

REPORT OF AUDIT

BOROUGH OF NORWOOD

COUNTY OF BERGEN

DECEMBER 31, 2010

BOROUGH OF NORWOOD

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BOROUGH OF NORWOOD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2010

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## INDEPENDENT AUDITOR'S REPORT

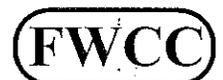
Honorable Mayor and  
Members of the Borough Council  
Borough of Norwood  
County of Bergen, New Jersey

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 and for the years ended December 31, 2010 and 2009, and the related statements 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, 2010. These financial statements are the responsibility of the Borough of Norwood's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed below, we conducted our audits 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, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Length of Service Awards Program of the Borough of Norwood has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



In our opinion, because of the Borough of Norwood's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Norwood, New Jersey as of December 31, 2010 and 2009 or the results of its operations for the years then ended.

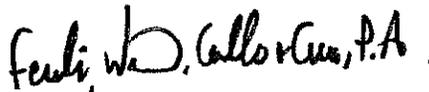
However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Norwood, New Jersey at December 31, 2010 and 2009, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 12, 2011 on our consideration of the Borough of Norwood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

Our audit was for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the Division of Local Government Services. This information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



Steven D. Wielkotz, C.P.A.  
Registered Municipal Accountant  
No. CRO0413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

April 12, 2011

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

Current Fund

December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 1,952,632	4,377,548
Petty Cash		350	350
Change Fund	A-5	250	250
		<u>1,953,232</u>	<u>4,378,148</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	456,664	417,081
Property Acquired for Taxes - Assessed Valuation	A-8	1,142,840	1,142,840
Tax Title Liens	A-9	16,438	11,999
Revenue Accounts Receivable	A-10	2,993	2,211
Interfunds Receivable:			
Animal License Trust	A-11	3,958	2,549
Other Trust Fund	A-11	4,207	183
Community Development Trust Fund	A-11	1,199	1,051
		<u>1,628,299</u>	<u>1,577,914</u>
Deferred Charges:			
Special Emergency - N.J.S.A. 40A:4-55	A-12	145,000	135,000
Emergency Authorization	A-13	65,000	
Overexpenditure of Appropriations	A-13		11,136
Overexpenditure of Appropriation Reserves	A-13	35,203	40,504
		<u>245,203</u>	<u>186,640</u>
		<u>3,826,734</u>	<u>6,142,702</u>
Federal and State Grant Fund:			
Due from Current Fund	A-21	112,225	116,805
Grants Receivable	A-24	18,690	15,212
		<u>130,915</u>	<u>132,017</u>
		<u>\$ 3,957,649</u>	<u>6,274,719</u>

See accompanying notes to financial statements.

## BOROUGH OF NORWOOD, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14	674,528	514,601
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-6	8,223	11,423
Interfunds Payable:			
General Capital Fund	A-11		52,027
Federal and State Grant Fund	A-21	112,225	116,805
Open Space Trust Fund	A-11	148,390	
Other Trust Fund	A-11	3,628	
Encumbrances Payable	A-15	87,080	59,234
Prepaid Taxes	A-16	238,873	186,246
Tax Overpayments	A-17	29,659	50,875
Reserve for:			
Reassessment of Real Property	A-18	9,750	14,909
Police Retroactive Pay	A-18	42,863	
Revaluation	A-18	14,909	
Length of Service Award Program	A-18	29,500	29,500
Tax Anticipation Note Payable	A-19		3,000,000
Special Emergency Notes Payable	A-21	145,000	
Due to State of New Jersey:			
DCA Fees	A-20	2,234	465
Marriage License Fees	A-20		50
County Taxes Payable	A-23		6,639
		<u>1,546,862</u>	<u>4,042,774</u>
Reserve for Receivables	Contra	1,628,299	1,577,914
Fund Balance	A-1	<u>651,573</u>	<u>522,014</u>
		<u>3,826,734</u>	<u>6,142,702</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-25	118,504	112,051
Encumbrances Payable	A-25		1,346
Unappropriated Reserve for Grants	A-26	12,411	18,620
		<u>130,915</u>	<u>132,017</u>
		<u>\$ 3,957,649</u>	<u>6,274,719</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues and Other Income:		
Fund Balance Utilized	338,900	500,000
Miscellaneous Revenue Anticipated	1,578,715	1,625,309
Receipts from Delinquent Taxes	416,895	333,504
Receipts from Current Taxes	25,022,879	24,141,580
Non-Budget Revenue	244,846	102,109
Other Credits to Income:		
Liabilities cancelled	13,691	21,982
Unexpended Balance of Appropriation Reserves	285,716	157,634
Interfunds Returned	4,560	12,263
	<hr/>	<hr/>
Total Revenues and Other Income	27,906,202	26,894,381
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,121,609	3,253,608
Other Expenses	4,168,858	3,757,559
Municipal Debt Service	869,886	847,158
Deferred Charges and Statutory Expenditures -		
Municipal	532,266	429,524
School Taxes Payable	15,765,005	15,295,392
County Taxes including Added Taxes	2,950,011	3,029,175
Municipal Open Space Taxes	148,390	148,361
Overexpenditure of Appropriation Reserves	4,832	30,371
Refunds	1,718	1,803
	<hr/>	<hr/>
Total Expenditures	27,562,575	26,792,951
Excess (Deficit) Revenue Over Expenditures	343,627	101,430
Expenditures which are by statute deferred charges to succeeding years budgets	<hr/>	<hr/>
	124,832	30,371
Statutory Excess to Fund Balance	468,459	131,801
Fund Balance, January 1,	<hr/>	<hr/>
	522,014	890,213
	990,473	1,022,014
Decreased by:		
Fund Balance Utilized as Budget Revenue	<hr/>	<hr/>
	338,900	500,000
Fund Balance, December 31,	<hr/>	<hr/>
	\$ 651,573	522,014

See accompanying notes to the financial statements.

## BOROUGH OF NORWOOD, N.J.

## Statement of Revenues-Regulatory Basis

## Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 338,900	338,900	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	15,350	12,400	(2,950)
Other	14,900	16,194	1,294
Fees and Permits	26,600	19,972	(6,628)
Fines and Costs:			
Municipal Court	21,900	37,405	15,505
Interest and Costs on Taxes	79,000	104,821	25,821
Interest on Investments and Deposits	15,500	20,256	4,756
Recreation Fees	11,460	8,495	(2,965)
Borough of Northvale-Sewer Charges	14,000	14,000	
Cable T.V. Franchise Fee	51,930	65,041	13,111
Library Rent	182,000	182,000	
Swim Club Lease	9,000		(9,000)
Energy Receipts Tax	559,799	559,799	
Watershed Moratorium Offset Aid		5,734	5,734
Construction Code Fees	55,800	81,325	25,525
Recycling Tonnage Grant	10,044	10,044	
Drunk Driving Enforcement Fund	670	670	
Clean Communities Program	1,760	1,760	
Municipal Alliance Program	10,356	10,356	
Stormwater Grant	2,177	2,177	
Body Armor Grant	1,369	1,369	
GDL Grant	1,740	1,740	
Capital Fund Balance	125,119	125,119	
Uniform Fire Safety Act	12,000	19,098	7,098
Reserve for Accumulated Sick Pay	125,000	125,000	
Reserve for Outside Employment - DPW	15,760	15,760	
Reserve for Outside Employment - Police	75,616	75,616	
Reserve for Payment of Debt	62,564	62,564	
Total Miscellaneous Revenues	1,501,414	1,578,715	77,301
Receipts from Delinquent Taxes	418,700	416,895	(1,805)
Subtotal General Revenues	2,259,014	2,334,510	75,496

**BOROUGH OF NORWOOD, N.J.**  
**Statement of Revenues-Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2010**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	6,732,105	6,577,473	(154,632)
Budget Totals	8,991,119	8,911,983	(79,136)
Non-Budget Revenue		244,846	244,846
	\$ 8,991,119	9,156,829	165,710

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 25,022,879	
Allocated to School and County Taxes	18,863,406	
Balance for Support of Municipal Budget Appropriations	6,159,473	
Add : Appropriation - Reserve for Uncollected Taxes	418,000	
Amount for Support of Municipal Budget Appropriations	6,577,473	
Receipts from Delinquent Taxes: Delinquent Taxes	416,895	
	\$ 416,895	

## BOROUGH OF NORWOOD, N.J.

## Statement of Revenues-Regulatory Basis

## Current Fund

Year Ended December 31, 2010

Analysis of Non-budget Revenues

Moter Vehicles	5,053	
Telephone	120	
Photo Copies	151	
Police	1,159	
Plans and Specs	150	
Property Lists	377	
Insurance Refunds	32,100	
Sale of Assets	11,305	
Reimbursements	3,500	
Worker's Compensation	5,811	
Employee Insurance	19,440	
Refunds	4,681	
Harrington Park Reimbursement	25,519	
Miscellaneous	135,400	
Election	80	
		\$ <u>244,846</u>

See accompanying notes to the financial statements.

