

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Borough of Norwood Board of Education
Norwood, New Jersey**

For the Fiscal Year Ended June 30, 2011

Prepared by

**Borough of Norwood Board of Education
Finance Department**

BOARD OF EDUCATION
BOROUGH OF NORWOOD SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal	2-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	
Independent Auditor's Report on General Purpose Financial Statements and Supplementary Schedules of Expenditures of Federal Awards and State Financial Assistance	11-12
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis (Unaudited)	14-20
BASIC FINANCIAL STATEMENTS	
A. District – wide Financial Statements:	
A-1 Statement of Net Assets	23
A-2 Statement of Activities	24
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	27
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	28
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Proprietary Funds:	
B-4 Statement of Net Assets	31
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	32
B-6 Statement of Cash Flows	33
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	35
B-8 Statement of Changes in Fiduciary Net Assets	36

BOARD OF EDUCATION
BOROUGH OF NORWOOD SCHOOL DISTRICT

TABLE OF CONTENTS
CONTINUED

	<u>Page</u>
NOTES TO BASIC FINANCIAL STATEMENTS	38-58
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	61-64
C-1b American Recovery and Reinvestment Act Budget and Actual – General Fund	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	65
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	
C-3 Budget to GAAP Reconciliation	67
OTHER SUPPLEMENTARY INFORMATION	
D. School Level Schedules:Fund Financial Statements:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type-Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	71
E-1a Combining Schedule of State Program Revenues and Expenditures - Budgetary Basis	72
E-1b Combining Schedule Federal of Program Revenues and Expenditures - Budgetary Basis	73
E-1c Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	75
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	76
F-2a to F-2c – Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	77-79
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Assets	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-3 Combining Statement of Cash Flows	N/A

BOARD OF EDUCATION
BOROUGH OF NORWOOD SCHOOL DISTRICT

TABLE OF CONTENTS
CONTINUED

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION –PART II (CONTINUED)	
G. Proprietary Funds:	
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Fund	
H-1 Combining Statement of Fiduciary Net Assets	N/A
H-2 Combining Statement of Changes in Fiduciary Net Assets	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	84
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	85
I. Long – Term Debt	
I-1 Schedule of Serial Bonds	87
I-2 Schedule of Obligation Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	88
STATISTICAL SECTION (UNAUDITED)	
J. Financial Trends:	
J-1 Net Assets by Component	91
J-2 Changes in Net Assets	92-93
J-3 Fund Balances – Governmental Funds	94
J-4 Changes in Fund Balances – Governmental Funds	95-96
J-5 General Fund – Other Local Revenue by Source Revenue Capacity	97
J-6 Assessed Value and Estimated Actual Value of Taxable Property	98
J-7 Direct and Overlapping Property Tax Rates	99
J-8 Principal Property Taxpayers	100
J-9 Property Tax Levies and Collections Debt Capacity	101
J-10 Ratios of Outstanding Debt by Type	102
J-11 Ratios of Net General Bonded Debt Outstanding	103
J-12 Direct and Overlapping Governmental Activities Debt as of June 30	104
J-13 Legal Debt Margin Information Demographic and Economic Information	105
J-14 Demographic and Economic Statistics	106
J-15 Principal Employers	107

BOARD OF EDUCATION
BOROUGH OF NORWOOD SCHOOL DISTRICT

TABLE OF CONTENTS
COTINUED

STATISTICAL SECTION (UNAUDITED) (Continued)	<u>Page</u>
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	108
J-17 Operating Statistics	109
J-18 School Building Information	110
J-19 Schedule of Required Maintenance for School Facilities	111
J-20 Insurance Schedule	112
SINGLE AUDIT SECTION	
K-1 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"	114-115
K-2 Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	116-117
K-3 Schedule of Expenditures of Federal Awards, Schedule A	118
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	119
K-5 Notes to Schedules of Expenditures of Awards and Financial Assistance	120-121
K-6 Schedules of Findings and Questioned Costs	
Part 1 Summary of Auditor's Results	122-123
Part 2 Schedule of Financial Statement Findings	124
Part 3 Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs	125
K-7 Summary Schedule of Prior-Year Audit Findings and Questioned Costs as Prepared by Management	126

Introductory Section

NORWOOD BOARD OF EDUCATION
177 Summit Street, Norwood, NJ 07648

PH: 201-768-6366
FX: 201-768-2047

Joanette Femia
School Business Administrator

September 26, 2011

Mr. Mathew Ross, President
Members of the Board of Education
Norwood School District
Norwood, New Jersey 07648

Dear Board Members:

The comprehensive annual financial report of the Norwood Board of Education for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of my knowledge and belief, the data presented in this report is accurate in all material respect and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Norwood's MD&A can be found immediately following the "Independent Auditors' Report".

The comprehensive annual financial report is presented in four sections; introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:**

Norwood School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) Statement No. 14. All funds of the District are included in this report. The Norwood Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District

completed the 2010-2011 fiscal year with an enrollment of 625 which is the same as the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Enrollment Increase/Decrease</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2001-2002	674	0.15%
2002-2003	660	(2.08)%
2003-2004	653	(1.06)%
2004-2005	649	(0.61)%
2005-2006	645	(0.61)%
2006-2007	643	(0.31)%
2007-2008	634	(1.42)%
2008-2009	635	0.2%
2009-2010	625	(1.02)%
2010-2011	625	0.0%

2. OUR COMMUNITY:

Norwood's richest resource is its citizens who are primarily employed in business, finance, engineering, professional occupations and skilled labor.

The Borough of Norwood is located in the extreme northeast sector of Bergen County known as the Northern Valley and occupies an area of 2.9 square miles with a population of over 6000.

The Mayor and Council sponsor a town recreation program for all age groups throughout the year. Norwood has a very active Parent-Teacher Association, three church groups, scout programs and youth sport programs. Adult interests are church related or service groups such as Norwood Library Association, The American Legion, Ambulance Corps, Volunteer Fire Department and Women's' Club.

3. OUR SCHOOL:

The Norwood School District operates under a unit control system, comprised of one elementary school (K-8) and a seven member elected Board of Education. We, along, with six other Northern Valley towns, send our students to the Northern Valley Regional High School whose programs and activities are coordinated by a central curriculum office.

Norwood's students are alert and academically motivated. Their families have high aspirations and our challenge is to keep up with the times. We believe that our broad curriculum, stress on basics, state-of-the-art computer rooms, rich cultural arts and gifted programs, services for special needs and curricular activities do provide an excellent education. The District offers a variety of guidance opportunities as well as staff in-service training.

4. **INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that (1) the cost of a control should not exceed the benefit likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. **BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of Norwood. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. A project-length budget is approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the 2010-11 fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year.

6. **ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District of Norwood is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements".

7. **CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

The Board is a member of NESBIG (Northeast School Boards Insurance Group). The Group is a risk sharing public entity pool, established for the purpose of insuring this Board and several other districts against workers compensation claims. The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

9. INDEPENDENT AUDIT:

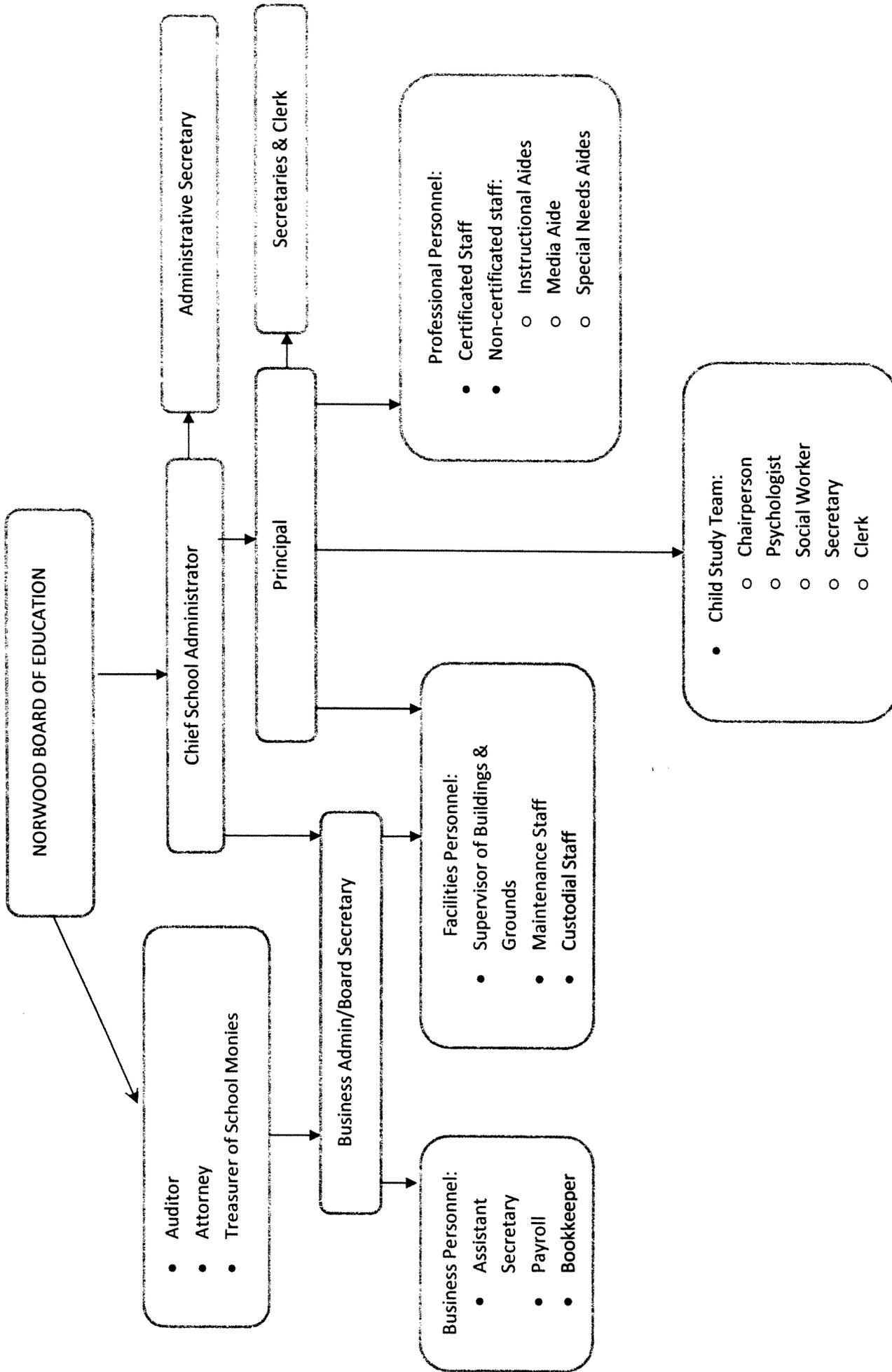
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of T.M.Vrabel & Associates, LLC was appointed by the Norwood Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB's, as amended. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

I would like to express appreciation to the members of the Norwood Board of Education for their commitment to provide fiscal accountability to the citizens and taxpayers of the school district and for their support of our financial operation. I would also like to express appreciation to the staff for their dedicated service.

Respectfully submitted,



Joannette Femia
School Business Administrator/
Board Secretary



**NORWOOD BOARD OF EDUCATION
NORWOOD, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mathew Ross, President	2012
Michael Sprague, Vice President	2014
Edward T. Cammarata	2014
Kumhwa Kim	2013
Elizabeth Krapels	2012
Joel Rubin	2013
William Snyder	2014

Other Officials

Jeffrey Feifer, Chief School Administrator

Joanette Femia, Business Administrator/Board Secretary

Richard Vogler, Treasurer

NORWOOD BOARD OF EDUCATION

Consultants and Advisors

ATTORNEY

**Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410**

AUDITOR

**T.M. Vrabel & Associates
170 East Main Street
Denville, NJ 078374**

OFFICIAL DEPOSITORY

**TD Bank
435 Livingston Street
Norwood, NJ 07647**

Financial Section

Independent Auditor's Report



T. M. Vrabel & Associates, LLC
Accountants and Auditors

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA



INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Norwood School District
County of Bergen, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Norwood School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Norwood School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Norwood School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

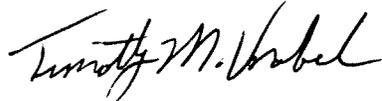
In accordance with Government Auditing Standards, we have also issued our report dated October 5, 2011 on our consideration of the Borough of Norwood School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

170 East Main Street
P.O. Box 541
Denville, NJ 07834
973-625-2920 Fax: 973-625-8733
Email: tmvrabeldvc@optonline.net

The Management's Discussion and Analysis on page 14 through 20 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Norwood School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

October 5, 2011

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Borough of Norwood School District financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

FINANCIAL HIGHLIGHTS

- The District's net assets increased \$333,000 as a result of this year's operations. Net assets of our business-type activities decreased by \$8,000, or 80 percent, and net assets of our governmental activities increased by \$341,000 or 22.6 percent.
- Total cost of all of the District's programs was \$9.591 million in 2010-2011 compared to \$10.177 million in 2009-2010.
- During the year, the District had expenses for governmental activities that were \$992,000 less than the \$10.560 million generated in tax and other program revenues.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental activities:** most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- **Business-type-activities:** the District has one proprietary fund for a milk program. This is shown on pages 31,32 and 33.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Borough of Norwood School District financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

FINANCIAL HIGHLIGHTS

- The District's net assets increased \$177,000 as a result of this year's operations. Net assets of our business-type activities decreased by \$2,000, or 20 percent, and net assets of our governmental activities increased by \$179,000 or 2.7 percent.
- Total cost of all of the District's programs was \$15.4 million in 2010-2011 compared to \$15.8 million in 2009-2010.
- During the year, the District had expenses for governmental activities that were \$63,000 more than the \$15.5 million generated in tax and other program revenues.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- Business-type-activities: the District has one proprietary fund for a milk program. This is shown on pages 31,32 and 33.

THE DISTRICT AS A WHOLE

The District's *combined* net assets changed from a year ago, *increasing* from \$1.519 million to \$1.852 million. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1
Net Assets (in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	1,603	719	2	10	1,605	729
Long term receivables	208	208			208	208
Capital assets	<u>5,330</u>	<u>6,139</u>	<u>-</u>	<u>-</u>	<u>5,330</u>	<u>6,139</u>
Total assets	<u>7,141</u>	<u>7,066</u>	<u>2</u>	<u>10</u>	<u>7,143</u>	<u>7,076</u>
Long-term debt outstanding	5,146	5,404			5,146	5,404
Other liabilities	<u>145</u>	<u>153</u>	<u>-</u>	<u>-</u>	<u>145</u>	<u>153</u>
Total liabilities	<u>5,291</u>	<u>5,557</u>	<u>-</u>	<u>-</u>	<u>5,291</u>	<u>5,557</u>
Net assets:						
Invested in capital assets, net of debt	313	842			313	842
Restricted	1,395	507			1,395	507
Unrestricted (deficit)	<u>142</u>	<u>160</u>	<u>2</u>	<u>10</u>	<u>144</u>	<u>170</u>
Total net assets	<u>1,850</u>	<u>1,509</u>	<u>2</u>	<u>10</u>	<u>1,852</u>	<u>1,519</u>

Net assets of the District's governmental activities increased by .22.6 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased by \$18,000. Restricted net assets, those restricted mainly for capital projects increased by \$888,000. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category decreased by \$5289,000.

