

REPORT OF AUDIT
BOROUGH OF NORWOOD
COUNTY OF BERGEN
DECEMBER 31, 2011

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BOROUGH OF NORWOOD

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BOROUGH OF NORWOOD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

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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, 2011 and 2010, 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, 2011. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2011 and 2010 or the results of its operations for the years then ended.

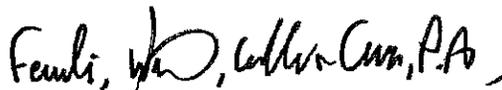
However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Norwood, New Jersey at December 31, 2011 and 2010, 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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 10, 2012 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. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CROO413



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

April 10, 2012



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

Current Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 1,490,868	1,952,632
Petty Cash		350	350
Change Fund	A-5	225	250
		<u>1,491,443</u>	<u>1,953,232</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	456,597	456,664
Property Acquired for Taxes - Assessed Valuation	A-8	1,142,840	1,142,840
Tax Title Liens	A-9	21,523	16,438
Revenue Accounts Receivable	A-10	2,281	2,993
Interfunds Receivable:			
Animal License Trust	A-11		3,958
Other Trust Fund	A-11	96	4,207
Community Development Trust Fund	A-11	674	1,199
		<u>1,624,011</u>	<u>1,628,299</u>
Deferred Charges:			
Special Emergency - N.J.S.A. 40A:4-55	A-12	89,000	145,000
Emergency Authorizations	A-13		65,000
Overexpenditure of Appropriation Reserves	A-13	4,832	35,203
		<u>93,832</u>	<u>245,203</u>
		<u>3,209,286</u>	<u>3,826,734</u>
Federal and State Grant Fund:			
Due from Current Fund	A-21	85,305	112,225
Grants Receivable	A-24	24,515	18,690
		<u>109,820</u>	<u>130,915</u>
		<u>\$ 3,319,106</u>	<u>3,957,649</u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14	519,968	674,528
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-6	4,109	8,223
Interfunds Payable:			
Federal and State Grant Fund	A-21	85,305	112,225
Open Space Trust Fund	A-11	106	148,390
Other Trust Fund	A-11	1,650	3,628
Animal License Trust Fund	A-11	7	
Unemployment Compensation Trust Fund	A-11	258	
Encumbrances Payable	A-15	101,491	87,080
Prepaid Taxes	A-16	156,707	238,873
Tax Overpayments	A-17	77,288	29,659
Reserve for:			
Reassessment of Real Property	A-18	9,750	9,750
Police Retroactive Pay	A-18	4,285	42,863
Revaluation	A-18	4,909	14,909
Length of Service Award Program	A-18	29,500	29,500
Special Emergency Note Payable	A-20	89,000	145,000
Due to State of New Jersey:			
DCA Fees	A-19		2,234
		1,084,333	1,546,862
Reserve for Receivables	Contra	1,624,011	1,628,299
Fund Balance	A-1	500,942	651,573
		3,209,286	3,826,734
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-25	106,725	118,504
Unappropriated Reserve for Grants	A-26	3,095	12,411
		109,820	130,915
		\$ 3,319,106	3,957,649

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues and Other Income:		
Fund Balance Utilized	490,000	338,900
Miscellaneous Revenue Anticipated	1,238,881	1,578,715
Receipts from Delinquent Taxes	454,556	416,895
Receipts from Current Taxes	24,717,721	25,022,879
Non-Budget Revenue	171,911	244,846
Other Credits to Income:		
Liabilities cancelled	15,532	13,691
Unexpended Balance of Appropriation Reserves	290,503	285,716
Interfunds Returned	9,552	4,560
	<u>27,388,656</u>	<u>27,906,202</u>
Total Revenues and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,208,883	3,121,609
Other Expenses	3,842,488	4,168,858
Municipal Debt Service	884,905	869,886
Deferred Charges and Statutory Expenditures -		
Municipal	901,926	532,266
School Taxes Payable	15,299,731	15,765,005
County Taxes including Added Taxes	2,644,944	2,950,011
Municipal Open Space Taxes	118,346	148,390
Interfunds Advanced	1,691	
Overexpenditure of Appropriation Reserves		4,832
Refunds	146,373	1,718
	<u>27,049,287</u>	<u>27,562,575</u>
Total Expenditures		
Excess (Deficit) Revenue Over Expenditures	339,369	343,627
Expenditures which are by statute deferred charges to succeeding years budgets		<u>124,832</u>
Statutory Excess to Fund Balance	339,369	468,459
Fund Balance, January 1,	<u>651,573</u>	<u>522,014</u>
	990,942	990,473
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>490,000</u>	<u>338,900</u>
Fund Balance, December 31,	<u>\$ 500,942</u>	<u>651,573</u>

See accompanying notes to the financial statements.

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BOROUGH OF NORWOOD, N.J.

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 490,000	490,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	12,400	15,650	3,250
Other	16,100	13,265	(2,835)
Fees and Permits	20,700	32,531	11,831
Fines and Costs:			
Municipal Court	31,700	30,083	(1,617)
Interest and Costs on Taxes	79,000	79,620	620
Interest on Investments and Deposits	13,000	6,909	(6,091)
Recreation Fees	8,400	8,930	530
Borough of Northvale-Sewer Charges	14,000	14,000	
Cable T.V. Franchise Fee	71,665	71,666	1
Library Rent	141,683	141,683	
Energy Receipts Tax	559,799	559,799	
Watershed Moratorium Offset Aid	5,734	5,734	
Construction Code Fees	85,000	88,054	3,054
Recycling Tonnage Grant	21,127	21,127	
Drunk Driving Enforcement Fund	1,585	1,585	
Recycling Tonnage Grant	21,943	21,943	
Clean Communities Program	8,508	8,508	
Municipal Alliance Program	10,356	10,356	
Clean Communities Program	8,296	8,296	
Sustainable Jersey	1,000	1,000	
Body Armor Grant	2,288	2,288	
Uniform Fire Safety	15,800	20,918	5,118
Reserve for Payment of Debt	26,995	26,995	
FEMA Reimbursements	32,631	47,941	15,310
Total Miscellaneous Revenues	1,209,710	1,238,881	29,171
Receipts from Delinquent Taxes	429,000	454,556	25,556
Subtotal General Revenues	2,128,710	2,183,437	54,727

BOROUGH OF NORWOOD, N.J.
 Statement of Revenues-Regulatory Basis
 Current Fund
 Year Ended December 31, 2011

	<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	<u>7,155,687</u>	<u>7,100,100</u>	<u>(55,587)</u>
Budget Totals	9,284,397	9,283,537	(860)
Non-Budget Revenue	<u> </u>	<u>171,911</u>	<u>171,911</u>
	<u>\$ 9,284,397</u>	<u>9,455,448</u>	<u>171,051</u>

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 24,717,721
Allocated to School, County and Local Taxes	<u>18,063,021</u>
Balance for Support of Municipal Budget Appropriations	6,654,700
Add : Appropriation - Reserve for Uncollected Taxes	<u>445,400</u>
Amount for Support of Municipal Budget Appropriations	<u>7,100,100</u>
Receipts from Delinquent Taxes: Delinquent Taxes	<u>454,556</u>
	<u>\$ 454,556</u>

BOROUGH OF NORWOOD, N.J.
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2011

Analysis of Non-budget Revenues

Moter Vehicles	1,527	
Telephone	330	
Photo Copies	12	
Police	679	
ADS Refunds	141	
Ambulance Corp.	12,437	
Miscellaneous	17,561	
Election	80	
Property Lists	370	
Joint Insurance Fund Dividend	4,074	
Sale of Equipment	6,364	
Worker's Compensation	1,710	
Health Insurance Refunds	34,264	
Statutory Excess - Animal License	3,020	
Harrington Park Reimbursement	24,083	
County Snowplowing Reimbursement	20,230	
Payments in Lieu - Cho Dae Church	24,529	
Tobar Top Soil	20,500	
	<u>20,500</u>	
		\$ <u>171,911</u>

See accompanying notes to the financial statements.

