

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, 2013

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, 2013	"A-2"
Statement of Expenditures - Regulatory Basis for the Year Ended December 31, 2013	"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, 2013 - Operating Fund	"D-3"
Statement of Expenditures - Regulatory Basis for the Year Ended December 31, 2013 - 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 2012 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 Amount to be Raised by Taxation for Canceled Assessments	"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 Various Reserves and Deposits	"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 2012 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 Amortization - 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 Serial Bonds Payable - Capital Fund	"D-23"

BOROUGH OF HAWTHORNE

INDEX (CONTINUED)

	<u>EXHIBITS</u>
<u>Public Assistance Fund:</u>	
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, 2013	"E-3"
	<u>PAGES</u>
<u>PART II</u>	
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, 2013	25
Schedule of Expenditures of State Financial Assistance Year Ended December 31, 2013	26
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended December 31, 2013	27-28
<u>PART III</u>	
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, 2013 AND 2012



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@scnco.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, 2013 and 2012, 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, 2013, 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.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Hawthorne as of December 31, 2013 and 2012, 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, 2013.

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, 2013 and 2012, 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, 2013 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 July 10, 2014 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

July 10, 2014

CURRENT FUND

BOROUGH OF HAWTHORNE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>ASSETS</u>			
Cash	A-4	\$ 14,768,928.68	\$ 13,615,716.63
Change Fund	A-5	310.00	310.00
Grants Receivable	A-11	19,330.50	158,545.99
		<u>14,788,569.18</u>	<u>13,774,572.62</u>
Receivables and other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	997,224.08	1,075,097.62
Tax Title Liens Receivable	A-9	975,788.64	916,866.76
Foreclosed Property	A-10	34,980.00	34,980.00
Revenue Accounts Receivable	A-8	21,373.36	20,259.46
Due Assessment Trust Fund	B-7	2,048.29	96.83
Due General Capital Fund	C-17		2,063.50
		<u>2,031,414.37</u>	<u>2,049,364.17</u>
Deferred Charges:			
Emergency Appropriations 40A:4-46	A-23		177,500.00
		<u>\$ 16,819,983.55</u>	<u>\$ 16,001,436.79</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, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-14	\$ 451,495.35	\$ 406,225.84
Encumbrances Payable	A-17	759,973.93	816,296.15
Prepaid Taxes	A-15	202,659.98	208,759.46
County Taxes Payable	A-12	34,857.12	24,077.28
Tax Overpayments	A-16	17,111.02	17,111.02
Local District School Taxes Payable	A-13	8,875,095.00	8,545,267.00
Accounts Payable	A-18	11,282.91	20,624.20
Fees Payable	A-19	33,889.00	16,588.00
Due State of New Jersey-Chapter 20, PL 1971	A-7	72,392.30	70,142.30
Due Other Trust Fund	B-14	4,648.00	825.00
Due Water Utility Operating Fund	D-13		1,438.76
LOSAP Contributions Payable	A-20	162,988.07	158,336.56
Unappropriated Reserves for Grants	A-22	31,671.57	34,549.96
Appropriated Reserves for Grants	A-21	234,661.12	212,583.05
		<u>10,892,725.37</u>	<u>10,532,824.58</u>
Reserve for Receivables and other Assets	A	2,031,414.37	2,049,364.17
Fund Balance	A-1	3,895,843.81	3,419,248.04
		\$ <u><u>16,819,983.55</u></u>	\$ <u><u>16,001,436.79</u></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

	<u>REF.</u>	<u>YEAR 2013</u>	<u>YEAR 2012</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 1,402,500.00	\$ 1,441,300.00
Miscellaneous Revenue Anticipated	A-2	3,605,572.51	3,298,167.55
Receipts From Delinquent Taxes	A-2	1,035,806.03	1,014,686.68
Receipts From Current Taxes	A-2	63,683,298.32	62,333,388.96
Non-Budget Revenue	A-2	457,579.13	495,816.94
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	376,212.57	332,559.95
Accounts Payable Canceled	A-18		50,000.00
Tax Overpayments Canceled	A-16		5,421.78
Interfunds Returned		112.04	23,029.77
<u>Total Income</u>		<u>70,561,080.60</u>	<u>68,994,371.63</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations within "CAPS":			
Operating	A-3	11,571,544.00	11,817,504.00
Deferred Charges and Statutory Expenditures	A-3	1,299,990.00	1,264,411.00
Operations Excluded from "CAPS":			
Operating	A-3	2,624,088.20	2,581,230.48
Capital Improvements	A-3	100,000.00	100,000.00
Municipal Debt Service	A-3	2,144,152.36	1,902,926.11
Deferred Charges	A-3	177,500.00	100,000.00
County Taxes	A-12	15,885,447.53	15,847,791.31
Local District School Tax	A-13	34,766,609.00	34,110,878.00
Grants Receivable Canceled		2,768.90	
Refund of Prior Year Revenue	A-4	109,884.84	9,380.52
<u>Total Expenditures</u>		<u>68,681,984.83</u>	<u>67,734,121.42</u>
Excess in Revenue		1,879,095.77	1,260,250.21
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
Statutory Excess to Fund Balance		1,879,095.77	1,437,750.21
<u>Fund Balance</u>			
Balance, January 1	A	<u>3,419,248.04</u>	<u>3,422,797.83</u>
		5,298,343.81	4,860,548.04
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>1,402,500.00</u>	<u>1,441,300.00</u>
Fund Balance, December 31	A	\$ <u>3,895,843.81</u>	\$ <u>3,419,248.04</u>

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

BOROUGH OF HAWTHRONE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,402,500.00	\$	\$ 1,402,500.00	\$
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-8	40,000.00		40,450.00	450.00
Other	A-2	15,000.00		18,370.00	3,370.00
Fees and Permits:	A-2	110,000.00		123,794.10	13,794.10
Fines and Costs					
Municipal Court	A-8	240,000.00		293,666.29	53,666.29
Interest and Costs on Taxes	A-8	100,000.00		186,183.74	86,183.74
Interest on Investments and Deposits	A-2	50,000.00		39,463.09	(10,536.91)
Swimming Pool Admission Fees	A-8	140,000.00		151,831.00	11,831.00
Energy Receipts Taxes	A-8	1,397,215.00		1,397,215.46	0.46
Consolidated Municipal Property Tax					
Relief Aid	A-8	71,063.00		71,063.00	
Rentals - Board of Education	A-8	5,000.00		35,000.00	30,000.00
Rentals - Cellular Phone	A-8	280,000.00		309,112.12	29,112.12
Sewer Charges	A-8	45,000.00		57,679.02	12,679.02
Cable Television Franchise Fees	A-8	230,000.00		243,705.77	13,705.77
Commuter Parking	A-8	20,000.00		24,736.00	4,736.00
Uniform Construction Code Fees	A-8	199,418.00		226,398.00	26,980.00
State and Federal Revenues Offset With Appropriations:					
Municipal Alliance Program	A-11	24,489.00		24,489.00	
Recycling Tonnage Grant	A-11	25,520.00		25,520.00	
Clean Communities Program	A-11		32,147.58	32,147.58	
Click It or Ticket	A-11		4,000.00	4,000.00	
Municipal Alcohol Education	A-11		791.62	791.62	
Drunk Driving Enforcement Fund	A-11	5,902.00		5,902.00	
Drive Sober or Get Pulled Over	A-11		4,400.00	4,400.00	
Body Armor Replacement Fund	A-11	3,127.00		3,127.00	
Uniform Fire Safety Act - Life Hazard	A-8	31,000.00		36,527.72	5,527.72
Reserve for Payment of Debt Service	A-8	250,000.00		250,000.00	
Total Miscellaneous Revenues		<u>3,282,734.00</u>	<u>41,339.20</u>	<u>3,605,572.51</u>	<u>281,499.31</u>
Receipts From Delinquent Taxes	A-1	<u>800,000.00</u>		<u>1,035,806.03</u>	<u>235,806.03</u>
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	13,211,165.89		13,835,643.68	624,477.79
Minimum Library Tax	A-2	<u>785,598.11</u>		<u>785,598.11</u>	
		<u>13,996,764.00</u>		<u>14,621,241.79</u>	<u>624,477.79</u>
Budget Totals		\$ <u>19,481,998.00</u>	\$ <u>41,339.20</u>	\$ <u>20,665,120.33</u>	\$ <u>1,141,783.13</u>
Non-Budget Revenue	A-2			<u>457,579.13</u>	
				\$ <u>21,122,699.46</u>	
	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, 2013

	<u>REF.</u>		
Allocation of Current Tax Collections:			
Revenue from Collections	A-6	\$	63,683,298.32
Allocated to:			
School and County Taxes			<u>50,652,056.53</u>
Balance for Support of Municipal Budget Appropriations			13,031,241.79
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3		<u>1,590,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-1	\$	<u><u>14,621,241.79</u></u>
Licenses - Other:			
Borough Clerk	A-8	\$	13,158.00
Board of Health	A-8		<u>5,212.00</u>
	A-2	\$	<u><u>18,370.00</u></u>
Fees and Permits			
Police Department	A-8	\$	4,810.20
Board of Health/Registrar of Vital Statistics	A-8		31,364.00
Public Works Department	A-8		3,141.03
Planning Board	A-8		900.00
Zoning Board of Adjustment	A-8		1,500.00
Fire Prevention	A-8		39,392.00
Other	A-8		21,641.87
Building Department	A-8		<u>21,250.00</u>
			123,999.10
Less: Refunds			<u>205.00</u>
	A-2	\$	<u><u>123,794.10</u></u>

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

REF.

Non Budget Revenues		
Recreation	\$	46,890.85
Administrative Fee - Off Duty Police		43,900.50
Copies, Maps and List		604.70
Administrative Fee - Senior Citizens/Veterans Deductions		3,136.37
Assessment Interest		3,108.58
Tax Searches/Duplicate Tax Bills		2,530.00
Insurance Dividend		96,666.00
Prior Year Reimbursement BOE Fuel		10,828.42
Leadership Camp 2013		10,575.00
Cablevision E Trade Fees		10,022.06
FEMA		118,765.71
Rental of Property		10,805.00
Other Miscellaneous		<u>99,805.94</u>
Less: Refunds		<u>60.00</u>
	A-4	\$ <u><u>457,579.13</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, 2013

	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	\$ 157,041.00	\$ 157,041.00	\$ 156,832.58	\$ 208.42	
Other Expenses	12,340.00	12,340.00	10,455.35	1,884.65	
Other Expenses - Postage	20,000.00	20,000.00	20,000.00		
Mayor and Council:					
Salaries and Wages	36,500.00	36,500.00	36,499.96	0.04	
Other Expenses	1,614.00	1,614.00	1,254.00	360.00	
Municipal Clerk:					
Salaries and Wages	90,435.00	90,435.00	90,011.06	423.94	
Other Expenses	30,726.00	30,726.00	29,303.14	1,422.86	
Financial Administration:					
Salaries and Wages	155,680.00	155,680.00	155,680.00		
Other Expenses	32,605.00	32,605.00	32,603.38	1.62	
Audit Services:					
Other Expenses	26,650.00	26,650.00	26,650.00		
Revenue Administration (Tax Collection):					
Salaries and Wages	64,418.00	64,418.00	63,684.07	733.93	
Other Expenses	15,485.00	15,485.00	15,445.88	39.12	
Tax Assessment Administration:					
Salaries and Wages	41,566.00	41,566.00	41,566.00		
Other Expenses	23,795.00	23,795.00	23,701.15	93.85	
Legal Services:					
Salaries and Wages	100,924.00	100,924.00	97,917.63	3,006.37	
Other Expenses	24,000.00	19,000.00	12,547.59	6,452.41	
Engineering Services:					
Other Expenses	96,000.00	91,000.00	91,000.00		
Future of Hawthorne:					
Other Expenses	2,000.00	2,000.00		2,000.00	
<u>LAND USE ADMINISTRATION</u>					
Planning Board:					
Salaries and Wages	23,379.00	23,379.00	23,377.97	1.03	
Other Expenses	5,950.00	5,950.00	5,950.00		
Zoning Board of Adjustments:					
Salaries and Wages	20,214.00	20,214.00	20,214.00		
Other Expenses	1,050.00	1,050.00	1,026.61	23.39	
Computerized Data Processing:	76,440.00	76,440.00	69,970.27	6,469.73	
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	3,602,896.00	3,701,896.00	3,701,896.00		
Other Expenses	102,026.00	129,026.00	123,828.63	5,197.37	
Police Dispatchers:					
Salaries and Wages	151,210.00	157,710.00	156,812.80	897.20	
Occupational Safety Health Act (NJS 40A:4-45.3):					
Salaries and Wages	20,701.00	20,701.00	20,700.86	0.14	
Other Expenses	7,410.00	7,410.00	3,618.29	3,791.71	
Emergency Management Services:					
Salaries and Wages	2,000.00	2,000.00	2,000.00		
Other Expenses	5,865.00	5,865.00	4,056.88	1,808.12	
Ambulance Corps:					
Other Expenses	4,800.00	4,800.00	4,743.00	57.00	
Domestic Violence Response:					
Other Expenses	500.00	500.00		500.00	
Fire:					
Salaries and Wages	18,000.00	18,000.00	18,000.00		
Other Expenses	217,544.00	217,544.00	205,738.23	11,805.77	
Other Expenses - Fire Hydrant Service	89,100.00	89,100.00	89,100.00		

