

REPORT OF AUDIT  
BOROUGH OF NORWOOD  
COUNTY OF BERGEN  
DECEMBER 31, 2009

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BOROUGH OF NORWOOD

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BOROUGH OF NORWOOD

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2009

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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, 2009 and 2008, 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, 2009. These financial statements are the responsibility of the Borough of Norwood's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

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

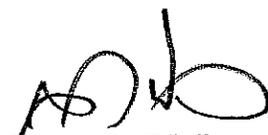


In our opinion, because of the Borough of Norwood's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Norwood, New Jersey as of December 31, 2009 and 2008 or the results of its operations for the years then ended.

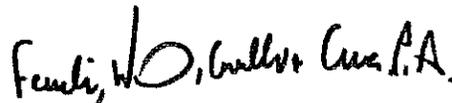
However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Norwood, New Jersey at December 31, 2009 and 2008, 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, 2009, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 26, 2010 on our consideration of the Borough of Norwood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

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



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



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

April 26, 2010



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

Current Fund

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 4,377,548	1,658,292
Petty Cash		350	350
Change Fund	A-5	250	250
		<u>4,378,148</u>	<u>1,658,892</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	417,081	333,504
Property Acquired for Taxes -			
Assessed Valuation	A-8	1,142,840	1,142,840
Tax Title Liens	A-9	11,999	8,856
Revenue Accounts Receivable	A-10	2,211	1,235
Interfunds Receivable:			
Prepaid School Taxes	A-20		12,107
Animal License Trust	A-11	2,549	157
Other Trust Fund	A-11	183	
Community Development Trust Fund	A-11	1,051	1,051
		<u>1,577,914</u>	<u>1,499,750</u>
Deferred Charges:			
Special Emergency - N.J.S.A. 40A:4-55	A-12	135,000	180,000
Overexpenditure of Appropriations	A-13	11,136	11,136
Overexpenditure of Appropriation Reserves	A-13	40,504	10,133
		<u>186,640</u>	<u>201,269</u>
		<u>6,142,702</u>	<u>3,359,911</u>
Federal and State Grant Fund:			
Due from Current Fund	A-21	116,805	60,031
Grants Receivable	A-24	15,212	32,396
		<u>132,017</u>	<u>92,427</u>
		<u>\$ 6,274,719</u>	<u>3,452,338</u>

See accompanying notes to financial statements.

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

**Current Fund**

**December 31, 2009 and 2008**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14	514,601	352,096
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-6	11,423	9,832
Interfunds Payable:			
General Capital Fund	A-11	52,027	39,490
Federal and State Grant Fund	A-21	116,805	60,031
Open Space Trust Fund	A-11		155
Developer's Escrow Trust Fund	A-11		16,623
Encumbrances Payable	A-15	59,234	181,864
Prepaid Taxes	A-16	186,246	203,068
Tax Overpayments	A-17	50,875	38,175
Reserve for:			
Revaluation	A-18	14,909	14,909
Accounts Payable	A-18		20,336
Length of Service Award Program	A-18	29,500	29,500
Tax Anticipation Note Payable	A-19	3,000,000	
Due to State of New Jersey:			
DCA Fees	A-20	465	876
Marriage License Fees	A-20	50	
County Taxes Payable	A-23	6,639	2,993
		4,042,774	969,948
Reserve for Receivables	Contra	1,577,914	1,499,750
Fund Balance	A-1	522,014	890,213
		6,142,702	3,359,911
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-25	112,051	72,884
Encumbrances Payable	A-25	1,346	3,603
Unappropriated Reserve for Grants	A-26	18,620	15,940
		132,017	92,427
		\$ 6,274,719	3,452,338

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues and Other Income:		
Fund Balance Utilized	500,000	1,000,000
Miscellaneous Revenue Anticipated	1,625,309	1,434,714
Receipts from Delinquent Taxes	333,504	354,488
Receipts from Current Taxes	24,141,580	23,205,725
Non-Budget Revenue	102,109	69,590
Other Credits to Income:		
Liabilities cancelled	21,982	
Unexpended Balance of Appropriation Reserves	157,634	67,242
Interfunds Returned	12,263	6,198
	<u>26,894,381</u>	<u>26,137,957</u>
Total Revenues and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,253,608	3,173,559
Other Expenses	3,757,559	3,935,754
Capital Improvements		52,190
Municipal Debt Service	847,158	735,443
Deferred Charges and Statutory Expenditures -		
Municipal	429,524	215,000
School Taxes Payable	15,295,392	14,916,952
County Taxes including Added Taxes	3,029,175	2,848,660
Municipal Open Space Taxes	148,361	148,754
Interfunds Advanced		12,106
Overexpenditure of Appropriation Reserves	30,371	
Refunds	1,803	26,446
	<u>26,792,951</u>	<u>26,064,864</u>
Total Expenditures		
Excess (Deficit) Revenue Over Expenditures	101,430	73,093
Expenditures which are by statute deferred charges to succeeding years budgets	<u>30,371</u>	
Statutory Excess to Fund Balance	131,801	73,093
Fund Balance, January 1,	<u>890,213</u>	<u>1,817,120</u>
	1,022,014	1,890,213
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>500,000</u>	<u>1,000,000</u>
Fund Balance, December 31,	<u>\$ 522,014</u>	<u>890,213</u>

See accompanying notes to the financial statements.

## BOROUGH OF NORWOOD, N.J.

## Statement of Revenues-Regulatory Basis

## Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 500,000	500,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	15,400	15,350	(50)
Other	25,000	14,927	(10,073)
Fees and Permits	64,500	27,121	(37,379)
Fines and Costs:			
Municipal Court	45,000	21,945	(23,055)
Interest and Costs on Taxes	88,576	79,088	(9,488)
Interest on Investments and Deposits	78,000	15,586	(62,414)
Recreation Fees	5,800	11,460	5,660
Borough of Northvale-Sewer Charges	14,000	14,000	
Cable T.V. Franchise Fee	21,000	17,848	(3,152)
Library Rent	182,000	182,000	
Swim Club Lease	12,000	9,000	(3,000)
Extraordinary Aid	350,000	350,000	
Energy Receipts Tax	725,280	725,280	
Watershed Moratorium Offset Aid	5,734	5,734	
Construction Code Fees	93,000	55,366	(37,634)
Recycling Tonnage Grant	50,090	50,090	
Clean Communities Program	6,382	6,382	
Municipal Alliance Program	11,500	11,500	
Uniform Fire Safety Act	6,300	12,632	6,332
Total Miscellaneous Revenues	1,799,562	1,625,309	(174,253)
Receipts from Delinquent Taxes	333,000	333,504	504
Subtotal General Revenues	2,632,562	2,458,813	(173,749)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	6,064,287	6,077,652	13,365
Budget Totals	8,696,849	8,536,465	(160,384)
Non-Budget Revenue		102,109	102,109
	\$ 8,696,849	8,638,574	(58,275)

**BOROUGH OF NORWOOD, N.J.**  
**Statement of Revenues-Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2009**

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 24,141,580
Allocated to School and County Taxes	<u>18,472,928</u>
Balance for Support of Municipal Budget Appropriations	5,668,652
Add : Appropriation - Reserve for Uncollected Taxes	<u>409,000</u>
Amount for Support of Municipal Budget Appropriations	<u><u>6,077,652</u></u>
Receipts from Delinquent Taxes: Delinquent Taxes	<u>333,504</u>
	<u><u>\$ 333,504</u></u>

Analysis of Non-budget Revenues

Moter Vehicles	4,609
Telephone	328
Photo Copies	452
Police	1,060
ADS Refunds	1,100
Property Lists	339
Police Refunds	4,047
Reimbursements	4,255
Worker's Compensation	233
Refunds	4,861
Harrington Park Reimbursement	24,354
Miscellaneous	56,228
Election	<u>243</u>
	<u><u>\$ 102,109</u></u>

See accompanying notes to the financial statements.