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BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Operations - within "CAPS":					
General Government:					
Administration:					
Salaries and Wages	\$ 30,082	30,082	27,779	2,303	
Other Expenses	38,000	31,000	29,242	1,758	
Mayor and Council					
Other Expenses	3,500	3,500	2,674	826	
Municipal Clerk					
Salaries and Wages	139,048	148,548	145,997	2,551	
Other Expenses	15,000	15,000	13,179	1,821	
Financial Administration:					
Salaries and Wages	43,830	43,830	31,676	12,154	
Other Expenses	26,875	26,875	10,269	16,606	
Audit Services:					
Other Expenses	38,000	38,000	20,300	17,700	
Computerized Data Processing:					
Other Expenses	22,000	22,000	13,384	8,616	
Revenue Administration:					
Salaries and Wages	65,385	69,786	69,786		
Other Expenses	5,460	5,460	3,820	1,640	
Assessment of Taxes:					
Salaries and Wages	19,496	19,496	19,495	1	
Other Expenses	3,630	3,630	2,328	1,302	
Legal Services and Costs:					
Other Expenses	90,000	85,000	75,090	9,910	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	<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	30,600	30,550	50	
Municipal Court:					
Salaries and Wages	59,940	60,836	57,346	3,490	
Other Expenses	4,000	4,000	2,596	1,404	
Liability Insurance	237,903	237,903	170,601	67,302	
Employee Group Insurance	589,567	532,731	517,934	14,797	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board:					
Salaries and Wages	3,500	3,500	3,500		
Other Expenses	9,000	9,000	7,370	1,630	
Zoning Board:					
Salaries and Wages	2,400	2,400	2,400		
Other Expenses	6,000	6,000	4,324	1,676	
Historical Preservation Committee:					
Other Expenses	600	600		600	
Environmental Commission:					
Other Expenses	1,350	1,350	1,234	116	
Public Safety:					
Police:					
Salaries and Wages	1,865,504	1,936,325	1,867,318	69,007	
Other Expenses	126,300	93,300	88,706	4,594	
Police Dispatch/911:					
Other Expenses	97,300	78,126	78,126		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund		Year Ended December 31, 2011		Unexpended
	Budget	Budget after Modification and Transfer	Paid or Charged	Balance Canceled
Aid to Volunteer Fire Companies:				
Other Expenses	33,230	33,330	33,236	94
Aid to Volunteer Ambulance Companies:				
Other Expenses	26,500	26,500	25,133	1,367
Fire Prevention:				
Salaries and Wages	25,515	25,515	25,514	1
Other Expenses	137,033	137,033	107,413	29,620
Municipal Prosecutor's Office:				
Other Expenses	5,000	5,000	4,676	324
Public Defender (P.L., C. 256)				
Other Expenses	2,000	2,000	1,200	800
Public Works Function:				
Streets and Roads:				
Streets and Road Maintenance:				
Salaries and Wages	830,780	861,572	835,486	26,086
Other Expenses	44,000	44,000	41,617	2,383
Other Public Works Functions:				
Other Expenses	14,500	14,500	6,446	8,054
Solid Waste Collection:				
Other Expenses	598,000	578,000	576,566	1,434
Public Building and Grounds:				
Other Expenses	57,500	67,500	60,111	7,389
Vehicle Maintenance:				
Other Expenses	77,000	77,000	65,671	11,329

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Health and Welfare:					
Public Health Services:					
Salaries and Wages	19,200	19,200	10,971	8,229	
Other Expenses	62,550	62,550	61,026	1,524	
Recreational Services and Programs:					
Salaries and Wages	16,438	16,438	15,437	1,001	
Other Expenses	39,500	39,500	27,519	11,981	
Other Common Operating Functions:					
Celebration of Public Events:					
Other Expenses	3,200	3,200	3,200		
UNCLASSIFIED:					
Utilities:					
Electricity	80,000	94,500	77,278	17,222	
Street Lighting	68,000	68,000	50,710	17,290	
Telephone	36,000	36,000	28,651	7,349	
Water	19,500	19,500	10,433	9,067	
Gas (Natural and Propane)	45,000	40,000	28,840	11,160	
Gasoline	75,000	80,000	77,454	2,546	
Uniform Construction Code Enforcement Functions:					
Salaries and Wages	87,765	87,765	86,249	1,516	
Other Expenses	12,490	9,390	8,549	841	
Total Operations within "CAPS"	5,986,871	5,986,871	5,566,410	420,461	
Total Operations Including Contingent-within "CAPS"	5,986,871	5,986,871	5,566,410	420,461	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Detail:					
Salaries & Wages	3,208,883	3,325,293	3,198,954	126,339	
Other Expenses (Including Contingent)	2,777,988	2,661,578	2,367,456	294,122	
Total:	5,986,871	5,986,871	5,566,410	420,461	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS":					
Deferred Charges:					
Overexpenditure of Appropriation Reserves	30,371	30,371	30,371		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	125,542	125,542	124,542	1,000	
Social Security System (O.A.S.I.)	135,000	135,000	128,969	6,031	
Police and Fireman's Retirement System of NJ	430,013	430,013	430,013		
Unemployment Compensation Insurance	60,000	60,000	21,212	38,788	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	780,926	780,926	735,107	45,819	
Total General Appropriations for Municipal Purposes within "CAPS"	6,767,797	6,767,797	6,301,517	466,280	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

	Current Fund				Unexpended Balance Canceled
	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	
Year Ended December 31, 2011					
Operations - Excluded from "CAPS":					
Length of Service Award Program	48,000	48,000		48,000	
Stormwater Management:					
Other Expenses	14,000	14,000	8,312	5,688	
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(j)]:					
Other Expenses	464,686	464,686	464,686		
Aid to Privately Owned Library and Reading Room:					
Other Expenses	460,122	460,122	460,122		
Total Other Operations - Excluded from "CAPS"	986,808	986,808	933,120	53,688	
Public and Private Programs Offset by Revenues:					
Current Year Program:					
Municipal Alliance Program:					
State Share	10,356	10,356	10,356		
Local Share	2,589	2,589	2,589		
Drunk Driving Enforcement Fund					
Other Expenses	1,585	1,585	1,585		
Clean Communities					
Other Expenses	16,804	16,804	16,804		
Body Armor Replacement Program					
Other Expenses	2,288	2,288	2,288		

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Recycling Tonnage Grant	43,070	43,070	43,070		
Other Expenses					
Stormwater Management	1,000	1,000	1,000		
Sustainable Life Grant					
	<u>77,692</u>	<u>77,692</u>	<u>77,692</u>		
Total Public and Private Programs Offset by Revenues	<u>1,064,500</u>	<u>1,064,500</u>	<u>1,010,812</u>	<u>53,688</u>	
Total Operations-Excluded from "CAPS"					
Detail:					
Salaries and Wages	1,064,500	1,064,500	1,010,812	53,688	
Other Expenses					
Total:	<u>1,064,500</u>	<u>1,064,500</u>	<u>1,010,812</u>	<u>53,688</u>	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	615,000	615,000	615,000		
Interest on Bonds	219,720	219,720	219,720		
Interest on Notes	3,100	3,100	2,306		794
Payment of Loan Principal	11,000	11,000	11,000		
NJEIT:					
Principal	18,199	18,199	18,199		
Interest	18,681	18,681	18,680		1
Total Municipal Debt Service-Excluded from "CAPS"	<u>885,700</u>	<u>885,700</u>	<u>884,905</u>		<u>795</u>

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

	Current Fund				Unexpended
	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Balance Canceled
	Year Ended December 31, 2011				
Deferred Charges- Excluded from "CAPS" Emergency Authorization Special Emergency Authorizations- 5 Years (N.J.S.A. 40A:4-55)	65,000	65,000	65,000		
Total Deferred Charges Excluded from "CAPS"	121,000	121,000	121,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,071,200	2,071,200	2,016,717	53,688	795
Subtotal General Appropriations	8,838,997	8,838,997	8,318,234	519,968	795
Reserve for Uncollected Taxes	445,400	445,400	445,400		
Total General Appropriations	\$ 9,284,397	9,284,397	8,763,634	519,968	795

Adopted Budget \$ 9,253,158
 Amended by N.J.S.A. 40A:4-87 31,239
9,284,397

Reserve for Uncollected Taxes \$	445,400
Deferred Charges	151,371
Grants	77,692
Encumbrances	101,491
Cash	7,987,680
	<u>\$ 8,763,634</u>

See accompanying notes to the financial statements.

