,000.00	
			6/01/2019	4.125%		777,000.00	
Refunding Bonds of 2005	4/1/2005	3,285,000.00	8/15/2011	3.750%	1,860,000.00	320,000.00	1,540,000.00
			8/15/2012	3.750%			
			8/15/2013	4.000%			
			8/15/2014	4.000%			
			8/15/2015	4.000%			
General Improvement Bonds of 2008	9/1/2008	3,510,000.00	3/1/2011	5.000%	3,405,000.00	110,000.00	3,295,000.00
			3/1/2012	5.000%			
			3/1/2013	5.000%			
			3/1/2014	5.000%			
			3/1/2015	5.000%			
			3/1/2016	5.000%			
			3/1/2017	5.000%			
			3/1/2018	5.000%			
			3/1/2019	5.000%			
			3/1/2020	4.000%			
			3/1/2021	4.000%			
			3/1/2022	4.000%			
			3/1/2023	4.000%			
		3/1/2024	4.125%				
		3/1/2025	4.250%				
		3/1/2026	4.250%				

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, 2009	DECREASED	BALANCE DECEMBER 31, 2010
			DATE	AMOUNT				
Refunding Bonds of 2009	10/15/2009	\$ 1,585,000.00	10/15/2011	\$ 185,000.00	2.000%	\$ 1,585,000.00	\$ 240,000.00	\$ 1,345,000.00
			10/15/2011	50,000.00	3.500%			
			10/15/2012	30,000.00	2.000%			
			10/15/2012	200,000.00	3.000%			
			10/15/2013	150,000.00	2.250%			
			10/15/2013	75,000.00	2.500%			
			10/15/2014	120,000.00	2.500%			
			10/15/2014	100,000.00	3.250%			
			10/15/2015	20,000.00	3.000%			
			10/15/2015	200,000.00	3.500%			
			10/15/2016	215,000.00	3.125%			
						\$ 12,367,000.00	\$ 970,000.00	\$ 11,397,000.00

REF.

C

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, 2009	C	\$	2,320,887.00
Increased by:			
NJ EIT 2010 Loan Financing	C-8		<u>688,750.00</u>
			3,009,637.00
Decreased by:			
Paid by Budget Appropriation		\$	268,163.18
NJ EIT Project Credits Applied to Loan Repayment			39,294.43
NJ EIT Loan Refunding by State of New Jersey			210,000.00
Unexpended Balance Applied - Improvement Authorizations			<u>290,914.00</u>
	C-4		<u>808,371.61</u>
Balance, December 31, 2010	C	\$	<u><u>2,201,265.39</u></u>

"C-12"

SCHEDULE OF ECONOMIC DEVELOPMENT AUTHORITY  
LOAN PAYABLE

Balance, December 31, 2009	C	\$	<u>12,950.00</u>
Decreased by:			
Paid by Budget Appropriation	C-4	\$	<u><u>12,950.00</u></u>

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, 2009</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2010</u>
1938	General Improvements: Road Reconstruction, Drainage & Curb Improvements- Van Winkle to Lafayette Ave. - Phase I	10/9/2009	10/9/2009 10/8/2010	10/8/2010 10/8/2011	2.00% 1.25%	\$ 61,000.00	\$ 61,000.00	\$ 61,000.00	\$ 61,000.00
1949	Various Road Improvements, Drainage and Curb Improvements- Phase I	10/9/2009	10/9/2009 10/8/2010	10/8/2010 10/8/2011	2.00% 1.25%	285,000.00	285,000.00	285,000.00	285,000.00
1959	Creation of a Recreation Facility	10/9/2009	10/9/2009 10/8/2010	10/8/2010 10/8/2011	2.00% 1.25%	14,000.00	14,000.00	14,000.00	14,000.00
1963	Municipal Building HVAC Improvements	10/9/2009	10/9/2009 10/8/2010	10/8/2010 10/8/2011	2.00% 1.25%	237,500.00	237,500.00	237,500.00	237,500.00
1976	Various Road Reconstruction, Curbing and Drainage Improvements	10/9/2009	10/9/2009 10/8/2010	10/8/2010 10/8/2011	2.00% 1.25%	570,000.00	570,000.00	570,000.00	570,000.00
1956	Various Drainage and Stormwater Improvements	7/22/2010	7/22/2010	7/22/2011	1.25%	950,000.00	950,000.00	950,000.00	950,000.00
2004	Various Capital Improvements	7/22/2010	7/22/2010	7/22/2011	1.25%	285,000.00	285,000.00	285,000.00	285,000.00
2008	Road Improvement Program	7/22/2010	7/22/2010	7/22/2011	1.25%	570,000.00	570,000.00	570,000.00	570,000.00
<u>Local Improvements:</u>									
1989	Various Roads Reconstruction & Stormwater Conveyance	10/9/2009	10/9/2009 10/8/2010	10/8/2010 10/8/2011	2.00% 1.25%	380,000.00	380,000.00	380,000.00	380,000.00
						<u>\$ 1,547,500.00</u>	<u>\$ 3,352,500.00</u>	<u>\$ 1,547,500.00</u>	<u>\$ 3,352,500.00</u>
						C	C-2	C-2	C
<u>New Issues</u>						\$ 1,805,000.00	\$ 1,805,000.00	\$ 1,805,000.00	\$ 1,805,000.00
<u>Renewals</u>						\$ 1,547,500.00	\$ 1,547,500.00	\$ 1,547,500.00	\$ 1,547,500.00
						<u>\$ 3,352,500.00</u>	<u>\$ 3,352,500.00</u>	<u>\$ 1,547,500.00</u>	<u>\$ 1,547,500.00</u>

