COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Borough of Norwood Board of Education
Norwood, New Jersey

For the Fiscal Year Ended June 30, 2014

Prepared by

Borough of Norwood Board of Education
Finance Department

BOARD OF EDUCATION
BOROUGH OF NORWOOD SCHOOL DISTRICT

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Introductory Section

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

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

Mr. Herbert Ammerman
Superintendant/Prinipal

Louise Anne Napolitano
School Business Administrator

October 1, 2014

Mr. Michael Sprague, 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, 2014, 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 five sections: (1) the introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. (2) The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. (3) The supplementary schedules provide insight into the public school fiscal year. (4) The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. (5) The single audit section of this report includes conformity with the provisions of the Single Audit Act of 1996 and the US Office of Management and Budget Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The single audit section of this report includes the auditors' reports on the internal controls structure, compliance with applicable laws, regulations, findings and recommendations.

1. <u>REPORTING ENTITY AND ITS SERVICES:</u>

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 2013-2014 fiscal year with an enrollment of 585 which is a decrease of 5 students from the previous

year's enrollment or a change of 0.8%. The following details the changes in the student enrollment of the District over the last ten years.

Enrollment Increase/Decrease

Fiscal Year	Student Enrollment	Percent Change
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	623	0.0%
2011-2012	607	(2.88)%
2012-2013	580	(4.4%)
2013-2014	585	.8%

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 thoughout 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 2012-2013 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. DEBT ADMINISTRATION:

On November 30, 1994, the voters approved a referendum for $2,850,000 for the construction of an addition to the Norwood Public School including the acquisition and installation of equipment and furnishings. On September 8, 1994, the district funded the referendum with a $2,850,000 bond sale. The District has $185,000 in serial bonds as of June 30, 2014.

On November 30, 2006, the voters approved a referendum for $4,747,000 to be used to construct additions, alterations and renovations of Norwood Elementary School, including the acquisition and installation of furnishings and equipment and site work. The total cost of the project was $5,813,427 and the Board received a grant from the State of New Jersey in the amount of $1,065,886. The local share

was be funded through the issuance of the Bonds and the remaining $541 was available through other funds of the Board. On March 22, 2006, the district funded the referendum with a $4,747,000 bond sale. The District has $3,902,000 in serial bonds as of June 30, 2014.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statue 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.

9. 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.

10. INDEPENDENT AUDIT:

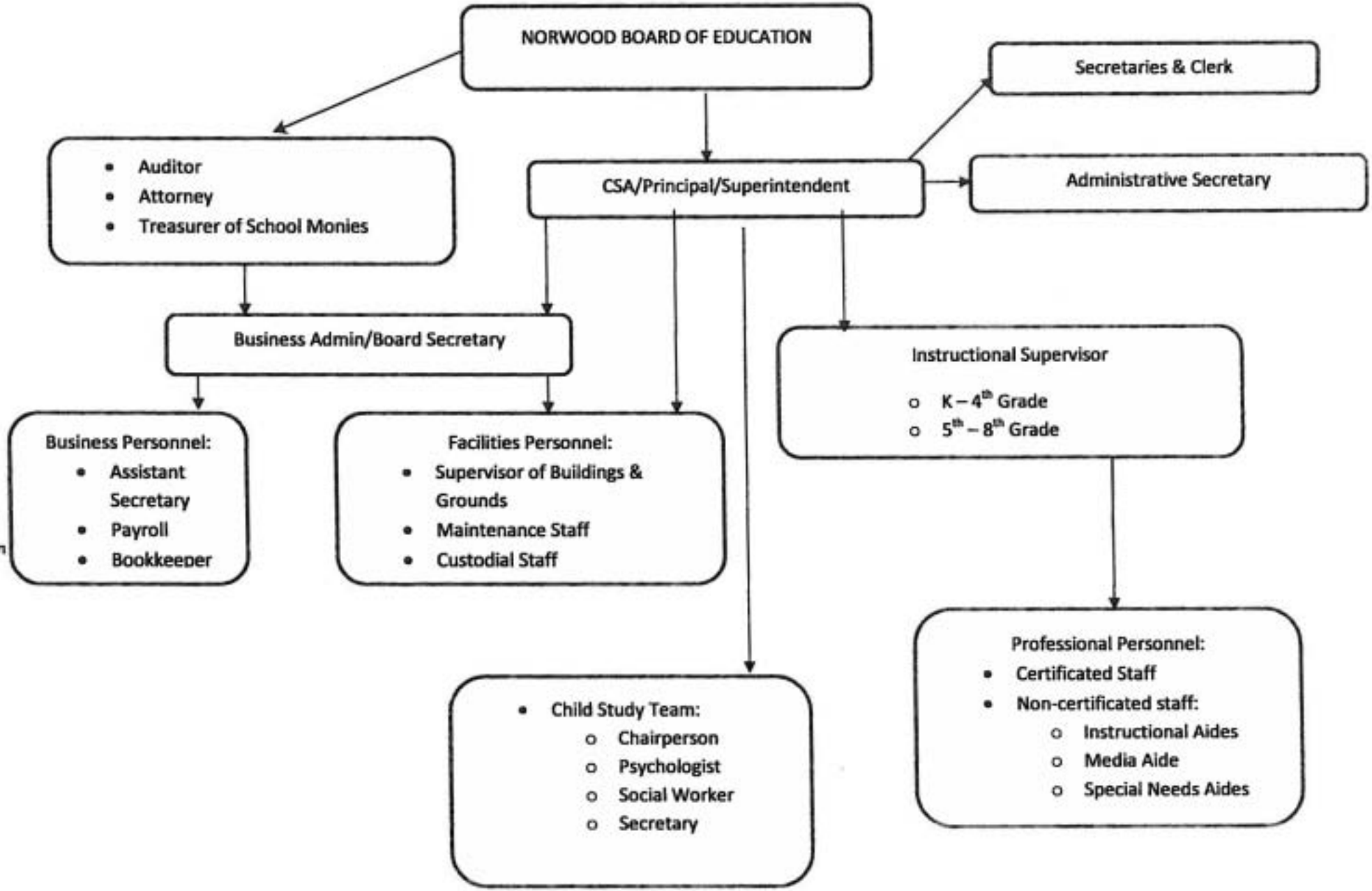
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of T.M.Vrabel & Associates, LLC was appointed by the Norwood Board of Education. In addition to meeting the requirements set forth in state statues, the audit also 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.

