

*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, 2012*



BOROUGH OF HAWTHORNE

I N D E X

	<u>PAGES</u>
<u>PART I</u>	
Independent Auditor's Report	1-3
	<u>EXHIBITS</u>
<u>Financial Statements - Regulatory Basis</u>	
<u>Current Fund:</u>	
Balance Sheets - Regulatory Basis	"A"
Statements of Operations and Change in Fund Balance - Regulatory Basis	"A-1"
Statement of Revenues - Regulatory Basis for the Year Ended December 31, 2012	"A-2"
Statement of Expenditures - Regulatory Basis for the Year Ended December 31, 2012	"A-3"
<u>Trust Fund:</u>	
Balance Sheets - Regulatory Basis	"B"
Statements of Change in Fund Balance - Regulatory Basis - Assessment Trust Fund	"B-1"
<u>General Capital Fund:</u>	
Balance Sheets - Regulatory Basis	"C"
Statements of Change in Fund Balance - Regulatory Basis	"C-1"
<u>Water Utility Fund:</u>	
Balance Sheets - Regulatory Basis	"D"
Statements of Operations and Change in Fund Balance - Regulatory Basis - Operating Fund	"D-1"
Statements of Change in Fund Balance - Regulatory Basis - Capital Fund	"D-2"
Statement of Revenues - Regulatory Basis for the Year Ended December 31, 2012 - Operating Fund	"D-3"
Statement of Expenditures - Regulatory Basis for the Year Ended December 31, 2012 - Operating Fund	"D-4"
<u>Public Assistance Fund:</u>	
Balance Sheets - Regulatory Basis	"E"
<u>General Fixed Assets Account Group:</u>	
Balance Sheets - Regulatory Basis	"F"
	<u>PAGES</u>
Notes to Financial Statements	4-22

BOROUGH OF HAWTHORNE

INDEX (CONTINUED)

EXHIBITS

Supplementary Schedules - All Funds

Current Fund:

Schedule of Cash-Treasurer	"A-4"
Schedule of Change Funds	"A-5"
Schedule of Taxes Receivable and Analysis of Property Tax Levy	"A-6"
Schedule of Due State of New Jersey Per Chapter 20, P.L. 1971	"A-7"
Schedule of Revenue Accounts Receivable	"A-8"
Schedule of Tax Title Liens	"A-9"
Schedule of Foreclosed Property	"A-10"
Schedule of Grants Receivable	"A-11"
Schedule of County Taxes Payable	"A-12"
Schedule of Local School District Tax Payable	"A-13"
Schedule of 2011 Appropriation Reserves	"A-14"
Schedule of Prepaid Taxes	"A-15"
Schedule of Reserve for Tax Overpayments	"A-16"
Schedule of Reserve for Encumbrances Payable	"A-17"
Schedule of Accounts Payable	"A-18"
Schedule of Fees Payable	"A-19"
Schedule of LOSAP Contributions Payable	"A-20"
Schedule of Appropriated Reserves for Grants	"A-21"
Schedule of Reserve for Grants - Unappropriated	"A-22"
Schedule of Deferred Charges	"A-23"

Trust Fund:

Schedule of Cash-Treasurer	"B-2"
Analysis of Cash - Assessment Fund	"B-3"
Schedule of Assessments Receivable - Assessment Fund	"B-4"
Schedule of Assessments Liens - Assessment Fund	"B-5"
Schedule of Assessments Lien Interest and Costs - Assessment Fund	"B-6"
Schedule of Due Current Fund - Assessment Fund	"B-7"
Schedule of Due General Capital Fund - Assessment Fund	"B-8"
Schedule of Prospective Assessments Funded - Assessment Fund	"B-9"
Schedule of Assessment Notes - Assessment Fund	"B-10"
Schedule of Various Reserves and Deposits	"B-11"
Schedule of Reserve for Animal Control Fund Expenditures	"B-12"
Schedule of Due State of New Jersey - Animal Control Fund	"B-13"
Schedule of Due Current Fund - Unemployment Claims	"B-14"
Schedule of Due Other Trust Fund - Assessment Fund	"B-15"
Schedule of Due Current Fund - Other Trust Fund	"B-16"
Schedule of Due General Capital Fund - Other Trust Fund	"B-17"

BOROUGH OF HAWTHORNE

INDEX (CONTINUED)

EXHIBITS

General Capital Fund:

Schedule of Cash-Treasurer	"C-2"
Analysis of Cash	"C-3"
Schedule of Deferred Charges to Future Taxation - Funded	"C-4"
Schedule of Deferred Charges to Future Taxation - Unfunded	"C-5"
Schedule of New Jersey Environmental Infrastructure Loan Proceeds Receivable	"C-6"
Schedule of Due Assessment Trust Fund	"C-7"
Schedule of Grants Receivable	"C-8"
Schedule of Prospective Assessments Raised by Taxation	"C-9"
Schedule of General Serial Bonds	"C-10"
Schedule of Department of Environmental Protection - New Jersey Environmental Infrastructure Loan Payable	"C-11"
Schedule of Due Trust Other Fund	"C-12"
Schedule of Bond Anticipation Notes	"C-13"
Schedule of Improvement Authorizations	"C-14"
Schedule of Capital Improvement Fund	"C-15"
Schedule of Encumbrances Payable	"C-16"
Schedule of Due Current Fund	"C-17"
Schedule of Various Reserves and Deposits	"C-18"
Schedule of Bonds and Notes Authorized But Not Issued	"C-19"

Water Utility Fund:

Schedule of Cash-Treasurer	"D-5"
Analysis of Cash - Capital Fund	"D-6"
Schedule of Consumer Accounts Receivable - Operating Fund	"D-7"
Schedule of Water Rent Overpayments - Operating Fund	"D-8"
Schedule of 2011 Appropriation Reserves - Operating Fund	"D-9"
Schedule of Encumbrances Payable - Operating Fund	"D-10"
Schedule of Water Loans Payable - Capital Fund	"D-11"
Schedule of Due Water Utility Capital Fund - Operating Fund	"D-12"
Schedule of Due Current Fund - Operating Fund	"D-13"
Schedule of Accrued Interest on Bonds, Notes and Loans - Operating Fund	"D-14"
Schedule of Loan Proceeds Receivable - Capital Fund	"D-15"
Schedule of Fixed Capital - Capital Fund	"D-16"
Schedule of Fixed Capital Authorized and Uncompleted - Capital Fund	"D-17"
Schedule of Improvement Authorizations - Capital Fund	"D-18"
Schedule of Reserve for Contracts Payable - Capital Fund	"D-19"
Schedule of Reserve for Payment of Debt - Capital Fund	"D-20"
Schedule of Reserve for Deferred Amortization - Capital Fund	"D-21"
Schedule of Capital Improvement Fund - Capital Fund	"D-22"
Schedule of Reserve for Amortization - Capital Fund	"D-23"
Schedule of Bond Anticipation Notes - Capital Fund	"D-24"
Schedule of Serial Bonds Payable - Capital Fund	"D-25"
Schedule of Bonds and Notes Authorized But Not Issued - Capital Fund	"D-26"

BOROUGH OF HAWTHORNE

INDEX (CONTINUED)

EXHIBITS

Public Assistance Fund:

Schedule of Public Assistance Cash - Treasurer	"E-1"
Schedule of Reserve for Public Assistance Expenditures	"E-2"
Schedule of Public Assistance Cash and Reconciliation as of December 31, 2012	"E-3"

PAGES

PART II

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	23-24
Schedule of Expenditures of Federal Awards Year Ended December 31, 2012	25
Schedule of Expenditures of State Financial Assistance Year Ended December 31, 2012	26
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended December 31, 2012	27-28

PART III

Statistical Data	29-32
Officials in Office and Surety Bonds	33
General Comments and Recommendation	34-37

BOROUGH OF HAWTHORNE

PART I

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

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2012 AND 2011



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

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

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Hawthorne, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

## SUPLEE, CLOONEY & COMPANY

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

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

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

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

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

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Hawthorne as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2012.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2012 and 2011, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

**Other Matters**

*Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2013 on our consideration of the Borough of Hawthorne's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Hawthorne's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

June 12, 2013

CURRENT FUND

BOROUGH OF HAWTHORNE  
CURRENT FUND  
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>
<u>ASSETS</u>			
Cash	A-4	\$ 13,615,716.63	\$ 13,166,523.19
Change Fund	A-5	310.00	310.00
Grants Receivable	A-11	158,545.99	173,063.48
		<u>13,774,572.62</u>	<u>13,339,896.67</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	1,075,097.62	1,026,193.23
Tax Title Liens Receivable	A-9	916,866.76	859,138.03
Foreclosed Property	A-10	34,980.00	34,980.00
Revenue Accounts Receivable	A-8	20,259.46	21,889.21
Due Assessment Trust Fund	B-7	96.83	5,079.58
Due General Capital Fund	C-17	2,063.50	
Due Water Utility Operating Fund	D-13		20,110.52
		<u>2,049,364.17</u>	<u>1,967,390.57</u>
Deferred Charges:			
Emergency Appropriations 40A:4-46	A-23	177,500.00	100,000.00
		<u>16,001,436.79</u>	<u>15,407,287.24</u>

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

BOROUGH OF HAWTHORNE  
CURRENT FUND  
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-14	\$ 406,225.84 \$	326,504.92
Encumbrances Payable	A-17	816,296.15	651,157.32
Prepaid Taxes	A-15	208,759.46	254,622.39
County Taxes Payable	A-12	24,077.28	10,036.73
Tax Overpayments	A-16	17,111.02	5,421.78
Local District School Taxes Payable	A-13	8,545,267.00	8,221,701.00
Accounts Payable	A-18	20,624.20	52,000.00
Fees Payable	A-19	16,588.00	22,422.00
Due State of New Jersey-Chapter 20, PL 1971	A-7	70,142.30	63,642.30
Due General Capital Fund	C-17		38,645.29
Due Other Trust Fund	B-14	825.00	3,873.93
Due Water Utility Operating Fund	D-13	1,438.76	
LOSAP Contributions Payable	A-20	158,336.56	152,944.25
Unappropriated Reserves for Grants	A-22	34,549.96	37,094.29
Appropriated Reserves for Grants	A-21	212,583.05	177,032.64
		<u>10,532,824.58</u>	<u>10,017,098.84</u>
Reserve for Receivables and Other Assets	A	2,049,364.17	1,967,390.57
Fund Balance	A-1	3,419,248.04	3,422,797.83
		<u>\$ 16,001,436.79 \$</u>	<u>15,407,287.24</u>

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

## BOROUGH OF HAWTHORNE

## CURRENT FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	REF.	YEAR 2012	YEAR 2011
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 1,441,300.00	\$ 1,225,000.00
Miscellaneous Revenue Anticipated	A-2	3,298,167.55	3,356,967.70
Receipts From Delinquent Taxes	A-2	1,014,686.68	975,751.75
Receipts From Current Taxes	A-2	62,333,388.96	61,704,991.12
Non-Budget Revenue	A-2	495,816.94	343,294.08
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	332,559.95	559,485.08
Accounts Payable Canceled	A-18	50,000.00	34,183.20
Tax Overpayments Canceled	A-16	5,421.78	
Prior Year Senior Citizens Deductions Allowed			1,250.00
Interfunds Returned		23,029.77	
<u>Total Income</u>		<u>68,994,371.63</u>	<u>68,200,922.93</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	11,817,504.00	11,284,286.00
Deferred Charges and Statutory Expenditures	A-3	1,264,411.00	1,403,159.00
Operations Excluded From "CAPS":			
Operating	A-3	2,581,230.48	2,547,933.58
Capital Improvements	A-3	100,000.00	100,000.00
Municipal Debt Service	A-3	1,902,926.11	1,824,931.20
Deferred Charges	A-3	100,000.00	
County Taxes	A-12	15,847,791.31	16,023,350.81
Local District School Tax	A-13	34,110,878.00	33,437,997.00
Interfunds Advanced			25,190.10
Grants Receivable Canceled			30,453.55
Refund of Prior Year Revenue	A-4	9,380.52	45,432.40
<u>Total Expenditures</u>		<u>67,734,121.42</u>	<u>66,722,733.64</u>
Excess in Revenue		1,260,250.21	1,478,189.29
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charges to the Budget of the Succeeding Year	A-3	177,500.00	100,000.00
Statutory Excess to Fund Balance		1,437,750.21	1,578,189.29
<u>Fund Balance</u>			
Balance, January 1	A	3,422,797.83	3,069,608.54
		4,860,548.04	4,647,797.83
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	1,441,300.00	1,225,000.00
Fund Balance, December 31	A	\$ <u>3,419,248.04</u>	\$ <u>3,422,797.83</u>

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,441,300.00	\$ 1,441,300.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-8	40,000.00	40,700.00	700.00
Other	A-2	16,000.00	15,101.00	(899.00)
Fees and Permits:	A-2	110,000.00	120,666.36	10,666.36
Fines and Costs				
Municipal Court	A-8	233,000.00	245,090.20	12,090.20
Interest and Costs on Taxes	A-8	100,000.00	173,572.87	73,572.87
Interest on Investments and Deposits	A-2	60,000.00	53,639.49	(6,360.51)
Swimming Pool Admission Fees	A-8	135,000.00	167,648.00	32,648.00
Energy Receipts Taxes	A-8	1,367,765.00	1,367,765.00	
Consolidated Municipal Property Tax				
Relief Aid	A-8	100,513.00	100,513.00	
Rentals - Board of Education	A-8	20,000.00	5,000.00	(15,000.00)
Rentals - Cellular Phone	A-8	310,000.00	306,664.52	(3,335.48)
Sewer Charges	A-8	45,000.00	48,924.10	3,924.10
Cable Television Franchise Fees	A-8	200,000.00	248,561.51	48,561.51
Commuter Parking	A-8	20,000.00	23,852.00	3,852.00
Uniform Construction Code Fees	A-8	268,397.00	199,418.00	(68,979.00)
State and Federal Revenues Offset With Appropriations:				
Municipal Alliance Program	A-11	25,163.00	25,163.00	
Recycling Tonnage Grant	A-11	33,038.00	33,038.00	
Clean Communities Program	A-11		27,381.07	27,381.07
Click It or Ticket	A-11		4,000.00	4,000.00
Municipal Alcohol Education	A-11		863.41	863.41
Sustainable NJ	A-11	1,000.00	1,000.00	
Emergency Management Grant	A-11		5,000.00	5,000.00
Body Armor Replacement Fund	A-11	3,056.00	3,056.00	
Uniform Fire Safety Act - Life Hazard	A-8	33,000.00	31,550.02	(1,449.98)
Reserve for Payment of Debt Service	A-4	50,000.00	50,000.00	
Total Miscellaneous Revenues		3,170,932.00	3,298,167.55	89,991.07
Receipts From Delinquent Taxes	A-1	800,000.00	1,014,686.68	214,686.68
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2	12,862,498.56	13,077,537.21	215,038.65
Minimum Library Tax	A-2	832,182.44	832,182.44	
		13,694,681.00	13,909,719.65	215,038.65
<b>Budget Totals</b>		<b>\$ 19,106,913.00</b>	<b>\$ 19,663,873.88</b>	<b>\$ 519,716.40</b>
Non-Budget Revenue	A-2		495,816.94	
			\$ 20,159,690.82	
REF.	A-3		A-3	

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>		
Allocation of Current Tax Collections:			
Revenue From Collections	A-6	\$	62,333,388.96
Allocated to:			
School and County Taxes			<u>49,958,669.31</u>
Balance for Support of Municipal Budget Appropriations			12,374,719.65
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3		<u>1,535,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-1	\$	<u><u>13,909,719.65</u></u>
Licenses - Other:			
Borough Clerk	A-8	\$	11,361.00
Board of Health	A-8		<u>3,740.00</u>
	A-2	\$	<u><u>15,101.00</u></u>
Fees and Permits			
Police Department	A-8	\$	4,787.63
Board of Health/Registrar of Vital Statistics	A-8		31,760.00
Public Works Department	A-8		15,415.64
Planning Board	A-8		350.00
Zoning Board of Adjustment	A-8		950.00
Fire Prevention	A-8		29,870.00
Other	A-8		2,694.09
Building Department	A-8		<u>34,839.00</u>
	A-2	\$	<u><u>120,666.36</u></u>

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

REF.

