

REPORT OF AUDIT
BOROUGH OF NORWOOD
COUNTY OF BERGEN
DECEMBER 31, 2015

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BOROUGH OF NORWOOD

TABLE OF CONTENTS

PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	8
A-3	Statement of Expenditures - Regulatory Basis	10
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Regulatory Basis	18
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	20
C-1	Comparative Statement of Changes in Fund Balance - Regulatory Basis	21
	<u>GENERAL FIXED ASSETS</u>	
G	Statement of General Fixed Assets - Regulatory Basis	22
	Notes to Financial Statements Year Ended December 31, 2015	23
	Supplementary Data	59
	<u>CURRENT FUND</u>	
A-4	Schedule of Cash - Collector - Treasurer	66
A-5	Schedule of Cash - Change Fund	67
A-6	Schedule of Amount Due to State of New Jersey for Senior Citizens' and Veterans' Deductions	68
A-7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	69
A-8	Schedule of Property Acquired for Taxes	70
A-9	Schedule of Tax Title Liens	70
A-10	Schedule of Revenue Accounts Receivable	71
A-11	Schedule of Interfunds	72
A-12	Schedule of Deferred Charges - N.J.S.A. 40A:4-55 - Special Emergency	73
A-13	Schedule of Deferred Charges	74
A-14	Schedule of Appropriation Reserves	75

BOROUGH OF NORWOOD

TABLE OF CONTENTS

PART I, (Continued)

<u>Exhibit</u>		<u>Page</u>
	<u>CURRENT FUND, (Continued)</u>	
A-15	Schedule of Encumbrances Payable	78
A-16	Schedule of Prepaid Taxes	79
A-17	Schedule of Tax Overpayments	79
A-18	Schedule of Amount Due to State of New Jersey	80
A-19	Schedule of Special Emergency Notes Payable	81
A-20	Schedule of School Taxes Payable	82
A-21	Schedule of County Taxes Payable	82
A-22	Schedule of Unclaimed Property	83
A-23	Schedule of Due From/(to) Federal and State Grant Fund	84
A-24	Schedule of Grants Receivable	85
A-25	Schedule of Appropriated Reserves for Grants	86
A-26	Schedule of Unappropriated Reserves for Grants	88
	 <u>TRUST FUND</u>	
B-1	Schedule of Cash	89
B-2	Reserve for Animal Trust Fund Expenditures	90
B-3	Schedule of Due to State of New Jersey - Animal License Trust Fund	91
B-4	Schedule of Interfund - Current Fund - Other Trust Funds	92
B-5	Schedule of Reserve for Open Space Trust Fund Expenditures	93
B-6	Schedule of Reserve for Various Trust Deposits	94
B-7	Schedule of Reserve for Other Trust Expenditures	95
B-8	Schedule of Grants Receivable Accounts Receivable - Unemployment Trust Fund	96
B-9	Schedule of Grants Receivable - Community Development Trust Fund	97
B-10	Schedule of Reserve for Community Development Projects	97
B-11	Schedule of Service Award Contributions Receivable - Emergency Services Volunteer - Length of Service Award Program	98
B-12	Schedule of Net Assets Available for Benefits - Emergency Services Volunteer - Length of Service Award Program	99
	 <u>GENERAL CAPITAL FUND</u>	
C-2	Schedule of Cash	100
C-3	Analysis of Cash	101
C-4	Schedule of Grants/Contributions Receivable	102
C-5	Schedule of State of New Jersey Infrastructure Trust Loans Receivable	103
C-6	Schedule of Interfunds	104

BOROUGH OF NORWOOD

TABLE OF CONTENTS

PART I, (Continued)

<u>Exhibit</u>		<u>Page</u>
	<u>GENERAL CAPITAL FUND, (Continued)</u>	
C-7	Schedule of Deferred Charges to Future Taxation - Funded	105
C-8	Schedule of Deferred Charges to Future Taxation - Unfunded	106
C-9	Schedule of General Serial Bonds Payable	107
C-10	Schedule of New Jersey Environmental Infrastructure Trust Loans Payable	108
C-11	Schedule of Bond Anticipation Notes Payable	109
C-12	Schedule of Improvement Authorizations	110
C-13	Schedule of Capital Improvement Fund	111
C-14	Schedule of Reserve for Livingston Street Beautification Project	112
C-15	Schedule of Reserve for Grants/Contributions Receivable	112
C-16	Schedule of Reserve for Payment of Bond Anticipation Notes	113
C-17	Schedule of Bonds and Notes Authorized But Not Issued	114

PART II

	Independent Auditor's Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	115
	General Comments	117
	Comments	120
	Recommendations	121
	Status of Prior Year Audit Findings/Recommendations	122
	Acknowledgment	122

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BOROUGH OF NORWOOD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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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, 2015 and 2014, 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, 2015, 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
Page 2.

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, 2015 and 2014, 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 \$403,051 and \$402,166 for 2015 and 2014, 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, 2015 and 2014, 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, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Norwood's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

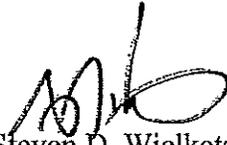
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2016 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
Page 4.

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. CRO0413



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Certified Public Accountants
Pompton Lakes, New Jersey

May 24, 2016

FWCC

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Current Fund:			
Cash	A-4	\$ 3,284,024	2,927,433
Petty Cash		350	350
Change Fund	A-5	225	225
		<u>3,284,599</u>	<u>2,928,008</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	392,093	371,711
Property Acquired for Taxes			
Assessed Valuations	A-8	1,142,840	1,142,840
Tax Title Liens	A-9	36,514	33,286
Revenue Accounts Receivable	A-10	4,618	5,986
Interfunds Receivable:			
Animal License Trust Fund	A-11		2,992
Developer's Escrow Trust Fund	A-11	85	
Community Development Trust Fund	A-11	1,300	1,675
		<u>1,577,450</u>	<u>1,558,490</u>
Deferred Charges:			
Special Emergency - N.J.S.A. 40-A:4-55	A-12	45,000	11,000
Over-expenditure of Budget Appropriations	A-13		4,320
		<u>45,000</u>	<u>15,320</u>
		<u>4,907,049</u>	<u>4,501,818</u>
Federal and State Grant Fund:			
Due from Current Fund	A-23	81,701	101,528
Grants Receivable	A-24	21,860	14,475
		<u>103,561</u>	<u>116,003</u>
		<u>\$ 5,010,610</u>	<u>4,617,821</u>

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3, A-14	\$ 995,505	800,010
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-6	6,309	7,199
Interfunds Payable:			
Federal and State Grant Fund	A-23	81,701	101,528
Open Space Trust Fund	A-11		145
Other Trust Fund	A-11		1
Animal License Trust Fund	A-11	5	
Unemployment Compensation Trust Fund	A-11	4,200	
General Capital Fund	A-11	28,180	33,574
Encumbrances Payable	A-15	72,171	115,236
Prepaid Taxes	A-16	155,582	159,589
Tax Overpayments	A-17	7,068	8,450
Due to State of New Jersey:			
Marriage License Fees	A-18	100	375
DCA Fees	A-18	2,322	
Special Emergency Note Payable	A-19		11,000
Due County for Added Taxes	A-21	2,128	2,255
Reserve for Unclaimed Property	A-22	363	100
		<u>1,355,634</u>	<u>1,239,462</u>
Reserve for Receivables and Other Assets	A	1,577,450	1,558,490
Fund Balance	A-1	<u>1,973,965</u>	<u>1,703,866</u>
		<u>4,907,049</u>	<u>4,501,818</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-25	102,972	115,353
Unappropriated Reserves	A-26	589	650
		<u>103,561</u>	<u>116,003</u>
		<u>\$ 5,010,610</u>	<u>4,617,821</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 575,000	516,750
Miscellaneous Revenue Anticipated	1,182,747	1,206,964
Receipts from Delinquent Taxes	391,888	590,840
Receipts from Current Taxes	26,548,710	26,214,789
Non-Budget Revenues	114,732	195,496
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	666,466	574,216
Tax Overpayments Cancelled		24,796
Interfunds Returned	4,667	5,977
	<hr/>	<hr/>
Total revenue	29,484,210	29,329,828
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,623,535	3,582,282
Other Expenses	4,147,919	4,038,867
Capital Improvements	75,000	50,000
Municipal Debt Service	954,528	939,023
Deferred Charges and Statutory Expenditures	713,840	712,243
School Taxes Payable	16,018,885	15,920,052
County Taxes Including Added Taxes	2,979,876	2,977,223
Municipal Open Space Taxes	118,137	93
Refunds	52,391	12,704
	<hr/>	<hr/>
Total expenditures	28,684,111	28,232,487
Excess in Revenue	800,099	1,097,341
Adjustments to income before fund balance- expenditures which are by statute deferred charges to budget of succeeding year		
Special Emergency Authorization	45,000	
Overexpenditure of Appropriations		4,320
	<hr/>	<hr/>
Statutory excess to fund balance	845,099	1,101,661
Fund Balance - January 1,	1,703,866	1,118,955
Decreased by Utilization as Anticipated Revenue	575,000	516,750
	<hr/>	<hr/>
Fund Balance - December 31,	\$ 1,973,965	\$ 1,703,866

