

REPORT OF AUDIT
BOROUGH OF NORWOOD
COUNTY OF BERGEN
DECEMBER 31, 2014

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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, 2014

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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, 2014 and 2013, 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, 2014, 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, 2014 and 2013, 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 \$402,166 and \$363,293 for 2014 and 2013, 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, 2014 and 2013, 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, 2014 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

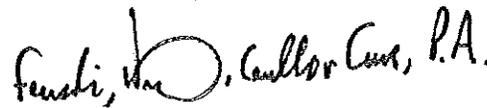
In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015 on our consideration of the Borough of Norwood’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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

June 29, 2015

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2014 and 2013

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Current Fund:			
Cash	A-4	\$ 2,927,433	2,347,726
Petty Cash		350	350
Change Fund	A-5	<u>225</u>	<u>225</u>
		<u>2,928,008</u>	<u>2,348,301</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	371,711	550,913
Property Acquired for Taxes			
Assessed Valuations	A-8	1,142,840	1,142,840
Tax Title Liens	A-9	33,286	30,095
Revenue Accounts Receivable	A-10	5,986	3,378
Interfunds Receivable:			
Animal License Trust Fund	A-11	2,992	5,797
Other Trust Fund	A-11		180
Community Development Trust Fund	A-11	<u>1,675</u>	
		<u>1,558,490</u>	<u>1,733,203</u>
Deferred Charges:			
Special Emergency - N.J.S.A. 40-A:4-55	A-12	11,000	22,000
Over-expenditure of Budget Appropriations	A-13	<u>4,320</u>	
		<u>15,320</u>	<u>22,000</u>
		<u>4,501,818</u>	<u>4,103,504</u>
Federal and State Grant Fund:			
Due from Current Fund	A-23	101,528	82,099
Grants Receivable	A-24	<u>14,475</u>	<u>12,986</u>
		<u>116,003</u>	<u>95,085</u>
		<u>4,617,821</u>	<u>4,198,589</u>

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3, A-14	\$ 800,010	847,669
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-6	7,199	7,669
Interfunds Payable:			
Federal and State Grant Fund	A-23	101,528	82,099
Open Space Trust Fund	A-11	145	52
Other Trust Fund	A-11	1	
General Capital Fund	A-11	33,574	
Encumbrances Payable	A-15	115,236	68,551
Prepaid Taxes	A-16	159,589	138,484
Tax Overpayments	A-17	8,450	84,822
Due to State of New Jersey:			
Marriage License Fees	A-18	375	
Special Emergency Note Payable	A-19	11,000	22,000
Due County for Added Taxes	A-21	2,255	
Reserve for Unclaimed Property	A-22	100	
		<u>1,239,462</u>	<u>1,251,346</u>
Reserve for Receivables and Other Assets	A	1,558,490	1,733,203
Fund Balance	A-1	<u>1,703,866</u>	<u>1,118,955</u>
		<u>4,501,818</u>	<u>4,103,504</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-25	115,353	95,085
Unappropriated Reserves	A-26	650	
		<u>116,003</u>	<u>95,085</u>
		<u>\$ 4,617,821</u>	<u>4,198,589</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 516,750	420,551
Miscellaneous Revenue Anticipated	1,206,964	1,192,987
Receipts from Delinquent Taxes	590,840	480,857
Receipts from Current Taxes	26,214,789	25,942,070
Non-Budget Revenues	195,496	259,460
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	574,216	523,625
Tax Overpayments Cancelled	24,796	
Interfunds Returned	5,977	1,840
	<u>29,329,828</u>	<u>28,821,390</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,582,282	3,440,996
Other Expenses	4,038,867	3,983,389
Capital Improvements	50,000	50,000
Municipal Debt Service	939,023	917,252
Deferred Charges and Statutory Expenditures	712,243	667,040
School Taxes Payable	15,920,052	15,925,651
County Taxes Including Added Taxes	2,977,223	2,914,743
Municipal Open Space Taxes	93	117,971
Interfunds Advanced		3,742
County Board Judgements		22,889
Tax Overpayments		112,121
Prior Year Senior Citizen Disallowed		2,500
Refunds	12,704	
	<u>28,232,487</u>	<u>28,158,294</u>
Excess in Revenue	1,097,341	663,096
Adjustments to income before fund balance- expenditures which are by statute deferred charges to budget of succeeding year		
Overexpenditure of Appropriations	4,320	
Statutory excess to fund balance	1,101,661	663,096
Fund Balance - January 1,	1,118,955	876,410
Decreased by Utilization as Anticipated Revenue	<u>516,750</u>	<u>420,551</u>
Fund Balance - December 31,	<u>\$ 1,703,866</u>	<u>\$ 1,118,955</u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.
Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 516,750	516,750	
Miscellaneous Revenues:			
Licenses:			
Alcoholic beverages	15,000	15,650	650
Other	18,000	18,058	58
Fees and permits	28,000	31,137	3,137
Fines and Costs - Municipal Court	61,500	61,883	383
Interest and Costs on Taxes	80,000	132,116	52,116
Interest on Investments and Deposits	12,000	10,824	(1,176)
Recreation Fees	7,000	4,375	(2,625)
Borough of Northvale Sewer Charges	14,000	14,000	
Cable T.V. Franchise Fee	78,100	78,104	4
Library Rent	89,244	89,244	
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	80,000	107,875	27,875
Recycling Tonnage Grant	32,604	32,604	
Drunk Driving Enforcement Fund	3,432	3,432	
Clean Communities Program	8,993	8,993	
Municipal Alliance Program	4,938	4,938	
Body Armor Grant	1,850	1,850	
Uniform Fire Safety Act	14,000	14,848	848
Norwood Board of Education - Landscaping	11,500	11,500	
Total Miscellaneous Revenues	<u>1,134,694</u>	<u>1,206,964</u>	<u>72,270</u>
Receipts from Delinquent Taxes	<u>525,000</u>	<u>590,840</u>	<u>65,840</u>
Amount to be Raised by Taxes for Support of Municipal Budget	<u>7,687,541</u>	<u>7,850,514</u>	<u>162,973</u>
Budget total	<u>\$ 9,863,985</u>	<u>10,165,068</u>	<u>301,083</u>
Non -Budget revenue		<u>195,496</u>	
		<u>\$ 10,360,564</u>	

BOROUGH OF NORWOOD, N.J.
Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2014

Analysis of Realized Revenue

Allocation of Current Tax Collections;	
Revenue from Collections	\$ 26,214,789
Allocated to School, County and Local Taxes	<u>18,897,275</u>
Balance for Support of Municipal Budget Appropriations	7,317,514
Add: Appropriation - Reserve for Uncollected Taxes	<u>533,000</u>
Amount for Support of Municipal Budget Appropriations	\$ <u><u>7,850,514</u></u>
Receipts from:	
Delinquent Tax Collections	<u>590,840</u>
	\$ <u><u>590,840</u></u>

Analysis of Non-Budget Revenues

Insurance Reimbursements	\$ 4,401
Photo Copies	9
Police	774
Insurance Reimbursements	2,373
Harrington Park Court	51,411
Misc	143
Election	40
Property Lists	216
Scrap Metal	4,293
Storm Refund	5,000
FEMA	33,286
County Snow Plowing	16,390
Offsets not Applied	66,127
Tax Sale	7,649
Plans and Specs	125
Tobar Top Soil	<u>3,259</u>
	\$ <u><u>195,496</u></u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over - Expenditure of Appropriation</u>
Operations - within "CAPS":						
General Government:						
Administration:						
Salaries and Wages	\$ 34,375	34,375	33,019	1,356		
Other Expenses	38,850	38,850	31,274	7,576		
Mayor and Council						
Other Expenses	7,500	7,500	7,418	82		
Municipal Clerk						
Salaries and Wages	154,624	154,624	154,579	45		
Other Expenses	17,450	17,450	14,957	2,493		
Financial Administration:						
Salaries and Wages	60,870	60,870	56,456	4,414		
Other Expenses	26,950	26,950	23,015	3,935		
Audit Services:						
Other Expenses	38,000	38,000	11,500	26,500		
Computerized Data Processing:						
Salaries and Wages	2,616	2,616	2,308	308		
Other Expenses	24,500	24,500	22,162	2,338		
Revenue Administration:						
Salaries and Wages	79,476	79,476	70,236	9,240		
Other Expenses	5,450	5,450	1,325	4,125		
Assessment of Taxes:						
Salaries and Wages	25,000	25,000	24,997	3		
Other Expenses	3,970	3,970	2,125	1,845		
Legal Services and Costs:						
Other Expenses	90,000	90,000	41,053	48,947		
Engineering Services and Costs:						
Other Expenses	31,000	31,000	28,866	2,134		
Municipal Court:						
Salaries and Wages	62,294	62,294	61,122	1,172		
Other Expenses	4,000	4,000	1,771	2,229		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over - Expenditure of Appropriation</u>
Public Defender (P.L., C. 256)						
Other Expenses	2,000					
Emergency Management						
Salaries and Wages	10,462	10,462	10,046	416		
Other Expenses	5,000	7,000	700	6,300		
Public Works Function:						
Streets and Roads:						
Streets and Road Maintenance:						
Salaries and Wages	859,174	859,174	826,922	32,252		
Other Expenses	45,900	45,900	49,332			3,432
Other Public Works Functions:						
Other Expenses	14,790	14,790	11,436	3,354		
Solid Waste Collection:						
Other Expenses	598,000	598,000	519,955	78,045		
Public Building and Grounds:						
Other Expenses	61,200	61,200	59,920	1,280		
Vehicle Maintenance:						
Other Expenses	80,950	94,650	94,905			255
Health and Welfare:						
Public Health Services:						
Salaries and Wages	18,863	18,863	17,434	1,429		
Other Expenses	41,300	41,300	36,979	4,321		
Recreational Services and Programs:						
Salaries and Wages	17,270	17,270	16,770	500		
Other Expenses	43,500	43,500	31,874	11,626		
Other Common Operating Functions:						
Celebration of Public Events:						
Salaries and Wages	2,616	2,616	2,500	116		
Other Expenses	11,816	11,816	5,909			