**BOROUGH OF HAWTHORNE**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2009		2010 AUTHORIZATIONS		PAID OR CHARGED	CANCELED	BALANCE DECEMBER 31, 2010	
		FUNDED	UNFUNDED	FUNDED	UNFUNDED			FUNDED	UNFUNDED
<b>General Improvements:</b>									
1586	Various Capital Improvements	\$ 98,512.00	\$	\$	\$	\$ 97,610.34	\$	\$ 901.66	\$
1588	Handicapped Curb Cuts					(29,908.20)		29,908.20	
1591	Fuel Storage Tanks					(2,066.16)		1,280.16	786.00
1594	ADA Compliant Equipment					(41,997.64)		41,997.64	
1765	Acq. & Install. Of Public Safety Commun. System					(0.65)		130,856.65	
1817/1959	Improvement of Recreational Facilities		11,487.00			6,863.48			4,623.52
1826	Sewer Pump Station & Line Improvements						290,914.00		
1856	2005 Road Improvement Program							243,191.00	
1865	Acquisition of Fire Department Equipment					0.23		23,551.77	
1866	Improvements to Buena Vista Ave Phase III					0.39		20,890.61	
1867	Sanitary Sewer Improvements					0.52		49,826.48	
1885	Improvements to Municipal Pool		90,000.00			(0.57)		5,558.57	
1892	Improvements to Brookside Ave		1,914.00			0.29			90,000.00
1905	2007 Road Program					(0.66)		527.66	1,913.71
1908	Repairs and Renovation to Municipal Pool					5,908.00		5,907.64	
1918	Improvements to Municipal Building		187.00			8,294.00		1,044.00	187.00
1938	Improvement of Van Winkle Ave.					0.39		178.61	
1949	Road Const. Curbing, Resurfacing & Drainage Imprv.		27,820.00			(0.41)			27,820.41
1956	Drainage & Stormwater Imprv. Various Locations		23,382.00			(12,000.26)			35,382.26
1961	Repair to Sicomac Pump Station		810,047.00			735,832.05			74,214.95
1963	Municipal Building HVAC Improve					(2,694.38)			2,694.38
1974	Installation of Handicapped Accessible Ramps					6,730.92			11,008.08
1976	Road Reconstruction and Improve to Central Ave.		40,559.00			23,946.24		16,612.76	
1991	Various Road Reconstruction, Curbing, Resurfacing, and Drainage		30,573.00			1,735.20			28,837.80
2004	Improvement to Goffe Hill Road and Sicomac Road		3,391.00			(150,513.11)			153,904.11
2008	Sewage Pumping Station		671,737.00			452,087.81		208,399.19	
2010	Various Capital Improvements and Equipment				300,000.00	269,399.04			11,250.00
2011	Road Improvement Program				600,000.00	352,211.54			30,600.96
2032	Improvements to Van Winkle Ave				180,000.00	122,953.86			247,788.46
	Handicapped Curb Ramps				51,000.00	51,000.00			57,046.14
	Rehabilitation of Substandard Housing				90,000.00	43,314.04			46,685.96
<b>Local Improvements:</b>									
1948	Sidewalks and Driveway Aprons - Van Winkle Ave		33,420.00						33,420.00
1972	Sidewalks and Driveway Aprons - Luxedo Ave		31,969.00			(0.02)			31,969.02
1989	Reconstruction of Sidewalks and Driveway Aprons - Central Ave		5,921.00			5,818.33			102.67
2009	Road Reconstruction, Stormwater Conveyance Imprv., Curbing & Other Imprv. Brockhuizen Lane		295,861.00		325,000.00	260,922.41			34,938.59
	Sidewalk Improvements - Various Streets					253,119.84			71,880.16
		\$ 919,812.00	\$ 2,055,448.00	\$ 1,546,000.00	\$ 1,546,000.00	\$ 2,452,659.22	\$ 290,914.00	\$ 780,632.60	\$ 987,054.18
	REF.	C	C	C				C-C-3	C-C-5
	Capital Improvement Fund			\$ 68,100.00					
	Bonds and Notes Authorized			1,477,900.00					
	Encumbrances Issued					\$ 2,691,841.28			
	Encumbrances Cancelled					(239,182.06)			
				\$ 1,546,000.00		\$ 2,452,659.22			