Non Budget Revenues		
Recreation	\$	36,125.00
Administrative Fee - Off Duty Police		51,273.00
Copies, Maps and List		1,459.29
Administrative Fee - Senior Citizens/Veterans Deductions		3,310.00
Tax Searches/Duplicate Tax Bills		1,296.00
Insurance Dividend		96,666.00
Prior Year Insurance Reimbursement		43,647.36
FEMA		158,613.58
Rental of Property		9,900.00
Other Miscellaneous		<u>93,526.71</u>
	A-4	\$ <u><u>495,816.94</u></u>

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	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	\$ 151,742.00	\$ 151,742.00	\$ 151,708.97	\$ 33.03	
Other Expenses	11,253.00	11,253.00	10,084.55	1,168.45	
Other Expenses - Postage	18,000.00	18,000.00	18,000.00		
Mayor and Council:					
Salaries and Wages	36,500.00	36,500.00	36,499.96	0.04	
Other Expenses	2,515.00	2,515.00	1,505.00	1,010.00	
Municipal Clerk:					
Salaries and Wages	103,105.00	86,605.00	86,013.79	591.21	
Other Expenses	36,238.00	40,238.00	39,141.46	1,096.54	
Financial Administration:					
Salaries and Wages	151,538.00	151,538.00	149,936.27	1,601.73	
Other Expenses	28,278.00	28,278.00	27,919.98	358.02	
Audit Services:					
Other Expenses	26,000.00	26,000.00	26,000.00		
Revenue Administration (Tax Collection):					
Salaries and Wages	62,236.00	62,236.00	62,236.00		
Other Expenses	13,887.00	13,887.00	9,447.24	4,439.76	
Tax Assessment Administration:					
Salaries and Wages	40,410.00	40,410.00	40,410.00		
Other Expenses	21,490.00	21,490.00	21,490.00		
Legal Services:					
Salaries and Wages	86,123.00	101,123.00	95,800.84	5,322.16	
Other Expenses	35,000.00	45,000.00	41,959.05	3,040.95	
Engineering Services:					
Other Expenses	97,076.00	92,076.00	89,994.25	2,081.75	
Future of Hawthorne:					
Other Expenses	2,000.00	2,000.00	100.00	1,900.00	
<u>LAND USE ADMINISTRATION</u>					
Planning Board:					
Salaries and Wages	22,921.00	22,921.00	22,920.03	0.97	
Other Expenses	925.00	7,925.00	7,394.88	530.12	
Zoning Board of Adjustments:					
Salaries and Wages	20,214.00	20,214.00	20,213.96	0.04	
Other Expenses	1,405.00	1,405.00	395.60	1,009.40	
Computerized Data Processing:	65,820.00	85,820.00	85,820.00		
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	3,558,955.00	3,768,955.00	3,744,643.45	24,311.55	
Other Expenses	179,283.00	179,283.00	178,451.13	831.87	
Police Dispatchers:					
Salaries and Wages	129,027.00	143,527.00	142,570.73	956.27	

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
<u>PUBLIC SAFETY (CONTINUED)</u>					
Occupational Safety Health Act (NJS 40A:4-45.3):					
Salaries and Wages	\$ 20,295.00	\$ 20,295.00	\$ 20,257.33	\$ 37.67	
Other Expenses	9,345.00	9,345.00	6,971.71	2,373.29	
Emergency Management Services:					
Salaries and Wages	2,000.00	2,000.00	2,000.00		
Other Expenses	3,000.00	3,000.00	1,999.06	1,000.94	
Ambulance Corps:					
Other Expenses	4,800.00	4,800.00	4,590.00	210.00	
Domestic Violence Response:					
Other Expenses	500.00	500.00		500.00	
Fire:					
Salaries and Wages	18,200.00	18,200.00	16,614.96	1,585.04	
Other Expenses	239,114.00	220,114.00	220,061.34	52.66	
Other Expenses - Fire Hydrant Service	89,100.00	89,100.00	89,100.00		
Uniform Fire Safety A:					
Salaries and Wages	113,878.00	113,878.00	111,734.60	2,143.40	
Other Expenses	3,409.00	3,409.00	2,863.95	545.05	
Municipal Court:					
Salaries and Wages	161,042.00	161,042.00	159,808.74	1,233.26	
Other Expenses	11,692.00	11,692.00	9,531.98	2,160.02	
<u>PUBLIC WORKS</u>					
Road Repair and Maintenance:					
Salaries and Wages	519,753.00	499,753.00	477,463.31	22,289.69	
Other Expenses	182,240.00	149,240.00	114,131.74	35,108.26	
Sewer System Maintenance:					
Salaries and Wages	154,988.00	154,988.00	153,136.37	1,851.63	
Other Expenses	95,856.00	77,856.00	67,035.94	10,820.06	
Shade Tree Commission:					
Salaries and Wages	1,000.00	1,000.00	123.25	876.75	
Other Expenses	106,565.00	166,565.00	160,864.53	5,700.47	
Solid Waste Collection:					
Salaries and Wages - Recycling	68,686.00	48,686.00	47,860.46	825.54	
Other Expenses - Recycling	280,350.00	265,350.00	253,261.76	12,088.24	
Other Expenses - Garbage Removal - Contractual	301,500.00	304,000.00	304,000.00		
Buildings and Grounds:					
Salaries and Wages	96,672.00	96,672.00	87,022.45	9,649.55	
Other Expenses	94,558.00	108,558.00	103,944.64	4,613.36	
Maintenance of Parks:					
Other Expenses	46,485.00	51,485.00	41,133.86	10,351.14	

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>PUBLIC WORKS (CONTINUED)</u>					
Vehicle Maintenance:					
Other Expenses	\$ 218,220.00	\$ 232,220.00	\$ 227,167.93	\$ 5,052.07	
Community Services Act:					
Other Expenses	45,000.00	45,000.00	44,999.99	0.01	
<u>HEALTH AND HUMAN SERVICES</u>					
Board of Health:					
Salaries and Wages	96,580.00	99,080.00	98,023.43	1,056.57	
Other Expenses	26,566.00	26,566.00	25,553.12	1,012.88	
Environmental Commission:					
Other Expenses	2,600.00	2,600.00	2,600.00		
Animal Control Services:					
Other Expenses	8,000.00	8,000.00	8,000.00		
Board of Recreation:					
Salaries and Wages	71,319.00	71,319.00	67,568.05	3,750.95	
Other Expenses	84,102.00	84,102.00	77,228.29	6,873.71	
Swimming Pool:					
Salaries and Wages	80,000.00	80,000.00	80,000.00		
Other Expenses	44,490.00	49,490.00	49,490.00		
<u>OTHER COMMON OPERATING FUNCTIONS</u>					
Celebration of Public Events:					
Other Expenses	25,150.00	25,150.00	24,262.76	887.24	
Bond Fees:					
Other Expenses	11,453.00	11,453.00	8,800.00	2,653.00	
<u>CODE ENFORCEMENT AND ADMINISTRATION</u>					
Uniform Construction Code Enforcement Functions:					
Building Inspector:					
Salaries and Wages	162,991.00	152,991.00	148,561.68	4,429.32	
Other Expenses	105,406.00	105,406.00	103,378.28	2,027.72	
Property Code Enforcement:					
Salaries and Wages	57,945.00	57,945.00	57,063.82	881.18	
Other Expenses	3,093.00	3,093.00	2,736.01	356.99	

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>RELOCATION FUND:</u>					
Information Technology					
Other Expenses:	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Electricity	198,500.00	198,500.00	198,499.41	0.59	
Street Lighting	155,000.00	155,000.00	155,000.00		
Telephone	70,000.00	70,000.00	69,808.18	191.82	
Gasoline	209,000.00	204,000.00	187,262.65	16,737.35	
Landfill/Solid Waste Disposal Costs:					
Dumping Fees	489,325.00	469,325.00	445,716.37	23,608.63	
Salary Adjustment Account	23,000.00	23,000.00	3,305.98	19,694.02	
Insurance:					
General Insurance	202,655.00	177,655.00	154,403.56	23,251.44	
Worker's Compensation Insurance	130,000.00	130,000.00	130,000.00		
Group Insurance for Employees	1,586,140.00	1,586,140.00	1,572,033.77	14,106.23	
Total Operations Within "CAPS"	11,638,504.00	11,815,504.00	11,512,632.40	302,871.60	
Contingent	2,000.00	2,000.00		2,000.00	
<u>Total Operations Including Contingent Within "CAPS"</u>	<u>11,640,504.00</u>	<u>11,817,504.00</u>	<u>11,512,632.40</u>	<u>304,871.60</u>	
Detail:					
Salaries and Wages	5,988,120.00	6,163,620.00	6,080,192.45	83,427.55	
Other Expenses:	5,652,384.00	5,653,884.00	5,432,439.95	221,444.05	
Municipal Within "CAPS":					
Statutory Charges:					
Social Security System (O.A.S.I)	244,700.00	244,700.00	238,810.55	5,889.45	
Public Employees' Retirement System of NJ	290,093.00	290,093.00	290,093.00		
Police and Fireman's Retirement System of NJ	725,868.00	725,868.00	725,868.00		
DCRP	1,250.00	1,750.00	1,250.00	500.00	
Consolidated Police and Firemen's Pension	2,000.00	2,000.00		2,000.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,263,911.00	1,264,411.00	1,256,021.55	8,389.45	
Total General Appropriations for Municipal Purposes Within "CAPS"	12,904,415.00	13,081,915.00	12,768,653.95	313,261.05	

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Planning Board:					
Other Expenses - Affordable Housing	\$ 5,000.00	\$ 5,000.00	\$ 1,050.00	\$ 3,950.00	
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		
<u>EDUCATIONAL FUNCTIONS:</u>					
Maintenance of Free Public Library:					
Salaries and Wages	599,567.00	599,567.00	580,044.29	19,522.71	
Other Expenses - Contribution	255,000.00	255,000.00	255,000.00		
Other Expenses - Other Costs	360,150.00	360,150.00	360,150.00		
Sewer Processing and Disposal:					
Other Expenses - Passaic Valley Sewer Rental	1,091,571.00	1,091,571.00	1,091,570.09	0.91	
Other Expenses - Other Municipal Projects	20,150.00	20,150.00	19,663.82	486.18	
NJDEP Stormwater Permits	20,000.00	20,000.00	14,848.00	5,152.00	
Total Other Operations Excluded from "CAPS"	<u>2,475,438.00</u>	<u>2,475,438.00</u>	<u>2,446,326.20</u>	<u>29,111.80</u>	
<u>Public and Private Programs Offset by Revenues</u>					
NJ Clean Energy Grant (40A:4-87 \$2,300.00)					
Click or Ticket Grant		4,000.00	4,000.00		
Police Body Armor Fund	3,056.00	3,056.00		3,056.00	
Municipal Alliance::					
Grant Funds	25,163.00	25,163.00	25,163.00		
Local Match	6,291.00	6,291.00	6,291.00		
Emergency Management Grant		5,000.00		5,000.00	
Recycling Tonnage Grant	33,038.00	33,038.00		33,038.00	
Alcohol Rehab Grant (40A:4-87 \$863.41)		863.41		863.41	
Sustainable NJ	1,000.00	1,000.00	1,000.00		
Clean Communities Program:					
Salaries and Wages (40A:4-87 \$5,000.00)		5,000.00	5,000.00		
Other Expenses (40A:4-87 \$22,381.07)		22,381.07	485.49	21,895.58	
Total Public and Private Programs Offset by Revenues	<u>68,548.00</u>	<u>105,792.48</u>	<u>41,939.49</u>	<u>63,852.99</u>	
Total Other Operations Excluded from "CAPS"	<u>2,543,986.00</u>	<u>2,581,230.48</u>	<u>2,488,265.69</u>	<u>92,964.79</u>	
Detail:					
Salaries and Wages	599,567.00	604,567.00	585,044.29	19,522.71	
Other Expenses:	<u>1,944,419.00</u>	<u>1,976,663.48</u>	<u>1,903,221.40</u>	<u>73,442.08</u>	

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$	\$
Total Capital Improvements - Excluded from "CAPS"	100,000.00	100,000.00	100,000.00		
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	1,140,000.00	1,140,000.00	1,140,000.00		
Interest on Bonds	294,649.00	294,649.00	289,534.98		5,114.02
Interest on Notes	41,700.00	41,700.00	36,628.46		5,071.54
Loan Repayments for Principal and Interest	447,163.00	447,163.00	436,762.67		10,400.33
Total Municipal Debt Service - Excluded from "CAPS"	1,923,512.00	1,923,512.00	1,902,926.11		20,585.89
Deferred Charges:					
Emergency Authorizations N.J.S. 40A:4-46	100,000.00	100,000.00	100,000.00		
Total General Appropriations Excluded from "CAPS"	4,667,498.00	4,704,742.48	4,591,191.80	92,964.79	20,585.89
<u>Subtotal General Appropriations</u>	17,571,913.00	17,786,657.48	17,359,845.75	406,225.84	20,585.89
Reserve for Uncollected Taxes	1,535,000.00	1,535,000.00	1,535,000.00		
Total General Appropriations	\$ 19,106,913.00	\$ 19,321,657.48	\$ 18,894,845.75	\$ 406,225.84	\$ 20,585.89
	REF.	A-3	A-1	A:A-1	
Budget as Adopted	A-2	\$ 19,106,913.00			
Added by N.J.S. 40A:4-46	A-23	177,500.00			
Added by N.J.S. 40A:4-87	A-2	37,244.48			
		\$ 19,321,657.48			
Cash Disbursed	A-4		\$ 16,630,557.08		
Encumbrances Payable	A-17		816,296.15		
Length of Service Award Program Contributions Payable	A-20		105,000.00		
Deferred Charge - Emergency Authorization	A- 23		100,000.00		
Reserve for Uncollected Taxes	A-2		1,535,000.00		
			19,186,853.23		
Cash Receipts	A-4		292,007.48		
			\$ 18,894,845.75		

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

TRUST FUND

BOROUGH OF HAWTHORNE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE DECEMBER 31, 2011</u>
<u>ASSETS</u>			
Assessment Trust Fund:			
Cash	B-2	\$ 499,741.92	\$ 378,084.70
Assessments Receivable	B-4	289,240.69	100,663.62
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	416,332.96	40,800.00
		<u>1,218,389.57</u>	<u>532,622.32</u>
Animal Control Trust Fund:			
Cash	B-2	28,135.34	26,735.14
Due From State of New Jersey	B-13	1.20	
		<u>28,136.54</u>	<u>26,735.14</u>
Other Trust Funds:			
Cash	B-2	1,290,193.59	1,585,562.89
Due Current Fund	B-16	825.00	3,873.93
		<u>1,291,018.59</u>	<u>1,589,436.82</u>
		<u>\$ 2,537,544.70</u>	<u>\$ 2,148,794.28</u>

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

BOROUGH OF HAWTHORNE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2012</u>	BALANCE DECEMBER <u>31, 2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Assessment Trust Fund:			
Due General Capital Fund	B-8	\$ 540,218.74	\$ 436,968.74
Due Current Fund	B-7	96.83	5,079.58
Assessment Notes Payable	B-10		12,500.00
Assessment Bonds Notes Payable	B-15	600,000.00	
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		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>1,218,389.57</u>	<u>532,622.32</u>
Animal Control Trust Fund:			
Reserve for Animal Control Fund Expenditures	B-12	<u>28,136.54</u>	<u>26,735.14</u>
		<u>28,136.54</u>	<u>26,735.14</u>
Other Funds:			
Reserve For:			
Due General Capital Fund	B-17		8,100.38
Due to State of NJ - Unemployment Claims	B-14	139,618.11	167,979.48
Various Reserves and Deposits	B-11	<u>1,151,400.48</u>	<u>1,413,356.96</u>
		<u>1,291,018.59</u>	<u>1,589,436.82</u>
		<u>\$ 2,537,544.70</u>	<u>\$ 2,148,794.28</u>

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

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2012</u>	<u>YEAR ENDED DECEMBER 31, 2011</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 HAWTHORNEGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 571,180.06	\$ 144,322.16
Grants Receivable	C-8	300,283.50	213,761.22
Due Assessment Trust Fund	C-7	540,218.74	436,968.74
Due Current Fund	C-17		38,645.29
Due Trust Other Fund	C-12		8,100.38
Due Water Utility Capital Fund	D-5	130,500.00	
Loans Proceeds Receivable	C-6	270,464.00	530,450.00
Prospective Assessments Raised by Taxation	C-9	13,000.00	42,250.00
Deferred Charges to Future Taxation:			
Funded	C-4	14,901,351.61	12,433,726.31
Unfunded	C-5	<u>1,097,318.82</u>	<u>4,761,403.80</u>
		<u>\$ 17,824,316.73</u>	<u>\$ 18,609,627.90</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-10	\$ 13,505,000.00	\$ 10,387,000.00
NJ Environmental Infrastructure Loans Payable	C-11	1,396,351.61	2,046,726.31
Bond Anticipation Notes	C-13		3,352,500.00
Improvement Authorizations:			
Funded	C-14	548,252.67	466,038.81
Unfunded	C-14	260,492.17	865,645.72
Capital Improvement Fund	C-15	257,880.03	222,763.00
Encumbrances Payable	C-16	308,430.17	334,790.88
Due Current Fund	C-17	2,063.50	
Various Reserves and Deposits	C-18	1,235,464.98	518,133.12
Reserve for Receivables	C-8	121,250.00	197,648.46
Reserve for Prospective Assessments	C-9	13,000.00	42,250.00
Fund Balance	C-1	<u>176,131.60</u>	<u>176,131.60</u>
		<u>\$ 17,824,316.73</u>	<u>\$ 18,609,627.90</u>

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

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2011 and December 31, 2012	C	\$ <u>176,131.60</u>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

WATER UTILITY FUND

BOROUGH OF HAWTHORNE

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE DECEMBER 31, 2011</u>
Operating Fund:			
Cash	D-5	\$ 779,434.25	\$ 829,244.94
Change Fund	D	100.00	100.00
Due Current Fund	D-13	1,438.76	
		<u>780,973.01</u>	<u>829,344.94</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	411,109.26	379,237.05
Deferred Charges:			
Operating Deficit	D-1	5,131.50	
<u>Total Operating Fund</u>		<u>1,197,213.77</u>	<u>1,208,581.99</u>
Capital Fund:			
Cash	D-5	575,534.90	216,449.32
Due Water Utility Operating Fund	D-12		23,344.00
Loan Proceeds Receivable	D-15	307,803.00	307,803.00
Fixed Capital	D-16	10,315,741.67	10,302,646.00
Fixed Capital Authorized and Uncompleted	D-17	1,215,000.00	495,000.00
<u>Total Capital Fund</u>		<u>12,414,079.57</u>	<u>11,345,242.32</u>
		<u>\$ 13,611,293.34</u>	<u>\$ 12,553,824.31</u>