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations - within "CAPS":					
General Government:					
Administration:					
Salaries and Wages	\$ 30,082	28,650	28,650		
Other Expenses	35,250	31,250	30,353	897	
Mayor and Council					
Other Expenses	2,500	2,500	1,681	819	
Municipal Clerk					
Salaries and Wages	128,762	126,503	126,503		
Other Expenses	15,000	15,000	14,790	210	
Financial Administration:					
Salaries and Wages	39,820	35,292	35,292		
Other Expenses	25,185	25,185	19,583	5,602	
Audit Services:					
Other Expenses	36,000	36,000	8,350	27,650	
Computerized Data Processing:					
Other Expenses	21,100	21,100	20,927	173	
Revenue Administration:					
Salaries and Wages	64,183	64,019	64,019		
Other Expenses	5,000	5,000	4,567	433	
Assessment of Taxes:					
Salaries and Wages	17,913	19,279	19,279		
Other Expenses	2,990	3,112	3,112		
Legal Services and Costs:					
Other Expenses	90,000	82,000	65,992	16,008	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Engineering Services and Costs:					
Other Expenses	27,500	27,500	23,100	4,400	
Municipal Court:					
Salaries and Wages	56,448	56,448	55,475	973	
Other Expenses	4,000	4,000	1,617	2,383	
Liability Insurance	224,803	224,803	170,320	54,483	
Employee Group Insurance	563,773	547,379	422,761	124,618	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board:					
Salaries and Wages	3,433	3,461	3,461		
Other Expenses	9,000	9,000	7,473	1,527	
Zoning Board:					
Salaries and Wages	2,354	2,374	2,374		
Other Expenses	6,000	6,000	4,532	1,468	
Historical Preservation Committee:					
Other Expenses	600				
Environmental Commission:					
Other Expenses	1,250	1,250	592	658	
Public Safety:					
Police:					
Salaries and Wages	1,847,588	1,847,588	1,807,917	39,671	
Other Expenses	130,000	120,000	107,392	12,608	
Police Dispatch/911:					
Other Expenses	97,300	107,254	107,254		
Aid to Volunteer Fire Companies:					
Other Expenses	36,000	36,000	29,173	6,827	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Aid to Volunteer Ambulance Companies:					
Other Expenses	26,500	26,940	26,940		
Fire Prevention:					
Salaries and Wages	25,809	25,809	25,703	106	
Other Expenses	138,152	143,152	124,611	18,541	
Municipal Prosecutor's Office:					
Other Expenses	5,000	5,000	5,000		
Public Defender (P.L., C. 256)					
Other Expenses	2,000	2,000	1,100	900	
Public Works Function:					
Streets and Roads:					
Streets and Road Maintenance:					
Salaries and Wages	785,385	791,070	783,769	7,301	
Other Expenses	44,000	52,200	46,261	5,939	
Other Public Works Functions:					
Other Expenses	14,500	14,500	3,700	10,800	
Solid Waste Collection:					
Other Expenses	620,000	620,000	555,704	64,296	
Public Building and Grounds:					
Other Expenses	57,000	58,233	56,947	1,286	
Vehicle Maintenance:					
Other Expenses	80,000	80,000	53,483	26,517	
Health and Welfare:					
Public Health Services:					
Salaries and Wages	19,200	19,200	11,726	7,474	
Other Expenses	59,772	59,772	47,922	11,850	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Recreational Services and Programs:					
Salaries and Wages	16,330	16,330	15,795	535	
Other Expenses	39,500	39,500	32,929	6,571	
Other Common Operating Functions:					
Celebration of Public Events:					
Other Expenses	3,200	3,200	1,200	2,000	
UNCLASSIFIED:					
Utilities:					
Electricity	100,826	100,826	70,410	30,416	
Street Lighting	68,000	68,000	45,430	22,570	
Telephone	36,000	36,000	27,978	8,022	
Water	12,500	24,500	15,559	8,941	
Gas (Natural and Propane)	45,000	45,000	25,935	19,065	
Gasoline	68,000	68,000	61,864	6,136	
Uniform Construction Code Enforcement Functions:					
Salaries and Wages	82,257	85,586	85,586		
Other Expenses	13,125	13,125	7,662	5,463	
Reassessment of Real Property		55,000	55,000		
Total Operations within "CAPS"	5,885,890	5,940,890	5,374,753	566,137	
Total Operations Including Contingent-within "CAPS"	5,885,890	5,940,890	5,374,753	566,137	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Detail:					
Salaries & Wages	3,119,564	3,121,609	3,065,549	56,060	
Other Expenses (Including Contingent)	2,766,326	2,819,281	2,309,204	510,077	
<b>Total:</b>	<b>5,885,890</b>	<b>5,940,890</b>	<b>5,374,753</b>	<b>566,137</b>	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS":					
Deferred Charges:					
Overexpenditure of Appropriation Reserves	10,133	10,133	10,133		
Over Expenditure of Appropriations	11,136	11,136	11,136		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	51,159	51,159	51,159		
Social Security System (O.A.S.I.)	135,000	135,000	123,600	11,400	
Police and Fireman's Retirement System of NJ	169,838	169,838	169,838		
Unemployment Compensation Insurance	45,000	110,000	58,893	51,107	
<b>Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"</b>	<b>422,266</b>	<b>487,266</b>	<b>424,759</b>	<b>62,507</b>	
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>	<b>6,308,156</b>	<b>6,428,156</b>	<b>5,799,512</b>	<b>628,644</b>	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Operations - Excluded from "CAPS":					
Length of Service Award Program	35,000	35,000		35,000	
Stormwater Management:					
Other Expenses	13,000	13,000	4,705	8,295	
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(j)]:					
Other Expenses	468,278	468,278	468,278		
Aid to Privately Owned Library and Reading Room:					
Other Expenses	500,439	500,439	500,439		
2010 CAP Exclusions:					
Employee Group Insurance	73,098	73,098	73,098		
Public Employees' Retirement System	55,525	55,525	55,525		
Police and Fireman's Retirement System of NJ	173,533	173,533	173,533		
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>1,318,873</b>	<b>1,318,873</b>	<b>1,275,578</b>	<b>43,295</b>	

Public and Private Programs Offset

by Revenues:

Current Year Program:

Municipal Alliance Program:

State Share

Local Share

Drunk Driving Enforcement Fund

Other Expenses

Clean Communities

Other Expenses

Body Armor Replacement Program

State Share	10,356	10,356	10,356		
Local Share	2,589	2,589		2,589	
Drunk Driving Enforcement Fund					
Other Expenses	670	670	670		
Clean Communities					
Other Expenses	1,760	1,760	1,760		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Other Expenses	1,369	1,369	1,369		
Recycling Tonnage Grant					
Other Expenses	10,044	10,044	10,044		
Stormwater Management	2,177	2,177	2,177		
GDL Grant	1,739	1,739	1,739		
Total Public and Private Programs Offset by Revenues	30,704	30,704	28,115	2,589	
Total Operations-Excluded from "CAPS"	1,349,577	1,349,577	1,303,693	45,884	
Detail:					
Salaries and Wages					
Other Expenses	1,349,577	1,349,577	1,303,693	45,884	
Total:	1,349,577	1,349,577	1,303,693	45,884	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	595,000	595,000	595,000		
Interest on Bonds	241,637	241,637	241,636		1
Interest on Notes	22,750	22,750	22,250		500
Payment of Loan Principal	11,000	11,000	11,000		
Total Municipal Debt Service-Excluded from "CAPS"	870,387	870,387	869,886		501

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Deferred Charges- Excluded from "CAPS" Special Emergency Authorizations- 5 Years (N.J.S.A. 40A.4-55)	45,000	45,000	45,000		
Total Deferred Charges Excluded from "CAPS"	45,000	45,000	45,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,264,964	2,264,964	2,218,579	45,884	501
Subtotal General Appropriations	8,573,120	8,693,120	8,018,091	674,528	501
Reserve for Uncollected Taxes	418,000	418,000	418,000		
Total General Appropriations	\$ 8,991,120	9,111,120	8,436,091	674,528	501
Adopted Budget \$	8,991,120	9,111,120			
Reserve for Uncollected Taxes \$			418,000		
Deferred Charges			66,269		
Grants			28,116		
Transfer to Reserve for Reassessment of Real Property			9,750		
Encumbrances			87,080		
Due from Community Development Trust Fund			1,199		
Cash			7,825,677		
			\$ 8,436,091		

See accompanying notes to the financial statements.

## BOROUGH OF NORWOOD, N.J.

## Comparative Balance Sheet-Regulatory Basis

## Trust Funds

December 31, 2010 and 2009

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Animal Trust Fund:			
Cash	B-1	\$ 15,552	13,024
Municipal Open Space Trust Fund:			
Cash	B-1	425,222	438,927
Interfund - Current Fund	B-4	148,390	
		<u>573,612</u>	<u>438,927</u>
Other Trust Funds:			
Cash	B-1	467,941	595,817
Interfund - Current Fund - Unemployment Trust	B-4	3,628	
		<u>471,569</u>	<u>595,817</u>
Community Development Trust Fund:			
Cash	B-1	649	
Grants Receivable	B-8	1,550	2,211
		<u>2,199</u>	<u>2,211</u>
Length of Service Award Program: (Unaudited)			
Investments	B-1	210,790	173,448
Contributions Receivable	B-10	21,550	15,850
		<u>232,340</u>	<u>189,298</u>
		<u>\$ 1,295,272</u>	<u>1,239,277</u>

## BOROUGH OF NORWOOD, N.J.

## Comparative Balance Sheet-Regulatory Basis

## Trust Funds

December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Trust Fund:			
Reserve for Animal Trust Fund Expenditures	B-2	11,587	10,468
Due to Current Fund	B-4	3,958	2,549
Due to State of New Jersey	B-3	<u>7</u>	<u>7</u>
		<u>15,552</u>	<u>13,024</u>
Municipal Open Space Trust Fund:			
Reserve for Open Space Trust Fund Expenditures	B-5	<u>573,612</u>	<u>438,927</u>
Other Trust Fund:			
Reserve for:			
Interfund - Current Fund	B-4	4,207	183
Various Trust Deposits	B-6	330,290	299,273
Other Trust Expenditures	B-7	<u>137,072</u>	<u>296,361</u>
		<u>471,569</u>	<u>595,817</u>
Community Development Trust Fund:			
Interfund - Current Fund	B-8	1,199	1,051
Reserve for Expenditures	B-9	<u>1,000</u>	<u>1,160</u>
		<u>2,199</u>	<u>2,211</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-11	<u>232,340</u>	<u>189,298</u>
		<u>\$ 1,295,272</u>	<u>1,239,277</u>

See accompanying notes to financial statements.