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Trust Fund:			
Reserve for Animal Trust Fund Expenditures	B-2	12,144	11,587
Due to Current Fund	B-4		3,958
Due to State of New Jersey	B-3	<u>7</u>	<u>7</u>
		<u>12,151</u>	<u>15,552</u>
Municipal Open Space Trust Fund:			
Reserve for Open Space Trust Fund Expenditures	B-5	<u>652,210</u>	<u>573,612</u>
Other Trust Fund:			
Reserve for:			
Interfund - Current Fund	B-4	96	4,207
Various Trust Deposits	B-6	315,960	330,290
Other Trust Expenditures	B-7	<u>172,345</u>	<u>137,072</u>
		<u>488,401</u>	<u>471,569</u>
Community Development Trust Fund:			
Interfund - Current Fund	B-8	674	1,199
Reserve for Expenditures	B-9	<u>1,531</u>	<u>1,000</u>
		<u>2,205</u>	<u>2,199</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-11	<u>267,619</u>	<u>232,340</u>
		<u>\$ 1,422,586</u>	<u>1,295,272</u>

See accompanying notes to financial statements.

BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2011 and 2010

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Cash:			
Checking	C-1,2	\$ 583,425	581,007
Grants Receivable	C-3	463,729	840,369
State of New Jersey - Infrastructure			
Trust Loans Receivable	C-4	925,910	1,036,850
Deferred Charges to Future Taxation:			
Funded	C-5	6,058,652	6,702,850
Unfunded	C-6	892,541	1,269,181
		<u>\$ 8,924,257</u>	<u>10,430,257</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	5,040,000	5,655,000
State of New Jersey - Infrastructure Trust Loans Payable			
Trust Loan - 2010B	C-8	500,000	500,000
Fund Loan - 2010B	C-8	518,652	536,850
N.J.E.D.A. Loan Payable	C-9		11,000
Bond Anticipation Notes Payable	C-10	264,000	
Improvement Authorizations:			
Funded	C-11	1,287,919	1,448,410
Unfunded	C-11	705,628	1,264,514
Capital Improvement Fund	C-12	45,230	45,230
Reserve for Payment of Debt	C-13		26,995
Reserve for Livingston Street Beautification Project	C-14	99,099	101,889
Reserve for Grants Receivable	C-15	463,729	840,369
		<u>\$ 8,924,257</u>	<u>10,430,257</u>

There were \$628,541 and \$1,269,181 of Bonds and Notes Authorized But Not Issued on on December 31, 2011 and December 31, 2010 (Exhibit C-16).

See accompanying notes to the financial statements.

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BOROUGH OF NORWOOD, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>General Fixed Assets:</u>		
Land	\$ 37,914,200	37,914,200
Buildings	2,045,500	2,045,500
Machinery and Equipment	<u>4,589,325</u>	<u>4,458,968</u>
	\$ <u>44,549,025</u>	<u>44,418,668</u>
Investment in Fixed Assets	\$ <u>44,549,025</u>	<u>44,418,668</u>

See accompanying notes to financial statements.

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BOROUGH OF NORWOOD, N. J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010

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, 2011 and 2010
(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, 2011 and 2010
(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, 2011 and 2010
(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 2011, the Mayor and Council approved additional revenues and appropriations of \$31,239 in accordance with N.J.S.A. 40A:4-87 along with several budget transfers.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(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, 2011 and 2010
(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, 2011 and 2010
(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, 2011, \$-0- of the Borough's bank balance of \$3,477,602 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, 2011 and 2010
(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, 2011 and 2010 amounted to \$231,319 and \$210,790, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Fixed Income	\$61,763	\$55,633
Growth and Income	63,963	55,249
DWS EQ 500 Index	46,546	45,034
LVIP Delaware Special Opportunities	29,851	25,250
All Others	<u>29,196</u>	<u>29,624</u>
Total	<u>\$231,319</u>	<u>\$210,790</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 3: TAXES RECEIVABLE

Receivables at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Property Taxes	<u>\$456,597</u>	<u>\$456,664</u>

In 2011 and 2010, the Borough collected \$456,664 and \$416,895 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, 2011 were as follows:

Budget <u>Year</u>	Ricoh 6001SP <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 Ford Crown Victoria <u>(Police Dept.)</u>
2012	\$3,456	\$885	\$26,394	\$9,319	\$9,069
2013	3,456		27,714		9,069
2014			27,714		
2015			27,714		
2016			27,714		
2017			27,714		

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2011 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2010</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	\$5,655,000	\$	\$615,000	\$5,040,000	\$650,000
Deferred PERS/PFRS Pension Contribution	191,212			191,212	8,294
Other Liabilities:					
Compensated Absences Payable	282,132			282,132	
New Jersey EDA Loans	11,000		11,000	0	
New Jersey Environmental Infrastructure Trust Loans Payable	<u>1,036,850</u>	<u> </u>	<u>18,198</u>	<u>1,018,652</u>	<u>42,298</u>
	<u>\$7,176,194</u>	<u>\$</u>	<u>\$644,198</u>	<u>\$6,531,996</u>	<u>\$700,592</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 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	<u>\$6,322,652</u>	<u>\$6,702,850</u>	<u>\$6,272,000</u>
Total Issued	6,322,652	6,702,850	6,272,000
<u>Less</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>-0-</u>	<u>26,995</u>	<u>62,564</u>
Net Debt Issued	6,322,652	6,675,855	6,209,436
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>628,541</u>	<u>1,269,181</u>	<u>1,313,349</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$6,951,193</u>	<u>\$7,945,036</u>	<u>\$7,522,785</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(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 .50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$2,634,806	\$2,634,806	\$0
Local School District	4,842,541	4,842,541	0
General Debt	<u>6,951,193</u>	<u>-0-</u>	<u>6,951,193</u>
	<u>\$14,428,540</u>	<u>\$7,477,347</u>	<u>\$6,951,193</u>

Net Debt \$6,951,193 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,401,062,089 = .50%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$49,037,173
Net Debt	<u>6,951,193</u>
Remaining Borrowing Power	<u>\$42,085,980</u>

The Borough's long term debt consisted of the following at December 31, 2011:

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%	\$1,165,000
\$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>3,875,000</u>
	<u>\$5,040,000</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(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.	<u>518,652</u>
	<u>\$1,018,652</u>

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

<u>Year</u>	<u>Total</u>	<u>General Serial Bonds</u>		<u>New Jersey Environmental Infrastructure Trust Loans</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	900,997	740,000	92,200	47,297	21,500
2017-2021	2,002,837	1,565,000	94,600	251,487	91,750
2022-2026	341,238			281,488	59,750
2027-2030	<u>278,440</u>			<u>259,190</u>	<u>19,250</u>
	<u>\$7,167,395</u>	<u>\$5,040,000</u>	<u>\$821,243</u>	<u>\$1,018,652</u>	<u>\$287,500</u>

At December 31, 2011, the Borough had authorized but not issued debt of \$628,541.

NOTE 6: BOND ANTICIPATION NOTES

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

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 6. BOND ANTICIPATION NOTES, (continued)

On December 31, 2011, the Borough had \$264,000 in outstanding bond anticipation notes, which mature on September 14, 2012 at 1.55%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2011.

	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:			
Mariner's Bank	<u>\$264,000</u>	<u>\$</u>	<u>\$264,000</u>

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

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 8: PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

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

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

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

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 8: PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS)

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

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

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

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 8: PENSION PLANS, (continued)

Contribution Requirements, (continued)

defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
December 31, 2011	\$124,542	\$430,013
December 31, 2010	106,684	343,371
December 31, 2009	49,429	164,094

Defined Contribution Retirement Program

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

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

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

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.

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

NOTE 8: PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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

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

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

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

NOTE 9: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2011 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011 were as follows:

Current Fund	<u>\$350,000</u>
--------------	------------------

NOTE 10: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2011.

	<u>Dec.31, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec.31, 2011</u>
Land	\$37,914,200	\$	\$	\$37,914,200
Buildings and Improvements	2,045,500			2,045,500
Machinery and Equipment	<u>4,458,968</u>	<u>228,130</u>	<u>97,773</u>	<u>4,589,325</u>
	<u>\$44,418,668</u>	<u>\$228,130</u>	<u>\$97,773</u>	<u>\$44,549,025</u>

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(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, 2011 consist of the following:

\$7	Due to the Animal License Trust Fund from the Current Fund for statutory excess less reimbursement for expenditures made in error.
106	Due to the Open Space Trust Fund from the Current Fund to correct interest earnings transferred in error.
96	Due to the Current Fund from the Escrow Trust Fund for interest earned on investments.
85,305	Due to the Federal and State Grant Fund from the Current Fund for receipt of grant awards less expenditures made.
258	Due to the Unemployment Trust Fund from the Current Fund for employee payroll deductions deposited in error.
1,650	Due to the Current Fund from the Other Trust Fund for deposits recorded in error.
<u>674</u>	Due to the Current Fund from the Community Development Trust Fund to reimburse expenses paid.