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations - within "CAPS":				
General Government:				
Administration:				
Salaries and Wages	\$ 30,365	29,524	29,242	282
Other Expenses	34,250	34,250	28,311	5,939
Mayor and Council				
Other Expenses	2,500	1,499	1,499	
Municipal Clerk				
Salaries and Wages	130,017	130,104	130,104	
Other Expenses	15,000	15,078	15,078	
Financial Administration:				
Salaries and Wages	84,271	61,233	61,233	
Other Expenses	16,675	16,675	13,928	2,747
Audit Services:				
Other Expenses	36,000	36,000	8,500	27,500
Computerized Data Processing:				
Other Expenses	21,100	21,100	15,442	5,658

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Revenue Administration:				
Salaries and Wages	48,425	48,425	47,407	1,018
Other Expenses	5,000	5,000	3,517	1,483
Tax Assessment Administration:				
Salaries and Wages	19,495	19,796	19,796	
Other Expenses	2,790	2,790	2,505	285
Legal Services and Costs:				
Other Expenses	90,000	90,000	54,568	35,432
Engineering Services and Costs:				
Other Expenses	27,500	27,500	23,110	4,390
Municipal Court				
Municipal Court Administration:				
Salaries and Wages	55,484	55,566	54,556	1,010
Other Expenses	4,000	5,885	2,223	3,662
Liability Insurance	221,328	221,328	212,137	9,191
Employee Group Insurance	522,127	522,127	474,980	47,147

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)				
Planning Board:				
Salaries and Wages	3,500	3,500	3,298	202
Other Expenses	9,000	9,000	8,173	827
Historical Preservation Committee:				
Other Expenses	600	600		600
Environmental Commission:				
Other Expenses	1,250	1,250	575	675
Zoning Board:				
Salaries and Wages	2,400	2,400	2,170	230
Other Expenses	6,000	6,000	5,316	684
Public Safety Functions:				
Police Department:				
Salaries and Wages	1,965,221	1,965,221	1,905,669	59,552
Other Expenses	95,000	95,000	76,044	18,956
Police Dispatch/911:				
Other Expenses	98,300	98,300	97,978	322
Aid to Volunteer Fire Companies:				
Other Expenses	36,000	36,000	34,661	1,339
Aid to Volunteer Ambulance Companies:				
Other Expenses	26,500	26,500	5,914	20,586

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Fire Department:				
Salaries and Wages	26,314	26,624	26,624	
Other Expenses	124,036	124,036	120,278	3,758
Municipal Prosecutor's Office:				
Other Expenses	5,000	5,000	5,000	
Public Defender (P.L., C. 256)				
Other Expenses	2,000	2,000	1,200	800
Public Works Function:				
Streets and Roads:				
Streets and Road Maintenance:				
Salaries and Wages	776,163	776,163	746,501	29,662
Other Expenses	44,000	44,000	36,123	7,877
Other Public Works Functions:				
Other Expenses	14,500	16,316	14,792	1,524
Solid Waste Collection:				
Other Expenses	595,912	601,912	547,604	54,308

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Public Building and Grounds:				
Other Expenses	57,000	57,000	50,874	6,126
Vehicle Maintenance:				
Other Expenses	74,000	80,000	75,779	4,221
Health and Human Services Functions:				
Public Health Services:				
Salaries and Wages	32,350	32,350	25,607	6,743
Other Expenses	49,150	49,150	48,754	396
Parks and Recreation Functions:				
Recreational Services and Programs:				
Salaries and Wages	16,517	16,517	15,937	580
Other Expenses	39,500	39,500	33,338	6,162
Other Common Operating Functions:				
Accumulated Leave Compensation:				
Other Expenses	50,000	50,000	50,000	
Celebration of Public Events:				
Other Expenses	3,200	3,200	3,200	

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>
UNCLASSIFIED:				
Utilities:				
Electricity	86,000	86,000	72,724	13,276
Street Lighting	62,150	62,150	44,202	17,948
Telephone	33,000	33,000	31,081	1,919
Water	12,500	17,500	15,093	2,407
Gas (Natural and Propane)	45,000	45,000	18,537	26,463
Gasoline	68,000	68,000	45,294	22,706
Uniform Construction Code Enforcement Functions:				
Salaries and Wages	83,864	86,185	86,185	
Other Expenses	13,525	13,525	9,501	4,024
Total Operations within "CAPS"	5,923,779	5,922,779	5,462,162	460,617
Total Operations Including Contingent-within "CAPS"	5,923,779	5,922,779	5,462,162	460,617
Detail:				
Salaries & Wages	3,274,386	3,253,608	3,154,329	99,279
Other Expenses (Including Contingent)	2,649,393	2,669,171	2,307,833	361,338
Total:	5,923,779	5,922,779	5,462,162	460,617

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS";				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	49,429	49,429	49,429	
Social Security System (O.A.S.I.)	125,000	126,000	125,514	486
Police and Firemen's Retirement System of NJ	164,095	164,095	164,094	1
Unemployment Insurance	45,000	45,000	36,345	8,655
	<u>383,524</u>	<u>384,524</u>	<u>375,382</u>	<u>9,142</u>
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	<u>6,307,303</u>	<u>6,307,303</u>	<u>5,837,544</u>	<u>469,759</u>
Total General Appropriations for Municipal Purposes within "CAPS"				
Operations - Excluded from "CAPS";				
Length of Service Award Program	35,000	35,000		35,000
Stormwater Management:				
Other Expenses	13,000	13,000	6,033	6,967

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(j)]:				
Other Expenses	442,514	442,514	442,514	
Aid to Privately Owned Library and Reading Room:				
Other Expenses	<u>527,027</u>	<u>527,027</u>	<u>527,027</u>	
Total Other Operations - Excluded from "CAPS"	<u>1,017,541</u>	<u>1,017,541</u>	<u>975,574</u>	<u>41,967</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
Clean Communities				
Other Expenses	6,382	6,382	6,382	
Recycling Tonnage Grant				
Other Expenses	<u>50,090</u>	<u>50,090</u>	<u>50,090</u>	
Total Public and Private Programs Offset by Revenues	<u>70,847</u>	<u>70,847</u>	<u>67,972</u>	<u>2,875</u>
Total Operations-Excluded from "CAPS"	<u>1,088,388</u>	<u>1,088,388</u>	<u>1,043,546</u>	<u>44,842</u>

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Detail:				
Other Expenses	<u>1,088,388</u>	<u>1,088,388</u>	<u>1,043,546</u>	<u>44,842</u>
Total:	<u>1,088,388</u>	<u>1,088,388</u>	<u>1,043,546</u>	<u>44,842</u>
Municipal Debt Service - Excluded from "CAPS"				
Payment of Bond Principal	575,000	575,000	575,000	
Interest on Bonds	261,158	261,158	261,158	
Payment of Loan Principal	11,000	11,000	11,000	
Total Municipal Debt Service-Excluded from "CAPS"	<u>847,158</u>	<u>847,158</u>	<u>847,158</u>	
Deferred Charges- Excluded from "CAPS"				
Special Emergency Authorizations- 5 Years (N.J.S.A. 40A:4-55)	45,000	45,000	45,000	
Total Deferred Charges Excluded from "CAPS"	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,980,546</u>	<u>1,980,546</u>	<u>1,935,704</u>	<u>44,842</u>

BOROUGH OF NORWOOD, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Subtotal General Appropriations	8,287,849	8,287,849	7,773,248	514,601
Reserve for Uncollected Taxes	<u>409,000</u>	<u>409,000</u>	<u>409,000</u>	
Total General Appropriations	\$ <u>8,696,849</u>	<u>8,696,849</u>	<u>8,182,248</u>	<u>514,601</u>
Adopted Budget	8,646,759			
Added by N.J.S.A. 40A:4-87	<u>50,090</u>			
	\$ <u>8,696,849</u>			
Reserve for Uncollected Taxes		\$	409,000	
Grants			67,972	
Special Emergency			45,000	
Encumbrances			59,234	
Cash			<u>7,601,042</u>	
			\$	<u>8,182,248</u>

See accompanying notes to the financial statements.

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## BOROUGH OF NORWOOD, N.J.

## Comparative Balance Sheet-Regulatory Basis

## Trust Funds

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Trust Fund:			
Reserve for Animal Trust Fund Expenditures	B-2	10,468	8,411
Due to Current Fund	B-4	2,549	157
Due to State of New Jersey	B-3	7	13
		<u>13,024</u>	<u>8,581</u>
Municipal Open Space Trust Fund:			
Reserve for Open Space Trust Fund Expenditures	B-5	<u>438,927</u>	<u>288,568</u>
Other Trust Fund:			
Reserve for:			
Interfund - Current Fund	B-4	183	
Escrow Deposits	B-6	153,192	271,112
Affordable Housing Expenditures	B-6	146,081	150,433
Other Trust Expenditures	B-7	<u>296,361</u>	<u>204,038</u>
		<u>595,817</u>	<u>625,583</u>
Community Development Trust Fund:			
Interfund - Current Fund	B-8	1,051	1,051
Reserve for Expenditures	B-9	<u>1,160</u>	<u>1,160</u>
		<u>2,211</u>	<u>2,211</u>
Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-11	<u>189,298</u>	<u>146,555</u>
		<u>\$ 1,239,277</u>	<u>1,071,498</u>

See accompanying notes to financial statements.