## BOROUGH OF NORWOOD, N.J.

## Comparative Balance Sheet-Regulatory Basis

## General Capital Fund

December 31, 2010 and 2009

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Cash:			
Checking	C-2,3	\$ 581,007	1,041,827
Grants Receivable	C-4	840,369	138,682
State of New Jersey - Infrastructure			
Trust Loans Receivable	C-5	1,036,850	
Due from Current Fund	C-13		52,027
Deferred Charges to Future Taxation:			
Funded	C-6	6,702,850	6,272,000
Unfunded	C-7	1,269,181	1,313,349
		<u>\$ 10,430,257</u>	<u>8,817,885</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	5,655,000	6,250,000
State of New Jersey - Infrastructure Trust Loans Payable			
Trust Loan - 2010B	C-9	500,000	
Fund Loan - 2010B	C-9	536,850	
N.J.E.D.A. Loan Payable	C-10	11,000	22,000
Improvement Authorizations:			
Funded	C-11	1,448,410	748,659
Unfunded	C-11	1,264,514	1,246,954
Capital Improvement Fund	C-12	45,230	96,230
Reserve for Payment of Debt	C-14	26,995	62,564
Reserve for Livingston Street Beautification Project	C-15	101,889	127,677
Reserve for Grants Receivable	C-16	840,369	138,682
Fund Balance	C-1		125,119
		<u>\$ 10,430,257</u>	<u>8,817,885</u>

There were \$1,269,181 and \$1,313,349 of Bonds and Notes Authorized But Not Issued on December 31, 2010 and December 31, 2009 (Exhibit C-17).

See accompanying notes to the financial statements.

**BOROUGH OF NORWOOD, N.J.**

**Statement of Changes in Fund Balance - Regulatory Basis**

**General Capital Fund**

**Year Ended December 31, 2010**

Balance - December 31, 2009	\$ <u>125,119</u>
Decreased by:	
Paid to Current Fund - Budget Revenue	\$ <u><u>125,119</u></u>

See accompanying notes to the financial statements.

## BOROUGH OF NORWOOD, N.J.

## Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>General Fixed Assets:</u>		
Land	\$ 37,914,200	37,473,000
Buildings	2,045,500	2,045,500
Machinery and Equipment	<u>4,458,968</u>	<u>4,453,204</u>
	<u>\$ 44,418,668</u>	<u>43,971,704</u>
Investment in Fixed Assets	<u>\$ 44,418,668</u>	<u>43,971,704</u>

See accompanying notes to financial statements.

**BOROUGH OF NORWOOD, N. J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2010 and 2009**

**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, 2010 and 2009  
(continued)

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

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

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

The Borough has the following funds and account groups:

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

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

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

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

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

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

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

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

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(continued)

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

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

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

Basis of Accounting

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

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

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(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 2010, several budget transfers were approved by the governing body.

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(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, 2010 and 2009  
(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, 2010 and 2009  
(continued)

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

Basis of Accounting, (continued)

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

C. Basic Financial Statements

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

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2010, \$-0- of the Borough's bank balance of \$4,375,166 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(continued)

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

**Credit Risk**

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

**Concentration of Credit Risk**

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

**Unaudited Investments**

As more fully described in Note 15, 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, 2010 and 2009 amounted to \$210,790 and \$173,448, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Fixed Income	\$55,633	\$51,367
Growth and Income	55,249	42,964
DWS EQ 500 Index	45,034	37,390
LVIP Delaware Special Opportunities	25,250	17,132
All Others	<u>29,624</u>	<u>24,595</u>
Total	<u>\$210,790</u>	<u>\$173,448</u>

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(continued)

**NOTE 3: TAXES RECEIVABLE**

Receivables at December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Property Taxes	<u>\$456,664</u>	<u>\$417,081</u>

In 2010 and 2009, the Borough collected \$416,895 and \$333,504 from delinquent taxes, which represented 100% and 100% of the prior year delinquent tax receivable balances.

**NOTE 4: COMMITMENTS PAYABLE**

**A. Operating Leases**

The municipality has commitments to lease certain equipment under arrangements representing operating leases. Future minimum rental commitments for noncancelable operating leases as of December 31, 2010 were as follows:

Budget <u>Year</u>	Key Equipment <u>Copier</u>	Pitney Bowes Postage <u>Machine</u>	Real Property 602 Broadway <u>(Fire Dept)</u>	2010 Ford Crown Victoria <u>(Police Dept.)</u>
2011	\$7,735	\$3,540	\$25,137	\$9,318
2012		885	25,137	9,319
2013			26,394	
2014			26,394	
2015			26,394	
2016			26,394	
2017			26,394	

**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2010 and 2009**  
**(continued)**

**NOTE 5: MUNICIPAL DEBT**

Long-term debt as of December 31, 2010 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$6,250,000	\$	\$595,000	\$5,655,000	\$615,000
Deferred PERS/PFRS Pension Contribution	191,212			191,212 0	
Other Liabilities:					
Compensated Absences Payable	303,785		21,653	282,132	
New Jersey EDA Loans	22,000		11,000	11,000	11,000
New Jersey Environmental Infrastructure Trust Loans Payable		<u>1,036,850</u>		<u>1,036,850</u>	<u>18,198</u>
	<u>\$6,766,997</u>	<u>\$1,036,850</u>	<u>\$627,653</u>	<u>\$7,176,194</u>	<u>\$644,198</u>

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

The Borough's debt is summarized as follows:

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	<u>\$6,702,850</u>	<u>\$6,272,000</u>	<u>\$6,858,000</u>
Total Issued	6,702,850	6,272,000	6,858,000
<u>Less</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>26,995</u>	<u>62,564</u>	<u>62,564</u>
Net Debt Issued	6,675,855	6,209,436	6,795,436
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>1,269,181</u>	<u>1,313,349</u>	<u>175,475</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$7,945,036</u>	<u>\$7,522,785</u>	<u>\$6,970,911</u>

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(continued)

NOTE 5: MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .53%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$8,001,515	\$8,001,515	\$0
General Debt	<u>7,972,031</u>	<u>26,995</u>	<u>7,945,036</u>
	<u>\$15,973,546</u>	<u>\$8,028,510</u>	<u>\$7,945,036</u>

Net Debt \$7,945,036 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,485,949,359 = .53%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$52,008,228
Net Debt	<u>7,945,036</u>
Remaining Borrowing Power	<u>\$44,063,192</u>

The Borough's long term debt consisted of the following at December 31, 2010:

Paid by Current Fund:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds</u>	
\$2,755,000 General Obligation Bonds of 2004, due in annual installments of \$45,000 to \$325,000 through August 2015, interest at rates from 3.30% to 3.75%	\$1,425,000
\$4,680,000 General Obligation Bonds of 2008, due in annual installments of \$95,000 to \$800,000 through October 2018, interest at rates from 3.875% to 4.00%	<u>4,230,000</u>
	<u>\$5,655,000</u>

Intergovernmental Loan Payable

The Borough has entered into a loan agreement with the New Jersey Economic Development Agency for the financing relating to Loan #L04758.

\$110,000, 2001 Loan due annual installments of \$11,000 through 2011, interest at 0.0%	<u>\$11,000</u>
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**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2010 and 2009**  
**(continued)**

**NOTE 5: MUNICIPAL DEBT, (continued)**

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

General Capital

\$500,000 loan due in annual installments of \$15,000 to \$40,000 through August 1, 2030, interest at 5%.	\$500,000
\$536,850 loan due in semiannual installments of \$9,099 to \$18,198 through August 1, 2030.	536,850
	<u>\$1,036,850</u>

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

<u>Year</u>	<u>Total</u>	<u>General Serial Bonds</u>		<u>N.J.E.D.A. Loans</u>	<u>New Jersey Environmental Infrastructure Trust Loans</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2011	\$882,193	\$615,000	\$219,314	\$11,000	\$18,198	\$18,681
2012	913,571	650,000	196,274		42,297	25,000
2013	908,442	670,000	171,894		42,298	24,250
2014	912,291	695,000	146,494		47,297	23,500
2015	909,579	720,000	119,781		47,298	22,500
2016-2020	2,835,537	2,305,000	186,800		246,487	97,250
2021-2025	343,238				276,488	66,750
2026-2030	344,737				316,487	28,250
	<u>\$8,049,588</u>	<u>\$5,655,000</u>	<u>\$1,040,557</u>	<u>\$11,000</u>	<u>\$1,036,850</u>	<u>\$306,181</u>

At December 31, 2010, the Borough had authorized but not issued debt of \$1,269,181.

**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, 2010, the Borough had \$-0- in outstanding general capital bond anticipation notes.

**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2010 and 2009**  
**(continued)**

**NOTE 7: SCHOOL TAXES**

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

**NOTE 8: 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 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. Membership is mandatory for such employees and 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.

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(continued)

NOTE 8: PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

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.

*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.

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(continued)

NOTE 8: PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

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.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Norwood opted for this deferral in the amount of \$191,212.

**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2010 and 2009**  
**(continued)**

**NOTE 8: PENSION PLANS, (continued)**

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 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
December 31, 2010	\$106,684	\$343,371
December 31, 2009	49,429	164,094
December 31, 2008	66,998	252,119

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 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 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

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

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(continued)

**NOTE 8: 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 join or remain in PERS.

**NOTE 9: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2010 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2010 were as follows:

Current Fund	<u>\$490,000</u>
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**NOTE 10: FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2010.

	<u>Dec.31, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec.31, 2010</u>
Land	\$37,473,000	\$441,200	\$	\$37,914,200
Buildings and Improvements	2,045,500			2,045,500
Machinery and Equipment	<u>4,453,204</u>	<u>134,701</u>	<u>128,937</u>	<u>4,458,968</u>
	<u>\$43,971,704</u>	<u>\$575,901</u>	<u>\$128,937</u>	<u>\$44,418,668</u>

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(continued)

**NOTE 11: 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 \$282,132. This amount is considered material to the financial statements, is not reported either as an expenditure or liability.