We 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,

Herbert Ammerman
Superintendant/Principal

Louise Anne Napolitano
School Business Administrator/
Board Secretary


NORWOOD BOARD OF EDUCATION
Secretaries & Clerk
Auditor
Attorney
Treasurer of School Monies
CSA/Principal/Superintendent
Administrative Secretary
Business Admin/Board Secretary
Instructional Supervisor
K – 4th Grade
5th – 8th Grade
Business Personnel:
Assistant Secretary
Payroll
Bookkeeper
Facilities Personnel:
Supervisor of Buildings & Grounds
Maintenance Staff
Custodial Staff
Child Study Team:
Chairperson
Psychologist
Social Worker
Secretary
Professional Personnel:
Certificated Staff
Non-certificated staff:
Instructional Aides
Media Aide
Special Needs Aides

NORWOOD BOARD OF EDUCATION
NORWOOD, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2014

Members of the Board of Education	Term Expires
Michael Sprague, President	2014
Joel Rubin, Vice President	2016
Edward T. Cammarata	2014
Mathew Ross	2015
Sally Diaz	2016
William Snyder	2014
G.C. Vaghasia	2015

Other Officials

Herbert Ammerman, Chief School Administrator/Principal

Louise Anne Napolitano, 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, LLC
350 Main Road, Suite 104
Montville, NJ 07045

OFFICIAL DEPOSITORY

Mariners Bank
562 Washington Avenue
Dumont, NJ 07628

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 prescribed by the Office of School 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for

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the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 the Borough of Norwood School District as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Page 14 through 20 and budgetary comparison information of schedules C-1 and C-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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, statistical tables and the Schedules of Expenditures of Federal Awards and State Financial Assistance 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 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, long-term debt schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures and applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2014 on our consideration of the Borough of Norwood School District's internal control over financial reporting and on out 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 compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Borough of Norwood School District's internal control over financial reporting and compliance.

Timothy M. Vrabel
Public School Accountant
License No. CS000698

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

Montville, New Jersey
October 2, 2014

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, 2014. 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 position increased $796,000 as a result of this year's operations. Net position of our business-type activities decreased by $2,000, or 50 percent, and net position of our governmental activities increased by $798,000 or 23.1 percent.
- Total cost of all of the District's programs was $10.753 million in 2013-2014 compared to $10.153 million in 2012-2013.
- During the year, the District had expenses for governmental activities that were $19,000 more than the $11.305 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 Position 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 Position 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 Position 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 position* and changes in them. You can think of the District's net position, 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 position 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 Position 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.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation on page 29.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust, Scholarship Funds and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 35 and 36. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

The District's *combined* net position changed from a year ago, *increasing* from $3.342 million to $4.138 million. Looking at the net position and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1
Net Position (in Thousands)

	Governmental Activities		Business-type Activites		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	3,042	2,831	5	4	3,047	2,835
Long term receivables	236	208			236	208
Capital assets	5,140	4,906	-	-	5,140	4,906
Total assets	8,418	7,945	5	4	8,423	7,949
Long-term debt outstanding	4,210	4,551			4,210	4,551
Other liabilities	72	56	3	-	75	56
Total liabilities	4,282	4,607	3	-	4,285	4,607
Net position:						
Net investment in capital assets	1,053	494			1,053	494
Restricted	2,994	2,747			2,994	2,747
Unrestricted (deficit)	89	97	2	4	91	101
Total net position	4,136	3,338	2	4	4,138	3,342

Net position of the District's governmental activities increased by 23.9 percent. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased by $8,000. Restricted net position, those restricted mainly for capital projects increased by $247,000. 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 increased by $559,000.

Table 2
Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activites		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for Services	177	193	7	3	184	196
Operating Grants and Contributions	1,513	1,433			1,513	1,433
General revenues:						
Property Taxes	9,094	8,906			9,094	8,906
Tuition	24	17			24	17
Federal and State Aid	12	8			12	8
Interest and Investment Earnings	7	6			7	6
Adjustment to Capital Assets					-	
Other General Revenues	714	294	-	-	714	294
Total Revenues:	11,541	10,857	7	3	11,548	10,860
Program expenses including indirect expenses						
Instruction:						
Regular	4,770	4,428			4,770	4,428
Special	1,207	1,218			1,207	1,218
Other instruction	282	320			282	320
Support services:						
Tuition	793	596			793	596
Student and instruction related services	1,346	1,408			1,346	1,408
School administrative services	548	348			548	348
General and business administrative services	529	570			529	570
Plant operations and maintenance	904	865			904	865
Pupil transportation	180	197			180	197
SDA Debt Service Assessment	9	8			9	8
Interest on long-term debt	176	193			176	193
Business-type activities:						
Milk Program	-	-	9	2	9	2
Total Expenses	10,744	10,151	9	2	10,753	10,153
Increase (Decrease) in Net Position	797	706	(2)	1	795	707

THE DISTRICT'S FUNDS
Governmental Activities
Table 3
Information below compares revenues and expenditures for all governmental fund types for 2013-2014 and 2012-2013.

($000 omitted) Revenues by Source:	2013-2014	2012-2013	% Change
Local Tax Levy	9,271	9,098	1.90%
Tuition Charges	24	18	33.33%
Interest Earned to Investments	7	6	16.67%
Miscellaneous	568	314	80.89%
Total - Local Sources	9,870	9,436	4.60%
State Sources	1,237	1,265	-2.21%
Federal Sources	198	156	26.92%
Total Revenues	11,305	10,857	4.13%

($000 omitted) Expenditures by Function:	2013-2014	2012-2013	% Change
Current:			
Regular Instruction	3,300	3,014	9.49%
Special education	882	894	-1.34%
Other instruction	201	230	-12.61%
Support Services and undistributed costs:			
Tuition	793	596	33.05%
Student and instruction related services	1,031	1,092	-5.59%
School administrative services	379	189	100.53%
General and Business administrative services	436	469	-7.04%
Plant operations and maintenance	719	691	4.05%
Pupil transportation	180	197	-8.63%
Employee Benefits	2,333	2,281	2.28%
Capital Outlay	563	38	1381.58%
Debt Service:			
Principal	325	310	4.84%
Interest on long-term debt	182	198	-8.08%
Total Expenditures	11,324	10,199	11.03%

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 position.