## BOROUGH OF NORWOOD, N.J.

## Comparative Balance Sheet-Regulatory Basis

## General Capital Fund

December 31, 2009 and 2008

<u>Assets</u>	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Cash:			
Checking	C-2,3	\$ 1,041,827	1,413,840
Grants Receivable	C-4	138,682	170,708
Due from Current Fund	C-11	52,027	39,490
Deferred Charges to Future Taxation:			
Funded	C-5	6,272,000	6,858,000
Unfunded	C-6	<u>1,313,349</u>	<u>175,475</u>
		<u>\$ 8,817,885</u>	<u>8,657,513</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	6,250,000	6,825,000
N.J.E.D.A. Loan Payable	C-8	22,000	33,000
Improvement Authorizations:			
Funded	C-9	748,659	1,103,575
Unfunded	C-9	1,246,954	170,808
Capital Improvement Fund	C-10	96,230	96,230
Reserve for Payment of Debt	C-12	62,564	62,564
Reserve for Livingston Street Beautification Project	C-13	127,677	195,628
Reserve for Grants Receivable	C-14	138,682	170,708
Fund Balance	C-1	<u>125,119</u>	<u>                    </u>
		<u>\$ 8,817,885</u>	<u>8,657,513</u>

There were \$1,313,349 of Bonds and Notes Authorized But Not Issued on on December 31, 2009, (Exhibit C-15).

See accompanying notes to the financial statements.

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

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

**General Capital Fund**

**Year Ended December 31, 2009**

Increased by:	
Improvement authorizations cancelled	\$ <u>125,119</u>
Balance - December 31, 2008	\$ <u><u>125,119</u></u>

See accompanying notes to the financial statements.

## BOROUGH OF NORWOOD, N.J.

## Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>General Fixed Assets:</u>		
Land	\$ 37,473,000	37,473,000
Buildings	2,045,500	2,045,500
Machinery and Equipment	<u>4,453,204</u>	<u>4,387,283</u>
	<u>\$ 43,971,704</u>	<u>43,905,783</u>
 Investment in Fixed Assets	 <u>\$ 43,971,704</u>	 <u>43,905,783</u>

See accompanying notes to financial statements.

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**BOROUGH OF NORWOOD, N. J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**

**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, 2009 and 2008**  
**(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, 2009 and 2008  
(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, 2009 and 2008**  
**(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 2009, the Mayor and Council approved additional revenues and appropriations of \$50,090 in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body.

**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(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, 2009 and 2008**  
**(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, 2009 and 2008  
(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, 2009, \$-0- of the Borough's bank balance of \$6,846,032 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, 2009 and 2008**  
**(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, 2009 and 2008 amounted to \$173,448 and \$132,505, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Fixed Income	\$51,367	\$45,929
Growth and Income	42,964	12,111
DWS EQ 500 Index	37,390	25,025
LVIP Delaware Special Opportunities	17,132	11,839
All Others	<u>24,595</u>	<u>37,601</u>
Total	<u>\$173,448</u>	<u>\$132,505</u>

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

NOTE 3: TAXES RECEIVABLE

Receivables at December 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Property Taxes	<u>\$417,081</u>	<u>\$333,504</u>

In 2009 and 2008, the Borough collected \$333,504 and \$354,488 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, 2009 were as follows:

Budget <u>Year</u>	Key Equipment <u>Copier</u>	Pitney Bowes Postage <u>Machine</u>	Real Property 602 Broadway <u>(Fire Dept)</u>
2010	\$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, 2009 and 2008**  
**(continued)**

**NOTE 5: MUNICIPAL DEBT**

Long-term debt as of December 31, 2009 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$6,825,000	\$	\$575,000	\$6,250,000	\$595,000
Deferred PERS/PFRS Pension Contribution		191,212		191,212	
Other Liabilities:					
Compensated Absences Payable	314,909	21,561	32,685	303,785	
New Jersey EDA Loans	<u>33,000</u>	<u>          </u>	<u>11,000</u>	<u>22,000</u>	<u>11,000</u>
	<u>\$7,172,909</u>	<u>\$212,773</u>	<u>\$618,685</u>	<u>\$6,766,997</u>	<u>\$606,000</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 2009</u>	<u>Year 2008</u>	<u>Year 2007</u>
<u>Issued:</u>			
<u>General:</u>			
Bonds, Notes and Loans	<u>\$6,272,000</u>	<u>\$6,858,000</u>	<u>\$7,568,288</u>
Total Issued	6,272,000	6,858,000	7,568,288
<u>Less</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>62,564</u>	<u>62,564</u>	<u>104,244</u>
Net Debt Issued	6,209,436	6,795,436	7,464,044
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>1,313,349</u>	<u>175,475</u>	<u>479</u>
Net Bonds and Notes			
Issued and Authorized			
But Not Issued	<u>\$7,522,785</u>	<u>\$6,970,911</u>	<u>\$7,464,523</u>

**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(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 .49%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$8,485,974	\$8,485,974	\$0
General Debt	<u>7,585,349</u>	<u>62,564</u>	<u>7,522,785</u>
	<u>\$16,071,323</u>	<u>\$8,548,538</u>	<u>\$7,522,785</u>

Net Debt \$7,522,785 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,530,419,183 = .49%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$53,564,671
Net Debt	<u>7,522,785</u>
Remaining Borrowing Power	<u>\$46,041,886</u>

The Borough's long term debt consisted of the following at December 31, 2009:

Paid by Current Fund:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds</u>	
\$2,755,000 General Obligation Bonds of 2004, due in annual installments of \$45,000 to \$325,000 through August 2015, interest at rates from 3.30% to 3.75%	\$1,665,000
\$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>4,585,000</u>
	<u>\$6,250,000</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>\$22,000</u>
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**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(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>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	695,000	146,900			841,900
2015-2018	<u>3,025,000</u>	<u>306,988</u>	<u>-0-</u>		<u>3,331,988</u>
	<u>\$6,250,000</u>	<u>\$1,274,225</u>	<u>\$22,000</u>	<u>\$ -0-</u>	<u>\$7,546,225</u>

At December 31, 2009, the Borough had authorized but not issued debt of \$1,313,349.

**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, 2009, the Borough had \$-0- in outstanding general capital bond anticipation notes.

**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.

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

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, 2009 and 2008**  
**(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

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

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

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(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, 2009	\$49,429	\$164,094
December 31, 2008	66,998	252,119
December 31, 2007	37,060	181,476

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

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

**BOROUGH OF NORWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

Defined Contribution Retirement Program, (continued)

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

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

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

**NOTE 9: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2009 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2010 were as follows:

Current Fund \$338,900

**NOTE 10: FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2009.

	<u>Dec.31, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Dec.31, 2009</u>
Land	\$37,473,000	\$	\$	\$37,473,000
Buildings and Improvements	2,045,500			2,045,500
Machinery and Equipment	<u>4,387,283</u>	<u>95,888</u>	<u>29,967</u>	<u>4,453,204</u>
	<u>\$43,905,783</u>	<u>\$95,888</u>	<u>\$29,967</u>	<u>\$43,971,704</u>

BOROUGH OF NORWOOD, N.J.  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(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 \$303,785. 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, 2009 consist of the following:

\$2,549	Due to the Current Fund from the Animal License Trust Fund for statutory excess.
52,027	Due to the General Capital Fund from the Current Fund for a grant deposited in Current Fund.
183	Due to the Current Fund from the Escrow Trust Fund for interest earned on investments.
116,805	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>\$172,615</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 2009 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, 2009 and 2008**  
**(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, 2009 and 2008**  
**(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, 2009</u>	<u>Balance</u> <u>Dec 31, 2008</u>
Prepaid Taxes	\$186,246	\$203,068
Cash Liability for Taxes Collected in Advance	<u>\$186,246</u>	<u>\$203,068</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, 2009 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, 2009 and 2008**  
**(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, 2009, 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, 2009</u>	<u>2010 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	\$135,000	\$45,000	\$90,000
Overexpenditure of Appropriations	\$11,136	11,136	
Overexpenditure of Appropriation Reserves	<u>40,504</u>	<u>10,133</u>	<u>30,371</u>
	<u>\$186,640</u>	<u>\$66,269</u>	<u>\$120,371</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, 2009 and 2008  
(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, 2009 and 2008 were as follows: 2009 - \$81,019 and 2008 - \$68,779.

