

REPORT OF AUDIT
BOROUGH OF NORWOOD
COUNTY OF BERGEN
DECEMBER 31, 2013

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BOROUGH OF NORWOOD

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BOROUGH OF NORWOOD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Norwood
County of Bergen, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Norwood in the County of Bergen, 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 funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic 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 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 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.



The Honorable Mayor and
Members of the Borough Council
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements, the financial statements are prepared by the Borough of Norwood 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 each fund of the Borough of Norwood as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 16 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$363,293 and \$292,562 for 2013 and 2012, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



Qualified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures 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 Norwood's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

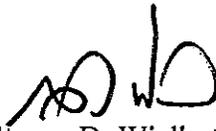
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2014 on our consideration of the Borough of Norwood'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

The Honorable Mayor and
Members of the Borough Council
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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 Norwood's internal control over financial reporting and compliance.



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CROO413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

May 21, 2014



BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2013 and 2012

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Current Fund:			
Cash	A-4	\$ 2,347,726	1,993,933
Petty Cash		350	350
Change Fund	A-5	<u>225</u>	<u>225</u>
		<u>2,348,301</u>	<u>1,994,508</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	550,913	453,125
Property Acquired for Taxes			
Assessed Valuations	A-8	1,142,840	1,142,840
Tax Title Liens	A-9	30,095	25,779
Revenue Accounts Receivable	A-10	3,378	9,391
Interfunds Receivable:			
Animal License Trust Fund	A-11	5,797	2,098
Other Trust Fund	A-11	180	137
Community Development Trust Fund	A-11	<u> </u>	<u>1,840</u>
		<u>1,733,203</u>	<u>1,635,210</u>
Deferred Charges:			
Special Emergency - N.J.S.A. 40-A:4-55	A-12	<u>22,000</u>	<u>33,000</u>
		<u>22,000</u>	<u>33,000</u>
		<u>4,103,504</u>	<u>3,662,718</u>
Federal and State Grant Fund:			
Due from Current Fund	A-21	82,099	88,732
Grants Receivable	A-22	<u>12,986</u>	<u>7,085</u>
		<u>95,085</u>	<u>95,817</u>
		<u>4,198,589</u>	<u>3,758,535</u>

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3, A-13	\$ 847,669	712,984
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-6	7,669	15,109
Interfunds Payable:			
Federal and State Grant Fund	A-21	82,099	88,732
Open Space Trust Fund	A-11	52	
Encumbrances Payable	A-14	68,551	139,742
Prepaid Taxes	A-15	138,484	122,467
Tax Overpayments	A-16	84,822	39,064
Special Emergency Note Payable	A-18	22,000	33,000
		<u>1,251,346</u>	<u>1,151,098</u>
Reserve for Receivables and Other Assets	A	1,733,203	1,635,210
Fund Balance	A-1	<u>1,118,955</u>	<u>876,410</u>
		<u>4,103,504</u>	<u>3,662,718</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-23	<u>95,085</u>	<u>95,817</u>
		<u>95,085</u>	<u>95,817</u>
		<u>\$ 4,198,589</u>	<u>3,758,535</u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.

Comparative Statement of Operations and Changes in Fund Balance-Regulatory Basis

Current Fund

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 420,551	350,000
Miscellaneous Revenue Anticipated	1,192,987	1,308,204
Receipts from Delinquent Taxes	480,857	507,856
Receipts from Current Taxes	25,942,070	25,783,987
Non-Budget Revenues	259,460	138,527
Other Credits to Income:		
Liabilities Canceled		48,444
Grants Canceled		34,656
Unexpended Balance of Appropriation Reserves	523,625	341,754
Tax Overpayments Cancelled		36,648
Interfunds Returned	1,840	
	<u>28,821,390</u>	<u>28,550,076</u>
Total revenue		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,440,996	3,346,610
Other Expenses	3,983,389	3,879,236
Capital Improvements	50,000	50,000
Municipal Debt Service	917,252	918,051
Deferred Charges and Statutory Expenditures	667,040	774,199
School Taxes Payable	15,925,651	15,741,231
County Taxes Including Added Taxes	2,914,743	2,896,557
Municipal Open Space Taxes	117,971	118,291
Intefunds Advanced	3,742	1,840
County Board Judgements	22,889	69,291
Tax Overpayments	112,121	
Prior Year Senior Citizen Disallowed	2,500	3,500
Grants Cancelled		23,483
Refunds		2,319
	<u>28,158,294</u>	<u>27,824,608</u>
Total expenditures		
Excess in Revenue	663,096	725,468
Fund Balance - January 1,	876,410	500,942
Decreased by Utilization as Anticipated Revenue	<u>420,551</u>	<u>350,000</u>
Fund Balance - December 31,	<u>\$ 1,118,955</u>	<u>\$ 876,410</u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 420,551	420,551	
Miscellaneous Revenues:			
Licenses:			
Alcoholic beverages	13,000	15,150	2,150
Other	13,000	18,197	5,197
Fees and permits	28,000	33,268	5,268
Fines and Costs - Municipal Court	40,000	61,932	21,932
Interest and Costs on Taxes	80,000	104,806	24,806
Interest on Investments and Deposits	7,000	12,553	5,553
Recreation Fees	9,000	7,075	(1,925)
Borough of Northvale Sewer Charges	14,000	14,000	
Cable T.V. Franchise Fee	75,928	75,747	(181)
Library Rent	105,130	105,130	
Swim Club Lease	12,000	9,000	(3,000)
Energy Receipts Tax	559,799	559,799	
Watershed Moratorium Offset Aid	5,734	5,734	
Uniform Construction Code Fees	72,000	88,517	16,517
Recycling Tonnage Grant	21,123	21,123	
Drunk Driving Enforcement Fund	2,026	2,026	
Clean Communities Program	9,589	9,589	
Municipal Alliance Program	9,876	9,876	
Mini-Grant Bergen County	600	600	
Sustainable Jersey	2,000	2,000	
Body Armor Grant	2,212	2,212	
Uniform Fire Safety Act	14,000	18,003	4,003
Norwood Board of Education - Landscaping	9,800	16,650	6,850
Total Miscellaneous Revenues	<u>1,105,817</u>	<u>1,192,987</u>	<u>87,170</u>
Receipts from Delinquent Taxes	<u>450,000</u>	<u>480,857</u>	<u>30,857</u>
Amount to be Raised by Taxes for Support of Municipal Budget	<u>7,573,500</u>	<u>7,474,705</u>	<u>(98,795)</u>
Budget total	<u>\$ 9,549,868</u>	<u>9,569,100</u>	<u>19,232</u>
Non -Budget revenue		<u>259,460</u>	
		<u>\$ 9,828,560</u>	

BOROUGH OF NORWOOD, N.J.
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2013

Analysis of Realized Revenue

Allocation of Current Tax Collections;		
Revenue from Collections	\$	25,942,070
Allocated to School, County and Local Taxes		<u>18,958,365</u>
Balance for Support of Municipal Budget Appropriations		6,983,705
Add: Appropriation - Reserve for Uncollected Taxes		<u>491,000</u>
Amount for Support of Municipal Budget Appropriations	\$	<u><u>7,474,705</u></u>
Receipts from:		
Delinquent Tax Collections		<u>480,857</u>
	\$	<u><u>480,857</u></u>