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 575,000	575,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic beverages	15,000	17,140	2,140
Other	17,500	29,329	11,829
Fees and permits	28,000	23,167	(4,833)
Fines and Costs - Municipal Court	61,500	67,325	5,825
Interest and Costs on Taxes	80,000	111,827	31,827
Interest on Investments and Deposits	10,900	15,222	4,322
Recreation Fees	4,300	9,488	5,188
Borough of Northvale Sewer Charges	14,000	14,000	
Cable T.V. Franchise Fee	78,100	81,194	3,094
Library Rent	93,717	93,719	2
Swim Club Lease			
Energy Receipts Tax	559,799	559,799	
Watershed Moratorium Offset Aid	5,734	5,734	
Uniform Construction Code Fees	80,000	105,196	25,196
ANJEC Grant	1,000	1,000	
Drunk Driving Enforcement Fund	1,593	1,593	
Clean Communities Program	11,009	11,009	
Municipal Alliance Program	9,876	9,876	
Mini-Grant Bergen County	300	300	
Alcohol Education and Rehabilitation Fund	650	650	
Body Armor Grant	1,847	1,847	
Uniform Fire Safety Act	14,000	11,832	(2,168)
Norwood Board of Education - Landscaping	11,500	11,500	
Total Miscellaneous Revenues	<u>1,100,325</u>	<u>1,182,747</u>	<u>82,422</u>
Receipts from Delinquent Taxes	<u>525,000</u>	<u>391,888</u>	<u>(133,112)</u>
Amount to be Raised by Taxes for Support of Municipal Budget	<u>7,802,747</u>	<u>7,964,912</u>	<u>162,165</u>
Budget total	<u>\$ 10,003,072</u>	<u>10,114,547</u>	<u>111,475</u>
Non -Budget revenue		<u>114,732</u>	
		<u>\$ 10,229,279</u>	

BOROUGH OF NORWOOD, N.J.
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2015

Analysis of Realized Revenue

Allocation of Current Tax Collections; Revenue from Collections	\$ 26,548,710
Allocated to School, County and Local Taxes	<u>19,116,898</u>
Balance for Support of Municipal Budget Appropriations	7,431,812
Add: Appropriation - Reserve for Uncollected Taxes	<u>533,100</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 7,964,912</u>
Receipts from: Delinquent Tax Collections	<u>391,888</u>
	<u>\$ 391,888</u>

Analysis of Non-Budget Revenues

In Lieu of Taxes - Chodae Church	\$ 52,164
Police	926
Harrington Park Court	20,438
Misc	11,350
Election	80
Offsets not Applied	8,374
Tobar Top Soil	<u>21,400</u>
	<u>\$ 114,732</u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Operations - within "CAPS":					
General Government:					
Administration:					
Salaries and Wages	\$ 34,932	34,932	34,801	131	
Other Expenses	38,850	38,850	31,767	7,083	
Mayor and Council					
Other Expenses	7,500	7,500	6,962	538	
Municipal Clerk					
Salaries and Wages	158,873	159,473	158,569	904	
Other Expenses	17,450	17,450	11,161	6,289	
Financial Administration:					
Salaries and Wages	67,480	67,540	66,359	1,181	
Other Expenses	28,690	28,690	17,056	11,634	
Audit Services:					
Other Expenses	38,000	38,000	8,000	30,000	
Computerized Data Processing:					
Salaries and Wages	2,616	2,616	2,616		
Other Expenses	24,500	24,500	14,567	9,933	
Revenue Administration:					
Salaries and Wages	80,960	80,960	80,757	203	
Other Expenses	5,625	5,625	4,719	906	
Assessment of Taxes:					
Salaries and Wages	25,300	25,300	25,297	3	
Other Expenses	3,970	3,970	3,312	658	
Legal Services and Costs:					
Other Expenses	90,000	90,000	63,588	26,412	
Engineering Services and Costs:					
Other Expenses	31,000	31,000	11,658	19,342	
Municipal Court:					
Salaries and Wages	69,234	69,234	67,443	1,791	
Other Expenses	4,000	4,000	3,782	218	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Liability Insurance	235,623	235,623	168,090	67,533	
Employee Group Insurance	753,804	753,804	638,488	115,316	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.) Planning Board:					
Salaries and Wages	3,119	3,119	3,000	119	
Other Expenses	9,100	9,100	8,833	267	
Historical Preservation Committee:					
Other Expenses	600	600	96	504	
Environmental Commission:					
Other Expenses	1,350	1,350	768	582	
Zoning Board:					
Salaries and Wages	3,119	3,119	3,000	119	
Other Expenses	6,000	6,000	5,581	419	
Housing Liason Officer					
Salaries and Wages	10,462	10,472	10,472		
Public Safety:					
Police:					
Salaries and Wages	2,096,092	2,094,222	1,965,070	129,152	
Other Expenses	145,084	145,084	126,944	18,140	
Police Dispatch/911:					
Other Expenses	106,256	106,256	70,334	35,922	
Aid to Volunteer Fire Companies:					
Other Expenses	33,800	33,800	26,057	7,743	
Aid to Volunteer Ambulance Companies:					
Other Expenses	29,000	29,000	28,625	375	
Fire Department:					
Salaries and Wages	27,519	27,519	27,514	5	
Other Expenses	142,134	142,134	138,401	3,733	
Municipal Prosecutor's Office:					
Other Expenses	5,000	5,000	5,000		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Emergency Management					
Salaries and Wages	10,462	10,462	10,047	415	
Other Expenses	5,000	5,000		5,000	
Public Works Function:					
Streets and Roads:					
Streets and Road Maintenance:					
Salaries and Wages	859,174	859,174	734,799	124,375	
Other Expenses	46,100	46,100	39,495	6,605	
Other Public Works Functions:					
Other Expenses	15,000	15,000	12,551	2,449	
Solid Waste Collection:					
Other Expenses	600,000	600,000	521,234	78,766	
Public Building and Grounds:					
Other Expenses	62,000	62,000	61,907	93	
Vehicle Maintenance:					
Other Expenses	83,000	83,000	68,633	14,367	
Health and Welfare:					
Public Health Services:					
Salaries and Wages	18,863	18,863	18,021	842	
Other Expenses	41,800	41,800	37,099	4,701	
Recreational Services and Programs:					
Salaries and Wages	17,386	17,386	16,385	1,001	
Other Expenses	43,500	43,500	40,752	2,748	
Other Common Operating Functions:					
Celebration of Public Events:					
Salaries and Wages	2,616	2,616	2,616		
Other Expenses	11,816	11,816	7,473	4,343	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
UNCLASSIFIED:					
Utilities:					
Electricity	90,000	90,000	54,257	35,743	
Street Lighting	68,000	68,000	61,581	6,419	
Telephone	36,000	36,000	23,681	12,319	
Water	23,000	23,000	19,253	3,747	
Gas (Natural and Propane)	35,000	35,000	16,188	18,812	
Gasoline	85,000	85,000	38,403	46,597	
Uniform Construction Code Enforcement Functions:					
Salaries and Wages	105,328	106,528	105,388	1,140	
Other Expenses	12,120	12,120	12,102	18	
Accumulated Sick Leave	30,000	30,000	22,340	7,660	
Preparation of Master Plan		45,000	6,271	38,729	
Total Operations within "CAPS"	6,638,207	6,683,207	5,769,163	914,044	
Total Operations Including Contingent-within "CAPS"	6,638,207	6,683,207	5,769,163	914,044	
Detail:					
Salaries & Wages	3,623,535	3,623,535	3,354,494	269,041	
Other Expenses (Including Contingent)	3,014,672	3,059,672	2,414,669	645,003	
Total:	6,638,207	6,683,207	5,769,163	914,044	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS":					
Deferred Charges:					
Overexpenditure of Appropriations	4,320	4,320	4,320		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	134,202	134,202	134,202		
Social Security System (O.A.S.I.)	135,000	135,000	130,863	4,137	
Police and Fireman's Retirement System of NJ	399,318	399,318	399,318		
Unemployment Compensation Insurance	30,000	30,000	12,531	17,469	
	<u>702,840</u>	<u>702,840</u>	<u>681,234</u>	<u>21,606</u>	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"					
	<u>7,341,047</u>	<u>7,386,047</u>	<u>6,450,397</u>	<u>935,650</u>	
Total General Appropriations for Municipal Purposes within "CAPS"					
Operations - Excluded from "CAPS":					
Length of Service Award Program	35,000	35,000		35,000	
Stormwater Management:					
Other Expenses	11,500	11,500	11,119	381	
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(f)]:					
Other Expenses	576,321	576,321	576,321		
Aid to Privately Owned Library and Reading Room:					
Other Expenses	412,208	412,208	412,208		
Employee Group Insurance	24,474	24,474		24,474	
	<u>1,059,503</u>	<u>1,059,503</u>	<u>999,648</u>	<u>59,855</u>	
Total Other Operations - Excluded from "CAPS"					

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund						
		Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Year Ended December 31, 2015						
Public and Private Programs Offset by Revenues:						
Current Year Program:						
Municipal Alliance Program:						
State Share	9,876	9,876	9,876	9,876		
Local Share	2,469	2,469	2,469	2,469		
Drunk Driving Enforcement Fund						
Other Expenses	1,593	1,593	1,593	1,593		
Clean Communities						
Other Expenses	11,009	11,009	11,009	11,009		
Body Armor Replacement Program						
Other Expenses	1,847	1,847	1,847	1,847		
Alcohol Education and Rehabilitation Grant	650	650	650	650		
Bergen County Mini-Grant	300	300	300	300		
ANJEC Grant	1,000	1,000	1,000	1,000		
	<u>28,744</u>	<u>28,744</u>	<u>28,744</u>	<u>28,744</u>		
Total Public and Private Programs Offset by Revenues	<u>1,088,247</u>	<u>1,088,247</u>	<u>1,028,392</u>	<u>59,855</u>		
Total Operations-Excluded from "CAPS"						
Detail:						
Other Expenses	<u>1,088,247</u>	<u>1,088,247</u>	<u>1,028,392</u>	<u>59,855</u>		
Total:	<u>1,088,247</u>	<u>1,088,247</u>	<u>1,028,392</u>	<u>59,855</u>		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Capital Improvements-Excluded from "CAPS" Capital Improvement Fund	75,000	75,000	75,000		
Total Capital Improvements Excluded from "CAPS"	75,000	75,000	75,000		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	720,000	720,000	720,000		
Interest on Bonds	120,200	120,200	120,187		13
Payment of Note Principal	28,180	28,180	28,180		
Interest on Notes	16,500	16,500	16,363		137
NJEIT:					
Principal	47,298	47,298	47,298		
Interest	22,500	22,500	22,500		
Total Municipal Debt Service-Excluded from "CAPS"	954,678	954,678	954,528		150
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, 2015