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SUPPLEMENTARY DATA

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## BOROUGH OF NORWOOD

### Supplementary Data

#### Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Type of bond</u>
James Barsa	Mayor		
Alan Rappaport	Councilman		
Marianne Orecchio	Councilwoman		
John Nicolai	Councilman		
Thomas Brizzolara	Councilwoman		
Barry Scott	Councilman		
Edward Condoleo	Councilman		
Lorraine L. Mc Mackin	Administrator/Borough Clerk		
Maureen Neville	Tax Collector/Treasurer/CFO	\$ 1,000,000	(A)
Kunjesh Trivedi	Tax Collector - from 5/1/09		
Robert Solomon	Magistrate	1,000,000	(A)
Lindsay Taglieri	Court Administrator	1,000,000	(A)
Andrew Fede	Borough Attorney		
Neglia Engineering	Borough Engineer		
Douglas Doyle	Labor Attorney		
Steve Rogut	Bond Counsel		
John Guercio	Tax Assessor		
Paul Renard	Construction Code Official		
Jeffrey Krapels	Chief of Police		

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

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**BOROUGH OF NORWOOD**

**Supplementary data**

Comparative Schedule of Tax Rate Information

	<u>2009</u>	<u>2008 (*)</u>	<u>2007</u>
Tax rate	<u>1.656</u>	<u>1.59</u>	<u>2.99</u>
Apportionment of tax rate:			
Municipal	0.419	0.393	0.718
School	1.032	1.004	1.902
County	<u>0.205</u>	<u>0.193</u>	<u>0.370</u>

Assessed Value

2009	\$ 1,482,123,813
2008 (*)	1,485,990,160
2007	745,106,346

\* 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>
2009	\$ 24,597,704	24,141,580	98.15%
2008	23,651,903	23,205,725	98.11%
2007	22,409,765	22,058,350	98.43%

**BOROUGH OF NORWOOD**

**Supplementary data**

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>	Amount of delinquent <u>taxes</u>	Tax title <u>liens</u>	Total <u>delinquent</u>	Percentage of tax <u>levy</u>
2009	\$ 417,081	11,999	429,080	1.74%
2008	333,504	8,856	342,360	1.45%
2007	341,664	34,811	376,475	1.68%

Property Acquired by Tax Title Lien Liquidation

There were properties acquired in 2009 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>
2009	\$ 1,142,840
2008	1,142,840
2007	755,640

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2009	\$ 522,014	338,900
	2008	890,213	500,000
	2007	1,817,120	1,000,000
	2006	1,942,966	950,000
	2005	2,155,073	950,000

BOROUGH OF NORWOOD

Schedule of Expenditure of Federal Awards

Year ended December 31, 2009

Program	CFDA Number	State Pass-through Number	Grant Period	Grant Award	Balance Dec. 31, 2008	Receipts	Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2009	MEMO Total Cumulative Expenditures
U.S. Department of Housing and Urban Development										
Passed Through Funds:										
County of Bergen										
Senior Citizen Activities	14.218		7/1/07-6/30/08	3,000 \$	(1,051)			1,051		*
Senior Citizen Activities	14.218		7/1/08-6/30/09	3,500		3,500	3,500			*
Senior Citizen Activities	14.218		7/1/09-6/30/10	3,500			1,494		(1,494)	*
Barrier Free Ramps	14.218	Ord. 2006-15	7/1/06-6/30/07	90,000	10,582	30,708	30,708	(10,582)		*
Barrier Free Ramps - Summit Street	14.218	Ord. 2007-28	7/1/07-6/30/08	80,000		21,318	45,059		(23,741)	*
Barrier Free Bath Rooms - Kennedy Park, Phase I	14.218	Ord. 2006-15	7/1/08-6/30/09	40,000			26,995		(26,995)	*
Barrier Free Bath Rooms - Kennedy Park, Phase II	14.218		7/1/09-6/30/10	40,000	9,531	55,526	80,761	(9,531)	(25,235)	*
U.S. Department of Environmental Protection										
Passed Through Funds										
State of New Jersey										
Municipal Stormwater Regulation Program	66.605	WQ05-066		8,468				2,117	2,117	*
					\$ 9,531	\$ 55,526	\$ 80,761	\$ (9,531)	\$ (25,235)	\$ 140,053

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

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2009

State & County Programs	Grant Number	Grant Year	Allocation or Grant Amount	Balance Dec. 31, 2008	Cash Received	Expended	Adjustments	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2009	MEMO Total Cumulative Expenditures
<u>State Programs:</u>									
<u>Department of Law and Public Safety:</u>									
Drunk Driving Enforcement Fund	1110-448-031020-22	1998	14,290	12,978				12,978	1,312
Drunk Driving Enforcement Fund	1110-448-031020-22	2003	4,672	4,185				4,185	487
Drunk Driving Enforcement Fund	1110-448-031020-22	2004	1,349	1,349				1,349	
Drunk Driving Enforcement Fund	1110-448-031020-22	2005	997	997				997	
Drunk Driving Enforcement Fund	1110-448-031020-22	2006	799	799				799	
Drunk Driving Enforcement Fund	6400-100-078-6400	2006	1,089	1,089				1,089	
Drunk Driving Enforcement Fund	6400-100-078-6400	2008	670			670		670	
Drunk Driving Enforcement Fund	6400-100-078-6400	2009	920		920			920	
SLA HOEP		2004	2,406	2,406				2,406	
Body Armor Replacement	N/A	2003	1,323	406				406	
Body Armor Replacement	1020-718-066-1020-001	2005	2,537	2,537				2,537	
Body Armor Replacement	1020-718-066-1020-001	2007	1,479	1,479		(1,479)			
Body Armor Replacement	1020-718-066-1020-001	2008	1,479			1,369		1,369	
			<u>28,225</u>	<u>920</u>	<u>920</u>	<u>560</u>	<u>560</u>	<u>29,705</u>	<u>1,799</u>
<u>Department of Health:</u>									
Alcohol Education Rehabilitation Fund	5120-150-020080-60	1998	359	359				359	
Alcohol Education Rehabilitation Fund	5120-150-020080-60	2003	7,899	5,534				5,534	2,365
Alcohol Education Rehabilitation Fund	5120-150-020080-60	2004	6,030	6,030				6,030	
Alcohol Education Rehabilitation Fund	5120-150-020080-60	2007	886	886				886	
Alcohol Education Rehabilitation Fund	4900-752-042-4900-001	2003	5,033	5,033				5,033	
Recycling Tonnage Grant	4900-752-042-4900-001	2004	6,412	561				561	
Recycling Tonnage Grant	4900-752-042-4900-001	2005	4,360	4,359				4,359	1
Recycling Tonnage Grant	4900-752-042-4900-001	2006	4,584	264		29		235	4,349
Recycling Tonnage Grant	4900-752-042-4900-001	2008	10,044			10,044		10,044	
Recycling Tonnage Grant	4900-752-042-4900-001	2009	50,090		50,090			49,590	500
			<u>23,026</u>	<u>50,090</u>	<u>50,090</u>	<u>529</u>	<u>10,044</u>	<u>82,631</u>	<u>13,066</u>

BOROUGH OF NORWOOD

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2009

State & County Programs	Grant Number	Grant Year	Allocation or Grant Award Amount	Balance Dec. 31, 2008	Cash Received	Expended	Adjustments	Deferred Revenue/ (Accounts Receivable) Dec. 31, 2009	MEMO Total Cumulative Expenditures
<b>Environmental Protection Agency:</b>									
Clean Communities Program	4900-765-17910-60	2006	220	220				220	*
Clean Communities Program	4900-765-042-4900-004	2006	5,090	193				193	*
Clean Communities Program	4900-765-042-4900-004	2007	5,500	1,601		(3,385)		4,386	*
Clean Communities Program	4900-765-042-4900-004	2009	8,142		8,142	5,858		2,284	*
				1,414	8,142	2,473		7,083	*
<b>Association of New Jersey Environmental Commissions:</b>									
Smart Growth Planning Grant		2006	7,600	(2,800)				(2,800)	*
<b>Programs Passed Through County of Bergen</b>									
Municipal Alliance	N/A	2005	11,500	(3,689)			3,689		*
Municipal Alliance	N/A	2008	11,500	1,696	3,936		(5,632)		*
Municipal Alliance	N/A	2006	11,500	(685)			685		*
Municipal Alliance	N/A	2006	11,500	(3,920)			1,258	(2,602)	*
Municipal Alliance	N/A	2009	11,500		1,750	9,626		(7,876)	*
				(6,598)	5,686	9,626		(10,538)	*
<b>Total State Programs</b>			\$ 43,267	\$ 64,838	\$ 12,628	\$ 10,604		\$ 106,081	\$ 58,922
<b>Other Financial Assistance:</b>									
<b>County Programs:</b>									
Bergen County Open Space:									
Expansion of Kennedy Park War Memorial	Ost-NWD-06	10/1/06-12/31/07	60,000		60,000				60,000
<b>Bergen County Utilities Authority:</b>									
Municipal Recycling Assistance Program	N/A	2004	3,331	3,177				3,177	154
Municipal Recycling Assistance Program	N/A	2006	2,985	1,194				1,194	1,791
Municipal Recycling Assistance Program	N/A	2006	2,985	985				985	2,000
Municipal Recycling Assistance Program	N/A	2007	373	166				166	2,207
				5,522				5,522	6,152
<b>Office of the County Prosecutor:</b>									
Forfeited Funds - UMP Carbine Rifles		2007	6,891	(6,822)	6,822				6,912
			\$ (1,300)		66,822	60,000		5,522	73,064
<b>Total Other Financial Assistance</b>			\$ 41,967	\$ 131,660	\$ 72,628	\$ 10,604		\$ 111,603	\$ 131,986