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

BOROUGH OF HAWTHORNE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
<u>PUBLIC SAFETY (CONTINUED)</u>					
Uniform Fire Safety A:					
Salaries and Wages	\$ 115,944.00	\$ 115,944.00	\$ 112,739.28	\$ 3,204.72	
Other Expenses	3,622.00	3,622.00	3,286.04	335.96	
Municipal Court:					
Salaries and Wages	155,160.00	155,160.00	146,892.73	8,267.27	
Other Expenses	8,512.00	8,512.00	8,435.96	76.04	
<u>PUBLIC WORKS</u>					
Road Repair and Maintenance:					
Salaries and Wages	598,518.00	598,518.00	598,400.39	117.61	
Other Expenses	196,445.00	196,445.00	195,305.06	1,139.94	
Sewer System Maintenance:					
Salaries and Wages	158,503.00	162,303.00	162,303.00		
Other Expenses	70,481.00	70,481.00	47,083.81	23,397.19	
Shade Tree Commission:					
Salaries and Wages	3,000.00	3,000.00	1,875.51	1,124.49	
Other Expenses	116,607.00	116,607.00	112,188.61	4,418.39	
Solid Waste Collection:					
Salaries and Wages - Recycling					
Other Expenses - Recycling	271,200.00	271,200.00	249,450.00	21,750.00	
Other Expenses - Garbage Removal - Contractual	301,500.00	301,500.00	292,236.00	9,264.00	
Buildings and Grounds:					
Salaries and Wages	94,772.00	94,772.00	89,237.47	5,534.53	
Other Expenses	97,734.00	97,734.00	97,289.49	444.51	
Maintenance of Parks:					
Other Expenses	47,555.00	74,555.00	66,315.02	8,239.98	
Vehicle Maintenance:					
Other Expenses	243,616.00	258,616.00	240,017.77	18,598.23	
Community Services Act:					
Other Expenses	30,000.00	30,000.00	30,000.00		
<u>HEALTH AND HUMAN SERVICES</u>					
Board of Health:					
Salaries and Wages	100,622.00	101,922.00	101,922.00		
Other Expenses	24,771.00	24,771.00	22,984.32	1,786.68	
Environmental Commission:					
Other Expenses	2,600.00	2,600.00	2,535.70	64.30	
Animal Control Services:					
Other Expenses	9,000.00	9,000.00	9,000.00		
Board of Recreation:					
Salaries and Wages	87,898.00	87,898.00	85,889.08	2,008.92	
Other Expenses	67,070.00	67,070.00	58,534.16	8,535.84	
Swimming Pool:					
Salaries and Wages	85,000.00	85,000.00	85,000.00		
Other Expenses	46,500.00	51,500.00	44,809.77	6,690.23	
<u>OTHER COMMON OPERATING FUNCTIONS</u>					
Celebration of Public Events:					
Other Expenses	22,150.00	22,150.00	22,134.37	15.63	
Bond Fees:					
Other Expenses	6,348.00	6,348.00	6,348.00		
<u>CODE ENFORCEMENT AND ADMINISTRATION</u>					
Uniform Construction Code Enforcement Functions:					
Building Inspector:					
Salaries and Wages	161,570.00	161,570.00	159,442.16	2,127.84	
Other Expenses	37,848.00	37,848.00	37,848.00		
Property Code Enforcement:					
Salaries and Wages	59,647.00	59,647.00	59,617.45	29.55	
Other Expenses	6,021.00	6,021.00	4,857.99	1,163.01	

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, 2013

	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	190,500.00	190,500.00	180,070.94	10,429.06	
Street Lighting	152,000.00	152,000.00	151,282.46	717.54	
Telephone	70,000.00	70,000.00	59,700.84	10,299.16	
Gasoline	211,200.00	200,600.00	186,617.96	13,982.04	
Landfill/Solid Waste Disposal Costs:					
Dumping Fees	489,325.00	459,325.00	454,231.33	5,093.67	
Salary Adjustment Account	15,000.00	15,000.00	15,000.00		
Insurance:					
General Insurance	203,721.00	183,721.00	159,918.60	23,802.40	
Worker's Compensation Insurance	130,000.00	130,000.00	130,000.00		
Group Insurance for Employees	1,576,720.00	1,477,720.00	1,350,828.20	126,891.80	
Total Operations Within "CAPS"	11,554,544.00	11,569,544.00	11,202,814.80	366,729.20	
Contingent	2,000.00	2,000.00		2,000.00	
Total Operations Including Contingent Within "CAPS"	11,556,544.00	11,571,544.00	11,202,814.80	368,729.20	
<u>Municipal within "CAPS":</u>					
Statutory Charges:					
Social Security System (O.A.S.I.)	243,600.00	228,600.00	226,691.09	1,908.91	
Public Employees' Retirement System of NJ	278,535.00	278,535.00	278,535.00		
Police and Fireman's Retirement System of NJ	791,255.00	791,255.00	791,255.00		
DCRP	1,600.00	1,600.00	663.10	936.90	
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	1,314,990.00	1,299,990.00	1,297,144.19	2,845.81	
Total General Appropriations for Municipal Purposes within "CAPS"	12,871,534.00	12,871,534.00	12,499,958.99	371,575.01	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Planning Board:					
Other Expenses - Affordable Housing	5,000.00	5,000.00		5,000.00	\$
Length of Service Award Program (LOSAP)	113,100.00	113,100.00	113,100.00		
Recycling Tax	19,000.00	19,000.00	19,000.00		
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Planning Board:					
Other Expenses - Affordable Housing	5,000.00	5,000.00		5,000.00	\$
Length of Service Award Program (LOSAP)	113,100.00	113,100.00	113,100.00		
Recycling Tax	19,000.00	19,000.00	19,000.00		
Employee Group Insurance					
<u>EDUCATIONAL FUNCTIONS:</u>					
Maintenance of Free Public Library:					
Salaries and Wages	611,558.00	611,558.00	598,130.73	13,427.27	
Other Expenses - Contribution	260,100.00	260,100.00	260,100.00		
Other Expenses - Other Costs	371,820.00	371,820.00	371,820.00		
Sewer Processing and Disposal:					
Other Expenses - Passaic Valley Sewer Rental	1,107,435.00	1,107,435.00	1,107,434.71	0.29	
Other Expenses - Other Municipal Projects	19,800.00	19,800.00	19,212.62	587.38	
NJDEP Stormwater Permits	9,925.00	9,925.00	4,450.00	5,475.00	
Total Other Operations Excluded from "CAPS"	2,517,738.00	2,517,738.00	2,493,248.06	24,489.94	

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, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>Public and Private Programs Offset by Revenues</u>					
Click or Ticket Grant (40A:4-87 \$4,000.00)		4,000.00	4,000.00		
Drive Sober Grant (40A:4-87 \$4,400.00)		4,400.00	4,250.00		150.00
Police Body Armor Fund	3,127.00	3,127.00	3,127.00		
<u>Municipal Alliance::</u>					
Grant Funds	24,489.00	24,489.00	23,450.44	1,038.56	
Local Match	6,123.00	6,123.00	6,095.22	27.78	
Emergency Management Grant					
Drunk Driving Enforcement Fund	5,902.00	5,902.00	4,927.15	974.85	
Recycling Tonnage Grant	25,520.00	25,520.00		25,520.00	
Alcohol Rehab Grant (40A:4-87 \$791.62)		791.62		791.62	
<u>Clean Communities Program:</u>					
Salaries and Wages (40A:4-87 \$5,000.00)		5,000.00	5,000.00		
Other Expenses (40A:4-87 \$27,147.58)		27,147.58	69.99	27,077.59	
Total Public and Private Programs Offset by Revenues	65,161.00	106,500.20	50,919.80	55,430.40	150.00
Total Other Operations Excluded from "CAPS"	2,582,899.00	2,624,238.20	2,544,167.86	79,920.34	150.00
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>					
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	1,430,000.00	1,430,000.00	1,430,000.00		
Interest on Bonds	439,817.00	439,817.00	439,810.97		6.03
Payment of NJEIT Loan	290,248.00	290,248.00	274,341.39		15,906.61
Total Municipal Debt Service - Excluded from "CAPS"	2,160,065.00	2,160,065.00	2,144,152.36		15,912.64
<u>DEFERRED CHARGES EXCLUDED FROM "CAPS"</u>					
Emergency Authorization	177,500.00	177,500.00	177,500.00		
Total Deferred Charges Excluded from "CAPS"	177,500.00	177,500.00	177,500.00		
Total General Appropriations Excluded from "CAPS"	5,020,464.00	5,061,803.20	4,965,820.22	79,920.34	16,062.64
Subtotal General Appropriations	17,891,998.00	17,933,337.20	17,465,779.21	451,495.35	16,062.64
Reserve for Uncollected Taxes	1,590,000.00	1,590,000.00	1,590,000.00		
Total General Appropriations	\$ 19,481,998.00	\$ 19,523,337.20	\$ 19,055,779.21	\$ 451,495.35	\$ 16,062.64
	REF.	A-3	A-1	A:A-1	
Budget as Adopted	A-2	\$ 19,481,998.00			
Added by N.J.S. 40A:4-87	A-2	41,339.20			
		\$ 19,523,337.20			
Cash Disbursed	A-4		\$ 16,825,398.38		
Encumbrances Payable	A-17		759,973.93		
Length of Service Award Program Contributions	A-20		113,100.00		
Deferred Charge - Emergency Authorization	A- 23		177,500.00		
Reserve for Uncollected Taxes	A-2		1,590,000.00		
			19,465,972.31		
Cash Receipts	A-4		410,193.10		
			\$ 19,055,779.21		

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</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>ASSETS</u>			
Assessment Trust Fund:			
Cash	B-2	\$ 523,051.67	\$ 499,741.92
Assessments Receivable	B-4	228,839.48	289,240.69
Assessments Liens Receivable	B-5	10,331.00	10,331.00
Assessment Lien Interest and Costs	B-6	2,743.00	2,743.00
Prospective Assessments Funded	B-9	<u>370,137.30</u>	<u>416,332.96</u>
Amount to be Raised by Taxation- Canceled Assessments	B-10	<u>5,794.58</u>	<u> </u>
		<u>1,140,897.03</u>	<u>1,218,389.57</u>
Animal Control Trust Fund:			
Cash	B-2	30,971.43	28,135.34
Due from State of New Jersey	B-13	<u> </u>	<u>1.20</u>
		<u>30,971.43</u>	<u>28,136.54</u>
Other Trust Funds:			
Cash	B-2	1,147,990.90	1,290,193.59
Due Current Fund	B-16	<u>4,648.00</u>	<u>825.00</u>
		<u>1,152,638.90</u>	<u>1,291,018.59</u>
		<u>\$ 2,324,507.36</u>	<u>\$ 2,537,544.70</u>

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

BOROUGH OF HAWTHORNE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Assessment Trust Fund:			
Due General Capital Fund	B-8	\$ 540,218.74	\$ 540,218.74
Due Current Fund	B-7	2,048.29	96.83
Assessment Bonds Payable	B-15	540,000.00	600,000.00
Reserve for:			
Assessments Receivable	B-4		24,194.00
Assessment Liens Receivable	B-5	10,331.00	10,331.00
Prospective Assessments Funded	B-9	45,550.00	40,800.00
Assessment Lien Interest and Costs	B-6	2,743.00	2,743.00
Fund Balance	B-1	6.00	6.00
		<u>1,140,897.03</u>	<u>1,218,389.57</u>
Animal Control Trust Fund:			
Reserve for Animal Control Fund Expenditures	B-12	<u>30,971.43</u>	<u>28,136.54</u>
		<u>30,971.43</u>	<u>28,136.54</u>
Other Funds:			
Reserve For:			
Due to State of NJ - Unemployment Claims	B-14	136,325.35	139,618.11
Various Reserves and Deposits	B-11	<u>1,016,313.55</u>	<u>1,151,400.48</u>
		<u>1,152,638.90</u>	<u>1,291,018.59</u>
		\$ <u>2,324,507.36</u>	\$ <u>2,537,544.70</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, 2013</u>	<u>YEAR ENDED DECEMBER 31, 2012</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

"C"

BOROUGH OF HAWTHORNE
GENERAL CAPITAL FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,393,602.01	\$ 571,180.06
Grants Receivable	C-8	1,799,856.26	300,283.50
Due Assessment Trust Fund	C-7	540,218.74	540,218.74
Due Water Utility Capital Fund			130,500.00
Loans Proceeds Receivable	C-6	270,464.00	270,464.00
Prospective Assessments Raised by Taxation	C-9	17,750.00	13,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	13,209,330.58	14,901,351.61
Unfunded	C-5	<u>4,780,661.25</u>	<u>1,097,318.82</u>
		<u>\$ 22,011,882.84</u>	<u>\$ 17,824,316.73</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-10	\$ 12,075,000.00	\$ 13,505,000.00
NJ Environmental Infrastructure Loans Payable	C-11	1,134,330.58	1,396,351.61
Bond Anticipation Notes	C-13	1,824,000.00	
Improvement Authorizations:			
Funded	C-14	535,813.44	548,252.67
Unfunded	C-14	2,383,426.86	260,492.17
Capital Improvement Fund	C-15	235,130.03	257,880.03
Encumbrances Payable	C-16	1,139,089.92	308,430.17
Due Current Fund	C-17		2,063.50
Various Reserves and Deposits	C-12	1,060,464.98	1,235,464.98
Reserve for Receivables	C-8	1,527,944.43	121,250.00
Reserve for Prospective Assessments	C-9	17,750.00	13,000.00
Fund Balance	C-1	<u>78,932.60</u>	<u>176,131.60</u>
		<u>\$ 22,011,882.84</u>	<u>\$ 17,824,316.73</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, 2012	C	\$ 176,131.60
Increased by:		
Premium on Sale of Bonds and Notes	C-2	<u>12,750.00</u>
Decreased by:		
Cancellation of Improvement Authorizations	C-17	<u>109,949.00</u>
Balance, December 31, 2013	C	<u>\$ 78,932.60</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, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
Operating Fund:			
Cash	D-5	\$ 698,127.13	\$ 779,434.25
Change Fund	D	100.00	100.00
Due Current Fund	D-13		1,438.76
		<u>698,227.13</u>	<u>780,973.01</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>436,186.26</u>	<u>411,109.26</u>
Deferred Charges:			
Operating Deficit	D-1	<u>5,131.50</u>	<u>5,131.50</u>
<u>Total Operating Fund</u>		<u>1,139,544.89</u>	<u>1,197,213.77</u>
Capital Fund:			
Cash	D-5	375,435.43	575,534.90
Loan Proceeds Receivable	D-15	307,803.00	307,803.00
Fixed Capital	D-16	10,318,746.57	10,315,741.67
Fixed Capital Authorized and Uncompleted	D-17	<u>1,215,000.00</u>	<u>1,215,000.00</u>
<u>Total Capital Fund</u>		<u>12,216,985.00</u>	<u>12,414,079.57</u>
		<u>\$ 13,356,529.89</u>	<u>\$ 13,611,293.34</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, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-9	\$ 185,517.19	\$ 32,343.87
Encumbrances Payable	D-10	109,915.93	203,517.70
Water Rent Overpayments	D-8	4,157.02	6,567.72
Accrued Interest on Bonds and Loans	D-14	23,928.00	23,928.00
		<u>323,518.14</u>	<u>266,357.29</u>
Reserve for Receivables	D-7	436,186.26	411,109.26
Fund Balance	D-1	379,840.49	519,747.22
		<u>379,840.49</u>	<u>519,747.22</u>
<u>Total Operating Fund</u>		<u>1,139,544.89</u>	<u>1,197,213.77</u>
Capital Fund:			
Serial Bonds Payable	D-24	1,459,000.00	1,569,000.00
Water Loans Payable	D-11	1,291,151.52	1,430,755.64
Due General Capital Fund			130,500.00
Improvement Authorizations:			
Funded	D-18	286,793.43	356,392.90
Unfunded	D-18	250.00	250.00
Capital Improvement Fund	D-22	3,851.00	3,851.00
Reserve For:			
Payment of Debt	D-20	390,966.00	390,966.00
Amortization	D-19	8,722,595.05	8,469,986.03
Deferred Amortization	D-21	60,750.00	60,750.00
Fund Balance	D-2	1,628.00	1,628.00
		<u>1,628.00</u>	<u>1,628.00</u>
<u>Total Capital Fund</u>		<u>12,216,985.00</u>	<u>12,414,079.57</u>
		<u>\$ 13,356,529.89</u>	<u>\$ 13,611,293.34</u>