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,128,925	2,128,925	2,068,920	59,855	150
Subtotal General Appropriations	9,469,972	9,514,972	8,519,317	995,505	150
Reserve for Uncollected Taxes	533,100	533,100	533,100		
Total General Appropriations	<u>\$ 10,003,072</u>	<u>10,048,072</u>	<u>9,052,417</u>	<u>995,505</u>	<u>150</u>
Adopted Budget \$	9,987,323				
Special Emergency Authorization	45,000				
Amended by N.J.S.A. 40A:4-87	15,749				
	<u>\$ 10,048,072</u>				
Reserve for Uncollected Taxes \$	533,100				
Deferred Charges	15,320				
Grants	28,744				
Due to General Capital	28,180				
Encumbrances	72,171				
Cash	<u>8,374,902</u>				
	<u>\$ 9,052,417</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, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Animal Trust Fund:			
Cash	B-1	\$ 12,079	14,825
Interfund - Current Fund	B-1	5	-
		<u>12,084</u>	<u>14,825</u>
Municipal Open Space Trust Fund:			
Cash	B-1	813,695	861,434
Interfund - Current Fund	B-4	-	145
		<u>813,695</u>	<u>861,579</u>
Other Trust Funds:			
Cash	B-1	1,343,207	1,270,083
Interfund - Current Fund	B-4	4,200	1
Accounts Receivable - Unemployment	B-8	378	372
		<u>1,347,785</u>	<u>1,270,456</u>
Community Development Trust Fund:			
Cash	B-1	-	1,675
Grants Receivable	B-9	3,500	1,450
		<u>3,500</u>	<u>3,125</u>
Length of Service Award Program: (Unaudited)			
Investments	B-1	370,651	369,766
Contribution Receivable	B-11	32,400	32,400
		<u>403,051</u>	<u>402,166</u>
		<u>\$ 2,580,115</u>	<u>2,552,151</u>

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Trust Fund:			
Reserve for Animal Trust Fund Expenditures	B-2	12,078	11,832
Due to Current Fund	B-4		2,992
Due to State of New Jersey	B-3	6	1
		<u>12,084</u>	<u>14,825</u>
Municipal Open Space Trust Fund:			
Reserve for Open Space Trust Fund Expenditures	B-5	<u>813,695</u>	<u>861,579</u>
Other Trust Fund:			
Reserve for:			
Interfund - Current Fund	B-4	85	
Various Trust Deposits	B-6	500,209	376,257
Other Trust Expenditures	B-7	<u>847,491</u>	<u>894,199</u>
		<u>1,347,785</u>	<u>1,270,456</u>
Community Development Trust Fund:			
Interfund - Current Fund	B-4	1,300	1,675
Reserve for Expenditures	B-10	<u>2,200</u>	<u>1,450</u>
		<u>3,500</u>	<u>3,125</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-12	<u>403,051</u>	<u>402,166</u>
		<u>\$ 2,580,115</u>	<u>2,552,151</u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash:			
Checking	C-2,3	\$ 770,861	
Grants/Contributions Receivable	C-4	359,486	165,912
State of New Jersey - Infrastructure			
Trust Loans Receivable	C-5	72,915	278,614
Due from Current Fund	C-6	28,180	33,574
Deferred Charges to Future Taxation:			
Funded	C-7	3,034,697	3,911,759
Unfunded	C-8	5,033,295	4,347,335
		<u>\$ 9,299,434</u>	<u>8,737,194</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Deficit in Cash	C-2,3		105,946
General Serial Bonds	C-9	2,305,000	3,025,000
State of New Jersey - Infrastructure Trust Loans Payable			
Trust Loan - 2010B	C-10	430,000	450,000
Fund Loan - 2010B	C-10	299,697	436,759
Bond Anticipation Notes Payable	C-11	3,866,465	2,704,505
Improvement Authorizations:			
Funded	C-12	104,752	297,862
Unfunded	C-12	1,846,740	1,445,082
Capital Improvement Fund	C-13	9,460	6,460
Reserve for Livingston Street Beautification Project	C-14	53,487	61,409
Reserve for Grants/Contributions Receivable	C-15	359,486	165,912
Reserve for Payment of Notes - Ordinance 10-2012	C-16	19,662	33,574
Fund Balance	C-1	4,685	4,685
		<u>\$ 9,299,434</u>	<u>8,737,194</u>

There were \$1,166,830 and \$1,642,830 of Bonds and Notes Authorized But Not Issued on on December 31, 2015 and December 31, 2014 (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>2015</u>	<u>2014</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>General Fixed Assets:</u>		
Land	\$ 37,985,800	37,985,800
Buildings	2,418,828	2,045,500
Machinery and Equipment	<u>4,833,586</u>	<u>4,647,533</u>
	<u>\$ 45,238,214</u>	<u>44,678,833</u>
Investment in Fixed Assets	<u>\$ 45,238,214</u>	<u>44,678,833</u>

See accompanying notes to financial statements.

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BOROUGH OF NORWOOD, N. J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014

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, 2015 and 2014
(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.

Community Development Block Grant Trust Fund - This fund is used to account for the award of and subsequent receipt of and disbursements related to Community Development Block Grants.

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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

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

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.

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, 2015 and 2014
(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, 2015 and 2014, the Governing Body approved additional revenues and appropriations of \$15,749 and \$46,879, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2015 and 2014.

The governing body also approved a \$45,000 special emergency appropriation for the preparation of a master plan in 2015.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(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, 2015 and 2014
(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, 2015 and 2014
(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 required 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 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 required 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 February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

Basis of Accounting, (continued)

provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

Basis of Accounting, (continued)

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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, 2015 and 2014, \$-0- of the Borough's bank balance of \$6,464,955 and \$5,318,691, respectively, 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.

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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

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, 2015 and 2014 amounted to \$370,651 and \$369,766, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Fixed Income	\$78,700	\$70,593
Growth and Income	72,140	75,826
LVIP S&P 500 Index	118,532	131,473
LVIP Delaware Special Opportunities	50,213	48,370
All Others	<u>51,066</u>	<u>43,504</u>
 Total	 <u>\$370,651</u>	 <u>\$369,766</u>

NOTE 3: TAXES RECEIVABLE

Receivables at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Property Taxes	<u>\$392,093</u>	<u>\$371,711</u>

In 2015 and 2014, the Borough collected \$391,888 and \$590,840 from delinquent taxes, which represented 100% and 100% of the prior year delinquent tax receivable balances.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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, 2015 were as follows:

Schedule of Future Minimum Lease Payments:

Year Ending <u>December 31,</u>	<u>Amount</u>
2016	\$52,521.18
2017	40,848.24
2018	<u>11,262.48</u>
	<u>\$104,631.90</u>

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2015 consisted of the following:

	<u>Balance Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General Obligation Debt	\$3,025,000	\$	\$720,000	\$2,305,000	\$740,000
Deferred PERS/PFRS Pension Contribution	163,283		11,565	151,718	12,525
Other Liabilities:					
Compensated Absences Payable	256,736	23,434	54,666	225,504	
New Jersey Environmental Infrastructure Trust Loans Payable	<u>886,759</u>	<u> </u>	<u>157,062</u>	<u>729,697</u>	<u>47,297</u>
	<u>\$4,331,778</u>	<u>\$23,434</u>	<u>\$943,293</u>	<u>\$3,411,919</u>	<u>\$799,822</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 5: MUNICIPAL DEBT, (continued)

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 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
<u>General:</u>			
Bonds, Notes and Loans	<u>\$6,901,162</u>	<u>\$6,616,264</u>	<u>\$6,236,457</u>
Total Issued	6,901,162	6,616,264	6,236,457
 <u>Less</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>19,662</u>	<u>33,574</u>	<u>-0-</u>
Net Debt Issued	6,881,500	6,582,690	6,236,457
 <u>Authorized But Not Issued</u>			
<u>General:</u>			
Bonds and Notes	<u>1,166,830</u>	<u>1,642,830</u>	<u>1,826,830</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$8,048,330</u>	<u>\$8,225,520</u>	<u>\$8,063,287</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .645%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$3,810,000	\$3,810,000	\$0
Regional School District	1,699,429	1,699,429	0
General Debt	<u>8,067,992</u>	<u>19,662</u>	<u>8,048,330</u>
	<u>\$13,577,421</u>	<u>\$5,529,091</u>	<u>\$8,048,330</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 5: MUNICIPAL DEBT, (continued)

Net Deb of \$8,048,330 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended of \$1,247,572,285 = .645%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$43,665,030
Net Debt	<u>8,048,330</u>
Remaining Borrowing Power	<u>\$35,616,700</u>

The Borough's long term debt consisted of the following at December 31, 2015:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>	
	<u>2015</u>	<u>2014</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
\$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>2,305,000</u>	<u>2,700,000</u>
	<u>\$2,305,000</u>	<u>\$3,025,000</u>

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>2015</u>	<u>2014</u>
<u>General Capital</u>		
\$500,000 loan - with an interest rate of 5.00% issued December 2, 2012, due through August 1, 2030	\$430,000	\$450,000
\$536,850 loan due in semiannual installments of \$9,099 to \$18,198 through August 1, 2030	<u>299,697</u>	<u>436,759</u>
	<u>\$729,697</u>	<u>\$886,759</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 5: MUNICIPAL DEBT, (continued)

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>
2016	\$900,997	\$740,000	\$92,200	\$47,297	\$21,500
2017	895,398	765,000	62,600	47,298	20,500
2018	898,798	800,000	32,000	47,298	19,500
2019	70,797			52,297	18,500
2020	69,548			52,298	17,250
2021-2025	343,237			276,487	66,750
2026-2030	<u>234,972</u>			<u>206,722</u>	<u>28,250</u>
	<u>\$3,413,747</u>	<u>\$2,305,000</u>	<u>\$186,800</u>	<u>\$729,697</u>	<u>\$192,250</u>

At December 31, 2015 and 2014, the Borough had authorized but not issued debt of \$1,166,830 and \$1,642,830, respectively.