Table 2
Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Revenues</u>						
Program revenues:						
Charges for Services	223	237	7	8	230	245
Operating Grants and Contributions	1,099	1,582			1,099	1,582
General revenues:						
Property Taxes	8,598	8,006			8,598	8,006
Tuition					-	-
Federal and State Aid	252	100			252	100
Interest and Investment Earnings	127	20			127	20
Adjustment to Capital Assets	(541)				(541)	
Other General Revenues	249	266	-	-	249	266
Total Revenues:	<u>10,007</u>	<u>10,211</u>	<u>7</u>	<u>8</u>	<u>10,014</u>	<u>10,219</u>
<u>Program expenses including indirect expenses</u>						
Instruction:						
Regular	4,082	4,219			4,082	4,219
Special	1,027	1,769			1,027	1,769
Other instruction	287	304			287	304
Support services:						
Tuition	617	686			617	686
Student and instruction related services	1,442	709			1,442	709
School administrative services	298	328			298	328
General and business administrative services	590	727			590	727
Plant operations and maintenance	833	972			833	972
Pupil transportation	175	220			175	220
Interest on long-term debt	223	237			223	237
Business-type activities:						
Milk Program	-	-	17	6	17	6
Total Expenses	<u>9,574</u>	<u>10,171</u>	<u>17</u>	<u>6</u>	<u>9,591</u>	<u>10,177</u>
Increase (Decrease) in Net Assets	<u>433</u>	<u>40</u>	<u>(10)</u>	<u>2</u>	<u>423</u>	<u>42</u>

THE DISTRICT'S FUNDS

Governmental Activities

Table 3

Information below compares revenues and expenditures for all governmental fund types for 2010-2011 and 2009-2010.

(\$000 omitted)

<u>Revenues by Source:</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>% Change</u>
Local Tax Levy	8,821	8,243	7.01%
Interest Earned to Investments	127	20	535.00%
Miscellaneous	<u>260</u>	<u>267</u>	-2.62%
Total - Local Sources	9,208	8,530	7.95%
State Sources	1,217	1,362	-10.65%
Federal Sources	<u>135</u>	<u>320</u>	-57.81%
Total Revenues	<u>10,560</u>	<u>10,212</u>	3.41%

(\$000 omitted)

<u>Expenditures by Function:</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>% Change</u>
Current:			
Regular Instruction	2,882	2,987	-3.52%
Special education	777	874	-11.10%
Other instruction	213	229	-6.99%
Support Services and undistributed costs:			
Tuition	617	686	-10.06%
Student and instruction related services	1,158	1,162	-0.34%
School administrative services	219	241	-9.13%
General and Business administrative services	504	565	-10.80%
Plant operations and maintenance	696	773	-9.96%
Pupil transportation	175	220	-20.45%
Employee Benefits	1,784	1,895	-5.86%
Capital Outlay	36	28	28.57%
Debt Service:			
Principal	280	265	5.66%
Interest on long-term debt	<u>227</u>	<u>241</u>	-5.81%
Total Expenditures	<u>9,568</u>	<u>10,166</u>	-5.88%

Business-type Activities

District’s major Enterprise Fund consists of the Milk Program. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, which demonstrates return on ending assets and return on ending net assets.

Table 4

(\$000 omitted)

	<u>Milk Program</u>
Total Assets	2
Net Assets	2
Change in Net Assets	(10)
Return on Ending Total Assets	-500.00%
Return on Ending Net Assets	-500.00%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 5

**Capital Assets at Year-end
(Net of Depreciation, in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	68	68			68	68
Land Improvements	-	-			-	-
Buildings	9,024	9,024			9,024	9,024
Machinery and Equipment	382	1,065	1	1	383	1,066
Construction in Progress	-	-	-	-	-	-
Subtotal	<u>9,474</u>	<u>10,157</u>	<u>1</u>	<u>1</u>	<u>9,475</u>	<u>10,158</u>
Accumulated Depreciation	<u>(4,144)</u>	<u>(4,018)</u>	<u>(1)</u>	<u>(1)</u>	<u>(4,145)</u>	<u>(4,019)</u>
Totals	<u>5,330</u>	<u>6,139</u>	<u>-</u>	<u>-</u>	<u>5,330</u>	<u>6,139</u>

The District’s 2011-2012 capital budget anticipates a spending level of \$17,711 for capital projects. More detailed information about the District capital assets is presented in Note III:C. to the basic financial statements

DEBT

At year – end the District had total debt of \$ 5.018 million versus \$5.298 million last year – a decrease of 5.3 percent – as shown in Table 6.

**Outstanding Debt, at year –end (in thousands)
Table 6**

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Serial Bonds	5,017	5,297
Loans		
Lease Purchase Agreement		
Temporary Notes		
Authorized but not Issued		
	<u>1</u>	<u>1</u>
	<u>5,018</u>	<u>5,298</u>

An analysis of District Debt is presented in Note III:D. to the basic financial statements.

BUDGETS

The variances between the originally adopted budget for the 2010-2011 year, and the final budget were caused by the treatment of encumbrances that are added to the original budget. In addition, the State pension payments which are paid by the State on behalf of employees are not budgeted; however they are counted as an expense in the audit...

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Norwood School District, 177 Summit Street, Norwood, New Jersey.

BASIC FINANCIAL STATEMENTS

Section A
DISTRICT – WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Net Assets
June 30, 2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 454,924.13	\$ 2,163.58	\$ 457,087.71
Receivables, net	406,153.18		406,153.18
Restricted assets:			
Cash and cash equivalents	309,233.03		309,233.03
Capital reserve account - cash	640,639.46		640,639.46
Capital assets, net (Note III:C.):	<u>5,329,719.90</u>	<u>-</u>	<u>5,329,719.90</u>
Total Assets	<u>7,140,669.70</u>	<u>2,163.58</u>	<u>7,142,833.28</u>
LIABILITIES			
Accounts payable	36,603.50		36,603.50
Bond interest payable	65,341.84		65,341.84
Payable to state government	43,051.11		43,051.11
Noncurrent liabilities (Note IV:B.):			
Due within one year	295,000.00		295,000.00
Due beyond one year	<u>4,850,722.49</u>		<u>4,850,722.49</u>
Total liabilities	<u>5,290,718.94</u>		<u>5,290,718.94</u>
NET ASSETS			
Invested in capital assets, net of related debt	312,719.90		312,719.90
Restricted for:			
Capital projects	1,254,543.63		1,254,543.63
Debt service	49,672.60		49,672.60
Other purposes	91,458.32		91,458.32
Unrestricted	<u>141,556.31</u>	<u>2,163.58</u>	<u>143,719.89</u>
Total Net Assets	<u>\$ 1,849,950.76</u>	<u>\$ 2,163.58</u>	<u>\$ 1,852,114.34</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Activities
For the Year Ended June 30, 2011**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets			
	Program Revenues		Business-type Activities	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
	Expenses	Capital Grants and Contributions		Total
Governmental activities:				
Instruction:				
Regular	\$ 4,081,684.00	\$ -	\$ (3,795,451.82)	\$ (3,795,451.82)
Special education	1,026,616.65		(831,262.26)	(831,262.26)
Other instruction	287,312.98		(265,573.29)	(265,573.29)
Support services:				
Tuition	617,219.24		(326,546.30)	(326,546.30)
Student and instruction related services	1,442,758.97		(1,245,881.41)	(1,245,881.41)
School administrative services	297,933.53		(275,323.71)	(275,323.71)
General and business administrative services	590,505.94		(568,105.52)	(568,105.52)
Plant operations and maintenance	833,398.38		(794,398.66)	(794,398.66)
Pupil transportation	175,017.30		(150,407.50)	(150,407.50)
Interest on long-term debt	222,779.34		-	-
Total governmental activities	9,575,226.33	1,099,496.52	(8,252,950.47)	(8,252,950.47)
Business-type activities:				
Milk Fund	16,934.05			(9,879.95)
Total business-type activities	16,934.05		-	(9,879.95)
Total primary government	\$ 9,592,160.38	\$ 1,099,496.52	\$ (8,252,950.47)	\$ (8,262,830.42)
General revenues:				
Taxes:				
Property taxes, levied for general purposes			\$ 8,353,332.00	\$ 8,353,332.00
Property taxes, levied for debt service principal			244,613.66	244,613.66
Federal and State aid not restricted			252,586.00	252,586.00
Investment Earnings			126,989.48	126,989.48
Miscellaneous Income			259,850.46	259,850.46
Special Items:				
Debt Service Assessment			(10,746.00)	(10,746.00)
Adjustment to Capital Assets			(540,749.00)	(540,749.00)
Total general revenues, special items, extraordinary items and transfers			8,685,876.60	8,685,876.60
Change in Net Assets			432,926.13	(9,879.95)
Net Assets—beginning			1,417,024.63	12,043.53
Net Assets—ending			\$ 1,849,950.76	\$ 2,163.58

The accompanying Notes to Financial Statements are an integral part of this statement.

Section B
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 459,790.11	\$ 21,296.38	\$ 309,233.03	\$ (26,162.36)	\$ 764,157.16
Interfunds receivable				141,176.80	141,176.80
Receivables from other governments	176,550.68	21,754.73	207,847.77		406,153.18
Restricted cash and cash equivalents	<u>640,639.46</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,639.46</u>
Total Assets	<u>\$ 1,276,980.25</u>	<u>\$ 43,051.11</u>	<u>\$ 517,080.80</u>	<u>\$ 115,014.44</u>	<u>\$ 1,952,126.60</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 38,603.50	\$ -	\$ -	\$ -	\$ 38,603.50
Interfunds payable			141,176.80		141,176.80
Payable to state government	<u>-</u>	<u>43,051.11</u>	<u>-</u>		<u>43,051.11</u>
Total Liabilities	<u>38,603.50</u>	<u>43,051.11</u>	<u>141,176.80</u>		<u>220,831.41</u>
Fund Balances:					
Restricted for:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	19,236.00				19,236.00
Reserve for Excess Surplus	40,000.00				40,000.00
Capital Reserve Account	878,639.63				878,639.63
Capital Projects			375,904.00		375,904.00
Debt Service				115,014.44	115,014.44
Assigned to:					
Other Purposes	32,222.32				32,222.32
Unassigned	<u>270,278.80</u>		<u>-</u>	<u>-</u>	<u>270,278.80</u>
Total Fund Balances	<u>1,240,376.75</u>	<u>-</u>	<u>375,904.00</u>	<u>115,014.44</u>	<u>1,731,295.19</u>
Total Liabilities and Fund Balances	<u>\$ 1,276,980.25</u>	<u>\$ 43,051.11</u>	<u>\$ 517,080.80</u>	<u>\$ 115,014.44</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Adjustment to Debt Service Fund net assets for the accrual of interest expense. (65,341.84)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,473,706.00 and the accumulated depreciation is \$4,143,986.10. 5,329,719.90

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note IV:B.) (5,145,722.49)

Net assets of governmental activities \$ 1,849,950.76

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local tax levy	\$ 8,353,332.00	\$ -	\$ -	\$ 467,393.00	\$ 8,820,725.00
Interest earned on investments	10,855.29		115,013.94		125,869.23
Interest earned on Capital Reserve Funds	1,120.25				1,120.25
Miscellaneous	<u>259,850.46</u>		<u>-</u>	<u>-</u>	<u>259,850.46</u>
Total - Local Sources	8,625,158.00	-	115,013.94	467,393.00	9,207,564.94
State sources	1,129,931.90	87,146.89			1,217,078.79
Federal sources	<u>-</u>	<u>135,003.73</u>	<u>-</u>	<u>-</u>	<u>135,003.73</u>
Total Revenues	<u>9,755,089.90</u>	<u>222,150.62</u>	<u>115,013.94</u>	<u>467,393.00</u>	<u>10,559,647.46</u>
EXPENDITURES					
Current:					
Regular instruction	2,868,203.76	14,263.65			2,882,467.41
Special education instruction	683,126.50	93,800.73			776,927.23
Other instruction	213,424.34				213,424.34
Support services and undistributed costs:					
Tuition	617,219.24				617,219.24
Student and instruction related services	1,043,945.80	114,086.24			1,158,032.04
School administrative services	218,561.32				218,561.32
General and business administrative services	503,530.01				503,530.01
Plant operations and maintenance	696,251.89				696,251.89
Pupil transportation	175,017.30				175,017.30
Unallocated benefits	1,784,405.62				1,784,405.62
Capital outlay	35,521.00				35,521.00
Debt service:					
Principal				280,000.00	280,000.00
Interest and other charges	<u>-</u>	<u>-</u>		<u>227,392.50</u>	<u>227,392.50</u>
Total Expenditures	<u>8,839,206.78</u>	<u>222,150.62</u>	<u>-</u>	<u>507,392.50</u>	<u>9,568,749.90</u>
Excess (Deficiency) of revenues over expenditures	<u>915,883.12</u>	<u>-</u>	<u>115,013.94</u>	<u>(39,999.50)</u>	<u>990,897.56</u>
OTHER FINANCING SOURCES AND (USES)					
Debt Service Assessment	(10,746.00)				(10,746.00)
Transfers in				115,013.94	115,013.94
Transfers (out)	<u>-</u>		<u>(115,013.94)</u>	<u>-</u>	<u>(115,013.94)</u>
Total Other Financing Sources and (Uses)	<u>(10,746.00)</u>	<u>-</u>	<u>(115,013.94)</u>	<u>115,013.94</u>	<u>(10,746.00)</u>
Net change in fund balances	905,137.12		-	75,014.44	980,151.56
Fund Balance—July 1	<u>335,239.63</u>	<u>-</u>	<u>375,904.00</u>	<u>40,000.00</u>	<u>751,143.63</u>
Fund Balance—June 30	<u>\$ 1,240,376.75</u>	<u>\$ -</u>	<u>\$ 375,904.00</u>	<u>\$ 115,014.44</u>	<u>\$ 1,731,295.19</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**
**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011**

Total net change in fund balances - governmental funds (from B-2)		980,151.56
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+)</p>		
Interest paid	227,392.50	
Interest accrued	<u>(222,779.34)</u>	4,613.16
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation expense	(304,445.10)	
Capital outlays (exclusive of capital lease principal payments)	<u>35,521.00</u>	(268,924.10)
<p>Adjustment to Capital Assets in accordance with physical appraisal</p>		
		(540,749.00)
<p>In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)</p>		
		-
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+).</p>		
		(22,165.49)
<p>Payment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Debt principal		280,000.00
Capital lease principal		-
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>		
Proceeds of long-term debt		-
Capital lease proceeds		-
<p>Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)</p>		
		-
Change in net assets of governmental activities		<u><u>432,926.13</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Net Assets
Proprietary Funds
June 30, 2011**

	Business-type Activities - Enterprise Funds	
	Milk Fund	Totals
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,163.58	\$ 2,163.58
Total Current Assets	2,163.58	2,163.58
Noncurrent assets:		
Furniture, machinery and equipment	846.00	846.00
Less accumulated depreciation	(846.00)	(846.00)
Total Noncurrent Assets	-	-
Total Assets	2,163.58	2,163.58
NET ASSETS		
Unrestricted	2,163.58	2,163.58
Total Net Assets	\$ 2,163.58	\$ 2,163.58

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds	
	Milk Fund	Totals
Operating Revenues:		
Charges for services:		
Daily sales - non-reimbursable programs	\$ 7,054.10	\$ 7,054.10
Total Operating Revenues	7,054.10	7,054.10
 Operating Expenses:		
Cost of sales	5,934.05	5,934.05
Salaries	11,000.00	11,000.00
Total Operating Expenses	16,934.05	16,934.05
Operating Income (Loss)	(9,879.95)	(9,879.95)
Change in net assets	(9,879.95)	(9,879.95)
Total Net Assets—Beginning	12,043.53	12,043.53
 Total Net Assets—Ending	\$ 2,163.58	\$ 2,163.58

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011**

	Business-type Activities - Enterprise Funds	
	<u>Milk Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 7,054.10	\$ 7,054.10
Payments to employees	(11,000.00)	(11,000.00)
Payments to suppliers	<u>(5,934.05)</u>	<u>(5,934.05)</u>
Net cash provided by (used for) operating activities	<u>(9,879.95)</u>	<u>(9,879.95)</u>
Net increase (decrease) in cash and cash equivalents	(9,879.95)	(9,879.95)
Balances—beginning of year	<u>12,043.53</u>	<u>12,043.53</u>
Balances—end of year	<u>\$ 2,163.58</u>	<u>\$ 2,163.58</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ <u>(9,879.95)</u>	\$ <u>(9,879.95)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Total adjustments	<u>-</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ (9,879.95)</u>	<u>\$ (9,879.95)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011**

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 55,602.98	\$ 5,637.52	\$ 55,230.15
Total Assets	<u>\$ 55,602.98</u>	<u>\$ 5,637.52</u>	<u>\$ 55,230.15</u>
LIABILITIES			
Payable to student groups			\$ 44,525.14
Payroll deductions and withholdings			<u>10,705.01</u>
Total Liabilities			<u>\$ 55,230.15</u>
NET ASSETS			
Held in trust for unemployment claims and other purposes	<u>\$ 55,602.98</u>		
Reserved for scholarships		<u>\$ 5,637.52</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
ADDITIONS		
Contributions:		
Plan member	\$ 19,989.41	\$ -
Board Contribution	<u>50,000.00</u>	
Total Contributions	<u>69,989.41</u>	
Investment earnings:		
Interest	<u>407.09</u>	<u>48.79</u>
Net investment earnings	<u>407.09</u>	<u>48.79</u>
Total Additions	<u>70,396.50</u>	<u>48.79</u>
DEDUCTIONS		
Unemployment claims	16,551.42	
Scholarships awarded	<u>-</u>	<u>500.00</u>
Total Deductions	<u>16,551.42</u>	<u>500.00</u>
Change in Net Assets	53,845.08	(451.21)
Net Assets—beginning	<u>1,757.90</u>	<u>6,088.73</u>
Net Assets—ending	<u>\$ 55,602.98</u>	<u>\$ 5,637.52</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Borough of Norwood School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This Statement established new financial reporting requirements for state and local governments throughout the United States. It required new information and restructuring much of the information that governments had presented in the past. The District began implementing these standards for the fiscal year ending June 30, 2004.