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

BOROUGH OF HAWTHORNE

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE DECEMBER 31, 2011</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-9	\$ 32,343.87	\$ 38,735.36
Encumbrances Payable	D-10	203,517.70	187,329.32
Due Water Utility Capital Fund	D-12		23,344.00
Due Current Fund	D-13		20,110.52
Water Rent Overpayments	D-8	6,567.72	5,753.52
Accrued Interest on Bonds and Loans	D-14	23,928.00	23,928.00
		<u>266,357.29</u>	<u>299,200.72</u>
Reserve for Receivables		411,109.26	379,237.05
Fund Balance	D-1	519,747.22	530,144.22
		<u>1,197,213.77</u>	<u>1,208,581.99</u>
<u>Total Operating Fund</u>		<u>1,197,213.77</u>	<u>1,208,581.99</u>
Capital Fund:			
Serial Bonds Payable	D-25	1,569,000.00	478,000.00
Water Loans Payable	D-11	1,430,755.64	1,564,294.61
Due General Capital Fund	C-2	130,500.00	
Bond Anticipation Notes	D-24		495,000.00
Improvement Authorizations:			
Funded	D-18	356,392.90	
Unfunded	D-18	250.00	42,702.32
Capital Improvement Fund	D-22	3,851.00	64,601.00
Reserve For:			
Contracts Payable	D-19		47,699.00
Payment of Debt	D-20	390,966.00	390,966.00
Amortization	D-23	8,469,986.03	8,260,351.39
Deferred Amortization	D-21	60,750.00	
Fund Balance	D-2	1,628.00	1,628.00
		<u>12,414,079.57</u>	<u>11,345,242.32</u>
<u>Total Capital Fund</u>		<u>12,414,079.57</u>	<u>11,345,242.32</u>
		<u>\$ 13,611,293.34</u>	<u>\$ 12,553,824.31</u>

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

"D-1"

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2011</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 10,397.00	\$ 23,344.00
Water Rents	D-3	2,676,787.59	2,747,136.41
Fire Hydrant Service	D-3	91,738.00	92,250.00
Miscellaneous	D-3	44,000.92	39,866.46
Non-Budget Revenue		2,950.46	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-9	<u>50,546.23</u>	<u>13,558.40</u>
<u>TOTAL INCOME</u>		<u>2,876,420.20</u>	<u>2,916,155.27</u>
<u>EXPENDITURES</u>			
Operating	D-4	2,444,721.00	2,293,034.00
Capital Improvements	D-4	41,200.00	76,700.00
Debt Service	D-4	258,630.70	257,165.19
Statutory Expenditures and Deferred Charges	D-4	<u>137,000.00</u>	<u>160,344.00</u>
<u>TOTAL EXPENDITURES</u>		<u>2,881,551.70</u>	<u>2,787,243.19</u>
Excess (Deficit) in Revenue to Fund Balance		(5,131.50)	128,912.08
Adjustments to Income Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		<u>5,131.50</u>	<u>                    </u>
Statutory Excess to Fund Balance			128,912.08
<u>Fund Balance</u>			
Balance, January 1	D	<u>530,144.22</u>	<u>424,576.14</u>
		530,144.22	553,488.22
Decreased by:			
Utilization by Swimming Pool Operating Budget	D-1:D-3	<u>10,397.00</u>	<u>23,344.00</u>
Balance, December 31	D	<u>\$ 519,747.22</u>	<u>\$ 530,144.22</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 - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2012</u>	<u>YEAR ENDED DECEMBER 31, 2011</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 HAWTHORNE

WATER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 10,397.00	\$ 10,397.00	\$
Water Rents	D-1	2,747,136.00	2,676,787.59	(70,348.41)
Fire Hydrant Service	D-1:D-5	89,100.00	91,738.00	2,638.00
Miscellaneous	D-1:D-5	<u>39,000.00</u>	<u>44,000.92</u>	<u>5,000.92</u>
	D-4	\$ <u>2,885,633.00</u>	<u>2,822,923.51</u>	\$ <u>(62,709.49)</u>
Non-Budget Revenue	D-5		<u>2,950.46</u>	
			\$ <u>2,825,873.97</u>	

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

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
Operating:					
Salaries and Wages	\$ 1,073,587.00	\$ 1,073,587.00	\$ 1,048,506.05	\$ 25,080.95	\$
Other Expenses	895,454.00	895,454.00	893,733.91	1,720.09	
General Insurance	166,800.00	166,800.00	166,800.00		
Group Insurance for Employees	279,180.00	279,180.00	279,180.00		
Laboratory Testing and Safe Water Act	29,700.00	29,700.00	25,509.50	4,190.50	
<u>Total Operating</u>	<u>2,444,721.00</u>	<u>2,444,721.00</u>	<u>2,413,729.46</u>	<u>30,991.54</u>	
Capital Improvements:					
Capital Outlay	41,200.00	41,200.00	39,847.67	1,352.33	
<u>Total Capital Improvements</u>	<u>41,200.00</u>	<u>41,200.00</u>	<u>39,847.67</u>	<u>1,352.33</u>	
Debt Service:					
Payment of Bond Principal	65,000.00	65,000.00	65,000.00		
Interest on Bonds	8,584.00	8,584.00	8,584.00		
Interest on Notes	7,981.00	7,981.00	7,981.00		
Water Supply Rehabilitation Loans	181,147.00	181,147.00	177,065.70		4,081.30
<u>Total Debt Service</u>	<u>262,712.00</u>	<u>262,712.00</u>	<u>258,630.70</u>		<u>4,081.30</u>
Statutory Expenditures:					
Contributions To:					
Social Security System (O.A.S.I.)	80,000.00	80,000.00	80,000.00		
Public Employees Retirement System	57,000.00	57,000.00	57,000.00		
<u>Total Deferred Charges &amp; Statutory Expenditures</u>	<u>137,000.00</u>	<u>137,000.00</u>	<u>137,000.00</u>		
	\$ <u>2,885,633.00</u>	\$ <u>2,885,633.00</u>	\$ <u>2,849,207.83</u>	\$ <u>32,343.87</u>	\$ <u>4,081.30</u>
REF.	D-3		D-1	D:D-1	
Cash Disbursements	D-5		\$ 2,667,690.13		
Encumbrances Payable	D-10		181,517.70		
			\$ <u>2,849,207.83</u>		

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

PUBLIC ASSISTANCE FUND

BOROUGH OF HAWTHORNE  
PUBLIC ASSISTANCE FUND  
BALANCE SHEETS - REGULATORY BASIS

<u>A S S E T S</u>	<u>REF.</u>	DECEMBER <u>31, 2012</u>	DECEMBER <u>31, 2011</u>
Cash	E-1	\$ <u>13,773.59</u>	\$ <u>15,673.59</u>
		\$ <u>13,773.59</u>	\$ <u>15,673.59</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance	E-5	\$ <u>13,773.59</u>	\$ <u>15,673.59</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 - REGULATORY BASIS

	<u>DECEMBER</u> <u>31, 2012</u>	<u>DECEMBER</u> <u>31, 2011</u>
General Fixed Assets:		
Land	\$ 14,620,500.00	\$ 14,620,500.00
Buildings	5,989,500.00	5,989,500.00
Machinery and Equipment	<u>10,567,526.00</u>	<u>10,436,871.00</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 31,177,526.00</u>	<u>\$ 31,046,871.00</u>
Investment in General Fixed Assets	<u>\$ 31,177,526.00</u>	<u>\$ 31,046,871.00</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF HAWTHORNE

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

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.

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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

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, 2012:

Fund Type	Bank Balance	Reconciling Items		Reconciled Balance
		Additions	Deletions	
Current Fund	\$13,757,828.69		\$142,112.06	\$13,615,716.63
Animal Control Trust Fund	30,237.74		2,102.40	28,135.34
Assessment Trust Fund	499,787.65		45.73	499,741.92
Other Trust Fund	1,189,061.85	0.38	28,868.64	1,160,193.59
General Capital Fund	575,786.13		4,606.07	571,180.06
Public Assistance Fund	13,773.59			13,773.59
Water Utility:				
Operating Fund	812,470.11		33,035.86	779,434.25
Capital Fund	<u>575,533.69</u>	<u>1.21</u>		<u>575,534.90</u>
<b>TOTAL DECEMBER 31, 2012</b>	<u>\$17,454,479.45</u>	<u>\$1.59</u>	<u>\$210,770.76</u>	<u>\$17,243,710.28</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2012, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$16,312,558.16 was covered under the provisions of NJGUDPA. \$891,921.29 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, 2012, the Borough has \$891,921.29 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 2012</u>	<u>YEAR 2011</u>	<u>YEAR 2010</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 14,901,351.61	\$ 16,121,166.93	\$ 16,950,765.39
Assessment:			
Notes	600,000.00	12,500.00	12,500.00
Water Utility:			
Bonds, Loans and Notes	<u>2,999,755.64</u>	<u>1,997,595.27</u>	<u>2,722,811.71</u>
	18,501,107.25	18,131,262.20	19,686,077.10
Less: Funds Temporarily Held to Pay			
Bond and Notes - General Debt	<u>1,233,060.98</u>	<u>613,551.14</u>	<u>186,151.83</u>
<u>Net Debt Issued</u>	<u>17,268,046.27</u>	<u>17,517,711.06</u>	<u>19,499,925.27</u>
Authorized But Not Issued:			
General - Bonds and Notes	989,478.82	1,506,725.82	871,932.86
Assessment- Bonds and Notes	107,840.00	121,027.90	121,027.90
Water Utility - Bonds and Notes	<u>23,594.00</u>	<u>23,590.00</u>	<u>23,590.00</u>
<u>Total Authorized But Not Issued</u>	<u>1,120,912.82</u>	<u>1,651,343.72</u>	<u>1,016,550.76</u>
 NET BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	   \$ <u>18,388,959.09</u>	   \$ <u>19,169,054.78</u>	   \$ <u>20,516,476.03</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 0.60% as of December 31, 2012.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local District School Debt	\$ 10,211,000.00	\$ 10,211,000.00	
Water Utility Debt	3,023,349.64	3,023,349.64	
General Debt	<u>16,630,717.38</u>	<u>1,233,060.98</u>	\$ <u>15,397,656.40</u>
	 \$ <u>29,865,067.02</u>	 \$ <u>14,467,410.62</u>	 \$ <u>15,397,656.40</u>

NET DEBT \$15,397,656.40 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$2,542,931,733.00 EQUALS 0.60%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2012	\$	<u>2,542,931,334.00</u>
3-1/2% of Equalized Valuation Basis	\$	89,002,596.69
Net Debt		<u>15,397,656.40</u>
Remaining Borrowing Power	\$	<u>73,604,940.29</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, 2012

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus		\$2,809,845.92
Deduction:		
Operating and Maintenance Cost	\$2,581,721.00	
Debt Service Per Water Utility Account	<u>81,565.00</u>	
		<u>2,663,286.00</u>
Excess in Revenue		<u>\$ 146,559.92</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 \$500,000.00 through June 2013, at interest rates of 4.125%.	\$ 500,000.00
\$3,285,000.00 of 2005 Refunding Bonds due in annual installments of \$310,000.00 to \$315,000.00 through August 2015, at interest rates of 4.00%.	915,000.00
\$3,510,000.00 of 2008 General Improvement Bonds due in annual installments of \$205,000.00 to \$210,000.00 through February 2026 at interest rates of 4.00% to 5.00%.	2,935,000.00
\$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 2.25% to 3.50%.	880,000.00
\$4,235,000.00 of 2012 General Improvement Bonds due in annual installments of \$175,000.00 to \$350,000.00 through July 2028 at interest rates of 2.00% to 3.00%.	4,235,000.00
\$4,110,000.00 of 2012 Refunding Bonds due in annual installments of \$15,000.00 to \$745,000.00 through June 2019, at interest rates of 2.00% to 4.00%.	<u>4,040,000.00</u>
	\$ <u>13,505,000.00</u>

Water Serial Bonds:

\$718,000.00 of 2004 Water Improvement Bonds due in annual installments of \$55,000.00 through June 2013, at interest rates of 4.125%.	\$ 55,000.00
\$3,510,000.00 of 2012 Water Improvement Bonds due in annual installments of \$55,000.00 to \$100,000.00 through July 2028 at interest rates of 2.00% to 3.00%.	1,154,000.00
\$365,000.00 of 2012 Refunding Bonds due in annual installments of \$55,000.00 to \$65,000.00 through June 2019, at interest rates of 2.00% to 4.00%.	<u>360,000.00</u>
	\$ <u>1,569,000.00</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 \$81,559.83 to \$81,559.84 through May 2014 interest-free \$ 163,119.67

\$429,854 of 1994 Fund Loan due in annual installments of principal of \$21,899.09 to \$23,348.59 through March 2014 interest-free 45,248.48

\$455,000 of 1998 Trust Loan due in annual installments of principal of \$31,537.10 to \$35,511.55 through May 2012 at interest rates of 4.0% to 5.0%. 67,048.65

\$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 288,041.33

Trust Loan due in annual installments of principal of \$25,000.00 to \$65,000.00 interest at 3.0% to 5.0% 460,000.00

\$513,750 of 2010 Fund Loan due in annual installments of principal of \$12,570.38 to \$27,522.52 through August 2023 interest-free 287,893.48

\$175,000 of 2010 Trust Loan due in annual installments of principal of \$5,000.00 to \$10,000.00 through August 2022 at interest rates of 4.0% to 5.0%. 85,000.00

\$ 1,396,351.61

Water Capital Fund

Environmental Infrastructure Loans:

\$1,425,000 of 2003 Trust Loan due in annual installments of principal of \$70,000.00 to \$105,000.00 through August 2023 at interest rates of 3.0% to 4.75%. \$ 965,000.00

\$1,299,259 of 2003 Fund Loan due in annual installments of principal of \$49,025.52 to \$70,547.53 through August 2019 interest-free 465,755.64

\$ 1,430,755.64

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2012 the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ <u>1,097,318.82</u>
Assessment Fund	\$ <u>32,046.95</u>
Water Utility Capital Fund	\$ <u>23,594.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2012

General Capital Fund

Calendar Year	Principal	Interest	Total
2013	\$ 1,430,000.00	\$ 427,387.34	\$ 1,857,387.34
2014	1,495,000.00	381,293.76	1,876,293.76
2015	1,525,000.00	336,793.76	1,861,793.76
2016	1,335,000.00	286,468.76	1,621,468.76
2017	1,145,000.00	243,825.00	1,388,825.00
2018	1,165,000.00	203,575.00	1,368,575.00
2019	1,205,000.00	159,075.00	1,364,075.00
2020	460,000.00	128,675.00	588,675.00
2021	460,000.00	115,275.00	575,275.00
2022	485,000.00	101,875.00	586,875.00
2023	510,000.00	85,225.00	595,225.00
2024	510,000.00	67,825.00	577,825.00
2025	535,000.00	50,162.50	585,162.50
2026	560,000.00	33,925.00	593,925.00
2027	350,000.00	17,125.00	367,125.00
2028	<u>335,000.00</u>	<u>8,375.00</u>	<u>343,375.00</u>
Total	\$ <u>13,505,000.00</u>	\$ <u>2,646,881.12</u>	\$ <u>16,151,881.12</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2012

Water Utility Capital Fund

Calendar Year	Principal	Interest	Total
2013	\$ 110,000.00	\$ 38,215.63	\$ 148,215.63
2014	115,000.00	35,800.00	150,800.00
2015	120,000.00	33,450.00	153,450.00
2016	130,000.00	30,750.00	160,750.00
2017	130,000.00	27,550.00	157,550.00
2018	130,000.00	24,050.00	154,050.00
2019	135,000.00	20,150.00	155,150.00
2020	80,000.00	17,450.00	97,450.00
2021	80,000.00	15,850.00	95,850.00
2022	80,000.00	14,250.00	94,250.00
2023	80,000.00	11,850.00	91,850.00
2024	90,000.00	9,450.00	99,450.00
2025	90,000.00	6,750.00	96,750.00
2026	100,000.00	4,725.00	104,725.00
2027	99,000.00	2,475.00	101,475.00
Total	\$ <u>1,569,000.00</u>	\$ <u>292,765.63</u>	\$ <u>1,861,765.63</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2012

CALENDAR YEAR	NJ EIT LOANS - GENERAL CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
2013	\$ 262,021.03	\$ 28,224.34	\$ 290,245.37
2014	265,981.30	23,470.32	289,451.62
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
	\$ <u>1,421,203.54</u>	\$ <u>198,069.66</u>	\$ <u>1,619,273.20</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2012

CALENDAR YEAR	NJ EIT LOANS - WATER CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
2013	\$ 139,604.12	\$ 44,357.50	\$ 183,961.62
2014	145,517.09	40,857.50	186,374.59
2015	143,234.65	37,107.50	180,342.15
2016	149,451.95	34,107.50	183,559.45
2017	155,547.53	30,907.50	186,455.03
2018	153,374.78	27,337.50	180,712.28
2019	139,025.52	23,725.00	162,750.52
2020	95,000.00	19,225.00	114,225.00
2021	100,000.00	14,475.00	114,475.00
2022	105,000.00	9,975.00	114,975.00
2023	105,000.00	4,987.50	109,987.50
	<u>\$ 1,430,755.64</u>	<u>\$ 287,062.50</u>	<u>\$ 1,717,818.14</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013, were as follows:

Current Fund	\$1,402,500.00
Swimming Pool Operating Fund	175,482.00

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 31, 2012	BALANCE DECEMBER 31, 2011
Prepaid Taxes	<u>\$208,759.46</u>	<u>\$254,622.39</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 \$1,015,961.00 for 2012, \$1,201,959.00 for 2011 and \$1,073,655.49 for 2010.

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, 2012.

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 2012. 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, 2012, 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 2012 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>
2012	\$ 76.39	\$ 10,949.41	\$ 39,387.17	\$ 139,618.11
2011	873.00	10,428.83	32,933.34	167,979.48
2010	1,381.15	10,711.75	29,666.91	189,610.99

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2012:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 2,160.33	\$ 2,263.76
Assessment Trust Fund		424,192.44
Trust Funds	825.00	
General Capital Fund	554,595.61	2,063.50
Water Utility Operating Fund	1,438.76	
Water Utility Capital Fund		130,500.00
	<u>\$ 559,019.70</u>	<u>\$ 559,019.70</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.

NOTE 13: POST-EMPLOYMENT BENEFITS (GASB 45) (CONTINUED)

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, 2012, 2011 and 2010, were \$5,046.50, \$7,376.50 and \$16,785.00, 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, 2012 the unpaid levy was \$16,496,751.00. The Borough has deferred \$7,951,484.00. The balance of \$8,545,267.01 is reported as a liability as of December 31, 2012.

NOTE 15: LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

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

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

The Borough's costs amounted to \$102,619.00.