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.

On December 31, 2015 and 2014, the Borough had \$3,866,465 and \$2,704,505, respectively, in outstanding General Capital bond anticipation notes.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 6: BOND ANTICIPATION NOTES

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2015 and 2014:

<u>2015</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
TD Bank	<u>\$2,704,505</u>	<u>\$3,866,465</u>	<u>\$2,704,505</u>	<u>\$3,866,465</u>
	<u>\$2,704,505</u>	<u>\$3,866,465</u>	<u>\$2,704,505</u>	<u>\$3,866,465</u>
<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> </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>

NOTE 7: SPECIAL EMERGENCY NOTES

On December 31, 2015 and 2014, the Borough had \$-0- and \$11,000, respectively, in outstanding Current Fund Special Emergency notes.

The following activity related to special emergency notes occurred during the calendar years ended December 31, 2015 and 2014:

<u>2015</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Mariners Bank	<u>\$11,000</u>	<u>\$ </u>	<u>\$11,000</u>	<u>\$0</u>
<u>2013</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>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(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 Firemens' 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 Firemens' 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, 2015 and 2014
(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 1/4 of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

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

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Description of Systems, (continued)

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

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.

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 waiver 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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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.

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.

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, 2015 and 2014
(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>	<u>DCRP</u>
2015	\$128,163	\$376,557	\$-0-
2014	126,011	343,936	-0-
2013	135,958	355,082	-0-

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2015, the Borough had a liability of \$3,469,506 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was .0154557502 percent, which was a decrease of .000090372 percent from its proportion measured as of June 30, 2014.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2015, the Borough recognized pension expense of \$128,163. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$82,770	\$
Changes of assumptions	372,597	
Net difference between projected and actual earnings on pension plan investments		55,783
Changes in proportion and differences between Borough contributions and proportionate share of contributions Borough contributions subsequent to the measurement date		169,552
Total	<u>\$455,367</u>	<u>\$225,335</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$72,744
2017	72,744
2018	72,744
2019	115,857
2020	65,493

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Borough's Proportion	.0154557502%	.015546487%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the July 1, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Borough's proportionate share of the pension liability	\$4,312,172	\$3,469,506	\$2,763,022

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the Borough had a liability of \$6,267,075 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was .0463070196 percent, which was a decrease of .00271943080 percent from its proportion measured as of June 30, 2014

For the year ended December 31, 2015, the Borough recognized pension expense of \$376,557. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$1,424,036	\$66,528
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		134,240
Changes in proportion and differences between Borough contributions and proportionate share of contributions	169,335	298,295
Borough contributions subsequent to the measurement date	_____	_____
Total	<u>\$1,593,371</u>	<u>\$499,063</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$232,321
2017	232,321
2018	232,321
2019	380,926
2020	145,379

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,512,729,953	\$750,532,959
Collective deferred inflows of resources	871,083,367	1,561,923,934
Collective net pension liability	16,656,514,197	13,933,627,178
Borough's Proportion	.0463070196%	.04902645%

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.60-9.48 Percent (based on age)
Thereafter	3.60-10.48 Percent (based on age)
Investment Rate of Return	7.90 Percent

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9: PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Borough's proportionate share of the pension liability	\$11,060,092	\$6,267,075	\$6,211,964

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 10: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 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 \$720,000

NOTE 11: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2015.

	<u>Balance</u> <u>Dec.31, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec.31, 2015</u>
Land	\$37,985,800	\$	\$-0-	\$37,985,800
Buildings and Improvements	2,045,500	373,328	-0-	2,418,828
Machinery and Equipment	<u>4,647,533</u>	<u>186,053</u>	<u>-0-</u>	<u>4,833,586</u>
	<u>\$44,678,833</u>	<u>\$559,381</u>	<u>\$-0-</u>	<u>\$45,238,214</u>

NOTE 12: ACCRUED SICK AND VACATION BENEFITS

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

It is estimated that the current cost of such unpaid compensation, which is unaudited, would approximate \$225,504. This amount is considered material to the financial statements, is not reported either as an expenditure or liability.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 13: INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2015 consist of the following:

\$81,701	Due to the Federal and State Grant Fund from the Current Fund for grant awards not turned over less disbursements made.
5	Due to the Animal License Trust Fund from the Current Fund for statutory excess paid in error.
85	Due to the Current Fund from the Escrow Trust Fund for interest earnings turned over.
4,200	Due to the Unemployment Trust Fund from the Current Fund for employee payroll deductions deposited in Current Fund in error.
28,180	Due to the General Capital Fund from the Current Fund for the Bond Anticipation Note principal paydown budget appropriation.
<u>1,300</u>	Due to the Current Fund from the Community Development Trust Fund for reimbursement of expenses paid.
<u>\$115,471</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 2015 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, 2015 and 2014
(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, 2015 and 2014
(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:

	<u>Balance</u> <u>Dec 31, 2015</u>	<u>Balance</u> <u>Dec 31, 2014</u>
Prepaid Taxes	<u>\$155,582</u>	<u>\$159,589</u>
Cash Liability for Taxes Collected in Advance	<u>\$155,582</u>	<u>\$159,589</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, 2015 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, 2015 and 2014
(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, 2015, 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, 2015</u>	<u>2016 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year's</u> <u>Budget</u>
Current Fund:			
Preparation of Master Plan	<u>\$45,000</u>	<u>\$9,000</u>	<u>\$36,000</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, 2015 and 2014
(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, 2015 and 2014 were as follows: 2015 - \$80,271 and 2014 - \$72,550.

NOTE 21: SUBSEQUENT EVENT

The Borough has evaluated subsequent events through May 24, 2016, 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		
Joseph Ascolese	Council President		
Allen Rappaport	Councilman		
Marianne Orecchio	Councilwoman		
Thomas Brizzolara	Councilman		
Barry Scott	Councilman		
Frank Marino	Councilman		
Lorraine L. Mc Mackin	Administrator/Borough Clerk		
Judith Curran	Treasurer/Chief Financial Officer/Tax Collector	1,000,000	(A)
Robert P. Travers	Magistrate	1,000,000	(A)
Lindsay Volpitta	Court Administrator	1,000,000	(A)
Andrew Fede	Borough Attorney		
Neglia Engineering	Borough Engineer		
Mark S. Ruderman	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>2015</u>	<u>2014</u>	<u>2013</u>
Tax rate	<u>2.281</u>	<u>2.255</u>	<u>2.249</u>
Apportionment of tax rate:			
Municipal	0.661	0.662	0.650
School	1.357	1.350	1.351
County	<u>0.263</u>	<u>0.243</u>	<u>0.248</u>

Assessed Value

2015	\$ 1,180,538,000
2014	1,179,246,700
2013	1,179,998,000

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$ 26,946,358	26,548,710	98.52%
2014	26,612,943	26,214,789	98.50%
2013	26,551,147	25,942,070	97.71%

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>
2015	\$ 392,093	36,514	428,607	1.59%
2014	371,711	33,286	404,997	1.52%
2013	550,913	30,095	581,008	2.19%

Property Acquired by Tax Title Lien Liquidation

There were no properties acquired in 2015 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>
2015	\$ 1,142,840
2014	1,142,840
2013	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	2015	\$ 1,973,965	720,000
	2014	1,703,866	575,000
	2013	1,118,955	516,750
	2012	876,410	420,551
	2011	500,942	350,000

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BOROUGH OF NORWOOD

Schedule of Expenditure of Federal Awards

Year ended December 31, 2015

Program	CFDA Number	State Pass-through Number	Grant Period	Grant Award	Receipts	Expenditures	MEMO	
							Expenditures	Total Cumulative Expenditures
U.S. Department of Homeland Security Federal Emergency Management Agency Hazard Mitigation Grant - Installation of Generators	97.039	(FEMA-DR-4086-NJ-0358-F) Ord. 2015-10	6/15/15-6/18/18	75,000	\$		*	
U.S. Department of Environmental Protection Passed Through Funds State of New Jersey Municipal Stormwater Regulation Program	66.605	WQ05-066		8,468			*	1,836
							*	1,836
				\$			*	4,336

Note: This schedule is not subject to an audit in accordance with the Uniform Guidance.