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

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2013	YEAR ENDED DECEMBER 31, 2012
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 175,482.00	\$ 10,397.00
Water Rents	D-3	2,608,056.86	2,676,787.59
Fire Hydrant Service	D-3	108,750.00	91,738.00
Miscellaneous	D-3	20,059.46	44,000.92
Non-Budget Revenue	D-3;D-5	4,935.07	2,950.46
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-9	65,744.92	50,546.23
		<u>2,983,028.31</u>	<u>2,876,420.20</u>
<u>TOTAL INCOME</u>			
<u>EXPENDITURES</u>			
Operating	D-4	2,416,602.00	2,444,721.00
Capital Improvements	D-4	79,300.00	41,200.00
Debt Service	D-4	311,051.04	258,630.70
Statutory Expenditures and Deferred Charges	D-4	140,500.00	137,000.00
		<u>2,947,453.04</u>	<u>2,881,551.70</u>
<u>TOTAL EXPENDITURES</u>			
Excess (Deficit) in Revenue to Fund Balance		35,575.27	(5,131.50)
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>
Statutory Excess to Fund Balance		35,575.27	
<u>Fund Balance</u>			
Balance, January 1	D	<u>519,747.22</u>	<u>530,144.22</u>
		555,322.49	530,144.22
Decreased by:			
Utilization by Swimming Pool Operating Budget	D-1	<u>175,482.00</u>	<u>10,397.00</u>
Balance, December 31	D	<u>\$ 379,840.49</u>	<u>\$ 519,747.22</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>	YEAR ENDED DECEMBER <u>31, 2013</u>	YEAR ENDED DECEMBER <u>31, 2012</u>
Balance, January 1		\$ <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, 2013

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 175,482.00	\$ 175,482.00	\$
Water Rents	D-1	2,660,000.00	2,608,056.86	(51,943.14)
Fire Hydrant Service	D-1:D-5	89,100.00	108,750.00	19,650.00
Miscellaneous	D-1:D-5	<u>44,000.00</u>	<u>20,059.46</u>	<u>(23,940.54)</u>
	D-4	\$ <u>2,968,582.00</u>	<u>2,912,348.32</u>	\$ <u>(56,233.68)</u>
Non-Budget Revenue	D-1:D-5		<u>4,935.07</u>	
			\$ <u>2,917,283.39</u>	

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

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Operating:					
Salaries and Wages	\$ 1,043,347.00	\$ 1,043,347.00	\$ 1,043,347.00	\$	\$
Other Expenses	866,555.00	866,555.00	757,332.91	109,222.09	
General Insurance	177,600.00	177,600.00	177,600.00		
Group Insurance for Employees	296,400.00	296,400.00	296,400.00		
Laboratory Testing and Safe Water Act	32,700.00	32,700.00	32,700.00		
<u>Total Operating</u>	<u>2,416,602.00</u>	<u>2,416,602.00</u>	<u>2,307,379.91</u>	<u>109,222.09</u>	
Capital Improvements:					
Capital Outlay	79,300.00	79,300.00	3,004.90	76,295.10	
<u>Total Capital Improvements</u>	<u>79,300.00</u>	<u>79,300.00</u>	<u>3,004.90</u>	<u>76,295.10</u>	
Debt Service:					
Payment of Bond Principal	110,000.00	110,000.00	110,000.00		
Interest on Notes	38,217.00	38,217.00	38,217.00		
Water Supply Rehabilitation Loans	183,963.00	183,963.00	162,834.04		21,128.96
<u>Total Debt Service</u>	<u>332,180.00</u>	<u>332,180.00</u>	<u>311,051.04</u>		<u>21,128.96</u>
Statutory Expenditures:					
Contributions To:					
Public Employees Retirement System	57,000.00	57,000.00	57,000.00		
Social Security System (O.A.S.I.)	83,500.00	83,500.00	83,500.00		
<u>Total Deferred Charges and Statutory Expenditures</u>	<u>140,500.00</u>	<u>140,500.00</u>	<u>140,500.00</u>		
	<u>\$ 2,968,582.00</u>	<u>\$ 2,968,582.00</u>	<u>\$ 2,761,935.85</u>	<u>\$ 185,517.19</u>	<u>\$ 21,128.96</u>
REF.	D-3		D-1	D:D-1	
Cash Disbursements	D-5		\$ 2,681,419.92		
Encumbrances Payable	D-10		80,515.93		
			<u>\$ 2,761,935.85</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>DECEMBER</u> <u>31, 2013</u>	<u>DECEMBER</u> <u>31, 2012</u>
	<u>A S S E T S</u>	<u>REF.</u>		
Cash		E-1	\$ <u>11,398.59</u>	\$ <u>13,773.59</u>
			\$ <u>11,398.59</u>	\$ <u>13,773.59</u>
	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance		E-5	\$ <u>11,398.59</u>	\$ <u>13,773.59</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, 2013</u>	<u>DECEMBER</u> <u>31, 2012</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>10,729,851.00</u>	<u>10,567,526.00</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 31,339,851.00</u>	<u>\$ 31,177,526.00</u>
Investment in General Fixed Assets	<u>\$ 31,339,851.00</u>	<u>\$ 31,177,526.00</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, 2013 AND 2012

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, 2013:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$14,835,300.24	\$24.99	\$66,396.55	\$14,768,928.68
Animal Control Trust Fund	30,979.83		8.40	30,971.43
Assessment Trust Fund	523,097.40		45.73	523,051.67
Other Trust Fund	1,043,231.28	6.50	25,246.88	1,017,990.90
General Capital Fund	1,393,663.78		61.77	1,393,602.01
Public Assistance Fund	13,773.59		2,375.00	11,398.59
Water Utility:				
Operating Fund	706,074.81	529.10	9,739.00	696,864.91
Capital Fund	375,434.22	1.21		375,435.43
<u>TOTAL DECEMBER 31, 2013</u>	<u>\$18,921,555.15</u>	<u>\$561.80</u>	<u>\$103,873.33</u>	<u>\$18,818,243.62</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, 2013, 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 \$17,779,132.96 was covered under the provisions of NJGUDPA. \$892,422.19 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, 2013, the Borough has \$892,422.19 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 2013</u>	<u>YEAR 2012</u>	<u>YEAR 2011</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 15,033,330.58	\$ 14,901,351.61	\$ 16,121,166.93
Assessment:			
Bonds and Notes	540,000.00	600,000.00	12,500.00
Water Utility:			
Bonds, Loans and Notes	2,750,151.52	2,999,755.64	1,997,595.27
	<u>18,323,482.10</u>	<u>18,501,107.25</u>	<u>18,131,262.20</u>
Less: Funds Temporarily held to pay Bond and Notes - General Debt	<u>1,058,060.98</u>	<u>1,233,060.98</u>	<u>613,551.14</u>
<u>Net Debt Issued</u>	<u>17,265,421.12</u>	<u>17,268,046.27</u>	<u>17,517,711.06</u>
Authorized But Not Issued:			
General - Bonds and Notes	2,956,661.25	989,478.82	1,506,725.82
Assessment- Bonds and Notes	32,046.95	32,046.95	121,027.90
Water Utility - Bonds and Notes	<u>23,594.00</u>	<u>23,594.00</u>	<u>23,590.00</u>
<u>Total Authorized But Not Issued</u>	<u>3,012,302.20</u>	<u>1,045,119.77</u>	<u>1,651,343.72</u>
 NET BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	 \$ <u>20,277,723.32</u>	 \$ <u>18,313,166.04</u>	 \$ <u>19,169,054.78</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 0.739% as of December 31, 2013.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local District School Debt	\$ 2,620,323.80	\$ 2,620,323.80	
Water Utility Debt	2,773,745.52	2,773,745.52	
General Debt	<u>18,562,038.78</u>	<u>1,058,060.98</u>	\$ <u>17,503,977.80</u>
	 \$ <u>23,956,108.10</u>	 \$ <u>6,452,130.30</u>	 \$ <u>17,503,977.80</u>

NET DEBT \$17,503,977.80 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$2,369,859,422.67 EQUALS 0.739%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2013	\$ <u>2,369,859,422.67</u>
3-1/2% of Equalized Valuation Basis	\$ 82,945,079.79
Net Debt	<u>17,503,977.80</u>
Remaining (Deficit) Borrowing Power	\$ <u>65,441,101.99</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, 2013

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus		\$2,917,283.39
Deduction:		
Operating and Maintenance Cost	\$2,557,102.00	
Debt Service Per Water Utility Account	<u>311,051.04</u>	
		<u>2,868,153.04</u>
Excess in Revenue		<u>\$49,130.35</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long-Term Debt

General Capital Fund

General Serial Bonds:

\$3,285,000.00 of 2005 Refunding Bonds due in annual installments of \$300,000.00 to \$305,000.00 through August 2015, at interest rates of 4.00%.	\$ 605,000.00
\$3,510,000.00 of 2008 General Improvement Bonds due in annual installments of \$210,000.00 through February 2026 at interest rates of 4.00% to 5.00%.	2,730,000.00
\$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 2.50% to 3.50%.	655,000.00
\$4,235,000.00 of 2012 General Improvement Bonds due in annual installments of \$200,000.00 to \$350,000.00 through July 2028 at interest rates of 2.00% to 3.00%.	4,060,000.00
\$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>4,025,000.00</u>
	\$ <u><u>12,075,000.00</u></u>

Assessment Trust Fund

Assessment Serial Bonds:

\$600,000.00 of 2012 Assessment Bonds due in annual installments of \$60,000.00 through July 2022 at interest rates of 2.00% to 3.00%.	\$ <u><u>540,000.00</u></u>
----------------------------------------------------------------------------------------------------------------------------------------	-----------------------------

Water Utility Capital Fund

Water Serial Bonds:

\$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%.	\$ 1,099,000.00
\$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><u>1,459,000.00</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long-Term Debt

Intergovernmental Loans:

General Capital Fund

Environmental Infrastructure Loans:

\$1,489,254 of 1992 Fund Loan due in annual installments of principal of \$81,559.83 through May of 2014 interest-free \$ 81,559.83

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

\$455,000 of 1998 Trust Loan due in annual installments of principal of \$35,511.55 through March 2014 at interest rates of 5.0%. 35,511.55

\$1,850,450 of 2004 Loans:

Fund Loan due in annual installments of principal only of \$ 47,033.53 to \$48,949.25 through August 2018, interest free 238,539.44

Trust Loan due in annual installments of principal of \$25,000.00 to \$65,000.00 interest at 3.0% to 5.0% 415,000.00

\$513,750 of 2010 Fund Loan due in annual installments of principal of \$12,670.38 to \$27,522.52 through August 2023 interest-free 260,371.17

\$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%. 80,000.00
\$ 1,134,330.58

Water Capital Fund

Environmental Infrastructure Loans:

\$1,425,000 of 2003 Trust Loan due in annual installments of principal of \$75,000.00 to \$105,000.00 through August 2023 at interest rates of 3.0% to 4.75%. \$ 895,000.00

\$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 396,151.52
\$ 1,291,151.52

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2013 the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ <u>2,956,661.25</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, 2013

General Capital Fund

Calendar Year	Principal	Interest	Total
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>12,075,000.00</u>	<u>2,219,493.78</u>	\$ <u>14,294,493.78</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2013

Water Utility Capital Fund

Calendar Year	Principal	Interest	Total
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>1,459,000.00</u>	\$ <u>254,550.00</u>	\$ <u>1,713,550.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2013

CALENDAR YEAR	NJ EIT LOANS - GENERAL CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
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	12,670.38	3,675.00	16,345.38
	\$ <u>1,134,330.58</u>	\$ <u>169,845.32</u>	\$ <u>1,304,175.90</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR LOANS ISSUED AND OUTSTANDING DECEMBER 31, 2013

CALENDAR YEAR	NJ EIT LOANS - WATER CAPITAL		
	PRINCIPAL	INTEREST	TOTAL
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>1,291,151.52</u>	\$ <u>242,705.00</u>	\$ <u>1,533,856.52</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014, were as follows:

Current Fund	\$1,641,000.00
Swimming Pool Operating Fund	224,014.50

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, 2013	BALANCE DECEMBER 31, 2012
Prepaid Taxes	<u>\$202,659.98</u>	<u>\$208,759.46</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 \$1,204,290 for 2013 \$1,152,461.00 for 2012 and \$1,448,400.00 for 2011.

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, 2013.

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 2013. 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, 2013, 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 2013 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>
2013	\$	114.03	\$	11,145.40	\$	14,552.19	\$	136,325.35
2012		76.39		10,949.41		39,387.17		139,618.11
2011		873.00		10,428.83		32,933.34		167,979.48

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2013:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 2,048.29	\$ 4,648.00
Assessment Trust Fund		542,267.03
Trust Funds	4,648.00	
General Capital Fund	<u>540,218.74</u>	<u> </u>
	\$ <u>546,915.03</u>	\$ <u>546,915.03</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, 2013, 2012 and 2011, were \$6057.00, \$5,046.50 and \$7,376.50, 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, 2013 the unpaid levy was \$16,826,579.00. The Borough has deferred \$7,951,484.00. The balance of \$8,875,095.00 is reported as a liability as of December 31, 2013.

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 \$108,448.49.