\$88,096

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

BOROUGH OF NORWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010
(continued)

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 2011 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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

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

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

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

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

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, 2011 and 2010
(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, 2011</u>	<u>Balance</u> <u>Dec 31, 2010</u>
Prepaid Taxes	<u>\$156,707</u>	<u>\$238,873</u>
Cash Liability for Taxes Collected in Advance	<u>\$156,707</u>	<u>\$238,873</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, 2011 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, 2011 and 2010
(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, 2011, 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, 2011</u>	<u>2012 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	\$45,000	\$45,000	\$
Reassessment of Real Property	44,000	11,000	33,000
Overexpenditure of Appropriation Reserves	<u>4,832</u>	<u>4,832</u>	<u> </u>
	<u>\$93,832</u>	<u>\$60,832</u>	<u>\$33,000</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, 2011 and 2010
(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, 2011 and 2010 were as follows: 2011 - \$47,377 and 2010 - \$48,099.

SUPPLEMENTARY DATA

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BOROUGH OF NORWOOD

Supplementary Data

Officials in Office and Surety Bonds

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

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

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

BOROUGH OF NORWOOD

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax rate	<u>2.133</u>	<u>1.725</u>	<u>1.656</u>
Apportionment of tax rate:			
Municipal	0.615	0.463	0.393
School	1.294	1.062	1.004
County	<u>0.224</u>	<u>0.200</u>	<u>0.193</u>

Assessed Value

2011	\$ 1,182,342,727
2010	1,483,908,155
2009	1,482,123,813

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2011	\$ 25,178,411	24,717,721	98.17%
2010	25,597,421	25,022,879	97.76%
2009	24,597,704	24,141,580	98.15%

BOROUGH OF NORWOOD

Supplementary data

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>	Amount of delinquent taxes	Tax title liens	Total delinquent	Percentage of tax levy
2011	\$ 456,597	21,523	478,120	1.90%
2010	456,664	16,438	473,102	1.85%
2009	417,081	11,999	429,080	1.74%

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>
2011	\$ 1,142,840
2010	1,142,840
2009	1,142,840

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2011	\$ 500,942	350,000
	2010	651,573	490,000
	2009	522,014	500,000
	2008	890,213	500,000
	2007	1,817,120	1,000,000

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BOROUGH OF NORWOOD

Schedule of Expenditure of Federal Awards

Year ended December 31, 2011

Program	CFDA Number	State Pass-through Number	Grant Period	Grant Award	Balance Dec. 31, 2010	Receipts	Expenditures	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2011	MEMO Total Cumulative Expenditures
U.S. Department of Housing and Urban Development									
Passed Through Funds:									
County of Bergen									
Senior Citizen Activities	14.218	210-205-741-48-45	7/1/10-6/30/11	3,250	(550)	1,550	1,000		2,250
Senior Citizen Activities	14.218	210-205-742-48-45	7/1/11-6/30/12	3,000		795	1,469	(674)	1,469
Barrier Free Ramps - Summit Street	14.218	Ord. 2007-28	7/1/07-6/30/08	80,000	(14,237)	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
Barrier Free Bath Rooms - Kennedy Park, Phase II	14.218		7/1/09-6/30/10	40,000	(14,787)	16,582	2,469	(674)	60,592
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		1,836	281	1,836
					(14,787)	16,582	2,469	(674)	60,592

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

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BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2011

State & County Programs	Grant Number	Grant Year	Allocation of Grant Amount	Balance Dec. 31, 2010	Cash Received	Expended	Adjustments	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2011	MEMO Total Cumulative Expenditures
State Programs:									
Department of Law and Public Safety:									
Drunk Driving Enforcement Fund	1110-448-031020-22	1998	14,290	12,978				12,978	1,312
Drunk Driving Enforcement Fund	1110-448-031020-22	2003	4,672	4,185				4,185	487
Drunk Driving Enforcement Fund	1110-448-031020-22	2004	1,349	1,349				1,349	
Drunk Driving Enforcement Fund	1110-448-031020-22	2005	997	997				997	
Drunk Driving Enforcement Fund	1110-448-031020-22	2006	799	799				799	
Drunk Driving Enforcement Fund	6400-100-078-6400	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			(30)	890	
Drunk Driving Enforcement Fund	6400-100-078-6400	2010	725	725			(30)	695	
Drunk Driving Enforcement Fund	6400-100-078-6400	2011	1,542		1,542		30	1,572	
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	
Body Armor Replacement	1020-718-066-1020-001	2011	1,522		1,522			1,522	
				32,718	3,064		(30)	35,752	1,799
Department of Health:									
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	
Alcohol Education Rehabilitation Fund	4900-752-042-4900-001	2003	5,033	5,033				5,033	
Recycling Tonnage Grant	4900-752-042-4900-001	2004	6,412	561		5,033		561	5,033
Recycling Tonnage Grant	4900-752-042-4900-001	2005	4,360	4,359				4,359	6,412
Recycling Tonnage Grant	4900-752-042-4900-001	2006	4,584	235			(1)	4,359	4,360
Recycling Tonnage Grant	4900-752-042-4900-001	2008	10,044	10,044				10,044	4,583
Recycling Tonnage Grant	4900-752-042-4900-001	2009	50,090	33,440				33,440	10,044
Recycling Tonnage Grant	4900-752-042-4900-001	2008	21,127		21,127			5,447	50,090
Recycling Tonnage Grant	4900-752-042-4900-001	2009	21,943		21,943			21,943	15,680
				66,481	43,070		(1)	40,199	98,567

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2011

Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31, 2010	Cash Received	Expended	Adjustments	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2011	MEMO Total Cumulative Expenditures
State & County Programs								
Environmental Protection Agency:								
New Jersey Environmental Infrastructure Trust								
Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations								
Project no. S340230-01								
2010B - Trust Loan		500,000		55,470	55,470		(2,247)	55,470
2010B - Fund Loan		536,850		55,470	57,717			57,717
4900-765-17910-60	2006	220	220		220			220
4900-765-042-4900-004	2006	5,090	193		193			5,090
4900-765-042-4900-004	2007	5,500	4,386		4,386			5,500
4900-765-042-4900-004	2009	8,142	2,054		2,054			8,142
4900-765-042-4900-004	2010	8,478	8,478		446	30	8,062	446
4900-765-042-4900-004	2011	8,296		8,296			8,296	
			15,331	119,236	120,486	30	14,111	132,585
Association of New Jersey Environmental Commissions:								
Smart Growth Planning Grant	2006	7,600	(2,800)				(2,800)	7,600
Programs Passed Through County of Bergen:								
Municipal Alliance	2006	11,500	(2,662)				(2,662)	
Municipal Alliance	2009	11,500	(4,281)				(4,281) A	11,159
Municipal Alliance	2010	10,356	(1,940)	1,200			(740) B	3,690
Municipal Alliance	2011	10,356		3,331	5,463		(2,132) C	
Municipal Alliance	2011	2,589		2,589			2,589	
Local - Match			(8,883)	7,120	5,463		(7,226)	14,849
			\$ 102,847	172,490	195,300	(1)	80,936	255,400
Total State Programs								
Other Financial Assistance:								
County Programs:								
Bergen County Utilities Authority:								
Municipal Recycling Assistance Program	2004	3,331	3,177		3,177			3,331
Municipal Recycling Assistance Program	2006	2,985	1,194		1,194			2,985
Municipal Recycling Assistance Program	2006	2,985	985		985			2,985
Municipal Recycling Assistance Program	2007	373	166		166			373
			5,522		5,522			9,674

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2011

State & County Programs	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31, 2010	Cash Received	Expended	Adjustments	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2011	MEMO Total Cumulative Expenditures
Other Local Sources:									
- NJLM - Educational Foundation		2011	1,000		1,000				
Small Grants Program - Sustainable Jersey				5,522	1,000	5,522			9,674
Total Other Financial Assistance				\$ 108,369	172,490	200,822	(1)	80,036	265,074
Total State and Other Financial Assistance									

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 \$7,406, appropriated grant reserve of \$6,666.
- C - Grant Receivable of \$7,025, appropriated grant reserve of \$4,893.