Analysis of Non-Budget Revenues

Insurance Reimbursements	\$	4,446
Telephone		14
Photo Copies		19
Police		495
Insurance Reimbursements		7,684
Refund - Reval		3,816
Misc		18,145
Election		40
Property Lists		429
Meter Reading		7,165
Storm Refund		12,680
Sale of Equipment		55,488
Health Insurance Reimbursement		50,111
FEMA		82,928
Tobar Top Soil		<u>16,000</u>
	\$	<u><u>259,460</u></u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations - within "CAPS":					
General Government:					
Administration:					
Salaries and Wages	\$ 34,338	34,338	31,667	2,671	
Other Expenses	38,850	38,850	24,297	14,553	
Mayor and Council					
Other Expenses	7,500	7,500	6,922	578	
Municipal Clerk					
Salaries and Wages	151,746	151,746	151,745	1	
Other Expenses	16,950	16,950	14,458	2,492	
Financial Administration:					
Salaries and Wages	59,738	59,738	57,304	2,434	
Other Expenses	26,950	26,950	19,222	7,728	
Audit Services:					
Other Expenses	38,000	38,000	8,000	30,000	
Computerized Data Processing:					
Salaries and Wages	2,616	2,616	2,615		
Other Expenses	24,500	24,500	23,887	613	
Revenue Administration:					
Salaries and Wages	78,019	78,019	78,014	5	
Other Expenses	5,450	5,450	430	5,020	
Assessment of Taxes:					
Salaries and Wages	19,879	19,879	19,043	836	
Other Expenses	3,720	3,720	3,013	707	
Legal Services and Costs:					
Other Expenses	90,000	90,000	49,276	40,724	
Engineering Services and Costs:					
Other Expenses	31,000	31,000	28,405	2,595	
Municipal Court:					
Salaries and Wages	61,910	61,910	60,349	1,561	
Other Expenses	4,000	4,000	2,528	1,472	
Liability Insurance	229,570	229,570	175,738	53,832	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Employee Group Insurance	627,544	627,544	623,930	3,614	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board:					
Salaries and Wages	2,900	2,900	2,300	600	
Other Expenses	8,900	8,900	7,686	1,214	
Zoning Board:					
Salaries and Wages	2,900	2,900	2,100	800	
Other Expenses	6,000	6,000	4,468	1,532	
Historical Preservation Committee:					
Other Expenses	600	600		600	
Environmental Commission:					
Other Expenses	1,350	1,350	1,030	320	
Public Safety:					
Police:					
Salaries and Wages	1,990,182	1,990,182	1,808,125	182,057	
Other Expenses	139,374	139,374	137,616	1,758	
Police Dispatch/911:					
Other Expenses	99,246	99,246	68,375	30,871	
Aid to Volunteer Fire Companies:					
Other Expenses	33,230	33,230	22,857	10,373	
Aid to Volunteer Ambulance Companies:					
Other Expenses	29,000	29,000	24,260	4,740	
Fire Department:					
Salaries and Wages	26,410	26,410	26,346	64	
Other Expenses	141,231	141,231	127,931	13,300	
Municipal Prosecutor's Office:					
Other Expenses	5,000	5,000	5,000		
Public Defender (P.L., C. 256)					
Other Expenses	2,000	2,000		2,000	
Emergency Management					
Salaries and Wages	10,462	10,462	10,462		
Other Expenses	5,000	5,000	1,200	3,800	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public Works Function:					
Streets and Roads:					
Streets and Road Maintenance:					
Salaries and Wages	832,639	832,639	688,879	143,760	
Other Expenses	80,000	80,000	70,428	9,572	
Other Public Works Functions:					
Other Expenses	14,500	14,500	10,734	3,766	
Solid Waste Collection:					
Other Expenses	598,000	598,000	536,303	61,697	
Public Building and Grounds:					
Other Expenses	60,000	60,000	58,321	1,679	
Vehicle Maintenance:					
Other Expenses	82,300	82,300	66,706	15,594	
Health and Welfare:					
Public Health Services:					
Salaries and Wages	17,576	17,576	17,466	110	
Other Expenses	47,812	47,812	44,814	2,998	
Recreational Services and Programs:					
Salaries and Wages	17,657	17,657	15,657	2,000	
Other Expenses	49,500	49,500	33,225	16,275	
Other Common Operating Functions:					
Celebration of Public Events:					
Salaries and Wages	2,616	2,616	2,615	1	
Other Expenses	3,200	3,200	3,200		
UNCLASSIFIED:					
Utilities:					
Electricity	90,000	90,000	64,982	25,018	
Street Lighting	68,000	68,000	55,868	12,132	
Telephone	36,000	36,000	24,490	11,510	
Water	20,000	20,000	18,480	1,520	
Gas (Natural and Propane)	35,000	35,000	24,209	10,791	
Gasoline	85,000	85,000	70,054	14,946	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Uniform Construction Code Enforcement Functions:					
Salaries and Wages	99,408	99,408	98,594	814	
Other Expenses	14,520	14,520	10,182	4,338	
Accumulated Sick Leave	30,000	30,000	30,000		
Total Operations within "CAPS"	6,339,793	6,339,793	5,575,806	763,986	
Total Operations Including Contingent-within "CAPS"	6,339,793	6,339,793	5,575,806	763,986	
Detail:					
Salaries & Wages	3,440,996	3,440,996	3,103,281	337,714	
Other Expenses (Including Contingent)	2,898,797	2,898,797	2,472,525	426,272	
Total:	6,339,793	6,339,793	5,575,806	763,986	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	135,958	135,958	135,958		
Social Security System (O.A.S.I.)	135,000	135,000	120,753	14,247	
Police and Fireman's Retirement System of NJ	355,082	355,082	355,082		
Unemployment Compensation Insurance	30,000	30,000	15,970	14,030	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	656,040	656,040	627,763	28,277	
Total General Appropriations for Municipal Purposes within "CAPS"	6,995,833	6,995,833	6,203,569	792,263	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations - Excluded from "CAPS":					
Length of Service Award Program	35,000	35,000		35,000	
Stormwater Management:					
Other Expenses	11,300	11,300	8,185	3,115	
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(i)]:					
Other Expenses	547,537	547,537	547,537		
Aid to Privately Owned Library and Reading Room:					
Other Expenses	423,569	423,569	423,569		
Employee Group Insurance	17,291	17,291		17,291	
Total Other Operations - Excluded from "CAPS"	1,034,697	1,034,697	979,291	55,406	
Public and Private Programs Offset by Revenues:					
Current Year Program:					
Municipal Alliance Program:					
State Share	9,876	9,876	9,876		
Local Share	2,469	2,469	2,469		
Drunk Driving Enforcement Fund					
Other Expenses	2,026	2,026	2,026		
Clean Communities					
Other Expenses	9,589	9,589	9,589		
Body Armor Replacement Program					
Other Expenses	2,212	2,212	2,212		
Mini-Grant Bergen County	600	600	600		
Recycling Tonnage Grant					
Other Expenses	21,123	21,123	21,123		
Bergen County Mini-Grant					
Sustainable Jersey	2,000	2,000	2,000		
Total Public and Private Programs Offset by Revenues	49,895	49,895	49,895		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Total Operations-Excluded from "CAPS"	1,084,592	1,084,592	1,029,186	55,406	
Detail:					
Other Expenses	1,084,592	1,084,592	1,029,186	55,406	
Total:	1,084,592	1,084,592	1,029,186	55,406	
Capital Improvements-Excluded from "CAPS"	50,000	50,000	50,000		
Capital Improvement Fund	50,000	50,000	50,000		
Total Capital Improvements Excluded from "CAPS"	50,000	50,000	50,000		
Municipal Debt Service - Excluded from "CAPS"	670,000	670,000	670,000		
Payment of Bond Principal	171,895	171,895	171,895		190
Interest on Bonds	9,000	9,000	8,810		
Interest on Notes	42,298	42,298	42,298		
NJEIT:	24,250	24,250	24,249		1
Principal					
Interest					
Total Municipal Debt Service-Excluded from "CAPS"	917,443	917,443	917,252		191
Deferred Charges- Excluded from "CAPS"	11,000	11,000	11,000		
Special Emergency Authorizations- 5 Years (N.J.S.A. 40A:4-55)	11,000	11,000	11,000		
Total Deferred Charges Excluded from "CAPS"	11,000	11,000	11,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,063,035	2,063,035	2,007,438	55,406	191

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Subtotal General Appropriations	9,058,868	9,058,868	8,211,007	847,669	191
Reserve for Uncollected Taxes	<u>491,000</u>	<u>491,000</u>	<u>491,000</u>		
Total General Appropriations	\$ <u>9,549,868</u>	\$ <u>9,549,868</u>	\$ <u>8,702,007</u>	\$ <u>847,669</u>	\$ <u>191</u>

Adopted Budget \$ 9,512,318
 Amended by N.J.S.A. 40A:4-87 37,550
9,549,868

Reserve for Uncollected Taxes	\$ 491,000
Grants	49,895
Encumbrances	68,551
Cash	<u>8,092,561</u>
	\$ <u>8,702,007</u>

See accompanying notes to the financial statements.

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2013 and 2012

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Animal Trust Fund:			
Cash	B-1	\$ 17,300	13,665
Interfund - Current Fund	B-1	<u> </u>	<u> </u>
		<u>17,300</u>	<u>13,665</u>
Municipal Open Space Trust Fund:			
Cash	B-1	783,526	699,847
Interfund - Current Fund	B-4	<u>52</u>	<u> </u>
		<u>783,578</u>	<u>699,847</u>
Other Trust Funds:			
Cash	B-1	451,583	335,835
Accounts Receivable - Unemployment	B-8	<u>743</u>	<u>316</u>
		<u>452,326</u>	<u>336,151</u>
Community Development Trust Fund:			
Grants Receivable	B-9	<u>1,571</u>	<u>2,500</u>
		<u>1,571</u>	<u>2,500</u>
Length of Service Award Program: (Unaudited)			
Investments	B-1	345,293	276,362
Contribution Receivable	B-11	<u>18,000</u>	<u>16,200</u>
		<u>363,293</u>	<u>292,562</u>
		<u>\$ 1,618,068</u>	<u>1,331,060</u>

BOROUGH OF NORWOOD, N.J.
Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Trust Fund:			
Reserve for Animal Trust Fund Expenditures	B-2	11,492	11,565
Due to Current Fund	B-4	5,797	2,098
Due to State of New Jersey	B-3	11	2
		<u>17,300</u>	<u>13,665</u>
Municipal Open Space Trust Fund:			
Reserve for Open Space Trust Fund Expenditures	B-5	<u>783,578</u>	<u>699,847</u>
Other Trust Fund:			
Reserve for:			
Interfund - Current Fund	B-4	180	137
Various Trust Deposits	B-6	232,113	227,854
Other Trust Expenditures	B-7	<u>220,033</u>	<u>108,160</u>
		<u>452,326</u>	<u>336,151</u>
Community Development Trust Fund:			
Interfund - Current Fund	B-4		1,840
Reserve for Expenditures	B-10	<u>1,571</u>	<u>660</u>
		<u>1,571</u>	<u>2,500</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-12	<u>363,293</u>	<u>292,562</u>
		<u>\$ 1,618,068</u>	<u>1,344,725</u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2013 and 2012

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Cash:			
Checking	C-2,3	\$ 1,449,353	1,280,503
Grants Receivable	C-4	199,486	365,699
State of New Jersey - Infrastructure			
Trust Loans Receivable	C-5	324,732	403,274
Deferred Charges to Future Taxation:			
Funded	C-6	4,654,057	5,366,354
Unfunded	C-7	3,409,230	2,026,411
		<u>\$ 10,036,858</u>	<u>9,442,241</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	3,720,000	4,390,000
State of New Jersey - Infrastructure Trust Loans Payable			
Trust Loan - 2010B	C-9	470,000	485,000
Fund Loan - 2010B	C-9	464,057	491,354
Bond Anticipation Notes Payable	C-10	1,582,400	535,400
Improvement Authorizations:			
Funded	C-11	602,437	1,395,517
Unfunded	C-11	2,916,398	1,666,547
Capital Improvement Fund	C-12	4,460	28,630
Reserve for Livingston Street Beautification Project	C-13	72,935	84,094
Reserve for Grants Receivable	C-14	199,486	365,699
Fund Balance	C-1	4,685	
		<u>\$ 10,036,858</u>	<u>9,442,241</u>

There were \$1,826,830 and \$1,491,011 of Bonds and Notes Authorized But Not Issued on on December 31, 2013 and December 31, 2012 (Exhibit C-15).