**NOTE 12: INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2010 consist of the following:

\$3,958	Due to the Current Fund from the Animal License Trust Fund for statutory excess and deposit errors.
148,390	Due to the Open Space Trust Fund from the Current Fund for local municipal open space taxes collected but not turned over.
55	Due to the Current Fund from the Escrow Trust Fund for interest earned on investments.
112,225	Due to the Federal and State Grant Fund from the Current Fund for receipt of grant awards less expenditures made.
3,628	Due to the Unemployment Trust Fund from the Current Fund for employee payroll deductions deposited in error.
4,152	Due to the Current Fund from the Other Trust Fund for the unallocated balance in reserve for tax title lien premiums less marriage license fees.
<u>1,199</u>	Due to the Current Fund from the Community Development Trust Fund to reimburse expenses paid.
<u>\$273,607</u>	

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

**NOTE 13: 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 2010 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2010 and 2009**  
**(continued)**

**NOTE 13: RISK MANAGEMENT, (continued)**

The Borough of Norwood is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

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

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

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

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, 2010 and 2009  
(continued)

**NOTE 14: 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, 2010</u>	<u>Balance</u> <u>Dec 31, 2009</u>
Prepaid Taxes	<u>\$238,873</u>	<u>\$186,246</u>
Cash Liability for Taxes Collected in Advance	<u>\$238,873</u>	<u>\$186,246</u>

**NOTE 15: 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, 2010 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**NOTE 16: 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, 2010 and 2009**  
**(continued)**

**NOTE 17: 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, 2010, 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 18: 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, 2010</u>	<u>2011 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year's Budget</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)			
Revaluation	\$90,000	\$45,000	\$45,000
Reassessment of Real Property	55,000	11,000	44,000
Emergency Authorization	65,000	65,000	-0-
Overexpenditure of Appropriation Reserves	<u>35,203</u>	<u>30,371</u>	<u>4,832</u>
	<u>\$245,203</u>	<u>\$151,371</u>	<u>\$93,832</u>

**NOTE 19: 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.

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009  
(continued)

**NOTE 19: OTHER POST EMPLOYMENT BENEFITS, (continued)**

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

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.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, 2010 and 2009 were as follows: 2010 - \$48,099 and 2009 - \$81,019.

**SUPPLEMENTARY DATA**

**BOROUGH OF NORWOOD**

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008 (*)</u>
Tax rate	<u>1.725</u>	<u>1.656</u>	<u>1.59</u>
Apportionment of tax rate:			
Municipal	0.463	0.393	0.718
School	1.062	1.004	1.902
County	<u>0.200</u>	<u>0.193</u>	<u>0.370</u>

Assessed Value

2010	\$	1,483,908,155
2009		1,482,123,813
2008 (*)		1,485,990,160

\* Revaluation

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Currently</u> Percentage of Collection
2010	\$ 25,597,421	25,022,879	97.76%
2009	24,597,704	24,141,580	98.15%
2008	23,651,903	23,205,725	98.11%

**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 taxes	Tax title liens	Total delinquent	Percentage of tax levy
2010	\$ 456,664	16,438	473,102	1.85%
2009	417,081	11,999	429,080	1.74%
2008	333,504	8,856	342,360	1.45%

Property Acquired by Tax Title Lien Liquidation

There were properties acquired in 2010 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>
2010	\$ 1,142,840
2009	1,142,840
2008	1,142,840

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding year
Current Fund	2010	\$ 651,573	490,000
	2009	522,014	500,000
	2008	890,213	1,000,000
	2007	1,817,120	950,000
	2006	1,942,966	950,000

**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		
Alan Rappaport	Councilman		
Marianne Orecchio	Councilwoman		
John Nicolai	Councilman		
Frank Marrino	Councilman		
Barry Scott	Councilman		
Edward Condoleo	Councilman		
Lorraine L. Mc Mackin	Administrator/Borough Clerk		
Maureen Neville	Treasurer/CFO	\$ 1,000,000	(A)
Kunjesh Trivedi	Tax Collector	1,000,000	(A)
Robert Solomon	Magistrate	1,000,000	(A)
Lindsay Taglieri	Court Administrator	1,000,000	(A)
Andrew Fede	Borough Attorney		
Neglia Engineering	Borough Engineer		
Douglas Doyle	Labor Attorney		
Steve Rogut	Bond Counsel		
John Guercio	Tax Assessor		
Paul Renard	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

Schedule of Expenditure of Federal Awards

Year ended December 31, 2010

Program	CFDA Number	State Pass-through Number	Grant Period	Grant Award	Balance Dec. 31, 2009	Receipts	Expenditures	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2010	MEMO Total Cumulative Expenditures
U.S. Department of Housing and Urban Development									
Passed Through Funds:									
County of Bergen									
Senior Citizen Activities	14.218		7/1/09-6/30/10	3,500 \$	(1,494)	3,500	2,006 (1)		3,500
Senior Citizen Activities	14.218	210-205-741-48-45	7/1/10-6/30/11	3,250		1,700	2,250 (1)	(550)	2,250
Barrier Free Ramps - Summit Street	14.218	Ord. 2007-28	7/1/07-6/30/08	80,000	(23,741)	21,317	11,813	(14,237)	56,873
Barrier Free Bath Rooms - Kennedy Park, Phase I	14.218	Ord. 2006-15	7/1/08-6/30/09	40,000	(26,995)	26,995			26,995
Barrier Free Bath Rooms - Kennedy Park, Phase II	14.218		7/1/09-6/30/10	40,000	(25,235)	26,517	16,069	(14,787)	62,623
U.S. Department of Environmental Protection									
Passed Through Funds									
State of New Jersey									
Municipal Stormwater Regulation Program	66.605		WQ05-066	8,468	2,117			2,117	
					\$ (25,235)	26,517	16,069	(14,787)	62,623

(1) - Expenditures incurred through the Community Development Trust Fund

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

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2010

State & County Programs	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31, 2009	Cash Received	Expended	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2010	MEMO Total Cumulative Expenditures
<u>State Programs:</u>								
<u>Department of Law and Public Safety:</u>								
Drunk Driving Enforcement Fund	1110-448-031020-22	1998	14,290	12,978			12,978	1,312
Drunk Driving Enforcement Fund	1110-448-031020-22	2003	4,672	4,185			4,185	487
Drunk Driving Enforcement Fund	1110-448-031020-22	2004	1,349	1,349			1,349	
Drunk Driving Enforcement Fund	1110-448-031020-22	2005	997	997			997	
Drunk Driving Enforcement Fund	1110-448-031020-22	2006	799	799			799	
Drunk Driving Enforcement Fund	6400-100-078-6400	2006	1,089	1,089			1,089	
Drunk Driving Enforcement Fund	6400-100-078-6400	2008	670	670			670	
Drunk Driving Enforcement Fund	6400-100-078-6400	2009	920	920			920	
Drunk Driving Enforcement Fund	6400-100-078-6400	2010	725		725		725	
SLA HOEP		2004	2,406	2,406			2,406	
Body Armor Replacement	N/A	2003	1,323	406			406	
Body Armor Replacement	1020-718-066-1020-001	2005	2,537	2,537			2,537	
Body Armor Replacement	1020-718-066-1020-001	2008	1,369	1,369			1,369	
Body Armor Replacement	1020-718-066-1020-001	2009	842		842		842	
Body Armor Replacement	1020-718-066-1020-001	2010	1,446		1,446		1,446	
			29,705	29,705	3,013		32,718	1,799
<u>Department of Health:</u>								
Alcohol Education Rehabilitation Fund	5120-150-020080-60	1998	359	359			359	
Alcohol Education Rehabilitation Fund	5120-150-020080-60	2003	7,899	5,534			5,534	2,365
Alcohol Education Rehabilitation Fund	5120-150-020080-60	2004	6,030	6,030			6,030	
Alcohol Education Rehabilitation Fund	5120-150-020080-60	2007	886	886			886	
Recycling Tonnage Grant	4900-752-042-4900-001	2003	5,033	5,033			5,033	
Recycling Tonnage Grant	4900-752-042-4900-001	2004	6,412	561			561	5,851
Recycling Tonnage Grant	4900-752-042-4900-001	2005	4,360	4,359			4,359	1
Recycling Tonnage Grant	4900-752-042-4900-001	2006	4,584	235			235	4,349
Recycling Tonnage Grant	4900-752-042-4900-001	2008	10,044	10,044			10,044	
Recycling Tonnage Grant	4900-752-042-4900-001	2009	50,090	49,590		16,150	33,440	16,650
			82,631	82,631		16,150	66,481	29,216

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2010

	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31, 2009	Cash Received	Expended	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2010	MEMO Total Cumulative Expenditures
<b>State &amp; County Programs</b>								
<b>Environmental Protection Agency:</b>								
Clean Communities Program	4900-765-17910-60	2006	220	220			220	
Clean Communities Program	4900-765-042-4900-004	2006	5,090	193			193	4,897
Clean Communities Program	4900-765-042-4900-004	2007	5,500	4,386			4,386	1,114
Clean Communities Program	4900-765-042-4900-004	2009	8,142	2,284	230		2,054	6,088
Clean Communities Program	4900-765-042-4900-004	2010	8,478		8,478		8,478	
				7,983	8,478	230	15,331	12,099
<b>Association of New Jersey Environmental Commissions:</b>								
Smart Growth Planning Grant		2006	7,600	(2,800)		(2,800)		7,600
<b>Programs Passed Through County of Bergen</b>								
Municipal Alliance	N/A	2006	11,500	(2,662)			(2,662)	
Municipal Alliance	N/A	2009	11,500	(7,876)	5,128	1,533	(4,281) A	11,159
Municipal Alliance	N/A	2010	10,356		1,750	3,690	(1,940) B	3,690
				(10,538)	6,878	5,223	(8,883)	14,849
<b>Total State Programs</b>			\$ 106,081	18,369	21,603	102,847		65,563
<b>Other Financial Assistance:</b>								
<b>County Programs:</b>								
<b>Bergen County Utilities Authority:</b>								
Municipal Recycling Assistance Program	N/A	2004	3,331	3,177			3,177	154
Municipal Recycling Assistance Program	N/A	2006	2,985	1,194			1,194	1,791
Municipal Recycling Assistance Program	N/A	2006	2,985	985			985	2,000
Municipal Recycling Assistance Program	N/A	2007	373	166			166	2,207
				5,522			5,522	6,152
<b>Total Other Financial Assistance</b>			\$ 111,603	18,369	21,603	108,369		71,715

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

A - Grant Receivable of \$4,621, appropriated grant reserve of \$340

B - Grant Receivable of \$8,606, appropriated grant reserve of \$6,666.

