

REPORT OF AUDIT  
BOROUGH OF NORWOOD  
COUNTY OF BERGEN  
DECEMBER 31, 2008



# BOROUGH OF NORWOOD

## TABLE OF CONTENTS

### PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	3
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	5
A-2	Statement of Revenues - Regulatory Basis	6
A-3	Statement of Expenditures - Regulatory Basis	8
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Regulatory Basis	16
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	18
	<u>GENERAL FIXED ASSETS</u>	
G	Statement of General Fixed Assets - Regulatory Basis	19
	Notes to Financial Statements Year Ended December 31, 2008	20
	Supplementary Data	40
	<u>CURRENT FUND</u>	
A-4	Schedule of Cash - Collector - Treasurer	47
A-5	Schedule of Cash - Change Funds	48
A-6	Schedule of Amount Due from State of New Jersey for Senior Citizens and Veterans' Deductions - CH. 73 P.L. 1976	49
A-7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	50
A-8	Schedule of Property Acquired for Taxes Assessed Valuation	51
A-9	Schedule of Tax Title Liens	51
A-10	Schedule of Revenue Accounts Receivable	52
A-11	Schedule of Interfunds	53
A-12	Schedule of Deferred Charges	54
A-13	Schedule of Appropriation Reserves	55



**BOROUGH OF NORWOOD**

**TABLE OF CONTENTS**

**PART I, (Continued)**

<u>Exhibit</u>		<u>Page</u>
	<u>CURRENT FUND, (Continued)</u>	
A-14	Schedule of Encumbrances Payable	57
A-15	Schedule of Prepaid Taxes	58
A-16	Schedule of Tax Overpayments	59
A-17	Schedule of Amount Due to State of New Jersey	60
A-18	Schedule of Reserve for Length of Service Award Program	61
A-19	Schedule of Due From/(to) Federal and State Grant Fund	62
A-20	Schedule of School Taxes Payable	63
A-21	Schedule of County Taxes Payable	63
A-22	Schedule of Grants Receivable	64
A-23	Schedule of Appropriated Reserves for Grants	65
A-24	Schedule of Reserve for Grants - Unappropriated	66
	 <u>TRUST FUND</u>	
B-1	Schedule of Cash	67
B-2	Reserve for Animal Trust Fund Expenditures	68
B-3	Schedule of Due to State of New Jersey - Animal License Trust Fund	69
B-4	Schedule of Interfund - Current Fund - Other Trust Funds	70
B-5	Schedule of Reserve for Open Space Trust Funds Expenditures	71
B-6	Schedule of Reserve for Various Trust Deposits	72
B-7	Schedule of Reserve for Other Trust Expenditures	73
B-8	Schedule of Grants Receivable	74
B-9	Schedule of Reserve for Community Development Projects	74
B-10	Schedule of Service Award Contributions Receivable - Emergency Service Volunteer - Length of Service Award Program	75
B-11	Schedule of Net Assets Available for Benefits - Emergency Service Volunteer - Length of Service Award Program	76
	 <u>GENERAL CAPITAL FUND</u>	
C-2	Schedule of Cash	77
C-3	Analysis of Cash	78
C-4	Schedule of Grants Receivable	79
C-5	Schedule of Deferred Charges to Future Taxation - Funded	80
C-6	Schedule of Deferred Charges to Future Taxation - Unfunded	81
C-7	Schedule of General Serial Bonds Payable	82
C-8	Schedule of NJEDA Loans Payable	83
C-9	Schedule of Bonds Anticipation Notes Payable	84
C-10	Schedule of Improvement Authorizations	85



**BOROUGH OF NORWOOD**

**TABLE OF CONTENTS**

**PART I, (Continued)**

<u>Exhibit</u>		<u>Page</u>
	<u>GENERAL CAPITAL FUND, (Continued)</u>	
C-11	Schedule of Capital Improvement Fund	86
C-12	Schedule of Due From Current Fund	87
C-13	Schedule of Reserve for Payment of Debt	87
C-14	Schedule of Reserve for Livingston Street Beautification Project	88
C-15	Schedule of Reserve for Grants Receivable	88
C-16	Schedule of Bonds and Notes Authorized But Not Issued	89

**PART II**

	Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	90
	General Comments	92
	Recommendations	95
	Acknowledgment	95



**BOROUGH OF NORWOOD**

**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2008**



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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, 2008 and 2007, 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, 2008. These financial statements are the responsibility of the Borough of Norwood's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

**FWCC**



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, 2008 and 2007 or the results of its operations for the years then ended.

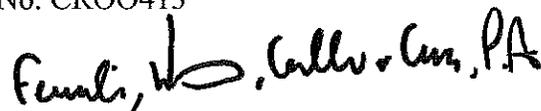
However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Norwood, New Jersey at December 31, 2008 and 2007, 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, 2008, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 7, 2009 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

July 7, 2009





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

**Current Fund**

**December 31, 2008 and 2007**

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 1,658,292	2,327,861
Petty Cash		350	350
Change Fund	A-5	250	250
		<u>1,658,892</u>	<u>2,328,461</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	333,504	341,664
Property Acquired for Taxes - Assessed Valuation	A-8	1,142,840	755,640
Tax Title Liens	A-9	8,856	34,811
Revenue Accounts Receivable	A-10	1,235	2,811
Interfunds Receivable:			
Prepaid School Taxes	A-20	12,107	
Animal License Trust	B	157	
Other Trust Fund	A-11		3,798
Open Space Trust Fund	A-11		2,400
Community Development Trust Fund	A-11	1,051	1,051
		<u>1,499,750</u>	<u>1,142,175</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-3	11,136	
Overexpenditure of Appropriation Reserves	A-13	10,133	
Special Emergency - N.J.S.A. 40A:4-55	A-12	180,000	225,000
		<u>201,269</u>	<u>225,000</u>
		<u>3,359,911</u>	<u>3,695,636</u>
Federal and State Grant Fund:			
Due from Current Fund	A-19	60,031	55,696
Grants Receivable	A-22	32,396	36,740
		<u>92,427</u>	<u>92,436</u>
		<u>\$ 3,452,338</u>	<u>3,788,072</u>

See accompanying notes to financial statements.



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

**Current Fund**

**December 31, 2008 and 2007**

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-13	352,096	202,348
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-6	9,832	8,157
Interfunds Payable:			
General Capital Fund	A-11	39,490	231
Federal and State Grant Fund	A-19	60,031	55,696
Open Space Trust Fund	A-21	155	
Developer's Escrow Trust Fund	A-11	16,623	16,623
Affordable Housing Trust - Developers	A-11		2,277
Encumbrances Payable	A-14	181,864	198,628
Accounts Payable	A-13	20,336	
Prepaid Taxes	A-15	203,068	205,669
Tax Overpayments	A-16	38,175	
Due to State of New Jersey:			
DCA Fees	A-17	876	1,296
Marriage License Fees	A-17		175
Reserve for Revaluation	A-13	14,909	
Reserve for Length of Service Award Program	A-18	29,500	29,500
County Taxes Payable	A-21	2,993	15,741
		<u>969,948</u>	<u>736,341</u>
Reserve for Receivables	Contra	1,499,750	1,142,175
Fund Balance	A-1	890,213	1,817,120
		<u>3,359,911</u>	<u>3,695,636</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	72,884	74,308
Encumbrances Payable	A-23	3,603	7,418
Unappropriated Reserve for Grants	A-24	15,940	10,710
		<u>92,427</u>	<u>92,436</u>
		<u>\$ 3,452,338</u>	<u>3,788,072</u>

See accompanying notes to financial statements.



BOROUGH OF NORWOOD, N.J.

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

Current Fund

Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues and Other Income:		
Fund Balance Utilized	1,000,000	950,000
Miscellaneous Revenue Anticipated	1,434,714	1,658,120
Receipts from Delinquent Taxes	354,488	285,583
Receipts from Current Taxes	23,205,725	22,058,350
Non-Budget Revenue	69,590	128,207
Other Credits to Income:		
Liabilities cancelled		700
Unexpended Balance of Appropriation Reserves	67,242	302,895
Interfunds Returned	6,198	63,756
	<u>26,137,957</u>	<u>25,447,611</u>
Total Revenues and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,173,559	3,005,863
Other Expenses	3,935,754	3,888,611
Capital Improvements	52,190	
Municipal Debt Service	735,443	765,098
Deferred Charges and Statutory Expenditures -		
Municipal	215,000	165,000
School Taxes Payable	14,916,952	14,168,410
County Taxes including Added Taxes	2,848,660	2,777,877
Municipal Open Space Taxes	148,754	74,949
Interfunds Advanced	12,106	2,400
Refunds	26,446	252
	<u>26,064,864</u>	<u>24,848,460</u>
Total Expenditures		
Excess (Deficit) Revenue Over Expenditures	73,093	599,151
Adjustment to Income Before Fund Balance - Expenditures		
Included above Which are by Statute Deferred		
Charges to Budget of Succeeding Year		225,000
		<u>225,000</u>
Statutory Excess to Fund Balance	73,093	824,151
Fund Balance, January 1,	<u>1,817,120</u>	<u>1,942,969</u>
	1,890,213	2,767,120
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>1,000,000</u>	<u>950,000</u>
Fund Balance, December 31,	<u>\$ 890,213</u>	<u>1,817,120</u>

See accompanying notes to the financial statements.