See accompanying notes to the financial statements.

BOROUGH OF NORWOOD, N.J.

Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2013

Increased by:	
Premium on BAN issuance	\$ <u>4,685</u>
Balance - December 31, 2013	\$ <u><u>4,685</u></u>

See accompanying notes to the financial statements.

BOROUGH OF NORWOOD, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>General Fixed Assets:</u>		
Land	\$ 37,985,800	37,945,800
Buildings	2,045,500	2,045,500
Machinery and Equipment	<u>4,867,532</u>	<u>4,722,982</u>
	<u>\$ 44,898,832</u>	<u>44,714,282</u>
Investment in Fixed Assets	<u>\$ 44,898,832</u>	<u>44,714,282</u>

See accompanying notes to financial statements.

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BOROUGH OF NORWOOD, N. J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Borough of Norwood have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Norwood (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose the will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer's of the respective entity.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Municipal Open Space Trust - This fund is used to account for taxes raised to finance the acquisition and preservation of property.

Unemployment Compensation Trust - This fund is used to account for all unemployment compensation receipts and disbursements

Other Trust Funds - These funds are established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits and deposited funds with the Borough as collateral.

Emergency Services Volunteer Length of Service Award Plan (LOSAP) Trust Fund - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Norwood. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund
Trust Funds

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2013, the Mayor and Council approved additional revenues and appropriations of \$37,550 in accordance with N.J.S.A. 40A:4-87 along with several budget transfers.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - The Borough of Norwood has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

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

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2013, \$-0- of the Borough's bank balance of \$5,307,346 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments

As more fully described in Note 16, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2013 and 2012 amounted to \$345,293 and \$276,362, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Fixed Income	\$70,806	\$70,305
Growth and Income	72,874	76,727
DWS EQ 500 Index	-0-	59,301
LVIP S&P 500 Index	117,635	
LVIP Delaware Special Opportunities	45,491	36,052
All Others	<u>38,487</u>	<u>33,977</u>
Total	<u>\$345,293</u>	<u>\$276,362</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 3: TAXES RECEIVABLE

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Property Taxes	<u>\$550,913</u>	<u>\$453,125</u>

In 2013 and 2012, the Borough collected \$480,857 and \$507,855 from delinquent taxes, which represented 100% and 100% of the prior year delinquent tax receivable balances.

NOTE 4: COMMITMENTS PAYABLE

A. Operating Leases

The municipality has commitments to lease certain equipment under arrangements representing operating leases. Future minimum rental commitments for noncancelable operating leases as of December 31, 2013 were as follows:

<u>Budget</u> <u>Year</u>	Pitney Bowes Postage <u>Machine</u>	Real Property 602 Broadway <u>(Fire Dept)</u>	2013 Ford Police Interceptor <u>(Police Dept.)</u>
2014	\$3,540	\$27,714	\$13,219
2015	3,540	27,714	13,219
2016	885	27,714	
2017		27,714	

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2013 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$4,390,000	\$	\$670,000	\$3,720,000	\$695,000
Deferred PERS/PFRS Pension Contribution	183,198		9,413	173,785	10,502
Other Liabilities:					
Compensated Absences Payable	309,819	8,989	55,728	263,080	
New Jersey Environmental Infrastructure Trust Loans Payable	<u>976,354</u>	<u> </u>	<u>42,297</u>	<u>934,057</u>	<u>47,298</u>
	<u>\$5,859,371</u>	<u>\$8,989</u>	<u>\$777,438</u>	<u>\$5,090,922</u>	<u>\$752,800</u>

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. These bonds are reported in the funds which are expected to fund them. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	<u>\$6,236,457</u>	<u>\$5,901,754</u>	<u>\$6,322,652</u>
Total Issued	6,236,457	5,901,754	6,322,652
<u>Less</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Debt Issued	6,236,457	5,901,754	6,322,652
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>1,826,830</u>	<u>1,491,011</u>	<u>628,541</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$8,063,287</u>	<u>\$7,392,765</u>	<u>\$6,951,193</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 5: MUNICIPAL DEBT, (continued)

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 .634%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$2,153,435	\$2,153,435	\$0
Local School District	4,042,000	4,042,000	0
General Debt	<u>8,063,287</u>	<u> </u>	<u>8,063,287</u>
	<u>\$14,258,722</u>	<u>\$6,195,435</u>	<u>\$8,063,287</u>

Net Debt \$8,063,287 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,272,616,642 = .634%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$44,541,582
Net Debt	<u>8,063,287</u>
Remaining Borrowing Power	<u>\$36,478,295</u>

The Borough's long term debt consisted of the following at December 31, 2013:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>
\$2,755,000 General Obligation Bonds - with an interest rate of 3.30% to 3.75% issued August 1, 2004, due through August 1, 2015	\$615,000
\$4,680,000 General Serial Bonds - with an interest rate of 3.875% to 4.0% issued October 1, 2008, due through October 1, 2018	<u>3,105,000</u>
	<u>\$3,720,000</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 5: MUNICIPAL DEBT, (continued)

The Borough has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing related to the Borough's Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations Project.

General Capital

\$500,000 loan - with an interest rate of 5.00% issued December 2, 2012, due through August 1, 2030	\$470,000
\$536,850 loan due in semiannual installments of \$9,099 to \$18,198 through August 1, 2030	<u>464,057</u>
	<u>\$934,057</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST BONDED
DEBT ISSUED AND OUTSTANDING LOANS

Year	Total	<u>General Serial Bonds</u>		<u>New Jersey Environmental Infrastructure Trust Loans</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$912,697	\$695,000	\$146,900	\$47,297	\$23,500
2015	909,985	720,000	120,188	47,297	22,500
2016	900,997	740,000	92,200	47,297	21,500
2017	895,397	765,000	62,600	47,297	20,500
2018	898,797	800,000	32,000	47,297	19,500
2019-2023	346,488			266,488	80,000
2024-2028	341,238			296,488	44,750
2029-2030	140,596			134,596	6,000
	<u>\$5,346,195</u>	<u>\$3,720,000</u>	<u>\$453,888</u>	<u>\$934,057</u>	<u>\$238,250</u>

At December 31, 2013, the Borough had authorized but not issued debt of \$1,826,830.

NOTE 6: BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 6. BOND ANTICIPATION NOTES, (continued)

On December 31, 2013, the Borough had \$1,582,400 in outstanding bond anticipation notes, which mature on September 12, 2014 at 1.25%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2013.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>General Capital Notes Payable:</u>				
Mariners Bank	\$535,400	\$	\$535,400	
Jefferies LLC		<u>1,582,400</u>		<u>1,582,400</u>
	<u>\$535,400</u>	<u>\$1,582,400</u>	<u>\$535,400</u>	<u>\$1,582,400</u>

NOTE 7: SPECIAL EMERGENCY NOTES

On December 31, 2013, the Borough had \$22,000 in outstanding Current Fund Special Emergency notes which mature on September 12, 2014 at 1.65%.

The following activity related to special emergency notes occurred during the calendar year ended December 31, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Mariners Bank	<u>\$33,000</u>	<u>\$22,000</u>	<u>\$33,000</u>	<u>\$22,000</u>

NOTE 8: SCHOOL TAXES

Local district school taxes have been raised on a calendar year basis and there is no deferred liability at December 31.

NOTE 9: PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 9: PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 9: PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 9: PENSION PLANS, (continued)

Description of Systems, (continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
December 31, 2013	\$135,958	\$355,082
December 31, 2012	135,292	383,075
December 31, 2011	124,542	430,013

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 9: PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

NOTE 10: 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	<u>\$516,750</u>
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BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 11: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2013.

	<u>Dec.31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec.31, 2013</u>
Land	\$37,945,800	\$40,000	\$	\$37,985,800
Buildings and Improvements	2,045,500			2,045,500
Machinery and Equipment	<u>4,722,982</u>	<u>288,929</u>	<u>144,379</u>	<u>4,867,532</u>
	<u>\$44,714,282</u>	<u>\$328,929</u>	<u>\$144,379</u>	<u>\$44,898,832</u>

NOTE 12: ACCRUED SICK AND VACATION BENEFITS

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulated (with certain restrictions) unused vacation and sick pay over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation, which is unaudited, would approximate \$263,080. This amount is considered material to the financial statements, is not reported either as an expenditure or liability.