"C-15"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2009	C	\$ 144,363.00
Increased by:		
2010 Budget Appropriation	C-2	<u>100,000.00</u>
		244,363.00
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-14	<u>68,100.00</u>
Balance, December 31, 2010	C	<u><u>\$ 176,263.00</u></u>

"C-16"

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, December 31, 2009	C	\$ 499,689.00
Increased by:		
Encumbrances Issued	C-14	<u>2,691,841.28</u>
		3,191,530.28
Decreased by:		
Cash Disbursements	C-2	\$ 1,747,430.06
Encumbrances Cancelled	C-14	<u>239,182.06</u>
		<u>1,986,612.12</u>
Balance, December 31, 2010	C	<u><u>\$ 1,204,918.16</u></u>

BOROUGH OF HAWTHORNE  
GENERAL CAPITAL FUND  
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2009 (Due To)	C	\$ 118,541.00
Increased by:		
Cash Receipts	C-2	<u>12,304.31</u>
		130,845.31
Decreased by:		
Cash Disbursements	C-2	<u>130,880.24</u>
Balance, December 31, 2010 (Due From)	C	<u><u>\$ 34.93</u></u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER <u>31, 2009</u>	2010 BUDGET <u>REVENUE</u>	BALANCE DECEMBER <u>31, 2010</u>
Reserve for Bond Sale Issuance Costs	\$ 2,404.00	\$	\$ 2,404.00
Reserve for Payment of Debt	193,406.00	50,000.00	143,406.00
	<u>195,810.00</u>	<u>50,000.00</u>	<u>145,810.00</u>
<u>REF.</u>	C	C-2:A-2	C



BOROUGH OF HAWTHORNE

WATER UTILITY FUND

SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
D	\$ 347,650.00	\$ 157,741.00
D-7	2,659,475.47	
D-2	89,100.00	
D-20	45,000.00	
D-3	4,730.23	
D-11	5,824.52	
D-12		3,849.28
D-24		495,000.00
D-12	3,855.41	10,616.00
D-12	36,427.33	
D-3		
	<u>2,844,412.96</u>	<u>509,465.28</u>
	3,192,062.96	667,206.28
D-4	2,353,525.22	
D-9	96,801.15	
D-8	13,180.98	
D-11	3,017.34	
D-20		45,000.00
D-14	22,801.65	
D-19		279,318.08
D-1	83.98	
D-13	125,000.00	
D-12		3,855.41
D-12	10,616.00	
	<u>2,625,026.32</u>	<u>328,173.49</u>
D	\$ 567,036.64	\$ 339,032.79

Balance, December 31, 2009

Increased by Receipts:

- Water Rents Receivable
- Fire Hydrant Service
- Reserve for Payment of Debt
- Non-Budget Revenue
- Water Rent Overpayments
- Interest on Investments
- Bond Anticipation Notes
- Due Water Operating Fund
- Due Water Capital Fund
- Miscellaneous

Decreased by Disbursements:

- 2010 Appropriations
- 2009 Appropriation Reserves
- Accounts Payable
- Water Rent Overpayments
- Reserve for Payment of Debt
- Accrued Interest Payable
- Contracts Payable
- Refund of Prior Year Revenue
- Due Current Fund
- Due Water Operating Fund
- Due Water Capital Fund

Balance, December 31, 2010

"D-6"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

ANALYSIS OF CASH

BALANCE  
DECEMBER 31,  
2010

Fund Balance	\$	1,628.00
Capital Improvement Fund		64,601.00
Reserve for Payment of Debt		12,141.00
Loan Proceeds Receivable		(307,803.00)
Due Water Utility Operating Fund		(6.13)
Encumbrances Payable		36,919.00
Improvement Authorizations:		
Ord. 1575 - Acquisition of Two Pickup Trucks		(23,344.00)
Ord. 1811 - Replacement of Various Water Mains		354,306.00
Ord. 1957 - Goffle Road Pump House Facility		24,519.00
Ord. 1994 - Various Improvements and Equipment		176,071.92
		<hr/>
	\$	<u>339,032.79</u>

REF.