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

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BOROUGH OF NORWOOD, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2009

		Current Fund
Balance - December 31, 2008		\$ <u>1,658,292</u>
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 102,109	
Due to State - Senior Citizen and Veteran Deductions	72,341	
Taxes Receivable	24,169,737	
Municipal liens sold to outside lien holder	1,018	
Revenue Accounts Receivable	1,556,318	
Interfunds	64,794	
Tax Anticipation Note	3,000,000	
Due to State of New Jersey	4,757	
Prepaid Taxes	186,246	
Tax Overpayments	50,875	
Due to Federal and State Grant Fund	<u>71,660</u>	
		<u>29,279,855</u>
		30,938,147
Decreased by Disbursements:		
Current Year Budget Appropriations	7,601,042	
Interfunds	68,878	
Refunds	1,803	
Due to State of New Jersey	5,118	
Appropriation Reserves	406,697	
Transferred to Open Space Trust Fund	148,361	
Tax Overpayment refunds	5,000	
School Taxes Payable	15,283,285	
County Taxes Payable	3,025,529	
Due from Federal and State Grant Fund	<u>14,886</u>	
		<u>26,560,599</u>
Balance - December 31, 2009		\$ <u><u>4,377,548</u></u>

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

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ <u>250</u>
Balance - December 31, 2009	\$ <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, 2009**

Balance - December 31, 2008		\$	9,832
Increased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash			<u>72,341</u>
			82,173
Decreased by:			
Senior Citizens' Deductions Per Tax Billing	\$	17,000	
Veterans' Deductions Per Tax Billing		53,500	
Senior Citizens' and Veterans' Allowed		<u>250</u>	
			<u>70,750</u>
Balance - December 31, 2009		\$	<u><u>11,423</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2009

Year	Balance, Dec. 31, 2008	Levy	Added Taxes	Collected 2008	2009	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2009
2008	333,504		474	333,504	333,504		415	59	
	333,504		474		333,504		415	59	
2009		24,543,970	53,734	203,068	23,867,762	70,750	3,693	35,350	417,081
		24,543,970	54,208	203,068	24,201,266	70,750	4,108	35,409	417,081
	\$	24,543,970							

Overpayments Applied 31,529  
Cash Receipts 24,169,737  
\$ 24,201,266

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 24,543,970
Added Tax (R.S. 54:4-63.1 et seq.)	53,734
	<u>\$ 24,597,704</u>

Tax Levy:	
Local District School Tax	\$ 7,251,902
Regional School Tax	8,043,490
County Tax	3,022,536
Added County Taxes	6,639
Local Open Space Taxes	148,035
Added Local Open Space Taxes	326
	<u>18,472,928</u>

Local Tax for Municipal Purposes	\$ 6,064,287
Additional Taxes	60,489
	<u>6,124,776</u>
	<u>\$ 24,597,704</u>

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

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

**Current Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ <u>1,142,840</u>
Balance - December 31, 2009	\$ <u><u>1,142,840</u></u>

**Schedule of Tax Title Liens**

**Current Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ 8,856
Increased by:	
Interest and Cost on Tax Sale	\$ 53
Transfer from 2008 Taxes	415
Transfer from 2009 Taxes	<u>3,693</u>
	<u>4,161</u>
	13,017
Decreased by:	
2008 taxes sold to outside lien holder	<u>1,018</u>
Balance - December 31, 2009	\$ <u><u>11,999</u></u>

**BOROUGH OF NORWOOD, N.J.**  
**Schedule of Revenue Accounts Receivable**  
**Current Fund**  
**Year Ended December 31, 2009**

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Clerk:				
Licenses:				
Alcoholic beverages		15,350	15,350	
Other		14,927	14,927	
Fees and Permits		27,121	27,121	
Municipal Court :				
Fines and Costs	1,235	22,921	21,945	2,211
Interest and Costs on Taxes		79,088	79,088	
Interest on Investments and Deposits		15,586	15,586	
Recreation Fees		11,460	11,460	
Borough of Northvale Sewer Charges		14,000	14,000	
Cable T.V. Franchise Fee		17,848	17,848	
Library Rent		182,000	182,000	
Swim Club Lease		9,000	9,000	
Extraordinary Aid		350,000	350,000	
Energy Receipts Tax		725,280	725,280	
Watershed Moratorium Offset Aid		5,734	5,734	
Uniform Construction Code Fees		55,366	55,366	
Uniform Fire Safety Act		12,632	12,632	
	<u>1,235</u>	<u>1,558,313</u>	<u>1,557,337</u>	<u>2,211</u>
	\$			
			Interest on Investments 1,019	
			Cash <u>1,556,318</u>	
			\$ <u><u>1,557,337</u></u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2009

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2009</u>
Animal License Trust Fund	\$ 157	2,549	157	2,549
Open Space Trust Fund	(155)		155	
Other Trust Fund:				
Developer's Escrow Fund	(16,623)		16,806	183
Community Development Trust	1,051			1,051
General Capital Fund	<u>(39,490)</u>	<u>64,637</u>	<u>52,100</u>	<u>(52,027)</u>
	<u>\$ (55,060)</u>	<u>67,186</u>	<u>69,218</u>	<u>(48,244)</u>
	Statutory Excess \$	2,549		
	Interest earned on investments		183	
	Interfunds Returned - Receipts	12,611	157	
	Grant Receipts	52,026		
	Disbursements		<u>68,878</u>	
		<u>\$ 67,186</u>	<u>69,218</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, 2009

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2008</u>	<u>Reduced in 2009</u>	<u>Balance, Dec. 31, 2009</u>
May 1, 2007	Revaluation	225,000	45,000	\$ 180,000	45,000	135,000
				\$ 180,000	45,000	135,000

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2009

<u>Purpose</u>	<u>Amount Authorized</u>	<u>Balance, Dec. 31, 2008</u>	<u>Added in 2009</u>	<u>Balance, Dec. 31,</u>
Overexpenditure of Appropriations	11,136	\$ 11,136		11,136
Overexpenditures of Appropriation Reserves	40,504	10,133	30,371	40,504
		\$ 10,133	30,371	40,504

## BOROUGH OF NORWOOD, N.J.

## Schedule of 2008 Appropriation Reserves

## Current Fund

Year Ended December 31, 2009

	Balance, Dec. 31, <u>2009</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	Over <u>Expenditures</u>
Salaries and Wages:					
Within "CAPS":					
Police	\$ 53,725	54,247	76,778		22,531
Street & Road Maintenance	30,858	6,034	12,184		6,150
Planning Board	2,699	2,699	2,270	429	
Zoning Board	795	795		795	
Fire Prevention	2,214	2,214		2,214	
Public Health Services	2,325	2,325		2,325	
Recreation Service & Programs	552	552		552	
Uniform Construction Code	536	4,967	4,967		
Municipal Court		460	300	160	
Excluded from "CAPS":					
Other Expenses:					
Within "CAPS":					
General Administration	2,214	5,532	2,450	3,082	
Borough Clerk	1,845	3,298	2,020	1,278	
Mayor & Council	86	266	180	86	
Financial Administration	934	934		934	
Audit Services	31,250	31,250	31,250		
Computer Data Processing	2,017	3,844	2,483	1,361	
Revenue Administration	1,436	1,436		1,436	
Tax Assessment Administration	641	641	325	316	
Legal Services	3,579	5,507	4,111	1,396	
Engineering	10,000	10,000	3,500	6,500	
Municipal Court	22	109	87	22	
Insurance:					
Liability Insurance	6,736	1,736		1,736	
Employee Group Insurance	2,720	2,818	(4,227)	7,045	
Planning Board	611	10,013	9,250	763	
Zoning Board	164	345		345	
Historical Preservation Committee	750	750		750	
Environmental Commission	710	755	30	725	
Police		13,407	12,276	1,131	
Aid to Fire Companies		15,848	15,848		
Aid to Volunteer Fire Companies	406	6,211	6,211		
Aid to Ambulance Companies	1,309				
Fire Department	8,515	8,716	8,716		
Public Defender	900	1,000	100	900	
Street & Road Maintenance	2,764	5,701	3,902	1,799	
Other Public Works Functions	2,177	2,177	955	1,222	
Solid Waste Collection	47,898	101,572	100,898	674	
Buildings & Grounds	6,781	12,032	6,039	5,993	
Vehicle Maintenance	3,603	5,442	2,756	2,686	
NJDES Stormwater		89		89	
NJPDES Stormwater		3,470		3,470	
Public Health Services	4,006	4,465	573	3,892	

BOROUGH OF NORWOOD, N.J.