NOTE 13: INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2013 consist of the following:

\$82,099	Due to the Federal and State Grant Fund from the Current Fund for grant awards not turned over.
5,797	Due to the Current Fund from the Animal License Trust Fund for statutory excess.
180	Due to the Current Fund from the Escrow Trust Fund for interest earnings not turned over.
<u>52</u>	Due to the Open Space Trust Fund from the Current Fund for added/omitted taxes collected.
<u>\$88,128</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 14: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2013 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Norwood 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 Norwood is a member of the Bergen County Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability and workers' compensation insurance coverage for member municipalities. The Borough of Norwood pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough of Norwood is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides excess insurance coverage for claims for general liability, automobile liability and workers' compensation.

The JIF's members are also members of the New Jersey Municipal Environmental Risk Management Fund which provides commercial insurance coverage for environmental impairment liability.

The JIF provides Property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members by participating in a state-wide joint purchase program arranged by the MEL acting as a lead agency.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 14: RISK MANAGEMENT, (continued)

Financial statements for the Funds are available at the office of the Funds' Executive Director, Public Entity Risk Management Administration, Inc.

The Borough of Norwood continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 15: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2013</u>	<u>Balance</u> <u>Dec 31, 2012</u>
Prepaid Taxes	<u>\$138,484</u>	<u>\$122,467</u>
Cash Liability for Taxes Collected in Advance	<u>\$138,484</u>	<u>\$122,467</u>

NOTE 16: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On December 5, 2000, the Borough adopted resolution number 00-167 implementing an Emergency Services Volunteer Length of Service Awards Plan (LOSAP), provided by the Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

The Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements for each participating active volunteer member per year of active emergency service, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 16: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

We have reviewed the plan for the year ended December 31, 2013 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES

The Borough is a defendant in various legal proceedings. A portion of these cases, if decided against the Borough, would be covered by insurance. Any judgements not covered by insurance would be raised by future taxation. The Borough expects such amounts, if any, to be immaterial.

NOTE 18: CLAIMS AND JUDGEMENTS

The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds on the overall financial position of the Borough.

NOTE 19: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheet of the Current Fund:

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>2014 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year's Budget</u>
Current Fund:			
Reassessment of Real Property	<u>\$22,000</u>	<u>\$11,000</u>	<u>\$11,000</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 20: OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

Plan Description

The Borough of Norwood contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gast-43-july2012.pdf>.

Plan Coverage

The Borough approved a resolution on November 9, 2005 adopting the provisions of N.J.S.A. 52:14-17.38 which allows a public employer to pay for the state health benefits program coverage for certain retirees. The Borough's policy is to reimburse employees that have retired with 25 years or more of service to the Borough, 100% of premiums paid, and those that have retired with 15 years of service to the Borough and have attained the age of 62, 75% of premiums paid into the State Health Benefits Program.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 20: OTHER POST EMPLOYMENT BENEFITS, (continued)

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Under the provisions of N.J.S.A. 52:14-17.38, contributions to pay for the health premiums of participating employees in the SHBP are billed to the individual retirees on a monthly basis.

The amount of premiums refunded by the Borough to eligible retired employees for the years ended December 31, 2013 and 2012 were as follows: 2013 - \$65,854 and 2012 - \$55,402.

NOTE 21: SUBSEQUENT EVENT

The Borough has evaluated subsequent events through May 21, 2014, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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SUPPLEMENTARY DATA

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BOROUGH OF NORWOOD

Supplementary Data

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>Type of bond</u>
James Barsa	Mayor		
Alen Rappaport	Councilman		
Marianne Orecchio	Councilwoman		
Joseph Ascolese	Councilman		
Thomas Brizzolara	Councilman		
Barry Scott	Councilman		
Edward Condoleo	Councilman		
Lorraine L. Mc Mackin	Administrator/Borough Clerk		
Kunjesh Trivedi	Treasurer/Chief Financial Officer/Tax Collec	1,000,000	(A)
Roger Hauser	Magistrate	1,000,000	(A)
Lindsay Taglieri	Court Administrator	1,000,000	(A)
Andrew Fede	Borough Attorney		
Neglia Engineering	Borough Engineer		
Douglas Doyle	Labor Attorney		
Steve Rogut	Bond Counsel		
John Guercio	Tax Assessor		
Paul Renaud	Construction Code Official		
Jeffrey Krapels	Chief of Police		

(A) - Statutory positions are covered under the Bergen County Municipal Joint Insurance Fund (\$50,000), and the Municipal Excess Joint Insurance Fund (Excess Crime Policy - Public Employee Bond of \$950,000).

BOROUGH OF NORWOOD

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax rate	<u>2.249</u>	<u>2.218</u>	<u>2.133</u>
Apportionment of tax rate:			
Municipal	0.650	0.630	0.615
School	1.351	1.334	1.294
County	<u>0.248</u>	<u>0.254</u>	<u>0.224</u>

Assessed Value

2013	\$ 1,179,998,000
2012	1,180,303,192
2011	1,182,342,727

Comparison of Tax Levies and Collections 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	\$ 26,551,147	25,942,070	97.71%
2012	26,268,723	25,783,987	98.15%
2011	25,178,411	24,717,721	98.17%

BOROUGH OF NORWOOD

Supplementary data

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentages, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

<u>Dec. 31</u>		Amount of delinquent <u>taxes</u>	Tax title <u>liens</u>	Total <u>delinquent</u>	Percentage of tax <u>levy</u>
2013	\$	550,913	30,095	581,008	2.19%
2012		453,125	25,779	478,904	1.82%
2011		456,597	21,523	478,120	1.90%

Property Acquired by Tax Title Lien Liquidation

There were no properties acquired in 2013 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by litigation 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	\$	1,142,840
2012		1,142,840
2011		1,142,840

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2013	\$ 1,118,955	516,750
	2012	876,410	420,551
	2011	500,942	350,000
	2010	651,573	490,000
	2009	522,014	500,000

BOROUGH OF NORWOOD

Schedule of Expenditure of Federal Awards

Year ended December 31, 2013

Program	CFDA Number	State Pass-through Number	Grant Period	Grant Award	Balance Dec. 31, 2012	Receipts	Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2013	MEMO Total Cumulative Expenditures
U.S. Department of Housing and Urban Development Passed Through Funds: County of Bergen										
Senior Citizen Activities	14.218	210-205-742-48-45	7/1/12-6/30/13	2,500	(1,840)	2,500	660			2,500
Senior Citizen Activities	14.218	210-205-742-48-45	7/1/13-6/30/14	2,500	(1,840)	929	929			2,500
						3,429	1,589			2,500
U.S. Department of Homeland Security FEMA - Hurricane Sandy Reimbursements	97.056	N/A	2013	120,580		87,294	120,580		(33,286)	120,580
						87,294	120,580		(33,286)	120,580
U.S. Department of Environmental Protection Passed Through Funds State of New Jersey	66.605	WQ05-066		8,468				281	281	1,836
Municipal Stormwater Regulation Program								281	281	1,836
						90,723	122,169	281	(33,005)	124,916

Note: This schedule is not subject to an audit in accordance with OMB Circular A-133.

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2013

State & County Programs	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31, 2012	Cash Received	Expended	Adjustments	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2013	MEMO Total Cumulative Expenditures
State Programs:									
Department of Law and Public Safety:									
Drunk Driving Enforcement Fund	1110-448-031020-22	1998	14,290	12,978				12,978	1,312
Drunk Driving Enforcement Fund	1110-448-031020-22	2003	4,672	4,185				4,185	487
Drunk Driving Enforcement Fund	1110-448-031020-22	2004	1,349	1,349				1,349	
Drunk Driving Enforcement Fund	1110-448-031020-22	2005	997	997				997	
Drunk Driving Enforcement Fund	1110-448-031020-22	2006	799	799				799	
Drunk Driving Enforcement Fund	6400-100-078-6400	2007	1,089	1,089				1,089	
Drunk Driving Enforcement Fund	6400-100-078-6400	2008	670	670				670	
Drunk Driving Enforcement Fund	6400-100-078-6400	2009	920	890				890	
Drunk Driving Enforcement Fund	6400-100-078-6400	2010	725	695				695	
Drunk Driving Enforcement Fund	6400-100-078-6400	2011	1,542	1,572				1,572	
Drunk Driving Enforcement Fund	6400-100-078-6400	2012	2,427	2,427				2,427	
Drunk Driving Enforcement Fund	6400-100-078-6400	2013	2,026		2,026			2,026	
Body Armor Replacement	N/A	2003	1,323	406				406	
Body Armor Replacement	1020-718-066-1020-001	2005	2,537	2,537		850		1,687	850
Body Armor Replacement	1020-718-066-1020-001	2008	1,369	1,369				1,369	
Body Armor Replacement	1020-718-066-1020-001	2009	842	842				842	
Body Armor Replacement	1020-718-066-1020-001	2010	1,446	1,446				1,446	
Body Armor Replacement	1020-718-066-1020-001	2011	1,522	1,522				1,522	
Body Armor Replacement	1020-718-066-1020-001	2012	1,726	1,726				1,726	
Body Armor Replacement	1020-718-066-1020-001	2013	2,212		2,212			2,212	
			<u>37,499</u>	<u>37,499</u>	<u>4,238</u>	<u>850</u>		<u>40,887</u>	<u>2,649</u>
Department of Health:									
Recycling Tonnage Grant	4900-752-042-4900-001	2009	21,943	10,657		299		10,358	11,585
Recycling Tonnage Grant	4900-752-042-4900-001	2010	20,243	20,243		20,243		21,123	20,243
Recycling Tonnage Grant	4900-752-042-4900-001	2013	21,123		21,123			21,123	
			<u>30,900</u>	<u>30,900</u>	<u>21,123</u>	<u>20,542</u>		<u>31,481</u>	<u>31,828</u>
Environmental Protection Agency:									
Clean Communities Program	4900-765-042-4900-004	2011	8,296	6,819		6,819		8,296	8,296
Clean Communities Program	4900-765-042-4900-004	2012	8,167	8,167		8,167		8,167	8,167
Clean Communities Program	4900-765-042-4900-004	2013	9,589		9,588	8,569		1,019	8,569
			<u>14,986</u>	<u>14,986</u>	<u>9,588</u>	<u>23,555</u>		<u>1,019</u>	<u>25,032</u>