D

"D-7"

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

	<u>REF.</u>		
Balance, December 31, 2009	D	\$	291,276.00
Increased by:			
Water Rents Levied			2,826,181.69
			<u>3,117,457.69</u>
Decreased by:			
Collections	D-5		<u>2,659,475.47</u>
Balance, December 31, 2010	D	\$	<u><u>457,982.22</u></u>

"D-8"

WATER UTILITY OPERATING FUND  
SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2009	D	\$	16,415.00
Decreased by:			
Cash Disbursements	D-5	\$	13,180.98
Cancelled to Operations	D-1		<u>3,234.02</u>
		\$	<u><u>16,415.00</u></u>

BOROUGH OF HAWTHORNE  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2009 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2009</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operating:				
Salaries and Wages	\$ 17,807.00	\$ 34,307.00	\$ 15,910.27	\$ 18,396.73
Other Expenses	505.00	85,243.00	76,030.56	9,212.44
Laboratory Testing and Safe Water Act	<u>8,180.00</u>	<u>4,940.00</u>	<u>4,860.32</u>	<u>79.68</u>
	<u>\$ 26,492.00</u>	<u>\$ 124,490.00</u>	<u>\$ 96,801.15</u>	<u>\$ 27,688.85</u>
<u>REF.</u>	D			D-1
Balance, December 31, 2009	D	\$ 26,492.00	\$	
Encumbrances Payable	D-10	97,998.00		
Cash Disbursements	D-5		<u>96,801.15</u>	
		<u>\$ 124,490.00</u>	<u>\$ 96,801.15</u>	

"D-10"

BOROUGH OF HAWTHORNE  
WATER UTILITY OPERATING FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2009	D	\$	97,998.00
Increased by:			
Charges to 2010 Budget Appropriations	D-4		105,969.45
			<u>203,967.45</u>
Decreased by:			
Transferred to Appropriation Reserves	D-9		97,998.00
			<u>97,998.00</u>
Balance, December 31, 2010	D	\$	<u>105,969.45</u>

"D-11"

WATER UTILITY OPERATING FUND  
SCHEDULE OF WATER RENT OVERPAYMENTS

Balance, December 31, 2009	D	\$	3,083.00
Increased by:			
Overpayments Collected	D-5		5,824.52
			<u>8,907.52</u>
Decreased by:			
Overpayments Refunded	D-5		3,017.34
			<u>3,017.34</u>
Balance, December 31, 2010	D	\$	<u>5,890.18</u>

"D-12"

BOROUGH OF HAWTHORNE  
WATER UTILITY OPERATING FUND  
SCHEDULE OF DUE WATER UTILITY CAPITAL FUND

	<u>REF.</u>		
Balance, December 31, 2009 (Due To)	D		\$ 751.00
Increased by:			
Receipts from Water Capital Fund	D-5	\$ 3,855.41	
Charges to 2010 Appropriations	D-4	<u>9,865.00</u>	
			<u>13,720.41</u>
			14,471.41
Decreased by:			
Interest on Investments - Water Capital Fund	D-5	3,849.28	
Cash Disbursements	D-5	<u>10,616.00</u>	
			<u>14,465.28</u>
Balance, December 31, 2010 (Due To)	D		<u>\$ 6.13</u>

"D-13"

WATER UTILITY OPERATING FUND  
SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2009	D		\$ 125,000.00
Decreased by:			
Payments to Current Fund			<u>\$ 125,000.00</u>

"D-14"

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

	<u>REF.</u>		
Balance, December 31, 2009	D	\$	23,928.00
Increased by:			
Charges to Budget Appropriations	D-4		<u>22,801.65</u>
			46,729.65
Decreased by:			
Cash Disbursements	D-5		<u>22,801.65</u>
Balance, December 31, 2010	D	\$	<u><u>23,928.00</u></u>

"D-15"

WATER UTILITY CAPITAL FUND

SCHEDULE OF LOAN PROCEEDS RECEIVABLE

Balance, December 31, 2009	D	\$	604,120.00
Decreased by:			
Improvement Authorizations Cancelled	D-18		<u>296,317.00</u>
Balance, December 31, 2010	D	\$	<u><u>307,803.00</u></u>