Table 4

($000 omitted)

	Milk Program
Total Assets	5
Net Position	2
Change in Net Position	(2)
Return on Ending Total Assets	-40.00%
Return on Ending Net Position	-100.00%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
Table 5

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

	Governmental Activities		Business-type Activites		Totals	
	2014	2013	2014	2013	2014	2013
Land	68	68			68	68
Land Improvements	-	-			-	-
Buildings	9,584	9,097			9,584	9,097
Machinery and Equipment	500	433	1	1	501	434
Construction in Progress	-	-	-	-	-	-
Subtotal	10,152	9,598	1	1	10,153	9,599
Accumulated Depreciation	(5,013)	(4,692)	(1)	(1)	(5,014)	(4,693)
Totals	5,139	4,906	-	-	5,139	4,906

The District's 2014-2015 capital budget anticipates a spending level of $142,000 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 $ 4.087 million versus $4.413 million last year – a decrease of 7.38 percent – as shown in Table 6.

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

	Governmental Activities	
	2014	2013
Serial Bonds	4,087	4,412
Loans		
Lease Purchase Agreement		
Temporary Notes		
Authorized but not Issued	-	1
	4,087	4,413

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

BUDGETS

The variances between the originally adopted budget for the 2013-2014 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

Exhibit A-1

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 335,778.61	$ 4,601.95	$ 340,380.56
Receivables, net	380,441.94		380,441.94
Interfund receivables	50,000.00		50,000.00
Restricted assets:			
Cash and cash equivalents	52,482.56		52,482.56
Capital reserve account - cash	2,459,549.03		2,459,549.03
Capital assets, net (Note III:C.):	5,139,665.36	-	5,139,665.36
Total Assets	8,417,917.50	4,601.95	8,422,519.45
LIABILITIES			
Accounts payable	21,690.00	3,000.00	24,690.00
Bond interest payable	50,276.18		50,276.18
Noncurrent liabilities (Note IV:B.):			
Due within one year	335,000.00		335,000.00
Due beyond one year	3,875,127.38	-	3,875,127.38
Total liabilities	4,282,093.56	3,000.00	4,285,093.56
NET POSITION			
Net investment in capital assets	1,052,665.36		1,052,665.36
Restricted for:			
Capital projects	2,747,245.33		2,747,245.33
Debt service	(48,881.62)		(48,881.62)
Other purposes	295,887.25		295,887.25
Unrestricted	88,907.62	1,601.95	90,509.57
Total Net Position	$ 4,135,823.94	$ 1,601.95	$ 4,137,425.89

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

Exhibit A-2

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
Instruction:							
Regular	$ 4,769,611.85	$ -	$ 396,390.78	$ -	$ (4,373,221.07)	$ -	$ (4,373,221.07)
Special education	1,207,300.80		437,443.79		(769,857.01)		(769,857.01)
Other instruction	281,667.34		25,753.82		(255,913.52)		(255,913.52)
Support services:							
Tuition	793,399.07		288,170.86		(505,228.21)		(505,228.21)
Student and instruction related services	1,345,749.69		212,221.68		(1,133,528.01)		(1,133,528.01)
School administrative services	547,792.72		51,803.85		(495,988.87)		(495,988.87)
General and business administrative services	528,836.83		22,000.78		(506,836.05)		(506,836.05)
Plant operations and maintenance	904,217.88		56,893.71		(847,324.17)		(847,324.17)
Pupil transportation	180,284.10		21,831.38		(158,452.72)		(158,452.72)
SDA Debt Service Assessment	8,576.00				(8,576.00)		(8,576.00)
Interest on long-term debt	176,599.92	176,599.92	-		-		-
Total governmental activities	10,744,036.20	176,599.92	1,512,510.65		(9,054,925.63)		(9,054,925.63)
Business-type activities:							
Milk Fund	8,906.66	6,852.44				(2,054.22)	(2,054.22)
Total business-type activities	8,906.66	6,852.44	-	-	-	(2,054.22)	(2,054.22)
Total primary government	$ 10,752,942.86	$ 183,452.36	$ 1,512,510.65	$ -	$ (9,054,925.63)	$ (2,054.22)	$ (9,056,979.85)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					$ 8,839,123.00	$ -	$ 8,839,123.00
Property taxes, levied for debt service principal					255,242.08		255,242.08
Federal and State aid not restricted					12,287.64		12,287.64
Tuition (other than special schools)					23,902.00		23,902.00
Investment Earnings					7,419.53		7,419.53
Miscellaneous Income					478,337.70		478,337.70
N.J Schools Development Authority Grants					235,935.00		235,935.00
Total general revenues, special items, extraordinary items and transfers					9,852,246.95	-	9,852,246.95
Change in Net Position					797,321.32	(2,054.22)	795,267.10
Net Assets—beginning					3,338,502.62	3,656.17	3,342,158.79
Net Assets—ending					$ 4,135,823.94	$ 1,601.95	$ 4,137,425.89

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

Section B

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

Exhibit B-1

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 356,803.76	$ (21,698.45)	$ 52,462.56	$ 673.30	$ 388,261.17
Interfunds receivable	50,000.00			721.26	50,721.26
Receivables from other governments	119,808.49	20,920.50	235,935.00		376,663.99
Other receivables	3,000.00	777.95			3,777.95
Restricted cash and cash equivalents	2,459,549.03	-	-	-	2,459,549.03
Total Assets	$ 2,989,161.28	$ -	$ 288,417.56	$ 1,394.56	$ 3,278,973.40
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 21,690.00	$ -	$ -	$ -	$ 21,690.00
Interfunds payable	-		721.26		721.26
Total Liabilities	21,690.00		721.26		22,411.26
Fund Balances:					
Restricted for:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	40,000.00				40,000.00
Reserve for Excess Surplus	40,000.00				40,000.00
Capital Reserve Account	2,459,549.03				2,459,549.03
Capital Projects			287,696.30		287,696.30
Debt Service				1,394.56	1,394.56
Assigned to:					
Other Purposes	215,887.25				215,887.25
Unassigned	212,035.00		-	-	212,035.00
Total Fund Balances	2,967,471.28	-	287,696.30	1,394.56	3,256,562.14
Total Liabilities and Fund Balances	$ 2,989,161.28	$ -	$ 288,417.56	$ 1,394.56	

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

Adjustment to Debt Service Fund net position for the accrual of interest expence.	(50,278.18)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $10,152,792.55 and the accumulated depreciation is $5,013,127.19.	5,139,665.36
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.)	(4,210,127.38)
Net position of governmental activities	$ 4,135,823.94