**BOROUGH OF NORWOOD, N.J.**  
**Statement of Revenues-Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2008**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 1,000,000	1,000,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	15,000	15,400	400
Other	13,000	25,068	12,068
Fees and Permits	57,000	64,509	7,509
Fines and Costs:			
Municipal Court	45,000	45,221	221
Interest and Costs on Taxes	70,000	106,267	36,267
Interest on Investments and Deposits	175,000	78,357	(96,643)
Recreation Fees	6,000	5,805	(195)
Borough of Northvale-Sewer Charges		14,000	14,000
Cable T.V. Franchise Fee	16,000	21,908	5,908
Library Rent	130,000	157,000	27,000
Swim Club Lease	9,000	12,000	3,000
Consolidated Municipal Property Tax Relief Aid	39,818	39,818	
Energy Receipts Tax	599,454	599,454	
Supplemental Energy Receipts Tax	116,228	116,228	
Watershed Moratorium Offset Aid	5,734	5,734	
Construction Code Fees	103,000	93,022	(9,978)
Recycling Tonnage Grant	6,519	6,519	
Alcohol Education Rehabilitation	886	886	
Clean Communities Program	6,905	6,905	
Municipal Alliance Program	11,500	11,500	
Body Armor Fund	2,380	2,380	
B.C.U.A. Municipal Recycling Assistance Program	373	373	
Uniform Fire Safety Act	18,900	6,360	(12,540)
Total Miscellaneous Revenues	1,447,697	1,434,714	(12,983)
Receipts from Delinquent Taxes	340,000	354,488	14,488
Subtotal General Revenues	2,787,697	2,789,202	1,505
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	5,689,271	5,655,359	(33,912)
Budget Totals	8,476,968	8,444,561	(32,407)
Non-Budget Revenue		69,321	69,321
	\$ 8,476,968	8,513,882	36,914



**BOROUGH OF NORWOOD, N.J.**  
**Statement of Revenues-Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2008**

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 23,205,725
Allocated to School and County Taxes	<u>17,914,366</u>
Balance for Support of Municipal Budget Appropriations	5,291,359
Add : Appropriation - Reserve for Uncollected Taxes	<u>364,000</u>
Amount for Support of Municipal Budget Appropriations	<u>5,655,359</u>
Receipts from Delinquent Taxes:	
Delinquent Taxes	<u>354,488</u>
	<u>\$ 354,488</u>

Analysis of Non-budget Revenues

Moter Vehicles	3,558
Telephone	14
Photo Copies	341
Police	739
ADS Refunds	4,500
Property Lists	140
Police Refunds	6,929
Reimbursements	2,210
Worker's Compensation	1,145
Plans and Specifications	125
Refunds	820
Harrington Park Reimbursement	25,479
Sale of Property	1,445
Miscellaneous	21,985
Election	<u>160</u>
	<u>\$ 69,590</u>

See accompanying notes to the financial statements.



BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Budget</u>	Budget after Modification and <u>Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>	Over - Expenditure of Appropriation
Operations - within "CAPS":						
General Government:						
Administration:						
Salaries and Wages	\$ 28,272	19,372	19,749			377
Other Expenses	35,000	34,000	31,786	2,214		
Mayor and Council						
Other Expenses	6,000	7,060	6,974	86		
Municipal Clerk						
Salaries and Wages	125,765	129,805	134,774			4,969
Other Expenses	17,000	16,500	14,655	1,845		
Financial Administration:						
Salaries and Wages	59,629	52,629	53,500			871
Other Expenses	13,125	12,125	11,191	934		
Audit Services:						
Other Expenses	34,500	37,500	6,250	31,250		
Computerized Data Processing:						
Other Expenses	22,100	21,100	19,083	2,017		
Revenue Administration:						
Salaries and Wages	65,236	56,236	60,298			4,062
Other Expenses	4,550	3,550	2,114	1,436		
Assessment of Taxes:						
Salaries and Wages	19,264	18,564	19,264			700
Other Expenses	3,990	2,990	2,349	641		
Legal Services and Costs:						
Other Expenses	60,000	80,000	76,421	3,579		
Engineering Services and Costs:						
Other Expenses	37,500	27,500	17,500	10,000		



BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Budget</u>	Budget after Modification and <u>Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	Unexpended Balance Canceled	Over - Expenditure of Appropriation
Municipal Court:						
Salaries and Wages	62,425	52,425	52,582			157
Other Expenses	6,177	2,177	2,155	22		
Liability Insurance	217,267	217,267	210,531	6,736		
Employee Group Insurance	489,677	548,677	545,957	2,720		
Elections						
Salaries and Wages	1,500					
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)						
Planning Board:						
Salaries and Wages	9,503	9,503	6,804	2,699		
Other Expenses	25,250	24,250	23,639	611		
Zoning Board:						
Salaries and Wages	2,799	2,799	2,004	795		
Other Expenses	6,070	6,070	5,906	164		
Historical Preservation Committee:						
Other Expenses	750	750		750		
Environmental Commission:						
Other Expenses	1,500	1,500	790	710		
Public Safety:						
Police:						
Salaries and Wages	1,942,903	1,871,903	1,818,178	53,725		
Other Expenses	115,050	114,050	114,050			
Police Dispatch/911:						
Other Expenses	98,300	93,300	93,300			
Aid to Volunteer Fire Companies:						
Other Expenses	36,000	36,000	35,594	406		



BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Budget</u>	Budget after Modification and <u>Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>	Over - Expenditure of Appropriation
Aid to Volunteer Ambulance Companies:						
Other Expenses	26,500	26,500	25,191	1,309		
Fire Prevention:						
Salaries and Wages	28,545	28,545	26,331	2,214		
Other Expenses	120,244	119,644	111,129	8,515		
Municipal Prosecutor's Office:						
Other Expenses	5,000	5,000	5,000			
Public Defender (P.L., C. 256)						
Other Expenses	2,000	2,000	1,100	900		
Public Works Function:						
Streets and Roads:						
Streets and Road Maintenance:						
Salaries and Wages	782,119	772,119	741,261	30,858		
Other Expenses	42,900	52,900	50,136	2,764		
Other Public Works Functions:						
Other Expenses	10,500	10,500	8,323	2,177		
Solid Waste Collection:						
Other Expenses	584,376	584,376	536,478	47,898		
Public Building and Grounds:						
Other Expenses	45,000	45,000	38,219	6,781		
Vehicle Maintenance:						
Other Expenses	50,000	50,000	46,397	3,603		
Health and Welfare:						
Public Health Services:						
Salaries and Wages	42,752	42,752	40,427	2,325		
Other Expenses	55,916	55,916	51,910	4,006		



BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over - Expenditure of Appropriation</u>
Recreational Services and Programs:						
Salaries and Wages	16,356	16,356	15,804	552		
Other Expenses	34,500	38,000	36,194	1,806		
Other Common Operating Functions:						
Accumulated Leave Compensation:						
Other Expenses	50,000	50,000	50,000			
Celebration of Public Events:						
Other Expenses	9,500	9,500	8,700	800		
UNCLASSIFIED:						
Utilities:						
Electricity	65,000	83,000	82,732	268		
Street Lighting	55,000	55,000	47,047	7,953		
Telephone	33,000	33,000	27,138	5,862		
Water	12,000	12,000	8,418	3,582		
Gas (Natural and Propane)	33,000	53,000	41,898	11,102		
Gasoline	55,000	74,600	71,565	3,035		
Uniform Construction Code Enforcement Functions:						
Salaries and Wages	105,551	100,551	100,015	536		11,136
Other Expenses	13,425	5,425	4,431	994		
Total Operations within "CAPS"	5,825,286	5,825,286	5,563,242	273,180		11,136
Total Operations Including Contingent-within "CAPS"	5,825,286	5,825,286	5,563,242	273,180		11,136
Detail:						
Salaries & Wages	3,292,619	3,173,559	3,090,991	93,704		11,136
Other Expenses (Including Contingent)	2,532,667	2,651,727	2,472,251	179,476		
Total:	5,825,286	5,825,286	5,563,242	273,180		11,136



BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over - Expenditure of Appropriation</u>
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS":						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	125,000	125,000	107,576	17,424		
Unemployment Compensation Insurance	45,000	45,000	24,942	20,058		
<b>Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"</b>	<b>170,000</b>	<b>170,000</b>	<b>132,518</b>	<b>37,482</b>		
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>	<b>5,995,286</b>	<b>5,995,286</b>	<b>5,695,760</b>	<b>310,662</b>		<b>11,136</b>
Operations - Excluded from "CAPS":						
Length of Service Award Program	35,000	35,000		35,000		
Police and Firemen's Retirement System of NJ	252,119	252,119	252,119			
Stormwater Management:						
Other Expenses	14,000	14,000	10,441	3,559		
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(j)]:						
Other Expenses	412,606	412,606	412,606			
Aid to Privately Owned Library and Reading Room:						
Other Expenses	471,866	471,866	471,866			
Public Employees' Retirement System	66,998	66,998	66,998			
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>1,252,589</b>	<b>1,252,589</b>	<b>1,214,030</b>	<b>38,559</b>		



BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over - Expenditure of Appropriation</u>
Public and Private Programs Offset by Revenues:						
Current Year Program:						
Municipal Alliance Program:						
State Share	11,500	11,500	11,500			
Local Share	2,875	2,875		2,875		
Drunk Driving Enforcement Fund						
Other Expenses	886	886	886			
Clean Communities						
Other Expenses	6,905	6,905	6,905			
Body Armor Replacement Program						
Other Expenses	2,380	2,380	2,380			
Recycling Tonnage Grant						
Other Expenses	6,519	6,519	6,519			
B.C.U.A. Municipal Recycling Assistance Program:						
Other Expenses	373	373	373			
Total Public and Private Programs Offset by Revenues	31,438	31,438	28,563	2,875		
Total Operations-Excluded from "CAPS"	1,284,027	1,284,027	1,242,593	41,434		
Detail:						
Salaries and Wages	1,284,027	1,284,027	1,242,593	41,434		
Other Expenses						
Total:	1,284,027	1,284,027	1,242,593	41,434		



BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Over - Expenditure of Appropriation</u>
Capital Improvements-Excluded from "CAPS" Capital Improvement Fund	52,190	52,190	52,190			
Total Capital Improvements Excluded from "CAPS"	52,190	52,190	52,190			
Municipal Debt Service - Excluded from "CAPS"						
Payment of Bond Principal	465,000	465,000	465,000			
Interest on Bonds	89,865	89,865	89,865			
Interest on Notes	170,600	170,600	169,578		1,022	
Payment of Loan Principal	11,000	11,000	11,000			
Total Municipal Debt Service-Excluded from "CAPS"	736,465	736,465	735,443		1,022	
Deferred Charges- Excluded from "CAPS" Special Emergency Authorizations- 5 Years (N.J.S.A. 40A:4-55)	45,000	45,000	45,000			
Total Deferred Charges Excluded from "CAPS"	45,000	45,000	45,000			



BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled	Over - Expenditure of Appropriation
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,117,682</u>	<u>2,117,682</u>	<u>2,075,226</u>	<u>41,434</u>	<u>1,022</u>	
Subtotal General Appropriations	8,112,968	8,112,968	7,770,986	352,096	1,022	11,136
Reserve for Uncollected Taxes	<u>364,000</u>	<u>364,000</u>	<u>364,000</u>			
Total General Appropriations	<u>\$ 8,476,968</u>	<u>8,476,968</u>	<u>8,134,986</u>	<u>352,096</u>	<u>1,022</u>	<u>11,136</u>

Adopted Budget \$ 8,476,968

Reserve for Uncollected Taxes	\$ 364,000
Grants	28,563
Due to General Capital	52,190
Special Emergency	45,000
Encumbrances	181,864
Cash	<u>7,463,369</u>

\$ 8,134,986

See accompanying notes to the financial statements.



BOROUGH OF NORWOOD, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2008 and 2007

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Animal Trust Fund:			
Cash	B-1	\$ <u>8,581</u>	<u>4,619</u>
Municipal Open Space Trust Fund:			
Cash	B-1	288,413	139,312
Interfund - Current Fund	B-4	<u>155</u>	<u>          </u>
		<u>288,568</u>	<u>139,312</u>
Other Trust Funds:			
Cash	B-1	608,960	553,558
Interfund - Current Fund - Developer's Escrow	B-4	16,623	16,623
Interfund - Current Fund - Affordable Housing	B-4	<u>          </u>	<u>2,277</u>
		<u>625,583</u>	<u>572,458</u>
Community Development Trust Fund:			
Grants Receivable	B-8	<u>2,211</u>	<u>2,211</u>
		<u>2,211</u>	<u>2,211</u>
Length of Service Award Program: (Unaudited)			
Investments	B-1	132,505	169,771
Contributions Receivable	B-10	<u>14,050</u>	<u>19,350</u>
		<u>146,555</u>	<u>189,121</u>
		\$ <u><u>1,071,498</u></u>	<u><u>907,721</u></u>



## BOROUGH OF NORWOOD, N.J.

## Comparative Balance Sheet-Regulatory Basis

## Trust Funds

December 31, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Trust Fund:			
Reserve for Animal Trust Fund Expenditures	B-2	8,411	4,608
Due to Current Fund	B-2	157	
Due to State of New Jersey	B-3	13	11
		<u>8,581</u>	<u>4,619</u>
Municipal Open Space Trust Fund:			
Interfund - Current Fund	B-4		2,400
Reserve for Open Space Trust Fund Expenditures	B-5	288,568	136,912
		<u>288,568</u>	<u>139,312</u>
Other Trust Fund:			
Reserve for:			
Interfund - Current Fund	B-4		3,798
Escrow Deposits	B-6	271,112	306,702
Affordable Housing Expenditures	B-6	150,433	154,274
Other Trust Expenditures	B-7	204,038	107,684
		<u>625,583</u>	<u>572,458</u>
Community Development Trust Fund:			
Interfund - Current Fund	B-8	1,051	1,051
Reserve for Expenditures	B-9	1,160	1,160
		<u>2,211</u>	<u>2,211</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-11	146,555	189,121
		<u>\$ 1,071,498</u>	<u>907,721</u>

See accompanying notes to financial statements.



## BOROUGH OF NORWOOD, N.J.

## Comparative Balance Sheet-Regulatory Basis

## General Capital Fund

December 31, 2008 and 2007

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Cash:			
Checking	C-2,3	\$ 1,413,840	2,482,371
Grants Receivable	C-4	170,708	215,818
Due from Current Fund	C-12	39,490	231
Deferred Charges to Future Taxation:			
Funded	C-5	6,858,000	2,654,000
Unfunded	C-6	<u>175,475</u>	<u>4,914,767</u>
		<u>\$ 8,657,513</u>	<u>10,267,187</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	6,825,000	2,610,000
N.J.E.D.A. Loan Payable	C-8	33,000	44,000
Bond Anticipation Notes	C-9		4,914,288
Capital Improvement Fund	C-11	96,230	44,040
Improvement Authorizations:			
Funded	C-10	1,103,575	119,519
Unfunded	C-10	170,808	2,020,718
Reserve for Payment of Debt	C-13	62,564	104,244
Reserve for Livingston Street Beautification Project	C-14	195,628	227,060
Reserve for Grants Receivable	C-15	170,708	183,318
		<u>\$ 8,657,513</u>	<u>10,267,187</u>

There were \$175,475 of Bonds and Notes Authorized But Not Issued on December 31, 2008, (Exhibit C-1)

See accompanying notes to the financial statements.



BOROUGH OF NORWOOD, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2008 and 2007

	<u>2008</u>	<u>2,007</u>
<u>General Fixed Assets:</u>		
Land	\$ 37,473,000	37,522,500
Buildings	2,045,500	2,045,500
Machinery and Equipment	<u>4,387,283</u>	<u>4,132,934</u>
	<u>\$ 43,905,783</u>	<u>43,700,934</u>
Investment in Fixed Assets	<u>\$ 43,905,783</u>	<u>43,700,934</u>

See accompanying notes to financial statements.



**BOROUGH OF NORWOOD, N. J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**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, 2008 and 2007**  
**(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.

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, 2008 and 2007**  
**(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, 2008 and 2007**  
**(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 2008, the Mayor and Council approved several budget transfers.



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(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, 2008 and 2007**  
**(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, 2008 and 2007**  
**(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, 2008, \$-0- of the Borough's bank balance of \$4,097,470 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, 2008 and 2007**  
**(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, 2008 and 2007 amounted to \$132,505 and \$169,771, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Fixed Income	\$45,929	\$40,600
Growth and Income	12,111	30,415
DWS EQ 500 Index	25,025	35,825
LVIP Delaware Special Opportunities	11,839	17,226
All Others	<u>37,601</u>	<u>45,705</u>
Total	<u>\$132,505</u>	<u>\$169,771</u>



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 3: TAXES RECEIVABLE**

Receivables at December 31, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Property Taxes	<u>\$333,504</u>	<u>\$341,664</u>

In 2008 and 2007, the Borough collected \$354,488 and \$285,583 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, 2008 were as follows:

Budget <u>Year</u>	Key Equipment <u>Copier</u>	Pitney Bowes Postage <u>Machine</u>	Real Property 602 Broadway <u>(Fire Dept)</u>
2009	\$7,735	\$3,540	\$25,137
2010	7,735	3,540	25,137
2011	7,735	3,540	25,137
2012		885	25,137
2013			26,394
2014			26,394
2015			26,394
2016			26,394
2017			26,394



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 5: MUNICIPAL DEBT**

Long-term debt as of December 31, 2008 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2007</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	\$2,610,000	\$4,680,000	\$465,000	\$6,825,000	\$575,000
Other Liabilities:					
Compensated Absences Payable	307,300	7,609		314,909	
New Jersey EDA Loans	<u>44,000</u>	<u>          </u>	<u>11,000</u>	<u>33,000</u>	<u>11,000</u>
	<u>\$2,961,300</u>	<u>\$4,687,609</u>	<u>\$476,000</u>	<u>\$7,172,909</u>	<u>\$586,000</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 2008</u>	<u>Year 2007</u>	<u>Year 2006</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	<u>\$6,858,000</u>	<u>\$7,568,288</u>	<u>\$6,886,193</u>
Total Issued	6,858,000	7,568,288	6,886,193
<u>Less</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>62,564</u>	<u>104,244</u>	<u>44,270</u>
Net Debt Issued	6,795,436	7,464,044	6,841,923
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>175,475</u>	<u>479</u>	<u>479</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$6,970,911</u>	<u>\$7,464,523</u>	<u>\$6,842,402</u>