"D-16"

BOROUGH OF HAWTHORNE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>		BALANCE DECEMBER 31, 2009		BALANCE DECEMBER 31, 2010
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		1,824,595.00		1,824,595.00
	\$	<u>10,181,434.00</u>	\$	<u>10,181,434.00</u>
<u>REF.</u>		D		D

"D-17"

WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ACCOUNT</u>		BALANCE DECEMBER 31, 2009	<u>CANCELLED</u>		BALANCE DECEMBER 31, 2010	
Ord 1811- Replace Various Water Mains	\$	650,869.00	\$	296,317.00	\$	354,552.00
Ord 1957- Goffle Road Pump House Facility		70,000.00				70,000.00
Ord 1994- Various Improvements and Equipment		495,000.00				495,000.00
	\$	<u>1,215,869.00</u>		<u>296,317.00</u>	\$	<u>919,552.00</u>
<u>REF.</u>		D		D-18		D

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2009		PAID OR CHARGED	CANCELLED	BALANCE DECEMBER 31, 2010	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
General Improvements:									
1811	Replacement of Water Mains	6/18/2003	\$ 2,800,000.00	\$ 650,623.00	\$ 246.00	\$	\$ 296,317.00	\$ 354,306.00	\$ 246.00
1957	Goffle Road Pump House Facility	11/5/2008	70,000.00	24,519.00				24,519.00	
1994	Various Improvement and Equipment	11/7/2009	495,000.00		230,059.00	53,987.08			176,071.92
			\$	\$ 675,142.00	\$ 230,305.00	\$ 53,987.08	\$ 296,317.00	\$ 378,825.00	\$ 176,317.92
			<u>REF.</u>	D	D	D-19	D-15	D	D

"D-19"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2009	D	\$	252,385.00
Increased by:			
Charges to Improvement Authorizations	D-18		<u>53,987.08</u>
			306,372.08
Decreased by:			
Cash Disbursements	D-5	\$	279,318.08
Due to Water Utility Operating Fund	D-12		<u>(9,865.00)</u>
			<u>269,453.08</u>
Balance, December 31, 2010	D	\$	<u><u>36,919.00</u></u>

"D-20"

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2009	D	\$	57,141.00
Decreased by:			
Appropriated in 2010 Budget Revenue	D-3		<u>45,000.00</u>
Balance, December 31, 2010	D	\$	<u><u>12,141.00</u></u>

"D-21"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

	<u>REF.</u>	
Balance, December 31, 2009	D	\$ <u>70,000.00</u>
Balance, December 31, 2010	D	\$ <u><u>70,000.00</u></u>
<u>Analysis of Balance:</u>		
Ordinance 1957- Goffle Road Pump House		\$ <u><u>70,000.00</u></u>

"D-22"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2009	D	\$ <u>64,601.00</u>
Balance, December 31, 2010	D	\$ <u><u>64,601.00</u></u>

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>		
Balance, December 31, 2009	D		\$ <u>8,106,015.00</u>
Increased by:			
Serial Bonds Paid by Operating Budget	D-4	\$ 50,000.00	
NJ EIT Loans Paid by Operating Budget	D-4	72,844.41	
NJ EIT Project Credits Applied to Loan Repayment	D-26	<u>55,724.88</u>	
			<u>178,569.29</u>
Balance, December 31, 2010	D		\$ <u><u>8,284,584.29</u></u>

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, 2010</u>
1994	Various Improvements and Equipment	7/22/2010	7/22/2010	7/22/2011	1.25%	\$ 495,000.00	\$ 495,000.00
						\$ 495,000.00	\$ 495,000.00

REF.

D-5

D

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, 2009</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2010</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Water Improvement Bonds	6/1/04	\$ 7,18,000.00	6/1/11	\$ 50,000.00	4.125%	578,000.00	50,000.00	528,000.00
			6/1/12	55,000.00	4.125%			
			6/1/13	55,000.00	4.125%			
			6/1/14	55,000.00	4.125%			
			6/1/15	60,000.00	4.125%			
			6/1/16	60,000.00	4.125%			
			6/1/17	60,000.00	4.125%			
			6/1/18	65,000.00	4.125%			
			6/1/19	68,000.00	4.125%			
						\$ 578,000.00	50,000.00	\$ 528,000.00

REF.