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

Exhibit B-2

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	$ 8,839,123.00	$ -	$ -	$ 431,842.00	$ 9,270,965.00
Tuition charges	23,902.00				23,902.00
Interest earned on investments	3,603.98		721.26		4,325.24
Interest earned on Capital Reserve Funds	3,094.29				3,094.29
Miscellaneous	478,337.70	89,163.95	-	-	567,501.65
Total - Local Sources	9,348,060.97	89,163.95	721.26	431,842.00	9,869,788.18
State sources	1,237,468.84				1,237,468.84
Federal sources	-	198,165.50	-	-	198,165.50
Total Revenues	10,585,529.81	287,329.45	721.26	431,842.00	11,305,422.52
EXPENDITURES					
Current:					
Regular instruction	3,295,157.34	4,794.00			3,299,951.34
Special education instruction	714,094.79	167,617.50			881,712.29
Other instruction	200,899.19				200,899.19
Support services and undistributed costs:					
Tuition	793,399.07				793,399.07
Student and instruction related services	916,077.47	114,917.95			1,030,995.42
School administrative services	379,366.87				379,366.87
General and business administrative services	435,569.33				435,569.33
Plant operations and maintenance	718,998.99				718,998.99
Pupil transportation	180,284.10				180,284.10
Unallocated benefits	2,332,871.15				2,332,871.15
Capital outlay	425,643.09		137,071.35		562,714.44
Debt service:					
Principal				325,000.00	325,000.00
Interest and other charges	-	-		181,841.25	181,841.25
Total Expenditures	10,392,361.39	287,329.45	137,071.35	506,841.25	11,323,603.44
Excess (Deficiency) of revenues over expenditures	193,168.42	-	(136,350.09)	(74,999.25)	(18,180.92)
OTHER FINANCING SOURCES AND (USES)					
N.J.Schools Development Authority Grants			235,935.00		235,935.00
Transfers in				10,237.26	10,237.26
Transfers (out)	(9,516.00)		(721.26)	-	(10,237.26)
Total Other Financing Sources and (Uses)	(9,516.00)	-	235,213.74	10,237.26	235,935.00
Net change in fund balances	183,652.42		98,863.65	(64,761.99)	217,754.08
Fund Balance—July 1	2,783,818.86	-	188,832.65	66,156.55	3,038,808.06
Fund Balance—June 30	$ 2,967,471.28	$ -	$ 287,696.30	$ 1,394.56	$ 3,256,562.14

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

Exhibit B-3

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, 2014

Total net change in fund balances - governmental funds (from B-2)		217,754.08
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
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. (+)		
Interest paid	181,841.25	
Interest accrued	(176,599.92)	
		5,241.33
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.		
Depreciation expense	(320,435.25)	
Capital outlays (exclusive of capital lease principal payments and SDA Debt Service Assessment)	554,138.44	
		233,703.19
Adjustment to Capital Assets in accordance with physical appraisal and dispositions		-
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. (-)		-
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 (+).		15,622.72
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.		
Debt principal		325,000.00
Capital lease principal		-
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		-
Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)		-
		-
Change in net position of governmental activities		797,321.32

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

PROPRIETARY FUNDS

Exhibit B-4

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds	
	Milk Fund	Totals
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,601.95	$ 4,601.95
Total Current Assets	4,601.95	4,601.95
Noncurrent assets:		
Furniture, machinery and equipment	846.00	846.00
Less accumulated depreciation	(846.00)	(846.00)
Total Noncurrent Assets	-	-
Total Assets	4,601.95	4,601.95
LIABILITIES		
Current Liabilities:		
Accounts payable	3,000.00	3,000.00
Total Current Liabilities	3,000.00	3,000.00
NET POSITION		
Unrestricted	1,601.95	1,601.95
Total Net Position	$ 1,601.95	$ 1,601.95

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

Exhibit B-5

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds	
	Milk Fund	Totals
Operating Revenues:		
Charges for services:		
Daily sales - non-reimbursable programs	$ 6,852.44	$ 6,852.44
Total Operating Revenues	6,852.44	6,852.44
Operating Expenses:		
Cost of sales	5,906.66	5,906.66
Salaries	3,000.00	3,000.00
Total Operating Expenses	8,906.66	8,906.66
Operating Income (Loss)	(2,054.22)	(2,054.22)
Change in net position	(2,054.22)	(2,054.22)
Total Net Position—Beginning	3,656.17	3,656.17
Total Net Position—Ending	$ 1,601.95	$ 1,601.95

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

Exhibit B-6

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds	
	Milk Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 6,852.44	$ 6,852.44
Payments to suppliers	(2,906.66)	(2,906.66)
Net cash provided by (used for) operating activities	945.78	945.78
Net increase (decrease) in cash and cash equivalents	945.78	945.78
Balances—beginning of year	3,656.17	3,656.17
Balances—end of year	$ 4,601.95	$ 4,601.95
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ (2,054.22)	$ (2,054.22)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Increase (decrease) in accounts payable	3,000.00	3,000.00
Total adjustments	3,000.00	3,000.00
Net cash provided by (used for) operating activities	$ 945.78	$ 945.78

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

FIDUCIARY FUNDS

Exhibit B-7

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	$ 57,006.03	$ 4,322.36	$ 155,310.70
Total Assets	$ 57,006.03	$ 4,322.36	$ 155,310.70
LIABILITIES			
Interfunds Payable			$ 50,000.00
Payable to student groups			55,686.25
Payroll deductions and withholdings			49,624.45
Flexible Spending			482.97
Total Liabilities			$ 155,310.70
NET POSITION			
Held in trust for unemployment claims and other purposes	$ 57,006.03		
Reserved for scholarships		$ 4,322.36	

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

Exhibit B-8

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan member	$ 14,534.06	$ -
Board Contribution	-	
Total Contributions	14,534.06	
Investment earnings:		
Interest	142.24	11.26
Net investment earnings	142.24	11.26
Total Additions	14,676.30	11.26
DEDUCTIONS		
Unemployment claims	13,510.06	
Scholarships awarded	-	700.00
Total Deductions	13,510.06	700.00
Change in Net Position	1,166.24	(688.74)
Net Position—beginning	55,839.79	5,011.10
Net Position—ending	$ 57,006.03	$ 4,322.36

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

NOTES TO BASIC FINANCIAL STATEMENTS

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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

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 District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's milk fund program is classified as a business-type activity.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Government-Wide Statements

The government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity are normally covered by general revenue (property taxes, tuition, interest income, etc.).

a. The District allocates indirect costs such as on-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are excluded from the government-wide financial statements.

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 emphasis in fund financial statements is on the major funds in either the governmental or business-type activities category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or thegovernmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined ina column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School districts must eport all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the GASB criteria are applied to proprietary funds.

Note I: Summary of Significant Accounting Policies (Continued)

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

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.

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.

Permanent Fund – A permanent fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trustprincipal.

Note I: Summary of Significant Accounting Policies (Continued)

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

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws or other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is uncured for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds as needed.

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, 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.

Note I: Summary of Significant Accounting Policies (Continued)

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

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 position and changes in net position 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.