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2015

State & County Programs	Grant Number	Grant Year	Allocation or Grant Award Amount	Cash Received	Expended	Adjustments	MEMO Total Cumulative Expenditures
State Programs:							
Department of Law and Public Safety:							
Drunk Driving Enforcement Fund	1110-448-031020-22	1998	14,290				1,312
Drunk Driving Enforcement Fund	1110-448-031020-22	2003	4,672				487
Drunk Driving Enforcement Fund	1110-448-031020-22	2004	1,349				
Drunk Driving Enforcement Fund	1110-448-031020-22	2005	997				
Drunk Driving Enforcement Fund	1110-448-031020-22	2006	799				
Drunk Driving Enforcement Fund	6400-100-078-6400	2007	1,089				
Drunk Driving Enforcement Fund	6400-100-078-6400	2008	670				
Drunk Driving Enforcement Fund	6400-100-078-6400	2009	920				
Drunk Driving Enforcement Fund	6400-100-078-6400	2010	725				
Drunk Driving Enforcement Fund	6400-100-078-6400	2011	1,542				
Drunk Driving Enforcement Fund	6400-100-078-6400	2012	2,427				
Drunk Driving Enforcement Fund	6400-100-078-6400	2013	2,026				
Drunk Driving Enforcement Fund	6400-100-078-6400	2014	3,432				
Drunk Driving Enforcement Fund	6400-100-078-6400	2015	1,593	1,593			
Body Armor Replacement	N/A	2003	1,323				
Body Armor Replacement	1020-718-066-1020-001	2005	2,537				850
Body Armor Replacement	1020-718-066-1020-001	2008	1,369				
Body Armor Replacement	1020-718-066-1020-001	2009	842				
Body Armor Replacement	1020-718-066-1020-001	2010	1,446				
Body Armor Replacement	1020-718-066-1020-001	2011	1,522				
Body Armor Replacement	1020-718-066-1020-001	2012	1,726				
Body Armor Replacement	1020-718-066-1020-001	2013	2,212				
Body Armor Replacement	1020-718-066-1020-001	2014	1,850				
Body Armor Replacement	1020-718-066-1020-001	2015	1,847	1,847			
Alcohol Education and Rehabilitation	9735-760-098-Y900-001	2014	650				
Alcohol Education and Rehabilitation	9735-760-098-Y900-001	2015	589	589			
				4,029			2,649
Department of Health:							
Recycling Tonnage Grant	4900-752-042-4900-001	2013	21,123		888		12,233
Recycling Tonnage Grant	4900-752-042-4900-001	2014	32,604		31,547		31,547
					32,435		43,780
Environmental Protection Agency:							
Clean Communities Program	4900-765-042-4900-004	2014	8,993		3,113		8,993
Clean Communities Program	4900-765-042-4900-004	2015	11,009	11,009	1,041		1,041
				11,009	4,154		10,034

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2015

State & County Programs	Grant Number	Grant Year	Allocation or Grant Award Amount	Cash Received	Expended	Adjustments	MEMO Total Cumulative Expenditures
<u>Department of Transportation</u>							
Municipal Aid -							*
Livingston Street Streetscape, Phase III, Ord. 2015-8	14-480-078-6320-ALW	2014	149,000				*
Broadway Sidewalk Installation - Ord. 2012-10	12-480-078-9320-ALC	2012	86,000	19,588	19,588		53,162
				19,588	19,588		53,162
<u>Programs Passed Through County of Bergen</u>							
Municipal Alliance	100-082-2000-044	2009	11,500				*
Municipal Alliance	100-082-2000-044	2010	10,356				11,159
Municipal Alliance	100-082-2000-044	2011	10,356				3,690
Municipal Alliance	100-082-2000-044	2012	10,356				5,463
Municipal Alliance	Local - Match	2012	2,589				8,723
Municipal Alliance	1/1/13-12/31/13	2013	9,876			3,449	3,710
Municipal Alliance	Local - Match	2013	2,469				*
Municipal Alliance	1/1/14-6/30/14	2014	4,938	2,491	3,631	(3,449)	3,631
Municipal Alliance	Local - Match	2014	1,235				*
Municipal Alliance	7/1/14-6/30/15	2015	9,876	2,469			2,469
Municipal Alliance	Local - Match	2015	2,469				*
				4,960	3,631		38,845
Total State Programs				\$ 39,586	59,808		148,470

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2015

<u>State & County Programs</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Allocation or Grant Award Amount</u>	<u>Cash Received</u>	<u>Expended</u>	<u>Adjustments</u>	<u>MEMO Total Cumulative Expenditures</u>
<u>Other Financial Assistance:</u>							
<u>County Programs:</u>							
Mini-Grant		2015	300	300			
Mini-Grant		2014			300		
Mini-Grant	N/A	2013	600				533
Total County Programs			300	300	300		533
<u>Other Local Sources:</u>							
Association of NJ Environmental Commission		2015		1,000			
NJLM - Educational Foundation							
Small Grants Program - Sustainable Jersey		2011	2,000		905		1,752
Small Grants Program - Sustainable Jersey		2013	2,000				1,378
Total Other Financial Assistance				\$ 1,000	905		3,130
Total State and Other Financial Assistance				\$ 1,300	905	300	3,663
				\$ 40,886	60,713	300	149,003

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 2015-08.

BOROUGH OF NORWOOD, N.J.

Schedule of Cash - Collector/Treasurer

Current Fund

Year Ended December 31, 2015

	Current Fund
Balance - December 31, 2014	\$ 2,927,433
Increased by receipts:	
Miscellaneous revenues not anticipated	114,732
Senior citizens and veterans deductions	48,705
Taxes receivable	26,727,759
Revenue accounts receivable	1,156,472
Interfunds	10,322
Due to State of NJ	7,493
Prepaid Taxes	155,582
Tax Overpayments	22,591
Reserve for Unclaimed Funds	263
Grants Receivable	18,240
Unappropriated reserves	589
	<u>28,262,748</u>
	<u>31,190,181</u>
Decreased by disbursements:	
Current Year Budget Appropriations	8,374,902
Appropriation Reserves	248,780
Interfunds	149,652
Due to State of NJ	5,446
Special Emergency Note	11,000
Tax Overpayment Refunds	23,973
School Taxes Payable	16,018,885
County Taxes Payable	2,980,003
Appropriated Grant Reserves	41,125
Refunds	52,391
	<u>27,906,157</u>
Balance, December 31, 2015	\$ <u><u>3,284,024</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ <u>225</u>
Balance - December 31, 2015	\$ <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, 2015

Balance - December 31, 2014		\$	(7,199)
Increased by:			
Senior citizens' and veterans' deductions per tax billings	\$	51,250	
Senior Citizens' and Veterans' Allowed		<u>2,000</u>	
			<u>53,250</u>
			46,051
Decreased by:			
Deductions Disallowed-Prior Year	\$	3,655	
Cash received		<u>48,705</u>	
			<u>52,360</u>
Balance - December 31, 2015		\$	<u><u>(6,309)</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31, 2014	2015 Levy	Added 2015 Levy	Collected 2014	Collected in 2015	Senior & Veteran's Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2015
2014	\$ 371,711		20,177		391,888				
2015		26,925,962	20,396	159,589	26,335,871	53,250	3,228	2,327	392,093
	\$ 371,711	26,925,962	40,573	159,589	26,727,759	53,250	3,228	2,327	392,093

Analysis of 2015 Tax Levy

Tax yield:	
General property tax	\$ 26,925,962
Added tax (R.S.54:4-63.1 et seq.)	20,396
	\$ 26,946,358

Tax Levy:

Local District School Tax	\$ 9,325,937
Regional School Tax	6,692,948
County Tax	2,977,748
County Added and Omitted Taxes	2,128
Local Open Space Taxes	118,137
	19,116,898

Local Tax for Municipal Purposes
Add: Additional Taxes Levied

\$ 7,802,747
26,713

Local Tax for Municipal Purposes

7,829,460
\$ 26,946,358

BOROUGH OF NORWOOD, N.J.
Schedule of Property Acquired for Taxes
Current Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$ <u>1,142,840</u>
Balance - December 31, 2015	\$ <u><u>1,142,840</u></u>

Schedule of Tax Title Liens
Current Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$ 33,286
Increased by:	
Transferred from taxes receivable	<u>3,228</u>
Balance - December 31, 2015	\$ <u><u>36,514</u></u>

BOROUGH OF NORWOOD, N.J.
Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Collected</u>	Balance, Dec. 31, <u>2015</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	17,140	17,140	
Other		29,329	29,329	
Fees and permits		23,167	23,167	
Municipal Court - Fines and Costs	5,986	65,957	67,325	4,618
Interest and Cost on Taxes		111,827	111,827	
Interest on Investments and Deposits		15,222	15,222	
Recreation Fees		9,488	9,488	
Borough of Northvale Sewer Charges		14,000	14,000	
Cable T.V. Franchise Fee		81,194	81,194	
Library Rent		93,719	93,719	
Energy Receipts Tax		559,799	559,799	
Watershed Moratorium Offset Aid		5,734	5,734	
Uniform Construction Code Fees		105,196	105,196	
Uniform Fire Safety Act		11,832	11,832	
Norwood Board of Education - Landscaping		11,500	11,500	
	<u>\$ 5,986</u>	<u>1,155,104</u>	<u>1,156,472</u>	<u>4,618</u>
			Cash \$ <u>1,156,472</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2015

	Balance Dec. 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2015</u>
Animal License Trust Fund	\$ 2,992		2,997	(5)
Open Space Trust Fund	(145)	118,282	118,137	
Other Trust Fund:				
Developer's Escrow	(1)	86		85
Unemployment Trust Fund			4,200	(4,200)
Community Development Trust	1,675	2,750	3,125	1,300
General Capital Fund	<u>(33,574)</u>	<u>33,574</u>	<u>28,180</u>	<u>(28,180)</u>
	<u>\$ (29,053)</u>	<u>154,692</u>	<u>156,639</u>	<u>(31,000)</u>

Cash Receipts	\$	5,655
Cash Receipts - Interfunds Returned		4,667
Cash Disbursements	149,652	
Budget Appropriation		28,180
Municipal Open Space Taxes		118,137
Reimbursement for expenditures paid	2,750	
Interest Earned	<u>2,290</u>	
	<u>\$ 154,692</u>	<u>156,639</u>

BOROUGH OF NORWOOD, N.J.