Other GASB Statements were also required to be implemented in conjunction with GASB Statements No. 34. Therefore, the District implemented for the fiscal year ending June 30, 2004, Statement No. 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38 – Certain Financial Statement Note Disclosures.

B. Reporting Entity

The Borough of Norwood School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located in Norwood. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Government-Wide Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

Special Revenue Fund – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounted principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District’s Enterprise Fund is comprised of the Milk Fund.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Milk Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The District’s fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Appropriation of prior year encumbrances in the amount of \$92,045.67 were made during the year ended June 30, 2011. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The special revenue fund had no encumbrances at June 30, 2011.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

3. Inventories and Prepaid Expenses

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets (Continued)

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

5. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note IX)

6. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

7. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

"Total fund balances" of the District's governmental funds in B-1 differs from "net assets" of governmental activities reported in the statement of net assets in A-1. This difference primarily results from the long - term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

	<u>Balance Sheet/Statement of Net Assets</u>			<u>Statement</u>
<u>Assets</u>	<u>Total</u>	<u>Long - term</u>	<u>Reclassifications</u>	<u>of Net</u>
	<u>Governmental</u>	<u>Assets</u>	<u>and Eliminations</u>	<u>Assets</u>
	<u>Funds</u>	<u>Liabilities (1)</u>	<u></u>	<u>Totals</u>
Cash and cash equivalents	\$ 764,157.16	\$ -	\$ (309,233.03)	\$ 454,924.13
Receivables, net			406,153.18	406,153.18
Interfund Receivables	141,176.80		(141,176.80)	-
Receivables from Other Governments	406,153.18		(406,153.18)	-
Restricted assets:				
Cash and cash equivalents			309,233.03	309,233.03
Capital Reserve Account - cash	640,639.46			640,639.46
Capital Assets, net	-	5,329,719.90	-	5,329,719.90
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,952,126.60</u>	<u>\$ 5,329,719.90</u>	<u>\$ (141,176.80)</u>	<u>\$ 7,140,669.70</u>
 <u>Liabilities</u>				
Accounts Payable	\$ 36,603.50	\$ -	\$ -	\$ 36,603.50
Interfund Payables	141,176.80		(141,176.80)	-
Payable to State Government	43,051.11			43,051.11
Bond Interest Payable			65,341.84	65,341.84
Noncurrent Liabilities	-	5,017,000.00	128,722.49	5,145,722.49
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>220,831.41</u>	<u>5,017,000.00</u>	<u>52,887.53</u>	<u>5,290,718.94</u>
 <u>Fund Balances/Net Assets</u>				
<u>Net Assets</u>				
Invested in capital assets, net of related debt		312,719.90		312,719.90
Restricted for:				
Capital projects	1,254,543.63			1,254,543.63
Debt Service	115,014.44		(65,341.84)	49,672.60
Other purposes	91,458.32			91,458.32
Unrestricted	270,278.80	-	(128,722.49)	141,556.31
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances/Net Assets	<u>1,731,295.19</u>	<u>312,719.90</u>	<u>(194,064.33)</u>	<u>1,849,950.76</u>
Total Liabilities and Fund Balances/Net Assets	<u>\$ 1,952,126.60</u>	<u>\$ 5,329,719.90</u>	<u>\$ (141,176.80)</u>	<u>\$ 7,140,669.70</u>

1. When Capital Assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 9,473,706.00
Accumulated depreciation	(4,143,986.10)
	<u>\$ 5,329,719.90</u>

Long - term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long - term are reported in the of net assets.

Serial Bonds	\$ 5,017,000.00
Compensated Absences	128,722.49
	<u>\$ 5,145,722.49</u>

Adjustment to Debt Service Fund net assets for the accrual of interest expense.

\$ (65,341.84)

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "net change in fund balances" for governmental funds in B-2 differs from the "change in net assets" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

<u>Revenues and Other Sources</u>	Total Governmental Funds	Long - term Revenue, Expenses (2)	Capital Related Items (3)	Long - term Debt Transactions (4)	Reclassifications and Eliminations (5)	Statement of Activities Totals
Local Tax Levy	\$ 8,820,725.00	\$ -	\$ -	\$ -	\$ -	\$ 8,820,725.00
Interest Earned on Investments	126,989.48					126,989.48
Miscellaneous	259,850.46					259,850.46
State Sources	1,217,078.79					1,217,078.79
Federal Sources	135,003.73	-	-	-	-	135,003.73
Total	<u>10,559,647.46</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,559,647.46</u>
 <u>Expenditures</u>						
Current:						
Regular instruction	2,882,467.41	-	285,727.20	3,920.17	909,569.22	4,081,684.00
Special education	776,927.23		5,294.00	2,782.86	241,612.56	1,026,616.65
Other instruction	213,424.34			874.85	73,013.79	287,312.98
Support Services and undistributed costs:						
Tuition	617,219.24					617,219.24
Student and instruction related services	1,158,032.04		1,701.00	4,967.34	278,058.59	1,442,758.97
School administrative services	218,561.32			3,436.05	75,936.16	297,933.53
General and business administrative services	503,530.01		8,307.00	3,436.05	75,232.88	590,505.94
Plant operations and maintenance	696,251.89		3,415.90	2,748.17	130,982.42	833,398.38
Pupil transportation	175,017.30					175,017.30
Unallocated Benefits	1,784,405.62				(1,784,405.62)	-
Capital Outlay	35,521.00		(35,521.00)	-		-
Debt Service:						
Principal	280,000.00			(280,000.00)		-
Interest	227,392.50	(4,613.16)	-	-	-	222,779.34
Total	<u>9,568,749.90</u>	<u>(4,613.16)</u>	<u>268,924.10</u>	<u>(257,834.51)</u>	<u>-</u>	<u>9,575,226.33</u>
Other Financing Uses/Changes in Net Assets:						
Debt Service Assessment	(10,746.00)					(10,746.00)
Adjustment to Capital Assets	-		(540,749.00)			(540,749.00)
Total	<u>(10,746.00)</u>	<u>-</u>	<u>(540,749.00)</u>	<u>-</u>	<u>-</u>	<u>(551,495.00)</u>
Net Change for the Year	<u>\$ 980,151.56</u>	<u>\$ 4,613.16</u>	<u>\$ (809,673.10)</u>	<u>\$ 257,834.51</u>	<u>\$ -</u>	<u>\$ 432,926.13</u>

2. In the statement of activities, interest on long -term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliations. (+)

\$ 4,613.16

3. Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (304,445.10)
Capital outlays (exclusive of capital lease payments)	35,521.00
	<u>\$ (268,924.10)</u>

3. Adjustment to Capital Assets in accordance with physical appraisal

\$ (540,749.00)

3. In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)

\$ -

4. In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the differences is an addition to the reconciliation (+).

\$ (22,165.49)

Repayment of debt and capital lease principal is an expenditure in the government funds, but the payment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.

Debt principal	-
Capital lease principal	280,000.00
	<u>\$ 257,834.51</u>

4. Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities, issuing debt increases long - term liabilities in the statement of net assets.

Proceeds of long - term debt	\$ -
Capital lease proceeds	-
	<u>\$ -</u>

5. Allocate Benefits expenditures

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At June 30, 2011 the Borough of Norwood School District's cash and cash equivalent's amounted to \$2,056,946.11. Of this amount, \$293,436.12 was covered by federal depository insurance (F.D.I.C.) and \$1,763,509.99 was covered by a collateral pool maintained by the banks as required by GUDPA

At June 30, 2010 the Borough of Norwood School District's had no participation in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Borough of Norwood School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2011, none of the Borough of Norwood School District's cash and cash equivalents of \$2,056,946.11 was exposed to custodial credit risk.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Borough of Norwood School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Norwood School District had no investments as described in Note I:G.1 at June 30, 2011.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Interfund Receivables and Payables

As of June 30, 2011, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Capital Projects Fund		\$141,176.80
Debt Service Fund	\$ 141,176.80	<u>-0-</u>
	<u>\$141,176.80</u>	<u>\$141,176.80</u>

New Jersey statute requires that interest earned on the investments in capital projects fund be credited to the general fund or debt service based on Board resolution. In accordance with Board resolution, accrued interest as of June 30, 2011 in the amount of \$115,013.94 was transferred to debt service fund to offset future interest payments to bondholders. Accordingly, an interfund accounts receivable and payable for \$141,176.80 was established in the debt service and capital projects funds, respectively.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Adjustments	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 68,171.00	\$ -	\$ -	\$ 68,171.00
Total Capital assets not being depreciated	<u>68,171.00</u>	<u>-</u>	<u>-</u>	<u>68,171.00</u>
Buildings and Improvements	9,023,859.00			9,023,859.00
Machinery and Equipment	<u>1,065,292.00</u>	<u>35,521.00</u>	<u>(719,137.00)</u>	<u>381,676.00</u>
Totals at historical cost	<u>10,089,151.00</u>	<u>35,521.00</u>	<u>(719,137.00)</u>	<u>9,405,535.00</u>
Less accumulated depreciation for:				
Buildings and Improvements	(3,649,199.00)	(278,938.00)		(3,928,137.00)
Machinery and Equipment	<u>(368,730.00)</u>	<u>(25,507.10)</u>	<u>178,388.00</u>	<u>(215,849.10)</u>
Total accumulated depreciation	<u>(4,017,929.00)</u>	<u>(304,445.10)</u> (1)	<u>178,388.00</u>	<u>(4,143,986.10)</u>
Net capital assets being depreciated	<u>6,071,222.00</u>	<u>(268,924.10)</u>	<u>(540,749.00)</u>	<u>5,261,548.90</u>
Governmental activities capital assets, net	<u>\$ 6,139,393.00</u>	<u>\$ (268,924.10)</u>	<u>\$ (540,749.00)</u>	<u>\$ 5,329,719.90</u>
Business - type activities:				
Equipment	\$ 846.00	\$ -	\$ -	\$ 846.00
Less accumulated depreciation	<u>(846.00)</u>	<u>-</u>	<u>-</u>	<u>(846.00)</u>
Business - type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 285,727.20
Special Education	5,294.00
Other Instruction (Athletic and Media)	-
Student and Instruction Related Services	1,701.00
School Administrative Services	-
General and Business Administrative Services	8,307.00
Plant Operations and Maintenance	3,415.90
Pupil Transportation	<u>-</u>
	<u>\$ 304,445.10</u>

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments to lease copiers under operating leases which expire in 2015. Total operating lease payments made during the year ended June 30, 2011 were \$11,647.06. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2012	\$ 13,305.36
June 30, 2013	13,305.36
June 30, 2014	12,746.10
June 30, 2015	9,949.80
June 30, 2016	<u>1,658.30</u>
Total future minimum lease payments	<u>\$ 50,964.92</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Long - Term debt:					
Serial Bonds	\$ 5,297,000.00	\$ -	\$ (280,000.00)	\$ 5,017,000.00	\$ 295,000.00
Total debt payable	<u>5,297,000.00</u>	<u>-</u>	<u>(280,000.00)</u> (1)	<u>5,017,000.00</u>	<u>295,000.00</u>
Other liabilities:					
Compensated absences	106,557.00	32,785.49	(10,620.00)	128,722.49	-
Total other liabilities	<u>106,557.00</u>	<u>32,785.49</u>	<u>(10,620.00)</u> (2)	<u>128,722.49</u>	<u>-</u>
Governmental activities					
long - term liabilities	<u>\$ 5,403,557.00</u>	<u>\$ 32,785.49</u>	<u>\$ (290,620.00)</u>	<u>\$ 5,145,722.49</u>	<u>\$ 295,000.00</u>

(1) Paid by debt service fund

(2) Paid by general fund

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Serial Bonds outstanding as of June 30, 2011 consisted of the following:

<u>Description</u>	<u>Interest</u> <u>Rate</u>	<u>Due</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Amount Issued</u>	<u>Amount</u> <u>Outstanding</u>
School Improvements	Various	9/1	2014	\$ 2,850,000.00	\$ 725,000.00
School Improvements	Various	3/15	2026	4,747,000.00	<u>4,292,000.00</u>
					<u>\$ 5,017,000.00</u>

Principal and interest due on serial bonds outstanding is as follows:

<u>Fiscal years,</u>	<u>Principal</u>	<u>Interest</u>
2011-2012	\$ 295,000.00	\$ 212,901.50
2012-2013	310,000.00	197,718.50
2013-2014	325,000.00	181,841.50
2014-2015	335,000.00	165,418.50
2015-2016	300,000.00	154,007.50
2016-2017	310,000.00	142,007.50
2017-2018	320,000.00	129,607.50
2018-2019	330,000.00	116,407.50
2019-2020	340,000.00	102,795.00
2020-2021	350,000.00	88,770.00
2021-2022	350,000.00	74,332.50
2022-2023	350,000.00	59,895.00
2023-2024	360,000.00	45,457.50
2024-2025	370,000.00	30,607.50
2025-2026	<u>372,000.00</u>	<u>15,345.00</u>
	<u>\$ 5,017,000.00</u>	<u>\$ 1,717,112.50</u>

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

2. Temporary Notes

There were no Temporary Notes outstanding as of June 30, 2011.

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2011.

4. Capital Leases Payable

There were no capital leases payable as of June 30, 2011.

Note V: Detailed Disclosure Regarding Fund Equity

A. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C.73 (S1701), the designation for Reserved Fund Balance—Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$59,236.00. The reserved fund balance of \$19,236.00 has been appropriated in the fiscal year 2011-2012 and \$40,000.00 will be appropriated in the fiscal year 2012-2013.

B. Capital Reserve Account

A capital reserve account was established by the Borough of Norwood School District Board of Education by inclusion of \$1.00 during the 2000-2001 school year for the accumulation of funds for use as capital outlay expenditures subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amount, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note V: Detailed Disclosure Regarding Fund Equity (Continued)

A Capital Reserve Account (Continued)

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$139,519.21
2010-2011 Interest Earnings	1,120.25
2010-2011 Resolution (Unreserved Fund Balance)	<u>500,000.00</u>
Balance June 30, 2011	<u>\$640,639.46</u>

The June 30, 2011 LRF balance of local support costs of uncompleted capital projects at June 30, 2011 is \$4,180,956.00.