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BOROUGH OF NORWOOD, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2011

		Current Fund
Balance - December 31, 2010		\$ <u>1,952,632</u>
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 171,911	
Due to State - Senior Citizen and Veteran Deductions	61,136	
Taxes Receivable	24,865,392	
Revenue Accounts Receivable	1,163,737	
Change Fund Returned	25	
Interfunds	9,673	
Special Emergency Note	89,000	
Due to State of New Jersey	6,357	
Prepaid Taxes	156,707	
Tax Overpayments	79,130	
Due to Federal and State Grant Fund	<u>59,962</u>	
		<u>26,663,030</u>
		28,615,662
Decreased by Disbursements:		
Current Year Budget Appropriations	7,987,680	
Interfunds	270,364	
Refunds	146,373	
Due to State of New Jersey	8,341	
Appropriation Reserves	471,105	
Special Emergency Note	145,000	
Tax Overpayment Refunds	13,207	
Various Reserves	48,578	
School Taxes Payable	15,299,731	
County Taxes Payable	2,644,944	
Due from Federal and State Grant Fund	<u>89,471</u>	
		<u>27,124,794</u>
Balance - December 31, 2011		\$ <u><u>1,490,868</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ 250
Decreased by:	
Cash Returned	25
	<hr/>
Balance - December 31, 2011	\$ <u>225</u>
 <u>Analysis of Balance:</u>	
Tax Collector	100
Municipal Court	100
Board of Health	25
	<hr/>
	\$ <u>225</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, 2011

Balance - December 31, 2010		\$	8,223
Increased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash			<u>61,136</u>
			69,359
Decreased by:			
Senior Citizens' Deductions Per Tax Billing	\$	15,000	
Veterans' Deductions Per Tax Billing		49,250	
Senior Citizens' and Veterans' Allowed		<u>1,000</u>	
			<u>65,250</u>
Balance - December 31, 2011		\$	<u><u>4,109</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2011

Year	Balance, Dec. 31, 2010	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2011
				2010	2011				
2010	456,664				454,556		873	1,235	
	456,664				454,556		873	1,235	
2011		25,156,960	21,451	238,873	24,413,598	65,250	4,093		456,597
		25,156,960	21,451	238,873	24,868,154	65,250	4,966	1,235	456,597

Overpayments Applied
Cash Receipts

2,762
24,865,392
\$ 24,868,154

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 25,156,960
Added Tax (R.S. 54:4-63.1 et seq.)	21,451
	\$ 25,178,411

Tax Levy:

Local District School Tax	\$ 8,387,617
Regional School Tax	6,912,114
County Tax	2,642,582
Added County Taxes	2,362
Local Open Space Taxes	118,234
Added Local Open Space Taxes	112
	18,063,021

Local Tax for Municipal Purposes	\$ 7,155,687
Additional Taxes	(40,297)
	7,115,390
	\$ 25,178,411

BOROUGH OF NORWOOD, N.J.

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

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ <u>1,142,840</u>
Balance - December 31, 2011	\$ <u><u>1,142,840</u></u>

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ 16,438
Increased by:	
Interest and Cost on Tax Sale	\$ 119
Transfer from 2010 Taxes	873
Transfer from 2011 Taxes	<u>4,093</u>
	<u>5,085</u>
Balance - December 31, 2011	\$ <u><u>21,523</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Clerk:				
Licenses:				
Alcoholic beverages		15,650	15,650	
Other		13,265	13,265	
Fees and Permits		32,531	32,531	
Municipal Court :				
Fines and Costs	2,993	29,371	30,083	2,281
Interest and Costs on Taxes		79,620	79,620	
Interest on Investments and Deposits		6,909	6,909	
Recreation Fees		8,930	8,930	
Borough of Northvale Sewer Charges		14,000	14,000	
Cable T.V. Franchise Fee		71,666	71,666	
Library Rent		141,683	141,683	
Energy Receipts Tax		559,799	559,799	
Watershed Moratorium Offset Aid		5,734	5,734	
Uniform Construction Code Fees		88,054	88,054	
Uniform Fire Safety Act		20,918	20,918	
FEMA Reimbursement		47,941	47,941	
Reserve for payment of Debt		26,995	26,995	
	<u>2,993</u>	<u>1,163,066</u>	<u>1,163,778</u>	<u>2,281</u>
	\$			
		Interest on Investments	41	
		Cash	<u>1,163,737</u>	
		\$	<u><u>1,163,778</u></u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2011

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2011</u>
Animal License Trust Fund	\$ 3,958	243	4,208	(7)
Open Space Trust Fund	(148,390)	266,736	118,452	(106)
Other Trust Fund:				
Developer's Escrow Fund	55	41		96
Other Trust	4,152		5,802	(1,650)
Unemployment Compensation Trust	(3,628)	3,628	258	(258)
Community Development Trust	<u>1,199</u>	<u>2,469</u>	<u>2,994</u>	<u>674</u>
	<u>\$ (142,654)</u>	<u>273,117</u>	<u>131,714</u>	<u>(1,251)</u>
Municipal Open Space Tax Levy \$			118,346	
Interfunds Advanced		41	1,650	
Interfunds Returned - Receipts			9,309	
Interfunds Returned			243	
Reimbursement of expenses paid		2,469	1,802	
Deposit errors			364	
Statutory Excess		243		
Disbursements		<u>270,364</u>		
		<u>\$ 273,117</u>	<u>131,714</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, 2011					
<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2010</u>	<u>Balance, Dec. 31, 2011</u>
May 4, 2010	Reassessment	55,000	11,000	\$ 55,000	44,000
May 1, 2007	Revaluation	225,000	45,000	90,000	45,000
				<u>\$ 145,000</u>	<u>89,000</u>

Schedule of Deferred Charges

Current Fund					
Year Ended December 31, 2011					
<u>Purpose</u>	<u>Amount Authorized</u>	<u>Balance, Dec. 31, 2010</u>	<u>Reduced in 2011</u>	<u>Balance, Dec. 31, 2011</u>	
Emergency Authorization - Unemployment	65,000	\$ 65,000	65,000		
Overexpenditures of Appropriation Reserves	40,504	35,203	30,371	4,832	
		<u>\$ 100,203</u>	<u>95,371</u>	<u>4,832</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of 2010 Appropriation Reserves

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages:				
Within "CAPS":				
Police	\$ 39,671	137,669	137,669	
Street & Road Maintenance	7,301	12,302	11,297	1,005
Municipal Court	973	973		973
Fire Prevention	106	106		106
Public Health Services	7,474	7,474		7,474
Recreation Service & Programs	535	535		535
Excluded from "CAPS":				
Other Expenses:				
Within "CAPS":				
General Administration	897	5,275	4,469	806
Mayor and Council	819	844		844
Borough Clerk	210	3,203	2,957	246
Financial Administration	5,602	5,602	5,602	
Audit Services	27,650	27,650	27,600	50
Computer Data Processing	173	6,184	6,011	173
Revenue Administration	433	433	80	353
Tax Assessment Administration		330	330	
Legal Services	16,008	17,758	17,734	24
Engineering	4,400	4,400	3,500	900
Municipal Court	2,383	2,836	453	2,383
Public Defender		1,000		1,000
Insurance:				
Liability Insurance	54,483	54,483	51,632	2,851
Employee Group Insurance	124,618	18,618	1,296	17,322
Planning Board	1,527	1,614	386	1,228
Zoning Board	1,468	1,546	1,150	396
Environmental Commission	658	658	90	568
Police	12,608	27,943	17,094	10,849
Aid to Volunteer Fire Companies	6,827	14,670	7,754	6,916
Aid to Ambulance Companies		7,187	6,196	991
Fire Prevention	18,541	18,762	9,256	9,506
Public Defender	900			
Street & Road Maintenance	5,939	8,039	1,478	6,561
Other Public Works Functions	10,800	11,000	437	10,563
Solid Waste Collection	64,296	64,296	50,212	14,084
Buildings & Grounds	1,286	24,807	20,760	4,047
Vehicle Maintenance	26,517	28,528	5,285	23,243

BOROUGH OF NORWOOD, N.J.