D

D-4

D

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF WATER LOANS PAYABLE

<u>PURPOSE</u>	<u>Ord. No.</u>		<u>BALANCE DECEMBER 31, 2009</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2010</u>
Replacement of Various Water Mains	1811	\$	2,124,698.00	\$ 424,886.29	\$ 1,699,811.71
		\$	<u>2,124,698.00</u>	<u>424,886.29</u>	<u>1,699,811.71</u>
		<u>REF.</u>	<u>D</u>		<u>D</u>
Paid by Budget Appropriations				\$ 72,844.41	
NJ EIT Project Credits Applied to Loan Repayment				55,724.88	
Unexpended Balance Applied-Improvement Authorizations				<u>296,317.00</u>	
		\$		<u>424,886.29</u>	

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, 2009</u>	<u>BOND ANTICIPATION NOTES ISSUED</u>	<u>BALANCE DECEMBER 31, 2010</u>
1575	Acquisition of Two Pickup Trucks	\$ 23,344.00	\$	\$ 23,344.00
1811	Replacement of Various Water Mains	246.00		246.00
1994	Various Improvements and Equipment	<u>495,000.00</u>	<u>495,000.00</u>	<u>                    </u>
		<u>\$ 518,590.00</u>	<u>\$ 495,000.00</u>	<u>\$ 23,590.00</u>
	<u>REF.</u>	D	D-24	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, 2009	E	\$ <u>17,053.00</u>	\$ <u>17,053.00</u>
Increased by Receipts:			
Donations	E-2	235.59	235.59
Receipts from Current Fund	E-2	285.00	285.00
Interest on Deposits	E-2	<u>172.69</u>	<u>172.69</u>
<u>Total Receipts</u>		<u>693.28</u>	<u>693.28</u>
		<u>17,746.28</u>	<u>17,746.28</u>
Decreased by:			
Payments to Current Fund	E-1	<u>172.69</u>	<u>172.69</u>
<u>Total Disbursements</u>		<u>172.69</u>	<u>172.69</u>
Balance December 31, 2010	E	\$ <u><u>17,573.59</u></u>	\$ <u><u>17,573.59</u></u>

BOROUGH OF HAWTHORNE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>P.A.T.F. I</u>	<u>FUND</u> <u>TOTAL</u>
Donations	\$ <u>235.59</u>	\$ <u>235.59</u>
<u>TOTAL REVENUE ( P.A.T.F.)</u>	235.59	235.59
Receipts from Current Fund	285.00	285.00
Interest Earned	<u>172.69</u>	<u>172.69</u>
<u>TOTAL RECEIPTS</u>	\$ <u><u>693.28</u></u>	\$ <u><u>693.28</u></u>

"E-3"

BOROUGH OF HAWTHORNE  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance December 31, 2009 (Due from)	E	\$	285.00
Increased by:			
Payments to Current Fund	E-1		<u>172.69</u>
			457.69
Decreased by:			
Interest on Investments	E-1	\$	172.69
Receipts from Current Fund	E-1		<u>285.00</u>
		\$	<u><u>457.69</u></u>

"E-4"

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

Balance December 31, 2009	E	\$	17,338.00
Increased by:			
Revenues	E-2		<u>235.59</u>
Balance December 31, 2010	E	\$	<u><u>17,573.59</u></u>

BOROUGH OF HAWTHORNE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND  
RECONCILIATION AS OF DECEMBER 31, 2010

	<u>REF.</u>		
Balance December 31, 2009	E-1	\$	17,053.00
Increased by:			
Cash Receipts	E-4		<u>693.28</u>
			17,746.28
Decreased by:			
Cash Disbursements:			
Payments to Current Fund	E-5		<u>172.69</u>
Balance December 31, 2010	E-1	\$	<u><u>17,573.59</u></u>

Reconciliation, December 31, 2010

	<u>P.A.T.F. I ACCOUNT</u>		<u>TOTAL</u>
Balance on Deposit per Statement of: Columbia Bank #24804356	\$ <u>17,573.59</u>	\$	<u>17,573.59</u>
Balance December 31, 2010	\$ <u><u>17,573.59</u></u>	\$	<u><u>17,573.59</u></u>

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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

SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS

SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE

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



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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E-mail [info@scnco.com](mailto:info@scnco.com)

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 Council  
Borough of Hawthorne  
County of Passaic  
Hawthorne, New Jersey 07506

We have audited the accompanying financial statements - statutory basis of the Borough of Hawthorne, County of Passaic, New Jersey as of and for the year ended December 31, 2010, and have issued our report thereon dated July 29, 2011. 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. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as 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.

#### Internal Control Over Financial Reporting

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

## 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we noted certain immaterial matters involving the internal control that we have reported to the Borough of Hawthorne in the General Comments and Recommendations Section of this report.