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

BOROUGH OF HAWTHORNE  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2012

## BOROUGH OF HAWTHORNE

## CURRENT FUND

## SCHEDULE OF CASH-TREASURER

	REF.	CURRENT FUND	
Balance, December 31, 2011	A	\$	13,166,523.19
Increased by Receipts:			
Taxes Receivable	A-6	\$	62,934,453.25
Tax Overpayments	A-16		24,376.74
State of New Jersey-Chapter 20, P.L. 1971	A-7		165,500.00
Revenue Accounts Receivable	A-9		3,198,666.07
Miscellaneous Revenue Not Anticipated	A-2		495,816.94
Prepaid Taxes	A-15		208,759.46
Grants Unappropriated	A-22		34,549.67
Grants Receivable	A-11		76,924.97
Appropriation Refunds	A-3		292,007.48
Fees Payable	A-19		31,573.00
Due Water Utility Operating Fund	D-13		31,110.52
Due Trust Other Fund	B-16		169,814.14
Due General Capital Fund	C-17		525,000.00
Due Assessment Trust Fund	B-7		8,507.93
			<u>68,197,060.17</u>
			81,363,583.36
Decreased by Disbursements:			
2012 Appropriations	A-3		16,630,557.08
2011 Appropriation Reserves	A-13		566,677.83
Tax Overpayments Refunded	A-16		7,265.72
County Taxes	A-12		15,833,750.76
Local District School Tax	A-13		33,787,312.00
LOSAP Contributions Payable	A-20		99,607.69
Reserve for Grants Appropriated	A-21		24,249.85
Due Assessment Trust Fund	B-7		3,525.18
Due Other Trust Fund	B-16		172,863.07
Due Water Utility Operating	D-13		9,561.24
Due General Capital Fund	C-17		565,708.79
Fees Payable	A-19		37,407.00
Refund of Prior Year Revenues	A-1		9,380.52
			<u>67,747,866.73</u>
Balance, December 31, 2012	A	\$	<u><u>13,615,716.63</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

<u>OFFICE</u>	BALANCE DECEMBER 31, 2012	BALANCE DECEMBER 31, 2011
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	10.00	10.00
	<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, 2011	2012 LEVY	COLLECTED		TRANSFER TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2012
			IN 2011	IN 2012			
2011	\$ 1,026,193.23 1,026,193.23	\$ _____	\$ _____	\$ 1,014,686.68 1,014,686.68	\$ _____	\$ _____	11,506.55 11,506.55
2012	_____	63,777,400.02	254,622.39	62,078,766.57	57,728.73	322,691.26	\$ 1,063,591.07
	\$ 1,026,193.23	\$ 63,777,400.02	\$ 254,622.39	\$ 63,093,453.25	\$ 57,728.73	\$ 322,691.26	\$ 1,075,097.62
	REF. A		A-2:A-17	A-2	A-9		A
Cash Receipts	A-4			\$ 62,934,453.25			
Due from State of New Jersey	A-7			159,000.00			
				\$ 63,093,453.25			

ANALYSIS OF 2012 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 63,641,140.30
Added Taxes (54:4-63.1 et. seq.)	136,259.72
	<u>\$ 63,777,400.02</u>

TAX LEVY

Local District School Tax (Abstract)	A-13	\$ 34,110,878.00
County Taxes:		
County Tax (Abstract)		\$ 15,823,723.34
Due County for Added Taxes (54:4-63.1 et. seq.)		24,067.97
		<u>15,847,791.31</u>
Total County Taxes	A-12	
Local Tax for Municipal Purposes (Abstract)	A-2	12,862,498.56
Minimum Library Tax	A-2	832,182.44
Add: Additional Tax Levied		124,049.71
		<u>13,818,730.71</u>
		<u>\$ 63,777,400.02</u>

BOROUGH OF HAWTHORNE

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2011 (Due To)	A		\$ 63,642.30
Increased by:			
Deductions Disallowed:			
Current Year Deductions		\$ 6,250.00	
Prior Year Deductions		750.00	
Received From State of New Jersey	A-4	<u>165,500.00</u>	
			<u>172,500.00</u>
			236,142.30
Decreased by:			
Deductions Per Tax Duplicate:			
Senior Citizens		32,250.00	
Veterans		132,250.00	
Allowed by Tax Collector:			
Senior Citizens and Veterans-Prior Year			
Senior Citizens and Veterans-Current Year		<u>1,500.00</u>	
			<u>166,000.00</u>
Balance, December 31, 2012 (Due To)	A		\$ <u>70,142.30</u>

SUMMARY OF 2012 EXEMPTIONS

Senior Citizens and Veterans Exemptions Per Tax Billings		\$ 164,500.00	
Senior Citizens and Veterans Exemptions Allowed by Tax Collector		1,500.00	
Senior Citizens and Veterans Exemptions Disallowed by Tax Collector- 2012		(6,250.00)	
Disallowed by Collector: 2011 Taxes	A-6	<u>750.00</u>	\$ <u>159,000.00</u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>ACCRUED</u> <u>IN 2012</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
Clerk:					
Alcoholic Beverage Licenses	A-2	\$	\$ 40,700.00	\$ 40,700.00	\$
Licenses-Other	A-2		11,361.00	11,361.00	
Building Code Official:					
Fees and Permits	A-2		34,839.00	34,839.00	
Municipal Court:					
Fines and Costs	A-2	21,889.21	243,460.45	245,090.20	20,259.46
Board of Health/Registrar:					
Licenses-Other	A-2		3,740.00	3,740.00	
Fees and Permits	A-2		31,760.00	31,760.00	
Police Department:					
Fees and Permits	A-2		4,787.63	4,787.63	
Public Works Department:					
Fees and Permits	A-2		15,415.64	15,415.64	
Planning Board:					
Fees and Permits	A-2		350.00	350.00	
Zoning Board:					
Fees and Permits	A-2		950.00	950.00	
Fire Prevention:					
Fees and Permits	A-2		29,870.00	29,870.00	
Other					
Fees and Permits	A-2		2,694.09	2,694.09	
Uniform Construction Code Fees	A-2		199,418.00	199,418.00	
Rentals- Board of Education	A-2		5,000.00	5,000.00	
Interest and Costs on Taxes	A-2		173,572.87	173,572.87	
Interest on Investments	A-2		53,639.49	53,639.49	
Cellular Phone Tower Leases	A-2		306,664.52	306,664.52	
Cable Television Franchise Fee	A-2		248,561.51	248,561.51	
Swimming Pool Admission Fees	A-2		167,648.00	167,648.00	
Commuter Parking Permits	A-2		23,852.00	23,852.00	
Sewer Charges	A-2		48,924.10	48,924.10	
Reserve for Debt Service	A-2		50,000.00	50,000.00	
Consolidated Municipal Property Tax Relief Act	A-2		100,513.00	100,513.00	
Energy Receipts Tax	A-2		1,367,765.00	1,367,765.00	
Uniform Fire Safety Act	A-2		31,550.02	31,550.02	
		<u>\$ 21,889.21</u>	<u>\$ 3,197,036.32</u>	<u>\$ 3,198,666.07</u>	<u>\$ 20,259.46</u>
<u>REF.</u>		<u>A</u>	<u>A-2</u>	<u>A-4</u>	<u>A</u>

"A-9"

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 859,138.03
Increased by:		
Transfer from Taxes Receivable	A-6	<u>57,728.73</u>
Balance, December 31, 2012	A	<u><u>\$ 916,866.76</u></u>

"A-10"

SCHEDULE OF FORECLOSED PROPERTY

Balance, December 31, 2011	A	\$ <u>34,980.00</u>
Balance, December 31, 2012	A	<u><u>\$ 34,980.00</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>GRANT</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>2012 REVENUE ANTICIPATED</u>	<u>CASH RECEIPTS</u>	<u>UNAPPROPRIATED GRANT RESERVE APPLIED</u>	<u>BALANCE DECEMBER 31, 2012</u>
Municipal Alliance	\$ 25,063.00	\$ 25,163.00	\$ 32,680.49	\$	\$ 17,545.51
Emergency Management Grant		5,000.00	5,000.00		
Drunk Driving Enforcement Fund	0.40				0.40
Recycling Tonnage Grant	0.08	33,038.00		33,038.00	0.08
Body Armor Replacement Fund		3,056.00		3,056.00	
Sustainable NJ		1,000.00		1,000.00	
Clean Communities Grant		27,381.07	27,381.07		
Click It or Ticket Grant		4,000.00	4,000.00		
Shade Tree Grant	3,000.00				3,000.00
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		863.41	863.41		
	<u>\$ 173,063.48</u>	<u>\$ 99,501.48</u>	<u>\$ 76,924.97</u>	<u>\$ 37,094.00</u>	<u>\$ 158,545.99</u>
<u>REF.</u>	A	A-2	A-4	A-22	A

BOROUGH OF HAWTHORNECURRENT FUNDSCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2011	A		\$ 10,036.73
2012 Tax Levy:			
County Taxes	A-1:A-6	\$ 15,573,901.91	
County Open Space Taxes	A-1:A-6	249,821.43	
County Share of Added Taxes	A-1:A-6	<u>24,067.97</u>	
			\$ <u>15,847,791.31</u>
			15,857,828.04
Decreased by:			
Cash Disbursements	A-4		<u>15,833,750.76</u>
Balance, December 31, 2012	A		\$ <u><u>24,077.28</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2011			
Taxes Deferred		\$ 7,951,484.00	
Taxes Payable	A	<u>8,221,701.00</u>	
			\$ 16,173,185.00
Increased by:			
2012 Levy	A-1:A-6		<u>34,110,878.00</u>
			50,284,063.00
Decreased by:			
Cash Disbursements	A-4		<u>33,787,312.00</u>
Balance, December 31, 2012			
Taxes Deferred		7,951,484.00	
Taxes Payable	A	<u>8,545,267.00</u>	
			\$ <u><u>16,496,751.00</u></u>
<u>Amount Charged to 2012 Operations:</u>			
Taxes Paid			\$ 33,787,312.00
Add: Current Year Taxes Payable			8,545,267.00
Less: Prior Year Taxes Payable			<u>(8,221,701.00)</u>
			\$ <u><u>34,110,878.00</u></u>

BOROUGH OF HAWTHORNE  
CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	ENCUMBRANCES PAYABLE	SFE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 1.30	\$ 250.00		\$ 251.30	\$ 250.00	\$ 1.30
Other Expenses	193.90	446.54		640.44	446.54	193.90
Mayor and Council:						
Other Expenses	1,626.58			1,626.58		1,626.58
Municipal Clerk:						
Salaries and Wages	1,127.11			1,127.11	80.00	1,047.11
Other Expenses	5,726.44	9,036.72		14,763.16	5,906.89	8,856.27
Financial Administration:						
Salaries and Wages	4,746.91			4,746.91	355.38	4,391.53
Other Expenses	18.42	4,316.62		4,335.04	2,542.24	1,792.80
Audit Services:						
Other Expenses		26,000.00		26,000.00	26,000.00	
Revenue Administration (Tax Collection):						
Salaries and Wages	272.10			272.10		272.10
Other Expenses		1,746.49		1,746.49	1,635.70	110.79
Tax Assessment Administration:						
Other Expenses		8,482.15		8,482.15	500.00	7,982.15
Legal Services:						
Salaries and Wages		5,639.68		5,639.68	4,665.50	974.18
Other Expenses		4,426.56		6,926.56	6,681.00	245.56
Engineering Services:						
Other Expenses		3,478.13		11,378.13	11,352.50	25.63
Future of Hawthorne:						
Other Expenses	2,000.00			2,000.00	655.00	1,345.00
<u>LAND USE ADMINISTRATION</u>						
Planning Board:						
Other Expenses	36.28			36.28	36.28	
Zoning Board of Adjustments:						
Salaries and Wages	0.03			0.03		0.03
Other Expenses	1,138.75			1,138.75	23.19	1,115.56
Computerized Data Processing:	952.75	8,750.00		9,702.75	5,538.75	4,164.00
<u>PUBLIC SAFETY</u>						
Police:						
Salaries and Wages		4,853.42		14,853.42	13,897.92	955.50
Other Expenses		62,200.32		62,200.32	59,916.46	2,283.86
Police Dispatchers:						
Salaries and Wages		1,465.78		1,465.78	1,465.78	

BOROUGH OF HAWTHORNE  
CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES

<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>ENCUMBRANCES</u> <u>PAYABLE</u>	<u>SFE</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>PUBLIC SAFETY (CONTINUED)</u>						
Occupational Safety Health Act (NJS 40A:4-45.3):						
Salaries and Wages	\$ 2,648.71	\$ 706.50		\$ 3,355.21	\$ 453.50	\$ 2,901.71
Other Expenses						
Emergency Management Services:						
Other Expenses	352.54	234.92		587.46	234.92	352.54
Ambulance Corps:						
Other Expenses	216.00			216.00		216.00
Domestic Violence Response:						
Other Expenses	187.50			187.50		187.50
Fire:						
Salaries and Wages		1,633.08		1,633.08	240.58	1,392.50
Other Expenses	278.75	31,204.25		31,483.00	30,012.47	1,470.53
Uniform Fire Safety Act:						
Other Expenses	948.00	2,270.00		3,218.00	2,151.39	1,066.61
Municipal Court:						
Salaries and Wages	710.17			710.17	251.10	459.07
Other Expenses	1,665.66	1,594.98		3,260.64	1,594.98	1,665.66
<u>PUBLIC WORKS</u>						
Road Repair and Maintenance:						
Salaries and Wages	6,333.34	5,600.00		11,933.34	2,472.00	9,461.34
Other Expenses	16,366.17	54,585.35		70,951.52	44,659.33	26,292.19
Sewer System Maintenance:						
Salaries and Wages		2,481.67		2,481.67	1,173.23	1,308.44
Other Expenses	41,422.00	1,722.72		32,044.72	1,511.74	30,532.98
Shade Tree Commission:						
Salaries and Wages						
Other Expenses	163.10	52,887.40		64,150.50	58,871.40	5,279.10
Solid Waste Collection:						
Salaries and Wages - Recycling	1,127.73			1,127.73		1,127.73
Other Expenses - Recycling	101.50	20,110.00		20,211.50	9,750.00	10,461.50
Buildings and Grounds:						
Other Expenses	6,570.29	7,823.15		14,393.44	4,702.97	9,690.47
Maintenance of Parks:						
Other Expenses	8,755.11	10,478.35		19,233.46	8,910.00	10,323.46

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	ENCUMBRANCES PAYABLE	SFE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>PUBLIC WORKS (CONTINUED)</u>						
Vehicle Maintenance:						
Other Expenses	\$ 1,935.65	\$ 67,289.19	\$	69,224.84	\$ 64,375.01	\$ 4,849.83
Community Services Act:						
Other Expenses		19,355.63		19,355.63	19,355.63	
<u>HEALTH AND HUMAN SERVICES</u>						
Board of Health:						
Salaries and Wages		1,655.14		1,655.14	642.60	1,012.54
Other Expenses	185.66	3,105.90		3,291.56	3,164.98	126.58
Environmental Commission:						
Other Expenses	117.19	750.50		867.69	595.50	272.19
Animal Control Services:						
Other Expenses		676.00		676.00	676.00	
Board of Recreation:						
Salaries and Wages	4,085.24	3,500.00		7,585.24	165.00	7,420.24
Other Expenses	5,986.40	7,323.20		13,309.60	7,991.20	5,318.40
Swimming Pool:						
Salaries and Wages	3,994.77			3,994.77		3,994.77
Other Expenses	1,008.80	317.13		1,325.93	17.27	1,308.66
<u>OTHER COMMON OPERATING FUNCTIONS</u>						
Celebration of Public Events:						
Other Expenses	72.87	23,414.95		23,487.82	20,277.00	3,210.82
<u>CODE ENFORCEMENT AND ADMINISTRATION</u>						
Uniform Construction Code Enforcement Functions:						
Building Inspector:						
Salaries and Wages	1,953.82			1,953.82	195.00	1,758.82
Property Code Enforcement:						
Salaries and Wages		3,828.45		3,828.45	603.96	3,224.49
Other Expenses	69.97	1,148.83		1,218.80	1,148.83	69.97