Schedule of 2010 Appropriation Reserves

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, 2010	Balance after transfers and <u>encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Public Health Services	11,850	12,769	2,594	10,175
Recreation Service & Programs	6,571	7,046	1,341	5,705
Celebration of Public Events	2,000	2,000		2,000
Electricity	30,416	30,416	5,704	24,712
Street Lighting	22,570	22,570	5,162	17,408
Telephone	8,022	8,321	3,130	5,191
Gas (Natural and Propane)	19,065	19,065		19,065
Gasoline	6,136	11,651	2,292	9,359
Water	8,941	8,941	400	8,541
Uniform Construction Code Enforcement	5,463	5,463	1,386	4,077
Social Security system (O.A.S.I)	11,400	11,400		11,400
Unemployment Compensation Insurance	51,107	51,107	15,868	35,239
Excluded from "CAPS":				
Length of Service Awards Program	35,000	35,000	34,500	500
Stormwater Management	8,295	8,295		8,295
Deferred Charges		8,250	8,000	250
Municipal Alliance - Match	2,589	2,589		2,589
	<u>\$ 674,528</u>	<u>761,608</u>	<u>471,105</u>	<u>290,503</u>
Appropriation Reserves		674,528		
Encumbrances		<u>87,080</u>		
		<u>\$ 761,608</u>		
		Cash Disbursements	<u>471,105</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$	87,080
Increased by:		
Transfer from Current Appropriations		<u>101,491</u>
		188,571
Decreased by:		
Transferred to Appropriation Reserves		<u>87,080</u>
Balance - December 31, 2011	\$	<u><u>101,491</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ 238,873
Increased by:	
Receipts - Prepaid 2012 Taxes	<u>156,707</u>
	395,580
Decreased by:	
Applied to 2011 Taxes	<u>238,873</u>
Balance - December 31, 2011	<u><u>\$ 156,707</u></u>

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2011	\$ 29,659
Increased by:	
Transfer from Tax Collections	<u>79,130</u>
	108,789
Decreased by:	
Applied to 2011 Taxes	\$ 2,762
Liabilities cancelled to operations	15,532
Cash Disbursed	<u>13,207</u>
	<u>31,501</u>
Balance - December 31, 2011	<u><u>\$ 77,288</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Miscellaneous Reserves

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2011</u>
<u>Reserve for:</u>			
Reassessment of Real Property	\$ 9,750		9,750
Police Retroactive Pay	42,863	38,578	4,285
Revaluation	14,909	10,000	4,909
Length of Service Award Program	29,500		29,500
	<u>\$ 97,022</u>	<u>48,578</u>	<u>48,444</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Amount Due to State of New Jersey

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>
DCA Fees	\$ 2,234	5,582	7,816
Marriage License Fees		<u>775</u>	<u>775</u>
	<u>\$ 2,234</u>	<u>6,357</u>	<u>8,591</u>
		Cash Receipts 6,357	
Due to Animal License Trust Fund			250
Cash Disbursements			<u>8,341</u>
		<u>\$ 6,357</u>	<u>8,591</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>Balance, Dec. 31, 2010</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, Dec. 31, 2011</u>
10-1SEN	Special Emergency Note	Dec. 16, 2010	Sept. 14, 2012	1.55%	\$ 90,000	89,000	90,000	89,000
10-2SEN	Special Emergency Note	Dec. 28, 2010			55,000		55,000	
					\$ 145,000	89,000	145,000	89,000

BOROUGH OF NORWOOD, N.J.

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

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010		\$	(112,225)
Increased by:			
Grants Received - Unappropriated	\$	3,065	
Budget Appropriation - Match		2,589	
Grants Received - Appropriated		<u>56,897</u>	
			<u>62,551</u>
			(174,776)
Decreased by:			
Cash disbursements		<u>89,471</u>	
			<u>89,471</u>
Balance - December 31, 2011		\$	<u><u>(85,305)</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of School Taxes Payable

Current Fund

Year Ended December 31, 2011

Increased by:

Levy School Year - July 1, 2011
to June 30, 2010 -

Regional School Tax	\$ 6,912,114
Local School Tax	<u>8,387,617</u>

15,299,731

Decreased by:

Cash Disbursements

\$ 15,299,731

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2011

Increased by:

Levy	\$ 2,612,901
Open Space Levy	<u>32,043</u>

2,644,944

Decreased by:

Cash Disbursements

\$ 2,644,944

BOROUGH OF NORWOOD, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2011

<u>Grant</u>	Balance, Dec. 31, 2010	Budget <u>Revenue</u>	<u>Received</u>	Balance, Dec. 31, 2011
Municipal Alliance	\$ 15,890	10,356	4,531	21,715
Smart Growth Planning Grant	2,800			2,800
Body Armor Replacement Fund		2,288	2,288	
Sustainable Jersey		1,000	1,000	
Recycling Tonnage Grant		21,127	21,127	
Recycling Tonnage Grant		21,943	21,943	
Drunk Driving Enforcement Fund		1,585	1,585	
Clean Communities		8,508	8,508	
Clean Communities		8,296	8,296	
	<u>\$ 18,690</u>	<u>75,103</u>	<u>69,278</u>	<u>24,515</u>
		Cash Receipts \$	56,897	
		Unappropriated Reserves	<u>12,381</u>	
			<u>\$ 69,278</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2011

<u>Grant</u>	Balance, Dec. 31, 2010	Transfer From 2011 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, 2011
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	341			341
Recycling Tonnage Grant	33,440		33,440	
Clean Communities	524		524	
Body Armor Replacement Program	1,369			1,369
Stormwater Management	2,117		1,836	281
Municipal Alliance - 2010	6,666			6,666
Recycling Tonnage Grant	10,044		10,044	
Drunk Driving Enforcement Fund	670			670
Clean Communities	1,530		1,530	
GDL Grant	1,740			1,740
Recycling Tonnage Grant		21,127	15,680	5,447
Drunk Driving Enforcement Fund		1,585		1,585
Recycling Tonnage Grant		21,943		21,943
Clean Communities Grant		8,508	446	8,062
Municipal Alliance - 2011		10,356	5,463	4,893

BOROUGH OF NORWOOD, N.J.
 Schedule of Appropriated Reserves for Grants
 Federal and State Grant Fund
 Year Ended December 31, 2011

<u>Grant</u>	Balance, Dec. 31, <u>2010</u>	Transfer From 2011 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2011</u>
Municipal Alliance - Match		2,589		2,589
Clean Communities Grant		8,296		8,296
Sustainable Jersey		1,000		1,000
Body Armor Replacement Program		<u>2,288</u>		<u>2,288</u>
	<u>\$ 118,504</u>	<u>77,692</u>	<u>89,471</u>	<u>106,725</u>
		Budget <u>77,692</u>		
			Cash Disbursements <u>89,471</u>	
			<u>\$ 89,471</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2011

<u>Grant</u>	Balance, Dec. 31, 2010	Cash <u>Received</u>	Transferred to 2011 <u>Budget</u>	Balance, Dec. 31, 2011
Clean Communities	\$ 8,508		8,508	
Body Armor Replacement Program	2,288	1,523	2,288	1,523
Drunk Driving Enforcement Fund	<u>1,615</u>	<u>1,542</u>	<u>1,585</u>	<u>1,572</u>
	<u>\$ 12,411</u>	<u>3,065</u>	<u>12,381</u>	<u>3,095</u>

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BOROUGH OF NORWOOD, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2011

	Animal Trust Fund	Municipal Open Space	Other Trust Fund	Community Development Trust	Length of Service Award Program
Balance - December 31, 2010	\$ 15,552	425,222	467,941	649	210,790
Increase by Receipts:					
Animal License Fees	5,543				
Interfund - Current Fund		148,390	3,669		
Due to State of New Jersey	643				
Municipal Open Space Tax Levy		118,346			
Various Trust Deposits			44,361		
Other Trust Funds			108,094		
Grant Receipts				2,345	
Borough Contributions					34,250
Interest Earned on Investments		1,692			
Total Receipts	6,186	268,428	156,124	2,345	34,250
	21,738	693,650	624,065	2,994	245,040
Decreased by Disbursements:					
Animal License Expenditures	1,723				
Interfund - Current Fund	7,228	106	5,802	2,994	
Due to State of New Jersey	643				
Various Trust Deposits			58,949		
Other Trust Funds			72,821		
Municipal Open Space expenditures		41,440			
Investment Loss					958
Benefit Distributions					11,813
Administrative Fees					950
Total Disbursements	9,594	41,546	137,572	2,994	13,721
Balance - December 31, 2011	\$ 12,144	652,104	486,493		231,319

BOROUGH OF NORWOOD, N.J.

Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010		\$	11,587
Increased by:			
Dog License Fees Collected	\$	3,924	
Cat License Fees Collected		536	
Late Fees		<u>1,083</u>	
			<u>5,543</u>
			17,130
Decreased by:			
Statutory Excess		3,263	
Expenditures R.S. 4:19-15.11		<u>1,723</u>	
			<u>4,986</u>
Balance - December 31, 2011		\$	<u><u>12,144</u></u>

Animal Licenses Collected

<u>Year</u>		<u>Amount</u>
2010	\$	6,022
2009		<u>6,122</u>
	\$	<u><u>12,144</u></u>

BOROUGH OF NORWOOD, N.J.
Schedule of Due to State of New Jersey
Animal License Trust Fund
Year Ended December 31, 2011

Balance - December 31, 2010	\$	7
Increased by:		
State License Fees collected		643
		650
Decreased by:		
Cash Disbursements		643
Balance - December 31, 2011	\$	7

BOROUGH OF NORWOOD, N.J.

Schedule of Interfund - Current Fund

Other Trust Funds

Year Ended December 31, 2011

	Due from/(to) Balance <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2011</u>
Other Trust Fund:	\$			
Developer's Escrow	(55)	41		(96)
Other Trust	(4,152)		5,802	1,650
Unemployment Trust Fund	3,628	3,628	258	258
Animal Control Trust	(3,958)	3,263	7,228	7
Municipal Open Space	148,390	266,736	118,452	106
Community Development Trust	(1,199)	2,469	2,994	(674)
	<u>\$ 142,654</u>	<u>276,137</u>	<u>134,734</u>	<u>1,251</u>
Statutory Excess		\$ 3,263		
Interest on Investments		41		
Employee payroll deductions collected in Current Fund			258	
Municipal Open Space Taxes collected			118,346	
Expenses paid by Current Fund		2,469		
Cash Disbursements			16,130	
Cash Receipts		270,364		
		<u>\$ 276,137</u>	<u>134,734</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Open Space Trust Fund Expenditures

Open Space Trust Fund

Year Ended December 31, 2011

Balance - December 31, 2010		\$	573,612
Increased by:			
Tax Levy Collections	\$	118,346	
Interest on Investments		<u>1,692</u>	
			<u>120,038</u>
			693,650
Decreased by:			
Cash Disbursements			<u>41,440</u>
Balance - December 31, 2011		\$	<u><u>652,210</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Various Trust Deposits

Trust Funds

Year Ended December 31, 2011

	Balance <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2011</u>
Reserve for:				
Escrow Deposits	\$ 169,526	18,145	58,949	128,722
Affordable Housing Expenditures	150,638	23,055		173,693
Unemployment Compensation Ins.	<u>10,126</u>	<u>3,419</u>		<u>13,545</u>
	<u>\$ 330,290</u>	<u>44,619</u>	<u>58,949</u>	<u>315,960</u>

Due from Current Fund	\$ 258			
Cash Receipts		44,361		
Cash Disbursements			<u>58,949</u>	
		<u>\$ 44,619</u>	<u>58,949</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Other Trust Expenditures

Trust Funds

Year Ended December 31, 2011

	Balance <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2011</u>
Reserve for:				
New Jersey Clean Energy Program	\$ 200	340		540
Police Department Vest Fund	1,300			1,300
Parking Offenses Adjudication Act	50	20		70
Tax Sale Certificates and Premiums	37,700	17,000	2,600	52,100
Marriage License Fees Payable	125		100	25
Fire Prevention	750			750
Donation - Ferdan Cemetary	100			100
Celebration of Public Events	9,443	16,335	17,634	8,144
Outside Employment - DPW	15,760			15,760
Outside Employment - Police	26,087	74,399	52,487	47,999
Centennial	15,636			15,636
Accumulated Sick Leave	29,921			29,921
	<u>\$ 137,072</u>	<u>108,094</u>	<u>72,821</u>	<u>172,345</u>
		Cash Receipts 108,094		
		Cash Disbursements	<u>72,821</u>	
		<u>\$ 108,094</u>	<u>72,821</u>	

BOROUGH OF NORWOOD, N.J.
Schedule of Grants Receivable
Community Development Trust Fund
Year Ended December 31, 2011

Balance - December 31, 2010	\$ <u>1,550</u>
Increased by:	
2011-2012 Grant Award	<u>3,000</u>
	4,550
Decreased by:	
Cash Receipts	<u>2,345</u>
Balance - December 31, 2011	\$ <u><u>2,205</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Community Development Projects

Community Development Trust Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$	1,000
Increased by:		
2011-2012 Grant Award		<u>3,000</u>
		4,000
Decreased by:		
Budget expenditures in Current		<u>2,469</u>
Balance - December 31, 2011	\$	<u><u>1,531</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Service Award Contributions Receivable

Emergency Services Volunteer - Length of Service Award Program

Year Ended December 31, 2011

Balance - December 31, 2010		\$	21,550
Increased by:			
2011 Service Award Contributions	34,500		
Additional Prior Year Contributions	<u>14,750</u>		
			<u>49,250</u>
			70,800
Decreased by:			
Contributions cancelled	\$ 250		
Contributions Paid	<u>34,250</u>		
			<u>34,500</u>
Balance - December 31, 2011		\$	<u><u>36,300</u></u>
	2009 Service Year Contribution		1,800
	2011 Service Year Contribution		<u>34,500</u>
			<u><u>36,300</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, 2011

Balance - December 31, 2010		\$	232,340
Increased by:			
Borough Contributions			<u>49,250</u>
			281,590
Decreased by:			
Benefit Payments	\$	11,813	
Net unrealized Depreciation in Fair			
Value of Investments		958	
Administrative expenses		950	
Contribution receivables cancelled		<u>250</u>	
			<u>13,971</u>
Balance - December 31, 2011		\$	<u><u>267,619</u></u>

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BOROUGH OF NORWOOD, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010		\$	581,007
Increased by Receipts:			
Grants/Contributions Receivable	\$	401,640	
Infrastructure Trust Loan Drawdowns		110,940	
Bond Anticipation Notes		<u>264,000</u>	
			<u>776,580</u>
			1,357,587
Decreased by Disbursements:			
Improvement Authorizations		744,377	
Reserve for payment of Debt		26,995	
Livingston Street Beautification Project		<u>2,790</u>	
			<u>774,162</u>
Balance - December 31, 2011		\$	<u><u>583,425</u></u>

BOROUGH OF NORWOOD, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2011

Grants/Contributions Receivable	\$	(463,729)
New Jersey Infrastructure Trust Loans Receivable		(925,910)
Reserve for Grants Receivable		463,729
Capital Improvement Fund		45,230
Reserve for Livingston Street Beautification Project		99,099
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
07-28	Various Improvements	266,264
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	923,663
10-16	Livingston Street Drainage and Streetscape Project	81,754
11-06	Various Improvements, Acquisition of Equipment/Vehicles	63,757
11-10	Replacement of the Rear Door at Public Library	25,000
		<hr/>
		\$ 583,425
		<hr/> <hr/>

BOROUGH OF NORWOOD, N.J.

Schedule of Grants/Contributions Receivable

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ 840,369
Increased by:	
Due from Public Library	<u>25,000</u>
	865,369
Decreased by:	
Cash Receipts	<u>401,640</u>
Balance - December 31, 2011	<u><u>\$ 463,729</u></u>

	<u>Analysis of Balance</u>	
Livingston St. Drainage/Streetscape Project, Ord. 2010-16		387,597
Community Development Block Grant:		
Ord. 2007-28		23,127
Ord. 2006-15		13,005
Barrier Free Restrooms - Kennedy Park		<u>40,000</u>
		<u><u>\$ 463,729</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of State of New Infrastructure Trust Loans Receivable

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ 1,036,850
Decreased by:	
Drawdowns received	<u>110,940</u>
Balance - December 31, 2011	<u><u>\$ 925,910</u></u>
	Trust Loan - 2010B 444,530
	Fund Loan - 2010B <u>481,380</u>
	<u><u>\$ 925,910</u></u>

BOROUGH OF NORWOOD, N.J.