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement of focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Note I: Summary of Significant Accounting Policies (Continued)

E. Basis of Accounting (Continued)

3. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes 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. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Program revenues, including tuition revenue, are reported as reductions to expenses in the Statement of Activities.

4. Expenditures:

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period of purchase.

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. 6:23-2.2(f). All budget amendments must be approved by School Board resolution. Appropriation of prior year encumbrances in the amount of $324,421.10 were made during the year ended June 30, 2014. The Board of Education approved the following material budgetary appropriation transfers during the school year:

Account Name	Amount
Regular Programs – Instruction	
Kindergarten – Salaries of Teachers	$ 21,508.88
Grades 1-5 – Salaries of Teachers	165,089.46
Grades 6-8 – Salaries of Teachers	(19,790.34)
Regular Programs – Undistributed Instruction	
Other Salaries for Instruction	58,811.75
General Supplies	87,777.65
Textbooks	(26,191.23)
Learning and/or Language Disabilities	
Other Salaries for Instruction	114,855.61
Resource Room/Resource Center:	
Salaries of Teachers	(55,316.80)
Other Salaries for Instruction	(16,885.73)
Basic Skills/Remedial - Instruction	
Salaries of Teachers	19,478.73

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

Account Name	Amount
Bilingual Education - Instruction	
Salaries of Teachers	$ (39,216.97)
Undist. Expend. – Other Supp. Serv. Students – Extra Serv.	
Purchased Professional – Educational Services	(40,770.11)
Undist. Expend. – Guidance	
Salaries of Other Professional Staff	(26,308.00)
Undist. Expend. – Child Study Team	
Salaries of Other Professional Staff	22,478.36)
Undist. Expend. – Improvement of Inst. Serv.	
Salaries of Supervisor of Instruction	(176,868.00)
Undist. Expend.- Edu. Media Serv./Sch. Library	
Salaries	(23,695.92)
Undist Expend. –Support Serv. – School Admin.	
Salaries of Other Professional Staff	200,868.00
Undist. Expend. – Central Services	
Salaries	(17,803.86)
Undist. Expend. – Allowable Maint. For School Facilities	
Salaries	16,323.06
Cleaning, Repair and Maintenance Service	(33,752.02)
Undist. Expend. – Custodial Services	
Cleaning, Repair and Maintenance	19,639.97
Undist. Expend – Student Transportation Serv.	
Contracted Services (Between Home and School) – Vendors	(31,101.00)
Contracted Services (Special Education Students) – Joint Agreements	21,616.00
Unallocated Benefits	
Social Security Contributions	(74,463.89)
Unemployment Compensation	(49,796.00)
Health Benefits	(20,478.71)

Note I: 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 30,2014.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is as follows.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	$ 10,585,529.81	$ 286,821.95
Difference - budget to GAAP:		
The last two State aid payments are 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.		-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	507.50
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$10,585,529.81	$ 287,329.45
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$ 10,392,361.39	$ 286,821.95
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	507.50
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 10,392,361.39	$ 287,329.45

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

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.

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 X)

6. Unearned Revenue

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note I(F) regarding the special revenue fund.

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

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

9. Net Position

Net Position represents the difference between assets and liabilities in the District-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments

10. 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

11. Allocation of Costs

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the original budgetary expenditures by program.

H. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the entity's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Governmental Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the entity's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Non exchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statement disclosures.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15,2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

Note II: Reconciliation of Government Wide and Fund Financial Statements

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

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

Balance Sheet/Statement of Net Position

	Total Governmental Funds	Long - term Assets Liabilities (1)	Reclassifications and Eliminations	Statement of Net Position Totals
Assets				
Cash and cash equivalents	$ 388,261.17	$ -	$ (52,482.56)	$ 335,778.61
Receivables, net			380,441.94	380,441.94
Interfund Receivables	50,721.26		(721.26)	50,000.00
Receivables from Other Governments	376,663.99		(376,663.99)	-
Other Receivables	3,777.95		(3,777.95)	-
Restricted assets:				
Cash and cash equivalents			52,482.56	52,482.56
Capital Reserve Account - cash	2,459,549.03			2,459,549.03
Capital Assets, net	-	5,139,665.36	-	5,139,665.36
Total Assets	$ 3,278,973.40	$ 5,139,665.36	$ (721.26)	$ 8,417,917.50
Liabilities				
Accounts Payable	$ 21,690.00			$ 21,690.00
Interfunds Payable	721.26	-	(721.26)	-
Bond Interest Payable			50,276.18	50,276.18
Deferred Revenue				-
Noncurrent Liabilities	-	4,087,000.00	123,127.38	4,210,127.38
Total Liabilities	22,411.26	4,087,000.00	172,682.30	4,282,093.56
Fund Balances/Net Position				
Net Position				
Net investment in capital assets		1,052,665.36		1,052,665.36
Restricted for:				
Capital projects	2,747,245.33			2,747,245.33
Debt Service	1,394.56		(50,276.18)	(48,881.62)
Other purposes	295,887.25			295,887.25
Unrestricted	212,035.00	-	(123,127.38)	88,907.62
Total Fund Balances/Net Position	3,256,562.14	1,052,665.36	(173,403.56)	4,135,823.94
Total Liabilities and Fund Balances/Net Position	3,278,973.40	5,139,665.36	(721.26)	8,417,917.50

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 position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	$ 10,152,792.55
Accumulated depreciation	(5,013,127.19)
	$ 5,139,665.36

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 statement of net position.

Serial Bonds	$ 4,087,000.00
Compensated Absences	123,127.38
	$ 4,210,127.38

Adjustment to Debt Service Fund net position for the accrual of interest expense.	$ (50,276.18)

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 position" 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