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2013

State & County Programs	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31, 2012	Cash Received	Expended	Adjustments	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2013	MEMO Total Cumulative Expenditures
Programs Passed Through County of Bergen									
Municipal Alliance	100-082-2000-044	2009	11,500	341				341	11,159
Municipal Alliance	100-082-2000-044	2010	10,356	1,046				1,046	3,690
Municipal Alliance	100-082-2000-044	2011	10,356	171	1,032			1,203	5,463
Municipal Alliance	100-082-2000-044	2012	10,356	(1,448)	2,943	3,327		(1,832)	8,723
Municipal Alliance	Local - Match	2012	2,589	2,589				2,589	
Municipal Alliance	100-082-2000-044	2013	9,876						
Municipal Alliance	Local - Match	2013	2,469		2,469			2,469	
				2,699	6,444	3,327		5,816	29,035
Total State Programs			\$ 86,084		41,393	48,274		79,203	88,544
Other Financial Assistance:									
County Programs:									
Mini-Grant	N/A	2012	300	300	600	533		67	533
Mini-Grant	N/A	2013	600						
Total County Programs				300	600	533		67	
Other Local Sources:									
NJLIM - Educational Foundation									
Small Grants Program - Sustainable Jersey		2011	1,000	67		67			1,000
Small Grants Program - Sustainable Jersey		2011	2,000	2,000	2,000	1,752		248	1,752
Small Grants Program - Sustainable Jersey		2013	2,000		2,000			2,000	
				2,067	2,000	1,819		2,248	2,752
Total Other Financial Assistance			\$	2,367	2,600	2,352		2,315	2,752
Total State and Other Financial Assistance			\$	88,451	43,993	50,626		81,518	88,544

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 04-04.

BOROUGH OF NORWOOD, N.J.

Schedule of Cash - Collector/Treasurer

Current Fund

Year Ended December 31, 2013

	Current Fund
Balance - December 31, 2012	\$ 1,993,933
Increased by receipts:	
Miscellaneous revenues not anticipated	257,558
Senior citizens and veterans deductions	45,560
Taxes receivable	26,244,960
Revenue accounts receivable	1,145,561
Interfunds	3,429
Special Emergency Note	22,000
Due to State of NJ	5,866
Prepaid Taxes	138,484
Tax Overpayments	5,306
Due to Federal and State Grant Fund	41,525
	<u>27,910,249</u>
	<u>29,904,182</u>
Decreased by disbursements:	
Current Year Budget Appropriations	8,092,561
Interfunds	117,919
Due to State of NJ	5,866
Appropriation Reserves	329,101
Special Emergency Note	33,000
Tax Overpayment Refunds	86,988
School Taxes Payable	15,925,651
County Taxes Payable	2,914,743
Due from Federal and State Grant Fund	50,627
	<u>27,556,456</u>
Balance, December 31, 2013	<u><u>2,347,726</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012 \$ 225

Balance, December 31, 2013 \$ 225

Analysis of Balance:

Tax Collector	100
Municipal Court	100
Board of Health	25
	<u>225</u>

BOROUGH OF NORWOOD, N.J.

**Schedule of Due from/(to) State of New Jersey
Senior Citizens' and Veterans' Deductions**

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012		\$	(15,109)
Increased by:			
Senior citizens' and veterans' deductions per tax billings	\$	55,250	
Senior Citizens' and Veterans' Allowed		<u>250</u>	
			<u>55,500</u>
			40,391
Decreased by:			
Deductions Disallowed	\$	2,500	
Cash received		<u>45,560</u>	
			<u>48,060</u>
Balance - December 31, 2013		\$	<u><u>(7,669)</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2013

Year	Balance, Dec. 31, 2012	2013 Levy	Added 2013 Levy	Collected 2012	Collected in 2013	Senior & Veteran's Deductions	Transferred to Tax Title Licenses	Canceled	Balance, Dec. 31, 2013
2012	\$ 453,125		29,934		480,857			2,202	
	453,125		29,934		480,857			2,202	
2013		26,538,156	12,991	122,467	25,764,103	55,500	4,316	53,848	550,913
	\$ 453,125	26,538,156	42,925	122,467	26,244,960	55,500	4,316	56,050	550,913

Analysis of 2013 Tax Levy

Tax yield:	
General property tax	\$ 26,538,156
Added tax (R.S.54:4-63.1 et seq.)	12,991
	\$ 26,551,147

Tax Levy:	
Local District School Tax	\$ 9,184,747
Regional School Tax	6,740,904
County Tax	2,913,310
County Added and Omitted Taxes	1,433
Local Open Space Taxes	117,919
Added Local Open Space Taxes	52
	18,958,365

Local Tax for Municipal Purposes	\$ 7,573,500
Add: Additional Taxes Levied	19,282
	7,592,782
Local Tax for Municipal Purposes	\$ 26,551,147

Exhibit A-8

BOROUGH OF NORWOOD, N.J.
Schedule of Property Acquired for Taxes
Current Fund
Year Ended December 31, 2013

Balance - December 31, 2012	\$ <u>1,142,840</u>
Balance - December 31, 2013	\$ <u><u>1,142,840</u></u>

Exhibit A-9

Schedule of Tax Title Liens
Current Fund
Year Ended December 31, 2013

Balance - December 31, 2012	\$ 25,779
Increased by:	
Transferred from taxes receivable	<u>4,316</u>
Balance - December 31, 2013	\$ <u><u>30,095</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Accrued in <u>2013</u>	<u>Collected</u>	Balance, Dec. 31, <u>2013</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	15,150	15,150	
Other		18,197	18,197	
Fees and permits		33,268	33,268	
Municipal Court - Fines and Costs	4,241	61,139	62,002	3,378
Interest and Cost on Taxes		104,806	104,806	
Interest on Investments and Deposits		12,483	12,483	
Recreation Fees		7,075	7,075	
Borough of Northvale Sewer Charges		14,000	14,000	
Cable T.V. Franchise Fee		75,747	75,747	
Library Rent		105,130	105,130	
Swim Club Lease		9,000	9,000	
Energy Receipts Tax		559,799	559,799	
Watershed Moratorium Offset Aid		5,734	5,734	
Uniform Construction Code Fees		88,517	88,517	
Uniform Fire Safety Act		18,003	18,003	
Norwood Board of Education - Landscaping	5,150	11,500	16,650	
	<u>\$ 9,391</u>	<u>1,139,548</u>	<u>1,145,561</u>	<u>3,378</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2013

	Balance Dec. 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2013</u>
Animal License Trust Fund	\$ 2,098	3,743	44	5,797
Open Space Trust Fund		117,919	117,971	(52)
Other Trust Fund:				
Developer's Escrow	137	43		180
Community Development Trust	<u>1,840</u>	<u>1,589</u>	<u>3,429</u>	<u> </u>
	<u>\$ 4,075</u>	<u>123,294</u>	<u>121,444</u>	<u>5,925</u>
Cash Receipts	\$		3,429	
Cash Disbursement		117,919		
Statutory Excess		3,699		
Municipal Open Space Taxes			117,971	
Reimbursement for expenditures paid		1,589		
Interest Earned		<u>87</u>	<u>44</u>	
		<u>\$ 123,294</u>	<u>121,444</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorizations

Current Fund

Year Ended December 31, 2013

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>Not Less Than 1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2012</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2013</u>
Reassessment	May 1, 2010	55,000	11,000	33,000	11,000	22,000
				<u>\$ 33,000</u>	<u>11,000</u>	<u>22,000</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
General Administration	\$ 2,345	2,345		2,345
Municipal Clerk's Office	987	987		987
Revenue Administration	5,079	5,079		5,079
Municipal Court	2,661	2,661		2,661
Planning Board	1,588	1,588		1,588
Zoning Board	446	446		446
Police	92,048	92,049	49,692	42,357
Fire Department	1,000	1,000		1,000
Streets and Road Maintenance	71,917	71,917	250	71,667
Public Health Services	1,508	1,508		1,508
Total Salaries and Wages Within "CAPS"	179,579	179,580	49,942	129,638
Other Expenses Within "CAPS":				
Administration	2,448	4,624	2,225	2,399
Mayor and Council	1,518	1,558	40	1,518
Municipal Clerk	1,875	2,675	260	2,415
Financial Administration	11,762	12,993	9,030	3,963
Audit Services	27,150	27,150	27,150	
Computerized Data Processing	3,019	6,629	4,210	2,419
Revenue Administration	4,416	2,416	287	2,129
Assessment of Taxes	321	651	375	276
Legal Services	40,871	44,400	10,363	34,037
Engineering Services and Costs	240	3,326	2,758	568
Municipal Court	855	1,257	402	855
Liability Insurance	86,630	86,630	53,629	33,001
Employee Group Insurance	12,338	20,112	3,225	16,887
Planning Board	547	797		797
Zoning Board	436	700	22	678
Historical Preservation Committee	600	600		600
Environmental Commission	24	223	200	23
Police	17,327	27,027	10,063	16,964
Police Dispatching/911	5,966	5,966		5,966
Aid to Volunteer Fire Companies	5,233	6,751	1,516	5,235
Aid to Volunteer Ambulance Companies	2,449	13,322	10,834	2,488
Fire Department	12,158	12,498	9,640	2,858
Public Defender	2,000	2,000		2,000
Emergency Management	3,800	3,800		3,800