### Compliance and Other Matters

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

This report is intended solely for the information and use of the Borough of Hawthorne, County of Passaic, New Jersey, the Division of Local Government Services and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 29, 2011

BOROUGH OF HAWTHORNE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2010

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT YEAR</u>	<u>GRANT AWARD AMOUNT</u>	<u>2010 FUNDS RECEIVED</u>	<u>2010 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2010</u>
<u>Department of Housing and Urban Development</u> (Pass through from County of Passaic)						
Community Development Block Grant	14.218	2009 2010	\$ 147,500.00 50,000.00	\$	\$ 23,946.24 50,000.00	\$ 131,387.24 50,000.00
<u>Department of Transportation</u> (Pass through from State of NJ Dept of Law and Public Safety)						
Click It or Ticket Program		2010	4,000.00	4,000.00	4,000.00	4,000.00
<u>(Pass through from State of NJ Dept of Transportation)</u>						
<u>Highway Planning and Construction</u>						
Van Winkle Ave - Ord. 2010	20.205	2010	180,000.00	83,823.75	122,953.86	122,953.86
Central Ave - Ord. 1975		2009	220,000.00	50,616.65	1,735.20	191,162.20
Van Winkle Ave - Ord. 1938		2008	242,000.00	30,372.83	30,372.83	211,745.83
			\$ 168,813.23	\$ 233,008.13	\$ 711,249.13	

See Accompanying Notes to Schedule of Expenditures of Federal Awards



BOROUGH OF HAWTHORNE

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

YEAR ENDED DECEMBER 31, 2010

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 - statutory 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 - STATUTORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's statutory 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-STATUTORY BASIS (CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 4,000.00	\$ 114,497.20	\$ 138,000.00	\$ 256,497.20
General Capital Fund	<u>230,000.00</u>	<u>688,750.00</u>	<u>                    </u>	<u>918,750.00</u>
	<u>\$ 234,000.00</u>	<u>\$ 803,247.20</u>	<u>\$ 138,000.00</u>	<u>\$ 1,175,247.20</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 4,000.00	\$ 100,840.24	\$ 107,885.50	\$ 212,725.74
General Capital Fund	<u>229,008.13</u>	<u>388,799.57</u>	<u>                    </u>	<u>617,807.70</u>
	<u>\$ 233,008.13</u>	<u>\$ 489,639.81</u>	<u>\$ 107,885.50</u>	<u>\$ 830,533.44</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 RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

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

	YEAR 2010		YEAR 2009	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,120,000.00	1.71%	\$ 1,460,185.00	2.29%
Miscellaneous-From Other Than Local				
Property Tax Levies	4,234,848.94	6.46%	4,432,069.00	6.96%
Collection of Delinquent Taxes and Tax Title Liens	921,198.40	1.41%	774,596.00	1.22%
Collection of Current Tax Levy	59,265,189.74	90.42%	56,968,858.00	89.52%
<u>TOTAL INCOME</u>	<u>65,541,237.08</u>	<u>100.00%</u>	<u>63,635,708.00</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	17,006,482.23	26.50%	17,153,989.00	27.29%
County Taxes	14,922,561.13	23.25%	14,430,559.00	22.96%
School Taxes	32,119,402.00	50.05%	30,870,254.00	49.11%
Other	129,317.18	0.20%	398,947.00	0.63%
<u>TOTAL EXPENDITURES</u>	<u>64,177,762.54</u>	<u>100.00%</u>	<u>62,853,749.00</u>	<u>100.00%</u>
Statutory Excess to Fund Balance	1,363,474.54		781,959.00	
Fund Balance, January 1	2,826,134.00		3,504,360.00	
	4,189,608.54		4,286,319.00	
Less: Utilization as Anticipated Revenue	1,120,000.00		1,460,185.00	
Fund Balance, December 31	\$ <u>3,069,608.54</u>		\$ <u>2,826,134.00</u>	