## BOROUGH OF NORWOOD, N.J.

## Schedule of Cash - Collector-Treasurer

## Current Fund

Year Ended December 31, 2010

		Current Fund
Balance - December 31, 2009		\$ <u>4,377,548</u>
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 244,846	
Due to State - Senior Citizen and Veteran Deductions	66,300	
Taxes Receivable	25,162,615	
Revenue Accounts Receivable	1,550,599	
Interfunds	8,188	
Special Emergency Notes Issued	145,000	
Due to State of New Jersey	5,845	
Prepaid Taxes	238,873	
Tax Overpayments	59,463	
Due to Federal and State Grant Fund	<u>18,369</u>	
		<u>27,500,098</u>
		31,877,646
Decreased by Disbursements:		
Current Year Budget Appropriations	7,825,677	
Interfunds	53,227	
Refunds	1,718	
Due to State of New Jersey	4,126	
Appropriation Reserves	250,087	
Tax Anticipation Note	3,000,000	
Tax Overpayment refunds	45,575	
School Taxes Payable	15,765,005	
County Taxes Payable	2,956,650	
Due from Federal and State Grant Fund	<u>22,949</u>	
		<u>29,925,014</u>
Balance - December 31, 2010		\$ <u><u>1,952,632</u></u>

**BOROUGH OF NORWOOD, N.J.**

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2010**

Balance - December 31, 2009	\$ <u>250</u>
Balance - December 31, 2010	\$ <u><u>250</u></u>
<u>Analysis of Balance:</u>	
Tax Collector	\$ <u><u>250</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Amount Due to State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009		\$	11,423
Increased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash			<u>66,300</u>
			77,723
Decreased by:			
Senior Citizens' Deductions Per Tax Billing	\$	16,500	
Veterans' Deductions Per Tax Billing		52,500	
Senior Citizens' and Veterans' Allowed		<u>500</u>	
			<u>69,500</u>
Balance - December 31, 2010		\$	<u><u>8,223</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2010

Year	Balance, Dec. 31, 2009	Levy	Added Taxes	Collected 2009	2010	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2010
2009	417,081				416,895		186		
	417,081				416,895		186		
2010		25,597,421		186,246	24,767,133	69,500	4,219	113,659	456,664
	\$ 417,081	25,597,421		186,246	25,184,028	69,500	4,405	113,659	456,664

Overpayments Applied 21,413  
Cash Receipts 25,162,615  
\$ 25,184,028

Analysis of Tax Levy

Tax yield:  
General Purpose Tax \$ 25,597,421

Tax Levy:  
Local District School Tax \$ 8,563,795  
Regional School Tax 7,201,210  
County Tax 2,912,334  
County Open Space Taxes 37,677  
Local Open Space Taxes 148,390  
18,863,406

Local Tax for Municipal Purposes \$ 6,732,105  
Additional Taxes 1,910  
6,734,015  
\$ 25,597,421

**BOROUGH OF NORWOOD, N.J.**

**Schedule of Property Acquired for  
Taxes Assessed Valuation**

**Current Fund**

**Year Ended December 31, 2010**

Balance - December 31, 2009	\$ <u>1,142,840</u>
Balance - December 31, 2010	\$ <u><u>1,142,840</u></u>

**Schedule of Tax Title Liens**

**Current Fund**

**Year Ended December 31, 2010**

Balance - December 31, 2009	\$ 11,999
Increased by:	
Interest and Cost on Tax Sale	\$ 34
Transfer from 2009 Taxes	186
Transfer from 2010 Taxes	<u>4,219</u>
	<u>4,439</u>
Balance - December 31, 2010	\$ <u><u>16,438</u></u>

## BOROUGH OF NORWOOD, N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2010

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Clerk:				
Licenses:				
Alcoholic beverages		12,400	12,400	
Other		16,194	16,194	
Fees and Permits		19,972	19,972	
Municipal Court :				
Fines and Costs	2,211	38,187	37,405	2,993
Interest and Costs on Taxes		104,821	104,821	
Interest on Investments and Deposits		20,256	20,256	
Recreation Fees		8,495	8,495	
Borough of Northvale Sewer Charges		14,000	14,000	
Cable T.V. Franchise Fee		65,041	65,041	
Library Rent		182,000	182,000	
Energy Receipts Tax		559,799	559,799	
Watershed Moratorium Offset Aid		5,734	5,734	
Uniform Construction Code Fees		81,325	81,325	
General Capital Fund Balance		125,119	125,119	
Uniform Fire Safety Act		19,098	19,098	
Reserve for Accumulated Sick Pay		125,000	125,000	
Reserve for Outside Employment - DPW		15,760	15,760	
Reserve for Outside Employment - Police		75,616	75,616	
Reserve for payment of Debt		62,564	62,564	
	<u>\$ 2,211</u>	<u>1,551,381</u>	<u>1,550,599</u>	<u>2,993</u>
		Cash	<u>1,550,599</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2010

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2010</u>
Animal License Trust Fund	\$ 2,549	3,958	2,549	3,958 x
Open Space Trust Fund		148,390		(148,390) x
Other Trust Fund:				
Developer's Escrow Fund	183	55	183	55 x
Other Trust		4,929	777	4,152
Unemployment Insurance Trust			3,628	(3,628)
Community Development Trust	1,051	1,199	1,051	1,199 x
General Capital Fund	<u>(52,027)</u>	<u>52,027</u>		
	<u>\$ (48,244)</u>	<u>210,558</u>	<u>8,188</u>	<u>(142,654)</u>

Statutory Excess \$	3,778		
Municipal Open Space Tax Levy	148,390		
Unallocated balance in Tax Title Lien Premiums	4,929		
Interest earned on investments	55		
Interfunds Returned - Receipts			4,560
Cash Receipts			3,628
Deposit errors	179		
Disbursements	<u>53,227</u>		
	<u>\$ 210,558</u>	<u>8,188</u>	

BOROUGH OF NORWOOD, N.J.

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

Current Fund

Year Ended December 31, 2010

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>1/5 of Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2009</u>	<u>Added</u> <u>in 2010</u>	<u>Reduced</u> <u>in 2010</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2010</u>
May 4, 2010	Reassessment	55,000	11,000	\$	55,000		55,000
May 1, 2007	Revaluation	225,000	45,000			45,000	90,000
				\$	<u>135,000</u>	<u>45,000</u>	<u>145,000</u>

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2010

<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2009</u>	<u>Added</u> <u>in 2010</u>	<u>Reduced</u> <u>in 2010</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2010</u>
Emergency Authorization - Unemployment	65,000	\$	65,000		65,000
Overexpenditure of Appropriations	11,136		11,136	11,136	
Overexpenditures of Appropriation Reserves	40,504		4,832	10,133	35,203
		\$	<u>51,640</u>	<u>21,269</u>	<u>100,203</u>

## BOROUGH OF NORWOOD, N.J.

## Schedule of 2009 Appropriation Reserves

## Current Fund

## Year Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Balance after transfers and encumbrances	Paid or Charged	Balance <u>Lapsed</u>	Over <u>Expenditures</u>
Salaries and Wages:					
Within "CAPS":					
Administration	\$ 282.00	282		282	
Revenue Administration	1,018	1,018		1,018	
Zoning Board		230		230	
Police	59,552	59,553	59,553		
Street & Road Maintenance	29,662	29,662	23,374	6,288	
Municipal Court	1,010	1,010		1,010	
Planning Board	202	202		202	
Zoning Board	230				
Public Health Services	6,743	6,743		6,743	
Recreation Service & Programs	580	580		580	
Excluded from "CAPS":					
Other Expenses:					
Within "CAPS":					
General Administration	5,939	6,589	1,227	5,362	
Borough Clerk		85	23	62	
Financial Administration	2,747	2,837		2,837	
Audit Services	27,500	27,500	27,500		
Computer Data Processing	5,658	8,752	6,283	2,469	
Revenue Administration	1,483	1,003	520	483	
Tax Assessment Administration	285	285		285	
Legal Services	35,432	37,026	3,839	33,187	
Engineering	4,390	4,390		4,390	
Municipal Court	3,662	3,753	90	3,663	
Insurance:					
Liability Insurance	9,191	9,191		9,191	
Employee Group Insurance	47,147	47,570	1,321	46,249	
Planning Board	827	1,056		1,056	
Zoning Board	684	790	16	774	
Historical Preservation Committee	600	600		600	
Environmental Commission	675	675		675	
Police	18,956	21,882	9,580	12,302	
Police Dispatch/911	322	322		322	
Aid to Volunteer Fire Companies	1,339	17,319	15,823	1,496	
Aid to Ambulance Companies	20,586	20,799	461	20,338	
Fire Prevention	3,758	3,758	8,590		4,832
Public Defender	800	800		800	
Street & Road Maintenance	7,877	11,338	2,845	8,493	
Other Public Works Functions	1,524	3,520	857	2,663	
Solid Waste Collection	54,308	60,197	50,564	9,633	
Buildings & Grounds	6,126	7,360	1,336	6,024	
Vehicle Maintenance	4,221	11,899	3,597	8,302	
Public Health Services	396	471	44	427	
Recreation Service & Programs	6,162	10,667	5,583	5,084	
Electricity	13,276	13,276	12,943	333	

BOROUGH OF NORWOOD, N.J.