BOROUGH OF HAWTHORNE  
CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	ENCUMBRANCES PAYABLE	SFE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Electricity	\$ 8,171.27	\$ 29,658.31		\$ 37,829.58	\$ 15,423.84	\$ 22,405.74
Street Lighting		14,009.53		14,009.53	13,900.94	108.59
Telephone		1,577.11		1,577.11	1,577.11	
Gasoline	4,164.51	22,313.25		26,477.76	20,577.87	5,899.89
Landfill/Solid Waste Disposal Costs:						
Dumping Fees		45,545.22		45,545.22	41,404.67	4,140.55
Insurance:						
General Insurance		11,774.74		11,774.74	9,525.05	2,249.69
Group Insurance for Employees	55,077.86	11,203.97		45,881.83	6,063.47	39,818.36
	<u>192,511.15</u>	<u>602,871.83</u>		<u>795,382.98</u>	<u>536,619.67</u>	<u>258,763.31</u>
Total Operations Within "CAPS"						
Contingent	2,000.00			2,000.00		2,000.00
	<u>194,511.15</u>	<u>602,871.83</u>		<u>797,382.98</u>	<u>536,619.67</u>	<u>260,763.31</u>
<u>Total Operations Including Contingent Within "CAPS"</u>						
Deferred Charges and Statutory Expenditures -						
Municipal Within "CAPS":						
Statutory Charges:						
Social Security System (O.A.S.I.)	30,365.81	10,000.00		40,365.81	13,832.71	26,533.10
Consolidated Police and Firemen's Pension	8,500.00			8,500.00		8,500.00
	<u>38,865.81</u>	<u>10,000.00</u>		<u>48,865.81</u>	<u>13,832.71</u>	<u>35,033.10</u>
Total Deferred Charges and Statutory Expenditures						
- Municipal Within "CAPS"						
	<u>38,865.81</u>	<u>10,000.00</u>		<u>48,865.81</u>	<u>13,832.71</u>	<u>35,033.10</u>
Total General Appropriations for Municipal						
Purposes Within "CAPS"	<u>233,376.96</u>	<u>612,871.83</u>		<u>846,248.79</u>	<u>550,452.38</u>	<u>295,796.41</u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	ENCUMBRANCES PAYABLE	SFE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Planning Board:						
Other Expenses - Affordable Housing	\$ 5,000.00	\$	\$	5,000.00	\$	5,000.00
<u>EDUCATIONAL FUNCTIONS</u>						
Maintenance of Free Public Library:						
Salaries and Wages		24,712.82		24,712.82	9,130.94	15,581.88
Sewer Processing and Disposal:						
Other Expenses - Other Municipal Projects	620.38			620.38		620.38
NJDES Stormwater Permits	15,531.28			15,531.28		15,531.28
<b>Total Other Operations Excluded from "CAPS"</b>	<b>21,151.66</b>	<b>24,712.82</b>		<b>45,864.48</b>	<b>9,130.94</b>	<b>36,733.54</b>
<u>Public and Private Programs Offset by Revenues</u>						
NJ Clean Energy Grant	2,300.00			2,300.00	2,300.00	
Municipal Alliance:						
Grant Funds	348.11	8,144.53		8,492.64	8,492.64	
Local Match	51.61	2,428.14		2,479.75	2,479.75	
Clean Air Cool Cities	2,500.00			2,500.00	2,500.00	
Alcohol Rehab Grant	701.15			701.15	701.15	
Shade Tree Grant		3,000.00		3,000.00	3,000.00	
Drunk Driving Enforcement Fund	3,915.00			3,915.00	3,915.00	
Recycling Tonnage Grant	34,825.00			34,825.00	34,825.00	
Clean Communities Program						
Salaries and Wages	5,000.00			5,000.00	5,000.00	
Other Expenses	22,335.43			22,335.43	22,335.43	
<b>Total Public and Private Programs Offset by Revenues</b>	<b>71,976.30</b>	<b>13,572.67</b>		<b>85,548.97</b>	<b>85,548.97</b>	
<b>Total Other Operations Excluded from "CAPS"</b>	<b>93,127.96</b>	<b>38,285.49</b>		<b>131,413.45</b>	<b>94,679.91</b>	<b>36,733.54</b>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	ENCUMBRANCES PAYABLE	SFE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Total General Appropriations Excluded from "CAPS"	\$ 93,127.96	\$ 38,285.49		\$ 131,413.45	\$ 94,679.91	\$ 36,733.54
<u>Subtotal General Appropriations</u>	<u>326,504.92</u>	<u>651,157.32</u>		<u>977,662.24</u>	<u>645,132.29</u>	<u>332,529.95</u>
Total General Appropriations	\$ <u>326,504.92</u>	\$ <u>651,157.32</u>		\$ <u>977,662.24</u>	\$ <u>645,132.29</u>	\$ <u>332,529.95</u>
<u>REF.</u>	A	A-17				
Appropriated Grant Reserves					\$ 59,800.26	
Accounts Payable					18,624.20	
Cash Disbursements					566,677.83	
					<u>\$ 645,102.29</u>	

"A-15"

BOROUGH OF HAWTHORNE  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2011 (2012 Taxes)	A	\$	254,622.39
Increased by:			
Collection of 2013 Taxes	A-4		208,759.46
			<u>463,381.85</u>
Decreased by:			
Application to 2012 Taxes Receivable	A-6		254,622.39
			<u>254,622.39</u>
Balance, December 31, 2012 (2013 Taxes)	A	\$	<u><u>208,759.46</u></u>

"A-16"

SCHEDULE OF RESERVE FOR TAX OVERPAYMENTS

Balance, December 31, 2011	A	\$	5,421.78
Increased by:			
Cash Receipts	A-4		24,376.74
		\$	<u>29,798.52</u>
Decreased by:			
Cash Disbursements	A-4	\$	7,265.72
Canceled	A-1		5,421.78
			<u>12,687.50</u>
Balance, December 31, 2012	A	\$	<u><u>17,111.02</u></u>

"A-17"

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2011	A	\$	651,157.32
Increased by:			
Charged to 2012 Appropriations	A-3		816,296.15
			<u>1,467,453.47</u>
Decreased by:			
Transfer to Appropriation Reserves	A-14		651,157.32
			<u>651,157.32</u>
Balance, December 31, 2012	A	\$	<u><u>816,296.15</u></u>

"A-18"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2011	A	\$	52,000.00
Increased by:			
Charged to 2011 Appropriation Reserves	A-14		18,624.20
			<u>70,624.20</u>
Decreased by:			
Canceled to Operations	A-1		50,000.00
			<u>50,000.00</u>
Balance, December 31, 2012	A	\$	<u><u>20,624.20</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF FEES PAYABLE

<u>GRANT/PROGRAM</u>	BALANCE DECEMBER 31, 2011	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	BALANCE DECEMBER 31, 2012
DCA State Training Fees	\$ 6,511.00	\$ 13,403.00	\$ 17,342.00	\$ 2,572.00
Miscellaneous	6,630.00	15,420.00	17,240.00	4,810.00
Sales Tax	7,936.00			7,936.00
Marriage License Fees	<u>1,345.00</u>	<u>2,750.00</u>	<u>2,825.00</u>	<u>1,270.00</u>
	<u>\$ 22,422.00</u>	<u>\$ 31,573.00</u>	<u>\$ 37,407.00</u>	<u>\$ 16,588.00</u>
<u>REF.</u>	A	A-4	A-4	A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE LOSAP CONTRIBUTIONS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 152,944.25
Increased by:		
Transfers from 2012 Appropriations	A-3	<u>105,000.00</u>
		257,944.25
Decreased by:		
LOSAP Plan Contributions Made	A-4	<u>99,607.69</u>
Balance, December 31, 2012	A	<u><u>\$ 158,336.56</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED

<u>GRANT</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>TRANSFERRED FROM 2011 APPROPRIATION RESERVES</u>	<u>EXPENDED</u>	<u>BALANCE DECEMBER 31, 2012</u>
Municipal Alliance	\$ 1,008.55	\$ 399.72		\$ 1,408.27
Livable Communities Grant	16,287.00			16,287.00
Police Body Armor Grant	2,273.85			2,273.85
Emergency Management Grant	10,878.28		7,372.00	3,506.28
Clean Communities Grant	40,083.49	21,269.92	11,260.00	50,093.41
Alcohol Education and Rehabilitation Fund	3,376.02	701.15	1,600.00	2,477.17
Shade Tree Grant	3,716.00			3,716.00
Recycling Grant	28,732.00			28,732.00
Drunk Driving Enforcement Fund	637.35	1,132.35	637.35	1,132.35
Domestic Violence Prevention Grant	107.00			107.00
Stormwater Grant	9,736.00		968.00	8,768.00
Audio/Visual Grant	284.01			284.01
Recycling Tonnage Grant	38,512.09	34,825.00	2,412.50	70,924.59
Open Space Trust	21,401.00			21,401.00
Clean Air Cool Cities		18.00		18.00
NJ Clean Energy Grant		1,454.12		1,454.12
	<u>\$ 177,032.64</u>	<u>\$ 59,800.26</u>	<u>\$ 24,249.85</u>	<u>\$ 212,583.05</u>

REF.

A

A-14

A-4

A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

<u>GRANT</u>	BALANCE DECEMBER 31, 2011	CASH RECEIPTS	APPLIED TO RECEIVABLE	BALANCE DECEMBER 31, 2012
Clean Communities Program	33,038.07	\$ 3,126.97	\$ 33,038.00	\$ 3,127.04
Sustainable N.J.	1,000.00	25,520.24	1,000.00	25,520.24
Drunk Driving Enforcement Fund	<u>3,056.22</u>	<u>5,902.46</u>	<u>3,056.00</u>	<u>5,902.68</u>
	<u>\$ 37,094.29</u>	<u>\$ 34,549.67</u>	<u>\$ 37,094.00</u>	<u>\$ 34,549.96</u>
<u>REF.</u>	A	A-4	A-11	A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

Emergency Appropriations 40A:4-46

	BALANCE DECEMBER 31, 2011	INCREASE	RAISED IN IN BUDGET	BALANCE DECEMBER 31, 2012
	\$ <u>100,000.00</u>	\$ <u>177,500.00</u>	\$ <u>100,000.00</u>	\$ <u>177,500.00</u>
	\$ <u><u>100,000.00</u></u>	\$ <u><u>177,500.00</u></u>	\$ <u><u>100,000.00</u></u>	\$ <u><u>177,500.00</u></u>
<u>REF.</u>	A	A-1:A-3	C-14	A

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, 2011	B	\$ <u>378,084.70</u>	\$ <u>26,735.14</u>	\$ <u>1,585,562.89</u>
Increased by Receipts:				
Assessments Receivable	B-4	126,639.97		
Animal Control License Fees	B-12		20,761.40	
Due State of New Jersey	B-13		1,977.60	
Various Reserves and Deposits	B-11			11,412,193.85
Unemployment	B-14			11,025.80
Due General Capital Fund	B-8	12,500.00		
Due Current Fund	B-7:B-16	3,525.18		172,863.07
		<u>142,665.15</u>	<u>22,739.00</u>	<u>11,596,082.72</u>
Decreased by Disbursements:				
Expenditures Under R.S.4:19-15.11	B-12		19,360.00	
Due State of New Jersey	B-13		1,978.80	
Unemployment Claims	B-14			39,387.17
Various Reserves and Deposits	B-11			11,674,150.33
Due General Capital Fund	B-17			8,100.38
Assessment Notes	B-10	12,500.00		
Due Current Fund	B-7:B-16	8,507.93		169,814.14
		<u>21,007.93</u>	<u>21,338.80</u>	<u>11,891,452.02</u>
Balance, December 31, 2012	B	\$ <u>499,741.92</u>	\$ <u>28,135.34</u>	\$ <u>1,290,193.59</u>

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

ANALYSIS OF CASH

BALANCE  
DECEMBER  
31, 2012

Due Current Fund	\$	96.83
Due General Capital Fund		424,095.61
Fund Balance		6.00
<u>Assessment Serial Bonds</u>		
Ord 1939		824.00
Ord 1948		1,971.00
Ord 1972		9,179.02
Ord 1989		16,140.00
Ord 2009		79,476.41
<u>Unfinanced Assessments</u>		
Ord 1733 - Bamford Ave Curbs and Sidewalks		(200.20)
Ord 1734/1757- Sanitary Sewers - Highview/Charwalt		<u>(31,846.75)</u>
	\$	<u>499,741.92</u>

REF.

B:B-2

BOROUGH OF HAWTHORNE  
ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENTS RECEIVABLE

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE	ASSESSMENTS	ASSESSMENTS	BALANCE	BALANCE PLEDGED TO		DUE GENERAL CAPITAL FUND
		DECEMBER 31, 2011	CONFIRMED	COLLECTED	DECEMBER 31, 2012	RESERVE	ASSESSMENT BONDS	
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	Bamford Avenue Curbs/Sidewalks	775.20		575.00	200.20			200.20
1734/1757	Sanitary Sewers - Highview Charwalt	47,846.75		16,000.00	31,846.75			31,846.75
1939	VanWinkle Ave - Sidewalks/Driveways	5,116.31		824.00	4,292.31		4,292.31	
1948	Tuxedo Ave - Sidewalks/Driveways	6,344.67		1,971.00	4,373.67		4,373.67	
1972	Central Ave - Sidewalks/Driveways	16,386.69		9,179.02	7,207.67		7,207.67	
1989	Road and Stormwater Improvements		185,400.00	16,140.00	169,260.00		169,260.00	
2009	Sidewalk Improvements		129,817.04	81,950.95	47,866.09		47,866.09	
		<u>\$ 100,663.62</u>	<u>\$ 315,217.04</u>	<u>\$ 126,639.97</u>	<u>\$ 289,240.69</u>	<u>\$ 24,194.00</u>	<u>\$ 232,999.74</u>	<u>\$ 32,046.95</u>
	<u>REF.</u>	B		B-2	B			
	Prospective Assessments Funded		\$ 224,467.04					
	Due General Capital Fund		90,750.00					
			<u>\$ 315,217.04</u>					

"B-5"

BOROUGH OF HAWTHORNE  
ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENTS LIENS

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DECEMBER 31, <u>2011</u>	BALANCE DECEMBER 31, <u>2012</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	<u>2,633.00</u>	<u>2,633.00</u>	<u>2,633.00</u>
		<u>\$ 10,331.00</u>	<u>\$ 10,331.00</u>	<u>\$ 10,331.00</u>
	<u>REF.</u>	B	B	B

"B-6"

SCHEDULE OF ASSESSMENTS LIEN INTEREST AND COSTS

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DECEMBER 31, <u>2011</u>	BALANCE DECEMBER 31, <u>2012</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	<u>741.00</u>	<u>741.00</u>	<u>741.00</u>
		<u>\$ 2,743.00</u>	<u>\$ 2,743.00</u>	<u>\$ 2,743.00</u>
	<u>REF.</u>	B	B	B

"B-7"

BOROUGH OF HAWTHORNE  
ASSESSMENT TRUST FUND  
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2011 (Due to)	B	\$	5,079.58
Increased by:			
Cash Receipts	B-2		3,525.18
			<u>8,604.76</u>
Decreased by:			
Cash Disbursements	B-2		8,507.93
			<u>8,507.93</u>
Balance, December 31, 2012 (Due to)	B	\$	<u>96.83</u>

"B-8"

ASSESSMENT TRUST FUND  
SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2011 (Due to)	B	\$	436,968.74
Increased by:			
Assessments Confirmed	B-4	\$	90,750.00
Cash Receipts	B-2		<u>12,500.00</u>
			<u>103,250.00</u>
Balance, December 31, 2012 (Due to)	B	\$	<u>540,218.74</u>

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BONDED IN 2012</u>	<u>ASSESSMENTS CONFIRMED</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE PLEGDED TO BONDS</u>	<u>BALANCE PLEGDED TO RESERVE</u>
1506	Construction of Curbs on Royal Ave.	\$ 40,800.00	\$	\$	\$ 40,800.00	\$	\$ 40,800.00
1939	Van Winkle Avenue		10,000.00		10,000.00	10,000.00	
1948	Sidewalk and Driveway Improvements		20,000.00		20,000.00	20,000.00	
1972	Road Reconstruction		40,000.00		40,000.00	40,000.00	
1989	Road and Stormwater Improvements		198,000.00	185,400.00	12,600.00	12,600.00	
2009	Sidewalk Improvements		129,000.00	39,067.04	89,932.96	89,932.96	
2047	Reconstruction of Sidewalk		70,000.00		70,000.00	70,000.00	
2063/2070	Sidewalk and Driveway Improvements		133,000.00		133,000.00	133,000.00	
		<u>\$ 40,800.00</u>	<u>\$ 600,000.00</u>	<u>\$ 224,467.04</u>	<u>\$ 416,332.96</u>	<u>\$ 375,532.96</u>	<u>\$ 40,800.00</u>
<u>REF.</u>		B	B-15	B-4	B		

BOROUGH OF HAWTHORNE  
ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENT NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>DECREASED</u>
	<u>Local Improvements:</u>		
1939	Van Winkle Ave - Sidewalks/Driveways	\$ <u>12,500.00</u>	\$ <u>12,500.00</u>
		\$ <u>12,500.00</u>	\$ <u>12,500.00</u>
	<u>REF.</u>	B	B-2

BOROUGH OF HAWTHORNE

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

<u>Description</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2011</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2012</u>
<u>Reserve for:</u>				
Recycling Expenditures	\$ 589,648.82	\$ 259,004.41	\$ 418,746.07	\$ 429,907.16
Other Escrow Deposits	32,997.65		666.48	32,331.17
Builders Escrow Deposits	61,368.46	40,972.83	44,427.64	57,913.65
Tax Sale Premiums	242,600.00	143,700.00	132,600.00	253,700.00
Off-Duty Municipal Police Pay	121,420.24	283,136.50	349,120.20	55,436.54
Municipal Alliance Program	17,415.57	3,600.00	1,000.00	20,015.57
PCUA - EIC	552.00			552.00
Public Defender Fees	13,271.00	4,445.00	900.00	16,816.00
POAA	1,725.78	544.00	115.00	2,154.78
Third Party Liens	161,063.70	703,924.97	863,077.08	1,911.59
911 Memorial		55,942.00	11,977.00	43,965.00
Housing Trust	6,614.82	27,818.47	7,503.00	26,930.29
Fire Code Penalties	6,387.26	8,650.00		15,037.26
Pre-Tax Medical Payments	368.03	670.91	700.00	338.94
Relocation Fund	9,591.00	11,485.00	4,500.00	16,576.00
Payroll Deductions Payable	(181.67)	9,831,634.27	9,831,461.43	(8.83)
UCC Penalties	120,388.64	15,715.49	5,356.43	130,747.70
Sidewalk Replacements	5,659.00			5,659.00
Security Deposits	19,066.66	2,000.00		21,066.66
Performance Deposits	3,400.00	18,950.00	2,000.00	20,350.00
	<u>\$ 1,413,356.96</u>	<u>\$ 11,412,193.85</u>	<u>\$ 11,674,150.33</u>	<u>\$ 1,151,400.48</u>
<u>REF.</u>	B	B-2	B-2	B

BOROUGH OF HAWTHORNE

ANIMAL CONTROL FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	26,735.14
Increased by:			
Animal Control License Fees Collected	B-2		<u>20,761.40</u>
			47,496.54
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-2		<u>19,360.00</u>
Balance, December 31, 2012	B	\$	<u><u>28,136.54</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>		<u>AMOUNT</u>
2011	\$	23,314.00
2010		<u>24,001.00</u>
	\$	<u><u>47,315.00</u></u>

ANIMAL CONTROL FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

Increased by:			
Cash Receipts	B-2	\$	1,977.60
Decreased by:			
Cash Disbursements	B-2		<u>1,978.80</u>
Balance, December 31, 2012			
Due From State	B	\$	<u><u>1.20</u></u>