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

Current Fund

Year Ended December 31, 2015

Purpose	Date	Amount Authorized	Not Less Than 1/5 of Amount Authorized	Balance, Dec. 31, 2014	Added in 2016	Decreased	Balance, Dec. 31, 2015
Preparation of Master Plan	May 13, 2015	45,000	9,000		45,000		45,000
Reassessment	May 1, 2010	55,000	11,000	11,000		11,000	
				\$ 11,000	45,000	11,000	45,000

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Amount in 2015 <u>Budget</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, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
General Administration	\$ 1,356	1,356	329	1,027
Municipal Clerk's Office	45	1,820	1,323	497
Financial Administration	4,414	2,947		2,947
Computerized Data Processing	308			
Revenue Administration	9,240	9,240		9,240
Assessment of Taxes	3	3		3
Municipal Court	1,172	1,172	775	397
Planning Board	1,366	1,366		1,366
Zoning Board	1,366	1,366		1,366
Housing Liason Officer	3,846	3,846	1,220	2,626
Police	184,723	184,723	1,173	183,550
Fire Department	474	474		474
Emergency Management Services	416	416		416
Streets and Road Maintenance	32,252	32,372		32,372
Public Health Services	1,429	1,429		1,429
Recreational Services and Programs	500	500		500
Celebration of Public Events	116	116		116
Uniform Construction Code Enforcement Functions	2,406	2,406		2,406
Total Salaries and Wages Within "CAPS"	245,432	245,552	4,820	240,732
Other Expenses Within "CAPS":				
Administration	7,576	11,076	4,385	6,691
Mayor and Council	82	82		82
Municipal Clerk	2,493	4,475	378	4,097
Financial Administration	3,935	5,290	5,290	
Audit Services	26,500	26,500	24,300	2,200
Computerized Data Processing	2,338	2,818	1,131	1,687
Revenue Administration	4,125	4,215		4,215
Assessment of Taxes	1,845	1,129		1,129
Legal Services	48,947	48,947	3,406	45,541
Engineering Services and Costs	2,134	2,134		2,134
Municipal Court	2,229	1,629		1,629
Liability Insurance	48,028	48,028	47,998	30
Employee Group Insurance	31,737	93,869	7,968	85,901
Planning Board	820	1,209	195	1,014
Zoning Board	1,141	1,391	26	1,365
Historical Preservation Committee	600	600		600

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Environmental Commission	896	896	35	861
Police	38	23,572	23,422	150
Police Dispatching/911	5,353	31,937	9,000	22,937
Aid to Volunteer Fire Companies	1,136	6,312	5,444	868
Aid to Volunteer Ambulance Companies	8,517	9,612	1,247	8,365
Fire Department	3,204	3,234	3,129	105
Public Defender	6,300	6,300		6,300
Streets and Road Maintenance		312	265	47
Other Public Works Functions	3,354	2,474	1,124	1,350
Solid Waste Collection	78,045	78,791	45,425	33,366
Public Buildings and Grounds	1,280	2,604	1,703	901
Vehicle Maintenance		5,484	5,282	202
Public Health Services	4,321	4,571	1,636	2,935
Recreational Services and Programs	11,626	12,454	5,744	6,710
Celebration of Public Events	5,907	5,907		5,907
Electricity	31,418	28,344	21,843	6,501
Street Lighting	10,340	10,340		10,340
Telephone	6,292	5,372	888	4,484
Water	5,801	5,351	574	4,777
Gas (Natural and Propane)	12,917	11,629	1,473	10,156
Gasoline	18,622	18,644		18,644
Accumulated Sick Leave	30,000	30,000		30,000
Uniform Construction Code Enforcement Functions	85	3,492	2,589	903
Total Other expenses Within "CAPS"	<u>429,982</u>	<u>561,024</u>	<u>225,900</u>	<u>335,124</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees Retirement System	14,303	14,303		14,303
Police and Firemen's Retirement System of NJ	23,774	23,774		23,774
Unemployment Compensation Insurance	28,687	28,687		28,687
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>66,764</u>	<u>66,764</u>		<u>66,764</u>
Total Reserves Within "CAPS"	<u>742,178</u>	<u>873,340</u>	<u>230,720</u>	<u>642,620</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operations - Excluded from "CAPS"				
Employee Group Insurance	16,766	.		
Length of Service Award Program	35,000	35,000	14,400	20,600
Stormwater Management	6,065	6,905	3,660	3,245
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(j)]	<u>1</u>	<u>1</u>		<u>1</u>
Total Other Expenses Excluded from "CAPS"	<u>57,832</u>	<u>41,906</u>	<u>18,060</u>	<u>23,846</u>
Total Reserves	<u>\$ 800,010</u>	<u>915,246</u>	<u>248,780</u>	<u>666,466</u>
		Appropriation reserves 800,010		
		Encumbrances 115,236		
		<u>\$ 915,246</u>		

BOROUGH OF NORWOOD, N.J.
Schedule of Reserve for Encumbrances
Current Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$	115,236
Increased by:		
2015 encumbrances		72,171
		187,407
Decreased by:		
Transferred to appropriation reserves		115,236
Balance - December 31, 2015	\$	72,171

Exhibit A-16

BOROUGH OF NORWOOD, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	159,589
Increased by:		
2016 prepaid taxes collected		<u>155,582</u>
		315,171
Decreased by:		
Taxes realized as revenue		<u>159,589</u>
Balance - December 31, 2015	\$	<u><u>155,582</u></u>

Exhibit A-17

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	8,450
Increased by:		
Cash Receipts		<u>22,591</u>
		31,041
Decreased by:		
Cash Disbursements		<u>23,973</u>
Balance - December 31, 2015	\$	<u><u>7,068</u></u>

BOROUGH OF NORWOOD, N.J.

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

Current Fund

Year Ended December 31, 2015

	<u>Marriage License Fee</u>	<u>Construction Training Fee</u>	<u>Total</u>
Balance - December 31, 2014	\$ 375		375
Increased by: Collections	<u>550</u>	<u>6,943</u>	<u>7,493</u>
Decreased by: Payments	<u>825</u>	<u>4,621</u>	<u>5,446</u>
Balance - December 31, 2015	<u><u>\$ 100</u></u>	<u><u>2,322</u></u>	<u><u>2,422</u></u>

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

Year Ended December 31, 2015

<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, 2014</u>	<u>Paid</u>
10-1SEN	Special Emergency Note	Dec. 16, 2010	Sept. 12, 2014	Sept. 11, 2015	1.65% \$	11,000	11,000
					\$	<u>11,000</u>	<u>11,000</u>

BOROUGH OF NORWOOD, N.J.

Schedule of School Taxes Payable

Current Fund

Year Ended December 31, 2015

Increased by:

Levy

Regional School Tax \$ 6,692,948

Local School Tax 9,325,937

\$ 16,018,885

Decreased by:

Cash Disbursed

\$ 16,018,885

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014 \$ 2,255

Increased by:

Levy

County Tax Levy \$ 2,946,728

County Open Space Tax Levy 31,020

Added and Omitted Taxes 2,128

2,979,876

2,982,131

Decreased by:

Cash Disbursed

2,980,003

Balance - December 31, 2015 \$ 2,128

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Unclaimed Property

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	100
Increased by:		
Cash Receipts		<u>263</u>
Balance - December 31, 2015	\$	<u><u>363</u></u>

BOROUGH OF NORWOOD, N.J.

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

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014		\$	(101,528)
Increased by:			
Cash Disbursements			<u>41,125</u>
			(60,403)
Decreased by:			
Grants Received	18,240		
Unappropriated Grants Received	589		
Budget Appropriation - Match	<u>2,469</u>		
			<u>21,298</u>
Balance - December 31, 2015		\$	<u><u>(81,701)</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants Receivable

State and Federal Grant Fund

Year Ended December 31, 2015

<u>Purpose</u>	Balance, Dec. 31, 2014	2015 Budget Revenue Realized	Received	Balance, Dec. 31, 2015
Municipal Alliance	\$ 14,475	9,876	2,491	21,860
Clean Communities		11,009	11,009	
Bergen County Mini Grant		300	300	
Body Armor		1,847	1,847	
ANJEC Grant		1,000	1,000	
Alcohol Education and Rehabilitation		650	650	
Drunk Driving Enforcement Fund		1,593	1,593	
	<u>\$ 14,475</u>	<u>26,275</u>	<u>18,890</u>	<u>21,860</u>

Cash receipts	\$ 18,240
Unappropriated Reserves	<u>650</u>
	<u>\$ 18,890</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriated Grant Reserves

State and Federal Grant Fund

Year Ended December 31, 2015

<u>Purpose</u>	Balance, Dec. 31, 2014	Transferred from 2015 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, 2015
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 - 2011	1,203			1,203
Drunk Driving Enforcement Fund	670			670
Body Armor Replacement Program	2,288			2,288
Municipal Alliance - 2010	1,046			1,046
Drunk Driving Enforcement Fund	1,585			1,585
Body Armor Replacement Program - 2013	2,212			2,212
Bergen County Mini-Grant - 2013	67			67
Municipal Alliance - 2013	6,166			6,166
Municipal Alliance - Match	2,469			2,469
Recycling Tonnage Grant - 2013	9,779		888	8,891
Drunk Driving Enforcement Fund	2,026			2,026
Sustainable Jersey	1,527		905	622
Municipal Alliance - 2014	4,938		3,631	1,307
Municipal Alliance - Match	1,235			1,235
Clean Communities - 2014	3,113		3,113	
Recycling Tonnage Grant	32,604		31,547	1,057
Body Armor Replacement Program - 2013	1,850			1,850
Drunk Driving Enforcement Fund	3,432			3,432
Clean Communities - 2015		11,009	1,041	9,968
Body Armor Replacement Fund		1,847		1,847
Drunk Driving Enforcement Fund		1,593		1,593
Environmental Mini-Grant		300		300
ANGEC Grant		1,000		1,000

BOROUGH OF NORWOOD, N.J.
Schedule of Appropriated Grant Reserves
State and Federal Grant Fund
Year Ended December 31, 2015

<u>Purpose</u>	Balance, Dec. 31, <u>2014</u>	Transferred from 2015 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2015</u>
Municipal Alliance		9,876		9,876
Municipal Alliance - Match		2,469		2,469
Alcohol Education and Rehabilitation Fund		650		650
	<u>\$ 115,353</u>	<u>28,744</u>	<u>41,125</u>	<u>102,972</u>
		Budget Appropriations 10,526		
		Budget Match 2,469		
		Appropriations by 40a:4-87 <u>15,749</u>		
		<u>\$ 28,744</u>		