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled	Over - Expenditure of Appropriation
UNCLASSIFIED:						
Utilities:						
Electricity	90,000	90,000	58,582	31,418		
Street Lighting	68,000	68,000	57,660	10,340		
Telephone	36,000	36,000	29,708	6,292		
Water	22,000	22,000	16,199	5,801		
Gas (Natural and Propane)	35,000	35,000	22,083	12,917		
Gasoline	85,000	85,000	66,378	18,622		
Uniform Construction Code Enforcement Functions:						
Salaries and Wages	103,800	103,800	101,394	2,406		
Other Expenses	12,120	12,120	12,035	85		
Accumulated Sick Leave	30,000	30,000		30,000		
Total Operations within "CAPS"	6,525,347	6,525,347	5,853,620	675,414		3,687
Total Operations Including Contingent-within "CAPS"	6,525,347	6,525,347	5,853,620	675,414		3,687
Detail:						
Salaries & Wages	3,582,282	3,582,282	3,306,850	275,432		
Other Expenses (Including Contingent)	2,943,065	2,943,065	2,546,770	399,982		3,687
Total:	6,525,347	6,525,347	5,853,620	675,414		3,687
(E) Deferred Charges and Statutory Expenditures-						
Municipal within "CAPS":						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	146,217	146,217	131,914	14,303		
Social Security System (O.A.S.I.)	135,000	135,000	135,633			633
Police and Fireman's Retirement System of NJ	390,026	390,026	366,252	23,774		
Unemployment Compensation Insurance	30,000	30,000	1,313	28,687		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over - Expenditure of Appropriation</u>
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	701,243	701,243	635,112	66,764		633
Total General Appropriations for Municipal Purposes within "CAPS"	7,226,590	7,226,590	6,488,732	742,178		4,320
Operations - Excluded from "CAPS":						
Length of Service Award Program	35,000	35,000		35,000		
Stormwater Management:						
Other Expenses	11,500	11,500	5,435	6,065		
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(f)]:						
Other Expenses	571,759	571,759	571,758	1		
Aid to Privately Owned Library and Reading Room:						
Other Expenses	407,725	407,725	407,725			
Employee Group Insurance	16,766	16,766		16,766		
Total Other Operations - Excluded from "CAPS"	1,042,750	1,042,750	984,918	57,832		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over - Expenditure of Appropriation</u>
Public and Private Programs Offset by Revenues:						
Current Year Program:						
Municipal Alliance Program:						
State Share	4,938	4,938	4,938			
Local Share	1,235	1,235	1,235			
Drunk Driving Enforcement Fund						
Other Expenses	3,432	3,432	3,432			
Clean Communities						
Other Expenses	8,993	8,993	8,993			
Body Armor Replacement Program						
Other Expenses	1,850	1,850	1,850			
Recycling Tonnage Grant						
Other Expenses	32,604	32,604	32,604			
	<u>53,052</u>	<u>53,052</u>	<u>53,052</u>			
Total Public and Private Programs Offset by Revenues	1,095,802	1,095,802	1,037,970	57,832		
Total Operations-Excluded from "CAPS"						
Detail:						
Other Expenses	1,095,802	1,095,802	1,037,970	57,832		
Total:	<u>1,095,802</u>	<u>1,095,802</u>	<u>1,037,970</u>	<u>57,832</u>		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over - Expenditure of Appropriation</u>
Capital Improvements-Excluded from "CAPS" 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"						
Payment of Bond Principal	695,000	695,000	695,000			
Interest on Bonds	146,900	146,900	146,900			
Payment of Note Principal	13,895	13,895	13,895			
Interest on Notes	21,000	21,000	20,087		913	
NJEIT:						
Principal	47,298	47,298	47,298			
Interest	23,500	23,500	18,198		5,302	
Total Municipal Debt Service-Excluded from "CAPS"	947,593	947,593	941,378		6,215	
Deferred Charges- Excluded from "CAPS"						
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			

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Uncxpended Balance Canceled	Over - Expenditure of Appropriation
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,104,395</u>	<u>2,104,395</u>	<u>2,040,348</u>	<u>57,832</u>	<u>6,215</u>	
Subtotal General Appropriations	<u>9,330,985</u>	<u>9,330,985</u>	<u>8,529,080</u>	<u>800,010</u>	<u>6,215</u>	<u>4,320</u>
Reserve for Uncollected Taxes	<u>533,000</u>	<u>533,000</u>	<u>533,000</u>			
Total General Appropriations	<u>\$ 9,863,985</u>	<u>9,863,985</u>	<u>9,062,080</u>	<u>800,010</u>	<u>6,215</u>	<u>4,320</u>

Adopted Budget \$ 9,817,106
 Amended by N.J.S.A. 40A:4-87 46,879

\$ 9,863,985

Reserve for Uncollected Taxes	\$ 533,000
Grants	53,052
Encumbrances	115,236
Cash	8,367,092
	<u>\$ 9,068,380</u>

See accompanying notes to the financial statements.

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BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	\$ <u>14,825</u>	<u>17,300</u>
		<u>14,825</u>	<u>17,300</u>
Municipal Open Space Trust Fund:			
Cash	B-1	861,434	783,526
Interfund - Current Fund	B-4	<u>145</u>	<u>52</u>
		<u>861,579</u>	<u>783,578</u>
Other Trust Funds:			
Cash	B-1	1,270,083	451,583
Interfund - Current Fund	B-4	1	
Accounts Receivable - Unemployment	B-8	<u>372</u>	<u>743</u>
		<u>1,270,456</u>	<u>452,326</u>
Community Development Trust Fund:			
Cash	B-1	1,675	
Grants Receivable	B-9	<u>1,450</u>	<u>1,571</u>
		<u>3,125</u>	<u>1,571</u>
Length of Service Award Program: (Unaudited)			
Investments	B-1	369,766	345,293
Contribution Receivable	B-11	<u>32,400</u>	<u>18,000</u>
		<u>402,166</u>	<u>363,293</u>
		\$ <u><u>2,552,151</u></u>	<u><u>1,618,068</u></u>

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Trust Fund:			
Reserve for Animal Trust Fund Expenditures	B-2	11,832	11,492
Due to Current Fund	B-4	2,992	5,797
Due to State of New Jersey	B-3	1	11
		<u>14,825</u>	<u>17,300</u>
Municipal Open Space Trust Fund:			
Reserve for Open Space Trust Fund Expenditures	B-5	<u>861,579</u>	<u>783,578</u>
Other Trust Fund:			
Reserve for:			
Interfund - Current Fund	B-4		180
Various Trust Deposits	B-6	376,257	232,113
Other Trust Expenditures	B-7	<u>894,199</u>	<u>220,033</u>
		<u>1,270,456</u>	<u>452,326</u>
Community Development Trust Fund:			
Interfund - Current Fund	B-4	1,675	
Reserve for Expenditures	B-10	<u>1,450</u>	<u>1,571</u>
		<u>3,125</u>	<u>1,571</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-12	<u>402,166</u>	<u>363,293</u>
		<u>\$ 2,552,151</u>	<u>1,618,068</u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2014 and 2013

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Cash:			
Checking	C-2,3	\$	1,449,353
Grants Receivable	C-4	165,912	199,486
State of New Jersey - Infrastructure			
Trust Loans Receivable	C-5	278,614	324,732
Due from Current Fund	C-6	33,574	
Deferred Charges to Future Taxation:			
Funded	C-7	3,911,759	4,654,057
Unfunded	C-8	4,347,335	3,409,230
		<u>\$ 8,737,194</u>	<u>10,036,858</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Deficit in Cash	C-2,3	105,946	
General Serial Bonds	C-9	3,025,000	3,720,000
State of New Jersey - Infrastructure Trust Loans Payable			
Trust Loan - 2010B	C-10	450,000	470,000
Fund Loan - 2010B	C-10	436,759	464,057
Bond Anticipation Notes Payable	C-11	2,704,505	1,582,400
Improvement Authorizations:			
Funded	C-12	297,862	602,437
Unfunded	C-12	1,445,082	2,916,398
Capital Improvement Fund	C-13	6,460	4,460
Reserve for Livingston Street Beautification Project	C-14	61,409	72,935
Reserve for Grants Receivable	C-15	165,912	199,486
Reserve for Payment of Notes - Ordinance 10-2012	C-16	33,574	
Fund Balance	C-1	4,685	4,685
		<u>\$ 8,737,194</u>	<u>10,036,858</u>

There were \$1,642,830 and \$1,826,830 of Bonds and Notes Authorized But Not Issued on on December 31, 2014 and December 31, 2013 (Exhibit C-17).