Schedule of 2009 Appropriation Reserves

Current Fund

Year Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	Over <u>Expenditures</u>
Street Lighting	17,948	17,948	9,260	8,688	
Telephone	1,919	5,223	4,566	657	
Gas (Natural and Propane)	26,463	26,463	2,467	23,996	
Gasoline	22,706	26,153	1,135	25,018	
Water	2,407	2,407	379	2,028	
Uniform Construction Code Enforcement	4,024	4,024	465	3,559	
Police and Fireman's Retirement System of NJ	1	1		1	
Social Security system (O.A.S.I)	486	486		486	
Unemployment Compensation Insurance	8,655	8,655	8,655		
Excluded from "CAPS":					
Length of Service Awards Program	35,000	35,000	26,850	8,150	
Stormwater Management	6,967	9,610	3,205	6,405	
Municipal Alliance State Share	2,875	2,875		2,875	
Total Expenditures	\$ <u>514,601</u>	<u>573,835</u>	<u>292,951</u>	<u>285,716</u>	<u>4,832</u>
		Appropriation Reserves 514,601			
		Encumbrances <u>59,234</u>			
		\$ <u>573,835</u>			
		Transferred to Reserve for			
		Police Retroactive Pay	42,864		
		Cash Disbursements	<u>250,087</u>		
			\$ <u>292,951</u>		

BOROUGH OF NORWOOD, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$ 59,234
Increased by:	
Transfer from Current Appropriations	<u>87,080</u>
	146,314
Decreased by:	
Transferred to Appropriation Reserves	<u>59,234</u>
Balance - December 31, 2010	<u><u>\$ 87,080</u></u>

## BOROUGH OF NORWOOD, N.J.

## Schedule of Prepaid Taxes

## Current Fund

## Year Ended December 31, 2010

Balance - December 31, 2009	\$	186,246
Increased by:		
Receipts - Prepaid 2011 Taxes		<u>238,873</u>
		425,119
Decreased by:		
Applied to 2010 Taxes		<u>186,246</u>
Balance - December 31, 2010	\$	<u><u>238,873</u></u>

## Schedule of Tax Overpayments

## Current Fund

## Year Ended December 31, 2010

Balance - December 31, 2010	\$	50,875
Increased by:		
Transfer from Tax Collections		<u>59,463</u>
		110,338
Decreased by:		
Applied to 2009 Taxes	\$	21,413
Liabilities cancelled to operations		13,691
Cash Disbursed		<u>45,575</u>
		<u>80,679</u>
Balance - December 31, 2010	\$	<u><u>29,659</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Miscellaneous Reserves

Current Fund

Year Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	<u>Increased</u>	Balance, Dec. 31, <u>2010</u>
<u>Reserve for:</u>			
Reassessment of Real Property	\$	9,750	9,750
Police Retroactive Pay		42,863	42,863
Revaluation	14,909		14,909
Length of Service Award Program	<u>29,500</u>		<u>29,500</u>
	\$ <u>44,409</u>	<u>52,613</u>	<u>97,022</u>
Balance of 2009 Budget Appropriation		42,863	
Balance of 2010 Budget Appropriation		<u>9,750</u>	
		\$ <u><u>52,613</u></u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Tax Anticipation Notes

Year ended December 31, 2010

<u>Number</u>	<u>Description</u>	<u>Date of original issue</u>	<u>Maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2009</u>	<u>Matured</u>
09-1T	Tax Anticipation Note	Aug. 12, 2009	Feb. 10, 2010	1.50%	\$ 3,000,000	3,000,000

BOROUGH OF NORWOOD, N.J.

Schedule of Amount Due to State of New Jersey

Current Fund

Year Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2010</u>
DCA Fees	\$ 465	5,845	4,076	2,234
Marriage License Fees	<u>50</u>	<u>          </u>	<u>50</u>	<u>          </u>
	<u>\$ 515</u>	<u>5,845</u>	<u>4,126</u>	<u>2,234</u>
		Cash Receipts 5,845		
		Cash Disbursements <u>          </u>	<u>4,126</u>	
		<u>\$ 5,845</u>	<u>4,126</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Special Emergency Notes Payable

Year ended December 31, 2010

<u>Number</u>	<u>Description</u>	<u>Date of original issue</u>	<u>Maturity</u>	<u>Interest rate</u>	<u>Issued</u>	<u>Balance, Dec. 31, 2010</u>
10-1SEN	Special Emergency Note	Dec. 16, 2010	Dec. 16, 2011	1.55%	\$ 90,000	90,000
10-2SEN	Special Emergency Note	Dec. 28, 2010	Dec. 16, 2011	1.65%	55,000	55,000
					\$ 145,000	145,000

BOROUGH OF NORWOOD, N.J.

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

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009		\$	(116,805)
Increased by:			
Grants Received - Unappropriated	\$	11,491	
Grants Received - Appropriated		<u>6,878</u>	
			<u>18,369</u>
			(135,174)
Decreased by:			
Prior year encumbrances paid		1,346	
Cash disbursements		<u>21,603</u>	
			<u>22,949</u>
Balance - December 31, 2010		\$	<u><u>(112,225)</u></u>

**BOROUGH OF NORWOOD, N.J.**

**Schedule of School Taxes Payable**

**Current Fund**

**Year Ended December 31, 2010**

Increased by:			
Levy School Year - July 1, 2010			
to June 30, 2010 -			
Regional School Tax	\$	7,201,210	
Local School Tax		<u>8,563,795</u>	
			<u>15,765,005</u>
			15,765,005
Decreased by:			
Cash Disbursements	\$		<u><u>15,765,005</u></u>

**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended December 31, 2010**

Balance - December 31, 2009	\$	6,639	
Increased by:			
Levy	\$	2,912,334	
Open Space Levy		<u>37,677</u>	
			<u>2,950,011</u>
			2,956,650
Decreased by:			
Cash Disbursements	\$		<u><u>2,956,650</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2010

<u>Grant</u>	Balance, Dec. 31, <u>2009</u>	Budget <u>Revenue</u>	<u>Received</u>	<u>Canceled</u>	Balance, Dec. 31, <u>2010</u>
Municipal Alliance	\$ 12,412	10,356	6,878		15,890
Smart Growth Planning Grant	2,800				2,800
Body Armor Replacement Fund		1,369	1,369		
Stormwater Management Grant		2,177	2,117	60	
Recycling Tonnage Grant		10,044	10,044		
Drunk Driving Enforcement Fund		670	670		
Clean Communities		1,760	1,760		
GDL Grant		1,740	1,740		
	<u>\$ 15,212</u>	<u>28,116</u>	<u>24,578</u>	<u>60</u>	<u>18,690</u>
			Cash Receipts \$ 6,878		
			Unappropriated Reserves <u>17,700</u>		
			<u>\$ 24,578</u>		

## BOROUGH OF NORWOOD, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2010

<u>Grant</u>	Balance, Dec. 31, 2009	Transfer From 2010 Budget	<u>Expended</u>	<u>Canceled</u>	Balance, Dec. 31, 2010
Alcohol Education Rehabilitation Fund - 2003	\$ 5,534				5,534
Alcohol Education Rehabilitation Fund	359				359
Drunk Driving Enforcement Fund - 2003	4,185				4,185
Drunk Driving Enforcement Fund	12,978				12,978
Alcohol Education Rehabilitation Fund - 2004	6,030				6,030
Body Armor Replacement Program	406				406
Municipal Recycling Assistance	3,177				3,177
Recycling Tonnage	5,033				5,033
Recycling Tonnage	592				592
Drunk Driving Enforcement Fund	1,349				1,349
Drunk Driving Enforcement Fund - 2005	997				997
SLA HOEP	2,406				2,406
Municipal Recycling Assistance	1,194				1,194
Clean Communities	413				413
Body Armor Replacement Program	2,537				2,537
Recycling Tonnage Grant	4,328				4,328
Drunk Driving Enforcement Fund	799				799
Municipal Recycling Assistance	985				985
Recycling Tonnage Grant	234				234
Drunk Driving Enforcement Fund	1,089				1,089
Clean Communities	4,386				4,386
Alcohol Education Rehabilitation Fund	886				886
Municipal Recycling Assistance	166				166
Municipal Alliance - 2009	1,874		1,533		341
Recycling Tonnage Grant	49,590		16,150		33,440
Clean Communities	524				524
Body Annor Replacement Program		1,369			1,369
Stormwater Management		2,177		60	2,117
Municipal Alliance - 2010		10,356	3,690		6,666
Recycling Tonnage Grant		10,044			10,044
Drunk Driving Enforcement Fund		670			670
Clean Communities		1,760	230		1,530
GDL Grant		1,740			1,740
	<u>\$ 112,051</u>	<u>28,116</u>	<u>21,603</u>	<u>60</u>	<u>118,504</u>
		<u>Budget 28,116</u>			
			<u>Cash Disbursements 21,603</u>		

## BOROUGH OF NORWOOD, N.J.

## Schedule of Unappropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2010

<u>Grant</u>	Balance, Dec. 31, <u>2009</u>	Cash <u>Received</u>	Transferred to 2010 <u>Budget</u>	Balance, Dec. 31, <u>2010</u>
Clean Communities	\$ 1,760	8,478	1,760	8,478
Body Armor Replacement Program	1,369	2,288	1,369	2,288
Recycling Tonnage Grant	10,044		10,044	
Stormwater Management	2,117		2,117	
GDL Grant	1,740		1,740	
Drunk Driving Enforcement Fund	<u>1,590</u>	<u>725</u>	<u>670</u>	<u>1,645</u>
	<u>\$ 18,620</u>	<u>11,491</u>	<u>17,700</u>	<u>12,411</u>