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Streets and Road Maintenance	8,876	13,112	4,526	8,586
Other Public Works Functions	3,408	4,031	323	3,708
Solid Waste Collection	71,601	109,405	44,413	64,992
Public Buildings and Grounds	3,922	20,142	16,482	3,660
Vehicle Maintenance	12,188	36,281	19,623	16,658
Public Health Services	2,953	3,691	740	2,951
Recreational Services and Programs	13,390	15,564	3,270	12,294
Electricity	27,352	27,352	4,538	22,814
Street Lighting	10,455	10,455	5,319	5,136
Telephone	10,005	10,336	69	10,267
Water	3,004	3,004		3,004
Gas (Natural and Propane)	12,745	16,664	3,919	12,745
Gasoline	14,131	17,051	7,622	9,429
Uniform Construction Code Enforcement Functions	3,350	5,350	5,202	148
Total Other expenses Within "CAPS"	<u>441,363</u>	<u>580,543</u>	<u>262,275</u>	<u>318,268</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	9,002	9,002		9,002
Unemployment Compensation Insurance	41,987	41,987	123	41,864
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>50,989</u>	<u>50,989</u>	<u>123</u>	<u>50,866</u>
Total Reserves Within "CAPS"	<u>671,931</u>	<u>811,112</u>	<u>312,340</u>	<u>498,772</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operations - Excluded from "CAPS"				
Length of Service Award Program	35,000	35,000	16,200	18,800
Stormwater Management	6,044	6,605	561	6,044
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(j)]	<u>9</u>	<u>9</u>		<u>9</u>
Total Other Expenses Excluded from "CAPS"	<u>41,053</u>	<u>41,614</u>	<u>16,761</u>	<u>24,853</u>
 Total Reserves	 \$ <u>712,984</u>	 <u>852,726</u>	 <u>329,101</u>	 <u>523,625</u>
		Appropriation reserves 712,984		
		Encumbrances <u>139,742</u>		
		\$ <u>852,726</u>		

BOROUGH OF NORWOOD, N.J.
Schedule of Reserve for Encumbrances
Current Fund
Year Ended December 31, 2013

Balance - December 31, 2012	\$	139,742
Increased by:		
2013 encumbrances		<u>68,551</u>
		208,293
Decreased by:		
Transferred to appropriation reserves		<u>139,742</u>
Balance - December 31, 2013	\$	<u><u>68,551</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	122,467
Increased by:		
2014 prepaid taxes collected		<u>138,484</u>
		260,951
Decreased by:		
Taxes realized as revenue		<u>122,467</u>
Balance - December 31, 2013	\$	<u><u>138,484</u></u>

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	39,064
Increased by:		
County Board Judgements	\$	22,889
Prior Year Overpayments from Fund Balance		112,121
Cash Receipts		<u>5,306</u>
		<u>140,316</u>
		179,380
Decreased by:		
Taxes realized as revenue		7,570
Cash Disbursements		<u>86,988</u>
		<u>94,558</u>
Balance - December 31, 2013	\$	<u><u>84,822</u></u>

BOROUGH OF NORWOOD, N.J.

**Schedule of Amount Due to the
State of New Jersey**

Current Fund

Year Ended December 31, 2013

	<u>Marriage License Fee</u>	<u>Construction Training Fee</u>	<u>Total</u>
Increased by: Collections	\$ 825	5,041	\$ 5,866
Decreased by: Payments	\$ 825	5,041	\$ 5,866

BOROUGH OF NORWOOD, N.J.

Schedule of Special Emergency Notes Payable

Current Fund

Year Ended December 31, 2013

<u>Number</u>	<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2012</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, Dec. 31, 2013</u>
10-1SEN	Special Emergency Note	Dec. 16, 2010	Sept. 12, 2014	1.65%	\$ 33,000	22,000	33,000	22,000
					\$ 33,000	22,000	33,000	22,000

Exhibit A-19

BOROUGH OF NORWOOD, N.J.

Schedule of School Taxes Payable

Current Fund

Year Ended December 31, 2013

Increased by:

Levy

Regional School Tax \$ 6,740,904

Local School Tax 9,184,747

\$ 15,925,651

Decreased by:

Cash Disbursed

\$ 15,925,651

Exhibit A-20

BOROUGH OF NORWOOD, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2013

Increased by:

Levy

County Tax Levy \$ 2,881,467

County Open Space Tax Levy 31,843

Added and Omitted Taxes 1,433

\$ 2,914,743

Decreased by:

Cash Disbursed

\$ 2,914,743

BOROUGH OF NORWOOD, N.J.

Schedule of Due from/(to) Federal and State Grant Fund

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012		\$	(88,732)
Increased by:			
Grant Revenue Anticipated	\$	47,426	
Cash Disbursements		<u>50,627</u>	
			<u>98,053</u>
			9,321
Decreased by:			
Grants Received		41,525	
Grant Revenue Anticipated		47,426	
Budget Appropriation - Match		<u>2,469</u>	
			<u>91,420</u>
Balance - December 31, 2013		\$	<u><u>(82,099)</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants Receivable

State and Federal Grant Fund

Year Ended December 31, 2013

<u>Purpose</u>	Balance, Dec. 31, <u>2012</u>	2013 Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, <u>2013</u>
Municipal Alliance	\$ 7,085	9,876	3,975	12,986
Clean Communities		9,589	9,589	
Body Armor		2,212	2,212	
Bergen County Mini-Grant		600	600	
Recycling Tonnage		21,123	21,123	
Drunk Driving Enforcement Fund		2,026	2,026	
Sustainable Jersey		2,000	2,000	
	<u>\$ 7,085</u>	<u>47,426</u>	<u>41,525</u>	<u>12,986</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriated Grant Reserves

State and Federal Grant Fund

Year Ended December 31, 2013

Purpose	Balance, Dec. 31, 2012	Transferred from 2013 Budget	Expended	Balance, Dec. 31, 2013
Drunk Driving Enforcement Fund - 2003	\$ 4,185			4,185
Drunk Driving Enforcement Fund - 1998	12,978			12,978
Drunk Driving Enforcement Fund - 2004	1,349			1,349
Drunk Driving Enforcement Fund - 2005	997			997
Drunk Driving Enforcement Fund - 2006	799			799
Body Armor Replacement Program - 2005	2,537		850	1,687
Body Armor Replacement Program - 2003	406			406
Municipal Alliance - 2009	341			341
Drunk Driving Enforcement Fund - 2007	1,089			1,089
Sustainable Jersey - 2012	2,000		1,752	248
Body Armor Replacement Program	3,248			3,248
Bergen County Mini-Grant	300			300
Municipal Alliance - 2012	4,605		3,327	1,278
Municipal Alliance - Match	2,589			2,589
Drunk Driving Enforcement Fund - 2012	3,999			3,999
Clean Communities - 2012	8,167		8,167	
Recycling Tonnage Grant - 2010	20,243		20,243	
Body Armor Replacement Program - 2008	1,369			1,369
Stormwater Management	281			281
Municipal Alliance - 2010	1,203			1,203
Drunk Driving Enforcement Fund	670			670
Clean Communities - 2011	6,819		6,819	
Body Armor Replacement Program	2,288			2,288
Municipal Alliance - 2011	1,046			1,046
Drunk Driving Enforcement Fund	1,585			1,585
Recycling Tonnage Grant	10,657		299	10,358
Sustainable Jersey	67		67	
Clean Communities - 2013		9,589	8,570	1,019
Body Armor Replacement Program - 2013		2,212		2,212
Bergen County Mini-Grant - 2013		600	533	67
Municipal Alliance - 2013		9,876		9,876
Municipal Alliance - Match		2,469		2,469
Recycling Tonnage Grant - 2013		21,123		21,123
Drunk Driving Enforcement Fund		2,026		2,026
Sustainable Jersey		2,000		2,000
	<u>\$ 95,817</u>	<u>49,895</u>	<u>50,627</u>	<u>95,085</u>

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BOROUGH OF NORWOOD, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2013

	Animal Trust Fund	Municipal Open Space	Other Trust Fund	Community Development Trust	Length of Service Award Program
Balance - December 31, 2012	\$ 13,665	699,847	335,835		276,362
Increase by Receipts:					
Animal License Fees	5,883				
Interfund - Current Fund		117,919	43		
Due to State of New Jersey	697				
Accounts Receivable			3,335		
Various Trust Deposits			66,083		
Other Trust Funds			229,685		
Grant Receipts		3,075		3,428	
Borough Contributions					16,200
Investment Gains					61,623
Interest Earned on Investments	44	2,047			
Total Receipts	6,624	123,041	299,146	3,428	77,823
	20,289	822,888	634,981	3,428	354,185
Decreased by Disbursements:					
Animal License Expenditures	2,257				
Interfund - Current Fund	44			3,428	
Due to State of New Jersey	688				
Various Trust Deposits			65,586		
Other Trust Funds			117,812		
Municipal Open Space expenditures		39,362			
Benefit Distributions					7,216
Administrative Fees					1,676
Total Disbursements	2,989	39,362	183,398	3,428	8,892
Balance - December 31, 2013	\$ 17,300	783,526	451,583		345,293

BOROUGH OF NORWOOD, N.J.

Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2013

Balance - December 31, 2012		\$	11,565
Increased by:			
Dog License Fees Collected	\$	4,257	
Cat License Fees Collected		566	
Late Fees		<u>1,060</u>	
			<u>5,883</u>
			17,448
Decreased by:			
Statutory Excess		3,699	
Expenditures R.S. 4:19-15.11		<u>2,257</u>	
			<u>5,956</u>
Balance - December 31, 2013		\$	<u><u>11,492</u></u>

Animal Licenses Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 5,949
2011	<u>5,543</u>
	\$ <u><u>11,492</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Due to State of New Jersey

Animal License Trust Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	2
Increased by:		
State License Fees collected		<u>697</u>
		699
Decreased by:		
Cash Disbursements		<u>688</u>
Balance - December 31, 2013	\$	<u><u>11</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Interfund - Current Fund

Other Trust Funds

Year Ended December 31, 2013

	Due from/(to) Balance <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2013</u>
Other Trust Fund:				
Developer's Escrow	\$ (137)	43		(180)
Animal Control Trust	(2,098)	3,743	44	(5,797)
Municipal Open Space		117,919	117,971	52
Community Development Trust	<u>(1,840)</u>	<u>1,589</u>	<u>3,429</u>	
	<u>\$ (4,075)</u>	<u>123,294</u>	<u>121,444</u>	<u>(5,925)</u>
Statutory Excess		\$ 3,699		
Interest on Investments		44		
Municipal Open Space Taxes collected			117,971	
Expenses paid by Current Fund		1,589		
Cash Disbursements			3,473	
Cash Receipts		<u>117,962</u>		
		<u>\$ 123,294</u>	<u>121,444</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Open Space Trust Fund Expenditures

Open Space Trust Fund

Year Ended December 31, 2013

Balance - December 31, 2012		\$	699,847
Increased by:			
Tax Levy Collections	\$	117,971	
Bergen County Open Space Grant Fund		3,075	
Interest on Investments		<u>2,047</u>	
			<u>123,093</u>
			822,940
Decreased by:			
Cash Disbursements			<u>39,362</u>
Balance - December 31, 2013		\$	<u><u>783,578</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Various Trust Deposits

Trust Funds

Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Reserve for:				
Escrow Deposits	\$ 148,812	51,417	63,788	136,441
Affordable Housing Expenditures	61,610	14,666	1,798	74,478
Unemployment Compensation Ins.	<u>17,432</u>	<u>3,762</u>		<u>21,194</u>
	<u>\$ 227,854</u>	<u>69,845</u>	<u>65,586</u>	<u>232,113</u>

Accounts Receivable	\$ 3,762	
Cash Receipts	66,083	
Cash Disbursements		<u>65,586</u>
	<u>\$ 69,845</u>	<u>65,586</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Other Trust Expenditures

Trust Funds

Year Ended December 31, 2013

	Balance <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2013</u>
Reserve for:				
New Jersey Clean Energy Program	\$ 540			540
Police Department Vest Fund	1,300			1,300
Parking Offenses Adjudication Act	80	14		94
Tax Sale Certificates and Premiums	25,200	67,000		92,200
Marriage License Fees Payable	25			25
Fire Prevention	750			750
Donation - Ferdan Cemetary	100			100
Celebration of Public Events	9,136	21,510	18,432	12,214
Earth Day Fair		20		20
Outside Employment - Police	25,472	111,141	70,638	65,975
Centennial	15,636			15,636
Accumulated Sick Leave	29,921	30,000	28,742	31,179
	<u>\$ 108,160</u>	<u>229,685</u>	<u>117,812</u>	<u>220,033</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Accounts Receivable

Unemployment Trust Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$ 316
Increased by:	
Unemployment Insurance Payroll Deductions	<u>3,762</u>
	4,078
Decreased by:	
Cash Receipts	<u>3,335</u>
Balance - December 31, 2013	<u><u>\$ 743</u></u>

Analysis of Balance:

3rd quarter 2013	417
4th quarter 2013	<u>326</u>
	<u><u>\$ 743</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants Receivable

Community Development Trust Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$ <u>2,500</u>
Increased by:	
2012-2013 Grant Award	<u>2,500</u>
	5,000
Decreased by:	
Cash Receipts	<u>3,429</u>
Balance - December 31, 2013	\$ <u><u>1,571</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Community Development Projects

Community Development Trust Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	660
Increased by:		
2012-2013 Grant Award		<u>2,500</u>
		3,160
Decreased by:		
Budget expenditures in Current		<u>1,589</u>
Balance - December 31, 2013	\$	<u><u>1,571</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Service Award Contributions Receivable

Emergency Services Volunteer - Length of Service Award Program

Year Ended December 31, 2013

Balance - December 31, 2012	\$	16,200
Increased by:		
2013 Service Award Contributions		<u>18,000</u>
		34,200
Decreased by:		
Contributions Paid		<u>16,200</u>
Balance - December 31, 2013	\$	<u><u>18,000</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer - Length of Service Award Program

Year Ended December 31, 2013

Balance - December 31, 2012		\$	292,562
Increased by:			
Borough Contributions	\$	18,000	
Net unrealized Appreciation in Fair Value of Investments		<u>61,623</u>	
			<u>79,623</u>
			372,185
Decreased by:			
Benefit Payments	\$	7,216	
Administrative expenses		<u>1,676</u>	
			<u>8,892</u>
Balance - December 31, 2013		\$	<u><u>363,293</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2012		\$	1,280,503
Increased by Receipts:			
Grants/Contributions Receivable	\$	90,081	
Infrastructure Trust Loan Drawdowns		78,542	
Capital Improvement Fund		50,000	
Premium on Bond Anticipation Notes		4,685	
Bond Anticipation Notes		<u>1,047,000</u>	
			<u>1,270,308</u>
			2,550,811
Decreased by Disbursements:			
Improvement Authorizations		1,090,299	
Livingston Street Beautification Project		<u>11,159</u>	
			<u>1,101,458</u>
Balance - December 31, 2013		\$	<u><u>1,449,353</u></u>

BOROUGH OF NORWOOD, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2013

Grants/Contributions Receivable	\$ (199,486)
New Jersey Infrastructure Trust Loans Receivable	(324,732)
Reserve for Grants Receivable	199,486
Capital Improvement Fund	4,460
Reserve for Livingston Street Beautification Project	72,935
Fund Balance	4,685

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
00-13	Improvements to Recreational Facilities	(379)
03-09	Various Capital Improvements	(4,288)
03-10	Various Capital Improvements to Kennedy Park	5,288
06-06	2005 Road Improvement Program	3,947
07-28	Various Improvements	238,453
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	221,677
10-16	Livingston Street Drainage and Streetscape Project	(14,173)
11-06	Various Improvements, Acquisition of Equipment/Vehicles	1,337
12-10	Various Improvements	90,110
12-12	Various Improvements	70,195
12-13	2012 Road and Parking Lot program	1,018,298
13-7	Livingston Street Streetscape, Phase II	33,440
13-14	Various Public Improvements	28,100
		<u>\$ 1,449,353</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants/Contributions Receivable

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2012		\$	365,699
Decreased by:			
Cancelled Receivables:			
Community Development - Ord. 2007-28	\$	23,127	
Community Development - Ord. 2006-15		13,005	
Community Development - Barrier Free Bathrooms		40,000	
Cash Receipts		<u>90,081</u>	
			<u>166,213</u>
Balance - December 31, 2013		\$	<u><u>199,486</u></u>

Analysis of Balance

Livingston St. Drainage/Streetscape Project, Ord. 2010-16	112,986
DOT Grant - Ord. 2012-10	<u>86,500</u>
	\$ <u><u>199,486</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of State of New Infrastructure Trust Loans Receivable

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	403,274
Decreased by:		
Drawdowns received		<u>78,542</u>
Balance - December 31, 2013	\$	<u><u>324,732</u></u>
Trust Loan - 2010B		143,941
Fund Loan - 2010B		<u>180,791</u>
	\$	<u><u>324,732</u></u>

BOROUGH OF NORWOOD, N.J.

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2012		\$	5,366,354
Decreased by:			
Current Year Budget Appropriations:			
Serial Bonds	\$	670,000	
New Jersey Infrastructure Trust Loans		<u>42,297</u>	
			<u>712,297</u>
Balance - December 31, 2013		\$	<u><u>4,654,057</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Decreased	Balance Dec. 31, 2013	Analysis of Balance, Dec. 31, 2013		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
	General Improvements:							
00-13	Improvements to Recreational Facilities	\$ 379			379	379		
03-09	Various Capital Improvements	4,288			4,288	4,288		
07-28	Various Improvements	23,127			23,127			23,127
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	213,150			213,150			213,150
10-16	Livingston Street Drainage and Streetscape Project	467,067		90,081	376,986		14,173	98,813
12-10	Various Improvements	271,400			271,400	271,400		
12-13	2012 Road and Parking Lot program	1,047,000			1,047,000	1,047,000		
13-7	Livingston Street Streetscape, Phase II		911,000		911,000			911,000
13-14	Various Public Improvements		561,900		561,900			561,900
		<u>\$ 2,026,411</u>	<u>1,472,900</u>	<u>90,081</u>	<u>3,409,230</u>	<u>1,582,400</u>	<u>18,840</u>	<u>1,807,990</u>
							Improvement Authorizations-Unfunded \$	2,916,398
							Less: Unexpended proceeds of Bond Anticipation Notes	
				90,081			Ord. 12-10	90,110
			<u>\$ 90,081</u>				Ord. 12-13	<u>1,018,298</u>
								<u>\$ 1,807,990</u>

BOROUGH OF NORWOOD, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2013	Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
General Obligation Bonds	August 1, 2004	2,755,000	08/01/14 290,000	3.625%	895,000	280,000	615,000
			08/01/15 325,000	3.75%			
General Obligation Bonds	October 1, 2008	4,680,000	10/01/14 405,000	4.00%	3,495,000	390,000	3,105,000
			10/01/15 395,000	4.00%			
			10/01/16 740,000	4.00%			
			10/01/17 765,000	4.00%			
			10/01/18 800,000	4.00%			
					\$ 4,390,000	670,000	3,720,000

BOROUGH OF NORWOOD, N.J.