Revenues and Other Sources	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	$ 9,270,965.00	$ -	$ -	$ -	$ -	$ 9,270,965.00
Tuition Charges	23,902.00					23,902.00
Interest Earned on Investments	7,419.53					7,419.53
Miscellaneous	567,501.65					567,501.65
State Sources	1,237,468.84					1,237,468.84
Federal Sources	198,165.50	-	-	-	-	198,165.50
Total	11,305,422.52	-	-	-	-	11,305,422.52
Expenditures						
Current:						
Regular Instruction	3,299,951.34	-	259,126.14	(17,576.55)	1,228,110.92	4,769,611.85
Special education	881,712.29		15,108.41	1,539.40	308,940.70	1,207,300.80
Other instruction	200,899.19				80,768.15	281,667.34
Support Services and undistributed costs:						
Tuition	793,399.07					793,399.07
Student and instruction related services	1,030,995.42		9,179.60	414.43	305,160.24	1,345,749.69
School administrative services	379,366.87		5,960.60		162,465.25	547,792.72
General and business administrative services	435,569.33		24,269.50		68,998.00	528,836.83
Plant operations and maintenance	718,998.99		6,791.00		178,427.89	904,217.88
Pupil transportation	180,284.10					180,284.10
Unallocated Benefits	2,332,871.15				(2,332,871.15)	-
Capital Outlay	562,714.44		(554,138.44)	-		8,576.00
Debt Service:						
Principal	325,000.00			(325,000.00)		-
Interest	181,841.25	(5,241.33)	-	-	-	176,599.92
Total	11,323,603.44	(5,241.33)	(233,703.19)	(340,622.72)	-	10,744,036.20
Other Financing Uses/Changes in Net Assets:						
N.J. Schools Development Authority Grants	235,935.00					235,935.00
Total	235,935.00	-	-	-	-	235,935.00
Net Change for the Year	$ 217,754.08	$ 5,241.33	$ 233,703.19	$ 340,622.72	$ -	$ 797,321.32

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 to the reconciliations. (+) $ 5,241.33

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	$ (320,435.25)
Capital outlays (exclusive of capital lease principa payments and SDA Debt Service Assessment)	554,138.44
	$ 233,703.19

3. Adjustment to Capital Assets in accordance with physical appraisal and dispositions $ -

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 (+). $ 15,622.72

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	325,000.00
	-
	$ 340,622.72

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	-
	$ -

5. Allocate Benefits expenditures

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, 2014 the Borough of Norwood School District's cash and cash equivalent's amounted to $3,585,348.67. Of this amount, $250,000.00 was covered by federal depository insurance (F.D.I.C.) and $3,335,348.67 was covered by a collateral pool maintained by the banks as required by GUDPA

At June 30, 2014 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, 2014, none of the Borough of Norwood School District's cash and cash equivalents of $3,585,348.67 was exposed to custodial credit risk.

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 guaranteedby 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, 2014.

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

B. Interfund Receivables and Payables

As of June 30, 2014, interfund receivables and payables resulting from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	$50,000.00	
Capital Projects Fund		$ 721.26
Debt Service Fund	721,.26	
Trust and Agency Fund	.00	50,000.00
	$50,721.26	$50,721.26

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, 2014 in the amount of $721.26 was transferred to debt service fund to offset future interest payments to bondholders. Accordingly, an interfund accounts receivable and payable for $721.26 was established in the debt service and capital projects funds, respectively.

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, 2014 consisted of the following:

Description	Interest Rate	Due Date	Maturity Date	Amount Issued	Amount Outstanding
School Improvements	Various	9/1	2014	$ 2,850,000.00	$ 185,000.00
School Improvements	Various	3/15	2026	4,747,000.00	3,902,000.00
					$ 4,087,000.00

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

Fiscal years,	Principal	Interest
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	372,000.00	15,345.00
	$ 4,087,000.00	$ 1,124,651.00

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Disposals or Adjustments	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 68,171.00	$ -	$ -	$ 68,171.00
Total Capital assets not being depreciated	68,171.00	-	-	68,171.00
Buildings and Improvements	9,097,332.11	486,948.33		9,584,280.44
Machinery and Equipment	433,151.00	67,190.11	-	500,341.11
Totals at historical cost	9,530,483.11	554,138.44	-	10,084,621.55
Less accumulated depreciation for:				
Buildings and Improvements	(4,488,915.92)	(291,490.23)		(4,780,406.15)
Machinery and Equipment	(203,776.02)	(28,945.02)	-	(232,721.04)
Total accumulated depreciation	(4,692,691.94)	(320,435.25) (1)	-	(5,013,127.19)
Net capital assets being depreciated	4,837,791.17	233,703.19	-	5,071,494.36
Governmental activities capital assets, net	$ 4,905,962.17	$ 233,703.19	$ -	$ 5,139,665.36
Business - type activities:				
Equipment	$ 846.00	$ -	$ -	$ 846.00
Less accumulated depreciation	(846.00)	-	-	(846.00)
Business - type activities capital assets, net	$ -	$ -	$ -	$ -

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

Instruction	$ 259,126.14
Special Education	15,108.41
Other Instruction (Athletic and Media)	-
Student and Instruction Related Services	9,179.60
School Administrative Services	5,960.60
General and Business Administrative Services	24,269.50
Plant Operations and Maintenance	6,791.00
Pupil Transportation	-
	$ 320,435.25

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, 2014 were $100,617.10. Future minimum lease payments are as follows:

Year Ended	Amount
June 30, 2015	$ 97,820.80
June 30, 2016	89,529.30
Total future minimum lease payments	$ 187,350.10

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Long - Term debt:					
Serial Bonds	$ 4,412,000.00	$ -	$ (325,000.00)	$ 4,087,000.00	$ 335,000.00
Total debt payable	4,412,000.00	-	(325,000.00) (1)	4,087,000.00	335,000.00
Other liabilities:					
Compensated absences	138,750.09	6,067.29	(21,690.00)	123,127.38	-
Total other liabilities	138,750.09	6,067.29	(21,690.00) (2)	123,127.38	-
Governmental activities long - term liabilities	$ 4,550,750.09	$ 6,067.29	$ (346,690.00)	$ 4,210,127.38	$ 335,000.00

(1) Paid by debt service fund
(2) Paid by general fund

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

C. Long – Term Liabilities (Continued)

2. Temporary Notes

There were no Temporary Notes outstanding as of June 30, 2014.

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2014.

4. Capital Leases Payable

There were no capital leases payable as of June 30, 2014.

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, 2014 is $80,000.00. The reserved fund balance of $40,000.00 has been appropriated in the fiscal year 2014-2015 and $40,000.00 will be appropriated in the fiscal year 2015-2016.

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.

Note V: Detailed Disclosure Regarding Fund Equity (Continued)

B. Capital Reserve Account (Continued)

The activity of the capital reserve for the period July 1, 2010 to June 30, 2014 is as follows:

Beginning balance, July 1, 2010	$139,519.21
2010-2011Interest Earnings	1,120.25
2010-2011 Resolution (Unreserved Fund Balance)	738,000.17
2011-2012 Interest Earnings	253.93
2011-2012 Resolution (Unreserved Fund Balance)	779,481.58
2012-2013 Interest Earnings	2,199.95
2012-2013 Resolution (Unreserved Fund Balance)	508,155.67
2012-2013 Transferred Debit Service Fund	(25,000.00)
2013-2014 Interest Earnings	3,094.29
2013-2014 Resolution (Unreserved Fund Balance	687,741.98
2013-2014 Budget Expenditures	(375,000.00)
Balance June 30, 2014	$2,459,549.03

The June 30, 2014 LRFP balance of local support costs of uncompleted capital projects at June 30, 2014 is $6,968,261.00.