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, 2013

BOROUGH OF HAWTHORNECURRENT FUNDSCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	
Balance, December 31, 2012	A		\$ 13,615,716.63
Increased by Receipts:			
Taxes Receivable	A-6	\$ 64,355,776.40	
Tax Overpayments	A-16	2,451.39	
State of New Jersey-Chapter 20, P.L. 1971	A-7	156,818.49	
Revenue Accounts Receivable	A-8	3,505,400.31	
Miscellaneous Revenue Not Anticipated	A-2	457,579.13	
Prepaid Taxes	A-15	202,659.98	
Grants Unappropriated	A-22	31,670.61	
Grants Receivable	A-11	179,465.52	
Appropriation Refunds	A-3	410,193.10	
Fees Payable	A-19	37,766.00	
Due Water Utility Operating Fund	D-13	5,686.58	
Due Trust Other Fund	B-16	6,270.93	
Due General Capital Fund	C-17	755,420.07	
Due Assessment Trust Fund	B-7	1,157.12	
			<u>70,108,315.63</u>
			83,724,032.26
Decreased by Disbursements:			
2013 Appropriations	A-3	16,825,398.38	
2012 Appropriation Reserves	A-13	785,587.11	
Accounts Payable	A-18	9,341.29	
Tax Overpayments Refunded	A-16	2,451.39	
County Taxes	A-12	15,874,667.69	
Local District School Tax	A-13	34,436,781.00	
LOSAP Contributions Payable	A-20	108,448.49	
Reserve for Grants Appropriated	A-21	15,834.97	
Refund of Fees and Permits	A-2	205.00	
Due Assessment Trust Fund	B-7	3,108.58	
Due Other Trust Fund	B-16	1,755.93	
Due Water Utility Operating	D-13	7,125.34	
Due General Capital Fund	C-17	753,356.57	
Due Payroll		692.00	
Fees Payable	A-19	20,465.00	
Refund of Prior Year Revenues	A-1	109,884.84	
			<u>68,955,103.58</u>
Balance, December 31, 2013	A		\$ <u><u>14,768,928.68</u></u>

BOROUGH OF HAWTHORNE
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

<u>OFFICE</u>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
Tax Office	\$ 100.00	\$ 100.00
Municipal Court	150.00	150.00
Borough Clerk	25.00	25.00
Board of Health/Registrar	25.00	25.00
Library	<u>10.00</u>	<u>10.00</u>
	\$ <u>310.00</u>	\$ <u>310.00</u>
<u>REF.</u>	A	A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2012	2013 LEVY	COLLECTED		TRANSFER TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2013
			IN 2012	IN 2013			
2012	\$ 1,075,097.62	\$ _____	\$ _____	\$ 1,035,806.03	\$ _____	\$ _____	39,291.59
	1,075,097.62			1,035,806.03			39,291.59
2013		64,817,270.48	208,759.46	63,474,538.86	58,921.88	117,117.79	\$ 957,932.49
	\$ 1,075,097.62	\$ 64,817,270.48	\$ 208,759.46	\$ 64,510,344.89	\$ 58,921.88	\$ 117,117.79	\$ 997,224.08
	REF. A		A-2:A-15	A-2	A-9		A
Cash Receipts	A-4			\$ 64,355,776.40			
Due from State of New Jersey	A-7			154,568.49			
				\$ 64,510,344.89			

ANALYSIS OF 2013 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 64,624,219.44
Added Taxes (54:4-63.1 et. seq.)	193,051.04
	<u>\$ 64,817,270.48</u>

TAX LEVY

Local District School Tax (Abstract)	A-13	\$ 34,766,609.00
County Taxes:		
County Tax (Abstract)		\$ 15,850,599.71
Due County for Added Taxes (54:4-63.1 et. seq.)		<u>34,847.82</u>
Total County Taxes	A-12	15,885,447.53
Local Tax for Municipal Purposes (Abstract)	A-2	13,211,165.89
Minimum Library Tax	A-2	785,598.11
Add: Additional Tax Levied		<u>168,449.95</u>
		<u>14,165,213.95</u>
		<u>\$ 64,817,270.48</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, 2012 (Due To)	A	\$	70,142.30
Increased by:			
Deductions Disallowed:			
Current Year Deductions		\$	2,431.51
Prior Year Deductions			
Received From State of New Jersey	A-4		<u>156,818.49</u>
			<u>159,250.00</u>
			<u>229,392.30</u>
Decreased by:			
Deductions Per Tax Duplicate:			
Senior Citizens			28,250.00
Veterans			128,000.00
Allowed by Tax Collector:			
Senior Citizens and Veterans-Prior Year			
Senior Citizens and Veterans-Current Year			<u>750.00</u>
			<u>157,000.00</u>
Balance, December 31, 2013 (Due To)	A	\$	<u><u>72,392.30</u></u>

SUMMARY OF 2013 EXEMPTIONS

Senior Citizens and Veterans Exemptions Per Tax Billings		\$	156,250.00
Senior Citizens and Veterans Exemptions Allowed by Tax Collector			750.00
Senior Citizens and Veterans Exemptions Disallowed by Tax Collector- 2013			(2,431.51)
	A-6	\$	<u><u>154,568.49</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>ACCRUED</u> <u>IN 2013</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
Clerk:					
Alcoholic Beverage Licenses	A-2	\$	\$ 40,450.00	\$ 40,450.00	\$
Licenses-Other	A-2		13,158.00	13,158.00	
Building Code Official:					
Fees and Permits	A-2		21,250.00	21,250.00	
Municipal Court:					
Fines and Costs	A-2	20,259.46	294,780.19	293,666.29	21,373.36
Board of Health/Registrar:					
Licenses-Other	A-2		5,212.00	5,212.00	
Fees and Permits	A-2		31,364.00	31,364.00	
Police Department:					
Fees and Permits	A-2		4,810.20	4,810.20	
Public Works Department:					
Fees and Permits	A-2		3,141.03	3,141.03	
Planning Board:					
Fees and Permits	A-2		900.00	900.00	
Zoning Board:					
Fees and Permits	A-2		1,500.00	1,500.00	
Fire Prevention:					
Fees and Permits	A-2		39,392.00	39,392.00	
Other					
Fees and Permits	A-2		21,641.87	21,641.87	
Uniform Construction Code Fees	A-2		226,398.00	226,398.00	
Rentals- Board of Education	A-2				
Interest and Costs on Taxes	A-2		186,183.74	186,183.74	
Interest on Investments	A-2		39,463.09	39,463.09	
Cellular Phone Tower Leases	A-2		309,112.12	309,112.12	
Rentals - Board of Education	A-2		35,000.00	35,000.00	
Cable Television Franchise Fee	A-2		243,705.77	243,705.77	
Swimming Pool Admission Fees	A-2		151,831.00	151,831.00	
Commuter Parking Permits	A-2		24,736.00	24,736.00	
Sewer Charges	A-2		57,679.02	57,679.02	
Reserve for Debt Service	A-2		250,000.00	250,000.00	
Consolidated Municipal Property Tax Relief Act	A-2		71,063.00	71,063.00	
Energy Receipts Tax	A-2		1,397,215.46	1,397,215.46	
Uniform Fire Safety Act	A-2		36,527.72	36,527.72	
		\$ 20,259.46	\$ 3,506,514.21	\$ 3,505,400.31	\$ 21,373.36
<u>REF.</u>		A	A-2	A-4	A

"A-9"

BOROUGH OF HAWTHORNE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 916,866.76
Increased by:		
Transfer from Taxes Receivable	A-6	<u>58,921.88</u>
Balance, December 31, 2013	A	<u><u>\$ 975,788.64</u></u>

"A-10"

SCHEDULE OF FORECLOSED PROPERTY

Balance, December 31, 2012	A	\$ <u>34,980.00</u>
Balance, December 31, 2013	A	<u><u>\$ 34,980.00</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>GRANT</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>2013 REVENUE ANTICIPATED</u>	<u>CASH RECEIPTS</u>	<u>UNAPPROPRIATED GRANT RESERVE APPLIED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2013</u>
Municipal Alliance	\$ 17,545.51	\$ 24,489.00	\$ 25,327.32	\$	\$ 4,026.69	\$ 12,680.50
Drive Sober or Get Pulled Over		4,400.00	4,250.00		150.00	
Drunk Driving Enforcement Fund	0.40	5,902.00		5,902.00	0.40	
Recycling Tonnage Grant	0.08	25,520.00		25,520.00	0.08	
Body Armor Replacement Fund		3,127.00		3,127.00		
Clean Communities Grant		32,147.58	32,147.58			
Click It or Ticket Grant		4,000.00	4,000.00			
Shade Tree Grant	3,000.00		3,000.00			
Open Space Grant - Passaic County	138,000.00		109,949.00		21,401.00	6,650.00
Alcohol Education and Rehabilitation Fund		791.62	791.62			
	<u>\$ 158,545.99</u>	<u>\$ 100,377.20</u>	<u>\$ 179,465.52</u>	<u>\$ 34,549.00</u>	<u>\$ 25,578.17</u>	<u>\$ 19,330.50</u>
<u>REF.</u>	A	A-2	A-4	A-22		A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2012	A		\$ 24,077.28
2013 Tax Levy:			
County Taxes	A-1:A-6	\$ 15,615,038.38	
County Open Space Taxes	A-1:A-6	235,561.33	
County Share of Added Taxes	A-1:A-6	<u>34,847.82</u>	
			\$ <u>15,885,447.53</u>
			15,909,524.81
Decreased by:			
Cash Disbursements	A-4		<u>15,874,667.69</u>
Balance, December 31, 2013	A		\$ <u><u>34,857.12</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2012			
Taxes Deferred		\$ 7,951,484.00	
Taxes Payable	A	<u>8,545,267.00</u>	
			\$ 16,496,751.00
Increased by:			
2013 Levy	A-1:A-6		<u>34,766,609.00</u>
			51,263,360.00
Decreased by:			
Cash Disbursements	A-4		<u>34,436,781.00</u>
Balance, December 31, 2013			
Taxes Deferred		7,951,484.00	
Taxes Payable	A	<u>8,875,095.00</u>	
			\$ <u><u>16,826,579.00</u></u>
<u>Amount Charged to 2013 Operations:</u>			
Taxes Paid			\$ 34,436,781.00
Add: Current Year Taxes Payable			8,875,095.00
Less: Prior Year Taxes Payable			<u>(8,545,267.00)</u>
			\$ <u><u>34,766,609.00</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	ENCUMBRANCES PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 33.03	\$ 250.00	\$ 283.03	\$ 250.00	\$ 33.03
Other Expenses	1,168.45	432.37	51,600.82	50,377.37	1,223.45
Mayor and Council:					
Salaries and Wages	0.04		0.04		0.04
Other Expenses	1,010.00		1,010.00		1,010.00
Municipal Clerk:					
Salaries and Wages	591.21		591.21	50.00	541.21
Other Expenses	1,096.54	14,006.77	15,103.31	11,618.52	3,484.79
Financial Administration:					
Salaries and Wages	1,601.73		1,601.73		1,601.73
Other Expenses	358.02	7,616.07	7,974.09	7,001.65	972.44
Audit Services:					
Other Expenses		26,000.00	26,000.00	26,000.00	
Revenue Administration (Tax Collection):					
Other Expenses	4,439.76	1,998.46	6,438.22	2,983.46	3,454.76
Tax Assessment Administration:					
Other Expenses		9,367.11	9,367.11	4,473.40	4,893.71
Legal Services:					
Salaries and Wages	5,322.16		5,322.16	5,322.16	
Other Expenses	3,040.95	1,059.00	4,099.95	1,481.84	2,618.11
Engineering Services:					
Other Expenses	2,081.75	10,000.00	12,781.75	12,776.00	5.75
Future of Hawthorne:					
Other Expenses	1,900.00		1,900.00		1,900.00
<u>LAND USE ADMINISTRATION</u>					
Planning Board:					
Salaries and Wages	0.97		0.97		0.97
Other Expenses	530.12	500.00	1,030.12	600.62	429.50
Zoning Board of Adjustments:					
Salaries and Wages	0.04		0.04		0.04
Other Expenses	1,009.40		1,009.40	146.64	862.76
Computerized Data Processing:		39,276.74	39,276.74	31,754.10	7,522.64
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	24,311.55		24,311.55	16,823.71	7,487.84
Other Expenses	831.87	39,284.49	40,116.36	31,989.93	8,126.43
Police Dispatchers:					
Salaries and Wages	956.27		956.27		956.27

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>ENCUMBRANCES PAYABLE</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
<u>PUBLIC SAFETY (CONTINUED)</u>					
Occupational Safety Health Act (NJSA 40A:4-45.3):					
Salaries and Wages	\$ 37.67	\$	\$ 37.67	\$	37.67
Other Expenses	2,373.29	686.62	3,059.91	483.63	2,576.28
Emergency Management Services:					
Other Expenses	1,000.94	1,723.24	2,724.18	1,720.24	1,003.94
Ambulance Corps:					
Other Expenses	210.00		210.00		210.00
Domestic Violence Response:					
Other Expenses	500.00		500.00		500.00
Fire:					
Salaries and Wages	1,585.04		1,585.04	303.34	1,281.70
Other Expenses	52.66	77,365.63	77,418.29	62,148.21	15,270.08
Uniform Fire Safety Act:					
Salaries and Wages	2,143.40		2,143.40	1,916.29	227.11
Other Expenses	545.05	2,530.00	3,075.05	2,523.90	551.15
Municipal Court:					
Salaries and Wages	1,233.26		1,233.26	399.45	833.81
Other Expenses	2,160.02	832.09	2,992.11	916.08	2,076.03
<u>PUBLIC WORKS</u>					
Road Repair and Maintenance:					
Salaries and Wages	22,289.69		12,289.69	10,043.27	2,246.42
Other Expenses	35,108.26	48,920.91	53,723.19	48,209.41	5,513.78
Sewer System Maintenance:					
Salaries and Wages	1,851.63		1,851.63	732.88	1,118.75
Other Expenses	10,820.06	36,643.13	39,463.19	32,378.00	7,085.19
Shade Tree Commission:					
Salaries and Wages	876.75		876.75	32.63	844.12
Other Expenses	5,700.47	116,449.50	140,149.97	135,698.15	4,451.82
Solid Waste Collection:					
Salaries and Wages - Recycling	825.54		825.54		825.54
Other Expenses - Recycling	12,088.24	3,000.00	5,088.24		5,088.24
Other Expenses - Garbage Removal - Contractual		2,500.00	2,500.00	2,400.00	100.00
Buildings and Grounds:					
Salaries and Wages	9,649.55		649.55		649.55
Other Expenses	4,613.36	40,254.83	50,368.19	32,614.04	17,754.15
Maintenance of Parks:					
Other Expenses	10,351.14	3,727.31	14,078.45	8,541.21	5,537.24

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	BALANCE DECEMBER <u>31, 2012</u>	ENCUMBRANCES <u>PAYABLE</u>	BALANCE AFTER <u>TRANSFERS</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
<u>PUBLIC WORKS (CONTINUED)</u>					
Vehicle Maintenance:					
Other Expenses	\$ 5,052.07	\$ 48,746.02	\$ 53,798.09	\$ 37,669.38	\$ 16,128.71
Community Services Act:					
Other Expenses	0.01	3,135.50	48,135.51	11,647.45	36,488.06
<u>HEALTH AND HUMAN SERVICES</u>					
Board of Health:					
Salaries and Wages	1,056.57		1,056.57	655.41	401.16
Other Expenses	1,012.88	2,864.70	3,877.58	1,647.00	2,230.58
Board of Recreation:					
Salaries and Wages	3,750.95		3,750.95		3,750.95
Other Expenses	6,873.71	10,256.44	17,130.15	8,487.14	8,643.01
Swimming Pool:					
Other Expenses		5,424.42	5,424.42	4,815.54	608.88
<u>OTHER COMMON OPERATING FUNCTIONS</u>					
Celebration of Public Events:					
Other Expenses	887.24	29,797.22	30,684.46	28,479.55	2,204.91
Bond Fees:					
Other Expenses	2,653.00		2,653.00		2,653.00
<u>CODE ENFORCEMENT AND ADMINISTRATION</u>					
Uniform Construction Code Enforcement Functions:					
Building Inspector:					
Salaries and Wages	4,429.32		4,429.32	515.00	3,914.32
Other Expenses	2,027.72	3,604.50	5,632.22	3,538.31	2,093.91
Property Code Enforcement:					
Salaries and Wages	881.18		881.18	699.76	181.42
Other Expenses	356.99	659.31	1,016.30	230.29	786.01
Salary Adjustments	19,694.02				