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(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 .46%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$8,611,029	\$8,611,029	\$0
General Debt	<u>7,033,475</u>	<u>62,564</u>	<u>6,970,911</u>
	<u>\$15,644,504</u>	<u>\$8,673,593</u>	<u>\$6,970,911</u>

Net Debt \$6,970,911 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,529,004,332 = .46%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$53,515,152
Net Debt	<u>6,970,911</u>
Remaining Borrowing Power	<u>\$46,544,241</u>

The Borough's long term debt consisted of the following at December 31, 2008:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</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%	\$2,145,000
\$4,680,000 General Obligation Bonds of 2008, due in annual installments of \$95,000 to \$800,000 through October 2018, interest at rates from 3.875% to 4.00%	<u>4,680,000</u>
	<u>\$6,825,000</u>

Intergovernmental Loan Payable

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

\$110,000, 2001 Loan due annual installments of \$11,000 through 2011, interest at 0.0%	<u>\$33,000</u>
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**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

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

<u>Year</u>	<u>General Serial Bonds</u>		<u>N.J.E.D.A. Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	\$575,000	\$261,158	\$11,000	\$	\$847,158
2010	595,000	231,637	11,000		837,637
2011	615,000	219,720	11,000		845,720
2012	650,000	196,680			846,680
2013	670,000	172,300			842,300
2014-2018	<u>3,720,000</u>	<u>453,888</u>	<u>-0-</u>		<u>4,173,888</u>
	<u>\$6,825,000</u>	<u>\$1,535,383</u>	<u>\$33,000</u>	<u>\$ -0-</u>	<u>\$8,393,383</u>

At December 31, 2008, the Borough had authorized but not issued debt of \$175,475.

**NOTE 6: BOND ANTICIPATION NOTES**

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

On December 31, 2008, the Borough had \$-0- in outstanding general capital bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2008.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
JP Morgan Chase	<u>\$4,914,288</u>	<u>\$</u>	<u>\$4,914,288</u>	<u>\$0</u>



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 7: SCHOOL TAXES**

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

**NOTE 8: PENSION PLANS**

Description of Systems:

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

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th 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. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). 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.

*Police and Firemens' Retirement System (PFRS)*

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



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

Description of Systems, (continued)

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

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final average compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years or 1/60 of final average compensation multiplied by the number of years of creditable service, whichever is greater. 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.

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

Significant Legislation

Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2005, 20 percent; for payments due in the State fiscal year ending June 30, 2006, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2008, not more than 80 percent.

Chapter 108 (P.L. 2003), effective July 1, 2003, provided that local employer PFRS normal and accrued liability contributions will be 20% of the amount certified by the PFRS for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the System as the State Treasurer will determine, but not more than 40% in fiscal year 2005, not more than 60% in fiscal year 2006, and not more than 80% in fiscal year 2007. According to the Appropriation Act of 2003, the State as well is paying pension obligations through a five-year phase-in.

Chapter 42, P.L. 2002 permitted local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits under PERS and PFRS, effective July 12, 2002.



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
December 31, 2008	\$66,998	\$252,119
December 31, 2007	37,060	181,476
December 31, 2006	20,089	121,981

**NOTE 9: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2008 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2008 were as follows:

Current Fund	<u>\$500,000</u>
--------------	------------------

**NOTE 10: FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2008.

	<u>Dec.31, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec.31, 2008</u>
Land	\$37,522,500		\$49,500	\$37,473,000
Buildings and Improvements	2,045,500			2,045,500
Machinery and Equipment	<u>4,132,934</u>	<u>\$325,151</u>	<u>\$70,802</u>	<u>4,387,283</u>
	<u>\$43,700,934</u>	<u>\$325,151</u>	<u>\$120,302</u>	<u>\$43,905,783</u>



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(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 \$314,909. 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, 2008 consist of the following:

\$157	Due to the Current Fund from the Animal License Trust Fund for statutory excess.
39,490	Due to the General Capital Fund from the Current Fund for Capital Improvement Fund and a grant deposited in Current Fund.
155	Due to the Open Space Trust Fund from the Current Fund for Open Space taxes collected.
16,623	Due to the Escrow Trust Fund from the Current Fund for deposits made in error less interest earned.
60,031	Due to the Federal and State Grant Fund from the Current Fund for receipt of grant awards less expenditures made.
<u>1,051</u>	Due to the Current Fund from the Community Development Trust Fund to reimburse expenses paid.
<u>\$117,507</u>	

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

**NOTE 13: RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2008 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

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

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

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

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

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

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

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

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



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(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, 2008</u>	<u>Balance</u> <u>Dec 31, 2007</u>
Prepaid Taxes	<u>\$203,068</u>	<u>\$205,669</u>
Cash Liability for Taxes Collected in Advance	<u>\$203,068</u>	<u>\$205,669</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, 2008 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, 2008 and 2007**  
**(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, 2008, 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, 2008</u>	<u>2009 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	\$180,000	\$45,000	\$135,000
Overexpenditure of Appropriations	\$11,136		\$11,136
Overexpenditure of Appropriation Reserves	<u>10,133</u>	<u>-0-</u>	<u>10,133</u>
	<u>\$201,269</u>	<u>\$45,000</u>	<u>\$156,269</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.

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



**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/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, 2008 and 2007 were as follows: 2008 - \$68,779 and 2007 - \$86,372.



**SUPPLEMENTARY DATA**



**BOROUGH OF NORWOOD**

**Supplementary data**

Comparative Schedule of Tax Rate Information

	<u>2008 (*)</u>	<u>2007</u>	<u>2006</u>
Tax rate	<u>1.59</u>	<u>2.99</u>	<u>2.87</u>
Apportionment of tax rate:			
Municipal	0.393	0.718	0.696
School	1.004	1.902	1.860
County	<u>0.193</u>	<u>0.370</u>	<u>0.314</u>

Assessed Value	
2008 (*)	\$ 1,485,990,160
2007	745,106,346
2006	735,115,782

\* Revaluation

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2008	\$ 23,651,903	23,205,725	98.11%
2007	22,409,765	22,058,350	98.43%
2006	21,220,840	20,921,465	98.59%

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>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2008	\$ 333,504	8,856	342,360	1.45%
2007	341,664	34,811	376,475	1.68%
2006	285,592	28,374	313,966	1.48%



**BOROUGH OF NORWOOD**

**Supplementary data**

Property Acquired by Tax Title Lien Liquidation

There were properties acquired in 2008 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>
2008	\$	1,142,840
2007		755,640
2006		755,640

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2008	\$	890,213	500,000
	2007		1,817,120	1,000,000
	2006		1,942,966	950,000
	2005		2,155,073	950,000
	2004		1,859,322	780,000



## BOROUGH OF NORWOOD

### Supplementary Data

#### Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Type of bond</u>
James Barsa	Mayor		
Alan Rappaport	Councilman		
Marianne Orecchio	Councilwoman		
Anthony Gruercio	Councilman		
Thomas Brizzolara	Councilwoman		
Barry Scott	Councilman		
Edward Condoleo	Councilman		
Lorraine L. Mc Mackin	Administrator/Borough Clerk		
Maureen Neville	Tax Collector/Treasurer/CFO	\$ 200,000	(A)
Robert Solomon	Magistrate	25,000	(B)
Lindsay Taglieri	Court Administrator	25,000	(B)
Elizabeth Bohan	Deputy Court Administrator		
Andrew Fede	Borough Attorney		
Neglia Engineering	Borough Engineer		
Douglas Doyle	Labor Attorney		
Steve Rogut	Bond Counsel		
Paul Renard	Construction Code Official		

(A) Bond no. B179624

(B) Bond no. B1018132 and B1011036

All other employees covered by an employee dishonesty coverage policy in the amount of \$100,000



BOROUGH OF NORWOOD

Schedule of Expenditure of Federal Awards

Year ended December 31, 2008

Program	CFDA Number	State Pass-through Number	Grant Period	Grant Award	Balance Dec. 31, 2007	Receipts	Expenditures	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2008	MEMO Total Cumulative Expenditures
U.S. Department of Housing and Urban Development Passed Through Funds: County of Bergen Senior Citizen Activities			7/1/06-6/30/07	3,500 \$					*
Senior Citizen Activities			7/1/07-6/30/08	3,000	(1,051)			(1,051)	*
Barrier Free Ramps		Ord. 2006-15	7/1/06-6/30/07	90,000	(2,028)	12,610		10,582	*
Barrier Free Ramps - Summit Street		Ord. 2007-28	7/1/07-6/30/08	80,000					*
					\$ (3,079)	12,610		9,531	*
									52,210