BOROUGH OF NORWOOD, N.J.
Schedule of Unappropriated Grant Reserves
State and Federal Grant Fund
Year Ended December 31, 2015

<u>Purpose</u>	Balance, Dec. 31, 2014	<u>Received</u>	Appropriated in 2015 <u>Budget</u>	Balance, Dec. 31, 2015
Alcohol Education and Rehab. Fund	\$ 650	589	650	589
	<u>\$ 650</u>	<u>589</u>	<u>650</u>	<u>589</u>

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BOROUGH OF NORWOOD, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

	Animal Trust Fund	Municipal Open Space	Other Trust Fund	Community Development Trust	Length of Service Award Program
Balance - December 31, 2014	\$ 14,825	861,434	1,270,083	1,675	369,766
Increase by Receipts:					
Animal License Fees	6,902				
Due to State of New Jersey	729				
Interfund - Current Fund		145	86	1,450	
Accounts Receivable					
Various Trust Deposits			276,959		
Other Trust Funds			355,850		
Open Space Taxes		118,137			
Borough Contributions					29,400
Investment Gains					2,994
Interest Earned on Investments		1,456			
Total Receipts	7,631	119,738	632,895	1,450	32,394
	22,456	981,172	1,902,978	3,125	402,160
Decreased by Disbursements:					
Animal License Expenditures	6,656				
Due to State of New Jersey	724				
Interfund - Current Fund	2,997			3,125	
Various Trust Deposits			157,213		
Other Trust Funds			402,558		
Municipal Open Space expenditures		167,477			
Benefit Distributions					30,084
Administrative Fees					1,425
Total Disbursements	10,377	167,477	559,771	3,125	31,509
Balance - December 31, 2015	\$ 12,079	813,695	1,343,207		370,651

BOROUGH OF NORWOOD, N.J.

Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2015

Balance - December 31, 2014		\$	11,832
Increased by:			
Dog License Fees Collected	\$	4,500	
Cat License Fees Collected		642	
Late Fees		<u>1,760</u>	
			<u>6,902</u>
			18,734
Decreased by:			
Statutory Excess - Paid		3,171	
Expenditures R.S. 4:19-15.11		<u>3,485</u>	
			<u>6,656</u>
Balance - December 31, 2015		\$	<u><u>12,078</u></u>

Animal Licenses Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 6,195
2013	<u>5,883</u>
	\$ <u><u>12,078</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Due to State of New Jersey

Animal License Trust Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	1
Increased by:		
State License Fees collected		<u>729</u>
		730
Decreased by:		
Cash Disbursements		<u>724</u>
Balance - December 31, 2015	\$	<u><u>6</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Interfund

Other Trust Funds

Year Ended December 31, 2015

	Due from/(to) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>
Current Fund:				
Other Trust Fund:				
Developer's Escrow	\$ 1		86	(85)
Unemployment Trust Fund		4,200		4,200
Animal Control Trust	(2,992)	2,997		5
Municipal Open Space	145	118,137	118,282	
Community Development	(1,675)	3,125	2,750	(1,300)
	<u>\$ (4,521)</u>	<u>128,459</u>	<u>121,118</u>	<u>2,820</u>
Statutory Excess \$				
Revenue/Receipts posted to Current in error		4,200		
Interest on Investments			86	
Municipal Open Space Taxes collected		118,137		
Expenses paid by Current Fund			1,300	
Cash Disbursements		6,122		
Cash Receipts			119,732	
		<u>\$ 128,459</u>	<u>121,118</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Open Space Trust Fund Expenditures

Open Space Trust Fund

Year Ended December 31, 2015

Balance - December 31, 2014		\$	861,579
Increased by:			
Tax Levy Collections	\$	118,137	
Interest on Investments		<u>1,456</u>	
			<u>119,593</u>
			981,172
Decreased by:			
Cash Disbursements			<u>167,477</u>
Balance - December 31, 2015		\$	<u><u>813,695</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Various Trust Deposits

Trust Funds

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Reserve for:				
Escrow Deposits	\$ 135,245	245,602	142,338	238,509
Affordable Housing Expenditures	216,861	31,357	13,973	234,245
Unemployment Compensation Insurance	<u>24,151</u>	<u>4,206</u>	<u>902</u>	<u>27,455</u>
	<u>\$ 376,257</u>	<u>281,165</u>	<u>157,213</u>	<u>500,209</u>

Accounts Receivable	\$ 378	
Interfunds	3,828	
Cash Receipts	276,959	
Cash Disbursements		<u>157,213</u>
	<u>\$ 281,165</u>	<u>157,213</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Other Trust Expenditures

Trust Funds

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Reserve for:				
New Jersey Clean Energy Program	\$ 3			3
Police Department Vest Fund	1,300		880	420
Parking Offenses Adjudication Act	102	12		114
Public Defender		3,400	3,300	100
Tax Sale Certificates and Premiums	774,700	240,200	324,800	690,100
Marriage License Fees Payable	25			25
Fire Prevention	750			750
Donation - Ferdan Cemetary	100			100
Celebration of Public Events	9,456	24,331	18,868	14,919
Earth Day Fair	3,038		3,018	20
Outside Employment - Police	81,828	87,907	51,692	118,043
Centennial	15,636			15,636
Accumulated Sick Leave	7,261			7,261
	<u>\$ 894,199</u>	<u>355,850</u>	<u>402,558</u>	<u>847,491</u>
		Cash Receipts 355,850		
		Cash Disbursements	402,558	
		<u>\$ 355,850</u>	<u>402,558</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Accounts Receivable

Unemployment Trust Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ 372
Increased by:	
Unemployment Insurance Payroll Deductions	<u>4,206</u>
	4,578
Decreased by:	
Due from Current Fund	<u>4,200</u>
Balance - December 31, 2015	<u><u>\$ 378</u></u>

Analysis of Balance:

4th Quarter - 2015	<u>378</u>
	<u><u>\$ 378</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Community Development Projects

Community Development Trust Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	1,450
Increased by:		
2015-2016 Grant Award		<u>3,500</u>
		4,950
Decreased by:		
Budget expenditures in Current		<u>1,450</u>
Balance - December 31, 2015	\$	<u><u>3,500</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, 2015

Balance - December 31, 2014		\$	32,400
Increased by:			
2015 Service Award Contributions			<u>32,400</u>
			64,800
Decreased by:			
Contributions cancelled	\$	3,000	
Contributions Paid		<u>29,400</u>	
			<u>32,400</u>
Balance - December 31, 2015		\$	<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, 2015

Balance - December 31, 2014		\$	402,166
Increased by:			
Borough Contributions	\$	32,400	
Net unrealized Appreciation in Fair Value of Investments		<u>2,994</u>	
			<u>35,394</u>
			437,560
Decreased by:			
Benefit Payments	\$	30,084	
Administrative expenses		1,425	
Contribution receivables cancelled		<u>3,000</u>	
			<u>34,509</u>
Balance - December 31, 2015		\$	<u><u>403,051</u></u>

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BOROUGH OF NORWOOD, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014		\$	(105,946)
Increased by Receipts:			
Infrastructure Trust Loan Drawdowns	\$	95,934	
Interfunds		33,574	
Capital Improvement Fund		75,000	
Bond Anticipation Notes		3,866,465	
Insurance Proceeds		680,360	
Grants/Contributions Receivable		<u>19,588</u>	
			<u>4,770,921</u>
			4,664,975
Decreased by Disbursements:			
Improvement Authorizations		1,181,687	
Bond Anticipation Notes		2,704,505	
Livingston Street Beautification Project		<u>7,922</u>	
			<u>3,894,114</u>
Balance - December 31, 2015		\$	<u><u>770,861</u></u>

BOROUGH OF NORWOOD, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2015

Grants/Contributions Receivable	\$	(359,486)
New Jersey Infrastructure Trust Loans Receivable		(72,915)
Due from Current Fund		(28,180)
Reserve for Grants Receivable		359,486
Capital Improvement Fund		9,460
Reserve for Livingston Street Beautification Project		53,487
Reserve for Payment of Notes		19,662
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	68,809
10-16	Livingston Street Drainage and Streetscape Project	(49,351)
11-06	Various Improvements, Acquisition of Equipment/Vehicles	55
12-10	Various Improvements	36,324
12-13	2012 Road and Parking Lot program	163,689
13-07	Livingston Street Streetscape, Phase II	151,477
13-14	Various Public Improvements	(294,945)
14-07	Replacement of Fire-Damaged DPW Vehicles/Equipment/Apparatus	12,345
14-11	Replacement of DPW Garage	5,218
14-12	Various Public Imps. & Acquisitions	23,543
2015-8	Livingston Street Streetscape, Phase III and 2015 Road Improvement Program	749,860
2015-10	Various Public Improvements	(68,507)
		<u>\$ 770,861</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants/Contributions Receivable

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014		\$	165,912
Increased by:			
Grant Awards:			
DOT - Ord. 8-2015	\$	149,000	
Federal Emergency Management Grant - Ord. 10-2015		75,000	
Due from Old Tappan		<u>22,500</u>	
			<u>246,500</u>
			412,412
Decreased by:			
Cancelled Receivables:			
NJ State Department of Transportation	\$	33,338	
Cash Receipts		<u>19,588</u>	
			<u>52,926</u>
Balance - December 31, 2015		\$	<u><u>359,486</u></u>

Analysis of Balance

Livingston St. Streetscape Project - Ord. 2015-8	149,000
Federal Emergency Management Grant - Ord. 2015-10	75,000
Livingston St. Drainage/Streetscape - Ord. 2010-16	112,986
Interlocal Contribution - Old Tappan, Ord. 2015-10	<u>22,500</u>
	\$ <u><u>359,486</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of State of New Infrastructure Trust Loans Receivable

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014		\$	278,614
Decreased by:			
Loans deobligated	\$	109,765	
Drawdowns received		<u>95,934</u>	
			<u>205,699</u>
Balance - December 31, 2015		\$	<u><u>72,915</u></u>
	Trust Loan - 2010B		<u>72,915</u>
		\$	<u><u>72,915</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2015

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>
Current Fund	\$ <u>33,574</u>	<u>28,180</u>	<u>33,574</u>	<u>28,180</u>
	\$ <u><u>33,574</u></u>	<u><u>28,180</u></u>	<u><u>33,574</u></u>	<u><u>28,180</u></u>
			Receipts \$ 33,574	
Budget Appropriation - Principal on Notes		<u>28,180</u>		
		<u><u>\$ 28,180</u></u>	<u><u>33,574</u></u>	

BOROUGH OF NORWOOD, N.J.