See accompanying notes to the financial statements.

BOROUGH OF NORWOOD, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Years Ended December 31,

	<u>2014</u>	<u>2013</u>
Balance - January 1,	\$ <u>4,685</u>	<u>4,685</u>
Balance - December 31,	\$ <u><u>4,685</u></u>	<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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>General Fixed Assets:</u>		
Land	\$ 37,985,800	37,985,800
Buildings	2,045,500	2,045,500
Machinery and Equipment	<u>4,647,533</u>	<u>4,867,532</u>
	<u>\$ 44,678,833</u>	<u>44,898,832</u>
 Investment in Fixed Assets	 <u>\$ 44,678,833</u>	 <u>44,898,832</u>

See accompanying notes to financial statements.

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BOROUGH OF NORWOOD, N. J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013

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, 2014 and 2013
(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, 2014 and 2013
(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 the 11th day of the 11th month in the current year taxes are levied, 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, 2014 and 2013
(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 the years ended December 31, 2014 and 2013, the Governing Body approved additional revenues and appropriations of \$46,879 and \$37,550, respectfully, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2014 and 2013.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(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, 2014 and 2013
(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, 2014 and 2013
(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.

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Government Accounting Standards Board issued GASB Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term "government combinations" includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for financial statements beginning after December 15, 2013 will not have any effect on the entity's financial reporting.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications of the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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

Basis of Accounting, (continued)

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, 2014 and 2013, \$-0- of the Borough's bank balance of \$5,318,691 and \$5,307,346, respectfully, 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, 2014 and 2013
(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, 2014 and 2013 amounted to \$369,766 and \$345,293, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Fixed Income	\$70,593	\$70,806
Growth and Income	75,826	72,874
LVIP S&P 500 Index	131,473	117,635
LVIP Delaware Special Opportunities	48,370	45,491
All Others	<u>43,504</u>	<u>38,487</u>
Total	<u>\$369,766</u>	<u>\$345,293</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3: TAXES RECEIVABLE

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Property Taxes	<u>\$371,711</u>	<u>\$550,913</u>

In 2014 and 2013, the Borough collected \$590,840 and \$480,857 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, vehicles and buildings under arrangements representing operating leases. Future minimum rental commitments for noncancelable operating leases as of December 31, 2014 were as follows:

Schedule of Future Minimum Lease Payments:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$81,543.88
2016	52,521.18
2017	40,848.24
2018	<u>11,262.48</u>
	<u>\$186,175.78</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2014 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2013</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	\$3,720,000	\$	\$695,000	\$3,025,000	\$720,000
Deferred PERS/PFRS Pension Contribution	173,785		10,502	163,283	11,565
Other Liabilities:					
Compensated Absences Payable	263,080	29,645	35,989	256,736	
New Jersey Environmental Infrastructure Trust Loans Payable	<u>934,057</u>	<u> </u>	<u>47,298</u>	<u>886,759</u>	<u>47,297</u>
	<u>\$5,090,922</u>	<u>\$29,645</u>	<u>\$788,789</u>	<u>\$4,331,778</u>	<u>\$778,862</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 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	<u>\$6,616,264</u>	<u>\$6,236,457</u>	<u>\$5,901,754</u>
Total Issued	6,616,264	6,236,457	5,901,754
<u>Less</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>33,574</u>	<u>-0-</u>	<u>-0-</u>
Net Debt Issued	6,582,690	6,236,457	5,901,754
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>1,642,830</u>	<u>1,826,830</u>	<u>1,491,011</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$8,225,520</u>	<u>\$8,063,287</u>	<u>\$7,392,765</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(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 .662%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$5,821,647	\$5,821,647	\$0
General Debt	<u>8,259,094</u>	<u>33,574</u>	<u>8,225,520</u>
	<u>\$14,080,741</u>	<u>\$5,855,221</u>	<u>\$8,225,520</u>

Net Deb of \$8,225,520 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended of \$1,243,177,764 = .662%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$43,511,222
Net Debt	<u>8,225,520</u>
Remaining Borrowing Power	<u>\$35,285,702</u>

The Borough's long term debt consisted of the following at December 31, 2014:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>	
	<u>2014</u>	<u>2013</u>
<u>General Serial Bonds:</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	\$325,000	\$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>2,700,000</u>	<u>3,105,000</u>
	<u>\$3,025,000</u>	<u>\$3,720,000</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(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.

<u>General Capital</u>	<u>2014</u>	<u>2013</u>
\$500,000 loan - with an interest rate of 5.00% issued December 2, 2012, due through August 1, 2030	\$450,000	\$470,000
\$536,850 loan due in semiannual installments of \$9,099 to \$18,198 through August 1, 2030	<u>436,759</u>	<u>464,057</u>
	<u>\$886,759</u>	<u>\$934,057</u>

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

<u>Year</u>	<u>Total</u>	<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>
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	70,797			52,297	18,500
2020-2024	344,987			271,487	73,500
2025-2029	343,237			306,487	36,750
2030	<u>69,297</u>			<u>67,297</u>	<u>2,000</u>
	<u>\$4,433,494</u>	<u>\$3,025,000</u>	<u>\$306,988</u>	<u>\$886,756</u>	<u>\$214,750</u>

At December 31, 2014 and 2013, the Borough had authorized but not issued debt of \$1,642,830 and \$1,826,830, respectfully.

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, 2014 and 2013
(continued)

NOTE 6. BOND ANTICIPATION NOTES, (continued)

On December 31, 2014 and 2013, the Borough had \$2,704,505 and \$1,582,400, respectively, in outstanding General Capital bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2014 and 2013:

<u>2014</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
TD Bank	\$	\$2,704,505	\$	\$2,704,505
Jefferies LLC	<u>1,582,400</u>	<u>1,582,400</u>	<u>1,582,400</u>	<u>0</u>
	<u>\$1,582,400</u>	<u>\$2,704,505</u>	<u>\$1,582,400</u>	<u>\$2,704,505</u>

<u>2013</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Mariners Bank	\$535,400	\$	\$535,400	\$ 0
Jefferies LLC	<u>1,582,400</u>	<u>1,582,400</u>	<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, 2014 and 2013, the Borough had \$11,000 and \$22,000, respectively, in outstanding Current Fund Special Emergency notes.

The following activity related to special emergency notes occurred during the calendar years ended December 31, 2014 and 2013:

<u>2014</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Mariners Bank	<u>\$22,000</u>	<u>\$11,000</u>	<u>\$22,000</u>	<u>\$11,000</u>

<u>2013</u>	<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>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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.

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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 9: PENSION PLANS, (continued)

Description of Systems, (continued)

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

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.

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

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 9: PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

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.

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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 9: PENSION PLANS, (continued)

Contribution Requirements, (continued)

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, 2014	\$131,914	\$366,252
December 31, 2013	135,958	355,082
December 31, 2012	135,292	383,075

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.

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 retain 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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 9: PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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, 2014 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2015 were as follows:

Current Fund \$575,000

NOTE 11: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2014.

	<u>Balance</u> <u>Dec.31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec.31, 2014</u>
Land	\$37,985,800	\$	\$	\$37,985,800
Buildings and Improvements	2,045,500			2,045,500
Machinery and Equipment	<u>4,867,532</u>	<u>904,971</u>	<u>1,124,970</u>	<u>4,647,533</u>
	<u>\$44,898,832</u>	<u>\$904,971</u>	<u>\$1,124,970</u>	<u>\$44,678,833</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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 12: ACCRUED SICK AND VACATION BENEFITS, (continued)

It is estimated that the current cost of such unpaid compensation, which is unaudited, would approximate \$256,736. 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, 2014 consist of the following:

\$101,528	Due to the Federal and State Grant Fund from the Current Fund for grant awards not turned over.
2,992	Due to the Current Fund from the Animal License Trust Fund for statutory excess.
1	Due to the Escrow Trust Fund from the Current Fund for error in interest earnings turned over.
145	Due to the Open Space Trust Fund from the Current Fund for added/omitted taxes collected.
33,574	Due to the General Capital Fund from the Current Fund for grant receipts not turned over.
<u>1,675</u>	Due to the Current Fund from the Community Development Trust Fund for reimbursement of expenses paid.
<u>\$139,915</u>	

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

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 2014 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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 14: RISK MANAGEMENT, (continued)

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.