Schedule of 2008 Appropriation Reserves

Current Fund

Year Ended December 31, 2009

	Balance, Dec. 31, <u>2009</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	Over <u>Expenditures</u>
Recreation Service & Programs	1,806	13,234	9,964	3,270	
Celebration of Public Events	800	12,759		12,759	
Electricity	268	10,268	8,349	1,919	
Street Lighting	7,953	7,953	3,017	4,936	
Telephone	5,862	6,402		6,402	
Gas (Natural and Propane)	11,102	11,911	5,515	6,396	
Gasoline	3,035	9,935	645	9,290	
Water	3,582	3,582	2,126	1,456	
Uniform Construction Code Enforcement	994	2,202	3,892		1,690
Social Security system (O.A.S.I)	17,424	17,424		17,424	
Unemployment Compensation Insurance	20,058	20,058	5,457	14,601	
Accumulated Leave Compensation		46,700	46,700		
Excluded from "CAPS":					
Length of Service Awards Program	35,000	35,000	14,800	20,200	
Stormwater Management	3,559				
Municipal Alliance State Share	2,875	2,875		2,875	
Total Expenditures	\$ <u>352,096</u>	<u>533,960</u>	<u>406,697</u>	<u>157,634</u>	<u>30,371</u>
		Appropriation Reserves 352,096			
		Encumbrances <u>181,864</u>			
		\$ <u>533,960</u>			

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

**Schedule of Encumbrances Payable**

**Current Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ 181,864
Increased by:	
Transfer from Current Appropriations	<u>59,234</u>
	241,098
Decreased by:	
Transferred to Appropriation Reserves	<u>181,864</u>
Balance - December 31, 2009	<u><u>\$ 59,234</u></u>

## BOROUGH OF NORWOOD, N.J.

## Schedule of Prepaid Taxes

## Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$ 203,068
Increased by:	
Receipts - Prepaid 2010 Taxes	<u>186,246</u>
	389,314
Decreased by:	
Applied to 2009 Taxes	<u>203,068</u>
Balance - December 31, 2009	<u>\$ 186,246</u>

## Schedule of Tax Overpayments

## Current Fund

Year Ended December 31, 2009

Balance - December 31, 2009	\$ 38,175
Increased by:	
Transfer from Tax Collections	<u>50,875</u>
	89,050
Decreased by:	
Applied to 2009 Taxes	\$ 31,529
Liabilities cancelled to operations	1,646
Cash Disbursed	<u>5,000</u>
	<u>38,175</u>
Balance - December 31, 2009	<u>\$ 50,875</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Miscellaneous Reserves

Current Fund

Year Ended December 31, 2009

	Balance, Dec. 31, <u>2008</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2009</u>
<u>Reserve for:</u>			
Revaluation	\$ 14,909		14,909
Accounts Payable	20,336	20,336	
Length of Service Award Program	<u>29,500</u>	<u>          </u>	<u>29,500</u>
	<u>\$ 64,745</u>	<u>20,336</u>	<u>44,409</u>
		<u>20,336</u>	
Cancelled to operations		<u>20,336</u>	
		<u>\$ 20,336</u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Tax Anticipation Notes

Year ended December 31

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

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

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

**Current Fund**

**Year Ended December 31, 2009**

	Balance, Dec. 31, <u>2008</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2009</u>
DCA Fees	\$ 876	4,082	4,493	465
Marriage License Fees		<u>675</u>	<u>625</u>	<u>50</u>
	<u>\$ 876</u>	<u>4,757</u>	<u>5,118</u>	<u>515</u>
		Cash Receipts 4,757		
		Cash Disbursements <u>5,118</u>		
		<u>\$ 4,757</u>	<u>5,118</u>	

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

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

**Current Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008		\$	(60,031)
Increased by:			
Grants Received - Unappropriated	\$	2,680	
Grants Received - Appropriated		<u>68,980</u>	
			<u>71,660</u>
			(131,691)
Decreased by:			
Prior year encumbrances paid		3,603	
Cash disbursements		<u>11,283</u>	
			<u>14,886</u>
Balance - December 31, 2009		\$	<u><u>(116,805)</u></u>

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

**Schedule of School Taxes Payable**

**Current Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008		\$	(12,107)
Increased by:			
Levy School Year - July 1, 2009 to June 30, 2009 -			
Regional School Tax	\$	7,251,902	
Local School Tax		<u>8,043,490</u>	
			<u>15,295,392</u>
			15,283,285
Decreased by:			
Cash Disbursements	\$	<u>15,283,285</u>	

**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008		\$	2,993
Increased by:			
Levy	\$	2,864,441	
Open Space Levy		158,095	
Added and Omitted Taxes		<u>6,639</u>	
			<u>3,029,175</u>
			3,032,168
Decreased by:			
Cash Disbursements			<u>3,025,529</u>
Balance - December 31, 2009	\$	<u><u>6,639</u></u>	

BOROUGH OF NORWOOD, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2009

<u>Grant</u>	Balance, Dec. 31, 2008	Budget Revenue	<u>Received</u>	<u>Canceled</u>	Balance, Dec. 31, 2009
Municipal Alliance	\$ 22,705	11,500	5,686	16,107	12,412
Clean Communities		6,382	6,382		
Bergen County Prosecutor - Forfeited Funds	6,891		6,822	69	
Recycling Tonnage Grant		50,090	50,090		
Smart Growth Planning Grant	2,800				2,800
	<u>\$ 32,396</u>	<u>67,972</u>	<u>68,980</u>	<u>16,176</u>	<u>15,212</u>
		Cash Receipts \$	68,980		
		Unappropriated Reserves	<u>        </u>		
			<u>\$ 68,980</u>		

## BOROUGH OF NORWOOD, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2009

<u>Grant</u>	Balance, Dec. 31, 2008	Transfer From 2009 Budget	<u>Expended</u>	<u>Canceled</u>	Balance, Dec. 31, 2009
Alcohol Education Rehabilitation Fund - 2003	\$ 5,534				5,534
Alcohol Education Rehabilitation Fund	359				359
Drunk Driving Enforcement Fund - 2003	4,185				4,185
Drunk Driving Enforcement Fund	12,978				12,978
Alcohol Education Rehabilitation Fund - 2004	6,030				6,030
Body Armor Replacement Program	406				406
Municipal Recycling Assistance	3,177				3,177
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
Municipal Recycling Assistance	985				985
Municipal Alliance	4,215			4,215	
Municipal Alliance	2,242			2,242	
Recycling Tonnage Grant	264		30		234
Drunk Driving Enforcement Fund	1,089				1,089
Clean Communities	1,001		(3,385)		4,386
Alcohol Education Rehabilitation Fund	886				886
Municipal Recycling Assistance	166				166
Forfeited Funds	69			69	
Municipal Alliance		11,500	9,626		1,874
Recycling Tonnage Grant		50,090	500		49,590
Clean Communities		6,382	5,858		524
	<u>\$ 72,884</u>	<u>67,972</u>	<u>12,629</u>	<u>16,176</u>	<u>112,051</u>

Cash Disbursements	11,283
Encumbrances	1,346
	<u>\$ 12,629</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2009

<u>Grant</u>	Balance, Dec. 31, <u>2008</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2009</u>
Clean Communities	\$	1,760	1,760
Body Armor Replacement Program	1,369		1,369
Recycling Tonnage Grant	10,044		10,044
Stormwater Management	2,117		2,117
GDL Grant	1,740		1,740
Drunk Driving Enforcement Fund	<u>670</u>	<u>920</u>	<u>1,590</u>
	<u>\$ 15,940</u>	<u>2,680</u>	<u>18,620</u>

## BOROUGH OF NORWOOD, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2009

	Animal Trust Fund	Municipal Open Space	Other Trust Fund	Length of Service Award Program
Balance - December 31, 2008	\$ 8,581	288,413	608,960	132,505
Increase by Receipts:				
Animal License Fees	6,122			
Interfund - Current Fund		155	16,806	
Due to State of New Jersey	689			
Municipal Open Space Tax Levy		148,361		
Various Trust Deposits			34,640	
Other Trust Funds			129,947	
Borough Contributions				13,450
Investment Gains				28,418
Interest Earned on Investments		1,998		
Total Receipts	6,811	150,514	181,393	41,868
	15,392	438,927	790,353	174,373
Decreased by Disbursements:				
Animal License Expenditures	1,516			
Interfund - Current Fund	157			
Due to State of New Jersey	695			
Various Trust Deposits			156,912	
Other Trust Funds			37,624	
Administrative Fees				925
Total Disbursements	2,368		194,536	925
Balance - December 31, 2009	\$ 13,024	438,927	595,817	173,448