Note VI: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

The Public Employees' Retirement System (PERS) 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 to 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Retirement Benefits

For PERS and TPAF employees, the benefits will be 1/55 of the average of the three highest years compensation for each year of service. However, for PERS and TPAF who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note VI: Pension Plans (Continued)

Significant Legislation

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

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

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPE, JRS, and SPRS) is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 72.1 percent and \$15.1 billion.

The required supplementary information regarding the funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. The pension funds provide for employee contributions based on 5.5 percent for TPAF and 5.5 percent for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note VI: Pension Plans (Continued)

Contribution Requirements Continued)

During the state fiscal year ended June 30, 2010, for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, annual pension cost equals contributions made.

Contributions – Actual

The District's total payroll for the year ended June 30, 2011 was \$4,961,916.60 and covered payroll was \$3,478,877.00 for TPAF and \$831,230.00 for PERS. Contributions to the TPAF and the PERS for the year ended June 30, 2011 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		TPAF	Percent of Covered Payroll	PERS	Percent of Covered Payroll
Employees	6/30/09	\$		\$	
	6/30/10				
	6/30/11	191,793.37	5.51%	46,529.98	5.60%
Board of Education	6/30/09	N/A	N/A	70,517.00	
	6/30/10	N/A	N/A	83,333.00	
	6/30/11	N/A	N/A	116,538.00	14.02%
State of New Jersey	6/30/09	245,362.00		N/A	N/A
	6/30/10	274,366.00		N/A	N/A
	6/30/11	267,094.00	7.68%	N/A	N/A

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$265,355.10 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

Note VII: Post-Retirement Medical Benefits

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, respectively, to fund post-retirement medical benefits for those employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the state contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note VII: Post-Retirement Medical Benefits (Continued)

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

Note VIII: Risk Management

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following table is a summary of district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 50,000.00	\$ 19,989.41	\$ 16,551.42	\$ 55,602.98
2009-2010				1,758.00
2008-2009				1,744.00

The District 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 District is a member of the New Jersey School Board Association Insurance Group (the “Group”).

The Group is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost Workers’ Compensation, Property Damage, Employer’s Liability, Automobile and Equipment Liability, School Board Legal Liability and Boiler and Machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Group and should it be determined that payments received by the Group are deficient, additional assessments may be levied. Additionally, the Group maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The District 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.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note IX: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay are paid upon retirement to employees over 10 years old with 15 years of service

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Milk Fund.

Note X: Contingent Liabilities

The Borough of Norwood is a defendant in several lawsuits, none of which is unusual for a Board of Education of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

Section C

BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011**

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual	
REVENUES:						
Local Sources:						
Local Tax Levy	\$ 8,353,332.00	\$ -	\$ 8,353,332.00	\$ 8,353,332.00	\$ -	
Interest Earned on Investments	5,000.00	-	5,000.00	10,855.29	5,855.29	
Interest Earned on Capital Reserve Funds	500.00	-	500.00	1,120.25	620.25	
Miscellaneous	<u>274,880.00</u>	-	<u>274,880.00</u>	<u>259,850.46</u>	<u>(15,029.54)</u>	
Total - Local Sources	<u>8,633,712.00</u>	-	<u>8,633,712.00</u>	<u>8,625,158.00</u>	<u>(8,554.00)</u>	
State Sources:						
Categorical Special Education Aid	166,422.00	-	166,422.00	166,422.00	-	
Extraordinary Aid	136,723.00	-	136,723.00	153,570.00	16,847.00	
Non-Public Transportation Aid	-	-	-	3,431.80	3,431.80	
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	267,094.00	267,094.00	
TPAF Social Security (Reimbursed - Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,355.10</u>	<u>265,355.10</u>	
Total State Sources	<u>303,145.00</u>	-	<u>303,145.00</u>	<u>855,872.90</u>	<u>552,727.90</u>	
Total Revenues	<u>8,936,857.00</u>	-	<u>8,936,857.00</u>	<u>9,481,030.90</u>	<u>544,173.90</u>	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Kindergarten - Salaries of Teachers	110-100-101	\$ 244,387.00	\$ (4,496.00)	\$ 239,891.00	\$ 236,355.23	\$ 3,535.77
Grades 1-5 - Salaries of Teachers	120-100-101	1,342,583.00	(149,843.36)	1,192,739.64	1,189,143.91	3,595.73
Grades 6-8 - Salaries of Teachers	130-100-101	1,023,402.00	47,776.57	1,071,178.57	1,065,304.59	5,873.98
Regular Programs - Home Instruction:						
Salaries of Teachers	150-100-101	2,500.00	2,825.00	5,325.00	5,325.00	-
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	190-100-106	78,000.00	(16,788.75)	61,211.25	61,211.25	-
Purchased Professional-Educational Services	190-100-320	2,350.00	-	2,350.00	2,350.00	-
Other Purchased Services (400-500 series)	190-100-500	30,770.00	(7,110.25)	23,659.75	23,659.75	-
General Supplies	190-100-610	152,387.00	118,879.70	271,266.70	253,607.57	17,659.13
Textbooks	190-100-640	21,440.00	11,470.90	32,910.90	30,682.13	2,228.77
Other Objects	190-100-800	<u>19,365.00</u>	<u>(18,745.17)</u>	<u>619.83</u>	<u>564.33</u>	<u>55.50</u>
TOTAL REGULAR PROGRAMS - INSTRUCTION		<u>2,917,184.00</u>	<u>(16,031.36)</u>	<u>2,901,152.64</u>	<u>2,868,203.76</u>	<u>32,948.88</u>
SPECIAL EDUCATION - INSTRUCTION						
Learning and/or Language Disabilities:						
Salaries of Teachers	204-100-101	164,350.00	144.00	164,494.00	163,519.75	974.25
Other Salaries for Instruction	204-100-106	99,800.00	43,145.00	142,745.00	139,526.30	3,218.70
General Supplies	204-100-610	4,400.00	(264.12)	4,135.88	2,541.25	1,594.63
Total Learning and/or Language Disabilities		<u>268,350.00</u>	<u>43,024.88</u>	<u>311,374.88</u>	<u>305,587.30</u>	<u>5,787.58</u>
Resource Room/Resource Center:						
Salaries of Teachers	213-100-101	334,182.00	(5,503.00)	328,679.00	306,779.51	21,899.49
Other Salaries for Instruction	213-100-106	70,900.00	-	70,900.00	66,627.76	4,272.24
General Supplies	213-100-610	4,285.00	531.88	4,816.88	4,131.93	684.95
Total Resource Room/Resource Center		<u>409,367.00</u>	<u>(4,971.12)</u>	<u>404,395.88</u>	<u>377,539.20</u>	<u>26,856.68</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION		<u>677,717.00</u>	<u>38,053.76</u>	<u>715,770.76</u>	<u>683,126.50</u>	<u>32,644.26</u>
Basic Skills/Remedial - Instruction						
Salaries of Teachers	230-100-101	124,850.00	(22,510.82)	102,339.18	83,537.17	18,802.01
General Supplies	230-100-610	5,710.00	(605.00)	5,105.00	4,538.81	566.19
Total Basic Skills/Remedial - Instruction		<u>130,560.00</u>	<u>(23,115.82)</u>	<u>107,444.18</u>	<u>88,075.98</u>	<u>19,368.20</u>
Bilingual Education - Instruction						
Salaries of Teachers	240-100-101	91,525.00	3,557.00	95,082.00	94,050.98	1,031.02
General Supplies	240-100-610	820.00	80.00	900.00	899.56	0.44
Total Bilingual Education - Instruction		<u>92,345.00</u>	<u>3,637.00</u>	<u>95,982.00</u>	<u>94,950.54</u>	<u>1,031.46</u>
School-Spon. Cocurricular Actvts. - Inst.						
Salaries	401-100-100	12,500.00	14,331.76	26,831.76	26,831.76	-
Other Objects	401-100-800	<u>9,262.00</u>	<u>(4,420.94)</u>	<u>4,841.06</u>	<u>3,566.06</u>	<u>1,275.00</u>
Total School-Spon. Cocurricular Actvts. - Inst.		<u>21,762.00</u>	<u>9,910.82</u>	<u>31,672.82</u>	<u>30,397.82</u>	<u>1,275.00</u>
Total Instruction		<u>3,839,568.00</u>	<u>12,454.40</u>	<u>3,852,022.40</u>	<u>3,764,754.60</u>	<u>87,267.80</u>

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011**

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Special	000-100-562	\$ 422,056.00	\$ (28,217.00)	\$ 393,839.00	\$ 320,978.00	\$ 72,861.00
Tuition to CSSD & Regional Day Schools	000-100-565	153,833.00	-	153,833.00	152,956.00	877.00
Tuition to Private Schools for the Disabled - Within State	000-100-566	143,181.00	(42.00)	143,119.00	133,618.24	9,500.76
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	000-100-567	-	42.00	42.00	42.00	-
Tuition - Other	000-100-589	-	9,625.00	9,625.00	9,625.00	-
Total Undistributed Expenditures - Instruction:		<u>719,050.00</u>	<u>(18,592.00)</u>	<u>700,458.00</u>	<u>617,219.24</u>	<u>83,238.76</u>
Undistributed Expend. - Attend. & Social Work						
Salaries	000-211-100	10,530.00	-	10,530.00	10,408.33	123.67
Purchased Professional and Technical Services	000-211-300	5,005.00	-	5,005.00	4,812.00	193.00
Total Undistributed Expend. - Attend. & Social Work		<u>15,535.00</u>	<u>-</u>	<u>15,535.00</u>	<u>15,218.33</u>	<u>316.67</u>
Undist. Expend. - Health Services						
Salaries	000-213-100	89,666.00	6,972.00	96,638.00	96,162.30	475.70
Purchased Professional and Technical Services	000-213-300	8,000.00	-	8,000.00	6,790.00	1,210.00
Supplies and Materials	000-213-600	2,595.00	(95.00)	2,500.00	2,493.65	6.35
Total Undistributed Expenditures - Health Services		<u>100,261.00</u>	<u>6,877.00</u>	<u>107,138.00</u>	<u>105,445.95</u>	<u>1,892.05</u>
Undist. Expend. - Speech,OT,PT & Related Services						
Salaries of Other Professional Staff	000-216-100	89,100.00	(426.00)	88,674.00	87,202.00	1,472.00
Purchased Professional - Educational Services	000-216-320	83,485.00	230.00	83,695.00	59,819.50	23,875.50
Supplies and Materials	000-216-600	1,000.00	(104.00)	896.00	79.26	816.74
Total Undist. Expend. - Speech,OT,PT & Related Services		<u>173,585.00</u>	<u>(300.00)</u>	<u>173,285.00</u>	<u>147,100.76</u>	<u>26,164.24</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Salaries of Other Professional Staff	000-217-100	3,160.00	-	3,160.00	2,750.00	410.00
Purchased Professional - Educational Services	000-217-320	150,380.00	220.00	150,600.00	117,250.00	33,350.00
Supplies and Materials	000-217-600	1,000.00	-	1,000.00	-	1,000.00
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.		<u>154,540.00</u>	<u>220.00</u>	<u>154,760.00</u>	<u>120,000.00</u>	<u>34,760.00</u>
Undist. Expend. - Guidance						
Salaries of Other Professional Staff	000-218-104	50,455.00	-	50,455.00	49,866.00	589.00
Supplies and Materials	000-218-600	-	500.00	500.00	179.71	320.29
Other Objects	000-218-800	500.00	-	500.00	-	500.00
Total Undist. Expend. - Guidance		<u>50,955.00</u>	<u>500.00</u>	<u>51,455.00</u>	<u>50,045.71</u>	<u>1,409.29</u>
Undist. Expend. - Child Study Team						
Salaries of Other Professional Staff	000-219-104	268,663.00	1,042.52	269,705.52	269,705.52	-
Salaries of Secretarial and Clerical Assistants	000-219-105	47,427.00	3,169.30	50,596.30	50,596.30	-
Purchased Professional - Educational Services	000-219-320	23,020.00	(2,412.82)	20,607.18	18,575.00	2,032.18
Other Purchased Prof. and Tech. Services	000-219-390	3,250.00	-	3,250.00	2,670.00	580.00
Misc. Pur. Serv. (400-500 series) Other Than Residential Costs	000-219-592	1,100.00	-	1,100.00	36.18	1,063.82
Supplies and Materials	000-219-600	7,457.00	(1,457.00)	6,000.00	2,574.20	3,425.80
Total Undist. Expend. - Child Study Team		<u>350,917.00</u>	<u>342.00</u>	<u>351,259.00</u>	<u>344,157.20</u>	<u>7,101.80</u>
Undist. Expend. - Improvement of Inst. Serv.						
Salaries of Other Professional Staff	000-221-104	6,515.00	-	6,515.00	-	6,515.00
Purchased Prof. Educational Services	000-221-320	27,700.00	-	27,700.00	27,700.00	-
Total Undist. Expend. - Improvement of Inst. Serv.		<u>34,215.00</u>	<u>-</u>	<u>34,215.00</u>	<u>27,700.00</u>	<u>6,515.00</u>
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	76,120.00	(1,266.66)	74,853.34	73,838.75	1,014.59
Salaries of Technology Coordinators	000-222-177	82,817.00	55,148.66	137,965.66	137,965.66	-
Supplies and Materials	000-222-600	7,200.00	-	7,200.00	6,495.37	704.63
Other Objects	000-222-800	2,500.00	-	2,500.00	1,847.30	652.70
Total Undist. Expend. - Edu. Media Serv./Sch. Library		<u>168,637.00</u>	<u>53,882.00</u>	<u>222,519.00</u>	<u>220,147.08</u>	<u>2,371.92</u>
Undist. Expend. - Instructional Staff Training Serv.						
Purchased Professional - Educational Service	000-223-320	13,550.00	-	13,550.00	13,527.00	23.00
Other Purchased Prof. and Tech. Services	000-223-390	700.00	-	700.00	490.00	210.00
Other Objects	000-223-800	1,000.00	-	1,000.00	113.77	886.23
Total Undist. Expend. - Instructional Staff Training Serv.		<u>15,250.00</u>	<u>-</u>	<u>15,250.00</u>	<u>14,130.77</u>	<u>1,119.23</u>
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	160,000.00	6,485.00	166,485.00	153,697.96	12,787.04
Other Employee Benefits	000-230-290	3,850.00	-	3,850.00	3,850.00	-
Legal Services	000-230-331	35,000.00	20,070.00	55,070.00	54,819.45	250.55
Audit Fees	000-230-332	19,500.00	500.00	20,000.00	18,500.00	1,500.00
Other Purchased Professional Services	000-230-339	7,550.00	2,880.00	10,430.00	10,383.00	47.00
Communications/Telephone	000-230-530	30,900.00	(9,865.00)	21,035.00	16,318.09	4,716.91
Other Purchased Services (400-500 series)	000-230-590	10,850.00	1,337.35	12,187.35	11,827.98	359.37
Supplies and Materials	000-230-600	13,600.00	(945.35)	12,654.65	6,379.37	6,275.28
BOE Membership Fees/Dues	000-230-895	15,150.00	(4,508.64)	10,641.36	9,006.26	1,635.10
Total Undist. Expend. - Supp. Serv. - General Admin.		<u>296,400.00</u>	<u>15,953.36</u>	<u>312,353.36</u>	<u>284,782.11</u>	<u>27,571.25</u>