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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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:

	Balance <u>Dec 31, 2014</u>	Balance <u>Dec 31, 2013</u>
Prepaid Taxes	<u>\$159,589</u>	<u>\$138,484</u>
Cash Liability for Taxes Collected in Advance	<u>\$159,589</u>	<u>\$138,484</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.

We have reviewed the plan for the year ended December 31, 2014 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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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, 2014, 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, 2014</u>	<u>2015 Budget</u> <u>Appropriation</u>
Current Fund:		
Reassessment of Real Property	<u>\$11,000</u>	<u>\$11,000</u>

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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 20: OTHER POST EMPLOYMENT BENEFITS, (continued)

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/gasb-43-july2013.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.

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, 2014 and 2013 were as follows: 2014 - \$72,550 and 2013 - \$65,854.

NOTE 21: SUBSEQUENT EVENT

The Borough has evaluated subsequent events through June 29, 2015, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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		
Allen Rappaport	Councilman		
Marianne Orecchio	Councilwoman		
Joseph Ascolese	Councilman		
Thomas Brizzolara	Councilman		
Barry Scott	Councilman		
Frank Marino	Councilman		
Lorraine L. Mc Mackin	Administrator/Borough Clerk		
Kunjesh Trivedi	Treasurer/Chief Financial Officer/Tax Collector (1/1/14 - 5/31/14)	1,000,000	(A)
Judith Curran	Treasurer/Chief Financial Officer/Tax Collector (6/1/14 - 12/31/14)	1,000,000	(A)
Roger Hauser	Magistrate	1,000,000	(A)
Lindsay Volpitta	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>2014</u>	<u>2013</u>	<u>2012</u>
Tax rate	<u>2.255</u>	<u>2.249</u>	<u>2.218</u>
Apportionment of tax rate:			
Municipal	0.662	0.650	0.630
School	1.350	1.351	1.334
County	<u>0.243</u>	<u>0.248</u>	<u>0.254</u>

Assessed Value

2014	\$	1,179,246,700
2013		1,179,998,000
2012		1,180,303,192

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>Cash Collections</u>	<u>Currently</u> Percentage of Collection
2014	\$ 26,612,943	26,214,789	98.50%
2013	26,551,147	25,942,070	97.71%
2012	26,268,723	25,783,987	98.15%

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>
2014	\$ 371,711	33,286	404,997	1.52%
2013	550,913	30,095	581,008	2.19%
2012	453,125	25,779	478,904	1.82%

Property Acquired by Tax Title Lien Liquidation

There were no properties acquired in 2014 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>
2014	\$ 1,142,840
2013	1,142,840
2012	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	2014	\$ 1,703,866	575,000
	2013	1,118,955	516,750
	2012	876,410	420,551
	2011	500,942	350,000
	2010	651,573	490,000

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BOROUGH OF NORWOOD

Schedule of Expenditure of Federal Awards

Year ended December 31, 2014

Program	CFDA Number	State Pass-through Number	Grant Period	Grant Award	Balance Dec. 31, 2013	Receipts	Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2014	MEMO Total Cumulative Expenditures
U.S. Department of Homeland Security FEMA - Hurricane Sandy Reimbursements	97.036	N/A	2013	120,580	\$ (33,286)	33,286				120,580
					(33,286)	33,286				120,580
U.S. Department of Environmental Protection Passed Through Funds State of New Jersey Municipal Stormwater Regulation Program	66.605	WQ05-066		8,468	281				281	1,836
					281				281	1,836
				\$	(33,005)	33,286			281	124,916

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

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BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2014

State & County Programs	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31, 2013	Cash Received	Expended	Deferred Revenues/ (Accounts Receivable) Dec. 31, 2014	MEMO Total Cumulative Expenditures
<u>State Programs:</u>								
<u>Department of Law and Public Safety:</u>								
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	1110-448-031020-22	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	
Drunk Driving Enforcement Fund	6400-100-078-6400	2014	3,432		3,432		3,432	
Body Armor Replacement	N/A	2003	1,323	406			406	
Body Armor Replacement	1020-718-066-1020-001	2005	2,537	1,687			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	
Body Armor Replacement	1020-718-066-1020-001	2014	1,850		1,850		1,850	
Alcohol Education and Rehabilitation	9735-760-098-Y900-001	2014	650		650		650	
				40,887	5,932		46,819	2,649
<u>Department of Health:</u>								
Recycling Tonnage Grant	4900-752-042-4900-001	2009	21,943	10,358		10,358		21,943
Recycling Tonnage Grant	4900-752-042-4900-001	2013	21,123	21,123		11,344	9,779	11,344
Recycling Tonnage Grant	4900-752-042-4900-001	2014	32,604		32,604		32,604	
				31,481	32,604	21,702	42,383	33,287
<u>Environmental Protection Agency:</u>								
Clean Communities Program	4900-765-042-4900-004	2013	9,589	1,019		1,019		9,588
Clean Communities Program	4900-765-042-4900-004	2014	8,993		8,993	5,880	3,113	5,880
				1,019	8,993	6,899	3,113	15,468

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2014

	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31, 2013	Cash Received	Expended	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2014	MEMO Total Cumulative Expenditures
State & County Programs								
<u>Department of Transportation</u>								
Municipal Aid - Broadway Sidewalk Installation	12-480-078-9320-ALC-6010	Ord. 12-10	86,000		33,574	33,574		33,574
<u>Programs Passed Through County of Bergen</u>								
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	1,203			1,203	5,463
Municipal Alliance	100-082-2000-044	2012	10,356	(1,832)			(1,832)	8,723
Municipal Alliance	Local - Match	2012	2,589	2,589			2,589	
Municipal Alliance	100-082-2000-044	2013	9,876		3,710	3,710	(3,710)	3,710
Municipal Alliance	Local - Match	2013	2,469	2,469			2,469	
Municipal Alliance	100-082-2000-044	2014	4,938		3,449		3,449	
Municipal Alliance	Local - Match	2014	1,235		1,235		1,235	
Total State Programs				\$ 79,203	4,684	3,710	6,790	32,745
Total State Programs				\$ 79,203	85,787	65,885	99,105	117,723
<u>Other Financial Assistance:</u>								
<u>County Programs:</u>								
Mini-Grant	N/A	2012	300					
Mini-Grant	N/A	2013	600	67			67	533
Total County Programs				67			67	
<u>Other Local Sources:</u>								
NJLM - Educational Foundation								
Small Grants Program - Sustainable Jersey		2011	2,000	248			248	1,752
Small Grants Program - Sustainable Jersey		2013	2,000	2,000		473	1,527	473
Total Other Financial Assistance				2,248		473	1,775	2,225
Total Other Financial Assistance				\$ 2,315		473	1,842	2,225
Total State and Other Financial Assistance				\$ 81,518	85,787	66,358	100,947	117,723

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, 2014

	Current Fund
Balance - December 31, 2013	\$ 2,347,726
Increased by receipts:	
Miscellaneous revenues not anticipated	195,496
Senior citizens and veterans deductions	52,530
Taxes receivable	26,601,071
Revenue accounts receivable	1,155,147
Interfunds	119,226
Special Emergency Note	11,000
Due to State of NJ	6,747
Prepaid Taxes	159,589
Tax Overpayments	10,385
Reserve for Unclaimed Funds	100
Due to Federal and State Grant Fund	50,978
Unappropriated reserves	650
	<u>28,362,919</u>
	<u>30,710,645</u>
Decreased by disbursements:	
Current Year Budget Appropriations	8,367,092
Appropriation Reserves	342,004
Interfunds	79,601
Due to State of NJ	6,372
Special Emergency Note	22,000
Tax Overpayment Refunds	25,635
School Taxes Payable	15,920,052
County Taxes Payable	2,974,968
Due from Federal and State Grant Fund	32,784
Refunds	12,704
	<u>27,783,212</u>
Balance, December 31, 2014	<u><u>2,927,433</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ <u>225</u>
Balance, December 31, 2014	\$ <u><u>225</u></u>
Analysis of Balance:	
Tax Collector	100
Municipal Court	100
Board of Health	25
	\$ <u><u>225</u></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, 2014

Balance - December 31, 2013		\$	(7,669)
Increased by:			
Senior citizens' and veterans' deductions per tax billings	\$	8,500	
Senior Citizens' and Veterans' Allowed		<u>44,500</u>	
			<u>53,000</u>
			45,331
Decreased by:			
Cash received			<u>52,530</u>
Balance - December 31, 2014		\$	<u><u>(7,199)</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2014

Year	Balance, Dec. 31, 2013	2014 Levy	Added 2014 Levy	Collected 2013	Collected in 2014	Senior & Veteran's Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2014
2012	\$ 550,913		39,927		590,840				
	550,913		39,927		590,840				
2014		26,592,018	20,925	138,484	26,023,305	53,000	3,191	23,252	371,711
	\$ 550,913	26,592,018	60,852	138,484	26,614,145	53,000	3,191	23,252	371,711

Tax Overpayments Applied	36,326
Cash Receipts	26,601,071
	\$ 26,637,397

Analysis of 2014 Tax Levy

Tax yield:	
General property tax	\$ 26,592,018
Added tax (R.S.54-4-63.1 et seq.)	20,925
	\$ 26,612,943

Tax Levy:	
Local District School Tax	\$ 9,363,309
Regional School Tax	6,556,743
County Tax	2,856,951
County Added and Omitted Taxes	2,255
Local Open Space Taxes	118,017
	18,897,275

Local Tax for Municipal Purposes	\$ 7,687,541
Add: Additional Taxes Levied	28,127
	7,715,668
Local Tax for Municipal Purposes	\$ 26,612,943

BOROUGH OF NORWOOD, N.J.