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

**Reserve for Animal Trust Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2009**

Balance - December 31, 2008		\$	8,411
Increased by:			
Dog License Fees Collected	\$	4,086	
Cat License Fees Collected		672	
Late Fees		<u>1,364</u>	
			<u>6,122</u>
			14,533
Decreased by:			
Statutory Excess		2,549	
Expenditures R.S. 4:19-15.11		<u>1,516</u>	
			<u>4,065</u>
Balance - December 31, 2009		\$	<u><u>10,468</u></u>

Animal Licenses Collected

<u>Year</u>	<u>Amount</u>
2008	\$ 5,465
2007	<u>5,003</u>
	\$ <u><u>10,468</u></u>

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

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

**Animal License Trust Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$	13
Increased by:		
State License Fees collected		<u>689</u>
		702
Decreased by:		
Cash Disbursements		<u>695</u>
Balance - December 31, 2009	\$	<u><u>7</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Interfund - Current Fund

Other Trust Funds

Year Ended December 31, 2009

	Due from/(to) Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2009</u>
Other Trust Fund	\$			
Developer's Escrow	16,623		16,806	(183)
Animal Control Trust	(157)	2,549	157	(2,549)
Municipal Open Space	155		155	
Community Development Trust	(1,051)			(1,051)
	<u>\$ 15,570</u>	<u>2,549</u>	<u>17,118</u>	<u>(3,783)</u>
Statutory Excess		2,549		
Interest on Investments			183	
Cash Disbursements			157	
Cash Receipts			16,778	
		<u>\$ 2,549</u>	<u>17,118</u>	

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

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

**Open Space Trust Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008		\$	288,568
Increased by:			
Tax Levy Collections	\$	148,035	
Added Taxes		326	
Interest on Investments		<u>1,998</u>	
			<u>150,359</u>
Balance - December 31, 2009		\$	<u><u>438,927</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Reserve for Various Trust Deposits

Trust Funds

Year Ended December 31, 2009

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Reserve for:				
Escrow Deposits	\$ 271,112	24,897	142,817	153,192
Affordable Housing Expenditures	<u>150,433</u>	<u>9,743</u>	<u>14,095</u>	<u>146,081</u>
	<u>\$ 421,545</u>	<u>34,640</u>	<u>156,912</u>	<u>299,273</u>
		Cash Receipts \$ 34,640		
		Cash Disbursements <u>                    </u>	<u>156,912</u>	
		<u>\$ 34,640</u>	<u>156,912</u>	

## BOROUGH OF NORWOOD, N.J.

## Schedule of Reserve for Other Trust Expenditures

## Trust Funds

Year Ended December 31, 2009

	Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2009</u>
Reserve for:				
Police Department Vest Fund	\$ 100	1,000		1,100
Parking Offenses Adjudication Act	28	6		34
Tax Sale Certificates and Premiums	29,929			29,929
Fire Prevention	750			750
Donation - Ferdan Cemetary	100			100
Celebration of Public Events	3,543	13,631	14,659	2,515
Outside Employment - DPW	12,160	3,600		15,760
Outside Employment - Police	55,627	19,989		75,616
Centennial	15,636			15,636
Accumulated Sick Leave	86,165	91,721	22,965	154,921
	<u>\$ 204,038</u>	<u>129,947</u>	<u>37,624</u>	<u>296,361</u>

**Exhibit B-8**

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

**Schedule of Grants Receivable**

**Community Development Trust Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ <u>2,211</u>
Balance - December 31, 2009	\$ <u><u>2,211</u></u>

**Exhibit B-9**

**Schedule of Reserve for Community Development Projects**

**Community Development Trust Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ <u>1,160</u>
Balance - December 31, 2009	\$ <u><u>1,160</u></u>

## BOROUGH OF NORWOOD, N.J.

## Schedule of Service Award Contributions Receivable

## Emergency Services Volunteer - Length of Service Award Program

## Year Ended December 31, 2009

Balance - December 31, 2008		\$	14,050
Increased by:			
2009 Service Award Contributions			<u>15,850</u>
			29,900
Decreased by:			
Contributions cancelled	\$	600	
Contributions Paid		<u>13,450</u>	
			<u>14,050</u>
Balance - December 31, 2009		\$	<u><u>15,850</u></u>
	2009 Service Year Contribution	\$	<u><u>15,850</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, 2009

Balance - December 31, 2008		\$	146,555
Increased by:			
Borough Contributions	\$	15,850	
Net unrealized Appreciation in Fair Value of Investments		<u>28,418</u>	
			<u>44,268</u>
			190,823
Decreased by:			
Administrative expenses	\$	925	
Contribution receivables cancelled		<u>600</u>	
			<u>1,525</u>
Balance - December 31, 2009		\$	<u><u>189,298</u></u>

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

**Schedule of Cash**

**General Capital Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ 1,413,840
Increased by Receipts:	
Grants Receivable	60,000
Due from Current Fund	<u>52,100</u>
	<u>112,100</u>
	1,525,940
Decreased by Disbursements:	
Improvement Authorizations	403,551
Due to Current Fund	12,611
Livingston Street Beautification Project	<u>67,951</u>
	<u>484,113</u>
Balance - December 31, 2009	<u><u>\$ 1,041,827</u></u>

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

**Analysis of Cash**

**General Capital Fund**

**Year Ended December 31, 2009**

Grants Receivable	\$ (138,682)
Due from Current Fund	(52,027)
Reserve for Grants Receivable	138,682
Capital Improvement Fund	96,230
Reserve for payment of debt	62,564
Reserve for Livingston Street Beautification Project	127,677
Fund Balance	125,119

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
00-13	Improvements to Recreational Facilities	(379)
03-09	Various Capital Improvements	(4,288)
03-10	Various Capital Improvements to Kennedy Park	5,289
06-06	2005 Road Improvement Program	133,257
06-15	Various Improvements	317,463
07-28	Various Improvements	292,650
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations	<u>(61,728)</u>
		<u>\$ 1,041,827</u>

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

**Schedule of Grants Receivable**

**General Capital Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008		\$	170,708
Increased by:			
Grant Awards:			
Community Development Block Grant			<u>80,000</u>
			250,708
Decreased by:			
Due from Current Fund	\$	52,026	
Cash Receipts		<u>60,000</u>	
			<u>112,026</u>
Balance - December 31, 2009		\$	<u><u>138,682</u></u>

Analysis of Balance

Community Development Block Grant:		
Ord. 2007-28		58,682
Barrier Free Restrooms - Kennedy Park		<u>80,000</u>
	\$	<u><u>138,682</u></u>

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

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

**General Capital Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008		\$	6,858,000
Decreased by:			
Current Year Budget Appropriations:			
Serial Bonds	\$	575,000	
EDA Loan		<u>11,000</u>	
			<u>586,000</u>
Balance - December 31, 2009		\$	<u><u>6,272,000</u></u>

BOROUGH OF NORWOOD, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Balance		Decreased	Balance Dec. 31, 2009	Analysis of Balance - Dec. 31, 2009	
		Dec. 31, 2008	2009 Authorizations			Financed by Bond Anticipation Notes	Unexpended Improvement Authorization
	<u>General improvements:</u>						
00-13	Improvements to Recreational Facilities	\$ 379			379	379	
03-08	Tappan Road Intersection Improvements	100		100			
03-09	Various Capital Improvements	4,288			4,288	4,288	
06-15	Various Improvements	30,708		30,708			
07-28	Various Improvements	140,000		81,318	58,682	58,682	
09-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations		1,250,000		1,250,000	61,728	1,188,272
		<u>\$ 175,475</u>	<u>1,250,000</u>	<u>112,126</u>	<u>1,313,349</u>	<u>66,395</u>	<u>1,246,954</u>

Improvement Authorizations-Unfunded \$ 1,246,954

Cancelled via resolution 100  
 Unappropriated Grants Received 112,026  
 \$ 112,126

BOROUGH OF NORWOOD, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2009

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2009	Interest Rate	Balance Dec. 31, 2008	Decreased	Balance Dec. 31, 2009
General Obligation Bonds	August 1, 2004	2,755,000	08/01/10	3.40%	2,145,000	480,000	1,665,000
			08/01/11	3.40%			
			08/01/12	3.40%			
			08/01/13	3.50%			
			08/01/14	3.625%			
	08/01/15		325,000	3.75%			
General Obligation Bonds	October 1, 2008	4,680,000	10/01/10-11	3.875%	4,680,000	95,000	4,585,000
			10/01/12	4.00%			
			10/01/13	4.00%			
			10/01/14	4.00%			
			10/01/15	4.00%			
			10/01/16	4.00%			
			10/01/17	4.00%			
	10/01/18		800,000	4.00%			
					\$ 6,825,000	575,000	6,250,000