BOROUGH OF HAWTHORNE

TRUST FUND

SCHEDULE OF DUE STATE - UNEMPLOYMENT CLAIMS

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 167,979.48
Increased by:		
Cash Receipts	B-2	<u>11,025.80</u>
		179,005.28
Decreased by:		
Cash Disbursements	B-2	<u>39,387.17</u>
Balance, December 31, 2012	B	\$ <u><u>139,618.11</u></u>

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF ASSESSMENT SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012</u>		<u>INTEREST RATE</u>	<u>ISSUED</u>	<u>BALANCE DECEMBER 31, 2012</u>
			<u>DATE</u>	<u>AMOUNT</u>			
Various Curb, Sidewalk and Driveway Improvements	7/15/2012	600,000.00	7/1/13	\$ 60,000.00	2.000%	\$	\$
			7/1/14	60,000.00	2.000%		
			7/1/15	60,000.00	2.000%		
			7/1/16	60,000.00	2.000%		
			7/1/17	60,000.00	2.000%		
			7/1/18	60,000.00	2.000%		
			7/1/19	60,000.00	2.000%		
			7/1/20	60,000.00	2.000%		
			7/1/21	60,000.00	2.000%		
			7/1/22	60,000.00	3.000%		
					<u>\$ 600,000.00</u>	<u>\$ 600,000.00</u>	
				<u>REF.</u>	B-9	B	

"B-16"

BOROUGH OF HAWTHORNE

OTHER TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2011 (Due From)	B	\$ 3,873.93
Increased by:		
Cash Disbursements	B-2	169,814.14
		<u>\$ 173,688.07</u>
Decreased by:		
Cash Receipts	B-2	172,863.07
		<u>172,863.07</u>
Balance, December 31, 2012 (Due From)	B	<u><u>\$ 825.00</u></u>

"B-17"

SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2011	B	\$ 8,100.38
Decreased by:		
Payroll Disbursements	B-2	\$ 8,100.38
		<u><u>8,100.38</u></u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2011	C		\$ 144,322.16
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-15	\$ 100,000.00	
Grants Receivable	C-8	212,079.26	
Due Trust Other Fund	C-12	8,100.38	
Due Current Fund	C-17	565,708.79	
Reserve for Debt Service	C-18	578,816.66	
Serial Bonds	C-10	<u>4,835,000.00</u>	
			<u>6,299,705.09</u>
			\$ <u>6,444,027.25</u>
Decreased by Disbursements:			
Encumbrances Payable	C-16	\$ 1,802,347.19	
Bond Anticipation Notes	C-13	3,352,500.00	
Due Assessment Trust Fund	C-7	12,500.00	
Various Reserves and Deposits	C-18	50,000.00	
Due Water Capital Fund	D-5	130,500.00	
Due Current Fund	C-17	<u>525,000.00</u>	
			<u>5,872,847.19</u>
Balance, December 31, 2012	C:C-3		\$ <u><u>571,180.06</u></u>

"C-3"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE  
DECEMBER  
31, 2012

Capital Improvement Fund	\$	257,880.03
Fund Balance		176,131.60
Encumbrances Payable		308,430.17
Improvement Authorizations:		
Funded Improvements Listed on "C-14"		548,252.67
Improvements Expended Set Forth on "C-5"		(836,826.65)
Various Reserves and Deposits		1,235,464.98
Due Assessment Trust Fund		(540,218.74)
Due Current Fund		2,063.50
Due Water Utility Capital Fund		(130,500.00)
Loan Proceeds Receivable		(270,464.00)
Grants Receivable		(179,033.50)
		<hr/>
	\$	<u>571,180.06</u>

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2011	C		\$	12,433,726.31
Increased by:				
Bonds Issued	C-10			<u>4,835,000.00</u>
				17,268,726.31
Decreased by:				
Payment of :				
Bond Principal	C-10	\$	1,110,000.00	
Bond Refunding	C-10		7,000.00	
Transferred to Assessment Trust Fund	C-10		600,000.00	
Environmental Infrastructure Loan Canceled	C-5		259,986.00	
Loan Payable	C-11		<u>390,388.70</u>	
				<u>2,367,374.70</u>
Balance, December 31, 2012	C		\$	<u>14,901,351.61</u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	BALANCE DECEMBER 31, 2011	2012 AUTHORIZATIONS	BOND SALE	FUNDED BY NJ EIT LOAN	ASSESSMENTS CONFIRMED	LOAN CANCELED	CANCELED	ANALYSIS OF BALANCE DECEMBER 31, 2012		
								BALANCE DECEMBER 31, 2012	BOND ANTICIPATION NOTES	UNEXPENDED BALANCE
<u>General Improvements:</u>										
1591	Construction of Roadway - Sherman Ave	\$ 786.00	\$	\$	\$	\$	\$	\$ 786.00	\$	\$ 786.00
1634/1663	Resurfacing and Reconstruction of Grand Ave	3,844.00						3,844.00		3,844.00
1908	Repairs and Renovation to Municipal Pool	187.00					187.00			
1938	Improvement of Van Winkle Ave	2,933.76	2,000.00					933.76		933.76
1949	Road Resurfacing, Curbing and Drainage	249,617.74	249,000.00					617.74		617.74
1956	Drainage and Stormwater Improvements	959,500.00	695,500.00					264,000.00		242,784.19
1817/1959	Recreation Facility at Wagaraw Road	9,626.48	9,500.00					126.48		126.48
1961	Repairs to Sicomac Pump Station	18,106.00	18,000.00				106.00			
1963	Municipal Bldg HVAC Improvements	237,500.00	237,500.00							
1885/1970	Repairs and Renovation to Municipal Pool	4,736.29						4,736.29		4,736.29
1975	Road Reconstruction and Improvements - Central Ave	50,922.35	4,000.00				28,837.80	18,084.55		18,084.55
1976	Road Resurfacing, Curbing and Drainage	570,000.00	570,000.00							
1989	Brockhuizen Lane Improvements	182,000.00	182,000.00							
1991	Improvement to Goffe Hill Rd and Sicomac Rd Sewage Pumping Station	11,250.00					259,986.00	271,236.00		
2004	Various Capital Improvements and Equipment	285,000.00	285,000.00							
2008	Road Improvement Program	570,000.00	570,000.00							
2009	Sidewalk Improvements - Various Streets	89,000.00	89,000.00							
2010	Improvements to Van Winkle Ave	59,221.94					59,221.94			
2032	Rehabilitation of Substandard Housing	85,700.00	85,600.00					100.00		100.00
2043	Sanitary Sewer Main Improvements	237,500.00	237,500.00							
2044/2057	Library Roof Repairs	161,500.00	94,000.00					67,500.00		45,588.28
2046	Various Road Reconstruction, Curbing, Resurfacing, and Drainage	190,000.00	190,000.00							
2048	Reconstruction, Resurfacing, Drainage, Driveway Aprons, Curb and Sidewalk Improvements-Mohawk	174,750.00	40,000.00					134,750.00		134,750.00
2058	Refunding Bond Ordinance									
	Acq. and Installation of Public Safety Communication Equipment	323,000.00						323,000.00		323,000.00
2062	Road Improvement Program	570,000.00	570,000.00							
2067/2078	Improvements to Forest Ave	99,750.00	76,000.00					23,750.00		23,750.00
2068	Improvements at NYS and W Railroad Crossing	30,400.00	30,400.00							
2073	Installation of Lighting Wagaraw Field	147,250.00						147,250.00		133,271.36
1427/1462	Mountain Ave Sanitary Sewers	4,343.00						4,343.00		4,343.00
1540	Curbs - Van Winkle Ave	974.00						974.00		974.00
1554	Sanitary Sewers - Highview Terrace	15,870.00						15,870.00		15,870.00
1564	Curbs/Aprons/Sidewalks - Rock and Goffe	3,119.00						3,119.00		3,119.00
1607/1682	Curbs and Sidewalks - Lafayette Ave.	3,800.00						3,800.00		3,800.00
1636/1684	Pavers on Lafayette Ave.	3,450.00						3,450.00		3,450.00
1726	Curbs/Aprons/Sidewalks - Post Ave.	4,124.00						4,124.00		4,124.00
1733	Curbs/Aprons/Sidewalks - Bamford Ave.	3,563.00						3,563.00		3,563.00
1734/1757	Sanitary Sewers- Highview/Charwalt	22,187.00						22,187.00		22,187.00
1810	Curbs/Aprons/Sidewalks - Hutchinson, Roosevelt and Van Winkle	2,410.00						2,410.00		2,410.00

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	BALANCE DECEMBER 31, 2011	2012 AUTHORIZATIONS	BOND SALE	FUNDED BY NJ EIT LOAN	ASSESSMENTS CONFIRMED	LOAN CANCELED	CANCELED	BALANCE DECEMBER 31, 2012	ANALYSIS OF BALANCE DECEMBER 31, 2012			
									BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED BALANCE	
Local Improvements:												
1939	\$ 290.00	\$	\$ 290.00	\$	\$	\$	\$	\$	\$	\$	\$	\$
1948	5,740.98		5,740.98									
1972	6,101.26		5,998.59									
1989	198,000.00		139,847.30									
2009	219,750.00		129,000.00		90,750.00							
2047	114,000.00		70,000.00					44,000.00				44,000.00
2063/2070		133,000.00	133,000.00									
	<u>\$ 4,761,403.80</u>	<u>\$ 1,303,400.00</u>	<u>\$ 4,718,876.87</u>	<u>\$</u>	<u>\$ 90,750.00</u>	<u>\$ 259,986.00</u>	<u>\$ 417,844.11</u>	<u>\$ 1,097,318.82</u>	<u>\$</u>	<u>\$ 836,826.65</u>	<u>\$</u>	<u>\$ 260,492.17</u>
	C	C-14		C-11	C-7	C-4	C-14	C		C-3		C-14

"C-6"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE  
LOAN PROCEEDS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2011	C	\$	530,450.00
Decreased by:			
Canceled	C-11		<u>259,986.00</u>
Balance, December 31, 2012	C	\$	<u><u>270,464.00</u></u>

"C-7"

SCHEDULE OF DUE ASSESSMENT TRUST FUND

Balance, December 31, 2011 (Due From)	C	\$	436,968.74
Increased by:			
Assessments Confirmed	C-5	\$	90,750.00
Cash Disbursement	C-2		<u>12,500.00</u>
			<u>103,250.00</u>
Balance, December 31, 2012 (Due From)	C	\$	<u><u>540,218.74</u></u>

BOROUGH OF HAWTHORNE  
GENERAL CAPITAL FUND  
SCHEDULE OF GRANTS RECEIVABLE

ORDINANCE NUMBER	PROJECT	BALANCE DECEMBER 31, 2011	GRANTS AWARDED	CASH RECEIPTS	CANCELED	BALANCE DECEMBER 31, 2012	BALANCE PLEDGED TO:	
							IMPROVEMENT AUTHORIZATION	RESERVE
<u>State Department of Transportation:</u>								
1938	Van Winkle Avenue Improvements	\$ 30,254.17	\$	\$	\$ 30,254.17	\$	\$	\$
1975	Central Avenue Improvements	61,922.35			61,922.35			
2010	Van Winkle Avenue Improvements	59,221.94			59,221.94			
2048	Reconstruction, Resurfacing, Drainage, Driveway Aprons Curb and Sidewalk Improvements-Mohawk	46,250.00				46,250.00		46,250.00
2067	Forest Avenue Improvements		200,000.00	150,000.00		50,000.00	50,000.00	
2068	Improvements at NYS & W Railroad Crossing		65,000.00			65,000.00	65,000.00	
<u>Passaic County Open Space Trust Fund:</u>								
2078	Lighting Wagaraw Field		75,000.00			75,000.00		75,000.00
<u>Community Development Block Grant:</u>								
1974	Handicapped Accessible Grants	16,112.76		15,112.76		1,000.00	1,000.00	
2062	Road Reconstruction, Curb and Drainage Improvements		110,000.00	46,966.50		63,033.50	63,033.50	
		<u>\$ 213,761.22</u>	<u>\$ 450,000.00</u>	<u>\$ 212,079.26</u>	<u>\$ 151,398.46</u>	<u>\$ 300,283.50</u>	<u>\$ 179,033.50</u>	<u>\$ 121,250.00</u>
REF.		C		C-2		C	C-3	C

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>TOTAL APPROPRIATED</u>	<u>DOWN PAYMENT</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>FINANCED BY CAPITAL IMPROVEMENT FUND</u>	<u>ASSESSMENTS CONFIRMED</u>	<u>BALANCE DECEMBER 31, 2012</u>
<u>Local Improvements:</u>							
1989	Road Reconstruction, Stormwater Conveyance, Curbing and Other Improvements - Brockhuizen Lane	\$ 400,000.00	\$ 20,000.00	\$ 20,000.00		\$ 20,000.00	
2009	Sidewalk Improvements - Various Streets	325,000.00	16,250.00	16,250.00		16,250.00	
2011	Reconstruction of Sidewalks and Driveway Aprons- Pasadena and Mohawk	120,000.00	6,000.00	6,000.00			6,000.00
2063/2070	Reconstruction of Sidewalks and Driveway	140,000.00	7,000.00		7,000.00		7,000.00
				<u>\$ 42,250.00</u>	<u>\$ 7,000.00</u>	<u>\$ 36,250.00</u>	<u>\$ 13,000.00</u>
			<u>REF.</u>	<u>C</u>			<u>C</u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	ISSUED	DECREASED	BALANCE DECEMBER 31, 2012
			DATE	AMOUNT					
General Improvement Bonds of 2004	6/1/2004	\$ 6,292,000.00	6/1/2013	\$ 500,000.00	4.125%	\$ 4,917,000.00		\$ 4,417,000.00	\$ 500,000.00
Refunding Bonds of 2005	4/1/2005	3,285,000.00	8/15/2013	310,000.00	4.000%	1,225,000.00		310,000.00	915,000.00
			8/15/2014	305,000.00	4.000%				
			8/15/2015	300,000.00	4.000%				
General Improvement Bonds of 2008	9/1/2008	3,510,000.00	3/1/2013	205,000.00	5.000%	3,135,000.00		200,000.00	2,935,000.00
			3/1/2014	210,000.00	5.000%				
			3/1/2015	210,000.00	5.000%				
			3/1/2016	210,000.00	5.000%				
			3/1/2017	210,000.00	5.000%				
			3/1/2018	210,000.00	5.000%				
			3/1/2019	210,000.00	5.000%				
			3/1/2020	210,000.00	4.000%				
			3/1/2021	210,000.00	4.000%				
			3/1/2022	210,000.00	4.000%				
			3/1/2023	210,000.00	4.000%				
			3/1/2024	210,000.00	4.125%				
			3/1/2025	210,000.00	4.250%				
3/1/2026	210,000.00	4.250%							
Refunding Bonds of 2009	10/15/2009	1,585,000.00	10/15/2013	150,000.00	2.250%	1,110,000.00		230,000.00	880,000.00
			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%				

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	ISSUED	DECREASED	BALANCE DECEMBER 31, 2012	
			DATE	AMOUNT						
General Improvement Bonds of 2012	7/10/2012	\$ 4,235,000.00	7/15/2013	\$ 175,000.00	2.000%	\$	\$	\$	\$	
			7/15/2014	200,000.00	2.000%					
			7/15/2015	200,000.00	2.000%					
			7/15/2016	225,000.00	2.000%					
			7/15/2017	225,000.00	2.000%					
			7/15/2018	225,000.00	2.000%					
			7/15/2019	250,000.00	2.000%					
			7/15/2020	250,000.00	2.000%					
			7/15/2021	250,000.00	2.000%					
			7/15/2022	275,000.00	3.000%					
			7/15/2023	300,000.00	3.000%					
			7/15/2024	300,000.00	3.000%					
			7/15/2025	325,000.00	2.250%					
			7/15/2026	350,000.00	2.250%					
			7/15/2027	350,000.00	2.500%					
			7/15/2028	335,000.00	2.500%		4,235,000.00		4,235,000.00	
Assessment Bonds of 2012	7/10/2012	600,000.00		600,000.00	2.000%		600,000.00	600,000.00		
Refunding Bonds of 2012	3/29/2012	4,110,000.00	6/1/2013	15,000.00	2.000%					
			6/1/2014	560,000.00	2.000%					
			6/1/2015	595,000.00	2.000%					
			6/1/2016	685,000.00	3.000%					
			6/1/2017	710,000.00	3.000%					
			6/1/2018	730,000.00	4.000%					
			6/1/2019	745,000.00	4.000%					
							4,110,000.00	70,000.00	4,040,000.00	
							<u>\$ 10,387,000.00</u>	<u>\$ 8,945,000.00</u>	<u>\$ 5,827,000.00</u>	<u>\$ 13,505,000.00</u>

REF.