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

A - Grants Receivable of \$2,211, reserve of \$1,051



BOROUGH OF NORWOOD

Schedule of Expenditure of State Awards

Year ended December 31, 2008

State & County Programs	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31, 2007	Cash Received	Expended	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2008	MEMO Total Cumulative Expenditures
<b>State Programs:</b>								
<b>Department of Law and Public Safety:</b>								
Drunk Driving Enforcement Fund	1110-448-031020-22	1998	14,290	12,978			12,978	1,312
Drunk Driving Enforcement Fund	1110-448-031020-22	2003	4,672	4,185			4,185	487
Drunk Driving Enforcement Fund	1110-448-031020-22	2004	1,349	1,349			1,349	
Drunk Driving Enforcement Fund	1110-448-031020-22	2005	997	997			997	
Drunk Driving Enforcement Fund	1110-448-031020-22	2006	799	799			799	
Drunk Driving Enforcement Fund	1110-448-031020-22	2006	1,089	1,089			1,089	
Drunk Driving Enforcement Fund	6400-100-078-6400	2004	2,406	2,406			2,406	
SLA HOEP		2003	1,323	406			406	
Body Armor Replacement	N/A	2005	2,537	2,537			2,537	
Body Armor Replacement	1020-718-066-1020-001	2008	2,380		2,380	2,380		2,380
Body Armor Replacement	1020-718-066-1020-001	2007	1,479	1,479			1,479	
				28,225	2,380	2,380	28,225	4,179
<b>Department of Health:</b>								
Alcohol Education Rehabilitation Fund	5120-150-020080-60	1998	359	359			359	
Alcohol Education Rehabilitation Fund	5120-150-020080-60	2003	7,899	5,534			5,534	2,365
Alcohol Education Rehabilitation Fund	5120-150-020080-60	2004	6,030	6,030			6,030	
Alcohol Education Rehabilitation Fund	5120-150-020080-60	2007	886	886			886	
Recycling Tonnage Grant		2003	5,033	5,033			5,033	
Recycling Tonnage Grant		2004	6,412	561			561	5,851
Recycling Tonnage Grant		2005	4,360	4,359			4,359	1
Recycling Tonnage Grant	4900-752-042-4900-001	2006	4,584	552		288	264	4,320
Recycling Tonnage Grant	4900-752-042-4900-001	2007	6,519	6,519		6,519		6,519
				29,833		6,807	23,026	19,056
				(32,500)	32,500			130,000
<b>Department of Transportation:</b>								
Improvements to Broad Street	Ord. 15-06	2006	130,000		32,500			130,000
				(32,500)	32,500			130,000



**BOROUGH OF NORWOOD**  
**Schedule of Expenditure of State Awards**  
**Year ended December 31, 2008**

<u>State &amp; County Programs</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Allocation or Grant Award Amount</u>	<u>Balance Dec. 31, 2007</u>	<u>Cash Received</u>	<u>Expended</u>	<u>Deferred Revenue/ (Accounts Receivable) Dec. 31, 2008</u>	<u>MEMO Total Cumulative Expenditures</u>
<u>Environmental Protection Agency:</u>								
Clean Communities Program	4900-765-17910-60	2006	220	220			220	*
Clean Communities Program	4900-765-042-4900-004	2006	5,090	193			193	*
Clean Communities Program	4900-765-042-4900-004	2008	6,905		6,352	6,352		*
Clean Communities Program	4900-765-042-4900-004	2007	5,500		4,499	4,499	1,001	*
Clean Communities Program	4900-765-042-4900-004	2007	553			553		*
			<u>6,466</u>	<u>1,404</u>	<u>6,352</u>	<u>11,404</u>	<u>1,414</u>	<u>16,301</u>
<u>Association of New Jersey Environmental Commissions:</u>								
Smart Growth Planning Grant		2006	7,600	(7,600)	4,800		(2,800)	*
			<u>\$ 24,424</u>		<u>46,032</u>	<u>20,591</u>	<u>49,865</u>	<u>177,136</u>
<u>Total State Programs</u>								*
<u>County Programs:</u>								
<u>Programs Passed Through County of Bergen</u>								
Municipal Alliance	N/A	2005	11,500	(3,689)			(3,689) A	*
Municipal Alliance	N/A	2008	11,500		10,954	9,258	1,696	*
Municipal Alliance	N/A	2006	11,500	(685)			(685) B	*
Municipal Alliance	N/A	2006	11,500	(3,920)			(3,920) C	*
			<u>(8,294)</u>	<u>10,954</u>	<u>9,258</u>	<u>9,258</u>	<u>(6,598)</u>	<u>29,893</u>
<u>Bergen County Utilities Authority:</u>								
Municipal Recycling Assistance Program	N/A	2004	3,331	3,177			3,177	*
Municipal Recycling Assistance Program	N/A	2006	2,985	1,194			1,194	*
Municipal Recycling Assistance Program	N/A	2006	2,985	985			985	*
Municipal Recycling Assistance Program	N/A	2007	373	373		207	166	*
			<u>5,729</u>	<u>5,729</u>	<u>90</u>	<u>207</u>	<u>5,522</u>	<u>6,152</u>
<u>Office of the County Prosecutor:</u>								
Forfeited Funds - UMP Carbine Rifles		2007	6,981	(6,981)	90	(69)	(6,822)	*
			<u>\$ (9,546)</u>	<u>11,044</u>	<u>9,396</u>	<u>(7,898)</u>	<u>42,957</u>	<u>42,957</u>







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

**Schedule of Cash - Collector-Treasurer**

**Current Fund**

**Year Ended December 31, 2008**

		Current Fund
Balance - December 31, 2007		\$ <u>2,327,861</u>
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 69,590	
Due to State - Senior Citizen and Veteran Deductions	72,675	
Taxes Receivable	23,283,544	
Revenue Accounts Receivable	1,404,475	
Interfunds	7,875	
Due to State of New Jersey	7,317	
Prepaid Taxes	203,068	
Tax Overpayments	38,175	
Due to Federal and State Grant Fund	<u>38,137</u>	
		<u>25,124,856</u>
		27,452,717
Decreased by Disbursements:		
Current Year Budget Appropriations	7,463,369	
Interfunds	15,208	
Refunds	26,446	
Due to State of New Jersey	7,912	
Appropriation Reserves	308,622	
Transferred to Open Space Trust Fund	148,599	
School Taxes Payable	14,929,059	
County Taxes Payable	2,861,408	
Due from Federal and State Grant Fund	<u>33,802</u>	
		<u>25,794,425</u>
Balance - December 31, 2008		\$ <u><u>1,658,292</u></u>



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

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$ <u>250</u>
Balance - December 31, 2008	\$ <u><u>250</u></u>
<u>Analysis of Balance:</u>	
Tax Collector	\$ <u><u>250</u></u>



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

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

**Current Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007		\$	8,157
Increased by:			
State Share of Senior Citizens and Veteran			
Deductions Received in Cash	\$	72,675	
Deductions Disallowed		<u>500</u>	
			<u>73,175</u>
			81,332
Decreased by:			
Senior Citizens' Deductions Per Tax Billing	\$	17,000	
Veterans' Deductions Per Tax Billing		52,750	
Senior Citizens' and Veterans' Allowed		<u>1,750</u>	
			<u>71,500</u>
Balance - December 31, 2008		\$	<u><u>9,832</u></u>



BOROUGH OF NORWOOD, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2008

Year	Balance, Dec. 31, 2007	Levy	Added Taxes	Collected 2007	Collected 2008	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2008
2007	341,664		13,631		354,488		807		
	341,664		13,631		354,488		807		
2008		23,627,244	24,659	205,669	22,929,056	71,000	8,033	104,641	333,504
	\$ 341,664	23,627,244	38,290	205,669	23,283,544	71,000	8,840	104,641	333,504

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 23,627,244
Added Tax (R.S. 54:4-63.1 et seq.)	24,659
	<u>\$ 23,651,903</u>

Tax Levy:	
Local District School Tax	\$ 7,861,411
Regional School Tax	7,055,541
County Tax	2,845,667
Added County Taxes	2,993
Local Open Space Taxes	148,599
Added Local Open Space Taxes	155
	<u>17,914,366</u>

Local Tax for Municipal Purposes	\$ 5,689,271
Additional Taxes	48,266
	<u>5,737,537</u>
	<u>\$ 23,651,903</u>



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

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

**Current Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007		\$	755,640
Increased by:			
Transferred From Tax Title Liens	34,911		
Adjustment to Assessed Value	<u>352,289</u>		
			<u>387,200</u>
Balance - December 31, 2008		\$	<u><u>1,142,840</u></u>

**Schedule of Tax Title Liens**

**Current Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007		\$	34,811
Increased by:			
Interest and Cost on Tax Sale	116		
Transfer from 2007 Taxes	807		
Transfer from 2008 Taxes	<u>8,033</u>		
			<u>8,956</u>
			43,767
Decreased by:			
Transferred to Foreclosed Property			<u>34,911</u>
Balance - December 31, 2008		\$	<u><u>8,856</u></u>



**BOROUGH OF NORWOOD, N.J.**  
**Schedule of Revenue Accounts Receivable**  
**Current Fund**  
**Year Ended December 31, 2008**

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
Clerk:				
Licenses:				
Alcoholic beverages		15,400	15,400	
Other		25,068	25,068	
Fees and Permits		64,509	64,509	
Municipal Court :				
Fines and Costs	2,811	43,645	45,221	1,235
Interest and Costs on Taxes		106,267	106,267	
Interest on Investments and Deposits		78,357	78,357	
Recreation Fees		5,805	5,805	
Borough of Northvale Sewer Charges		14,000	14,000	
Cable T.V. Franchise Fee		21,908	21,908	
Library Rent		157,000	157,000	
Swim Club Lease		12,000	12,000	
Consolidated Municipal Property Tax				
Relief Aid		39,818	39,818	
Energy Receipts Tax		599,454	599,454	
Supplemental Energy Receipts Tax		116,228	116,228	
Watershed Moratorium Offset Aid		5,734	5,734	
Uniform Construction Code Fees		93,022	93,022	
Uniform Fire Safety Act		6,360	6,360	
	<u>\$ 2,811</u>	<u>1,404,575</u>	<u>1,406,151</u>	<u>1,235</u>
			Interest on Investments 1,676	
			Cash <u>1,404,475</u>	
			<u>\$ 1,406,151</u>	