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	000-240-103 \$ 126,000.00	\$ 5,700.00	\$ 131,700.00	\$ 131,700.00	\$ -
Salaries of Secretarial and Clerical Assistants	000-240-105 77,913.00	3,064.64	80,977.64	80,901.61	75.83
Supplies and Materials	000-240-600 9,000.00	(3,263.22)	5,736.78	5,437.01	299.77
Other Objects	000-240-800 2,750.00	(1,052.50)	1,697.50	522.50	1,175.00
Total Undist. Expend. - Support Serv. - School Admin.	<u>215,663.00</u>	<u>4,448.92</u>	<u>220,111.92</u>	<u>218,561.32</u>	<u>1,550.60</u>
Undist. Expend. - Central Services					
Salaries	000-251-100 193,986.00	(137,051.16)	56,934.84	56,934.84	-
Other Employee Benefits	000-251-290 1,950.00	-	1,950.00	1,950.00	-
Purchased Technical Services	000-251-340 13,702.00	10,622.38	24,324.38	24,119.38	205.00
Miscellaneous Purchased Services (400-500 series)	000-251-592 2,000.00	133,833.36	133,833.36	133,833.04	0.32
Supplies and Materials	000-251-600 2,000.00	(886.11)	1,113.89	1,113.89	-
Other Objects	000-251-890 3,000.00	(2,202.75)	797.25	796.75	0.50
Total Undist. Expend. - Central Services	<u>214,638.00</u>	<u>4,315.72</u>	<u>218,953.72</u>	<u>218,747.90</u>	<u>205.82</u>
Undist. Expend. - Admin. Info. Technology					
Salaries	000-252-100 52,982.00	(52,982.00)	-	-	-
Other Objects	000-252-800 750.00	-	750.00	-	750.00
Total Undist. Expend. - Admin. Info. Technology	<u>53,732.00</u>	<u>(52,982.00)</u>	<u>750.00</u>	<u>-</u>	<u>750.00</u>
Undist. Expend. - Allowable Maint. For School Facilities					
Salaries	000-261-100 121,450.00	-	121,450.00	118,450.00	3,000.00
Cleaning, Repair and Maintenance Services	000-261-420 49,363.00	3,355.29	52,718.29	42,157.22	10,561.07
General Supplies	000-261-610 30,050.00	(4,927.79)	25,122.21	19,604.59	5,517.62
Other Objects	000-261-800 1,500.00	9,307.60	10,807.60	8,427.04	2,380.56
Total Undist. Expend. - Allowable Maint. For School Facilities	<u>202,363.00</u>	<u>7,735.10</u>	<u>210,096.10</u>	<u>188,638.85</u>	<u>21,459.25</u>
Undist. Expend. - Custodial Services					
Salaries	000-262-100 292,089.00	(7,700.00)	284,389.00	248,267.23	36,121.77
Other Employee Benefits	000-262-290 5,100.00	(5,100.00)	-	-	-
Cleaning, Repair and Maintenance Services	000-262-420 28,000.00	-	28,000.00	26,899.51	1,100.49
Other Purchased Property Services	000-262-490 5,000.00	-	5,000.00	2,868.45	2,131.55
Insurance	000-262-520 60,250.00	800.00	61,050.00	59,411.00	1,639.00
General Supplies	000-262-610 26,887.00	587.67	27,474.67	21,975.67	5,499.00
Energy (Natural Gas)	000-262-621 75,000.00	-	75,000.00	32,611.31	42,388.69
Energy (Electricity)	000-262-622 107,500.00	-	107,500.00	91,761.27	15,738.73
Other Objects	000-262-800 3,000.00	7,466.00	10,466.00	10,133.60	332.40
Total Undist. Expend. - Custodial Services	<u>602,826.00</u>	<u>(3,946.33)</u>	<u>598,879.67</u>	<u>493,928.04</u>	<u>104,951.63</u>
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	000-263-420 15,500.00	1,572.50	17,072.50	13,685.00	3,387.50
Total Care and Upkeep of Grounds	<u>15,500.00</u>	<u>1,572.50</u>	<u>17,072.50</u>	<u>13,685.00</u>	<u>3,387.50</u>
Undist. Expend. - Student Transportation Serv.					
Contracted Services - Aid in Lieu of Payments	000-270-503 24,570.00	(14,570.00)	10,000.00	9,724.00	276.00
Contracted Services (Between Home and School) - Vendors	000-270-511 58,518.00	-	58,518.00	56,268.00	2,250.00
Contracted Services (Other than Between Home and School) - Vendor	000-270-512 15,000.00	-	15,000.00	3,876.67	11,123.33
Contracted Services (Between Home and School) - Joint Agreements	000-270-513 26,500.00	(5,500.00)	21,000.00	18,483.27	2,516.73
Contracted Services (Special Education Students) - Joint Agreements	000-270-515 139,000.00	-	139,000.00	86,665.36	52,334.64
Total Undist. Expend. - Student Transportation Serv.	<u>263,588.00</u>	<u>(20,070.00)</u>	<u>243,518.00</u>	<u>175,017.30</u>	<u>68,500.70</u>
UNALLOCATED BENEFITS					
Social Security Contributions	000-291-220 128,000.00	(1,268.93)	126,731.07	91,052.60	35,678.47
Other Retirement Contributions - Regular	000-291-241 92,000.00	24,538.00	116,538.00	116,538.00	-
Unemployment Compensation	000-291-250 93,600.00	14,356.00	107,956.00	50,000.00	57,956.00
Workmen's Compensation	000-291-260 57,330.00	-	57,330.00	57,050.00	280.00
Health Benefits	000-291-270 903,948.00	28,655.16	932,603.16	834,330.58	98,272.58
Tuition Reimbursement	000-291-280 27,000.00	-	27,000.00	11,209.60	15,790.40
Other Employee Benefits	000-291-290 136,530.00	(26,766.23)	109,763.77	91,775.74	17,988.03
TOTAL UNALLOCATED BENEFITS	<u>1,438,408.00</u>	<u>39,514.00</u>	<u>1,477,922.00</u>	<u>1,251,956.52</u>	<u>225,965.48</u>
On-behalf TPAF pension Contributions (non-budgeted)				267,094.00	(267,094.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				265,355.10	(265,355.10)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>532,449.10</u>	<u>(532,449.10)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>1,438,408.00</u>	<u>39,514.00</u>	<u>1,477,922.00</u>	<u>1,784,405.62</u>	<u>(306,483.62)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>5,086,043.00</u>	<u>39,470.27</u>	<u>5,125,513.27</u>	<u>5,038,931.18</u>	<u>86,582.09</u>
TOTAL GENERAL CURRENT EXPENSE	<u>8,925,611.00</u>	<u>51,924.67</u>	<u>8,977,535.67</u>	<u>8,803,685.78</u>	<u>173,849.89</u>

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Special Education - Instruction:					
Undistributed Expenditures - Instruction	000-100-730	\$ -	\$ 11,462.00	\$ 11,462.00	\$ -
Undist. Expend.-Support Serv.-Students - Special	000-219-730	4,600.00	4,600.00	4,600.00	4,600.00
Undistributed Expenditures - Operation of Plant Services	000-260-730	24,059.00	24,059.00	24,059.00	-
Total Equipment		<u>40,121.00</u>	<u>40,121.00</u>	<u>35,521.00</u>	<u>4,600.00</u>
TOTAL CAPITAL OUTLAY		<u>-</u>	<u>40,121.00</u>	<u>35,521.00</u>	<u>4,600.00</u>
TOTAL EXPENDITURES		<u>8,925,611.00</u>	<u>92,045.67</u>	<u>9,017,656.67</u>	<u>8,839,206.78</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>11,246.00</u>	<u>(92,045.67)</u>	<u>(80,799.67)</u>	<u>641,824.12</u>
Other Financing Sources (Uses):					
Debt Service Assessment		<u>(10,746.00)</u>	<u>-</u>	<u>(10,746.00)</u>	<u>(10,746.00)</u>
Total Other Financing Sources (Uses)		<u>(10,746.00)</u>	<u>-</u>	<u>(10,746.00)</u>	<u>(10,746.00)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)		<u>500.00</u>	<u>(92,045.67)</u>	<u>(91,545.67)</u>	<u>631,078.12</u>
Fund Balance, July 1		<u>609,298.63</u>	<u>-</u>	<u>609,298.63</u>	<u>609,298.63</u>
Fund Balance, June 30		<u>\$ 609,798.63</u>	<u>\$ (92,045.67)</u>	<u>\$ 517,752.96</u>	<u>\$ 1,240,376.75</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):					
Increase in Capital Reserve	\$ 500.00	-	\$ 500.00	\$ 501,120.25	\$ 500,620.25
Withdrawal from Capital Reserve		-	-	-	-
Adjustment for Prior Year Encumbrances		(92,045.67)	(92,045.67)	(92,045.67)	-
Budgeted Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,003.54</u>	<u>222,003.54</u>
Total	<u>\$ 500.00</u>	<u>\$ (92,045.67)</u>	<u>\$ (91,545.67)</u>	<u>\$ 631,078.12</u>	<u>\$ 722,623.79</u>
Analysis of Fund Balance June 30, 2011:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 19,236.00	
Reserve for Excess Surplus				40,000.00	
Capital Reserve Account				878,639.63	
Assigned Fund Balance:					
Year-end Encumbrances				32,222.32	
Unassigned Fund Balance				<u>270,278.80</u>	
				<u>\$ 1,240,376.75</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Fund Balance June 30, 2011				\$ 1,240,376.75	
Last Two Current Year State Aid Payments Not Realized on GAAP Basis				<u>-</u>	
				<u>\$ 1,240,376.75</u>	

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$ 126,513.00	\$ 4,972.00	\$ 131,485.00	\$ 87,146.89	\$ 44,338.11
Federal Sources	150,770.00	60,101.25	210,871.25	135,003.73	75,867.52
Local Sources	-	-	-	-	-
Total Revenues	<u>\$ 277,283.00</u>	<u>\$ 65,073.25</u>	<u>\$ 342,356.25</u>	<u>\$ 222,150.62</u>	<u>\$ 120,205.63</u>
EXPENDITURES:					
Instruction					
Purchased Professional and Technical Services	\$ -	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ -
Other Purchased Services (400-500 series)	150,770.00	(37,091.00)	113,679.00	53,613.54	60,065.46
General Supplies		35,134.45	35,134.45	33,910.19	1,224.26
Textbooks	12,174.00	(4,330.00)	7,844.00	7,540.65	303.35
Total Instruction	<u>162,944.00</u>	<u>6,713.45</u>	<u>169,657.45</u>	<u>108,064.38</u>	<u>61,593.07</u>
Support Services					
Purchased Professional and Technical Services	14,436.00	(3,270.20)	11,165.80	9,294.00	1,871.80
Purchased Professional - Educational Services	99,903.00	29,376.00	129,279.00	99,792.24	29,486.76
Other Purchased Services (400-500 series)		27,254.00	27,254.00		27,254.00
Supplies and Materials	-	5,000.00	5,000.00	5,000.00	-
Total Support Services	<u>114,339.00</u>	<u>58,359.80</u>	<u>172,698.80</u>	<u>114,086.24</u>	<u>58,612.56</u>
Total Expenditures	<u>277,283.00</u>	<u>65,073.25</u>	<u>342,356.25</u>	<u>222,150.62</u>	<u>120,205.63</u>
Total Outflows	<u>\$ 277,283.00</u>	<u>\$ 65,073.25</u>	<u>\$ 342,356.25</u>	<u>\$ 222,150.62</u>	<u>\$ 120,205.63</u>

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2011**

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1&C-2]	\$ 9,481,030.90	\$ 222,150.62
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		274,059.00	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 9,755,089.90</u>	<u>\$ 222,150.62</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1&C-2]	\$ 8,839,206.78	\$ 222,150.62
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	\$ -		
Net transfers (outflows) to general fund	-	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 8,839,206.78</u>	<u>\$ 222,150.62</u>

OTHER SUPPLEMENTARY INFORMATION

Section D
SCHOOL LEVEL SCHEDULES

Section E
SPECIAL REVENUE FUND

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Special Revenue Fund**

**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011**

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES				
State Sources	\$ 87,146.89	\$ 87,146.89	\$ -	\$ -
Federal Sources	135,003.73	-	135,003.73	-
Local Sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 222,150.62	\$ 87,146.89	\$ 135,003.73	\$ -
EXPENDITURES:				
Instruction:				
Purchased Professional and Technical Services	100-300 \$ 13,000.00	\$ -	\$ 13,000.00	\$ -
Other Purchased Services (400-500 series)	100-500 53,613.54	-	53,613.54	-
General Supplies	100-610 33,910.19	-	33,910.19	-
Textbooks	100-640 7,540.65	7,540.65	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction	108,064.38	7,540.65	100,523.73	-
Support Services:				
Purchased Professional and Technical Services	200-300 9,294.00	9,294.00	-	-
Purchased Professional - Educational Services	200-320 99,792.24	70,312.24	29,480.00	-
Supplies and Materials	200-600 5,000.00	-	5,000.00	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Support Services	114,086.24	79,606.24	34,480.00	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 222,150.62	\$ 87,146.89	\$ 135,003.73	\$ -

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Special Revenue Fund
Combining Schedule of State Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	<u>Total</u>	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Auxiliary Services	N.J. Nonpublic Handicapped Services	N.J. Nonpublic Nursing Services
REVENUES					
State Sources	\$ 87,146.89	\$ 7,540.65	\$ 50,542.69	\$ 19,769.55	\$ 9,294.00
Total State Revenues	<u>\$ 87,146.89</u>	<u>\$ 7,540.65</u>	<u>\$ 50,542.69</u>	<u>\$ 19,769.55</u>	<u>\$ 9,294.00</u>
EXPENDITURES:					
Instruction:					
Textbooks	100-640	\$ 7,540.65	\$ 7,540.65	\$ -	\$ -
Total Instruction		<u>7,540.65</u>	<u>7,540.65</u>		
Support Services:					
Purchased Professional and Technical Services	200-300	9,294.00			9,294.00
Purchased Professional - Educational Services	200-320	<u>70,312.24</u>	<u>50,542.69</u>	<u>19,769.55</u>	<u>-</u>
Total Support Services		<u>79,606.24</u>	<u>-</u>	<u>50,542.69</u>	<u>19,769.55</u>
Total Expenditures		<u>\$ 87,146.89</u>	<u>\$ 7,540.65</u>	<u>\$ 50,542.69</u>	<u>\$ 19,769.55</u>
				<u>\$ 9,294.00</u>	

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Special Revenue Fund**
Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	<u>Total</u>	<u>E.S.E.A.</u>	<u>I.D.E.A. Part B</u>		<u>ARRA I.D.E.A. Part B</u>	
		<u>Title III</u>	<u>Basic</u>	<u>Preschool</u>	<u>Basic</u>	<u>Preschool</u>
REVENUES						
Federal Sources	\$ 135,003.73	\$ 6,723.00	\$ 88,301.54	\$ 6,281.00	\$ 32,187.19	\$ 1,511.00
Total Federal Revenues	<u>\$ 135,003.73</u>	<u>\$ 6,723.00</u>	<u>\$ 88,301.54</u>	<u>\$ 6,281.00</u>	<u>\$ 32,187.19</u>	<u>\$ 1,511.00</u>
EXPENDITURES:						
Instruction:						
100-300 Purchased Professional and Technical Services	\$ 13,000.00	\$ -	\$ 13,000.00	\$ -	\$ -	\$ -
100-500 Other Purchased Services (400-500 series)	53,613.54		47,302.54	4,800.00		1,511.00
100-610 General Supplies	33,910.19	6,723.00	-	-	27,187.19	-
Total Instruction	<u>100,523.73</u>	<u>6,723.00</u>	<u>60,302.54</u>	<u>4,800.00</u>	<u>27,187.19</u>	<u>1,511.00</u>
Support Services:						
200-320 Purchased Professional - Educational Services	29,480.00		27,999.00	1,481.00		
200-600 Supplies and Materials	5,000.00		-	-	5,000.00	
Total Support Services	<u>34,480.00</u>	<u>-</u>	<u>27,999.00</u>	<u>1,481.00</u>	<u>5,000.00</u>	<u>-</u>
Total Expenditures	<u>\$ 135,003.73</u>	<u>\$ 6,723.00</u>	<u>\$ 88,301.54</u>	<u>\$ 6,281.00</u>	<u>\$ 32,187.19</u>	<u>\$ 1,511.00</u>