Schedule of Property Aquired for Taxes

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ <u>1,142,840</u>
Balance - December 31, 2014	\$ <u><u>1,142,840</u></u>

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 30,095
Increased by:	
Transferred from taxes receivable	<u>3,191</u>
Balance - December 31, 2014	\$ <u><u>33,286</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Accrued in <u>2014</u>	<u>Collected</u>	Balance, Dec. 31, <u>2014</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	15,650	15,650	
Other		18,058	18,058	
Fees and permits		31,137	31,137	
Municipal Court - Fines and Costs	3,378	64,491	61,883	5,986
Interest and Cost on Taxes		132,116	132,116	
Interest on Investments and Deposits		10,824	10,824	
Recreation Fees		4,375	4,375	
Borough of Northvale Sewer Charges		14,000	14,000	
Cable T.V. Franchise Fee		78,104	78,104	
Library Rent		89,244	89,244	
Energy Receipts Tax		559,799	559,799	
Watershed Moratorium Offset Aid		5,734	5,734	
Uniform Construction Code Fees		107,875	107,875	
Uniform Fire Safety Act		14,848	14,848	
Norwood Board of Education - Landscaping		11,500	11,500	
	<u>\$ 3,378</u>	<u>1,157,755</u>	<u>1,155,147</u>	<u>5,986</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2014

	Balance Dec. 31, <u>2013</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2014</u>
Animal License Trust Fund	\$ 5,797	3,043	5,848	2,992
Open Space Trust Fund	(52)		93	(145)
Other Trust Fund:				
Developer's Escrow	180	53	234	(1)
Community Development Trust		2,621	946	1,675
General Capital Fund		78,624	112,198	(33,574)
	<u>\$ 5,925</u>	<u>84,341</u>	<u>119,319</u>	<u>(29,053)</u>
			Cash Receipts \$ 119,226	
		Cash Disbursement 79,601		
		Statutory Excess 2,992		
			Municipal Open Space Taxes 93	
		Reimbursement for expenditures paid 1,637		
		Interest Earned 111		
		<u>\$ 84,341</u>	<u>119,319</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-55, Special Emergency Authorizations

Current Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>Not Less Than 1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2014</u>
Reassessment	May 1, 2010	55,000	11,000	22,000	11,000	11,000
				\$ 22,000	11,000	11,000

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2014

	<u>Increased</u>	Balance, Dec. 31, <u>2014</u>
Overexpenditure of Appropriations	\$ <u>4,320</u>	<u>4,320</u>
	\$ <u><u>4,320</u></u>	<u><u>4,320</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
General Administration	\$ 2,671	2,671		2,671
Municipal Clerk's Office	1	1		1
Financial Administration	2,434	2,434		2,434
Revenue Administration	5	5		5
Assessment of Taxes	836	836		836
Municipal Court	1,561	1,561		1,561
Planning Board	600	600		600
Zoning Board	800	800		800
Police	182,057	141,262	65,574	75,688
Fire Department	64	64		64
Streets and Road Maintenance	143,760	143,760	2,682	141,078
Public Health Services	110	110		110
Recreational Services and Programs	2,000	2,000		2,000
Celebration of Public Evenets	1	1		1
Uniform Construction Code Enforcement Functions	814	814	30	784
Total Salaries and Wages Within "CAPS"	337,714	296,919	68,286	228,633
Other Expenses Within "CAPS":				
Administration	14,553	8,289	2,656	5,633
Mayor and Council	578	618	40	578
Municipal Clerk	2,492	2,543	162	2,381
Financial Administration	7,728	8,260	8,058	202
Audit Services	30,000	30,000	15,000	15,000
Computerized Data Processing	613	9,441	9,356	85
Revenue Administration	5,020	3,020	639	2,381
Assessment of Taxes	707	5,107	2,424	2,683
Legal Services	40,724	39,724	12,049	27,675
Engineering Services and Costs	2,595	2,595	1,205	1,390
Municipal Court	1,472	1,472		1,472
Liability Insurance	53,832	53,358	52,537	821
Employee Group Insurance	3,614	4,498	3,166	1,332
Planning Board	1,214	1,571		1,571
Zoning Board	1,532	1,615		1,615
Historical Preservation Committee	600	600		600
Environmental Commission	320	320		320

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Police	1,758	9,902	8,405	1,497
Police Dispatching/911	30,871	30,871		30,871
Aid to Volunteer Fire Companies	10,373	14,367	3,211	11,156
Aid to Volunteer Ambulance Companies	4,740	16,055	12,695	3,360
Fire Department	13,300	13,300	9,258	4,042
Public Defender	2,000	2,000		2,000
Emergency Management	3,800	3,800		3,800
Streets and Road Maintenance	9,572	10,302	5,824	4,478
Other Public Works Functions	3,766	4,166	508	3,658
Solid Waste Collection	61,697	79,766	45,337	34,429
Public Buildings and Grounds	1,679	4,313	1,382	2,931
Vehicle Maintenance	15,594	20,918	10,507	10,411
Public Health Services	2,998	3,248	149	3,099
Recreational Services and Programs	16,275	16,562	1,196	15,366
Electricity	25,018	25,018	5,031	19,987
Street Lighting	12,132	12,132	5,209	6,923
Telephone	11,510	12,010	534	11,476
Water	1,520	3,520	424	3,096
Gas (Natural and Propane)	10,791	10,791	4,571	6,220
Gasoline	14,946	16,602	2,573	14,029
Uniform Construction Code Enforcement Functions	4,338	4,338	689	3,649
Total Other expenses Within "CAPS"	<u>426,272</u>	<u>487,012</u>	<u>224,795</u>	<u>262,217</u>
Deferred Charges and Statutory Expenditures				
Within "CAPS":				
Public Employees Retirement System		7,811	7,811	
Social Security (O.A.S.I.)	14,247	14,247		14,247
Police and Firemen's Retirement System of NJ		40,795	40,795	
Unemployment Compensation Insurance	14,030	14,030	317	13,713
Total Deferred Charges and Statutory				
Expenditures Within "CAPS"	<u>28,277</u>	<u>76,883</u>	<u>48,923</u>	<u>27,960</u>
Total Reserves Within "CAPS"	<u>792,263</u>	<u>860,814</u>	<u>342,004</u>	<u>518,810</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operations - Excluded from "CAPS"				
Employee Group Insurance	17,291	17,291		17,291
Length of Service Award Program	35,000	35,000		35,000
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(j)]	3,115	3,115		3,115
Total Other Expenses Excluded from "CAPS"	<u>55,406</u>	<u>55,406</u>		<u>55,406</u>
 Total Reserves	 \$ <u>847,669</u>	 <u>916,220</u>	 <u>342,004</u>	 <u>574,216</u>
		Appropriation reserves 847,669		
		Encumbrances <u>68,551</u>		
		\$ <u>916,220</u>		

BOROUGH OF NORWOOD, N.J.
 Schedule of Reserve for Encumbrances
 Current Fund
 Year Ended December 31, 2014

Balance - December 31, 2013	\$	68,551
Increased by:		
2014 encumbrances		115,236
		183,787
Decreased by:		
Transferred to appropriation reserves		68,551
Balance - December 31, 2014	\$	115,236

Exhibit A-16

BOROUGH OF NORWOOD, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	138,484
Increased by:		
2015 prepaid taxes collected		<u>159,589</u>
		298,073
Decreased by:		
Taxes realized as revenue		<u>138,484</u>
Balance - December 31, 2014	\$	<u><u>159,589</u></u>

Exhibit A-17

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	84,822
Increased by:		
Cash Receipts		<u>10,385</u>
		95,207
Decreased by:		
Taxes realized as revenue	\$	36,326
Liabilities cancelled to operations		24,796
Cash Disbursements		<u>25,635</u>
		<u>86,757</u>
Balance - December 31, 2014	\$	<u><u>8,450</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Amount Due to the
State of New Jersey

Current Fund

Year Ended December 31, 2014

	<u>Marriage License Fee</u>	<u>Construction Training Fee</u>	<u>Total</u>
Increased by: Collections	\$ <u>725</u>	<u>6,022</u>	\$ <u>6,747</u>
Decreased by: Payments	<u>350</u>	<u>6,022</u>	<u>6,372</u>
Balance - December 31, 2014	\$ <u><u>375</u></u>	<u><u> </u></u>	\$ <u><u>375</u></u>

BOROUGH OF NORWOOD, N.J.
Schedule of Special Emergency Notes Payable

Current Fund

Year Ended December 31, 2014

<u>Number</u>	<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2013</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, Dec. 31, 2014</u>
10-1SEN	Special Emergency Note	Dec. 16, 2010	Sept. 12, 2014	Sept. 11, 2015	1.65% \$	22,000	11,000	22,000	11,000
						\$ 22,000	11,000	22,000	11,000

BOROUGH OF NORWOOD, N.J.