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

**Schedule of NJ EDA Loans Payable**

**General Capital Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ 33,000
Decreased by:	
Loans Paid by Current Year	
Budget Appropriations	<u>11,000</u>
Balance - December 31, 2009	<u>\$ 22,000</u>

BOROUGH OF NORWOOD, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2008		2009 Authorizations	Cancelled	Paid or Charged	Balance Dec. 31, 2009	
			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			(5,062)	7,725		
03-08	Tappan Road Intersection Improvements	125,000		100		(100)			
03-09	Various Capital Improvements	255,000							
03-10	Various Capital Improvements to Kennedy Park	260,000	50,909				45,620	5,289	
04-15/05-10	2004 Road Improvement Program	840,000	95,293			(95,293)			
04-18	Acquisition of Various Vehicles, Including a Fire Engine, Senior Citizen Van, Sewer Jet Truck and Dump Truck	875,000	6,996			(6,996)			
05-17	Acq. of various vehicles and equipment	402,300	2,798			(2,798)			
06-6	2005 Road Improvement Program	500,000	133,257					133,257	
06-15	Various Improvements	1,319,500	361,812	30,708			75,057	317,463	
07-28	Various Improvements	1,366,800	424,753	140,000			213,421	292,650	58,682
09-09	Rehabilitation of the Piedmont Road and Brook Street Sanitary Sewer Pump Stations	1,250,000			1,250,000		61,728		1,188,272
			\$ 1,103,575	170,808	1,250,000	(125,219)	403,551	748,659	1,246,954

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

**Schedule of Capital Improvement Fund**

**General Capital Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ <u>96,230</u>
Balance - December 31, 2009	\$ <u><u>96,230</u></u>

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

**Schedule of Due from Current Fund**

**General Capital Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008		\$	39,490
Increased by:			
Cash Disbursements	\$	12,611	
Grant receipts deposited in Current		<u>52,026</u>	
			<u>64,637</u>
			104,127
Decreased by:			
Cash Receipts			<u>52,100</u>
Balance - December 31, 2009		\$	<u><u>52,027</u></u>

**Schedule of Reserve for Payment of Debt**

**General Capital Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008		\$	<u>62,564</u>
Balance - December 31, 2009		\$	<u><u>62,564</u></u>
			<u>Analysis of Balance</u>
		\$	<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, 2009**

Balance - December 31, 2008	\$ 195,628
Decreased by:	
Cash Disbursements	<u>67,951</u>
Balance - December 31, 2009	<u>\$ 127,677</u>

**Schedule of Reserve for Grants Receivable**

**General Capital Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ 170,708
Increased by:	
Grant Awards	<u>80,000</u>
	250,708
Decreased by:	
Applied to Authorized not Issued	<u>112,026</u>
Balance - December 31, 2009	<u>\$ 138,682</u>

Analysis of Balance

Community Development - Barrier Free Restrooms	80,000
Community Development - Ord. 2007-28	<u>58,682</u>
	<u>\$ 138,682</u>

## BOROUGH OF NORWOOD, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Balance Dec. 31, 2008	2009 Authorizations	Decreased	Balance Dec. 31, 2009
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	30,708		30,708	
2007-28	Various Improvements	140,000		81,318	58,682
2009-09	Rehabilitation of the Piermont Road and Brook Street Sanitary Sewer Pump Stations		1,250,000		1,250,000
		<u>\$ 175,475</u>	<u>1,250,000</u>	<u>112,126</u>	<u>1,313,349</u>
			Cancelled via resolution	100	
			Unappropriated Grants Received	<u>112,026</u>	
				<u>\$ 112,126</u>	

BOROUGH OF NORWOOD

PART II

LETTER ON INTERNAL CONTROL AND ON COMPLIANCE  
AND OTHER MATTERS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2009

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# Ferraioli, Wielkottz, 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, 2009, and have issued our report thereon dated April 26, 2010. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of Norwood prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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



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

Compliance and Other Matters

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

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

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



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



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

April 26, 2010



## BOROUGH OF NORWOOD

### GENERAL COMMENTS

#### Contracts and Agreements

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

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

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

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

## **BOROUGH OF NORWOOD**

### **GENERAL COMMENTS, (continued)**

Effective July 1, 2005, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$21,000 and with a qualified purchasing agent the threshold may be up to \$29,000. August 2, 2005, the Borough increased the bid threshold to \$29,000 as allowed by law for having a qualified purchasing agent.

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

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

Renovations of Restrooms at Kennedy Park  
2009 Road Resurfacing 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 6, 2009 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

**BOROUGH OF NORWOOD**

**GENERAL COMMENTS, (continued)**

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 23, 2009 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>
2009	3
2008	2
2007	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, 2009, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

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

**GENERAL COMMENTS**

Finance/Accounts Payable:

- 1.\* Goods and/or services are being ordered prior to encumbrance in violation of Technical Directive #1.
- 2.\* Invalid open purchase orders are not being cancelled at year end.
- 3.\* There were instances in which W-4's for employees selected for testing could not be located for review.
- 4.\* The Borough is not maintaining an Unemployment Compensation Insurance Trust Fund as required under the benefit reimbursement method.
- 5.\* There were over-expenditures of prior year appropriation reserves.
6. Monthly revenue collections are not being reviewed and proved to the current fund cash reconciliation.
7. The current fund outstanding check list at 12/31/09 was not inclusive of all items outstanding, included checks that had already cleared prior to year end and contained numerous transposition errors.
8. Not all authorizing signatures are present on all purchase orders as required by Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.
9. There is a substantial amount of old appropriated grant reserves available for expenditure.

Tax Collector/Revenue:

- 1.\* Not all deposits are made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.
2. Tax stubs are not being validated upon receipt as required by Division of Local Government Services, Requirements of Audit for Revenue and Receipts.

BOROUGH OF NORWOOD, N.J.

GENERAL COMMENTS, continued

Borough Clerk/Administrator:

1. Some assets purchased above the Borough's threshold were not included as additions to the Fixed Asset report.
2. A professional services contract awarded for engineering services did not specify the monthly retainer fee currently being paid.

Departments:

1. Cash ledgers and/or supporting documentation detailing receipts collected were not made available for audit review for the following:
  - a. Board of Health
  - b. Affordable Housing Trust
  - c. Escrow
2. The minimum fee being charged under the electrical sub-code does not agree with the Borough approved fee ordinance.

Municipal Court:

1. Deposits are not always made in a timely manner.

RECOMMENDATIONS

Finance/Accounts Payable:

- 1.\* That all goods/services be encumbered prior to being ordered in accordance with Technical Directive #1.
- 2.\* That all purchase orders with open balances at year end be reviewed for propriety and cancelled at year end if necessary.
- 3.\* A W-4 form for each employee should be obtained and provided for auditor review.
- 4.\* An Unemployment Insurance Trust Fund be opened and maintained in accordance with the Borough's benefit reimbursement method.
- 5.\* A thorough review of appropriation reserves be made prior to the recording of expenditures to ensure the availability of funds.

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

**RECOMMENDATIONS, continued**

6. Monthly revenues per the system be compared to bank deposits to ensure all receipts are recorded promptly and properly.
7. A thorough review of the outstanding check list be performed each month to ensure accuracy.
8. All authorizing signatures must be present on all purchase orders as required by Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements and borough policies.
9. Borough officials periodically review available grant balances and charge eligible expenditures accordingly.

Tax Collector/Revenue:

- 1.\* All cash receipts be deposited within 48 hours in accordance with N.J.S.A. 40A:5-15.
2. That all tax stubs be validated upon receipt as required by Division of Local Government Services, Requirements of Audit for Revenue and Receipts.

Borough Clerk/Administrator:

1. All new assets purchased above the borough established threshold be included as additions on the Fixed Asset Report.
2. That all professional service contracts specifically identify all fees and rates of compensation to be paid.

Departments:

1. Cash receipt ledgers detailing monies collected be prepared and maintained for the following departments and/or classifications of receipts:
  - a. Board of Health
  - b. Affordable Housing Trust
  - c. Escrow
2. Appropriate borough personnel be advised that all fees charged should be in compliance with borough approved fee ordinances.

Municipal Court:

1. All deposits be made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.

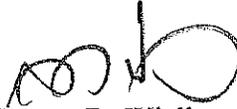
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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

ACKNOWLEDGMENT

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

Respectfully submitted,



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



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

April 26, 2010