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	ENCUMBRANCES PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Electricity	\$ 0.59	\$ 59,011.44	\$ 59,012.03	\$ 17,963.15	\$ 41,048.88
Street Lighting		20,176.44	20,176.44	13,592.93	6,583.51
Telephone	191.82	9,822.48	10,014.30	4,981.62	5,032.68
Gasoline	16,737.35	30,500.00	45,037.35	21,377.95	23,659.40
Landfill/Solid Waste Disposal Costs:					
Dumping Fees	23,608.63	54,000.00	77,608.63	34,508.07	43,100.56
Insurance:					
General Insurance	23,251.44	1,700.00	4,951.44	2,450.68	2,500.76
Group Insurance for Employees	14,106.23	10,312.73	14,418.96	8,397.00	6,021.96
	<u>302,871.60</u>	<u>774,435.47</u>	<u>1,077,307.07</u>	<u>746,366.36</u>	<u>330,940.71</u>
Total Operations Within "CAPS"					
Contingent	<u>2,000.00</u>		<u>2,000.00</u>		<u>2,000.00</u>
	<u>304,871.60</u>	<u>774,435.47</u>	<u>1,079,307.07</u>	<u>746,366.36</u>	<u>332,940.71</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)	5,889.45	15,000.00	20,889.45		20,889.45
Consolidated Police and Firemen's Pension	2,000.00		2,000.00		
DCRP	500.00		500.00		500.00
	<u>8,389.45</u>	<u>15,000.00</u>	<u>23,389.45</u>		<u>21,389.45</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
	<u>313,261.05</u>	<u>789,435.47</u>	<u>1,102,696.52</u>	<u>746,366.36</u>	<u>354,330.16</u>
Total General Appropriations for Municipal Purposes Within "CAPS"					

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	ENCUMBRANCES PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Planning Board:					
Other Expenses - Affordable Housing	\$ 3,950.00	\$	\$ 3,950.00	\$	\$ 3,950.00
<u>EDUCATIONAL FUNCTIONS</u>					
Maintenance of Free Public Library:					
Salaries and Wages	19,522.71		19,522.71	9,229.39	10,293.32
Sewer Processing and Disposal:					
Other Expenses - Passaic Valley Sewer Rental	0.91		0.91		0.91
Other Expenses - Other Municipal Projects	486.18		486.18		486.18
NJDES Stormwater Permits	5,152.00	10,026.00	15,178.00	10,026.00	5,152.00
Total Other Operations Excluded from "CAPS"	<u>29,111.80</u>	<u>10,026.00</u>	<u>39,137.80</u>	<u>19,255.39</u>	<u>19,882.41</u>
<u>Public and Private Programs Offset by Revenues</u>					
Police Body Armor Fund	3,056.00		3,056.00	3,056.00	
Municipal Alliance:					
Grant Funds		14,238.76	14,238.76	14,238.76	
Local Match		2,595.92	2,595.92	2,595.92	
Alcohol Rehab Grant	863.41		863.41	863.41	
Emergency Management Grant	5,000.00		5,000.00	5,000.00	
Recycling Tonnage Grant	33,038.00		33,038.00	33,038.00	
Clean Communities Program					
Other Expenses	21,895.58		21,895.58	21,895.58	
Total Public and Private Programs Offset by Revenues	<u>63,852.99</u>	<u>16,834.68</u>	<u>80,687.67</u>	<u>80,687.67</u>	
<u>Total Other Operations Excluded from "CAPS"</u>	<u>92,964.79</u>	<u>26,860.68</u>	<u>119,825.47</u>	<u>99,943.06</u>	<u>19,882.41</u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2012</u>	<u>ENCUMBRANCES PAYABLE</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Total General Appropriations Excluded from "CAPS"	\$ 92,964.79	\$ 26,860.68	\$ 119,825.47	\$ 99,943.06	\$ 19,882.41
<u>Subtotal General Appropriations</u>	<u>406,225.84</u>	<u>816,296.15</u>	<u>1,222,521.99</u>	<u>846,309.42</u>	<u>374,212.57</u>
Total General Appropriations	<u>\$ 406,225.84</u>	<u>\$ 816,296.15</u>	<u>\$ 1,222,521.99</u>	<u>\$ 846,309.42</u>	<u>\$ 374,212.57</u>
<u>REF.</u>	A	A-17			A-1
Appropriated Grant Reserves	A-21			\$ 60,722.31	
Cash Disbursements	A-4			<u>785,587.11</u>	
				<u>\$ 846,309.42</u>	

BOROUGH OF HAWTHORNE
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2012 (2013 Taxes)	A	\$	208,759.46
Increased by:			
Collection of 2014 Taxes	A-4		202,659.98
			<u>411,419.44</u>
Decreased by:			
Application to 2013 Taxes Receivable	A-6		208,759.46
			<u>208,759.46</u>
Balance, December 31, 2013	A	\$	<u><u>202,659.98</u></u>

SCHEDULE OF RESERVE FOR TAX OVERPAYMENTS

Balance, December 31, 2012	A	\$	17,111.02
Increased by:			
Cash Receipts	A-4		2,451.39
		\$	<u>19,562.41</u>
Decreased by:			
Cash Disbursements	A-4	\$	<u>2,451.39</u>
Balance, December 31, 2013	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, 2012	A	\$ 816,296.15
Increased by:		
Charged to 2013 Appropriations	A-3	<u>759,973.93</u>
		1,576,270.08
Decreased by:		
Transfer to Appropriation Reserves	A-14	<u>816,296.15</u>
Balance, December 31, 2013	A	\$ <u><u>759,973.93</u></u>

"A-18"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2012	A	\$ 20,624.20
Decreased by:		
Cash Disbursements	A-4	<u>9,341.29</u>
Balance, December 31, 2013	A	\$ <u><u>11,282.91</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF FEES PAYABLE

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2013</u>
DCA State Training Fees	\$ 2,572.00	\$ 16,346.00	\$ 8,265.00	\$ 10,653.00
Miscellaneous	4,810.00	18,220.00	9,150.00	13,880.00
Sales Tax	7,936.00			7,936.00
Marriage License Fees	1,270.00	3,200.00	3,050.00	1,420.00
	<u>\$ 16,588.00</u>	<u>\$ 37,766.00</u>	<u>\$ 20,465.00</u>	<u>\$ 33,889.00</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, 2012	A	\$ 158,336.56
Increased by:		
Transfers from 2013 Appropriations	A-3	<u>113,100.00</u>
		271,436.56
Decreased by:		
LOSAP Plan Contributions Made	A-4	<u>108,448.49</u>
Balance, December 31, 2013	A	<u><u>\$ 162,988.07</u></u>

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF RESERVES FOR GRANTS APPROPRIATED

<u>GRANT</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>TRANSFERRED FROM 2012 APPROPRIATION RESERVES</u>	<u>EXPENDED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2013</u>
Municipal Alliance	\$ 1,408.27	\$ 425.32	\$	\$ 1,408.27	\$ 425.32
Livable Communities Grant	16,287.00				16,287.00
Police Body Armor Grant	2,273.85		2,273.85		
Emergency Management Grant	3,506.28	5,000.00			8,506.28
Clean Communities Grant	50,093.41	21,395.58	10,000.00		61,488.99
Alcohol Education and Rehabilitation Fund	2,477.17	863.41	1,000.00		2,340.58
Shade Tree Grant	3,716.00				3,716.00
Recycling Grant	28,732.00				28,732.00
Drunk Driving Enforcement Fund	1,132.35		1,132.35		
Domestic Violence Prevention Grant	107.00				107.00
Stormwater Grant	8,768.00		905.00		7,863.00
Audio/Visual Grant	284.01				284.01
Recycling Tonnage Grant	70,924.59	33,038.00			103,962.59
Open Space Trust	21,401.00			21,401.00	
Clean Air Cool Cities	18.00		18.00		
NJ Clean Energy Grant	1,454.12		505.77		948.35
	<u>\$ 212,583.05</u>	<u>\$ 60,722.31</u>	<u>\$ 15,834.97</u>	<u>\$ 22,809.27</u>	<u>\$ 234,661.12</u>
<u>REF.</u>	A	A-14	A-4		A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

<u>GRANT</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>CASH RECEIPTS</u>	<u>APPLIED TO RECEIVABLE</u>	<u>BALANCE DECEMBER 31, 2013</u>
Clean Communities Program	3,127.04	\$ 3,924.95	\$ 3,127.00	\$ 3,924.99
Recycling Tonnage Grant	25,520.24	22,381.16	25,520.00	22,381.40
Drunk Driving Enforcement Fund	5,902.68	3,364.50	5,902.00	3,365.18
Sustainable NJ		2,000.00		2,000.00
	<u>\$ 34,549.96</u>	<u>\$ 31,670.61</u>	<u>\$ 34,549.00</u>	<u>\$ 31,671.57</u>
<u>REF.</u>	A	A-4	A-11	A

BOROUGH OF HAWTHORNE

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER 31, 2012	RAISED IN IN BUDGET
Emergency Appropriations 40A:4-46	\$ <u>177,500.00</u>	\$ <u>177,500.00</u>
	\$ <u><u>177,500.00</u></u>	\$ <u><u>177,500.00</u></u>
<u>REF.</u>	A	A-3

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, 2012	B	\$ <u>499,741.92</u>	\$ <u>28,135.34</u>	\$ <u>1,290,193.59</u>
Increased by Receipts:				
Assessments Receivable	B-4	81,358.29		
Animal Control License Fees	B-12		22,928.86	
Due State of New Jersey	B-13		2,071.20	
Various Reserves and Deposits	B-11			11,266,274.25
Unemployment	B-14			11,259.43
Due Current Fund	B-7:B-16	<u>9,628.48</u>		<u>1,324.35</u>
		<u>90,986.77</u>	<u>25,000.06</u>	<u>11,278,858.03</u>
Decreased by Disbursements:				
Expenditures Under R.S.4:19-15.11	B-12		20,093.97	
Due State of New Jersey	B-13		2,070.00	
Unemployment Claims	B-14			14,552.19
Various Reserves and Deposits	B-11			11,401,361.18
Assessment Bonds	B-15	60,000.00		
Due Current Fund	B-7:B-16	<u>7,677.02</u>		<u>5,147.35</u>
		<u>67,677.02</u>	<u>22,163.97</u>	<u>11,421,060.72</u>
Balance, December 31, 2013	B	\$ <u>523,051.67</u>	\$ <u>30,971.43</u>	\$ <u>1,147,990.90</u>

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2013

Due Current Fund	\$	2,048.29
Due General Capital Fund		424,095.61
Fund Balance		6.00
<u>Assessment Serial Bonds</u>		
Ord 1939		224.00
Ord 1948		1,488.07
Ord 1972		11,713.69
Ord 1989		12,890.00
Ord 2009		84,364.83
Ord 2047		221.18
<u>Unfinanced Assessments</u>		
Ord 1734/1757- Sanitary Sewers - Highview/Charwalt		<u>(14,000.00)</u>
	\$	<u><u>523,051.67</u></u>

REF.

B:B-2

BOROUGH OF HAWTHORNE
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	ASSESSMENTS CONFIRMED	ASSESSMENTS COLLECTED	CANCELLED	BALANCE DECEMBER 31, 2013	BALANCE PLEDGED TO	
							ASSESSMENT BONDS	DUE GENERAL CAPITAL FUND
1427/1462	Mountain Avenue Sewers	\$ 3,978.00	\$	\$	\$ 3,978.00	\$	\$	
1428/1463	Mountain Avenue Curbs	3.00			3.00			
1433	Central Avenue Curbs/Sidewalks	469.00			469.00			
1628	Lincoln Avenue Curbs/Sidewalks	1,546.00			1,546.00			
1607/1682	Lafayette Avenue Curbs/Sidewalks	3,798.00			3,798.00			
1655	Lafayette Avenue Curbs/Sidewalks	14,400.00			14,400.00			
1733	Bamford Avenue Curbs/Sidewalks	200.20		200.20				
1734/1757	Sanitary Sewers - Highview Charwalt	31,846.75		17,846.75		14,000.00		14,000.00
1939	VanWinkle Ave - Sidewalks/Driveways	4,292.31			4,292.31			
1948	Tuxedo Ave - Sidewalks/Driveways	4,373.67		117.07	841.60	3,415.00	3,415.00	
1972	Central Ave - Sidewalks/Driveways	7,207.67		3,134.67		4,073.00	4,064.00	
1989	Road and Stormwater Improvements	169,260.00		20,750.00		148,510.00	148,510.00	
2009	Sidewalk Improvements	47,866.09		27,088.42	660.67	20,117.00	20,117.00	
2047	Reconstruction of Sidewalk		50,945.66	12,221.18		38,724.48	38,724.48	
		<u>\$ 289,240.69</u>	<u>\$ 50,945.66</u>	<u>\$ 81,358.29</u>	<u>29,988.58</u>	<u>\$ 228,839.48</u>	<u>\$ 214,830.48</u>	<u>\$ 14,000.00</u>
REF.		B	B-9	B-2		B		

"B-5"

BOROUGH OF HAWTHORNE
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS LIENS

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DECEMBER 31, <u>2012</u>	BALANCE DECEMBER 31, <u>2013</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>2012</u>	BALANCE DECEMBER 31, <u>2013</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, 2012 (Due to)	B	\$ 96.83
Increased by:		
Cash Receipts	B-2	<u>9,628.48</u>
		9,725.31
Decreased by:		
Cash Disbursements	B-2	<u>7,677.02</u>
Balance, December 31, 2013 (Due to)	B	<u>\$ 2,048.29</u>

"B-8"

ASSESSMENT TRUST FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2012 and December 31, 2013 (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, 2012</u>	<u>FUNDED FROM CAPITAL IMPROVEMENT FUND</u>	<u>ASSESSMENTS CONFIRMED</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE PLEGDED TO BONDS</u>	<u>BALANCE PLEGDED TO RESERVE</u>
1506	Construction of Curbs on Royal Avenue	\$ 40,800.00	\$	\$	\$ 40,800.00	\$	\$ 40,800.00
1939	Van Winkle Avenue	10,000.00			10,000.00	10,000.00	
1948	Sidewalk and Driveway Improvements	20,000.00			20,000.00	20,000.00	
1972	Road Reconstruction	40,000.00			40,000.00	40,000.00	
1989	Road and Stormwater Improvements	12,600.00			12,600.00	12,600.00	
2009	Sidewalk Improvements	89,932.96			89,932.96	89,932.96	
2047	Reconstruction of Sidewalk	70,000.00		50,945.66	19,054.34	19,054.34	
2063/2070	Sidewalk and Driveway Improvements	133,000.00			133,000.00	133,000.00	
2082/2094	Sidewalk and Driveway Improvements		4,750.00		4,750.00		4,750.00
		<u>\$ 416,332.96</u>	<u>\$ 4,750.00</u>	<u>\$ 50,945.66</u>	<u>\$ 370,137.30</u>	<u>\$ 324,587.30</u>	<u>\$ 45,550.00</u>
<u>REF.</u>		B		B-4	B		B