## BOROUGH OF NORWOOD, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2010

	Animal Trust <u>Fund</u>	Municipal Open Space	Other Trust <u>Fund</u>	Community Development <u>Trust</u>	Length of Service Award <u>Program</u>
Balance - December 31, 2009	\$ 13,024	438,927	595,817		173,448
Increase by Receipts:					
Animal License Fees	6,022				
Interfund - Current Fund	180		55		
Due to State of New Jersey	676				
Municipal Open Space Tax Levy - Prior Year Voided Check		2,400			
Various Trust Deposits			62,297		
Other Trust Funds			179,621		
Grant Receipts				3,706	
Borough Contributions					22,950
Investment Gains					22,978
Interest Earned on Investments		1,735			
Total Receipts	6,878	4,135	241,973	3,706	45,928
	19,902	443,062	837,790	3,706	219,376
Decreased by Disbursements:					
Animal License Expenditures	1,125				
Interfund - Current Fund	2,549		183	3,057	
Due to State of New Jersey	676				
Various Trust Deposits			34,908		
Other Trust Funds			334,758		
Municipal Open Space expenditures		17,840			
Benefit Distributions					7,636
Administrative Fees					950
Total Disbursements	4,350	17,840	369,849	3,057	8,586
Balance - December 31, 2010	\$ 15,552	425,222	467,941	649	210,790

BOROUGH OF NORWOOD, N.J.

Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2010

Balance - December 31, 2009		\$	10,468
Increased by:			
Dog License Fees Collected	\$	4,059	
Cat License Fees Collected		618	
Late Fees		<u>1,345</u>	
			<u>6,022</u>
			16,490
Decreased by:			
Statutory Excess		3,778	
Expenditures R.S. 4:19-15.11		<u>1,125</u>	
			<u>4,903</u>
Balance - December 31, 2010		\$	<u><u>11,587</u></u>

Animal Licenses Collected

<u>Year</u>	<u>Amount</u>
2009	\$ 6,122
2008	<u>5,465</u>
	\$ <u><u>11,587</u></u>

**BOROUGH OF NORWOOD, N.J.**

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

**Animal License Trust Fund**

**Year Ended December 31, 2010**

Balance - December 31, 2009	\$	7
Increased by:		
State License Fees collected		<u>676</u>
		683
Decreased by:		
Cash Disbursements		<u>676</u>
Balance - December 31, 2010	\$	<u><u>7</u></u>

## BOROUGH OF NORWOOD, N.J.

## Schedule of Interfund - Current Fund

## Other Trust Funds

Year Ended December 31, 2010

	Due from/(to) Balance <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2010</u>
Other Trust Fund:	\$			
Developer's Escrow	(183)	55	183	(55)
Other Trust		4,929	777	(4,152)
Unemployment Trust Fund			3,628	3,628
Animal Control Trust	(2,549)	3,958	2,549	(3,958)
Municipal Open Space			148,390	148,390
Community Development Trust	(1,051)	3,410	3,262	(1,199)
	<u>\$ (3,783)</u>	<u>12,352</u>	<u>158,789</u>	<u>142,654</u>
Statutory Excess		3,778		
Interest on Investments		55		
Unallocated balance in Reserves		4,929		
Employee payroll deductions collected in Current Fund			3,628	
Marriage License fees collected in Current Fund			775	
POAA Fees collected in Current Fund			2	
Municipal Open Space Taxes collected			148,390	
Grants Cancelled			205	
Expenses paid by Current Fund		3,410		
Cash Disbursements			5,789	
Cash Receipts		180		
		<u>\$ 12,352</u>	<u>158,789</u>	

**BOROUGH OF NORWOOD, N.J.**

**Schedule of Reserve for Open Space Trust Fund Expenditures**

**Open Space Trust Fund**

**Year Ended December 31, 2010**

Balance - December 31, 2009		\$	438,927
Increased by:			
Tax Levy Collections	\$	148,390	
Prior Year Voided Check		2,400	
Interest on Investments		<u>1,735</u>	
			<u>152,525</u>
			591,452
Decreased by:			
Cash Disbursements			<u>17,840</u>
Balance - December 31, 2010		\$	<u><u>573,612</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Various Trust Deposits

Trust Funds

Year Ended December 31, 2010

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Reserve for:				
Escrow Deposits	\$ 153,192	49,994	33,660	169,526
Affordable Housing Expenditures	146,081	5,805	1,248	150,638
Unemployment Compensation Ins.	<u>                    </u>	<u>10,126</u>	<u>                    </u>	<u>10,126</u>
	<u>\$ 299,273</u>	<u>65,925</u>	<u>34,908</u>	<u>330,290</u>
		Cash Receipts \$ 62,297		
		Cash Disbursements	34,908	
Due to/from Current Fund - Employee payroll deductions		<u>3,628</u>	<u>                    </u>	
		<u>\$ 65,925</u>	<u>34,908</u>	

## BOROUGH OF NORWOOD, N.J.

## Schedule of Reserve for Other Trust Expenditures

## Trust Funds

Year Ended December 31, 2010

	Balance <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2010</u>
Reserve for:				
New Jersey Clean Energy Program	\$	200		200
Police Department Vest Fund	1,100	200		1,300
Parking Offenses Adjudication Act	34	16		50
Tax Sale Certificates and Premiums	29,929	12,700	4,929	37,700
Marriage License Fees Payable		775	650	125
Fire Prevention	750			750
Donation - Ferdan Cemetary	100			100
Celebration of Public Events	2,515	17,976	11,048	9,443
Outside Employment - DPW	15,760			15,760
Outside Employment - Police	75,616	148,531	198,060	26,087
Centennial	15,636			15,636
Accumulated Sick Leave	154,921		125,000	29,921
	<u>\$ 296,361</u>	<u>180,398</u>	<u>339,687</u>	<u>137,072</u>
		Cash Receipts 179,621		
		Cash Disbursements 334,758		
		Due to/from Current Fund 777	4,929	
		<u>\$ 180,398</u>	<u>339,687</u>	

BOROUGH OF NORWOOD, N.J.  
Schedule of Grants Receivable  
Community Development Trust Fund  
Year Ended December 31, 2010

Balance - December 31, 2009		\$ <u>2,211</u>
Increased by:		
Adjustment to reflect prior year award	\$ 1,289	
2010-2011 Grant Award	<u>3,250</u>	
		<u>4,539</u>
		6,750
Decreased by:		
Cash Receipts	3,706	
Grant Receipts received via Current Fund	<u>1,494</u>	
		<u>5,200</u>
Balance - December 31, 2010		\$ <u><u>1,550</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Community Development Projects

Community Development Trust Fund

Year Ended December 31, 2010

Balance - December 31, 2009		\$	1,160
Increased by:			
Adjustment for Prior Year			
Award	\$	846	
2010-2011 Grant Award		<u>3,250</u>	
			<u>4,096</u>
			5,256
Decreased by:			
Prior Year expenses incurred			
not reported	\$	846	
Budget expenditures in Current		<u>3,410</u>	
			<u>4,256</u>
Balance - December 31, 2010		\$	<u><u>1,000</u></u>



## BOROUGH OF NORWOOD, N.J.

## Schedule of Net Assets Available for Benefits

## Emergency Services Volunteer - Length of Service Award Program

Year Ended December 31, 2010

Balance - December 31, 2009		\$	189,298
Increased by:			
Borough Contributions	\$	28,650	
Net unrealized Appreciation in Fair Value of Investments		<u>22,978</u>	
			<u>51,628</u>
			240,926
Decreased by:			
Administrative expenses	\$	950	
Benefit Distributions		<u>7,636</u>	
			<u>8,586</u>
Balance - December 31, 2010		\$	<u><u>232,340</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2010

Balance - December 31, 2009		\$	1,041,827
Increased by Receipts:			
Grants Receivable	\$	48,313	
Due from Current Fund		<u>52,027</u>	
			<u>100,340</u>
			1,142,167
Decreased by Disbursements:			
Improvement Authorizations		347,689	
Reserve for payment of Debt		62,564	
General Capital Fund Balance		125,119	
Livingston Street Beautification Project		<u>25,788</u>	
			<u>561,160</u>
Balance - December 31, 2010		\$	<u><u>581,007</u></u>

**BOROUGH OF NORWOOD, N.J.**

**Analysis of Cash**

**General Capital Fund**

**Year Ended December 31, 2010**

Grants/Contributions Receivable	\$ (840,369)
New Jersey Infrastructure Trust Loans Receivable	(1,036,850)
Reserve for Grants Receivable	840,369
Capital Improvement Fund	45,230
Reserve for payment of debt	26,995
Reserve for Livingston Street Beautification Project	101,889
Fund Balance	

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
00-13	Improvements to Recreational Facilities	(379)
03-09	Various Capital Improvements	(4,288)
03-10	Various Capital Improvements to Kennedy Park	5,288
06-06	2005 Road Improvement Program	3,947
06-15	Various Improvements	146,189
07-28	Various Improvements	307,654
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	934,332
10-16	Livingston Street Drainage and Streetscape Project	51,000
		<u>\$ 581,007</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants/Contributions Receivable

General Capital Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$ 138,682
Increased by:	
Shared Services Agreement - Bergen County	<u>750,000</u>
	888,682
Decreased by:	
Cash Receipts	<u>48,313</u>
Balance - December 31, 2010	<u><u>\$ 840,369</u></u>

Analysis of Balance

Livingston St. Drainage/Streetscape Project, Ord. 2010-16	750,000
Community Development Block Grant:	
Ord. 2007-28	37,364
Ord. 2006-15	13,005
Barrier Free Restrooms - Kennedy Park	<u>40,000</u>
	<u><u>\$ 840,369</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of State of New Jersey Infrastructure Trust Loans Receivable