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.

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq..). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq..

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.

Note VI: Pension Plans (Continued)

Significant Legislation

P.L 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF, PERS, PFRS, SPRS, and JRS operate and to the benefit provisions of those systems.

This legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: TPAF and PERS active member rates increased from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS Prosecutors Part active member rates increased from 8.5 percent to 10 percent; SPRS active member rates increased from 7.5 percent to 9 percent; and JRS active member rates increased from 3 percent to 12 percent phased-in over seven years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF, PERS and JRS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended until reactivated as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Funding Status and Funding Progress

As of July 31, 2012, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPF, JRS, and SPRS) is 64.5 percent with an unfunded actuarial accrued liability of $47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State funded systems is 56.7 percent and $34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and $12.8 billion.

The required supplementary information regarding the funded status and funding progress of he 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 amountsare subject to continual revision as actual results are compared o past expectations and new estimates are made about the probabilityof future events.

Note VI: Pension Plans (Continued)

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 6.64 percent for TPAF and 6.64 percent for PERS of employees' annual compensation.

During the state fiscal year ended June 30, 2013, 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.

The District's total payroll for the year ended June 30, 2014 was $ 5,367,373.01 and covered payroll was $3,817,045.00 for TPAF, $ 791,442.00 for PERS and $ 159,238.95 for DCRP. Contributions to the TPAF, PERS and the DCRP for the last three years made by the employees, Borough of Norwood School District and the State were as follows:

		TPAF	Percent of Covered Payroll	PERS	Percent of Covered Payroll	DCRP	Percent of Covered Payroll
Employees	6/30/12	$ 247,893.56	6.74 %	$ 57,340.99	6.63 %	$ 475.65	5.50 %
	6/30/13	267,281.83	6.70 %	56,383.86	6.62 %	4,127.76	5.50 %
	6/30/14	263,523.80	6.90 %	53,652.99	6.78 %	8,758.07	5.50 %
District	6/30/12	N/A	N/A %	$111,955.00	12.95 %	$ 259.45	3.00 %
	6/30/13	N/A	N/A %	93,863.00	11.02 %	2,251.52	3.00 %
	6/30/14	N/A	N/A %	94,567.00	12.00 %	4,777.17	3.00 %
State of NJ	6/30/12	$ 364,579.00	9.91 %	N/A	N/A %	N/A	N/A %
	6/30/13	502,404.00	12.60 %	N/A	N/A %	N/A	N/A %
	6/30/14	455,443.00	11.93 %	N/A	N/A %	N/A	N/A %

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $ 288,418.84 during the year ended June 30, 2014 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: Health Benefit and Post-Retirement Medical Benefits

P.L. 2011, c.78 effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Health Benefits Program Fund (HBPF)- Local Education (including Prescription Drug Program Fund)- The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retirefrom a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage.

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. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the state contributed $1.07 billion 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.

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 aboard of education or county college with 25 years of service. The State paid $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

VIII: Deferred Compensation Plan

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable
Prudential Financial
AFLAC

Note IX: 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:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2013-2014	$ 0.00	$ 14,534.06	$ 13,510.06	$ 57,006.03
2012-2013	2,368.87	17,526.70	19,895.57	55,839.79
2011-2012	0.00	32,518.35	27,846.14	55,700.36

The Borough of Norwood School 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 commercialinsurance coverage in any of the past three fiscal years.

Note X: 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 and are paid upon retirement to employees with 15 years of service.

In the district-wide *Statement of Net Position*, 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, 2014, no liability existed for compensated absences inthe Milk Fund.

Note XI:Contingent Liabilities

The Borough of Norwood School District 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.

Note XII :Subsequent Events

The Borough of Norwood School District has evaluated subsequent events through October 2, 2014, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

Section C

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:						
Local Sources:						
Local Tax Levy		$ 8,839,123.00	$ -	$ 8,839,123.00	$ 8,839,123.00	$ -
Tuition			-		23,902.00	23,902.00
Interest Earned on Investments			-		3,603.98	3,603.98
Interest Earned on Capital Reserve Funds		2,200.00	-	2,200.00	3,094.29	894.29
Miscellaneous		263,800.00	-	263,800.00	478,337.70	214,537.70
Total - Local Sources		9,105,123.00	-	9,105,123.00	9,348,060.97	242,937.97
State Sources:						
Categorical Transportation Aid		14,300.00	-	14,300.00	14,300.00	-
Categorical Special Education Aid		361,270.00	-	361,270.00	361,270.00	-
Categorical Security Aid		8,745.00	-	8,745.00	8,745.00	-
Additional Adjustment Aid		3,920.00	-	3,920.00	3,920.00	-
Extraordinary Aid		88,712.00	-	88,712.00	97,828.00	9,116.00
Non-Public Transportation Aid			-		7,544.00	7,544.00
TPAF Pension (On-Behalf - Non-Budgeted)			-		455,443.00	455,443.00
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	298,418.84	298,418.84
Total State Sources		476,947.00	-	476,947.00	1,237,468.84	760,521.84
Total Revenues		9,582,070.00	-	9,582,070.00	10,585,529.81	1,003,459.81
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Kindergarten - Salaries of Teachers	110-100-101	$ 319,654.00	$ 21,508.88	$ 341,162.88	$ 341,162.88	$ -
Grades 1-5 - Salaries of Teachers	120-100-101	1,201,649.00	165,089.46	1,366,738.46	1,246,738.46	120,000.00
Grades 6-8 - Salaries of Teachers	130-100-101	1,111,346.00	(19,790.34)	1,091,555.66	1,091,555.66	-
Regular Programs - Home Instruction:						
Salaries of Teachers	150-100-101	5,465.00	(5,465.00)			-
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	190-100-106	55,000.00	58,811.75	113,811.75	113,811.75	-
Purchased Professional-Educational Services	190-100-320	2,448.00	(48.00)	2,400.00	2,400.00	-
Other Purchased Services (400-500 series)	190-100-500	21,000.00	(4,800.00)	16,200.00	16,200.00	-
General Supplies	190-100-610	422,582.90	87,777.65	510,360.55	448,632.23	61,728.32
Textbooks	190-100-640	58,192.00	(26,191.23)	32,000.77	32,000.77	-
Other Objects	190-100-800	8,725.00	(6,069.41)	2,655.59	2,655.59	-
TOTAL REGULAR PROGRAMS - INSTRUCTION		3,206,061.90	270,823.76	3,476,885.66	3,295,157.34	181,728.32
SPECIAL EDUCATION - INSTRUCTION						
Learning and/or Language Disabilities:						
Salaries of Teachers	204-100-101	126,482.00	4,509.82	130,991.82	113,857.62	17,134.20
Other Salaries for Instruction	204-100-106	97,919.00	114,855.61	212,774.61	199,083.05	13,691.56
General Supplies	204-100-610	5,076.00	2,531.05	7,607.05	7,477.85	129.20
Total Learning and/or Language Disabilities		229,477.00	121,896.48	351,373.48	320,418.52	30,954.96
Resource Room/Resource Center:						
Salaries of Teachers	213-100-101	393,166.00	(55,316.80)	337,849.20	337,849.20	-
Other Salaries for Instruction	213-100-106	68,764.00	(16,885.73)	51,878.27	51,878.27	-
General Supplies	213-100-610	5,221.00	(1,272.20)	3,948.80	3,948.80	-
Total Resource Room/Resource Center		467,151.00	(73,474.73)	393,676.27	393,676.27	-
TOTAL SPECIAL EDUCATION - INSTRUCTION		696,628.00	48,421.75	745,049.75	714,094.79	30,954.96
Basic Skills/Remedial - Instruction						
Salaries of Teachers	230-100-101	96,596.00	19,478.73	116,074.73	100,333.36	15,741.37
General Supplies	230-100-610	5,700.00	(2,402.86)	3,297.14	3,297.14	-
Total Basic Skills/Remedial - Instruction		102,296.00	17,075.87	119,371.87	103,630.50	15,741.37
Bilingual Education - Instruction						
Salaries of Teachers	240-100-101	96,929.00	(39,216.97)	57,712.03	54,965.00	2,747.03
General Supplies	240-100-610	937.00	-	937.00	697.44	239.56
Total Bilingual Education - Instruction		97,866.00	(39,216.97)	58,649.03	55,662.44	2,986.59
School-Spon. Cocurricular Activts. - Inst.						
Salaries	401-100-100	37,250.00	(3,206.58)	34,043.42	28,404.22	5,639.20
Other Objects	401-100-800	9,262.00	3,940.03	13,202.03	13,202.03	-
Total School-Spon. Cocurricular Activts. - Inst.		46,512.00	733.45	47,245.45	41,606.25	5,639.20
Total Instruction		4,149,363.90	297,837.88	4,447,201.78	4,210,151.32	237,050.44