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF AMOUNT TO BE RAISED BY TAXATION FOR CANCELED ASSESSMENTS

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ASSESSMENTS RECEIVABLE CANCELED</u>	<u>BALANCE DECEMBER 31, 2013</u>
1939	Van Winkle Avenue	\$ 4,292.31	\$ 4,292.31
1948	Sidewalk and Driveway Improvements	841.60	841.60
2009	Sidewalk Improvements	660.67	660.67
		<u>\$ 5,794.58</u>	<u>\$ 5,794.58</u>
		<u>REF.</u>	<u>B</u>

BOROUGH OF HAWTHORNE

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

<u>Description</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2012</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2013</u>
Reserve for:				
Recycling Expenditures	\$ 429,907.16	\$ 141,886.79	\$ 231,777.26	\$ 340,016.69
Other Escrow Deposits	32,331.17			32,331.17
Builders Escrow Deposits	57,913.65	33,173.66	38,757.46	52,329.85
Tax Sale Premiums	253,700.00	98,900.00	117,600.00	235,000.00
Off-Duty Municipal Police Pay	55,436.54	309,985.50	311,277.99	54,144.05
Municipal Alliance Program	20,015.57	3,600.00	1,279.92	22,335.65
PCUA - EIC	552.00			552.00
Public Defender Fees	16,816.00	4,683.00	1,500.00	19,999.00
POAA	2,154.78	620.00	205.00	2,569.78
Third Party Liens	1,911.59	696,170.45	666,841.04	31,241.00
911 Memorial	43,965.00	41,662.00	68,397.61	17,229.39
Housing Trust	26,930.29	1,935.21		28,865.50
Fire Code Penalties	15,037.26	12,290.00		27,327.26
Pre-Tax Medical Payments	338.94	729.25	700.00	368.19
Relocation Fund	16,576.00	15,300.00	10,040.00	21,836.00
Payroll Deductions Payable	(8.83)	9,876,893.39	9,876,424.79	459.77
UCC Penalties	130,747.70	27,445.00	76,560.11	81,632.59
Sidewalk Replacements	5,659.00			5,659.00
Security Deposits	21,066.66	1,000.00		22,066.66
Performance Deposits	20,350.00			20,350.00
	<u>\$ 1,151,400.48</u>	<u>\$ 11,266,274.25</u>	<u>\$ 11,401,361.18</u>	<u>\$ 1,016,313.55</u>
<u>REF.</u>	B	B-2	B-2	B

"B-12"

BOROUGH OF HAWTHORNE

ANIMAL CONTROL FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2012	B	\$	28,136.54
Increased by:			
Animal Control License Fees Collected	B-2		<u>22,928.86</u>
			51,065.40
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-2		<u>20,093.97</u>
Balance, December 31, 2013	B	\$	<u><u>30,971.43</u></u>

<u>LICENSE FEES COLLECTED</u>		
<u>YEAR</u>		<u>AMOUNT</u>
2012	\$	20,761.40
2011		<u>23,314.00</u>
	\$	<u><u>44,075.40</u></u>

"B-13"

ANIMAL CONTROL FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

Balance, December 31, 2012	B	\$	1.20
Increased by:			
Cash Disbursements	B-2		<u>2,070.00</u>
		\$	2,071.20
Decreased by:			
Cash Receipts	B-2	\$	<u><u>2,071.20</u></u>

BOROUGH OF HAWTHORNE

TRUST FUND

SCHEDULE OF DUE STATE - UNEMPLOYMENT CLAIMS

	<u>REF.</u>	
Balance, December 31, 2012	B	\$ 139,618.11
Increased by:		
Cash Receipts	B-2	<u>11,259.43</u>
		150,877.54
Decreased by:		
Cash Disbursements	B-2	<u>14,552.19</u>
Balance, December 31, 2013	B	<u><u>\$ 136,325.35</u></u>

BOROUGH OF HAWTHORNE

ASSESSMENT TRUST FUND

SCHEDULE OF ASSESSMENT SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Various Curb, Sidewalk and Driveway Improvements	7/15/2013	600,000.00	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>\$ 60,000.00</u>	<u>\$ 540,000.00</u>	
				<u>REF.</u>	B	B-2	B	

BOROUGH OF HAWTHORNE

OTHER TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2012 (Due From)	B	\$ 825.00
Increased by:		
Cash Disbursements	B-2	<u>5,147.35</u>
		\$ <u>5,972.35</u>
Decreased by:		
Cash Receipts	B-2	<u>1,324.35</u>
Balance, December 31, 2013 (Due From)	B	\$ <u><u>4,648.00</u></u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 571,180.06
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-15	\$ 100,000.00	
Grants Receivable	C-8	296,173.24	
Due Water Capital Fund	D-5	130,500.00	
Due Current Fund	C-17	551,234.77	
Premium on Sale of Notes	C-1	12,750.00	
Bond Anticipation Notes	C-13	<u>1,824,000.00</u>	
			<u>2,914,658.01</u>
			\$ <u>3,485,838.07</u>
Decreased by Disbursements:			
Encumbrances Payable	C-16	\$ 1,144,488.79	
Capital Improvement Fund	C-15	34,500.00	
Various Reserves and Deposits	C-12	250,000.00	
Due Current Fund	C-17	<u>663,247.27</u>	
			<u>2,092,236.06</u>
Balance, December 31, 2013	C:C-3		\$ <u><u>1,393,602.01</u></u>

"C-3"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2013

Capital Improvement Fund	\$	235,130.03
Fund Balance		78,932.60
Encumbrances Payable		1,139,089.92
Funded Improvements Listed on "C-14"		535,813.44
Improvements Expended Set Forth on "C-5"		(684,654.04)
Unexpended Note Proceeds Listed on "C-5"		111,419.65
Various Reserves and Deposits		1,060,464.98
Due Assessment Trust Fund		(540,218.74)
Loan Proceeds Receivable		(270,464.00)
Grants Receivable		(271,911.83)
		<hr/>
	\$	<u>1,393,602.01</u>

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2012	C		\$	14,901,351.61
Decreased by:				
Payment of :				
Bond Principal	C-10	\$	1,430,000.00	
Loan Payable	C-11		<u>262,021.03</u>	
				<hr/>
				1,692,021.03
Balance, December 31, 2013	C		\$	<u>13,209,330.58</u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER		BALANCE DECEMBER 31, 2012	2013 AUTHORIZATIONS	CASH RECEIPTS	BALANCE DECEMBER 31, 2013	ANALYSIS OF BALANCE DECEMBER 31, 2013		
						BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED BALANCE
<u>General Improvements:</u>								
1591	Construction of Roadway - Sherman Avenue	\$ 786.00	\$	\$	\$ 786.00		\$ 649.84	\$ 136.16
1634/1663	Resurfacing and Reconstruction of Grand Avenue	3,844.00			3,844.00		3,844.00	
1938	Improvement of Van Winkle Avenue	933.76			933.76		933.76	
1949	Road Resurfacing, Curbing and Drainage	617.74			617.74		617.74	
1956	Drainage and Stormwater Improvements	264,000.00			264,000.00		253,384.19	10,615.81
1817/1959	Recreation Facility at Wagaraw Road	126.48			126.48		126.48	
1885/1970	Repairs and Renovation to Municipal Pool	4,736.29			4,736.29		4,736.29	
1975	Road Reconstruction and Improvements - Central Avenue	18,084.55			18,084.55		18,084.55	
2032	Rehabilitation of Substandard Housing	100.00			100.00			100.00
2044/2057	Library Roof Repairs	67,500.00			67,500.00		45,588.28	21,911.72
2048	Reconstruction, Resurfacing, Drainage, Driveway Aprons, Curb and Sidewalk Improvements-Mohawk	134,750.00		43,407.57	91,342.43			91,342.43
1765	Acq. and Installation of Public Safety Communication Equipment	323,000.00			323,000.00		292,848.91	30,151.09
2067/2078	Improvements to Forest Avenue	23,750.00			23,750.00			23,750.00
2073	Installation of Lighting Wagaraw Field	147,250.00			147,250.00	147,250.00		
1427/1462	Mountain Ave Sanitary Sewers	4,343.00			4,343.00		4,343.00	
1540	Curbs - Van Winkle Avenue	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 Goffle	3,119.00			3,119.00		3,119.00	
1607/1682	Curbs and Sidewalks - Lafayette Avenue	3,800.00			3,800.00		3,800.00	
1636/1684	Pavers on Lafayette Avenue	3,450.00			3,450.00		3,450.00	
1726	Curbs/Aprons/Sidewalks - Post Avenue	4,124.00			4,124.00		4,124.00	
1733	Curbs/Aprons/Sidewalks - Bamford Avenue	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, 2012	2013 AUTHORIZATIONS	CASH RECEIPTS	BALANCE DECEMBER 31, 2013	ANALYSIS OF BALANCE DECEMBER 31, 2013		UNEXPENDED BALANCE
						BOND ANTICIPATION NOTES	EXPENDITURES	
2081	2013 Road Program	\$	\$ 665,000.00	\$	\$ 665,000.00	\$ 665,000.00	\$	\$
2083	Purchase of Dump Truck		190,000.00		190,000.00	190,000.00		
2095	May Street Road Improvements		76,000.00		76,000.00	76,000.00		
2096	Sanitary sewer line improvements		95,000.00		95,000.00	95,000.00		
2100	Acquisition of Fire Dept Capital Equipment		560,500.00		560,500.00	560,500.00		
2101	Property Buy-outs CDBG-DR		1,100,000.00		1,100,000.00			1,100,000.00
2102	NJDOT Streetscape		950,000.00		950,000.00			950,000.00
	Local Improvements:							
2047	Reconstruction of Sidewalks and Driveway Aprons Pasedena and Mohawk	44,000.00			44,000.00			44,000.00
2082/2094	Reconstruction of Sidewalks and Driveway		90,250.00		90,250.00	90,250.00		
		<u>\$ 1,097,318.82</u>	<u>\$ 3,726,750.00</u>	<u>\$ 43,407.57</u>	<u>\$ 4,780,661.25</u>	<u>\$ 1,824,000.00</u>	<u>\$ 684,654.04</u>	<u>\$ 2,272,007.21</u>
	REF.	C	C-14		C		C-3	
	Improvement Authorizations - Unfunded							\$ 2,383,426.86
	Unexpended Proceeds of Bond Anticipation Notes							<u>111,419.65</u>
								<u>\$ 2,272,007.21</u>

"C-6"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE
LOAN PROCEEDS RECEIVABLE

REF.

Balance, December 31, 2012 and
December 31, 2013

C

\$ 270,464.00

"C-7"

SCHEDULE OF DUE ASSESSMENT TRUST FUND

Balance, December 31, 2012 and
December 31, 2013 (Due From)

C

\$ 540,218.74

BOROUGH OF HAWTHORNE
 GENERAL CAPITAL FUND
 SCHEDULE OF GRANTS RECEIVABLE

ORDINANCE NUMBER	PROJECT	BALANCE DECEMBER 31, 2012	GRANTS AWARDED	CASH RECEIPTS	BALANCE DECEMBER 31, 2013	BALANCE PLEDGED TO:	
						IMPROVEMENT AUTHORIZATION	RESERVE
<u>State Department of Transportation:</u>							
2048	Reconstruction, Resurfacing, Drainage, Driveway Aprons Curb and Sidewalk Improvements-Mohawk	\$ 46,250.00	\$	\$ 43,407.57	\$ 2,842.43	\$	\$ 2,842.43
2067	Forest Avenue Improvements	50,000.00		50,000.00			
2068	Improvements at NYS and W Railroad Crossing	65,000.00			65,000.00	65,000.00	
2095	May Street Road Improvements		196,553.00		196,553.00	196,553.00	
2102	NJDOT Streetscape		600,000.00		600,000.00		600,000.00
2101	DCA-Property Buy-outs CDBG-DR		821,602.00		821,602.00		821,602.00
<u>Passaic County Open Space Trust Fund:</u>							
2078	Lighting Wagaraw Field	75,000.00		75,000.00			
<u>Community Development Block Grant:</u>							
1974	Handicapped Accessible Grants	1,000.00			1,000.00	1,000.00	
2062	Road Reconstruction, Curb and Drainage Improvements	63,033.50		63,033.50			
2081	2013 Road Program-CDBG		74,091.00	64,732.17	9,358.83	9,358.83	
2081	2013 Road Program-CDBG		50,000.00		50,000.00		50,000.00
	Open Space Grant		53,500.00		53,500.00		53,500.00
		<u>\$ 300,283.50</u>	<u>\$ 1,795,746.00</u>	<u>\$ 296,173.24</u>	<u>\$ 1,799,856.26</u>	<u>\$ 271,911.83</u>	<u>\$ 1,527,944.43</u>
<u>REF.</u>		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, 2012</u>	<u>FINANCED BY CAPITAL IMPROVEMENT FUND</u>	<u>BALANCE DECEMBER 31, 2013</u>
<u>Local Improvements:</u>						
2012	Reconstruction of Sidewalks and Driveway Aprons- Pasadena and Mohawk	120,000.00	6,000.00	\$ 6,000.00	\$	\$ 6,000.00
2063/2070	Reconstruction of Sidewalks and Driveway	140,000.00	7,000.00	7,000.00		7,000.00
2082/2094	Reconstruction of Sidewalks and Driveway	95,000.00	4,750.00		4,750.00	4,750.00
				<u>\$ 13,000.00</u>	<u>\$ 4,750.00</u>	<u>\$ 17,750.00</u>
			<u>REF.</u>	C		C

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds of 2004	6/1/2004	\$ 6,292,000.00		\$		\$ 500,000.00	\$ 500,000.00	\$
Refunding Bonds of 2005	4/1/2005	3,285,000.00	8/15/2014	305,000.00	4.000%	915,000.00	310,000.00	605,000.00
			8/15/2015	300,000.00	4.000%			
General Improvement Bonds of 2008	9/1/2008	3,510,000.00	3/1/2014	210,000.00	5.000%	2,935,000.00	205,000.00	2,730,000.00
			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	10/15/2014	120,000.00	2.500%	880,000.00	225,000.00	655,000.00
			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

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds of 2012	7/10/2012	\$ 4,235,000.00	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	175,000.00	4,060,000.00	
Refunding Bonds of '12	3/29/2012	4,110,000.00	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%			
					<u>4,040,000.00</u>	<u>15,000.00</u>	<u>4,025,000.00</u>	
					<u>\$ 13,505,000.00</u>	<u>\$ 1,430,000.00</u>	<u>\$ 12,075,000.00</u>	
					REF.	C	C-4	C