BOROUGH OF NORWOOD, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2008

Fund	Due from/(to) Balance <u>Dec. 31, 2007</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2008</u>
Animal License Trust Fund	\$			
Open Space Trust Fund	2,400	155	2,400	(155)
Other Trust Fund:				
Developer's Escrow Fund	(16,623)			(16,623)
Other Trust	3,798	1,677	5,475	
Affordable Housing Trust - Developers	(2,277)		2,277	
Community Development Trust	1,051			1,051
General Capital Fund	(231)	52,190	12,931	(39,490)
Payroll Account				
	<u>\$ (11,882)</u>	<u>54,022</u>	<u>23,083</u>	<u>(55,217)</u>

Municipal Open Space Taxes collected \$	155			
Budget Expenditures	52,190			
Interest earned on investments	1,677			
Interfunds Returned - Receipts			7,875	
Disbursements			<u>15,208</u>	
		<u>\$ 54,022</u>	<u>23,083</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, 2008

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>1/5 of Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2007</u>	<u>Reduced</u> <u>in 2008</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2008</u>
May 1, 2007	Revaluation	225,000	45,000	\$ 225,000	45,000	180,000
				\$ 225,000	45,000	180,000



## BOROUGH OF NORWOOD, N.J.

## Schedule of 2007 Appropriation Reserves

## Current Fund

Year Ended December 31, 2008

	Balance, Dec. 31, <u>2007</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or</u> <u>Charged</u>	Balance <u>Lapsed</u>	Over- <u>Expenditures</u>
Salaries and Wages:					
Within "CAPS":					
General Administration	\$ 253				
Police	83,176	66,174	60,649	5,525	
Street & Road Maintenance	440	1,224	1,674		450
Excluded from "CAPS":					
Other Expenses:					
Within "CAPS":					
General Administration	629	5,756	5,750	6	
Borough Clerk	83	1,432	1,626		194
Financial Administration	63	1,006	1,006		
Audit Services		21,000	21,000		
Computer Data Processing	9,069	6,969	4,300	2,669	
Revenue Administration	153				
Tax Assessment Administration		1,142	1,142		
Legal Services	2,904	10,904	9,043	1,861	
Engineering	2,936	6,175	6,175		
Municipal Court		197	197		
Public Defender	900	411	100	311	
Insurance:					
Employee Group Insurance	3,005	9,276	9,276		
Planning Board	1,751	2,086	335	1,751	
Zoning Board		87	87		
Environmental Commission	891	416	416		
Police	4,408	37,817	34,245	3,572	
Police Dispatch/911	3,682	4,513	742	3,771	
Aid to Volunteer Fire Companies	2,339	22,966	20,413	2,553	
Aid to Ambulance Companies	562	6,259	6,011	248	
Fire Department	438	6,898	7,648		750
Street & Road Maintenance		5,210	3,042	2,168	
Other Public Works Functions		7,129	7,139		10
Solid Waste Collection	694	47,296	47,300		4
Buildings & Grounds	25	14,140	11,243	2,897	
Vehicle Maintenance	4,248	7,404	5,824	1,580	
Public Health Services	143	53	53		
Recreation Service & Programs	2,660	3,507	2,026	1,481	
Street Lighting	4,130	4,000	3,326	674	
Telephone	1,381	2,100	2,100		
Gas (Natural and Propane)	6,811	5,258	5,258		
Gasoline	188	6,088	6,017	71	
Water	14,045	14,074	172	13,902	
Uniform Construction Code Enforcement	1,310	250	200	50	
Social Security system (O.A.S.I)	6,010	6,010	14,712		8,702
Unemployment Compensation Insurance	5,315	3,394	1,071	2,323	



**BOROUGH OF NORWOOD, N.J.**  
**Schedule of 2007 Appropriation Reserves**

**Current Fund**

**Year Ended December 31, 2008**

	Balance, Dec. 31, <u>2007</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	Over- <u>Expenditures</u>
Excluded from "CAPS":					
Municipal Library		(23)			23
Length of Service Awards Program	34,000	34,000	17,900	16,100	
Stormwater Management	3,705	6,535	2,807	3,728	
Public Employees' Retirement System	1	1		1	
Deferred Charges		<u>21,842</u>	<u>21,842</u>		
<b>Total Expenditures</b>	<b>\$ <u>202,348</u></b>	<b><u>400,976</u></b>	<b><u>343,867</u></b>	<b><u>67,242</u></b>	<b><u>10,133</u></b>
Appropriation Reserves		202,348			
Encumbrances		<u>198,628</u>			
		<b>\$ <u>400,976</u></b>			
Transferred to Accounts Payable			20,336		
Transferred to Reserve for Revaluation			14,909		
Disbursements			<u>308,622</u>		
			<b>\$ <u>343,867</u></b>		



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

**Schedule of Encumbrances Payable**

**Current Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$ 198,628
Increased by:	
Transfer from Current Appropriations	<u>181,864</u>
	380,492
Decreased by:	
Transferred to Appropriation Reserves	<u>198,628</u>
Balance - December 31, 2008	<u><u>\$ 181,864</u></u>



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

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$	205,669
Increased by:		
Receipts - Prepaid Taxes		<u>203,068</u>
		408,737
Decreased by:		
Applied to 2008 Taxes		<u>205,669</u>
Balance - December 31, 2008	\$	<u><u>203,068</u></u>



**Schedule of Tax Overpayments**

**Current Fund**

**Year Ended December 31, 2008**

Increased by:	
Transfer from Tax Collections	\$ <u>38,175</u>
Balance - December 31, 2008	\$ <u><u>38,175</u></u>



BOROUGH OF NORWOOD, N.J.

Schedule of Amount Due to State of New Jersey

Current Fund

Year Ended December 31, 2008

	Balance, Dec. 31, <u>2007</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2008</u>
DCA Fees	\$ 1,296	6,467	6,887	876
Marriage License Fees	<u>175</u>	<u>850</u>	<u>1,025</u>	<u>876</u>
	<u>\$ 1,471</u>	<u>7,317</u>	<u>7,912</u>	<u>876</u>
		<u>Cash 7,317</u>	<u>7,912</u>	
		<u>\$ 7,317</u>	<u>7,912</u>	



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

**Schedule of Reserve for Length of Service Award Program**

**Current Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$ <u>29,500</u>
Balance - December 31, 2008	\$ <u><u>29,500</u></u>



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

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

**Current Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007		\$	(55,696)
Increased by:			
Grants Received - Unappropriated	\$	15,940	
Grants Received - Appropriated		<u>22,197</u>	
			<u>38,137</u>
			(93,833)
Decreased by:			
Prior year encumbrances paid		7,418	
Cash disbursements		<u>26,384</u>	
			<u>33,802</u>
Balance - December 31, 2008		\$	<u><u>(60,031)</u></u>



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

**Schedule of School Taxes Payable**

**Current Fund**

**Year Ended December 31, 2008**

Increased by:		
Levy School Year - July 1, 2008		
to June 30, 2008 -		
Regional School Tax	\$ 7,055,541	
Local School Tax	<u>7,861,411</u>	
		14,916,952
Decreased by:		
Cash Disbursements		<u>14,929,059</u>
Balance - December 31, 2008		<u><u>(12,107)</u></u>

**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007		\$ 15,741
Increased by:		
Levy	\$ 2,691,789	
Open Space Levy	153,878	
Added and Omitted Taxes	<u>2,993</u>	
		<u>2,848,660</u>
		2,864,401
Decreased by:		
Cash Disbursements		<u>2,861,408</u>
Balance - December 31, 2008		<u><u>\$ 2,993</u></u>



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

**Schedule of Grants Receivable**

**Federal and State Grant Fund**

**Year Ended December 31, 2008**

<u>Grant</u>	Balance, Dec. 31, 2007	Budget Revenue	<u>Received</u>	Balance, Dec. 31, 2008
Municipal Alliance	\$ 22,159	11,500	10,954	22,705
Clean Communities		6,905	6,905	
Body Armor		2,380	2,380	
Municipal Recycling Assistance		373	373	
Bergen County Prosecutor - Forfeited Fu	6,981		90	6,891
Recycling Tonnage Grant		6,519	6,519	
Alcohol Education Rehabilitation		886	886	
Smart Growth Planning Grant	<u>7,600</u>		<u>4,800</u>	<u>2,800</u>
	<u>\$ 36,740</u>	<u>28,563</u>	<u>32,907</u>	<u>32,396</u>
		Cash Receipts \$	22,197	
		Unappropriated Reserves	<u>10,710</u>	
			<u>\$ 32,907</u>	