Schedule of School Taxes Payable

Current Fund

Year Ended December 31, 2014

Increased by:

Levy			
Regional School Tax	\$	6,556,743	
Local School Tax		<u>9,363,309</u>	
	\$		<u>15,920,052</u>

Decreased by:

Cash Disbursed	\$	<u>15,920,052</u>	
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BOROUGH OF NORWOOD, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2014

Increased by:

Levy			
County Tax Levy	\$	2,856,951	
County Open Space Tax Levy		118,017	
Added and Omitted Taxes		<u>2,255</u>	
	\$		<u>2,977,223</u>

Decreased by:

Cash Disbursed		<u>2,974,968</u>	
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Balance - December 31, 2014	\$	<u>2,255</u>	
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BOROUGH OF NORWOOD, N.J.
Schedule of Reserve for Unclaimed Property
Current Fund
Year Ended December 31, 2014

Increased by:	
Cash Receipts	\$ <u>100</u>
Balance - December 31, 2014	\$ <u><u>100</u></u>

BOROUGH OF NORWOOD, N.J.

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

Current Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	(82,099)
Increased by:			
Grant Revenue Anticipated	\$	51,817	
Cash Disbursements		<u>32,784</u>	
			<u>84,601</u>
			2,502
Decreased by:			
Grants Received		50,328	
Unappropriated Grants Received		650	
Grant Revenue Anticipated		51,817	
Budget Appropriation - Match		<u>1,235</u>	
			<u>104,030</u>
Balance - December 31, 2014		\$	<u><u>(101,528)</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants Receivable

State and Federal Grant Fund

Year Ended December 31, 2014

<u>Purpose</u>	Balance, Dec. 31, 2013	2014 Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, 2014
Municipal Alliance	\$ 12,986	4,938	3,449	14,475
Clean Communities		8,993	8,993	
Body Armor		1,850	1,850	
Recycling Tonnage		32,604	32,604	
Drunk Driving Enforcement Fund		3,432	3,432	
	<u>\$ 12,986</u>	<u>51,817</u>	<u>50,328</u>	<u>14,475</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriated Grant Reserves

State and Federal Grant Fund

Year Ended December 31, 2014

Purpose	Balance, Dec. 31, 2013	Transferred from 2014 Budget	Expended	Balance, Dec. 31, 2014
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	1,687			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	248			248
Body Armor Replacement Program	3,248			3,248
Bergen County Mini-Grant	300			300
Municipal Alliance - 2012	1,278			1,278
Municipal Alliance - Match	2,589			2,589
Drunk Driving Enforcement Fund - 2012	3,999			3,999
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
Body Armor Replacement Program	2,288			2,288
Municipal Alliance - 2011	1,046	4,938		5,984
Municipal Alliance - Match		1,235		1,235
Drunk Driving Enforcement Fund	1,585			1,585
Recycling Tonnage Grant	10,358		10,358	
Clean Communities - 2013	1,019		1,019	
Body Armor Replacement Program - 2013	2,212			2,212
Bergen County Mini-Grant - 2013	67			67
Municipal Alliance - 2013	9,876		3,710	6,166
Municipal Alliance - Match	2,469			2,469
Recycling Tonnage Grant - 2013	21,123		11,344	9,779
Drunk Driving Enforcement Fund	2,026			2,026
Sustainable Jersey	2,000		473	1,527
Clean Communities - 2014		8,993	5,880	3,113
Recycling Tonnage Grant		32,604		32,604
Body Armor Replacement Program - 2013		1,850		1,850
Drunk Driving Enforcement Fund		3,432		3,432
	<u>\$ 95,085</u>	<u>53,052</u>	<u>32,784</u>	<u>115,353</u>
Budget Appropriations		4,938		
Budget Match		1,235		
Appropriations by 40:a4-87		<u>46,879</u>		
		<u>53,052</u>		

BOROUGH OF NORWOOD, N.J.
Schedule of Unappropriated Grant Reserves
State and Federal Grant Fund
Year Ended December 31, 2014

<u>Purpose</u>	<u>Received</u>	Balance, Dec. 31, <u>2014</u>
Alcohol Education and Rehab. Fund	\$ <u>650</u>	<u>650</u>
	\$ <u><u>650</u></u>	<u><u>650</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2014

	Animal Trust Fund	Municipal Open Space	Other Trust Fund	Community Development Trust	Length of Service Award Program
Balance - December 31, 2013	\$ 17,300	783,526	451,583		345,293
Increase by Receipts:					
Animal License Fees	6,195				
Due to State of New Jersey	713				
Interfund - Current Fund		250,000			
Accounts Receivable			4,500	2,621	
Various Trust Deposits			180,246		
Other Trust Funds			859,147		
Open Space Taxes		117,924			
Investment Gains					25,923
Interest Earned on Investments	51	1,422	116		
Total Receipts	6,959	369,346	1,044,009	2,621	25,923
	24,259	1,152,872	1,495,592	2,621	371,216
Decreased by Disbursements:					
Animal License Expenditures	2,863				
Due to State of New Jersey	723				
Interfund - Current Fund	5,848	250,000	292	946	
Various Trust Deposits			40,236		
Other Trust Funds			184,981		
Municipal Open Space expenditures		41,438			
Administrative Fees					1,450
Total Disbursements	9,434	291,438	225,509	946	1,450
Balance - December 31, 2014	\$ 14,825	861,434	1,270,083	1,675	369,766

BOROUGH OF NORWOOD, N.J.

Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2014

Balance - December 31, 2013		\$	11,492
Increased by:			
Dog License Fees Collected	\$	4,329	
Cat License Fees Collected		606	
Late Fees		<u>1,260</u>	
			<u>6,195</u>
			17,687
Decreased by:			
Statutory Excess		2,992	
Expenditures R.S. 4:19-15.11		<u>2,863</u>	
			<u>5,855</u>
Balance - December 31, 2014		\$	<u><u>11,832</u></u>

Animal Licenses Collected

<u>Year</u>		<u>Amount</u>
2013	\$	5,883
2012		<u>5,949</u>
	\$	<u><u>11,832</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Due to State of New Jersey

Animal License Trust Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 11
Increased by:	
State License Fees collected	<u>713</u>
	724
Decreased by:	
Cash Disbursements	<u>723</u>
Balance - December 31, 2014	<u><u>\$ 1</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Interfund

Other Trust Funds

Year Ended December 31, 2014

	Due from/(to) Balance <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2014</u>
Current Fund:				
Other Trust Fund:				
Developer's Escrow	\$ (180)	234	53	1
Other Trust				
Unemployment Trust Fund		58	58	
Animal Control Trust	(5,797)	5,848	3,043	(2,992)
Municipal Open Space	52	93		145
Community Development		946	2,621	(1,675)
General Capital Fund:				
Municipal Open Space		<u>250,000</u>	<u>250,000</u>	
	<u>\$ (5,925)</u>	<u>257,179</u>	<u>255,775</u>	<u>(4,521)</u>
Statutory Excess			\$ 2,992	
Interest on Investments			169	
Municipal Open Space Taxes collected		93		
Expenses paid by Current Fund			2,614	
Cash Disbursements		257,086		
Cash Receipts			<u>250,000</u>	
		<u>\$ 257,179</u>	<u>255,775</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Open Space Trust Fund Expenditures

Open Space Trust Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	783,578
Increased by:			
Tax Levy Collections	\$	118,017	
Interest on Investments		<u>1,422</u>	
			<u>119,439</u>
			903,017
Decreased by:			
Cash Disbursements			<u>41,438</u>
Balance - December 31, 2014		\$	<u><u>861,579</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Various Trust Deposits