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

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

	<u>REF.</u>	
Balance, December 31, 2012	C	\$ 1,396,351.61
Decreased by:		
Paid by Budget Appropriation	C-4	<u>262,021.03</u>
Balance, December 31, 2013	C	<u>\$ 1,134,330.58</u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2012	GRANTS RESERVED FOR DEBT SERVICE	DECREASE BUDGET REVENUE	BALANCE DECEMBER 31, 2013
Reserve for Bond Sale Issuance Costs	\$ 2,404.00	\$	\$	\$ 2,404.00
Reserve for Payment of Debt	<u>1,233,060.98</u>	<u>75,000.00</u>	<u>250,000.00</u>	<u>1,058,060.98</u>
	<u>\$ 1,235,464.98</u>	<u>\$ 75,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ 1,060,464.98</u>
<u>REF.</u>	C		C-2	C

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>INCREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
<u>General Improvements:</u>							
2073	Installation of Lighting Wagaraw Field	10/31/2013	10/31/2013	10/31/2014	1.50%	\$ 147,250.00	\$ 147,250.00
2083	Purchase of Dump Truck	10/31/2013	10/31/2013	10/31/2014	1.50%	190,000.00	190,000.00
2095	May Street Road Improvements	10/31/2013	10/31/2013	10/31/2014	1.50%	76,000.00	76,000.00
2096	Sanitary sewer line improvements	10/31/2013	10/31/2013	10/31/2014	1.50%	95,000.00	95,000.00
2100	Acquisition of Fire Dept Capital Equipment	10/31/2013	10/31/2013	10/31/2014	1.50%	560,500.00	560,500.00
2081	2013 Road Program	10/31/2013	10/31/2013	10/31/2014	1.50%	665,000.00	665,000.00
2082/2094	Local Improvements	10/31/2013	10/31/2013	10/31/2014	1.50%	90,250.00	90,250.00
						<u>\$ 1,824,000.00</u>	<u>\$ 1,824,000.00</u>
<u>REF.</u>						C-2	C

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012		2013 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2013		
		FUNDED	UNFUNDED			FUNDED	UNFUNDED	
<u>General Improvements:</u>								
1588	Handicapped Curb Cuts	\$ 29,908.20	\$	\$	\$	\$ 29,908.20	\$	
1591	Fuel Storage Tanks	1,280.16	786.00		1,930.00		136.16	
1594	ADA Compliant Equipment	41,997.64			2,500.00	39,497.64		
1765	Acq. and Install. of Public Safety Commun. System	37,852.14			7,701.05		30,151.09	
1956	Drainage and Stormwater Imprv. Various Locations		21,215.81		10,600.00		10,615.81	
1991	Improvement to Goffle Hill Road and Sicomac Road Sewage Pumping Station	3.00			3.00			
2032	Rehabilitation of Substandard Housing	1,335.16	100.00			1,335.16	100.00	
2043	Sanitary Sewer Main Improvements	112,916.75				112,916.75		
2044/2057	Library Roof Repairs		21,911.72				21,911.72	
2046	Various Road Reconstruction, Curbing	66,073.87				66,073.87		
2048	Reconstruction, Resurfacing, Drainage, Driveway Aprons, Curbs and Sidewalk Improvements	19,133.76	134,750.00		312.00	62,229.33	91,342.43	
2062	Road Reconstruction, Curb and Drainage	4,820.06			4,352.74	467.32		
2067/2078	Road Reconstruction, Curb and Drainage - Forest	24,187.55	23,750.00		2,216.13	21,971.42	23,750.00	
2068	Improvements at NYS and W Railroad Crossing	52,705.28			6,802.00	45,903.28		
2073	Installation of Lighting Wagaraw Field		13,978.64		10,776.00		3,202.64	
2081	2013 Road Program			774,091.00	727,331.62		46,759.38	
2083	Purchase of Dump Truck			200,000.00	196,376.75		3,623.25	
2095	May Street Road Improvements			276,553.00	268,384.20		8,168.80	
2096	Sanitary Sewer Line Improvements			100,000.00	85,325.88		14,674.12	
2100	Acquisition of Fire Dept Capital Equipment			590,000.00	551,817.89		38,182.11	
2101	Property Buy-outs CDBG-DR			1,100,000.00	5,617.74		1,094,382.26	
2102	NJDOT Streetscape			950,000.00	1,046.64		948,953.36	

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012		2013 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2013	
		FUNDED	UNFUNDED			FUNDED	UNFUNDED
<u>Local Improvements:</u>							
	Imprv. Curbing and Other Imprv. Brockhuizen Lane	\$ 10,280.00	\$	\$	\$	\$ 10,280.00	\$
2009	Sidewalk Improvements - Various Streets	124,359.63				124,359.63	
2047	Reconstruction of Sidewalks and Driveway Aprons-Pasadena and Mohawk	20,911.40	44,000.00		40.56	20,870.84	44,000.00
2063/2070	Reconstruction of Sidewalks and Driveway	488.07			488.07		
2082/2094	Local Improvements			95,000.00	91,526.27		3,473.73
		<u>\$ 548,252.67</u>	<u>\$ 260,492.17</u>	<u>\$ 4,085,644.00</u>	<u>\$ 1,975,148.54</u>	<u>\$ 535,813.44</u>	<u>\$ 2,383,426.86</u>
		REF. C	C		C-16	C:C-3	C:C-5
	Capital Improvement Fund			C-15	\$ 88,250.00		
	Deferred Charges to Future Taxation Unfunded			C-5	3,726,750.00		
	DOT				196,553.00		
	CDBG				74,091.00		
					<u>\$ 4,085,644.00</u>		

"C-15"

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 257,880.03
Increased by:			
2013 Budget Appropriation	C-2		100,000.00
			<u>\$ 357,880.03</u>
Decreased by:			
Appropriation to Finance			
Improvement Authorizations	C-14	\$ 88,250.00	
Disbursements	C-2	<u>34,500.00</u>	
			122,750.00
Balance, December 31, 2013	C		<u><u>\$ 235,130.03</u></u>

"C-16"

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, December 31, 2012	C		\$ 308,430.17
Increased by:			
Encumbrances Issued	C-14		1,975,148.54
			<u>\$ 2,283,578.71</u>
Decreased by:			
Cash Disbursements	C-2		<u>1,144,488.79</u>
Balance, December 31, 2013	C		<u><u>\$ 1,139,089.92</u></u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2012 (Due to)	C		\$ 2,063.50
Increased by:			
Cash Receipts	C-2	\$ 551,234.77	
Cancellation of Grants Receivable	C-1	<u>109,949.00</u>	
			<u>661,183.77</u>
			<u>663,247.27</u>
Decreased by:			
Cash Disbursements	C-2		\$ <u><u>663,247.27</u></u>

BOROUGH OF HAWTHORNE

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2013	
		CAPITAL	ASSESSMENT
	<u>General Improvements:</u>		
1591	Construction of Roadway - Sherman Avenue	\$ 786.00	\$
1634/1663	Resurfacing and Reconstruction of Grand Avenue	3,844.00	
1867	Sanitary Sewer Improvements		
1908	Repairs and Renovation to Municipal Pool		
1938	Improvement of Van Winkle Avenue	933.76	
1949	Road Resurfacing, Curbing and Drainage	617.74	
1956	Drainage and Stormwater Improvements	264,000.00	
1959	Recreation Facility at Wagaraw Road	126.48	
1961	Repairs to Sicomac Pump Station		
1885/1970	Repairs and Renovation to Municipal Pool	4,736.29	
1975	Road Reconstruction and Improvements - Central Avenue	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	91,342.43	
2058	Refunding Bond Ordinance Acq. and Installation of Public Safety Communication Equipment	323,000.00	
2067/2078	Improvements to Forest Avenue	23,750.00	
2101	Property Buy-outs CDBG-DR	1,100,000.00	
2102	NJDOT Streetscape	950,000.00	
	<u>Local Improvements:</u>		
1427/1462	Mountain Ave Sanitary Sewers	4,343.00	
1540	Curbs - Van Winkle Avenue	974.00	
1554	Sanitary Sewers- Highview Terrace	15,870.00	
1564	Curbs/Aprons/Sidewalks - Rock and Goffle	3,119.00	
1607/1682	Curbs and Sidewalks- Lafayette Avenue	3,800.00	
1636/1684	Pavers on Lafayette Avenue	3,450.00	
1726	Curbs/Aprons/Sidewalks - Post Avenue	4,124.00	
1733	Curbs/Aprons/Sidewalks - Bamford Avenue	3,563.00	200.20
1734/1757	Sanitary Sewers - Highview/Charwalt	22,187.00	31,846.75
1810	Curbs/Aprons/Sidewalks - Hutchinson, Roosevelt and Van Winkle	2,410.00	
2047	Reconstruction of Sidewalks and Driveway Aprons - Pasadena and Mohawk	44,000.00	
		<u>\$ 2,956,661.25</u>	<u>\$ 32,046.95</u>

BOROUGH OF HAWTHORNE
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>OPERATING</u>		<u>CAPITAL</u>	
Balance, December 31, 2012	D	\$	\$ 779,434.25	\$	575,534.90
Increased by Receipts:					
Water Rents Receivable	D-7		2,601,489.64		
Fire Hydrant Service	D-3		108,750.00		
Non-Budget Revenue	D-3		4,935.07		
Water Rent Overpayments	D-8		4,156.52		
Due Current Fund	D-13		1,438.76		
Miscellaneous	D-3		20,059.46		
			<u>2,740,829.45</u>		
			3,520,263.70		<u>575,534.90</u>
Decreased by Disbursements:					
Appropriations	D-4		2,681,419.92		
Appropriation Reserves	D-9		129,616.65		
Encumbrances	D-10		11,100.00		
Improvement Authorizations	D-18			69,599.47	
Due General Capital Fund	C-2			130,500.00	
			<u>2,822,136.57</u>		<u>200,099.47</u>
Balance, December 31, 2013	D	\$	<u>698,127.13</u>	\$	<u>375,435.43</u>

"D-6"

BOROUGH OF HAWTHORNE
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH

BALANCE
DECEMBER 31,
2013

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)
Improvement Authorizations:		
Ord. 1994 - Various Improvements and Equipment		<u>286,793.43</u>
	\$	<u><u>375,435.43</u></u>

REF.

D

"D-7"

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

	<u>REF.</u>		
Balance, December 31, 2012	D	\$	411,109.26
Increased by:			
Water Rents Levied			<u>2,633,282.36</u>
		\$	3,044,391.62
Decreased by:			
Collections	D-5	\$	2,601,489.64
Cancellation of receivables			148.50
Overpayments Applied	D-8		<u>6,567.22</u>
			<u>2,608,205.36</u>
Balance, December 31, 2013	D	\$	<u><u>436,186.26</u></u>

"D-8"

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER RENT OVERPAYMENTS

Balance, December 31, 2012	D	\$	6,567.72
Increased by:			
Overpayments Collected	D-5		<u>4,156.52</u>
		\$	10,724.24
Decreased by:			
Applied	D-7	\$	<u>6,567.22</u>
			<u>6,567.22</u>
Balance, December 31, 2013	D	\$	<u><u>4,157.02</u></u>

BOROUGH OF HAWTHORNE
WATER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2012	D	\$	203,517.70
Increased by:			
Charges to 2013 Budget Appropriations	D-4	\$	80,515.93
Charges to 2012 Appropriation Reserves	D-9		<u>18,500.00</u>
			<u>99,015.93</u>
			<u>302,533.63</u>
Decreased by:			
Cash Disbursements	D-5		11,100.00
Transferred to Appropriation Reserves	D-9		<u>181,517.70</u>
			<u>192,617.70</u>
Balance, December 31, 2013	D	\$	<u><u>109,915.93</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, 2012</u>	<u>PAID BY BUDGET</u>	<u>BALANCE DECEMBER 31, 2013</u>
Replacement of Various Water Mains	1811	\$ <u>1,430,755.64</u>	\$ <u>139,604.12</u>	\$ <u>1,291,151.52</u>
		\$ <u>1,430,755.64</u>	\$ <u>139,604.12</u>	\$ <u>1,291,151.52</u>
	<u>REF.</u>	D	D-19	D

"D-12"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>		<u>BALANCE DECEMBER 31, 2013</u>
1575	Acquisition of Two Pickup Trucks	\$	23,344.00
2069	Various Water Department Equipment		<u>250.00</u>
		\$	<u><u>23,594.00</u></u>

"D-13"

WATER UTILITY OPERATING FUND

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2012 (from)	D	\$	1,438.76
Increased by:			
Cash Receipts	D-5	\$	<u><u>1,438.76</u></u>

"D-14"

BOROUGH OF HAWTHORNE

WATER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

	<u>REF.</u>	
Balance, December 31, 2012 and December 31, 2013	D	\$ <u>23,928.00</u>

"D-15"

WATER UTILITY CAPITAL FUND

SCHEDULE OF LOAN PROCEEDS RECEIVABLE

Balance, December 31, 2012 and December 31, 2013	D	\$ <u>307,803.00</u>
-----------------------------------------------------	---	----------------------

"D-16"

BOROUGH OF HAWTHORNE
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	BALANCE DECEMBER 31, 2012	CAPITAL OUTLAY	BALANCE DECEMBER 31, 2013
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	1,958,902.67	3,004.90	1,961,907.57
	<u>\$ 10,315,741.67</u>	<u>\$ 3,004.90</u>	<u>\$ 10,318,746.57</u>
<u>REF.</u>	D	D-19	D

"D-17"

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ACCOUNT</u>	BALANCE DECEMBER 31, 2012	BALANCE DECEMBER 31, 2013
Ord 1994/2069 Various Improvements and Equipment	\$ 1,215,000.00	\$ 1,215,000.00
	<u>\$ 1,215,000.00</u>	<u>\$ 1,215,000.00</u>
<u>REF.</u>	D	D

BOROUGH OF HAWTHORNE
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2012		PAID OR CHARGED	BALANCE DECEMBER 31, 2013		
		DATE	AMOUNT	FUNDED	UNFUNDED		FUNDED	UNFUNDED	
<u>General Improvements:</u>									
1994/2069	Various Improvement and Equipment	11/7/2010	\$ 495,000.00	\$ 356,392.90	\$ 250.00	\$ 69,599.47	\$ 286,793.43	\$ 250.00	
				\$ 356,392.90	\$ 250.00	\$ 69,599.47	\$ 286,793.43	\$ 250.00	
			<u>REF.</u>	D	D	D-5	D	D	

"D-19"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>		
Balance, December 31, 2012	D		\$ 8,469,986.03
Increased by:			
Serial Bonds Paid by Operating Budget	D-24	\$ 110,000.00	
NJ EIT Loans Paid by Operating Budget	D-11	139,604.12	
Capital Outlay-Operating Budget	D-16	<u>3,004.90</u>	
			<u>252,609.02</u>
			<u>8,722,595.05</u>
Balance, December 31, 2013	D		\$ <u>8,722,595.05</u>

"D-20"