## BOROUGH OF NORWOOD, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2008

<u>Grant</u>	Balance, Dec. 31, <u>2007</u>	Transfer From 2008 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2008</u>
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				
Body Armor Replacement Program	406			406
Municipal Recycling Assistance	3,177			3,177
Municipal Alliance on Alcoholism and Drug Abuse	2,237			2,237
Municipal Alliance on Alcoholism and Drug Abuse - 2005	5,568			5,568
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
Municipal Alliance	1,845			1,845
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
Body Armor Replacement Program		2,380	2,380	
Municipal Recycling Assistance	985			985
Municipal Alliance	4,215			4,215
Municipal Alliance		11,500	9,258	2,242
Municipal Alliance			288	264
Recycling Tonnage Grant	552			
Recycling Tonnage Grant		6,519	6,519	
Drunk Driving Enforcement Fund	1,089			1,089
Clean Communities	5,500		4,499	1,001
Clean Communities		6,905	6,905	
Alcohol Education Rehabilitation Fund		886		886
Municipal Recycling Assistance		373	207	166
Forfeited Funds			(69)	69
	<u>\$ 74,308</u>	<u>28,563</u>	<u>29,987</u>	<u>72,884</u>

Cash Disbursements	26,384
Encumbrances	3,603
	<u>\$ 29,987</u>



## BOROUGH OF NORWOOD, N.J.

## Schedule of Unappropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2008

<u>Grant</u>	Balance, Dec. 31, 2007	Cash <u>Received</u>	Transfer To 2008 <u>Budget</u>	Balance, Dec. 31, 2008
Clean Communities	\$ 553		553	
Body Armor Replacement Program	1,479	1,369	1,479	1,369
Donations - Body Armor	900		900	
Recycling Tonnage Grant	6,519	10,044	6,519	10,044
Municipal Recycling Assistance	373		373	
Alcohol Education and Rehabilitation Fund	886		886	
Stormwater Management		2,117		2,117
GDL Grant		1,740		1,740
Drunk Driving Enforcement Fund		670		670
	<u>\$ 10,710</u>	<u>15,940</u>	<u>10,710</u>	<u>15,940</u>



## BOROUGH OF NORWOOD, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2008

	Animal Trust Fund	Municipal Open Space	Other Trust Fund	Length of Service Award Program
Balance - December 31, 2007	\$ 4,619	139,312	553,558	169,771
Increase by Receipts:				
Animal License Fees	5,356			
Interfund - Current Fund			3,954	
Due to State of New Jersey	682			
Municipal Open Space Tax Levy		148,599		
Various Trust Deposits			43,680	
Other Trust Funds			103,151	
Borough Contributions				14,600
Interest Earned on Investments	109	2,902		
Total Receipts	6,147	151,501	150,785	14,600
	10,766	290,813	704,343	184,371
Decreased by Disbursements:				
Animal License Expenditures	1,505			
Interfund - Current Fund		2,400	5,475	
Due to State of New Jersey	680			
Various Trust Deposits			83,111	
Other Trust Funds			6,797	
Investment Losses				50,966
Administrative Fees				900
Total Disbursements	2,185	2,400	95,383	51,866
Balance - December 31, 2008	\$ 8,581	288,413	608,960	132,505



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

**Reserve for Animal Trust Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2008**

Balance - December 31, 2007		\$	4,608
Increased by:			
Dog License Fees Collected	\$	3,897	
Cat License Fees Collected		600	
Kennel License Fees		25	
Late Fees		834	
Interest earnings		<u>109</u>	
			<u>5,465</u>
			10,073
Decreased by:			
Statutory Excess		157	
Expenditures R.S. 4:19-15.11		<u>1,505</u>	
			<u>1,662</u>
Balance - December 31, 2008		\$	<u><u>8,411</u></u>

Animal Licenses Collected

<u>Year</u>	<u>Amount</u>
2007	\$ 5,003
2006	<u>3,408</u>
	<u><u>\$ 8,411</u></u>



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

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

**Animal License Trust Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$	11
Increased by:		
State License Fees collected		<u>682</u>
		693
Decreased by:		
Cash Disbursements		<u>680</u>
Balance - December 31, 2008	\$	<u><u>13</u></u>



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

**Schedule of Interfund - Current Fund**

**Other Trust Funds**

**Year Ended December 31, 2008**

	Due from/(to) Balance <u>Dec. 31, 2007</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2008</u>
Other Trust Fund	\$			
Developer's Escrow	16,623			16,623
Other Trust	(3,798)	1,677	5,475	
Affordable Housing Trust - Developer	2,277		2,277	
Municipal Open Space	(2,400)	155	2,400	155
Community Development Trust	<u>(1,051)</u>			<u>(1,051)</u>
	<u>\$ 11,651</u>	<u>1,832</u>	<u>10,152</u>	<u>15,727</u>
Added Open Space Tax		155		
Cash Receipts		1,677	2,277	
Cash Disbursements			<u>7,875</u>	
		<u>\$ 1,677</u>	<u>10,152</u>	



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

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

**Open Space Trust Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007		\$	136,912
Increased by:			
Tax Levy Collections	\$	148,754	
Interest on Investments		<u>2,902</u>	
			<u>151,656</u>
Balance - December 31, 2008		\$	<u>288,568</u>



BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Various Trust Deposits

Trust Funds

Year Ended December 31, 2008

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
Reserve for:				
Escrow Deposits	\$ 306,702	27,604	63,194	271,112
Affordable Housing Expenditures	<u>154,274</u>	<u>16,076</u>	<u>19,917</u>	<u>150,433</u>
	<u>\$ 460,976</u>	<u>43,680</u>	<u>83,111</u>	<u>421,545</u>
		Cash \$ 43,680	83,111	
		<u>\$ 43,680</u>	<u>83,111</u>	



BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Other Trust Expenditures

Trust Funds

Year Ended December 31, 2008

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
Reserve for:				
Police Department Vest Fund	\$ 100			100
Parking Offenses Adjudication Act	4	24		28
Tax Sale Certificates and Premiums	4,929	25,000		29,929
Fire Prevention	750			750
Donation - Ferdan Cemetary	100			100
Celebration of Public Events		10,340	6,797	3,543
Outside Employment - DPW		12,160		12,160
Outside Employment - Police		55,627		55,627
Centennial	15,636			15,636
Accumulated Sick Leave	86,165			86,165
	<u>\$ 107,684</u>	<u>103,151</u>	<u>6,797</u>	<u>204,038</u>



**Exhibit B-8**

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

**Schedule of Grants Receivable**

**Community Development Trust Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007 \$ 2,211

Balance - December 31, 2008 \$ 2,211

**Exhibit B-9**

**Schedule of Reserve for Community Development Projects**

**Community Development Trust Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007 \$ 1,160

Balance - December 31, 2008 \$ 1,160



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

**Schedule of Service Award Contributions Receivable**

**Emergency Services Volunteer - Length of Service Award Program**

**Year Ended December 31, 2008**

Balance - December 31, 2007		\$	19,350
Increased by:			
2008 Service Award Contributions			<u>14,050</u>
			33,400
Decreased by:			
Contributions cancelled	\$	4,750	
Contributions Paid		<u>14,600</u>	
			<u>19,350</u>
Balance - December 31, 2008		\$	<u><u>14,050</u></u>
	2008 Service Year Contribution	\$	<u><u>14,050</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, 2008**

Balance - December 31, 2007		\$	189,121
Increased by:			
Borough Contributions			<u>14,050</u>
			203,171
Decreased by:			
Net unrealized Depreciation in Fair			
Value of Investments	\$	50,966	
Administrative expenses		900	
Contribution receivables cancelled		<u>4,750</u>	
			<u>56,616</u>
Balance - December 31, 2008		\$	<u><u>146,555</u></u>



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

**Schedule of Cash**

**General Capital Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$ 2,482,371
Increased by Receipts:	
Bonds	4,680,000
Grants Receivable	45,110
Due from Current Fund	321
Deferred Charges to Future Taxation Unfunded	12,610
Reserve for Payment of Debt	<u>5,002</u>
	<u>4,743,043</u>
	7,225,414
Decreased by Disbursements:	
Improvement Authorizations	865,854
Bond Anticipation Notes	4,914,288
Livingston Street Beautification Project	31,432
	<u>5,811,574</u>
Balance - December 31, 2008	<u>\$ 1,413,840</u>



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

**Analysis of Cash**

**General Capital Fund**

**Year Ended December 31, 2008**

Grants Receivable	\$ (170,708)
Due from Current Fund	(39,490)
Reserve for Grants Receivable	170,708
Capital Improvement Fund	96,230
Reserve for payment of debt	62,564
Reserve for Livingston Street Beautification Project	195,628

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
00-05	Construction of Barrier Free Restrooms at Borough Hall	4,582
00-06	Barrier Free Program	10,302
00-12	Improvements to Municipal Complex	51
00-13	Improvements to Recreational Facilities	(379)
02-07	Improvements to Municipal Complex	35
02-08	Acquisition of Road/Fire Department Equipments	12,787
03-09	Various Capital Improvements	(4,288)
03-10	Various Capital Improvements to Kennedy Park	50,909
04-15/05-10	2004 Road Improvement Program	95,293
04-18	Acquisition of Various Vehicles, Including a Fire Engine, Senior Citizen Van, Sewer Jet Truck and Dump Truck	6,996
05-17	Acquisition of various vehicles and equipment	2,798
06-06	2005 Road Improvement Program	133,257
06-15	Various Improvements	361,812
07-28	Various Improvements	424,753
		<u>\$ 1,413,840</u>



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

**Schedule of Grants Receivable**

**General Capital Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$ 215,818
Decreased by:	
Cash Receipts	<u>45,110</u>
Balance - December 31, 2008	<u>\$ 170,708</u>

Analysis of Balance

Bergen County Open Space Trust Fund:	
Ord. 2007-28	60,000
Community Development Block Grant:	
Ord. 2007-28	80,000
Ord. 2006-15	<u>30,708</u>
	<u>\$ 170,708</u>