Trust Funds

Year Ended December 31, 2014

	Balance <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2014</u>
Reserve for:				
Escrow Deposits	\$ 136,441	37,028	38,224	135,245
Affordable Housing Expenditures	74,478	143,223	840	216,861
Unemployment Compensation Insurance	<u>21,194</u>	<u>4,129</u>	<u>1,172</u>	<u>24,151</u>
	<u>\$ 232,113</u>	<u>184,380</u>	<u>40,236</u>	<u>376,257</u>

Accounts Receivable	\$ 4,129	
Interfunds	5	
Cash Receipts	180,246	
Cash Disbursements		<u>40,236</u>
	<u>\$ 184,380</u>	<u>40,236</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Other Trust Expenditures

Trust Funds

Year Ended December 31, 2014

	Balance			Balance
	<u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2014</u>
Reserve for:				
New Jersey Clean Energy Program	\$ 540		537	3
Police Department Vest Fund	1,300			1,300
Parking Offenses Adjudication Act	94	8		102
Tax Sale Certificates and Premiums	92,200	740,700	58,200	774,700
Marriage License Fees Payable	25			25
Fire Prevention	750			750
Donation - Ferdan Cemetary	100			100
Celebration of Public Events	12,214	17,616	20,374	9,456
Earth Day Fair	20	6,672	3,654	3,038
Outside Employment - Police	65,975	94,151	78,298	81,828
Centennial	15,636			15,636
Accumulated Sick Leave	31,179		23,918	7,261
	<u>\$ 220,033</u>	<u>859,147</u>	<u>184,981</u>	<u>894,199</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Accounts Receivable

Unemployment Trust Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	743
Increased by:		
Unemployment Insurance Payroll Deductions		<u>4,129</u>
		4,872
Decreased by:		
Cash Receipts	\$	<u>4,500</u>
Balance - December 31, 2014		<u><u>372</u></u>

Analysis of Balance:		
4th quarter		<u>372</u>
	\$	<u><u>372</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants Receivable

Community Development Trust Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 1,571
Increased by:	
2012-2013 Grant Award	<u>2,500</u>
	4,071
Decreased by:	
Cash Receipts	<u>2,621</u>
Balance - December 31, 2014	<u><u>\$ 1,450</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Community Development Projects

Community Development Trust Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	1,571
Increased by:		
2013-2014 Grant Award		<u>2,500</u>
		4,071
Decreased by:		
Budget expenditures in Current		<u>2,621</u>
Balance - December 31, 2014	\$	<u><u>1,450</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, 2014

Balance - December 31, 2013	\$ 18,000
Increased by:	
2014 Service Award Contributions	<u>18,000</u>
	36,000
Decreased by:	
Contributions cancelled	<u>3,600</u>
Balance - December 31, 2014	<u><u>\$ 32,400</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, 2014

Balance - December 31, 2013		\$	363,293
Increased by:			
Borough Contributions	\$	18,000	
Net unrealized Appreciation in Fair Value of Investments		<u>25,923</u>	
			<u>43,923</u>
			407,216
Decreased by:			
Administrative expenses	\$	1,450	
Contribution receivables cancelled		<u>3,600</u>	
			<u>5,050</u>
Balance - December 31, 2014		\$	<u><u>402,166</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	1,449,353
Increased by Receipts:			
Infrastructure Trust Loan Drawdowns	\$	46,118	
Interfunds		27,225	
Capital Improvement Fund		50,000	
Bond Anticipation Notes		1,136,000	
Livingston Street Beautification Project		<u>1,000</u>	
			<u>1,260,343</u>
			2,709,696
Decreased by Disbursements:			
Improvement Authorizations		2,724,492	
Interfunds		78,624	
Livingston Street Beautification Project		<u>12,526</u>	
			<u>2,815,642</u>
Balance - December 31, 2014		\$	<u><u>(105,946)</u></u>

BOROUGH OF NORWOOD, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2014

Grants/Contributions Receivable	\$	(165,912)
New Jersey Infrastructure Trust Loans Receivable		(278,614)
Due from Current Fund		(33,574)
Reserve for Grants Receivable		199,486
Capital Improvement Fund		6,460
Reserve for Livingston Street Beautification Project		61,409
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)
07-28	Various Improvements	(9,188)
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	182,110
10-16	Livingston Street Drainage and Streetscape Project	(34,340)
11-06	Various Improvements, Acquisition of Equipment/Vehicles	1,337
12-10	Various Improvements	37,063
12-13	2012 Road and Parking Lot program	258,148
13-07	Livingston Street Streetscape, Phase II	251,724
13-14	Various Public Improvements	(155,982)
14-07	Replacement of Fire-Damaged DPW Vehicles/Equipment/Apparatus	(446,789)
14-11	Replacement of DPW Garage	(93,717)
14-12	Various Public Imps. & Acquisitions	114,415
		<u>\$ (105,946)</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants/Contributions Receivable

General Capital Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 199,486
Decreased by:	
Due from Current Fund	<u>33,574</u>
Balance - December 31, 2014	<u>\$ 165,912</u>

	<u>Analysis of Balance</u>	
Livingston St. Drainage/Streetscape Project, Ord. 2010-16		112,986
DOT Grant - Ord. 2012-10		<u>52,926</u>
		<u>\$ 165,912</u>

BOROUGH OF NORWOOD, N.J.

Schedule of State of New Infrastructure Trust Loans Receivable

General Capital Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	324,732
Decreased by:		
Drawdowns received		<u>46,118</u>
Balance - December 31, 2014	\$	<u><u>278,614</u></u>
Trust Loan - 2010B		120,882
Fund Loan - 2010B		<u>157,732</u>
	\$	<u><u>278,614</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2014

<u>Fund</u>	<u>Increased</u>	<u>Decreased</u>	<u>Due from/(to) Balance Dec. 31, 2014</u>
Current Fund	\$ <u>112,198</u>	<u>78,624</u>	<u>33,574</u>
	\$ <u><u>112,198</u></u>	<u><u>78,624</u></u>	<u><u>33,574</u></u>
Receipts \$		27,225	
Expenditures Paid by Current		51,399	
Grants	33,574		
Disbursements	<u>78,624</u>		
	\$ <u><u>112,198</u></u>	<u><u>78,624</u></u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year Ended December 31, 2014

Balance - December 31, 2013		\$	4,654,057
Decreased by:			
Current Year Budget Appropriations:			
Serial Bonds	\$	695,000	
New Jersey Infrastructure Trust Loans		<u>47,298</u>	
			<u>742,298</u>
Balance - December 31, 2014		\$	<u><u>3,911,759</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Decreased	Balance Dec. 31, 2014	Analysis of Balance, Dec. 31, 2014		
						Financed by Bond	Anticipation Notes	Expenditures
	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	9,188		13,939
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	376,986		13,895	363,091		34,340	78,646
12-10	Various Improvements	271,400			271,400	250,105		
12-13	2012 Road and Parking Lot program	1,047,000			1,047,000	271,400		
13-07	Livingston Street Streetscape, Phase II	911,000			911,000	1,047,000		
13-14	Various Public Improvements	561,900			561,900	911,000		180,918
14-07	Replacement of Fire-Damaged DPW Vehicles/Equipment/Apparatus		476,000		476,000	225,000		
14-11	Replacement of DPW Garage		476,000		476,000	446,789		29,211
						93,717		382,283
		<u>\$ 3,409,230</u>	<u>952,000</u>	<u>13,895</u>	<u>4,347,335</u>	<u>2,704,505</u>	<u>744,683</u>	<u>898,147</u>

Improvement Authorizations-Unfunded \$ 1,445,082

Less: Unexpended proceeds of Bond Anticipation Notes
 Ord. 12-10 37,063
 Ord. 12-13 258,148
 Ord. 13-07 251,724

546,935
\$ 898,147

BOROUGH OF NORWOOD, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2014

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2014	Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
General Obligation Bonds	August 1, 2004	2,755,000	08/01/15	3.75%	615,000	290,000	325,000
				325,000			
General Obligation Bonds	October 1, 2008	4,680,000	10/01/15	4.00%	3,105,000	405,000	2,700,000
			10/01/16	4.00%			
			10/01/17	4.00%			
			10/01/18	4.00%			
					\$ 3,720,000	695,000	3,025,000

BOROUGH OF NORWOOD, N.J.

Schedule of New Jersey Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year Ended December 31, 2014

Purpose	Date of Issue	Original Issue	Maturities of		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
Trust Loan	December 2, 2010	500,000	8/1/2015-18	20,000	5.00%	470,000	20,000	450,000
			8/1/2019-22	25,000				
			8/1/2023-26	30,000				
			8/1/2027-28	35,000				
			8/1/2029-30	40,000				
Fund Loan	December 2, 2010	536,850	02/01/15	9,099		464,057	27,298	436,759
			08/01/15	18,198				
			02/01/16	9,099				
			08/01/16	18,198				
			02/01/17	9,099				
			08/01/17	18,199				
			02/01/18	9,099				
			08/01/18	18,198				
			02/01/19	9,099				
			08/01/19	18,198				
			02/01/20	9,099				
			08/01/20	18,199				
			02/01/21	9,099				
			08/01/21	18,198				
02/01/22	9,099							
08/01/22	18,199							
02/01/23	9,099							
08/01/23	18,199							
02/01/24	9,099							
08/01/24	18,198							

BOROUGH OF NORWOOD, N.J.