Section F
CAPITAL PROJECTS FUND

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Year Ended June 30, 2011

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations 6/30/11</u>
			<u>Prior Years</u>	<u>Current Year</u>	
School Addition	9/1/94	\$ 2,850,000.00	\$ 2,523,104.00	\$ -	\$ 326,896.00
Renovation of School	6/15/05	201,773.00	166,125.00	-	35,648.00
Renovation/School Addition	9/27/05	<u>5,812,886.00</u>	<u>5,799,526.00</u>	-	<u>13,360.00</u>
Totals		<u>\$ 8,864,659.00</u>	<u>\$ 8,488,755.00</u>	<u>\$ -</u>	<u>\$ 375,904.00</u>

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2011

REVENUES AND OTHER FINANCING SOURCES

State Sources - SDA Grant	\$ -
Bond Proceeds	-
Lease Purchase Agreement	-
Transfer from capital reserve	-
Transfer from capital outlay	-
Total Revenues	<u>-</u>

EXPENDITURES AND OTHER FINANCING USES

Equipment (73X)	-
Salaries (100)	-
Legal Services (331)	-
Other Purchased Professional and Technical Services (390)	-
Construction Services (450)	-
General Supplies (610)	-
Land and Improvements (710)	-
Lease Purchase Agreements - Principal (721)	-
Buildings other than Lease Purchase Agreements - Principal (722)	-
Other Objects (800)	-
Total Expenditures	<u>-</u>

Excess (deficiency) of revenues over (under) expenditures	-
Fund Balance - July 1	<u>375,904.00</u>
Fund Balance - June 30	<u>\$ 375,904.00</u>

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
School Addition
From Inception and for the Year Ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond Proceeds	2,850,000.00		2,850,000.00	2,850,000.00
Contribution from private sources			-	
Transfer from capital reserve			-	
Transfer from capital outlay	-	-	-	-
Total Revenues	<u>2,850,000.00</u>	<u>-</u>	<u>2,850,000.00</u>	<u>2,850,000.00</u>
EXPENDITURES AND OTHER FINANCING USES				
Equipment (73X)			-	
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)	286,925.65		286,925.65	300,000.00
Construction Services (450)	2,236,178.35		2,236,178.35	2,550,000.00
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)	-	-	-	-
Total Expenditures	<u>2,523,104.00</u>	<u>-</u>	<u>2,523,104.00</u>	<u>2,850,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>326,896.00</u>	<u>-</u>	<u>326,896.00</u>	<u>-</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/1/94			
Bonds Authorized	\$ 2,850,000.00			
Bonds Issued	\$ 2,850,000.00			
Original Authorized Cost	\$ 2,850,000.00			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 2,850,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completed	88.53%			
Original Target Completion Date	9/1/95			
Revised Target Completion Date	9/1/95			

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Renovation of School
From Inception and for the Year Ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SCC Grant	\$ 70,420.00	\$ -	\$ 70,420.00	\$ 70,420.00
Bond Proceeds			-	
Contribution from private sources			-	
Transfer from capital reserve	131,353.00		131,353.00	131,353.00
Transfer from capital outlay	-	-	-	-
Total Revenues	<u>201,773.00</u>	<u>-</u>	<u>201,773.00</u>	<u>201,773.00</u>
EXPENDITURES AND OTHER FINANCING USES				
Equipment (73X)			-	
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)			-	
Construction Services (450)	166,125.00		166,125.00	201,773.00
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)	-	-	-	-
Total Expenditures	<u>166,125.00</u>	<u>-</u>	<u>166,125.00</u>	<u>201,773.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,648.00</u>	<u>-</u>	<u>35,648.00</u>	<u>-</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	SP3740-020-05-2000			
Grant Date	6/15/05			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds issued	N/A			
Original Authorized Cost	\$ 218,922.00			
Additional Authorized Cost	\$ (17,149.00)			
Revised Authorized Cost	\$ 201,773.00			
Percentage Increase over Original Authorized Cost	-7.83%			
Percentage Completed	82.33%			
Original Target Completion Date	3/31/06			
Revised Target Completion Date	3/31/06			

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Renovation/School Addition
From Inception and for the Year Ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SCC Grant	\$ 1,065,886.00	\$ -	\$ 1,065,886.00	\$ 1,065,886.00
Bond Proceeds	4,747,000.00		4,747,000.00	4,747,541.00
Lease Purchase Agreement			-	
Transfer from capital reserve			-	
Transfer from capital outlay	-	-	-	-
Total Revenues	<u>5,812,886.00</u>	<u>-</u>	<u>5,812,886.00</u>	<u>5,813,427.00</u>
EXPENDITURES AND OTHER FINANCING USES				
Equipment (73X)			-	
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)			-	
Construction Services (450)	5,799,526.00		5,799,526.00	5,813,427.00
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)	-	-	-	-
Total Expenditures	<u>5,799,526.00</u>	<u>-</u>	<u>5,799,526.00</u>	<u>5,813,427.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,360.00</u>	<u>-</u>	<u>13,360.00</u>	<u>-</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	SP3740-020-05-1000			
Grant Date	7/29/05			
Bond Authorization Date	9/27/05			
Bonds Authorized	4,747,541.00			
Bonds Issued	4,747,000.00			
Original Authorized Cost	\$ 5,813,427.00			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 5,813,427.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completed	99.76%			
Original Target Completion Date	9/1/05			
Revised Target Completion Date	9/1/06			

Section G
PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

Section H
FIDUCIARY FUND

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

<u>Schools</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary School	\$ 40,635.83	\$ 60,626.20	\$ 56,736.89	\$ 44,525.14
	<u>\$ 40,635.83</u>	<u>\$ 60,626.20</u>	<u>\$ 56,736.89</u>	<u>\$ 44,525.14</u>

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011**

	<u>Balance June 30, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
Payroll Deductions and Withholdings	\$ 19,772.00	\$ 2,492,541.14	\$ 2,504,854.96	\$ 7,458.18
Net Salaries and Wages		3,300,573.56	3,297,326.73	3,246.83
Interfunds Payable	<u>-</u>	<u>1,228.00</u>	<u>1,228.00</u>	<u>-</u>
	<u>\$ 19,772.00</u>	<u>\$ 5,794,342.70</u>	<u>\$ 5,803,409.69</u>	<u>\$ 10,705.01</u>

Section I
LONG – TERM DEBT

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Long - Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2011

Purpose	Date of Issue	Amount of Issue	Annual Maturities of Bonds Outstanding June 30, 2011			Interest Rate	Balance June 30, 2010	Retired Current Year	Balance June 30, 2011
			Date	Amount					
School Improvements	9/1/94	\$ 2,850,000.00	9/1/11	\$ 175,000.00	5.85%	\$ 895,000.00	\$ 170,000.00	\$ 725,000.00	
			9/1/12	180,000.00	5.85%				
			9/1/13	185,000.00	5.85%				
			9/1/14	185,000.00	5.85%				
School Improvements	3/15/06	4,747,000.00	3/15/12	120,000.00	4.00%	4,402,000.00	110,000.00	4,292,000.00	
			3/15/13	130,000.00	4.00%				
			3/15/14	140,000.00	4.00%				
			3/15/15	150,000.00	4.00%				
			3/15/16	300,000.00	4.00%				
			3/15/17	310,000.00	4.00%				
			3/15/18	320,000.00	4.125%				
			3/15/19	330,000.00	4.125%				
			3/15/20	340,000.00	4.125%				
			3/15/21	350,000.00	4.125%				
			3/15/22	350,000.00	4.125%				
			3/15/23	350,000.00	4.125%				
		3/15/24	360,000.00	4.125%					
		3/15/25	370,000.00	4.125%					
		3/15/26	372,000.00	4.125%					
						\$ 5,297,000.00	\$ 280,000.00	\$ 5,017,000.00	

**BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 467,393.00	\$ -	\$ 467,393.00	\$ 467,393.00	\$ -
	<u>467,393.00</u>		<u>467,393.00</u>	<u>467,393.00</u>	<u>-</u>
Total Revenues	<u>467,393.00</u>	<u>-</u>	<u>467,393.00</u>	<u>467,393.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	227,393.00	-	227,393.00	227,392.50	0.50
Redemption of Principal	280,000.00	-	280,000.00	280,000.00	-
Total Regular Debt Service	<u>507,393.00</u>	<u>-</u>	<u>507,393.00</u>	<u>507,392.50</u>	<u>0.50</u>
Total Expenditures	<u>507,393.00</u>	<u>-</u>	<u>507,393.00</u>	<u>507,392.50</u>	<u>0.50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000.00)	-	(40,000.00)	(39,999.50)	0.50
Other Financing Sources:					
Operating Transfers In:					
Interest Earned in Capital Projects Fund	-	-	-	115,013.94	(115,013.94)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(40,000.00)	-	(40,000.00)	75,014.44	(115,013.44)
Fund Balance, July 1	40,000.00	-	40,000.00	40,000.00	-
Fund Balance, June 30	-	-	-	\$ 115,014.44	\$ (115,013.44)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures: Budgeted Fund Balance	<u>\$ (40,000.00)</u>	<u>\$ -</u>	<u>\$ (40,000.00)</u>	<u>\$ 75,014.44</u>	<u>\$ (115,013.44)</u>

STATISTICAL SECTION (UNAUDITED)

GASB requires that ten years of statistical data be presented. Pursuant to State of New Jersey Department of Education requirements issued for the fiscal year ended June 30, 1994, only two years statistical data needed to be presented. Additional year's data will be included each year thereafter until ten years of data is presented.

STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

Debt Capacity

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30,2003.

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**

Exhibit J-1

Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities								
Invested in capital assets, net of related debt	\$ 312,719.90	\$ 842,393.00	\$ 870,535.00	\$ 1,365,375.00	\$ 726,540.00	\$ 122,513.00	\$ -	\$ -
Restricted	1,395,674.55	506,415.00	578,845.00	334,557.00	388,912.00	221,767.00	281,573.00	279,097.00
Unrestricted	141,556.31	160,261.00	19,750.00	404,070.00	273,230.00	30,039.00	10,549.00	(123,117.00)
Total governmental activities net assets	<u>\$ 1,849,950.76</u>	<u>\$ 1,509,069.00</u>	<u>\$ 1,469,130.00</u>	<u>\$ 2,104,002.00</u>	<u>\$ 1,388,682.00</u>	<u>\$ 374,319.00</u>	<u>\$ 292,122.00</u>	<u>\$ 155,980.00</u>
Business-type activities								
Invested in capital assets, net of related debt	2,163.58	12,044.00	10,420.00	8,367.00	6,386.00	2,907.00	20,661.00	15,123.00
Restricted	2,163.58	12,044.00	10,420.00	8,367.00	6,386.00	2,907.00	20,661.00	15,123.00
Total business-type activities net assets	<u>\$ 2,163.58</u>	<u>\$ 12,044.00</u>	<u>\$ 10,420.00</u>	<u>\$ 8,367.00</u>	<u>\$ 6,386.00</u>	<u>\$ 2,907.00</u>	<u>\$ 20,661.00</u>	<u>\$ 15,123.00</u>
District-wide								
Invested in capital assets, net of related debt	\$ 312,719.90	\$ 842,393.00	\$ 870,535.00	\$ 1,365,375.00	\$ 726,540.00	\$ 122,513.00	\$ -	\$ -
Restricted	1,395,674.55	506,415.00	578,845.00	334,557.00	388,912.00	221,767.00	281,573.00	279,097.00
Unrestricted	143,719.89	172,305.00	30,170.00	412,437.00	279,616.00	32,946.00	31,210.00	(107,994.00)
Total district net assets	<u>\$ 1,852,114.34</u>	<u>\$ 1,521,113.00</u>	<u>\$ 1,479,550.00</u>	<u>\$ 2,112,369.00</u>	<u>\$ 1,395,068.00</u>	<u>\$ 377,226.00</u>	<u>\$ 312,783.00</u>	<u>\$ 171,103.00</u>

Source: District records

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**

**Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)**

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Expenses								
Governmental activities								
Instruction								
Regular	\$ 4,081,684.00	\$ 4,218,404.00	\$ 4,182,541.00	\$ 4,082,913.00	\$ 3,903,565.00	\$ 3,578,248.00	\$ 3,519,443.00	\$ 3,479,799.00
Special education	1,026,616.65	1,768,974.00	1,704,522.00	1,376,731.00	1,486,634.00	1,657,106.00	1,537,921.00	1,125,839.00
Other instruction	287,312.98	304,341.00	333,818.00	314,216.00	289,145.00	254,126.00	231,366.00	228,463.00
Support Services:								
Tuition	617,219.24							
Student and instruction related services	1,442,758.97	1,395,107.00	1,295,602.00	1,250,553.00	1,129,599.00	1,056,330.00	832,325.00	960,078.00
School administrative services	297,933.53	651,169.00	587,489.00	719,870.00	577,608.00	531,707.00	503,192.00	485,320.00
Administrative information technology	590,505.94	403,915.00	450,566.00	427,261.00	400,281.00	452,424.00	466,381.00	386,477.00
Plant operations and maintenance	833,398.38	972,473.00	1,150,328.00	945,607.00	810,963.00	845,446.00	734,267.00	823,319.00
Pupil transportation	175,017.30	219,532.00	252,928.00	257,463.00	275,541.00	281,876.00	267,100.00	259,244.00
Special Schools								
Charter Schools	222,779.34	236,808.00	251,178.00	261,705.00	274,832.00	147,544.00	98,976.00	107,048.00
Interest on long-term debt	9,575,228.33	10,170,723.00	10,208,972.00	9,636,319.00	9,148,168.00	8,804,807.00	8,190,971.00	7,855,587.00
Total governmental activities expenses								
Business-type activities:								
Food service	16,934.05	6,269.00	7,114.00	8,003.00	6,631.00	29,613.00	6,929.00	6,568.00
Total business-type activities expense	16,934.05	6,269.00	7,114.00	8,003.00	6,631.00	29,613.00	6,929.00	6,568.00
Total district-wide expenses	9,592,160.38	10,176,992.00	10,216,086.00	9,644,322.00	9,154,799.00	8,834,420.00	8,197,900.00	7,862,155.00
Program Revenues								
Governmental activities								
Charges for services:								
Pupil transportation								
Special Schools				2,759.00	14,550.00	28,250.00	42,375.00	70,880.00
Interest on long-term debt	222,779.34							
Operating grants and contributions	1,099,496.52	1,581,889.00	1,386,417.00	1,687,173.00	1,689,571.00	1,443,851.00	1,353,700.00	1,259,755.00
Capital grants and contributions				539,531.00	509,335.00	77,207.00		
Total governmental activities program revenues	1,322,275.86	1,581,889.00	1,386,417.00	2,229,463.00	2,213,456.00	1,549,308.00	1,396,075.00	1,330,635.00