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

	<u>YEAR 2010</u>		<u>YEAR 2009</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 11,270.00	0.39%	\$ 11,000.00	0.44%
Water Rents	2,659,475.47	92.32%	2,243,859.00	90.57%
Fire Hydrant Service	89,100.00	3.09%	97,350.00	3.93%
Miscellaneous	<u>120,929.71</u>	<u>4.20%</u>	<u>125,327.00</u>	<u>5.06%</u>
<u>TOTAL INCOME</u>	<u>2,880,775.18</u>	<u>100.00%</u>	<u>2,477,536.00</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	2,226,282.00	89.09%	2,209,398.00	89.29%
Deferred Charges and Statutory Expenditures	127,000.00	5.08%	122,000.00	4.93%
Debt Service	145,646.06	5.83%	143,037.00	5.78%
Other	<u>83.98</u>	<u>0.00%</u>		
<u>TOTAL EXPENDITURES</u>	<u>2,499,012.04</u>	<u>100.00%</u>	<u>2,474,435.00</u>	<u>100.00%</u>
Statutory Excess to Fund Balance	381,763.14		3,101.00	
Fund Balance, January 1	<u>54,083.00</u>		<u>61,982.00</u>	
	435,846.14		65,083.00	
Less: Utilization as Anticipated Revenue	<u>11,270.00</u>		<u>11,000.00</u>	
Fund Balance, December 31	\$ <u>424,576.14</u>		\$ <u>54,083.00</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	<u>\$4.876</u>	<u>\$4.676</u>	<u>\$4.487</u>
Apportionment of Tax Rate:			
Municipal	\$1.074	\$1.022	\$0.964
County	1.205	1.162	1.125
Local District School	<u>2.597</u>	<u>2.492</u>	<u>2.398</u>

Assessed Valuations:

2010	\$ <u>1,237,019,764.00</u>		
2009		\$ <u>1,238,930,898.00</u>	
2008			\$ <u>1,233,653,631.00</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>
2010	\$ 60,315,016.25	\$ 59,265,189.74	98.26%
2009	58,050,608.00	56,968,858.00	98.14%
2008	55,714,010.00	54,837,111.00	98.43%

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>
2010	\$ 784,913.33	\$ 982,893.85	\$ 1,767,807.18	2.93%
2009	726,501.00	931,153.00	1,657,654.00	2.91%
2008	650,653.00	778,206.00	1,428,859.00	2.61%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2010 by foreclosure or deed, as a result of liquidation of tax title liens.

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>
2010	\$34,980.00
2009	\$34,980.00
2008	\$34,980.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER 31</u>	<u>UTILIZED IN</u> <u>BUDGET OF</u> <u>SUCCEEDING</u> <u>YEAR</u>
Current Fund	2010	\$ 3,069,608.54	\$ 1,225,000.00
	2009	2,826,134.00	1,120,000.00
	2008	3,504,360.00	1,460,185.00
	2007	3,482,320.00	1,558,500.00
	2006	3,028,000.00	1,361,000.00
Water Utility Operating Fund	2010	424,576.14	23,344.00
	2009	54,083.00	11,270.00
	2008	61,982.00	11,000.00
	2007	244,026.00	76,965.00
	2006	297,290.00	147,849.00

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	*	
Susan Witkowski	Borough Clerk	*	
Mary Jeanne Hewitt	Chief Financial Officer/ Treasurer	\$1,000,000.00	MEL JIF
Barbara Crowley	Tax Collector	\$1,000,000.00	MEL JIF
Michael Pasquale, Esq.	Municipal Attorney		
John Meola	Magistrate	\$1,000,000.00	MEL JIF
Christine Oravetz	Court Administrator	\$1,000,000.00	MEL JIF
Joyce Comerro	Violations Clerk	\$1,000,000.00	MEL JIF

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

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GENERAL COMMENTS AND RECOMMENDATIONS

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, 2005, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$21,000.00. Effective July 1, 2010 the bid threshold was increased to \$26,000.00. The Borough increased the bid threshold by appointing a Qualified Purchasing Agent (QPA).

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:

Tree Planting	Street Sweeper
Sewer Force Mains	Brockhuizen Lane Improvements
Police Computers	2010 Road Program
Van Winkle Ave.	Field Lighting
Drainage Improvements	Solid Waste

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 2010 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 September 28, 2010 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>
2010	2
2009	2
2008	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	25
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.

Capital

Our audit disclosed that there are Deferred Charges to Future Taxation balances as of December 31, 2010, where the projects have been completed and payments made from cash not provided by the particular ordinances with unfinanced costs. In addition, we noted that there were older Improvement Authorization balances that had balances that were inactive.

Tax Collector

We noted that the actual tax billings (as adjusted for tax appeals) were not reconciled to the Tax Duplicate. All adjustments that occur after certification of the tax levy should be documented.

## RECOMMENDATIONS

### Capital

That ordinances with Deferred Charges to future taxations balances over five years old be funded in future budgets and that old improvements authorizations be reviewed for cancellation.

### Tax Collector

That the actual tax billings be reconciled to the tax duplicate certified by the County Tax Board.