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

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014		\$	3,911,759
Decreased by:			
Current Year Budget Appropriations:			
Serial Bonds	\$	720,000	
New Jersey Infrastructure Trust Loans		47,297	
Loans Deobligated		<u>109,765</u>	
			<u>877,062</u>
Balance - December 31, 2015		\$	<u><u>3,034,697</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015	Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
General Obligation Bonds	August 1, 2004	2,755,000			325,000		
General Obligation Bonds	October 1, 2008	4,680,000	10/01/16 10/01/17 10/01/18	4.00% 4.00% 4.00%	2,700,000	395,000	2,305,000
					<u>\$ 3,025,000</u>	<u>720,000</u>	<u>2,305,000</u>
					Paid by Budget Appropriation		<u>720,000</u>

BOROUGH OF NORWOOD, N.J.

Schedule of New Jersey Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
Trust Loan	December 2, 2010	500,000	8/1/2016-18	20,000	5.00%	450,000	20,000	430,000
			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	02/01/16	9,099	436,759	137,062	299,697	
			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							
02/01/25	9,099							
08/01/25	18,199							
02/01/26	9,099							
08/01/26	17,623							

\$ 886,759 157,062 729,697

Paid by Budget Appropriation 47,297
 Debilitated 109,765
 \$ 157,062

BOROUGH OF NORWOOD, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		Increased	Decreased	Balance Dec. 31, 2015
						Dec. 31, 2014	Dec. 31, 2015			
10-16	Livingston Street Drainage & Streetscape Project	Dec. 16, 2011	Sept. 11, 2015	Sept. 9, 2016	0.60%	\$	250,105	236,210	250,105	236,210
12-10	Public Improvements and acquisition of new additional or replacement equipment & machinery and new communication & signal systems equipment	Sept. 14, 2012	Sept. 11, 2015	Sept. 9, 2016	0.60%		271,400	223,615	271,400	223,615
12-13	2012 Road & Municipal Parking Lot Improvement Program	Sept. 13, 2013	Sept. 11, 2015	Sept. 9, 2016	0.60%		1,047,000	1,047,000	1,047,000	1,047,000
13-07	Livingston Street Streetscape, Phase II	Sept. 12, 2014	Sept. 11, 2015	Sept. 9, 2016	0.60%		911,000	911,000	911,000	911,000
13-14	Various Public Improvement	Sept. 12, 2014	Sept. 11, 2015	Sept. 9, 2016	0.60%		225,000	225,000	225,000	225,000
2014-11	Replacement of DPW Garage	Sept. 11, 2015	Sept. 11, 2015	Sept. 9, 2016	0.60%		271,640	271,640		271,640
2015-08	Livingston Street Streetscape, Phase III and 2015 Road Improvement Program	Sept. 11, 2015	Sept. 11, 2015	Sept. 9, 2016	0.60%		952,000	952,000		952,000
						\$	<u>2,704,505</u>	<u>3,866,465</u>	<u>2,704,505</u>	<u>3,866,465</u>
						Cash \$	1,223,640		28,180	
						Budget Paydown			33,500	
						Reserve for Payment of Notes Renewed	<u>2,642,825</u>	<u>2,642,825</u>		
						\$	<u>3,866,465</u>		<u>2,704,505</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Cancelled	Balance Dec. 31, 2015	
			Funded	Unfunded				Funded	Unfunded
07-28	Various Improvements	1,366,800		13,939					13,939
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	1,250,000	182,110	213,150		3,536	109,765	68,809	213,150
10-16	Livingston Street Drainage and Streetscape Project	1,065,000		78,646		15,011			63,635
11-06	Various Improvements, Acquisition of Equipment/Vehicles	146,189	1,337			1,282		55	
12-10	Various Improvements	285,000		37,063		739			36,324
12-12	Various Improvements	753,600							
12-13	2012 Road and Parking Lot Program	1,100,000		238,148		94,459			163,689
13-7	Livingston Street Streetscape, Phase II	937,070		251,724		100,247			151,477
13-14	Various Public Improvements	590,000		180,918		138,963			41,955
14-07	Replacement of Fire-Damaged DPW Vehicles/Equipment/Apparatus	500,000		29,211		16,866		12,345	
14-11	Replacement of DPW Garage	500,000		382,283		377,065			5,218
14-12	Various Public Imps. & Acquisitions	247,688	114,415			90,872		23,543	
2015-8	Livingston Street Streetscape, Phase III and 2015 Road Improvement Program	1,000,000			1,000,000	250,140			749,860
2015-10	Various Public Improvements	500,000			500,000	92,507			407,493
			\$ 297,862	1,445,082	1,500,000	1,181,687	109,765	104,752	1,846,740

Capital Improvement Fund \$ 72,000
 Deferred Charges to Future Taxation 1,428,000
 \$ 1,500,000

Cash Disbursements 1,181,687

BOROUGH OF NORWOOD, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$	6,460
Increased by:		
Budget Appropriation		<u>75,000</u>
		81,460
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>72,000</u>
Balance - December 31, 2015	\$	<u><u>9,460</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Livingston Street Beautification Project

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ 61,409
Decreased by:	
Cash Disbursements	<u>7,922</u>
Balance - December 31, 2015	<u>\$ 53,487</u>

Exhibit C-15

Schedule of Reserve for Grants/Contributions Receivable

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ 165,912
Increased by:	
Grant Awards and Contributions	<u>246,500</u>
	412,412
Decreased by:	
Cancelled Receivables:	
Dept. of Transportation - Ord. 2012-10	\$ 33,338
Transfer to Reserve for Payment of Bond Anticipation Notes	<u>19,588</u>
	<u>52,926</u>
Balance - December 31, 2015	<u>\$ 359,486</u>

Analysis of Balance

Interlocal Contribution - Old Tappan, Ord. 2015-10	22,500
Shared Services Agreement - Bergen Co., Ord. 2010-16	112,986
Livingston Street Streetscape Phase III, Ord. 2015-8	149,000
Installation of Generators, Ord. 2015-10	<u>75,000</u>
	<u>\$ 359,486</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Payment of Bond Anticipation Notes

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	33,574
Increased by:		
Unappropriated grant proceeds received		<u>19,588</u>
		53,162
Decreased by:		
Utilized as paydown on note renewal		<u>33,500</u>
Balance - December 31, 2015	\$	<u><u>19,662</u></u>

		<u>Analysis of Balance</u>
Various Improvements, Ord. 2012-10	\$	<u><u>19,662</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2015</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
2013-14	Various Public Improvements	336,900			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	
2015-8	Livingston Street Streetscape, Phase III and 2015 Road Improvement Program		952,000	952,000	
2015-10	Various Public Improvements		476,000		476,000
		<u>\$ 1,642,830</u>	<u>1,428,000</u>	<u>1,904,000</u>	<u>1,166,830</u>
			Bond Anticipation Notes Issued	1,223,640	
			Insurance Proceeds Received	680,360	
				<u>\$ 1,904,000</u>	

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BOROUGH OF NORWOOD

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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

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

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, 2015 and the related notes to the financial statements, and have issued our report thereon dated May 24, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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



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

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

Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Norwood in the accompanying comments and recommendations section of this report.

Purpose of this Report

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


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


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

May 24, 2016



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 July 1, 2015, 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 \$40,000. 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:

Livingston Street Phase III Project
Collection/Disposal of Solid Waste, Bulkwaste and Designated Recyclables
Generator

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, 2015 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 November 4, 2015 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>
2015	6
2014	6
2013	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, 2015, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

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BOROUGH OF NORWOOD, N.J.

COMMENTS

Finance/Accounts Payable:

1. *There are Capital Fund Improvement Authorizations greater than five years old that have unfunded portions outstanding.
2. *There were instances in which monthly payments for operating leases did not agree to the lease agreement.
3. The following additional revenues and appropriations approved in accordance with N.J.S.A. 40a:4-87 were not recorded in the budget:
 - a. Body Armor Replacement
 - b. ANJEC Grant
 - c. Bergen County Mini-Grant
 - d. Drunk Driving Enforcement Fund
4. Employee unemployment deductions were not deposited into the Unemployment Trust Fund as required.
5. Certification of availability of funds for awarded professional service contracts do not include the line item appropriation of the budget to which the contract will be charged.

Departments:

1. *There were instances in which monies collected by the police department were not deposited in a timely manner.

BOROUGH OF NORWOOD

RECOMMENDATIONS

Finance/Accounts Payable:

1. *That Improvement Authorizations greater than five years old be funded.
2. *Lease payments be made in accordance with the operating lease agreement or the agreement be amended to reflect the payments being made.
3. All budget amendments be recorded in the computerized accounting system.
4. The employee's portion of unemployment deductions retained by the municipality be deposited into the Unemployment Trust Fund as required under the Benefit Reimbursement Method.
5. The certificate of availability of funds utilized for the award of professional services contracts include the line item appropriation of the budget to which the contract will be charged.

Departments:

1. *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. Wielkotz, C.P.A.
Registered Municipal Accountant
No. 413



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

May 24, 2016

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