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Business-type activities:								
Charges for service								
Food service								
Operating grants and contributions								
Total business-type activities program revenues	\$ 7,054.10	\$ 7,893.00	\$ 9,167.00	\$ 9,984.00	\$ 10,110.00	\$ 6,961.00	\$ 6,458.00	\$ 5,738.00
Total district-wide program revenues	7,054.10	7,893.00	9,167.00	9,984.00	10,110.00	4,898.00	6,009.00	4,367.00
	1,329,329.96	1,589,782.00	1,395,584.00	2,239,447.00	2,223,566.00	11,859.00	12,467.00	10,105.00
						1,561,167.00	1,408,542.00	1,340,740.00
Net (Expense)/Revenue								
Governmental activities	(8,252,950.47)	(8,589,834.00)	(8,822,555.00)	(7,406,856.00)	(6,934,712.00)	(7,255,499.00)	(6,794,896.00)	(6,524,952.00)
Business-type activities	(9,879.95)	1,624.00	2,053.00	1,981.00	3,479.00	(17,754.00)	5,538.00	3,937.00
Total district-wide net expense	(8,262,830.42)	(6,967,210.00)	(6,820,502.00)	(5,425,875.00)	(3,455,233.00)	(7,273,253.00)	(6,789,358.00)	(6,521,015.00)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes:								
Property taxes, levied for general purposes	8,353,332.00	8,243,490.00	7,860,283.00	7,832,824.00	7,548,546.00	7,064,588.00	6,748,128.00	6,390,811.00
Federal and State aid not restricted	244,613.66							
Tuition (other than special schools)	252,586.00	99,765.00	125,626.00	140,611.00	121,710.00	122,529.00	122,128.00	101,790.00
Investment earnings	126,989.48	20,243.00	23,414.00	110,786.00	275,151.00	113,131.00	38,074.00	32,039.00
Miscellaneous income	259,850.46	266,666.00	178,360.00	37,955.00	3,668.00	37,448.00	22,708.00	1,725.00
Special item - proceeds from sale of assets								
Debt Service Assessment	(10,746.00)							
Adjustment to Capital Assets	(540,749.00)							
Lease-Purchase Agreement Canceled								
N.J. School Development Authority grants								
Transfers								
Total governmental activities	8,665,876.60	8,630,164.00	8,187,683.00	8,122,176.00	7,949,075.00	7,337,696.00	6,931,038.00	6,526,365.00
Business-type activities:								
Investment earnings								
Miscellaneous income								
Transfers		(1,391.00)						218.00
Total business-type activities		(1,391.00)						218.00
Total district-wide general revenues	8,665,876.60	8,628,773.00	8,187,683.00	8,122,176.00	7,949,075.00	7,337,696.00	6,931,038.00	6,526,583.00
Change in Net Assets								
Governmental activities	432,926.13	41,330.00	(634,872.00)	715,320.00	1,014,363.00	82,197.00	136,142.00	1,413.00
Business-type activities	(9,879.95)	233.00	2,053.00	1,981.00	3,479.00	(17,754.00)	5,538.00	3,755.00
Total district-wide change in net assets	\$ 423,046.18	\$ 41,563.00	\$ (632,819.00)	\$ 717,301.00	\$ 1,017,842.00	\$ 64,443.00	\$ 141,680.00	\$ 5,168.00

Source: District records

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Fund Balances - Governmental Funds,
Last Eight Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
General Fund								
Restricted	\$ 937,875.63	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	32,222.32							
Unassigned	270,278.80							
Reserved		250,801.00	182,330.00	227,400.00	218,806.00	58,512.00	225,192.00	129,097.00
Unreserved		84,438.00	35,175.00	357,881.00	233,236.00	141,004.00	128,435.00	62,609.00
Total general fund	\$ 1,240,376.75	\$ 335,239.00	\$ 217,505.00	\$ 585,281.00	\$ 452,042.00	\$ 199,516.00	\$ 353,627.00	\$ 191,706.00
All Other Governmental Funds								
Restricted, reported in:								
Capital projects fund	\$ 375,904.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	115,014.44							
Assigned, reported in:								
Capital projects fund		326,896.00	346,727.00	57,435.00	2,723,701.00	106,804.00	579,039.00	625,574.00
Reserved								
Unreserved, reported in:								
Special revenue fund		181,053.00	234,764.00	808,950.00	519,624.00	5,091,682.00	75,001.00	75,000.00
Capital projects fund								
Debt service fund								
Total all other governmental funds	\$ 490,918.44	\$ 507,949.00	\$ 581,491.00	\$ 866,385.00	\$ 3,243,325.00	\$ 5,198,486.00	\$ 654,040.00	\$ 700,574.00
Total Fund Balances	\$ 1,731,295.19	\$ 843,188.00	\$ 798,996.00	\$ 1,451,666.00	\$ 3,695,367.00	\$ 5,398,002.00	\$ 1,007,667.00	\$ 892,280.00

Source: District records

BOARD OF EDUCATION
BOROUGH OF MORWOOD

Changes in Fund Balances - Governmental Funds,
Last Eight Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues								
Tax levy	8,820,725.00	\$ 8,243,490.00	\$ 7,860,283.00	\$ 7,892,824.00	\$ 7,548,546.00	\$ 7,064,588.00	\$ 6,748,129.00	\$ 6,390,811.00
Tuition charges				2,759.00	14,550.00	28,250.00	42,375.00	70,860.00
Transportation fees	126,989.48	20,243.00	23,414.00	110,786.00	275,151.00	113,131.00	38,074.00	32,039.00
Interest earnings	259,850.46	266,666.00	178,360.00	37,955.00	3,668.00	13,001.00	14,561.00	1,725.00
Miscellaneous	1,217,078.79	1,361,924.00	1,313,589.00	2,179,966.00	2,148,272.00	1,488,040.00	1,310,248.00	1,213,427.00
State sources	135,003.73	319,730.00	198,454.00	180,105.00	172,344.00	155,547.00	165,580.00	148,118.00
Federal sources								
Total revenues	10,559,647.46	10,212,053.00	9,574,100.00	10,344,395.00	10,162,531.00	8,862,557.00	8,319,966.00	7,857,000.00
Expenditures								
Instruction								
Regular instruction	2,882,467.41	3,936,807.00	3,872,881.00	3,958,055.00	3,772,401.00	3,479,388.00	3,399,661.00	3,478,094.00
Special education instruction	776,927.23	1,767,502.00	1,711,364.00	1,375,338.00	1,494,394.00	1,660,009.00	1,532,915.00	1,133,374.00
Other instruction	213,424.34	304,341.00	333,818.00	314,216.00	285,323.00	254,527.00	231,366.00	228,463.00
Support Services:								
Tuition	617,219.24							
Student and instruction related services	1,158,032.04	1,393,406.00	1,288,772.00	1,239,920.00	1,118,966.00	1,053,933.00	824,789.00	953,134.00
School administrative services	218,561.32	324,858.00	296,616.00	299,172.00	293,423.00	265,700.00	251,092.00	248,722.00
General and business administrative services	503,530.01	720,504.00	731,398.00	840,303.00	676,610.00	708,676.00	710,395.00	613,535.00
Plant operations and maintenance	696,251.89	964,638.00	1,151,164.00	932,542.00	797,608.00	839,351.00	728,869.00	707,874.00
Pupil transportation	175,017.30	219,532.00	252,928.00	257,463.00	275,541.00	281,876.00	267,100.00	259,244.00
Employee benefits	1,784,405.62							
Special Schools								
Charter Schools								
Capital outlay	35,521.00	28,690.00	83,531.00	2,869,376.00	2,647,068.00	437,334.00	15,709.00	2,865.00
Debt service:								
Principal	280,000.00	265,000.00	250,000.00	235,000.00	225,000.00	145,000.00	140,000.00	135,000.00
Interest and other charges	227,392.50	241,192.00	254,298.00	266,711.00	278,632.00	93,418.00	101,683.00	109,658.00
Total expenditures	9,568,749.90	10,166,470.00	10,226,770.00	12,588,096.00	11,865,166.00	9,219,222.00	8,203,579.00	7,869,963.00
Excess (Deficiency) of revenues over (under) expenditures	990,897.56	45,583.00	(652,670.00)	(2,243,701.00)	(1,702,635.00)	(356,665.00)	115,387.00	(12,963.00)

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Changes in Fund Balances - Governmental Funds,
Last Eight Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30							
	2011	2010	2009	2008	2007	2006	2005	2004
Other Financing sources (uses)								
Capital leases (non-budgeted)								
Debt Service Assessment	(10,746.00)							
Lease-Purchase Agreements								
N. J. Economic Development Authority Grants						4,747,000.00		
Serial Bond Proceeds						274,401.00	75,001.00	75,000.00
Transfers in	115,013.94	26,163.00	13,837.00	84,173.00	238,414.00	(274,401.00)	(75,001.00)	(75,000.00)
Transfers out	(115,013.94)	(27,554.00)	(13,837.00)	(84,173.00)	(238,414.00)	4,747,000.00	(75,001.00)	(75,000.00)
Total other financing sources (uses)	(10,746.00)	(1,391.00)	-	-	-	-	-	-
Net change in fund balances	\$ 980,151.56	\$ 44,192.00	\$ (652,670.00)	\$ (2,243,701.00)	\$ (1,702,635.00)	\$ 4,390,335.00	\$ 115,387.00	\$ (12,963.00)
Debt service as a percentage of noncapital expenditures	5.32%	4.99%	4.97%	5.16%	5.46%	2.71%	2.95%	3.11%

Source: District records

BOARD OF EDUCATION
BOROUGH OF NORWOOD

General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Total</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Interest</u>	<u>Summer</u> <u>Enrichment</u>	<u>Rentals</u>	<u>Health Benefits</u> <u>Rebate</u>	<u>Pre-School</u> <u>Inclusion Fees</u>	<u>Miscellaneous</u>
2002	\$ 99,190.00	\$ 79,527.00		\$ 17,723.00					\$ 1,940.00
2003	101,746.00	75,288.00		3,619.00					22,839.00
2004	73,635.00	70,880.00		1,030.00					1,725.00
2005	66,544.00	42,375.00		9,608.00					14,561.00
2006	62,884.00	28,250.00		21,633.00					13,001.00
2007	54,955.00	14,550.00		36,737.00					3,668.00
2008	67,327.00	2,759.00		26,613.00					37,955.00
2009	187,937.00			9,577.00		147,000.00			31,360.00
2010	274,277.00			9,611.00		214,880.00			49,786.00
2011	271,826.00			11,975.54		259,320.00			530.46

Source: District records

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2002	\$ 10,802,100	\$ 583,726,600	\$ 23,600	\$ 37,778,400	\$ 50,562,700	\$ 9,573,800	\$ 692,467,200	\$ 957,396	\$ 693,424,596	\$ 890,332,171	0.653
2003	10,398,700	588,435,700	23,600	37,561,400	50,034,000	9,573,800	696,027,200	911,079	696,938,279	968,018,485	0.779
2004	9,382,400	609,796,200	23,600	36,959,100	50,184,000	9,573,800	715,919,100	807,586	716,726,686	1,087,510,379	0.796
2005	7,983,000	620,563,200	23,600	37,222,200	50,865,200	9,573,800	726,231,000	688,386	726,919,386	1,245,726,960	0.810
2006	8,864,700	628,154,000	23,600	36,414,200	51,309,300	9,573,800	734,339,600	776,182	735,115,782	1,496,071,641	0.833
2007	7,443,800	634,462,200	23,600	37,110,200	55,799,600	9,573,800	744,413,200	693,146	745,106,346	1,520,178,366	0.892
2008	12,893,600	1,273,609,500	44,300	78,306,000	102,148,800	17,510,200	1,484,512,400	1,477,760	1,485,990,160	1,538,782,365	0.475
2009	11,621,100	1,274,524,800	44,300	74,496,700	102,148,800	17,510,200	1,480,345,900	1,777,913	1,482,123,813	1,580,947,764	0.489
2010	10,724,900	1,280,449,400	44,300	72,587,800	100,927,500	17,510,200	1,482,244,100	1,664,055	1,483,908,155	1,507,062,584	0.489
2011	6,542,400	987,650,800	44,300	70,677,800	98,608,900	17,529,800	1,181,054,000	1,288,727	1,182,342,727	1,281,719,006	0.585

Source: Municipal Tax Assessor

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited**

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County		
2002	1.485	-	1.485	0.617	0.278	2.380	
2003	1.669	-	1.669	0.658	0.273	2.600	
2004	1.692	0.034	1.726	0.656	0.288	2.670	
2005	1.755	0.033	1.788	0.673	0.299	2.760	
2006	1.828	0.032	1.860	0.696	0.314	2.870	
2007	1.834	0.068	1.902	0.728	0.360	2.990	
2008	0.970	0.034	1.004	0.393	0.193	1.590	
2009	0.998	0.034	1.032	0.419	0.205	1.656	
2010	1.028	0.034	1.062	0.463	0.200	1.725	
2011	1.273	0.021	1.294	0.615	0.224	2.133	

Source: Municipal Tax Collector

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**

**Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited**

Fiscal Year Ended June 30,	2011		2001	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Buckingham at Norwood Real Estate	\$ 23,000,000	1.95%		
Norwood Assoc. II	17,529,800	1.48%		
Alfred Sanzari	7,559,600	0.64%		
Livingston 535	6,400,700	0.54%		
355 Chestnut Street	5,499,600	0.47%		
Levingal Realty	4,199,900	0.36%		
Norwood Proj, LLC	4,093,200	0.35%		
Alsan Realty Company, LLC	3,647,600	0.31%		
Ghia, Joyce, Robt, JMS NIP	3,602,200	0.30%		
Mitsui Foods	3,314,100	0.28%		
Total	\$ 78,846,700	6.67%	-	0.00%

Source: Municipal Tax Assessor

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 15,628,496	\$ 15,347,230	98.20%	\$ -	\$ 15,347,230	98.20%
2002	16,575,915	16,324,615	98.48%	-	16,324,615	98.48%
2003	18,374,971	18,087,484	98.43%	297,443	18,384,927	100.05%
2004	19,350,024	19,034,022	98.36%	294,825	19,328,847	99.89%
2005	20,244,931	20,018,942	98.88%	216,270	20,235,212	99.95%
2006	21,220,840	20,921,465	98.58%	285,583	21,207,048	99.93%
2007	22,409,765	22,058,350	98.43%	354,488	22,412,838	100.01%
2008	23,651,903	23,205,725	98.11%	333,504	23,539,229	99.52%
2009	24,597,704	24,141,580	98.14%	416,895	24,558,475	99.84%
2010	25,597,421	25,022,879	97.75%		25,022,879	97.75%

Source: Municipal Tax Collector

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2002	\$ -		\$ -	\$ -		\$ -	0.00%	-	
2003							0.00%	-	
2004	1,810,000					1,810,000	1.02%	295	
2005	1,670,000					1,670,000	0.92%	272	
2006	6,272,000			541.00		6,272,541	3.39%	1,022	
2007	6,047,000			541.00		6,047,541	3.20%	983	
2008	5,812,000			541.00		5,812,541	3.00%	940	
2009	5,562,000			541.00		5,562,541	2.80%	896	
2010	5,297,000			541.00		5,297,541	2.26%	860	
2011	5,017,000			541.00		5,017,000	2.10%	815	

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ -		\$ -	0.00%	\$ -
2003			-	0.00%	-
2004	1,810,000		1,810,000	0.25%	295
2005	1,670,000		1,670,000	0.23%	272
2006	6,272,000		6,272,000	0.85%	1,022
2007	6,047,000		6,047,000	0.81%	983
2008	5,812,000		5,812,000	0.39%	940
2009	5,562,000		5,562,000	0.38%	896
2010	5,297,000		5,297,000	0.36%	860
2011	5,017,000		5,017,000	0.42%	815

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**

**Direct and Overlapping Governmental Activities Debt
As of December 31, 2010
Unaudited**

Net Direct Debt of School District as of December 31, 2010		\$	5,127,000
Net Overlapping Debt of School District: Borough of Norwood (100%)			
Northern Valley Regional School District		\$	7,945,036
County of Bergen - Borough's share of \$730,825,490 at December 31, 2010 (.82169%)			2,873,816
Bergen County Utilities Authority - Water Pollution Control System - Borough's share of \$268,704,631 at December 31, 2010 (.00795)			6,005,120
			2,136,775
Total Direct and Overlapping Bonded Debt as of December 31, 2010			<u>18,960,747</u>
		\$	<u>24,087,747</u>

Source: Borough of Norwood Chief Financial Officer and Bergen County Treasurer's Office.