Bonds Issued	C	\$ 4,835,000.00	\$
Bonds Paid by Budget	C-4		1,110,000.00
Transferred to Assessment Trust Fund	C-4		600,000.00
Refunding	C-4	4,110,000.00	4,117,000.00
		<u>\$ 8,945,000.00</u>	<u>\$ 5,827,000.00</u>

"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, 2011	C		\$ 2,046,726.31
Decreased by:			
Paid by Budget Appropriation	C-4	\$ 390,388.70	
Canceled	C-7	<u>259,986.00</u>	
			<u>650,374.70</u>
Balance, December 31, 2012	C		<u>\$ 1,396,351.61</u>

"C-12"

SCHEDULE OF DUE TRUST OTHER FUND

Balance, December 31, 2011 (Due From)	C		\$ 8,100.38
Decreased by:			
Cash Receipts	C-2		<u>\$ 8,100.38</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, 2011</u>	<u>DECREASED</u>
<u>General Improvements:</u>							
1938	Road Reconstruction, Drainage and Curb Improvements- Van Winkle to Lafayette Ave - Phase I	10/9/2009	10/8/2011	7/20/2012	1.25%	\$ 61,000.00	\$ 61,000.00
1949	Various Road Improvements, Drainage and Curb Improvements - Phase I	10/9/2009	10/8/2011	7/20/2012	1.25%	285,000.00	285,000.00
1959	Creation of a Recreation Facility	10/9/2009	10/8/2011	7/20/2012	1.25%	14,000.00	14,000.00
1963	Municipal Building HVAC Improvements	10/9/2009	10/8/2011	7/20/2012	1.25%	237,500.00	237,500.00
1976	Various Road Reconstruction, Curbing and Drainage Improvements	10/9/2009	10/8/2011	7/20/2012	1.25%	570,000.00	570,000.00
1956	Various Drainage and Stormwater Improvements	7/22/2010	7/22/2011	7/22/2012	1.25%	950,000.00	950,000.00
2004	Various Capital Improvements	7/22/2010	7/22/2011	7/22/2012	1.25%	285,000.00	285,000.00
2008	Road Improvement Program	7/22/2010	7/22/2011	7/22/2012	1.25%	570,000.00	570,000.00
<u>Local Improvements:</u>							
1989	Various Roads Reconstruction and Stormwater Conveyance	10/9/2009	10/8/2011	7/20/2012	1.25%	380,000.00	380,000.00
						<u>\$ 3,352,500.00</u>	<u>\$ 3,352,500.00</u>
<u>REF.</u>						C	C-2

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011		2012 AUTHORIZATIONS	PAID OR CHARGED	CANCELED	BALANCE DECEMBER 31, 2012	
		FUNDED	UNFUNDED				FUNDED	UNFUNDED
<u>General Improvements:</u>								
1586	Various Capital Improvements	\$	\$	\$	\$	\$	\$	\$
1588	Handicapped Curb Cuts	29,908.20					29,908.20	
1591	Fuel Storage Tanks	1,280.16	786.00				1,280.16	786.00
1594	ADA Compliant Equipment	41,997.64					41,997.64	
1765	Acq. & Install. of Public Safety Commun. System	106,935.40		340,000.00	409,083.26		37,852.14	
1908	Repairs and Renovation to Municipal Pool	1,386.42	187.00			1,573.42		
1956	Drainage & Stormwater Imprv. Various Locations		158,100.65		136,884.84			21,215.81
1961	Repair to Sicomac Pump Station		2,694.38		1,500.00	1,194.38		
1963	Municipal Building HVAC Improve.		11,008.08		11,008.08			
1974	Installation of Handicapped Accessible Ramps	0.26				0.26		
1975	Road Reconstruction and Improve to Central Ave.		28,837.80			28,837.80		
1976	Various Road Reconstruction, Curbing, Resurfacing, and Drainage		11,665.79		2,124.87	9,540.92		
1991	Improvement to Goffle Hill Road and Sicomac Road Sewage Pumping Station	282,200.38	11,250.00		200.00	293,247.38	3.00	
2004	Various Capital Improvements and Equipment		28,349.54			28,349.54		
2008	Road Improvement Program		9.59		(11,392.26)	11,401.85		
2010	Improvements to Van Winkle Ave	2,330.35	59,221.94			61,552.29		
2032	Rehabilitation of Substandard Housing		16,181.96		14,746.80		1,335.16	100.00
2043	Sanitary Sewer Main Improvements		189,491.75		76,575.00		112,916.75	
2044/2057	Library Roof Repairs		5,352.46		(16,559.26)			21,911.72
2046	Various Road Reconstruction, Curbing		1,480.09		(64,593.78)		66,073.87	
2048	Reconstruction, Resurfacing, Drainage, Driveway Aprons, Curbs and Sidewalk Improvements		84,662.69		(69,221.07)		19,133.76	134,750.00
2062	Road Reconstruction, Curb and Drainage			710,000.00	705,179.94		4,820.06	
2067/2078	Road Reconstruction, Curb and Drainage - Forest			305,000.00	257,062.45		24,187.55	23,750.00
2068	Improvements at NYS & W Railroad Crossing			97,000.00	44,294.72		52,705.28	
2073	Installation of Lighting Wagaraw Field			155,000.00	141,021.36			13,978.64

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011		2012 AUTHORIZATIONS	PAID OR CHARGED	CANCELED	BALANCE DECEMBER 31, 2012	
		FUNDED	UNFUNDED				FUNDED	UNFUNDED
<u>Local Improvements:</u>								
1972	Reconstruction of Sidewalks and Driveway Aprons - Central Ave	\$	\$ 102.67	\$	\$	\$ 102.67	\$	\$
1989	Road Reconstruction, Stormwater Conveyance Imprv., Curbing & Other Imprv. Brockhuizen Lane		62,352.26		(6,080.44)	58,152.70	10,280.00	
2009	Sidewalk Improvements - Various Streets		127,119.67		2,760.04		124,359.63	
2047	Reconstruction of Sidewalks and Driveway Aprons-Pasadena and Mohawk		66,791.40		1,880.00		20,911.40	44,000.00
2063/2070	Reconstruction of Sidewalks and Driveway			140,000.00	139,511.93		488.07	
		\$ <u>466,038.81</u>	\$ <u>865,645.72</u>	\$ <u>1,747,000.00</u>	\$ <u>1,775,986.48</u>	\$ <u>493,953.21</u>	\$ <u>548,252.67</u>	\$ <u>260,492.17</u>
		REF.	C	C		C-16	C:C-3	C:C-5
	Capital Improvement Fund	C-15		\$ 68,600.00		\$ 3,717.03		
	Deferred Charges to Future Taxation Unfunded	C-5		1,303,400.00		417,844.11		
	DOT			265,000.00				
	CDBG			110,000.00				
	Reserve for Debt Service	C-18				72,392.07		
				\$ <u>1,747,000.00</u>		\$ <u>493,953.21</u>		

"C-15"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2011	C		\$ 222,763.00
Increased by:			
2012 Budget Appropriation	C-2	\$ 100,000.00	
Cancellation of Improvement Authorizations	C-14	<u>3,717.03</u>	
			103,717.03
			<u>\$ 326,480.03</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-14		<u>68,600.00</u>
Balance, December 31, 2012	C		<u>\$ 257,880.03</u>

"C-16"

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, December 31, 2011	C		\$ 334,790.88
Increased by:			
Encumbrances Issued	C-14		<u>1,775,986.48</u>
			<u>\$ 2,110,777.36</u>
Decreased by:			
Cash Disbursements	C-2		<u>1,802,347.19</u>
Balance, December 31, 2012	C		<u>\$ 308,430.17</u>

BOROUGH OF HAWTHORNE  
GENERAL CAPITAL FUND  
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2011 (Due From)	C	\$ 38,645.29
Increased by:		
Cash Disbursements	C-2	<u>525,000.00</u>
		563,645.29
Decreased by:		
Cash Receipts	C-2	<u>565,708.79</u>
Balance, December 31, 2012 (Due to)	C	\$ <u><u>(2,063.50)</u></u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER <u>31, 2011</u>	<u>INCREASE</u>	DECREASE BUDGET <u>REVENUE</u>	BALANCE DECEMBER <u>31, 2012</u>
Reserve for Bond Sale Issuance Costs	\$ 2,404.00	\$	\$	\$ 2,404.00
Reserve for Payment of Debt	<u>515,729.12</u>	<u>767,331.86</u>	<u>50,000.00</u>	<u>1,233,060.98</u>
	<u>\$ 518,133.12</u>	<u>\$ 767,331.86</u>	<u>\$ 50,000.00</u>	<u>\$ 1,235,464.98</u>
<u>REF.</u>	C		C-2	C
Cash Receipts		\$ 578,816.66		
Authorizations Canceled		72,392.07		
Bonds Issued		<u>116,123.13</u>		
		<u>\$ 767,331.86</u>		

## BOROUGH OF HAWTHORNE

## GENERAL CAPITAL FUND

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	
		CAPITAL	ASSESSMENT
	<u>General Improvements:</u>		
1591	Construction of Roadway - Sherman Ave	\$ 786.00	\$
1634/1663	Resurfacing and Reconstruction of Grand Ave	3,844.00	
1938	Improvement of Van Winkle Ave	933.76	
1949	Road Resurfacing, Curbing and Drainage	617.74	
1956	Drainage and Stormwater Improvements	264,000.00	
1959	Recreation Facility at Wagaraw Road	126.48	
1885/1970	Repairs and Renovation to Municipal Pool	4,736.29	
1975	Road Reconstruction and Improvements - Central Ave	18,084.55	
2032	Rehabilitation of Substandard Housing	100.00	
2044/2057	Library Roof Repairs	67,500.00	
2048	Reconstruction, Resurfacing, Drainage, Driveway Aprons, Curbs and Sidewalk Improvements	134,750.00	
2058	Refunding Bond Ordinance Acq. and Installation of Public Safety Communication Equipment	323,000.00	
2062	Road Improvement Program		
2067/2078	Improvements to Forest Ave	23,750.00	
2073	Installation of Lighting Wagaraw Field	147,250.00	
	<u>Local Improvements:</u>		
1427/1462	Mountain Ave Sanitary Sewers	4,343.00	
1540	Curbs - Van Winkle Ave.	974.00	
1554	Sanitary Sewers- Highview Terrace	15,870.00	
1564	Curbs/Aprons/Sidewalks - Rock & Goffle	3,119.00	
1607/1682	Curbs and Sidewalks- Lafayette Ave.	3,800.00	
1636/1684	Pavers on Lafayette Ave.	3,450.00	
1726	Curbs/Aprons/Sidewalks - Post Ave.	4,124.00	
1733	Curbs/Aprons/Sidewalks - Bamford Ave.	3,563.00	200.20
1734/1757	Sanitary Sewers - Highview/Charwalt	22,187.00	31,846.75
1810	Curbs/Aprons/Sidewalks - Hutchinson, Roosevelt and Van Winkle	2,410.00	
2047	Reconstruction of Sidewalks and Driveway Aprons - Pasadena and Mohawk	44,000.00	
		<u>\$ 1,097,318.82</u>	<u>\$ 32,046.95</u>

## BOROUGH OF HAWTHORNE

## WATER UTILITY FUND

## SCHEDULE OF CASH - TREASURER

	REF.	OPERATING		CAPITAL		
Balance, December 31, 2011	D	\$	\$	829,244.94	\$	216,449.32
Increased by Receipts:						
Water Rents Receivable	D-7		2,671,156.54			
Fire Hydrant Service	D-3		91,738.00			
Non-Budget Revenue	D-3		2,950.46			
Water Rent Overpayments	D-8		6,567.72			
Due Current Fund	D-13		6,000.00			
Bonds Payable	D-25			1,154,000.00		
Due Water Operating Fund	D-12			23,344.00		
Due Water Capital Fund	C-2			130,500.00		
Miscellaneous	D-3		44,000.92			
				<u>2,822,413.64</u>		<u>1,307,844.00</u>
				3,651,658.58		1,524,293.32
Decreased by Disbursements:						
Appropriations	D-4		2,667,690.13			
Appropriation Reserves	D-9		153,518.45			
Water Rent Overpayments	D-8		122.47			
Bond Anticipation Notes	D-24			495,000.00		
Improvement Authorizations	D-19			453,758.42		
Due Current Fund	D-13		27,549.28			
Due Water Capital Fund	D-12		23,344.00			
				<u>2,872,224.33</u>		<u>948,758.42</u>
Balance, December 31, 2012	D	\$	\$	<u>779,434.25</u>	\$	<u>575,534.90</u>

BOROUGH OF HAWTHORNE  
WATER UTILITY CAPITAL FUND  
ANALYSIS OF CASH

BALANCE  
DECEMBER 31,  
2012

Fund Balance	\$	1,628.00
Capital Improvement Fund		3,851.00
Reserve for Payment of Debt		390,966.00
Loan Proceeds Receivable		(307,803.00)
Due Water General Capital Fund		130,500.00
Encumbrances Payable		
Improvement Authorizations:		
Ord. 1994 - Various Improvements and Equipment		<u>356,392.90</u>
	\$	<u><u>575,534.90</u></u>

REF.

D

"D-7"

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

	<u>REF.</u>		
Balance, December 31, 2011	D		\$ 379,237.05
Increased by:			
Water Rents Levied			2,708,659.80
			\$ <u>3,087,896.85</u>
Decreased by:			
Collections	D-5	\$ 2,671,156.54	
Overpayments Applied	D-8	<u>5,631.05</u>	
			<u>2,676,787.59</u>
Balance, December 31, 2012	D		\$ <u><u>411,109.26</u></u>

"D-8"

WATER UTILITY OPERATING FUND  
SCHEDULE OF WATER RENT OVERPAYMENTS

Balance, December 31, 2011	D		\$ 5,753.52
Increased by:			
Overpayments Collected	D-5		6,567.72
			\$ <u>12,321.24</u>
Decreased by:			
Overpayments Refunded	D-5	\$ 122.47	
Applied	D-7	<u>5,631.05</u>	
			<u>5,753.52</u>
Balance, December 31, 2012	D		\$ <u><u>6,567.72</u></u>

BOROUGH OF HAWTHORNE  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</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	\$ 21,077.44	\$ 21,077.44	\$ 4,807.90	\$ 16,269.54
Other Expenses	8,958.92	119,452.24	115,119.55	4,332.69
Laboratory Testing and Safe Water Act	7,730.00	8,835.00	1,415.00	7,420.00
Capital Improvement: Capital Outlay	<u>969.00</u>	<u>76,700.00</u>	<u>54,176.00</u>	<u>22,524.00</u>
	<u>\$ 38,735.36</u>	<u>\$ 226,064.68</u>	<u>\$ 175,518.45</u>	<u>\$ 50,546.23</u>
	<u>REF.</u>	D		D-1
Balance, December 31, 2011	D	\$ 38,735.36	\$	
Encumbrances Payable	D-10	187,329.32	22,000.00	
Cash Disbursements	D-5		<u>153,518.45</u>	
		<u>\$ 226,064.68</u>	<u>\$ 175,518.45</u>	

BOROUGH OF HAWTHORNE  
WATER UTILITY OPERATING FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2011	D	\$	187,329.32
Increased by:			
Charges to 2012 Budget Appropriations	D-4	\$	181,517.70
Charges to 2011 Appropriation Reserves	D-9		<u>22,000.00</u>
			<u>203,517.70</u>
			<u>390,847.02</u>
Decreased by:			
Transferred to Appropriation Reserves	D-9		<u>187,329.32</u>
Balance, December 31, 2012	D	\$	<u><u>203,517.70</u></u>

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF WATER LOANS PAYABLE

<u>PURPOSE</u>	<u>Ord. No.</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>PAID BY BUDGET</u>	<u>BALANCE DECEMBER 31, 2012</u>
Replacement of Various Water Mains	1811	\$ <u>1,564,294.61</u>	\$ <u>133,538.97</u>	\$ <u>1,430,755.64</u>
		\$ <u>1,564,294.61</u>	\$ <u>133,538.97</u>	\$ <u>1,430,755.64</u>
	<u>REF.</u>	D	D-23	D

"D-12"

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

	<u>REF.</u>	
Balance, December 31, 2011	D	\$ 23,344.00
Decreased by:		
Cash Disbursements	D-5	\$ <u>23,344.00</u>

"D-13"

WATER UTILITY OPERATING FUND  
SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2011 (Due To)	D	\$ 20,110.52
Increased by:		
Cash Receipts	D-5	\$ <u>6,000.00</u>
		\$ 26,110.52
Decreased by:		
Cash Disbursements	D-5	<u>27,549.28</u>
Balance, December 31, 2012 (Due From)	D	\$ <u>(1,438.76)</u>

"D-14"

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

REF.