Schedule of New Jersey Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year Ended December 31, 2014

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
Fund Loan, (cont.)	02/01/25		02/01/25	9,099				
	08/01/25		08/01/25	18,199				
	02/01/26		02/01/26	9,099				
	08/01/26		08/01/26	18,198				
	02/01/27		02/01/27	9,099				
	08/01/27		08/01/27	18,199				
	02/01/28		02/01/28	9,099				
	08/01/28		08/01/28	18,198				
	02/01/29		02/01/29	9,099				
	08/01/29		08/01/29	18,198				
			02/01/30	9,099				
			08/01/30	18,199				
						\$ 934,057	47,298	886,759

BOROUGH OF NORWOOD, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
10-16	Livingston Street Drainage & Streetscape Project	Dec. 16, 2011	Sept. 12, 2014	Sept. 11, 2015	1.25%	\$ 264,000	250,105	264,000	250,105
12-10	Public Improvements and acquisition of new additional or replacement equipment & machinery and new communication & signal systems equipment	Sept. 14, 2012	Sept. 12, 2014	Sept. 11, 2015	1.25%	271,400	271,400	271,400	271,400
12-13	2012 Road & Municipal Parking Lot Improvement Program	Sept. 13, 2013	Sept. 12, 2014	Sept. 11, 2015	1.25%	1,047,000	1,047,000	1,047,000	1,047,000
13-07	Livingston Street Streetscape, Phase II	Sept. 12, 2014	Sept. 12, 2014	Sept. 11, 2015	1.25%		911,000		911,000
13-14	Various Public Improvement	Sept. 12, 2014	Sept. 12, 2014	Sept. 11, 2015	1.25%		225,000		225,000
						\$ 1,582,400	2,704,505	1,582,400	2,704,505
						Cash \$ 1,136,000			
						Budget Paydown Renewed 13,895			
							1,568,505	1,568,505	
						\$ 2,704,505		1,582,400	2,704,505

BOROUGH OF NORWOOD, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2013		2014 Authorizations	Paid or Charged	Cancelled	Balance Dec. 31, 2014	
			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	238,453	23,127		9,188	238,453		13,939
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	1,250,000	221,677	213,150		39,567		182,110	213,150
10-16	Livingston Street Drainage and Streetscape Project	1,065,000		98,813		20,167			78,646
11-06	Various Improvements, Acquisition of Equipment/Vehicles	146,189	1,337					1,337	
12-10	Various Improvements	285,000		90,110		53,047			37,063
12-12	Various Improvements	753,600	70,195			70,195			
12-13	2012 Road and Parking Lot Program	1,100,000		1,018,298		760,150			258,148
13-7	Livingston Street Streetscape, Phase II	957,070	33,440	911,000		692,716			251,724
13-14	Various Public Improvements	590,000	28,100	561,900		409,082			180,918
14-07	Replacement of Fire-Damaged DPW Vehicles/Equipment/Apparatus	500,000			500,000	470,789			29,211
14-11	Replacement of DPW Garage	500,000			500,000	117,717			382,283
14-12	Various Public Imps. & Acquisitions	247,688			247,688	133,273		114,415	
			\$ 602,437	2,916,398	1,247,688	2,775,891	247,688	297,862	1,445,082

Capital Improvement Fund \$ 48,000
 Grants Receivable 247,688
 Deferred Charges to Future Taxation 952,000

\$ 1,247,688

Interfunds \$ 51,399
 Cash 2,724,492

\$ 2,775,891

BOROUGH OF NORWOOD, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2014

Balance - December 31, 2013	\$ 4,460
Increased by:	
Budget Appropriation	<u>50,000</u>
	54,460
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>48,000</u>
Balance - December 31, 2014	<u>\$ 6,460</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Livingston Street Beautification Project

General Capital Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 72,935
Increased by:	
Cash Receipts	<u>1,000</u>
	73,935
Decreased by:	
Cash Disbursements	<u>12,526</u>
Balance - December 31, 2014	<u><u>\$ 61,409</u></u>

Schedule of Reserve for Grants/Contributions Receivable

General Capital Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ 199,486
Decreased by:	
Transfer to Reserve for Payment of Bond Anticipation Notes	<u>33,574</u>
Balance - December 31, 2014	<u><u>\$ 165,912</u></u>

	<u>Analysis of Balance</u>
Shared Services Agreement - Bergen County, Ord. 2010-16	<u><u>\$ 165,912</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Payment of Bond Anticipation Notes

General Capital Fund

Year Ended December 31, 2014

Increased by:	
Transfer from Reserve for Grants Receivable	\$ <u>33,574</u>
Balance - December 31, 2014	\$ <u><u>33,574</u></u>

	<u>Analysis of Balance</u>	
Various Improvements, Ord. 2012-10	\$	<u><u>33,574</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2014

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>	<u>2014 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</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	112,986			112,986
2013-7	Livingston Street Streetscape, Phase II	911,000		911,000	
2013-14	Various Public Improvements	561,900		225,000	336,900
2014-7	Acquisition of New Additional or Replacement Equipment, Machinery, Automotive Vehicles to Replace Fire Damaged Vehicle		476,000		476,000
2014-11	Replacement of DPW Garage		476,000		476,000
		<u>\$ 1,826,830</u>	<u>952,000</u>	<u>1,136,000</u>	<u>1,642,830</u>

BOROUGH OF NORWOOD

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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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

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

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, 2014 and the related notes to the financial statements, and have issued our report thereon dated June 29, 2015, 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.

Honorable Mayor and
Members of the Borough Council
Page 2.

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

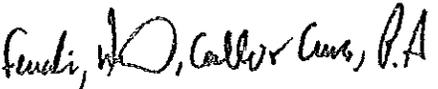
As part of obtaining reasonable assurance about whether the Borough of Norwood's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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

June 29, 2015

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 of 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:

- Installation of New Dugout and Backstop at Kennedy Park
- Refurbishment of Hahn Fire Truck
- Installation of Pre-fabricated DPW Building
- Knickerbocker Field Backstop Netting
- Kennedy Field Dugout Installation
- Adult Mini Bus with 20 ambulatory and 2 wheelchair positions

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 7, 2014 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 17, 2014 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>
2014	6
2013	6
2012	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, 2014, 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.

BOROUGH OF NORWOOD, N.J.

GENERAL COMMENTS

Finance/Accounts Payable:

1. *The temporary appropriations adopted were in excess of statutory maximums.
2. *There are Capital Fund Improvement Authorizations greater than five years old that have unfunded portions outstanding.
3. The General Capital Fund is reporting a deficit cash balance at year end.
4. There was an adjustment made to a property assessment resulting from a County Board Judgement which was in excess of the judgement amount.
5. The fixed asset report did not include a listing of additions or deletions for the current year.
6. There was an over-expenditure of budget appropriations in the amount of \$4,320 in the Current Fund.
7. There were instances in which transfers were made between budget appropriations which were made prior to and/or without Mayor and Council approval.
8. There were instances in which monthly payments for operating leases did not agree to the lease agreement.

Departments:

1. Monthly cash ledgers and/or supporting documentation detailing receipts collected were not available for audit review for the following departments:
Fire Prevention, Building Department
2. There were instances in which monies collected by the police department were not made in a timely manner.

BOROUGH OF NORWOOD

RECOMMENDATIONS

Finance/Accounts Payable:

1. *That more care be taken to ensure temporary appropriations are within the statutory maximums established by N.J.S.A. 40A:4-19.
2. *That Improvement Authorizations greater than five years old be funded.
3. That more care be taken to ensure there is not a deficit cash balance at year end.
4. That more care be taken to ensure adjustment made to the tax system agree with judgement amounts.
5. That the fixed asset report include a list of additions and deletions.
6. That more care be taken to ensure no line items are over-expended.
7. That all transfer be approved by Mayor and Council in accordance with N.J.S.A. 40A:4-45.
8. That more care be taken to ensure twelve monthly payments are made in accordance with operating lease agreements.

Departments:

1. Monthly cash receipts ledgers detailing monies collected be prepared and maintained for the all departments and/or classifications of receipts.
2. That all monies collected be deposited with 48 hours of receipt as required by N.J.S.A. 40A:5-15.

BOROUGH OF NORWOOD, N.J.

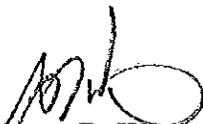
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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. Wielkocz, C.P.A.
Registered Municipal Accountant
No. 413



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

June 29, 2015