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**

**Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2008	1,579,604,597
2009	1,499,540,012
2010	1,378,703,469
	<u>\$ 4,457,848,078</u>
Average equalized valuation of taxable property	<u>\$ 1,485,949,359</u>

Debt limit (4 % of average equalization value)	59,437,974
Total Net Debt Applicable to Limit	<u>5,017,000</u>
Legal debt margin	<u>\$ 54,420,974</u>

	Fiscal Year				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 38,270,368	\$ 42,524,470	\$ 45,870,130	\$ 45,912,575	\$ 59,437,974
Total net debt applicable to limit	<u>6,047,541</u>	<u>5,812,541</u>	<u>5,562,541</u>	<u>5,297,541</u>	<u>5,017,000</u>
Legal debt margin	<u>\$ 32,222,827</u>	<u>\$ 36,711,929</u>	<u>\$ 40,307,589</u>	<u>\$ 40,615,034</u>	<u>\$ 54,420,974</u>
Total net debt applicable to the limit as a percentage of debt limit	15.80%	13.67%	12.13%	11.54%	8.44%

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 21,984,212	\$ 24,319,302	\$ 26,574,704	\$ 29,431,850	\$ 32,988,488
Total net debt applicable to limit	<u>2,075,000</u>	<u>1,945,000</u>	<u>1,810,000</u>	<u>1,670,000</u>	<u>6,272,541</u>
Legal debt margin	<u>\$ 19,909,212</u>	<u>\$ 22,374,302</u>	<u>\$ 24,764,704</u>	<u>\$ 27,761,850</u>	<u>\$ 26,715,947</u>
Total net debt applicable to the limit as a percentage of debt limit	9.44%	8.00%	6.81%	5.67%	19.01%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2002	6,100	\$ 169,758,995	\$ 27,829	0.0%
2003	6,107	173,352,876	28,386	0.0%
2004	6,138	177,717,497	28,954	0.0%
2005	6,147	181,537,641	29,533	4.0%
2006	6,137	184,867,160	30,123	4.2%
2007	6,153	189,056,117	30,726	3.8%
2008	6,182	193,746,110	31,340	4.9%
2009	6,210	198,516,113	31,967	8.8%
2010	6,158	234,385,796	38,062	9.0%
2011	6,158 (Est.)	239,073,512	38,823 (Est.)	

Sources:

Population information provided by the NJ Dept of Labor and Workforce Development
 Personal income has been estimated based upon the municipal population and per capita personal income presented
 Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
 Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	2011		2001		Percentage of Total Municipal Employment	Rank [Optional]	Percentage of Total Municipal Employment
	Employees	Rank [Optional]	Employees	Rank [Optional]			
	0		0		0.00%		0.00%
						Not Available	Not Available

Source: _____

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular					43	42	42	46	46	46
Special education					13	10	10	13	13	13
Other instruction					8	9	9	11	11	11
Support Services:										
Student and instruction related services					5	5	5	5	5	5
General administrative services					2	2	2	2	2	2
School administrative services					3	3	3	4	4	3
Other administrative services					3	3	3	3	3	3
Central Services										
Administrative information technology										
Plant operations and maintenance					7	7	8	8	8	7
Pupil transportation										
Other support services										
Total	0	0	0	0	83.25	80	81.5	91.5	91.5	89

Source: District Personnel Records

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Pupil/Teacher Ratio					Teaching Staff	Percentage Change	Cost Per Pupil	Operating Expenditures	Enrollment	Average Daily Enrollment (ADE)	Senior High School	Elementary	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
	Elementary	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment											
2001						58	#DIV/0!	9,790	6,588,948	673	639.0			614.7	#DIV/0!	96.20%
2002						61	3.96%	10,178	6,860,120	674	646.6			618.8	1.19%	95.70%
2003						61	8.11%	11,003	7,262,145	660	636.7			609.8	-1.53%	95.78%
2004						58	6.09%	11,673	7,622,440	653	618.5			592.0	-2.86%	95.72%
2005						57	4.89%	12,244	7,946,187	649	656.6			628.3	6.16%	95.69%
2006						57	8.18%	13,246	8,543,470	645	644.9			622.5	-1.78%	96.53%
2007						56	2.32%	13,553	8,714,466	643	643.4			619.6	-0.23%	96.30%
2008						57	7.27%	14,538	9,217,009	634	631.6			605.5	-1.83%	95.87%
2009						54	4.41%	15,179	9,638,941	635	633.6			607.1	0.32%	95.82%
2010						54	1.53%	15,411	9,631,588	625	623.5			598.2	-1.59%	95.94%
2011						55	1.25%	15,604	9,025,836	623	621.4			597.1	-0.34%	96.09%

Source: District records

Note: Enrollment based on annual October district count.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

School Building Information
Last Ten Fiscal Years
Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>										
Elementary										
Elementary School (K-5)	71,522	71,522	71,522	71,522	71,522	71,522	71,522	82,891	82,891	82,891
Square Feet										
Capacity (students)	674	660	653	649	645	643	634	635	625	623
Enrollment										
<u>Other</u>										
Square Feet	4,176	4,176	4,176	4,176	4,176	4,176	4,176	-	-	-

Number of Schools at June 30, 2011
Elementary K-5 = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

Undistributed Expenditures--Required
Maintenance for School Facilities
11-000-261-xxx

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary School	\$ 188,639	\$ 174,372	\$ 184,670	\$ 176,492	\$ 165,806	\$ 192,930	\$ 155,511	\$ 169,690	\$ 123,004	\$ 160,374
Administrative Building				3,602	3,384	3,937	2,588	3,250	1,718	3,273
District Total	\$ 188,639	\$ 174,372	\$ 184,670	\$ 180,094	\$ 169,190	\$ 196,867	\$ 158,099	\$ 172,940	\$ 124,722	\$ 163,647

*School facilities as defined under EFCFA.
(N.J.A.C.6A:26-1.2 and N.J.A.C.6A:26A-1.3)

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**

**Insurance Schedule
As of June 30, 2011
Unaudited**

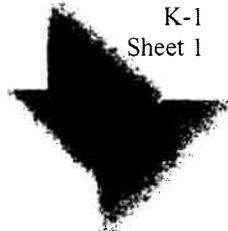
	<u>Coverage</u>	<u>Deductible</u>
Northeast Bergen County School Board Insurance Group:		
Selective Way Insurance Company:		
Property - Blanket Building & Contents	\$ 17,359,979	\$ 5,000
Boiler and Machinery	250,000	5,000
Comprehensive General Liability	2,000,000	
Employee Benefits Liability	1,000,000	1,000
Environmental Legal Liability	3,000,000	15,000
Commercial Automobile Liability	1,000,000	1,000/1,000
Star Insurance Company:		
Workers' Compensation (Employer's Liability)	1,000,000	
Ace American Insurance Company:		
School Board Legal Liability	1,000,000	
American Alternatives Insurance Company:		
Commercial Umbrella Liability	9,000,000	10,000
Fireman's Fund Insurance Company:		
Excess Liability (Excess of 10,000,000)	50,000,000	
Selective Insurance Company of America:		
Employee Dishonesty	100,000	5,000
Surety Bonds:		
Treasurer of School Moneys	200,000	

Source: District records.

Single Audit Section



T. M. Vrabel & Associates, LLC
Accountants and Auditors



K-1
Sheet 1

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA

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 President
Members of the Board of Education
Borough of Norwood School District
County of Bergen, New Jersey

We have audited the basic financial statements of the Borough of Norwood School District as of and for the year ended June 30, 2011, and have issued our report thereon dated October 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Norwood School District'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, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Norwood School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Norwood School District'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.

170 East Main Street
P.O. Box 541
Denville, NJ 07834
973-625-2920 Fax: 973-625-8733
Email: tmvrabeldvc@optonline.net

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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 School District's financial statements 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 Governmental Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey

This report is intended solely for the information and use of management, the Borough of Norwood School District and the New Jersey Department of Education and other state and 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.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

October 5, 2011

T. M. Vrabel & Associates, LLC
Accountants and Auditors

K-2
Sheet 1

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President
Members of the Board of Education
Borough of Norwood School District
County of Bergen, New Jersey

Compliance

We have audited the compliance of the Borough of Norwood School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2011. Borough of Norwood School District major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Borough of Norwood School District's management. Our responsibility is to express an opinion on Borough of Norwood School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey Office of Management and Budget Circular Letter 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Borough of Norwood School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Borough of Norwood School District's compliance with those requirements.

170 East Main Street
P.O. Box 541
Denville, NJ 07834
973-625-2920 Fax: 973-625-8733
Email: tmvrabeldvc@optonline.net

In our opinion, the Board of Education of the Borough of Norwood School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Borough of Norwood School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Borough of Norwood School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Norwood School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Norwood School District's internal control over compliance.

A *deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Borough of Norwood School District, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

October 5, 2011

**BOARD OF EDUCATION
BOROUGH OF NORWOOD**

**Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2011 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable	Encumbrances				
						Total							
U.S. Department of Education Passed - Through State Department of Education:													
E.S.E.A. Title III	84.365A	9/1/10-8/31/11	6,723.00			6,723.00	6,723.00						
I.D.E.A. Part B, Basic	84.027A	9/1/10-8/31/11	160,558.00			68,634.00	88,301.54			(19,467.54)			
I.D.E.A. Part B, Basic	84.027A	9/1/09-8/31/10	166,286.00	(7,483.00)		7,483.00							
I.D.E.A. Part B, Preschool	84.173A	9/1/10-8/31/11	8,147.00			5,563.00	6,281.00			(718.00)			
I.D.E.A. Part B, Preschool	84.173A	9/1/09-8/31/10	7,986.00	(599.00)		599.00							
ARRA I.D.E.A., Basic	84.391	7/1/09-8/31/11	166,946.00			32,129.00	32,187.19			(58.19)			
ARRA I.D.E.A., Preschool	84.392	7/1/09-8/31/11	6,044.00			-	1,511.00			(1,511.00)			
Total U.S. Department of Education				(8,082.00)		121,331.00	135,003.73			(21,754.73)			
Total Federal Financial Assistance				\$ (8,082.00)	\$ -	\$ 121,331.00	\$ 135,003.73	\$ -	\$ -	\$ (21,754.73)	\$ -	\$ -	\$ -

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Total	Repayment of Prior Years' Balance	Accounts Receivable	Deferred Revenue	Due to Sponsor
							Disbursements	Accounts Payable	Encumbrances					
General Funds:														
Categorical Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 69,446.00	\$ (21,178.00)	\$ -	\$ 21,178.00	\$ -	\$ -	\$ 166,422.00	\$ -	\$ -	\$ -	\$ -	\$ -
Categorical Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	166,422.00	22,470.22 (1)	143,951.78	166,422.00	-	-	-	-	-	-	-	-
Categorical Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	336,448.00	(295.00)	295.00	336,448.00	-	-	-	-	-	-	-	-
Categorical Security Aid	10-495-034-5120-084	7/1/09-6/30/10	43,865.00	(11,992.00)	11,992.00	43,865.00	-	-	153,570.00	-	(153,570.00)	-	-	-
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	153,570.00	(240,595.00)	240,595.00	153,570.00	-	-	3,431.80	-	(3,431.80)	-	-	-
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	240,595.00	3,431.80	3,431.80	240,595.00	-	-	265,355.10	-	(19,548.88)	-	-	-
Non-Public Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	4,626.00	(4,626.00)	4,626.00	4,626.00	-	-	267,094.00	-	(176,550.88)	-	-	-
Non-Public Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	4,626.00	-	-	4,626.00	-	-	855,872.90	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	267,094.00	-	-	267,094.00	-	-	-	-	-	-	-	-
On-Behalf TPAF Pension Contributions	11-495-034-5095-001	7/1/10-6/30/11	267,094.00	-	-	267,094.00	-	-	-	-	-	-	-	-
Total General Funds				<u>(278,686.00)</u>	<u>22,470.22</u>	<u>935,538.00</u>			<u>855,872.90</u>		<u>(176,550.88)</u>			
Special Revenue Funds:														
New Jersey Nonpublic Aid:														
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	7,844.00	-	7,844.00	7,844.00	-	-	7,540.65	-	-	-	-	303.35
Auxiliary Services:														
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	49,566.00	-	49,566.00	49,566.00	-	-	43,370.58	-	-	-	-	6,195.42
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	36,852.00	2,116.00	(2,116.00) (1)	49,566.00	-	-	-	-	-	-	-	-
English as a Second Language	11-100-034-5120-067	7/1/10-6/30/11	21,346.00	-	21,346.00	21,346.00	-	-	7,172.11	-	-	-	-	14,173.89
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	15,952.00	5,294.22	(5,294.22) (1)	21,346.00	-	-	-	-	-	-	-	-
Handicapped Services:														
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	20,413.00	-	20,413.00	20,413.00	-	-	9,726.95	-	-	-	-	10,686.05
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	19,741.00	5,332.00	(5,332.00) (1)	20,413.00	-	-	-	-	-	-	-	-
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	7,041.00	-	7,041.00	7,041.00	-	-	2,816.38	-	-	-	-	2,937.62
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	12,016.00	7,180.00	(7,180.00) (1)	7,041.00	-	-	-	-	-	-	-	-
Supplementary Instruction	11-100-034-5120-066	7/1/10-6/30/11	15,981.00	-	15,981.00	15,981.00	-	-	7,226.22	-	-	-	-	8,754.78
Supplementary Instruction	10-100-034-5120-066	7/1/09-6/30/10	15,929.00	2,548.00	(2,548.00) (1)	15,981.00	-	-	-	-	-	-	-	-
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	9,294.00	-	9,294.00	9,294.00	-	-	9,294.00	-	-	-	-	-
Nursing Services	10-100-034-5120-070	7/1/09-6/30/10	9,294.00	-	-	9,294.00	-	-	-	-	-	-	-	-
Total Special Revenue Funds				<u>22,470.22</u>	<u>(22,470.22)</u>	<u>130,198.00</u>			<u>87,146.89</u>					<u>43,051.11</u>
Capital Project Funds:														
N.J. Schools Development Authority Grant	3740-020-05-1000		1,065,866.00	(207,847.77)	-	-	-	-	-	-	(207,847.77)	-	-	-
Total Capital Project Funds				<u>(207,847.77)</u>							<u>(207,847.77)</u>			
Total All Funds				<u>\$ (464,063.55)</u>	<u>\$ -</u>	<u>\$ 1,065,736.00</u>			<u>\$ 943,019.79</u>		<u>\$ -</u>			<u>\$ 43,061.11</u>

(1) Reallocated

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION
BOROUGH OF NORWOOD
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Borough of Norwood School District Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent year due to the state deferral and recording of the state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more deferred June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION
BOROUGH OF NORWOOD
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$274,059.00 for the general fund and \$ -0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -0-	\$ 1,129,931.90	\$ 1,129,931.90
Special Revenue Fund	<u>135,003.73</u>	<u>871,146.89</u>	<u>222,150.62</u>
Total Awards and Financial Assistance	<u>\$ 135,003.73</u>	<u>\$ 1,217,078.79</u>	<u>\$ 1,352,082.52</u>

Note 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits and the normal and accrued liability pension costs for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

BOARD OF EDUCATION
BOROUGH OF NORWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditor’s report issued: Unqualified
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified? yes X no
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported
- C) Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section - Not Applicable

BOARD OF EDUCATION
BOROUGH OF NORWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results (Continued)

State Financial Assistance Section

- F) Dollar threshold used to determine Type A Programs \$ 300,000.00
- K) Auditee qualified as low-risk auditee? _____yes X no
- L) Type of auditor’s report on compliance for major programs. Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? _____yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____yes X none reported
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? _____yes X no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
11-495-034-5095-002	Reimbursed TPAF Social Security Contributions
11-495-034-5120-089	Special Education Aid

BOARD OF EDUCATION
BOROUGH OF NORWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION
BOROUGH OF NORWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

Not Applicable

STATE FINANCIAL ASSISTANCE

Not Applicable

BOARD OF EDUCATION
BOROUGH OF NORWOOD
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2011

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

Not Applicable