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2012 and December 31, 2013	D		\$ <u>390,966.00</u>
-----------------------------------------------------	---	--	----------------------

"D-21"

BOROUGH OF HAWTHORNE

WATER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

	<u>REF.</u>	
Balance, December 31, 2012 and December 31, 2013	D	\$ <u>60,750.00</u>
<u>Analysis of Balance:</u>		
Ordinance 1994/2069		\$ <u>60,750.00</u>

"D-22"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2012 and December 31, 2013	D	\$ <u>3,851.00</u>
-----------------------------------------------------	---	--------------------

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

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2013		INTEREST RATE	BALANCE DECEMBER 31, 2012	DECREASED	BALANCE DECEMBER 31, 2013
			DATE	AMOUNT				
General Water Improvement Bonds	6/1/04	\$ 718,000.00				\$ 55,000.00	\$ 55,000.00	\$
General Water Improvement Bonds	7/10/12	1,154,000.00	7/15/14	60,000.00	2.000%	1,154,000.00	55,000.00	1,099,000.00
			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	6/1/14	55,000.00	2.000%	360,000.00		360,000.00
			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%			
						<u>\$ 1,569,000.00</u>	<u>\$ 110,000.00</u>	<u>\$ 1,459,000.00</u>
REF.						D	D-19	D

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

	<u>REF.</u>	<u>P.A.T.F. I</u> <u>ACCOUNT</u>	<u>FUND</u> <u>TOTAL</u>
Balance, December 31, 2012	E	\$ <u>13,773.59</u>	\$ <u>13,773.59</u>
Decreased by:			
Reserve for Expenditures	E-2	<u>2,375.00</u>	<u>2,375.00</u>
<u>Total Disbursements</u>		<u>2,375.00</u>	<u>2,375.00</u>
Balance, December 31, 2013	E	\$ <u><u>11,398.59</u></u>	\$ <u><u>11,398.59</u></u>

BOROUGH OF HAWTHORNE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>REF.</u>		
Balance December 31, 2012	E	\$	13,773.59
Decreased by:			
Expenditures	E-2		<u>2,375.00</u>
Balance December 31, 2013	E	\$	<u><u>11,398.59</u></u>

BOROUGH OF HAWTHORNE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION AS OF DECEMBER 31, 2013

	<u>REF.</u>		
Balance December 31, 2012	E-1	\$	13,773.59
Decreased by:			
Cash Disbursements:	E-2		<u>2,375.00</u>
Balance December 31, 2013	E-1	\$	<u><u>11,398.59</u></u>

Reconciliation, December 31, 2013

	<u>P.A.T.F. I ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of: Columbia Bank #24804356	\$ <u>11,398.59</u>	\$ <u>11,398.59</u>
Balance December 31, 2013	\$ <u><u>11,398.59</u></u>	\$ <u><u>11,398.59</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

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@scnco.com

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

The Honorable Mayor and Members
of the Borough 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, 2013, 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 XX, 2014. 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.

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

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

Compliance and Other Matters

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 10, 2014

BOROUGH OF HAWTHORNE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT YEAR</u>	<u>GRANT AWARD AMOUNT</u>	<u>2013 FUNDS RECEIVED</u>	<u>2013 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2013</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	\$	\$	\$ 147,500.00
Community Development Block Grant - Ord. 2062	14.218	2012	110,000.00	63,033.50		110,000.00
Community Development Block Grant - Ord. 2081	14.218	2013	74,091.00	64,732.17	64,732.17	64,732.17
Community Development Block Grant - Ord. 2081	14.218	2013	50,000.00			43,639.00
				<u>127,765.67</u>	<u>64,732.17</u>	<u>365,871.17</u>
<u>Department of Homeland Security</u> Public Assistance for Presidentially Declared Disasters - Passed Through the New Jersey Office of Emergency Management Public Assistance						
	97.036	2013	161,521.38	<u>141,766.79</u>	<u>141,766.79</u>	<u>141,766.79</u>
<u>Department of Transportation</u> (Pass through from State of NJ Dept of Law and Public Safety)						
Click It or Ticket Program	20.602		4,000.00	4,000.00	4,000.00	4,000.00
Drive Sober Get Pulled Over	20.601		4,400.00	4,250.00	4,250.00	4,250.00
(Pass through from State of NJ Dept of Transportation)						
Highway Planning and Construction	20.205					
Road Reconstruction - Ord. 2095		2013	196,553.00			190,552.78
Streetscape - Ord. 2102		2013	600,000.00			659.38
Forest Ave - Ord. 2067		2012	200,000.00	50,000.00		200,000.00
Warburton NYS&W Railroad - Ord. 2068		2012	65,000.00			44,294.72
Mohawk Avenue - Ord. 2048		2011	185,000.00	43,407.57		185,000.00
				<u>101,657.57</u>	<u>8,250.00</u>	<u>628,756.88</u>
				<u>\$ 371,190.03</u>	<u>\$ 214,748.96</u>	<u>\$ 1,136,394.84</u>

25

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BOROUGH OF HAWTHORNE
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
 YEAR ENDED DECEMBER 31, 2013

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2013 RECEIVED	2013 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2013
		FROM	TO				
<u>Department of Environmental Protection</u>							
Clean Communities Program - Prior Years	4900-765-042-4900	Continuous		\$ 84,232.43		\$ 10,000.00	\$ 37,573.51
Clean Communities Program - 12	4900-765-042-4900	Continuous		27,381.07		500.00	12,551.00
Clean Communities Program - 13	4900-765-042-4900	Continuous		32,147.58	32,147.58	32,147.58	32,147.58
Shade Tree Grant-Prior Years	not applicable	Continuous		3,716.00			
Shade Tree Grant	not applicable	Continuous		3,000.00	3,000.00		3,000.00
Municipal Stormwater Grant	not applicable	Continuous		12,029.00		905.00	4,166.00
Recycling Tonnage Grant	4900-765-042-4900	Continuous		28,732.00			
Recycling Tonnage Grant	4900-765-042-4900	Continuous		38,512.00			2,412.41
Recycling Tonnage Grant	4900-765-042-4900	Continuous		34,825.00			
Recycling Tonnage Grant-12	4900-765-042-4900	Continuous		33,038.00			
Recycling Tonnage Grant-13	4900-765-042-4900	Continuous		25,520.00		25,520.00	25,520.00
					35,147.58	69,072.58	117,370.50
<u>Department of Law and Public Safety</u>							
Drunk Driving Enforcement Fund - 09	6400-100-078-6400-YYYY	Continuous		7,090.00			7,090.00
Drunk Driving Enforcement Fund - 11	6400-100-078-6400-YYYY	Continuous		3,915.00		1,132.35	3,915.00
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	Continuous		5,902.00		5,902.00	5,902.00
Domestic Violence Grant - 02	100-066-1020-107	Continuous		107.00			
Municipal Alliance Program - 12	not applicable	Continuous		25,163.00	13,518.82		24,737.68
Municipal Alliance Program - 13	not applicable	Continuous		24,489.00	11,808.50	24,489.00	24,489.00
Alcohol Education and Rehabilitation Fund - Prior Years	9735-760-098-4900	Continuous		4,197.25		1,000.00	2,720.08
Alcohol Education and Rehabilitation Fund - 12	9735-760-098-4900	Continuous		863.41			
Alcohol Education and Rehabilitation Fund - 13	9735-760-098-4900	Continuous		791.62	791.62	791.62	791.62
Municipal Court Administration Fund	9735-760-098-4900	Continuous		21.00			21.00
Body Armor Replacement Fund - Prior Years	1020-718-066-1020	Continuous		7,360.10		5,329.85	7,360.10
Body Armor Replacement Fund - 13	1020-718-066-1020	Continuous		3,127.00		3,127.00	3,127.00
Emergency Management Grant - 10		Continuous		10,000.00			6,493.72
Emergency Management Grant - 12		Continuous		5,000.00			
					26,118.94	41,771.82	86,647.20
<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
							61,233.99
<u>Board of Public Utilities</u>							
Clean Energy Grant		Continuous		2,300.00		505.77	1,351.65
						505.77	1,351.65
					\$ 61,266.52	\$ 111,350.17	\$ 266,603.34

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BOROUGH OF HAWTHORNE

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

YEAR ENDED DECEMBER 31, 2013

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	\$ 150,016.79	\$ 61,266.52	\$	\$ 211,283.31
General Capital Fund	<u>221,173.24</u>	<u></u>	<u></u>	<u>221,173.24</u>
	<u>\$ 371,190.03</u>	<u>\$ 61,266.52</u>	<u>\$ 0.00</u>	<u>\$ 432,456.55</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 150,016.79	\$ 64,592.38	\$ 8,709.14	\$ 223,318.31
General Capital Fund	<u>64,732.17</u>	<u>111,350.17</u>	<u></u>	<u>176,082.34</u>
	<u>\$ 214,748.96</u>	<u>\$ 175,942.55</u>	<u>\$ 8,709.14</u>	<u>\$ 399,400.65</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, 2013

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

	YEAR 2013		YEAR 2012	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,402,500.00	1.99%	\$ 1,441,300.00	2.09%
Miscellaneous-From Other Than Local				
Property Tax Levies	4,439,476.25	6.29%	4,204,995.99	6.09%
Collection of Delinquent Taxes and Tax Title Liens	1,035,806.03	1.47%	1,014,686.68	1.47%
Collection of Current Tax Levy	<u>63,683,298.32</u>	<u>90.25%</u>	<u>62,333,388.96</u>	<u>90.35%</u>
<u>TOTAL INCOME</u>	<u>70,561,080.60</u>	<u>100.00%</u>	<u>68,994,371.63</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	17,917,274.56	26.09%	17,766,071.59	26.23%
County Taxes	15,885,447.53	23.13%	15,847,791.31	23.40%
School Taxes	34,766,609.00	50.62%	34,110,878.00	50.36%
Other	<u>112,653.74</u>	<u>0.16%</u>	<u>9,380.52</u>	<u>0.01%</u>
<u>TOTAL EXPENDITURES</u>	<u>68,681,984.83</u>	<u>100.00%</u>	<u>67,734,121.42</u>	<u>100.00%</u>
Excess in Revenue	1,879,095.77		1,437,750.21	
Fund Balance, January 1	<u>3,419,248.04</u>		<u>3,422,797.83</u>	
	5,298,343.81		4,860,548.04	
Less: Utilization as Anticipated Revenue	<u>1,402,500.00</u>		<u>1,441,300.00</u>	
Fund Balance, December 31	\$ <u>3,895,843.81</u>		\$ <u>3,419,248.04</u>	

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

	YEAR 2013		YEAR 2012	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 175,482.00	5.88%	\$ 10,397.00	0.36%
Water Rents	2,608,056.86	87.43%	2,676,787.59	93.06%
Fire Hydrant Service	108,750.00	3.65%	91,738.00	3.19%
Miscellaneous	90,739.45	3.04%	97,497.61	3.39%
<u>TOTAL INCOME</u>	<u>2,983,028.31</u>	<u>100.00%</u>	<u>2,876,420.20</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	2,416,602.00	81.99%	2,444,721.00	84.84%
Capital Improvements	79,300.00	2.69%	41,200.00	1.43%
Debt Service	311,051.04	10.55%	258,630.70	8.98%
Deferred Charges and Statutory Expenditures	140,500.00	4.77%	137,000.00	4.75%
<u>TOTAL EXPENDITURES</u>	<u>2,947,453.04</u>	<u>100.00%</u>	<u>2,881,551.70</u>	<u>100.00%</u>
Excess/(Deficit) in Revenue	35,575.27		(5,131.50)	
Adjustments to Income before Fund Balance				
Expenditures Included above which are by Statute				
Deferred Charges to the Budget of the Succeeding Year			5,131.50	
Statutory Excess to Fund Balance	35,575.27		(0.00)	
Fund Balance, January 1	519,747.22		530,144.22	
	555,322.49		530,144.22	
Less: Utilization as Anticipated Revenue	175,482.00		10,397.00	
Fund Balance, December 31	\$ <u>379,840.49</u>		\$ <u>519,747.22</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>\$5.284</u>	<u>\$5.177</u>	<u>\$5.099</u>
Apportionment of Tax Rate:			
Municipal	\$1.080	\$1.046	\$1.019
Library	0.064	0.068	0.075
County	1.297	1.288	1.297
Local District School	<u>2.843</u>	<u>2.775</u>	<u>2.708</u>

Assessed Valuations:

2013	\$ <u>1,223,017,022.00</u>		
2012		\$ <u>1,229,305,395.00</u>	
2011			\$ <u>1,234,883,657.00</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>
2013	\$ 64,817,270.48	\$ 63,683,298.32	98.25%
2012	63,777,400.02	62,333,388.86	97.74%
2011	63,057,694.28	61,704,991.12	97.85%

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>TITLE LIENS</u>	<u>DELINQUENT TAXES</u>	<u>TOTAL</u>	<u>OF TAX LEVY</u>
2013	\$ 975,788.64	\$ 997,224.08	\$ 1,973,012.72	3.09%
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%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2013 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>
2013	\$34,980.00
2012	\$34,980.00
2011	\$34,980.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2013	\$ 3,895,843.81	\$ 1,641,000.00
	2012	3,419,248.04	1,402,500.00
	2011	3,422,797.83	1,441,300.00
	2010	3,069,608.54	1,225,000.00
	2009	2,826,134.00	1,120,000.00
Water Utility Operating Fund	2013	379,840.49	224,014.50
	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

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
Richard S. Goldberg	Mayor	*	
Bruce Bennett	Councilperson	*	
John Bertollo	Councilperson	*	
John Lane	Councilperson	*	
Frank Matthews	Councilperson	*	
Dominic Mele	Councilperson	*	
Garrett Sinning	Councilperson	*	
Joseph Wojtecki	Councilperson	*	
Eric Maurer	Borough Administrator	*	
Lori DiBella	Borough Clerk	*	
Mary Jeanne Hewitt	Chief Financial Officer/ Treasurer	\$1,000,000.00	MEL JIF
Louise Siano	Tax Collector	\$1,000,000.00	MEL JIF
Michael Pasquale, Esq.	Municipal Attorney		
John Meola	Magistrate	\$1,000,000.00	MEL JIF
Christine Oravetz	Court Administrator To July 2013	\$1,000,000.00	MEL JIF
Heidy Amaral	Court Administrator From July 2013	\$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

GENERAL COMMENTS

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

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective 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	Vehicles
9/11 Memorial	Dump Truck
Tree/Landscape Services	Pump Installation

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 2013 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 17, 2013 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>
2013	2
2012	2
2011	2

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

CONFIRMATION OF DELINQUENT TAXES AND OTHER CHARGES

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

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

OTHER COMMENTS

Interfunds

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

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

Public Works

We noted that there is a substantial accounts receivable balance for recycling fees that remains uncollected as of December 31, 2013.

RECOMMENDATION

That procedures be put in place to ensure that recycling fees are collected on a timely basis.