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

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010		\$	6,702,850
Decreased by:			
Current Year Budget Appropriations:			
Serial Bonds	\$	615,000	
New Jersey Infrastructure Trust Loans		18,198	
EDA Loan		<u>11,000</u>	
			<u>644,198</u>
Balance - December 31, 2011		\$	<u><u>6,058,652</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance		Analysis of Balance - Dec. Analysis of Balance, Dec. 31, 2011		Unexpended Improvement Authorization
		Dec. 31, 2010	Dec. 31, 2011	Balance Dec. 31, 2011	Financed by	
					Bond	
					Anticipation	
					Notes	
					Expenditures	
	General Improvements:					
00-13	Improvements to Recreational Facilities	\$ 379	379	379	379	
03-09	Various Capital Improvements	4,288	4,288	4,288	4,288	
07-28	Various Improvements	37,364	23,127	23,127		23,127
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	213,150	213,150	213,150		213,150
10-16	Livingston Street Drainage and Streetscape Project	1,014,000	651,597	651,597	264,000	387,597
		\$ 1,269,181	892,541	892,541	264,000	623,874

Improvement Authorizations-Unfunded	\$ 705,628
Less: Unexpended proceeds of Bond Anticipation Notes Ord. 10-16	81,754
	\$ 623,874

Unappropriated Contributions Received	362,403
Unappropriated Grants Received	14,237
	\$ 376,640

BOROUGH OF NORWOOD, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Date	Amount				
General Obligation Bonds	August 1, 2004	2,755,000	08/01/12	270,000	3.40%	1,425,000	260,000	1,165,000
			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	10/01/12	380,000	4.00%	4,230,000	355,000	3,875,000
			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%			
						\$ 5,655,000	615,000	5,040,000

BOROUGH OF NORWOOD, N.J.

Schedule of New Jersey Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Date	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	02/01/12	9,099		536,850	18,198	518,652
			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							
08/01/21	18,198							

BOROUGH OF NORWOOD, N.J.

Schedule of New Jersey Environmental Infrastructure Trust Loans Payable

General Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Date	Amount				
Fund Loan, (cont.)			02/01/22	9,099				
			08/01/22	18,199				
			02/01/23	9,099				
			08/01/23	18,199				
			02/01/24	9,099				
			08/01/24	18,198				
			02/01/25	9,099				
			08/01/25	18,199				
			02/01/26	9,099				
			08/01/26	18,198				
			02/01/27	9,099				
			08/01/27	18,199				
			02/01/28	9,099				
			08/01/28	18,198				
			02/01/29	9,099				
		08/01/29	18,198					
		02/01/30	9,099					
		08/01/30	18,199					
						\$ 1,036,850	18,198	1,018,652

BOROUGH OF NORWOOD, N.J.
Schedule of NJ EDA Loans Payable
General Capital Fund
Year Ended December 31, 2011

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

BOROUGH OF NORWOOD, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance Dec. 31, 2011</u>
10-16	Livingston Street Drainage & Streetscape Project	Dec. 16, 2011	Dec. 16, 2011	Sept. 14, 2012	1.55%	\$ 264,000	264,000

Cash 264,000

BOROUGH OF NORWOOD, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2010		2011 Authorizations	Reappropriated	Paid or Charged	Balance Dec. 31, 2011	
			Funded	Unfunded				Funded	Unfunded
03-10	Various Capital Improvements to Kennedy Park	260,000	5,288					5,288	
06-06	2005 Road Improvement Program	500,000	3,947					3,947	
06-15	Various Improvements	1,319,500	146,189			(146,189)			
07-28	Various Improvements	1,366,800	307,654	37,364			55,627	266,264	23,127
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	1,250,000	934,332	213,150			10,669	923,663	213,150
10-16	Livingston Street Drainage and Streetscape Project	1,065,000	51,000	1,014,000			595,649		469,351
11-06	Various Improvements, Acquisition of Equipment/Vehicles	146,189				146,189	82,432	63,757	
11-10	Replacement of the Rear Door at Public Library	25,000			25,000			25,000	
			\$ 1,448,410	1,264,514	25,000		744,377	1,287,919	705,628

Exhibit C-12

BOROUGH OF NORWOOD, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2011

Balance - December 31, 2010	\$ <u>45,230</u>
Balance - December 31, 2011	\$ <u><u>45,230</u></u>

Exhibit C-13

Schedule of Reserve for Payment of Debt
General Capital Fund
Year Ended December 31, 2011

Balance - December 31, 2010	\$ <u>26,995</u>
Decreased by:	
Utilized as Budget Revenue	\$ <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, 2011

Balance - December 31, 2010	\$ 101,889
Decreased by:	
Cash Disbursements	<u>2,790</u>
Balance - December 31, 2011	<u><u>\$ 99,099</u></u>

Schedule of Reserve for Grants/Contributions Receivable

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ 840,369
Decreased by:	
Applied to Authorized not Issued	<u>376,640</u>
Balance - December 31, 2011	<u><u>\$ 463,729</u></u>

Analysis of Balance

Shared Services Agreement - Bergen County, Ord. 2010-16	387,597
Community Development - Ord. 2007-28	23,127
Community Development - Ord. 2006-15	13,005
Community Development Block Grant - Barrier Free Bathrooms	<u>40,000</u>
	<u><u>\$ 463,729</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
2000-13	Improvements to Recreational Facilities	\$ 379		379
2003-09	Various Improvements	4,288		4,288
2007-28	Various Improvements	37,364	14,237	23,127
2009-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	213,150		213,150
2010-16	Livingston Street Drainage and Streetscape Project	<u>1,014,000</u>	<u>626,403</u>	<u>387,597</u>
		<u>\$ 1,269,181</u>	<u>640,640</u>	<u>628,541</u>
			264,000	
			362,403	
			14,237	
			<u>\$ 640,640</u>	

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BOROUGH OF NORWOOD

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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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, 2011, and have issued our report thereon dated April 10, 2012. 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

Management of the Borough of Norwood is responsible for establishing and maintaining effective 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.

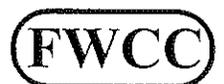


Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. 413



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

April 10, 2012



BOROUGH OF NORWOOD, N.J.

GENERAL COMMENTS

Contracts and Agreements

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

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

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

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

BOROUGH OF NORWOOD, N.J.

GENERAL COMMENTS, (continued)

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

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

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

Collection and Disposal of Solid Waste and Recyclables
Livingston Street Drainage Improvements
Blanch Avenue Sidewalk Improvements

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 5, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

BOROUGH OF NORWOOD

GENERAL COMMENTS, (continued)

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 21, 2011 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2011	6
2010	4
2009	3

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

Verification of Delinquent Taxes and Other Charges

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

The result of the test, which was made for the year ending December 31, 2011, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

BOROUGH OF NORWOOD, N.J.

GENERAL COMMENTS

Finance/Accounts Payable:

- 1.* Invalid open purchase orders are not being cancelled at year end.
2. The purchase of a John Deer XUV 825i Gator for \$18,900 was awarded without the appropriate political contribution disclosures being obtained as required under Chapter 271 of P.L. 2005.

Departments:

- 1.* Cash ledgers and/or supporting documentation detailing receipts collected were not made available for audit review for the following:
 - b. Escrow/Planning Board

Municipal Court:

- 1.* Not all deposits are made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.
2. A review of the court's December 2011 monthly management report revealed that there are a number of tickets assigned but not issued over 180 days.

RECOMMENDATIONS

Finance/Accounts Payable:

- 1.* That all purchase orders with open balances at year end be reviewed for propriety and cancelled at year end if necessary.
2. Appropriate "Pay to Play" purchasing policies as stipulated by Chapter 271 of Public Law 2005 be followed for all procurement over \$17,500 and less than the agency's bid threshold.

Departments:

- 1.* Cash receipts ledgers detailing monies collected be prepared and maintained for the following departments and/or classifications of receipts.
 - a. Escrow/Planning Board

Municipal Court:

- 1.* All deposits be made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.
2. Tickets assigned but not issued over 180 days old be recalled and reassigned.

BOROUGH OF NORWOOD, N.J.

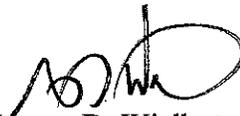
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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

ACKNOWLEDGMENT

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

Respectfully submitted,



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



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

April 10, 2012