Balance, December 31, 2011 and  
December 31, 2012

D

\$ 23,928.00

"D-15"

WATER UTILITY CAPITAL FUND

SCHEDULE OF LOAN PROCEEDS RECEIVABLE

Balance, December 31, 2011 and  
December 31, 2012

D

\$ 307,803.00

"D-16"

BOROUGH OF HAWTHORNE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>CAPITAL OUTLAY</u>	<u>BALANCE DECEMBER 31, 2012</u>
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	1,945,807.00	13,095.67	1,958,902.67
	<u>\$ 10,302,646.00</u>	<u>13,095.67</u>	<u>\$ 10,315,741.67</u>
<u>REF.</u>	D	D-23	D

"D-17"

WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>DEFERRED RESERVE FOR AMORTIZATION</u>	<u>DEFERRED CHARGES TO FUTURE REVENUE</u>	<u>BALANCE DECEMBER 31, 2012</u>
Ord 1994/2069 Various Improvements and Equipment	\$ 495,000.00	\$ 60,750.00	\$ 659,250.00	\$ 1,215,000.00
	<u>\$ 495,000.00</u>	<u>\$ 60,750.00</u>	<u>\$ 659,250.00</u>	<u>\$ 1,215,000.00</u>
<u>REF.</u>	D	D-18	D-18	D

BOROUGH OF HAWTHORNE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2011		2012 AUTHORIZATION	PAID OR CHARGED	CANCELLED	BALANCE DECEMBER 31, 2012	
				UNFUNDED					FUNDED	UNFUNDED
<u>General Improvements:</u>										
1994/2069	Various Improvement and Equipment	11/7/2010	\$ 495,000.00	\$ 42,702.32	\$ 720,000.00	\$ 453,758.42	\$ 47,699.00	\$ 356,392.90	\$ 250.00	
				<u>\$ 42,702.32</u>	<u>\$ 720,000.00</u>	<u>\$ 453,758.42</u>	<u>\$ 47,699.00</u>	<u>\$ 356,392.90</u>	<u>\$ 250.00</u>	
<u>REF.</u>				D		D-5	D-19	D	D	
Debt Authorized				D-17	\$ 659,250.00					
Capital Improvement Fund				D-22	<u>60,750.00</u>					
				D-15	<u>\$ 720,000.00</u>					

"D-19"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2011	D	\$ 47,699.00
Decreased by:		
Canceled	D-18	\$ <u>47,699.00</u>

"D-20"

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2011 and December 31, 2012	D	\$ <u>390,966.00</u>
---	---	----------------------

"D-21"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

	<u>REF.</u>	
Increased by:		
Fixed Capital Authorized	D-17	\$ <u>60,750.00</u>
Balance, December 31, 2012	D	\$ <u><u>60,750.00</u></u>
<u>Analysis of Balance:</u>		
Ordinance 1994/2069		\$ <u><u>60,750.00</u></u>

"D-22"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2011	D	\$ 64,601.00
Decreased by:		
Appropriation to Finance Improvement Authorizations	D-18	<u>60,750.00</u>
Balance, December 31, 2012	D	\$ <u><u>3,851.00</u></u>

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>		
Balance, December 31, 2011	D		\$ 8,260,351.39
Increased by:			
Serial Bonds Paid by Operating Budget	D-25	\$ 65,000.00	
Capital Outlay-Operating Budget	D-16	13,095.67	
NJ EIT Loans Paid by Operating Budget	D-11	<u>133,538.97</u>	
			<u>211,634.64</u>
			8,471,986.03
Decreased by:			
Refunding	D-25		<u>2,000.00</u>
Balance, December 31, 2012	D		\$ <u><u>8,469,986.03</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>BALANCE DECEMBER 31, 2011</u>	<u>DECREASED</u>
1994	Various Improvements and Equipment	7/22/2010	7/22/2011	7/20/2012	1.25%	\$ 495,000.00	\$ 495,000.00
						\$ 495,000.00	\$ 495,000.00
					<u>REF.</u>	D	D-5

BOROUGH OF HAWTHORNE  
 WATER UTILITY CAPITAL FUND  
 SCHEDULE OF SERIAL BONDS PAYABLE

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	ISSUED	DECREASED	BALANCE DECEMBER 31, 2012
			DATE	AMOUNT					
General Water Improvement Bonds	6/1/04	\$ 718,000.00	6/1/13	\$ 55,000.00	4.125%	\$ 478,000.00		\$ 423,000.00	\$ 55,000.00
			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%				
General Water Improvement Bonds	7/10/12	1,154,000.00	7/15/13	55,000.00	2.000%		1,154,000.00		1,154,000.00
			7/15/14	60,000.00	2.000%				
			7/15/15	60,000.00	2.000%				
			7/15/16	70,000.00	2.000%				
			7/15/17	70,000.00	2.000%				
			7/15/18	70,000.00	2.000%				
			7/15/19	70,000.00	2.000%				
			7/15/20	80,000.00	2.000%				
			7/15/21	80,000.00	2.000%				
			7/15/22	80,000.00	3.000%				
			7/15/23	80,000.00	3.000%				
			7/15/24	90,000.00	3.000%				
			7/15/25	90,000.00	2.250%				
			7/15/26	100,000.00	2.250%				
			7/15/27	99,000.00	2.500%				
Water Utility Refunding Bonds	3/29/12	365,000.00	6/1/13	55,000.00	2.000%		365,000.00	5,000.00	360,000.00
			6/1/14	55,000.00	2.000%				
			6/1/15	60,000.00	2.000%				
			6/1/16	60,000.00	3.000%				
			6/1/17	60,000.00	3.000%				
			6/1/18	60,000.00	4.000%				
			6/1/19	65,000.00	4.000%				
<b>\$ 478,000.00</b>						<b>\$ 1,519,000.00</b>	<b>\$ 428,000.00</b>	<b>\$ 1,569,000.00</b>	

REF.	D	D
Cash Receipts	D-5	\$ 1,154,000.00
Bonds Paid by Budget	D-25	65,000.00
Refunding	D-23	363,000.00
		<b>\$ 1,519,000.00</b>
		<b>\$ 428,000.00</b>

"D-26"

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, 2012</u>
1575	Acquisition of Two Pickup Trucks	\$ 23,344.00
2069	Various Water Department Equipment	<u>250.00</u>
		<u>\$ 23,594.00</u>

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, 2011	E	\$ <u>15,673.59</u>	\$ <u>15,673.59</u>
Increased by Receipts:			
Donations	E-2		
Receipts from Current Fund	E-2		
Interest on Deposits	E-2	49.34	49.34
<u>Total Receipts</u>		<u>49.34</u>	<u>49.34</u>
		<u>15,722.93</u>	<u>15,722.93</u>
Decreased by:			
Payments to Current Fund	E-1	49.34	49.34
Reserve for Expenditures	E-2	1,900.00	1,900.00
<u>Total Disbursements</u>		<u>1,949.34</u>	<u>1,949.34</u>
Balance December 31, 2012	E	\$ <u><u>13,773.59</u></u>	\$ <u><u>13,773.59</u></u>

BOROUGH OF HAWTHORNE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>REF.</u>		
Balance December 31, 2011	E	\$	15,673.59
Decreased by:			
Expenditures	E-2		<u>1,900.00</u>
Balance December 31, 2012	E	\$	<u><u>13,773.59</u></u>

BOROUGH OF HAWTHORNE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND  
RECONCILIATION AS OF DECEMBER 31, 2012

	<u>REF.</u>		
Balance December 31, 2011	E-1	\$	15,673.59
Increased by:			
Cash Receipts	E-4		<u>49.34</u>
			15,722.93
Decreased by:			
Cash Disbursements:	E-2		<u>1,949.34</u>
Balance December 31, 2012	E-1	\$	<u><u>13,773.59</u></u>

Reconciliation, December 31, 2012

	<u>P.A.T.F. I ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of: Columbia Bank #24804356	\$ <u>13,773.59</u>	\$ <u>13,773.59</u>
Balance December 31, 2012	\$ <u><u>13,773.59</u></u>	\$ <u><u>13,773.59</u></u>

BOROUGH OF HAWTHORNE

PART II

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

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scenco.com](mailto:info@scenco.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 Committee  
Borough of Hawthorne  
County of Passaic  
Hawthorne, New Jersey 07506

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Hawthorne, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated June 12, 2013. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Hawthorne prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

***Internal Control Over Financial Reporting***

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

# SUPLEE, CLOONEY & COMPANY

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

June 12, 2013

BOROUGH OF HAWTHORNE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2012

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT YEAR</u>	<u>GRANT AWARD AMOUNT</u>	<u>2012 FUNDS RECEIVED</u>	<u>2012 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2012</u>
<u>Department of Housing and Urban Development</u> (Pass Through from County of Passaic)						
Community Development Block Grant	14.218	2009	\$ 147,500.00	\$ 15,112.76	\$	\$ 147,500.00
Community Development Block Grant	14.218	2012	110,000.00	49,966.50	110,000.00	110,000.00
<u>Department of Transportation</u> (Pass Through from State of NJ Dept of Law and Public Safety)						
Click It or Ticket Program		2012	4,000.00	4,000.00	4,000.00	4,000.00
(Pass through from State of NJ Dept of Transportation)						
Highway Planning and Construction	20.205					
Forest Ave - Ord. 2067		2012	200,000.00	150,000.00	200,000.00	200,000.00
Warburton NYS&W Railroad - Ord. 2068		2012	65,000.00		44,294.72	44,294.72
Mohawk Ave - Ord. 2048		2011	185,000.00			185,000.00
Van Winkle Ave - Ord. 2010		2010	180,000.00		61,552.29	180,000.00
Central Ave - Ord. 1975		2009	220,000.00		28,837.80	220,000.00
Van Winkle Ave - Ord. 1938		2008	242,000.00			211,745.83
				<u>\$ 219,079.26</u>	<u>\$ 448,684.81</u>	<u>\$ 1,302,540.55</u>

**BOROUGH OF HAWTHORNE**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2012**

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2012 RECEIVED	2012 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2012
		FROM	TO				
<u>Department of Environmental Protection</u>							
Clean Communities Program - Prior Years	4900-765-042-4900	Continuous		\$ 56,397.00	\$	\$ 11,260.00	\$ 27,573.51
Clean Communities Program - 11	4900-765-042-4900	Continuous		27,835.43		6,065.51	6,565.51
Clean Communities Program - 12	4900-765-042-4900	Continuous		27,381.07	27,381.07	5,485.49	5,485.49
Scrap Tire Grant	not applicable	Continuous		617.00			617.00
Shade Tree Grant	not applicable	Continuous		316.00			
Shade Tree Grant	not applicable	Continuous		3,200.00			
Shade Tree Grant	not applicable	Continuous		200.00			
Shade Tree Grant	not applicable	Continuous		3,000.00			3,000.00
Municipal Stormwater Grant	not applicable	Continuous		8,340.00			8,340.00
Municipal Stormwater Grant	not applicable	Continuous		12,029.00		968.00	3,261.00
Recycling Tonnage Grant	4900-765-042-4900	Continuous		28,732.00			
Recycling Tonnage Grant	4900-765-042-4900	Continuous		38,512.00		2,412.50	2,412.50
Recycling Tonnage Grant	4900-765-042-4900	Continuous		34,825.00			
Recycling Tonnage Grant-12	4900-765-042-4900	Continuous		33,038.00			
Environmental Infrastructure Program - Ord 1991		Continuous		688,750.00			314,998.38
					<u>27,381.07</u>	<u>26,191.50</u>	<u>372,253.39</u>
<u>Department of Law and Public Safety</u>							
Drunk Driving Enforcement Fund - 09	6400-100-078-6400-YYYY	Continuous		7,090.00		637.35	7,090.00
Drunk Driving Enforcement Fund - 11	6400-100-078-6400-YYYY	Continuous		3,915.00		2,782.65	2,782.65
Domestic Violence Grant - 02	100-066-1020-107	Continuous		107.00			
Municipal Alliance Program - 08	not applicable	Continuous		29,428.00			29,428.00
Municipal Alliance Program - 09	not applicable	Continuous		27,270.00			27,270.00
Municipal Alliance Program - 10	not applicable	Continuous		25,815.40			25,815.40
Municipal Alliance Program - 11	not applicable	Continuous		25,163.00	24,109.86		24,814.89
Municipal Alliance Program - 12	not applicable	Continuous		25,163.00	8,570.63	25,163.00	25,163.00
Alcohol Education and Rehabilitation Fund - Prior Years	9735-760-098-4900	Continuous		3,496.10		1,600.00	1,720.08
Alcohol Education and Rehabilitation Fund - 11	9735-760-098-4900	Continuous		701.15			
Alcohol Education and Rehabilitation Fund - 12	9735-760-098-4900	Continuous		863.41	863.41		
Municipal Court Administration Fund	9735-760-098-4900	Continuous		21.00			21.00
Body Armor Replacement Fund - 08	1020-718-066-1020	Continuous		3,108.00			3,108.00
Body Armor Replacement Fund - 10	1020-718-066-1020	Continuous		4,304.10			2,030.25
Body Armor Replacement Fund - 12	1020-718-066-1020	Continuous		3,056.00			
Emergency Management Grant		Continuous		5,000.00		878.28	5,000.00
Emergency Management Grant - 10		Continuous		10,000.00		6,493.72	6,493.72
Emergency Management Grant - 12		Continuous		5,000.00	5,000.00		
					<u>38,543.90</u>	<u>37,555.00</u>	<u>160,736.99</u>
<u>Department of Community Affairs</u>							
Livable Communities Program		Continuous		75,000.00			58,713.00
Audio Visual Grant		Continuous		2,805.00			2,520.99
							<u>61,233.99</u>
<u>Board of Public Utilities</u>							
Clean Energy Grant		Continuous		2,300.00		845.88	845.88
						<u>845.88</u>	<u>845.88</u>
					<u>\$ 65,924.97</u>	<u>\$ 64,592.38</u>	<u>\$ 595,070.25</u>

BOROUGH OF HAWTHORNE

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

YEAR ENDED DECEMBER 31, 2012

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

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

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

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 4,000.00	\$ 68,924.97	\$ 5,000.00	\$ 77,924.97
General Capital Fund	<u>212,079.26</u>	<u>                    </u>	<u>                    </u>	<u>212,079.26</u>
	<u>\$ 216,079.26</u>	<u>\$ 68,924.97</u>	<u>\$ 5,000.00</u>	<u>\$ 290,004.23</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 4,000.00	\$ 64,592.38	\$ 12,201.14	\$ 80,793.52
General Capital Fund	<u>212,079.26</u>	<u>                    </u>	<u>                    </u>	<u>212,079.26</u>
	<u>\$ 216,079.26</u>	<u>\$ 64,592.38</u>	<u>\$ 12,201.14</u>	<u>\$ 292,872.78</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.

**THIS PAGE INTENTIONALLY LEFT BLANK**

PART III  
BOROUGH OF HAWTHORNE  
STATISTICAL DATA  
LIST OF OFFICIALS  
COMMENTS AND RECOMMENDATION  
YEAR ENDED DECEMBER 31, 2012

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

	YEAR 2012		YEAR 2011	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,441,300.00	2.09%	\$ 1,225,000.00	1.80%
Miscellaneous-From Other Than Local Property Tax Levies	4,204,995.99	6.09%	4,295,180.06	6.30%
Collection of Delinquent Taxes and Tax Title Liens	1,014,686.68	1.47%	975,751.75	1.43%
Collection of Current Tax Levy	<u>62,333,388.96</u>	<u>90.35%</u>	<u>61,704,991.12</u>	<u>90.48%</u>
<u>TOTAL INCOME</u>	<u>68,994,371.63</u>	<u>100.00%</u>	<u>68,200,922.93</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	17,766,071.59	26.23%	17,160,309.78	25.72%
County Taxes	15,847,791.31	23.40%	16,023,350.81	24.01%
School Taxes	34,110,878.00	50.36%	33,437,997.00	50.11%
Other	<u>9,380.52</u>	<u>0.01%</u>	<u>101,076.05</u>	<u>0.15%</u>
<u>TOTAL EXPENDITURES</u>	<u>67,734,121.42</u>	<u>100.00%</u>	<u>66,722,733.64</u>	<u>100.00%</u>
Excess in Revenue	1,437,750.21		1,578,189.29	
Fund Balance, January 1	<u>3,422,797.83</u>		<u>3,069,608.54</u>	
	4,860,548.04		4,647,797.83	
Less: Utilization as Anticipated Revenue	<u>1,441,300.00</u>		<u>1,225,000.00</u>	
Fund Balance, December 31	\$ <u>3,419,248.04</u>		\$ <u>3,422,797.83</u>	

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

	YEAR 2012		YEAR 2011	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 10,397.00	0.36%	\$ 11,000.00	0.38%
Water Rents	2,676,787.59	93.06%	2,747,136.41	94.60%
Fire Hydrant Service	91,738.00	3.19%	92,250.00	3.18%
Miscellaneous	97,497.61	3.39%	53,424.86	1.84%
<u>TOTAL INCOME</u>	<u>2,876,420.20</u>	<u>100.00%</u>	<u>2,903,811.27</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	2,444,721.00	84.84%	2,293,034.00	82.27%
Deferred Charges and Statutory Expenditures				
Capital Improvements	41,200.00	1.43%	76,700.00	2.75%
Debt Service	258,530.70	8.97%	257,165.19	9.23%
Deferred Charges and Statutory Expenditures	137,000.00	4.75%	160,344.00	5.75%
<u>TOTAL EXPENDITURES</u>	<u>2,881,451.70</u>	<u>100.00%</u>	<u>2,787,243.19</u>	<u>100.00%</u>
Excess/(Deficit) in Revenue	(5,031.50)		116,568.08	
Adjustments to Income Before Fund Balance				
Expenditures Included Above Which are by Statute				
Deferred Charges to the Budget of the Succeeding Year	5,031.50			
Statutory Excess to Fund Balance			116,568.08	
Fund Balance, January 1	530,144.22		424,576.14	
	530,144.22		541,144.22	
Less: Utilization as Anticipated Revenue	10,397.00		23,344.00	
Fund Balance, December 31	\$ <u>519,747.22</u>		\$ <u>517,800.22</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>\$5.177</u>	<u>\$5.099</u>	<u>\$4.876</u>
Apportionment of Tax Rate:			
Municipal	\$1.046	\$1.019	\$1.074
Library	0.068	0.075	
County	1.288	1.297	1.205
Local District School	<u>2.775</u>	<u>2.708</u>	<u>2.597</u>

Assessed Valuations:

2012	\$ <u>1,229,305,395.00</u>		
2011		\$ <u>1,234,883,657.00</u>	
2010			\$ <u>1,237,019,764.00</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>
2012	\$ 63,777,400.02	\$ 62,333,388.86	97.74%
2011	63,057,694.28	61,704,991.12	97.85%
2010	60,315,016.25	59,265,189.74	98.26%

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>
2012	\$ 916,866.76	\$ 1,075,097.62	\$ 1,991,964.38	3.12%
2011	859,138.03	1,026,193.23	1,885,331.26	3.13%
2010	784,913.33	982,893.85	1,767,807.18	2.93%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2012 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>
2012	\$34,980.00
2011	\$34,980.00
2010	\$34,980.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2012	\$ 3,419,248.04	\$ 1,402,500.00
	2011	3,422,797.83	1,441,300.00
	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
Water Utility Operating Fund	2012	519,747.22	175,482.00
	2011	530,144.22	10,397.00
	2010	424,576.14	23,344.00
	2009	54,083.00	11,270.00
	2008	61,982.00	11,000.00

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 to April	*	
Lori DiBella	Acting Borough Clerk from April to December	*	
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.

GENERAL COMMENTS AND RECOMMENDATION

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 January 1, 2011, the bid threshold was \$17,500.00. The Borough increased the bid threshold to \$36,000.00 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:

Road Improvements	Police Department Renovations
Drainage Improvements	

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 2012 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 October 23, 2012 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>
2012	2
2011	2
2010	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.

Tax Collector

We noted that the detailed Assessment Receivable Ledger was not in agreement with the Assessment Trust Fund General Ledger.

## RECOMMENDATION

### Tax Collector

\*That the detailed Assessment Receivable Ledger be reconciled with the Assessment Trust Fund General Ledger.

\*Unresolved Prior Year Recommendation