Schedule of New Jersey Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2013	Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
Trust Loan	December 2, 2010	500,000	8/1/2014-18	5.00%	485,000	15,000	470,000
			8/1/2019-22				
			8/1/2023-26				
			8/1/2027-28				
			8/1/2029-30				
Fund Loan	December 2, 2010	536,850	02/01/14	9,099	491,354	27,297	464,057
			08/01/14				
			02/01/15				
			08/01/15				
			02/01/16				
			08/01/16				
			02/01/17				
			08/01/17				
			02/01/18				
			08/01/18				
			02/01/19				
			08/01/19				
			02/01/20				
08/01/20							
02/01/21							
08/01/21							
02/01/22							
08/01/22							
02/01/23							
08/01/23							

BOROUGH OF NORWOOD, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
10-16	Livingston Street Drainage & Streetscape Project	Dec. 16, 2011	Sept. 13, 2013	Sept. 12, 2014	1.25%	\$ 264,000	264,000	264,000	264,000
12-10	Public Improvements and acquisition of new additional or replacement equipment & machinery and new communication & signal systems equipment	Sept. 14, 2012	Sept. 13, 2013	Sept. 12, 2014	1.25%	271,400	271,400	271,400	271,400
12-13	2012 Road & Municipal Parking Lot Improvement Program	Sept. 13, 2013	Sept. 13, 2013	Sept. 12, 2014	1.25%		1,047,000		1,047,000
						\$ 535,400	1,582,400	535,400	1,582,400
						Cash \$ 1,047,000			
						Renewed 535,400		535,400	
						\$ 1,582,400		535,400	1,582,400

BOROUGH OF NORWOOD, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2012		2013 Authorizations	Paid or Charged	Balance Dec. 31, 2013	
			Funded	Unfunded			Funded	Unfunded
03-10	Various Capital Improvements to Kennedy Park	260,000	5,288				5,288	
06-06	2005 Road Improvement Program	500,000	3,947				3,947	
06-15	Various Improvements	1,319,500						
07-28	Various Improvements	1,366,800	260,360	23,127		21,907	238,453	23,127
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	1,250,000	303,564	213,150		81,887	221,677	213,150
10-16	Livingston Street Drainage and Streetscape Project	1,065,000	141,806			42,993		98,813
11-06	Various Improvements, Acquisition of Equipment/Vehicles	146,189	11,924			10,587	1,337	
11-10	Replacement of the Rear Door at Public Library	25,000	3,834			3,834		
12-10	Various Improvements	285,000		241,464		151,354		90,110
12-12	Various Improvements	753,600	753,600			683,405	70,195	
12-13	2012 Road and Parking Lot program	1,100,000	53,000	1,047,000		81,702		1,018,298
13-7	Livingston Street Streetscape, Phase II	957,070			957,070	12,630		911,000
13-14	Various Public Improvements	590,000			590,000			561,900
			\$ 1,395,517	1,666,547	1,547,070	1,090,299	602,437	2,916,398

Capital Improvement Fund \$ 74,170
 Deferred Charges to Future Taxation 1,472,900
 \$ 1,547,070

Exhibit C-12

BOROUGH OF NORWOOD, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	28,630
Increased by:		
Budget Appropriation		<u>50,000</u>
		78,630
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>74,170</u>
Balance - December 31, 2013	\$	<u><u>4,460</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Livingston Street Beautification Project

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	84,094
Decreased by:		
Cash Disbursements		<u>11,159</u>
Balance - December 31, 2013	\$	<u><u>72,935</u></u>

Schedule of Reserve for Grants/Contributions Receivable

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	365,699
Decreased by:		
Cancelled Receivables:		
Community Development - Ord. 2007-28	\$	23,127
Community Development - Ord. 2006-15		13,005
Community Development - Barrier Free Bathrooms		40,000
Applied to Authorized not Issued		<u>90,081</u>
		<u>166,213</u>
Balance - December 31, 2013	\$	<u><u>199,486</u></u>

Analysis of Balance

Shared Services Agreement - Bergen County, Ord. 2010-16	112,986
DOT Grant - Ord. 2012-10	86,500
	<u>\$ 199,486</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
2000-13	Improvements to Recreational Facilities	\$ 379			379
2003-09	Various Improvements	4,288			4,288
2007-28	Various Improvements	23,127			23,127
2009-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	213,150			213,150
2010-16	Livingston Street Drainage and Streetscape Project	203,067		90,081	112,986
2012-13	2012 Road and Municipal Parking Lot improvement program	1,047,000		1,047,000	
2013-7	Livingston Street Streetscape, Phase II		911,000		911,000
2013-14	Various Public Improvements		561,900		561,900
		<u>\$ 1,491,011</u>	<u>1,472,900</u>	<u>1,137,081</u>	<u>1,826,830</u>
				1,047,000	
				90,081	
				<u>\$ 1,137,081</u>	

Bond Anticipation Notes Issued
 Unappropriated Contributions Received

1,047,000
 90,081
\$ 1,137,081

BOROUGH OF NORWOOD

PART II

**LETTER ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

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Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

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

The Honorable Mayor and
Members of the Borough Council
Borough of Norwood
East Hanover, New Jersey 07442

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Norwood in the County of Bergen as of and for the year ended December 31, 2013 and the related notes to the financial statements, and have issued our report thereon dated May 21, 2014, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Norwood's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Norwood's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Norwood'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Norwood in the accompany comments and recommendations section of this report.

Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Norwood in the accompanying comments and recommendations section of this 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 Norwood'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 Norwood's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

May 21, 2014



BOROUGH OF NORWOOD, N.J.

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

BOROUGH OF NORWOOD, N.J.

GENERAL COMMENTS, (continued)

Effective January 1, 2011, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000. On August 2, 2005, the Borough increased the bid threshold to the amount as allowed by law for having a qualified purchasing agent.

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 Borough Counsel's opinion should be sought before a commitment is made.

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

- Collection and Disposal of Yard Waste
- Norwood Library Lower Level Renovations
- Broadway Sidewalk Improvements
- Carter and Jay Street Improvements
- Jay Street Parking Improvements

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, Chapter 75 of the Public Laws of 1991 of the State of New Jersey authorizes the governing body of each municipality by resolution to fix the rate of interest to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent, and

BOROUGH OF NORWOOD

GENERAL COMMENTS, (continued)

WHEREAS, the provisions of said statute provides that the rate of interest to be so charged may be fixed at a rate not to exceed 8% per annum on the first \$1,500 of delinquency, and a rate of 18% per annum on any amount in excess of \$1,500.

WHEREAS, the statute further provides that the governing body may provide that no interest shall be charged if payment is made within the tenth calendar day following the date which the same became payable, and

It appears from our test of the collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 18, 2013 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2013	6
2012	6
2011	6

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 taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices.

The result of the test, which was made for the year ending December 31, 2013, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

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BOROUGH OF NORWOOD, N.J.

GENERAL COMMENTS

Finance/Accounts Payable:

1. Goods/services are being ordered prior to being encumbered as prescribed by Technical Directive #1.
2. There are items included on the fixed asset additions report but values could not be verified to purchase orders.
3. There were donated properties received by the Borough during the year that are not included on the fixed asset additions report.
4. There are tax overpayments from the prior year which were not refunded to the taxpayer in a timely manner.
5. Amounts deducted for employee health benefit contributions are recorded as miscellaneous revenue.
6. The temporary appropriations adopted were in excess of statutory maximums.
7. There are Capital Fund Improvement Authorizations greater than five years old that have unfunded portions outstanding.
8. The Borough is not utilizing the Electronic Federal Tax Payment System (EFTPS) to verify the payment of payroll taxes.

Departments:

1. Monthly cash ledgers and/or supporting documentation detailing receipts collected were not available for audit review for the following departments:
Fire Prevention, Board of Health, Building Department

BOROUGH OF NORWOOD

RECOMMENDATIONS

Finance/Accounts Payable:

1. That all good/services be encumbered prior to being ordered.
2. That supporting documentation for additions to the fixed asset report be maintained and made available at time of audit.
3. That all donated properties be included on the fixed asset report.
4. That tax overpayments be returned in a timely manner.
5. That amounts deducted for health benefit contributions be recorded as budget offsets rather than miscellaneous revenue.
6. That more care be taken to ensure temporary appropriations are within the statutory maximums established by N.J.S.A. 40A:4-19.
7. That Improvement Authorizations greater than five years old be funded.
8. That the EFTPS system be utilized to ensure all payroll taxes are being submitted by the payroll service provider.

Departments:

1. Monthly cash receipts ledgers detailing monies collected be prepared and maintained for the all departments and/or classifications of receipts.

BOROUGH OF NORWOOD, N.J.

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all, except for the findings/recommendations marked with an "*".

ACKNOWLEDGMENT

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. 413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

May 21, 2014