General Capital Fund

Year Ended December 31, 2010

Increased by:	
Loan Awards:	
Trust Loan - 2010B	\$ 500,000
Fund Loan - 2010B	<u>536,850</u>
Balance - December 31, 2010	\$ <u><u>1,036,850</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges to Future  
Taxation - Funded

General Capital Fund

Year Ended December 31, 2010

Balance - December 31, 2009		\$	6,272,000
Increased by:			
New Jersey Infrastructure Trust Fund			
Loans Issued			<u>1,036,850</u>
			7,308,850
Decreased by:			
Current Year Budget Appropriations:			
Serial Bonds	\$	595,000	
EDA Loan		<u>11,000</u>	
			<u>606,000</u>
Balance - December 31, 2010		\$	<u><u>6,702,850</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2010

Ordinance Number	Improvement Description	Balance		Decreased	Balance Dec. 31, 2010	Expenditures	Unexpended Improvement Authorization
		Dec. 31, 2009	2010 Authorizations				
	General improvements:						
00-13	Improvements to Recreational Facilities	\$ 379			379	379	
03-09	Various Capital Improvements	4,288			4,288	4,288	
07-28	Various Improvements	58,682		21,318	37,364		37,364
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	1,250,000		1,036,850	213,150		213,150
10-16	Livingston Street Drainage and Streetscape Project		1,014,000		1,014,000		1,014,000
		\$ 1,313,349	1,014,000	1,058,168	1,269,181	4,667	1,264,514

Analysis of Balance, Dec. 31, 2010

	Improvement Authorizations-Unfunded	\$ 1,264,514
	New Jersey Infrastructure Trust Fund Loans Issued	1,036,850
	Unappropriated Grants Received	21,318
		\$ 1,058,168

BOROUGH OF NORWOOD, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2010

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2010	Interest Rate	Balance Dec. 31, 2009	Decreased	Balance Dec. 31, 2010
General Obligation Bonds	August 1, 2004	2,755,000	08/01/11 260,000	3.40%	1,665,000	240,000	1,425,000
			08/01/12 270,000	3.40%			
			08/01/13 280,000	3.50%			
			08/01/14 290,000	3.625%			
			08/01/15 325,000	3.75%			
General Obligation Bonds	October 1, 2008	4,680,000	10/01/11 355,000	3.875%	4,585,000	355,000	4,230,000
			10/01/12 380,000	4.00%			
			10/01/13 390,000	4.00%			
			10/01/14 405,000	4.00%			
			10/01/15 395,000	4.00%			
			10/01/16 740,000	4.00%			
			10/01/17 765,000	4.00%			
			10/01/18 800,000	4.00%			
					\$ 6,250,000	595,000	5,655,000

BOROUGH OF NORWOOD, N.J.

Schedule of New Jersey Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year Ended December 31, 2010

Purpose	Date of Issue	Original Issue	Maturities of		Interest Rate	Increased	Balance Dec. 31, 2010
			Bonds Outstanding, December 31, 2010	Amount			
Trust Loan	December 2, 2010	500,000	8/1/2012-13	15,000	5.00%	500,000	500,000
			8/1/2014-18	20,000			
			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	08/01/11	18,198		536,850	536,850
			02/01/12	9,099			
			08/01/12	18,199			
			02/01/13	9,099			
			08/01/13	18,198			
			02/01/14	9,099			
			08/01/14	18,199			
			02/01/15	9,099			
			08/01/15	18,198			
			02/01/16	9,099			
			08/01/16	18,198			
			02/01/17	9,099			
			08/01/17	18,199			
		02/01/18	9,099				
		08/01/18	18,198				
		02/01/19	9,099				
		08/01/19	18,198				
		02/01/20	9,099				
		08/01/20	18,199				
		02/01/21	9,099				

BOROUGH OF NORWOOD, N.J.

Schedule of New Jersey Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year Ended December 31, 2010

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2010		Interest Rate	Increased	Balance Dec. 31, 2010
			Date	Amount			
Fund Loan, (cont.)	08/01/21		08/01/21	18,198			
	02/01/22		02/01/22	9,099			
	08/01/22		08/01/22	18,199			
	02/01/23		02/01/23	9,099			
	08/01/23		08/01/23	18,199			
	02/01/24		02/01/24	9,099			
	08/01/24		08/01/24	18,198			
	02/01/25		02/01/25	9,099			
	08/01/25		08/01/25	18,199			
	02/01/26		02/01/26	9,099			
	08/01/26		08/01/26	18,198			
	02/01/27		02/01/27	9,099			
	08/01/27		08/01/27	18,199			
	02/01/28		02/01/28	9,099			
	08/01/28		08/01/28	18,198			
02/01/29		02/01/29	9,099				
08/01/29		08/01/29	18,198				
02/01/30		02/01/30	9,099				
08/01/30		08/01/30	18,199				
							\$ 1,036,850
							1,036,850

**BOROUGH OF NORWOOD, N.J.**

**Schedule of NJ EDA Loans Payable**

**General Capital Fund**

**Year Ended December 31, 2010**

Balance - December 31, 2009	\$	22,000
Decreased by:		
Loans Paid by Current Year		
Budget Appropriations		<u>11,000</u>
Balance - December 31, 2010	\$	<u><u>11,000</u></u>

BOROUGH OF NORWOOD, N.J.  
 Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2010

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2009		2010 Authorizations	Paid or Charged	Balance Dec. 31, 2010	
			Funded	Unfunded			Funded	Unfunded
03-10	Various Capital Improvements to Kennedy Park	260,000	5,289			1	5,288	
06-06	2005 Road Improvement Program	500,000	133,257			129,310	3,947	
06-15	Various Improvements	1,319,500	317,463			171,274	146,189	
07-28	Various Improvements	1,366,800	292,650	58,682		6,314	307,654	37,364
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	1,250,000		1,188,272		40,790	934,332	213,150
10-16	Livingston Street Drainage and Streetscape Project	1,065,000			1,065,000		51,000	1,014,000
			\$ 748,659	1,246,954	1,065,000	347,689	1,448,410	1,264,514

**BOROUGH OF NORWOOD, N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2010**

Balance - December 31, 2009	\$	96,230
Decreased by:		
Appropriated to Finance Improvement Authorizations		51,000
Balance - December 31, 2010	\$	45,230

**BOROUGH OF NORWOOD, N.J.**

**Schedule of Due from Current Fund**

**General Capital Fund**

**Year Ended December 31, 2010**

Balance - December 31, 2009	\$ <u>52,027</u>
Decreased by:	
Cash Receipts	\$ <u><u>52,027</u></u>

**Schedule of Reserve for Payment of Debt**

**General Capital Fund**

**Year Ended December 31, 2010**

Balance - December 31, 2009	\$ 62,564
Increased by:	
Grant monies received	<u>26,995</u>
	89,559
Decreased by:	
Utilized as Budget Revenue	<u>62,564</u>
Balance - December 31, 2010	\$ <u><u>26,995</u></u>
	<u>Analysis of Balance</u>
	Ord. 2006-15 \$ <u><u>26,995</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Livingston Street Beautification Project

General Capital Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$ 127,677
Decreased by:	
Cash Disbursements	<u>25,788</u>
Balance - December 31, 2010	<u>\$ 101,889</u>

Schedule of Reserve for Grants/Contributions Receivable

General Capital Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$ 138,682
Increased by:	
Contributions	<u>750,000</u>
	888,682
Decreased by:	
Reserve for payment of debt	\$ 26,995
Applied to Authorized not Issued	<u>21,318</u>
	<u>48,313</u>
Balance - December 31, 2010	<u>\$ 840,369</u>

Analysis of Balance

Shared Services Agreement - Bergen County, Ord. 2010-16	750,000
Community Development - Ord. 2007-28	37,364
Community Development - Ord. 2006-15	13,005
Community Development Block Grant - Barrier Free Bathrooms	<u>40,000</u>
	<u>\$ 840,369</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2010

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorizations	Decreased	Balance Dec. 31, 2010
2000-13	Improvements to Recreational Facilities	\$ 379			379
2003-09	Various Improvements	4,288			4,288
2007-28	Various Improvements	58,682		21,318	37,364
2009-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	1,250,000		1,036,850	213,150
2010-16	Livingston Street Drainage and Streetscape Project		1,014,000		1,014,000
		<u>\$ 1,313,349</u>	<u>1,014,000</u>	<u>1,058,168</u>	<u>1,269,181</u>

New Jersey Infrastructure Trust Loans Issued	1,036,850
Unappropriated grants received - Barrier Free Curbs - Community Development Block Grant	<u>21,318</u>
	<u>\$ 1,058,168</u>

BOROUGH OF NORWOOD

PART II

LETTER ON INTERNAL CONTROL AND ON COMPLIANCE  
AND OTHER MATTERS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

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

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

The Honorable Mayor and  
Members of the Borough Council  
Borough of Norwood  
Norwood, New Jersey 07648

We have audited the financial statements-regulatory basis of the Borough of Norwood in the County of Bergen as of and for the year ended December 31, 2010, and have issued our report thereon dated April 12, 2011. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of Norwood prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Norwood's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Norwood's internal control over financial reporting.

*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.



Honorable Mayor and  
Members of the Borough Council  
Page 2.

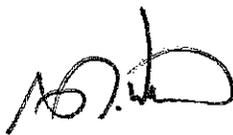
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### 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.

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.

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

April 12, 2011

## 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, 2010, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) was increased from \$21,000 to \$26,000 and with a qualified purchasing agent the threshold was increased from \$29,000 to \$36,000. On August 2, 2005, the Borough increased the bid threshold to the amount as allowed by law for having a qualified purchasing agent.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

#### Collection and Disposal of Solid Waste

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 5, 2010 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