**BOROUGH OF NORWOOD, N.J.**  
**Schedule of Deferred Charges to Future**  
**Taxation - Funded**  
**General Capital Fund**  
**Year Ended December 31, 2008**

Balance - December 31, 2007		\$ 2,654,000
Increased by:		
General Obligation Bonds Issued		<u>4,680,000</u>
		7,334,000
Decreased by:		
Current Year Budget Appropriations:		
Serial Bonds	\$ 465,000	
EDA Loan	<u>11,000</u>	
		<u>476,000</u>
Balance - December 31, 2008		<u><u>\$ 6,858,000</u></u>







BOROUGH OF NORWOOD, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2008	Interest Rate	Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
General Obligation Bonds	August 1, 2004	2,755,000	480,000	3.30%	2,610,000		465,000	2,145,000
			240,000	3.40%				
			260,000	3.40%				
			270,000	3.40%				
			280,000	3.50%				
			290,000	3.625%				
			325,000	3.75%				
General Obligation Bonds	October 1, 2008	4,680,000	95,000	3.875%		4,680,000		4,680,000
			355,000	3.875%				
			380,000	4.00%				
			390,000	4.00%				
			405,000	4.00%				
			395,000	4.00%				
			740,000	4.00%				
			765,000	4.00%				
		800,000	4.00%					
					\$ 2,610,000	4,680,000	465,000	6,825,000



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

**Schedule of NJ EDA Loans Payable**

**General Capital Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$	44,000
Decreased by:		
Loans Paid by Current Year		
Budget Appropriations		<u>11,000</u>
Balance - December 31, 2008	\$	<u><u>33,000</u></u>







BOROUGH OF NORWOOD, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2008

Ordinance Number	Improvement Description	Ordinance Amount	\$	Balance Dec. 31, 2007		2008 Authorizations	Paid or Charged	Balance Dec. 31, 2008	
				Funded	Unfunded			Funded	Unfunded
00-05	Construction of Barrier Free Restrooms at Borough Hall	23,797	\$	4,582				4,582	
00-06	Barrier Free Program	31,350		10,302				10,302	
00-12	Improvements to Municipal Complex	142,500		51				51	
02-07	Improvements to Municipal Complex	95,000		35				35	
02-08	Acquisition of Road/Fire Department Equipment	99,750		12,787				12,787	
03-08	Tappan Road Intersection Improvements	125,000			100				100
03-09	Various Capital Improvements	255,000			1,278		1,278		
03-10	Various Capital Improvements to Kennedy Park	260,000		91,762			40,853	50,909	
04-15/05-10	2004 Road Improvement Program	840,000			157,369		62,076	95,293	
04-18	Acquisition of Various Vehicles, Including a Fire Engine, Senior Citizen Van, Sewer Jet Truck and Dump Truck	875,000			16,299		9,303	6,996	
05-17	Acq. of various vehicles and equipment	402,300			40,263		37,465	2,798	
06-6	2005 Road Improvement Program	500,000			153,510		20,253	133,257	
06-15	Various Improvements	1,319,500			610,908		218,388	361,812	30,708
07-28	Various Improvements	1,366,800			1,040,991		476,238	424,753	140,000
			\$	119,519	2,020,718		865,854	1,103,575	170,808



**BOROUGH OF NORWOOD, N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2008**

Balance - December 31, 2007	\$ 44,040
Increased by:	
Budget Appropriation	<u>52,190</u>
Balance - December 31, 2008	<u><u>\$ 96,230</u></u>



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

**Schedule of Due from Current Fund**

**General Capital Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007		231
Increased by:		
Capital Improvement Fund	\$	<u>52,190</u>
		52,421
Decreased by:		
Grant Proceeds deposited in Current	12,610	
Cash Receipts	<u>321</u>	<u>12,931</u>
Balance - December 31, 2008	\$	<u><u>39,490</u></u>

**Schedule of Reserve for Payment of Debt**

**General Capital Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$	104,244
Increased by:		
Grant Proceeds	\$	<u>5,002</u>
		<u>5,002</u>
		109,246
Decreased by:		
Utilized to Pay Bond Anticipation Notes		<u>46,682</u>
Balance - December 31, 2008	\$	<u><u>62,564</u></u>
		<u>Analysis of Balance</u>
		Ord. 2003-10
		62,564
	\$	<u><u>62,564</u></u>



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

**Schedule of Reserve for Livingston Street Beautification Project**

**General Capital Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$ 227,060
Decreased by:	
Cash Disbursements	<u>31,432</u>
Balance - December 31, 2008	<u>\$ 195,628</u>

**Schedule of Reserve for Grants Receivable**

**General Capital Fund**

**Year Ended December 31, 2008**

Balance - December 31, 2007	\$ 183,318
Decreased by:	
Transferred to Reserve for Payment of Debt	<u>12,610</u>
Balance - December 31, 2008	<u>\$ 170,708</u>

Analysis of Balance

Bergen Cty Open Space - Ord. 2007-28	60,000
Community Development - Ord. 2007-28	80,000
Community Development - Ord. 2006-15	<u>30,708</u>
	<u>\$ 170,708</u>



**BOROUGH OF NORWOOD, N.J.**  
**Schedule of Bonds and Notes Authorized But Not Issued**

**General Capital Fund**

**Year Ended December 31, 2008**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2007</u>	<u>2008 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2008</u>
2000-13	Improvements to Recreational Facilities	\$ 379			379
2003-08	Tappan Road Intersection Improvements	100			100
2003-09	Various Improvements		4,288		4,288
2006-15	Various Improvements		43,318	12,610	30,708
2007-28	Various Improvements		140,000		140,000
		<u>\$ 479</u>	<u>187,606</u>	<u>12,610</u>	<u>175,475</u>
	Re-established		<u>187,606</u>	<u>12,610</u>	



**BOROUGH OF NORWOOD**

**PART II**

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

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2008**



# 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, 2008, and have issued our report thereon dated July 7, 2009. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of Norwood prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.





A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

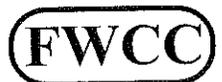


Steven D. Wielkotz, C.P.A.  
Registered Municipal Accountant  
No. 413



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

July 7, 2009





## GENERAL COMMENTS

### Contracts and Agreements

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

Effective July 1, 2005 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$21,000.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$21,000, 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 and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "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 paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$21,000 within the contract 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:

One (1) EMS Vehicle Conversion Package  
Kennedy Park War Memorial Improvements

One (1) Dump Truck with Chipper and Plow  
Barner Free Ramp Program

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



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

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

#### Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2008 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

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 22, 2008 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>
2008	2
2007	5
2006	5

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, 2008, 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.

### COMMENTS

#### Finance/Accounts Payable

1. Goods and services are, in some instances, being ordered prior to the execution of a purchase order.
2. Open purchase orders are not being cancelled at year end.
3. Quotes were not obtained for the purchase of Pagers for the EMS.
4. Not all deposits are made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.
5. Not all payrolls were properly charged to the Current Fund budget.
6. An accurate bank reconciliation for the Current Fund is not being performed on a monthly basis; prior month ending balances are not, in some instances, being utilized as the next month's beginning balance.
- 7.\* There were instances in which W-4's for employees selected for testing could not be located for review.
- 8.\* Finance Officer approval of all requisitions is not being documented as required per the Borough's purchasing procedures.
- 9.\* Cash receipts in the Escrow Trust Fund are not always deposited within 48 hours of receipt.
10. The Borough is not maintaining an Unemployment Compensation Insurance Trust Fund as required under the benefit reimbursement method.
11. There were overexpenditures of both current year appropriations and prior year appropriation reserves.

#### Municipal Court

- 1.\* A review of the Court's Monthly Management Report revealed that there were 176 tickets that have been assigned but not issued over 180 days.
- 2.\* The analysis of outstanding bail per ATS/ACS does not agree to the reconciled cash balance at December 31, 2008.



## RECOMMENDATIONS

### Finance/Accounts Payable

1. That all goods and services be encumbered prior to purchase.
2. That all purchase orders with open balances at year end be reviewed and cancelled at year end.
3. That bids/quotes be solicited for all purchases above the thresholds.
4. All cash receipts be deposited within 48 hours in accordance with N.J.S.A. 40A:5-15.
5. That bi-weekly payroll charges be verified to the appropriate budget accounts to ensure proper postings.
6. That all bank reconciliations be performed in the correct manner to ensure the accuracy of cash on deposit at year end.
- 7.\* A W-4 for each employee should be obtained and provided for auditor review.
- 8.\* Finance Officer approval of requisitions should be documented as required under the Borough's purchasing procedures.
- 9.\* All escrow cash receipts be deposited within 48 hours in accordance with N.J.S.A. 40A:5-15
10. An Unemployment Insurance Compensation Trust Fund be opened and maintained in accordance with the Borough's benefit reimbursement method.
11. That more care be exercised to prevent future instances of overexpenditures.

### Municipal Court

- 1.\* All tickets over six months old that are assigned but not issued should be recalled by the Court Administrator and either destroyed or reassigned.
- 2.\* That steps be taken to reconcile the outstanding bail per ATS/ACS to the reconciled cash balance on a monthly basis.

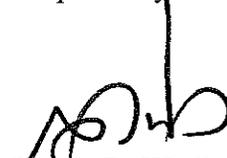
## STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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

July 7, 2009