Exhibit C-1

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Special	000-100-562	$ 654,692.50	$ (3,796.53)	$ 650,895.97	$ 648,655.97	$ 2,240.00
Tuition to Private Schools for the Disabled - Within State	000-100-566	146,880.00	(2,136.90)	144,743.10	144,743.10	-
Total Undistributed Expenditures - Instruction:		801,572.50	(5,933.43)	795,639.07	793,399.07	2,240.00
Undistributed Expend. - Attend. & Social Work						
Purchased Professional and Technical Services	000-211-300	7,000.00	5,036.90	12,036.90	10,911.90	1,125.00
Total Undistributed Expend. - Attend. & Social Work		7,000.00	5,036.90	12,036.90	10,911.90	1,125.00
Undist. Expend. - Health Services						
Salaries	000-213-100	109,525.00	(1,031.27)	108,493.73	108,493.73	-
Purchased Professional and Technical Services	000-213-300	6,556.00	(4,094.00)	2,462.00	2,166.00	296.00
Supplies and Materials	000-213-600	2,500.00	2,551.79	5,051.79	5,051.79	-
Total Undistributed Expenditures - Health Services		118,581.00	(2,573.48)	116,007.52	115,711.52	296.00
Undist. Expend. - Speech,OT,PT & Related Services						
Salaries of Other Professional Staff	000-216-100	97,237.00	(7,240.64)	89,996.36	88,812.00	1,184.36
Purchased Professional - Educational Services	000-216-320	83,460.00	(6,346.09)	77,113.91	76,423.00	690.91
Supplies and Materials	000-216-600	1,650.00	(1,300.00)	350.00	192.90	157.10
Total Undist. Expend. - Speech,OT,PT & Related Services		182,347.00	(14,886.73)	167,460.27	165,427.90	2,032.37
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Purchased Professional - Educational Services	000-217-320	96,000.00	(40,770.11)	55,229.89	33,183.00	22,046.89
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.		96,000.00	(40,770.11)	55,229.89	33,183.00	22,046.89
Undist. Expend. - Guidance						
Salaries of Other Professional Staff	000-218-104	78,924.00	(26,308.00)	52,616.00	52,616.00	-
Supplies and Materials	000-218-600	922.00	(451.98)	470.02	470.02	-
Other Objects	000-218-800	1,000.00	(1,000.00)	-	-	-
Total Undist. Expend. - Guidance		80,846.00	(27,759.98)	53,086.02	53,086.02	-
Undist. Expend. - Child Study Team						
Salaries of Other Professional Staff	000-219-104	295,705.00	(22,478.36)	273,226.64	273,226.64	-
Salaries of Secretarial and Clerical Assistants	000-219-105	60,750.00	270.32	61,020.32	57,663.21	3,357.11
Purchased Professional - Educational Services	000-219-320	23,910.00	(3,188.00)	20,722.00	20,722.00	-
Misc. Pur. Serv. (400-500 series) Other Than Residential Costs	000-219-592	1,000.00	85.20	1,085.20	1,085.20	-
Supplies and Materials	000-219-600	5,046.00	6,415.15	11,461.15	11,461.15	-
Total Undist. Expend. - Child Study Team		386,411.00	(18,895.69)	367,515.31	364,158.20	3,357.11
Undist. Expend. - Improvement of Inst. Serv.						
Salaries of Supervisor of Instruction	000-221-102	176,868.00	(176,868.00)			-
Purchased Prof- Educational Services	000-221-320	28,300.00	(1,325.00)	26,975.00	26,593.00	382.00
Total Undist. Expend. - Improvement of Inst. Serv.		205,168.00	(178,193.00)	26,975.00	26,593.00	382.00
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	79,901.00	(23,695.92)	56,205.08	56,205.08	-
Salaries of Technology Coordinators	000-222-177	57,053.00	0.04	57,053.04	57,053.04	-
Supplies and Materials	000-222-600	8,200.00	(231.05)	7,968.95	7,968.95	-
Other Objects	000-222-800	2,500.00	-	2,500.00	2,500.00	-
Total Undist. Expend. - Edu. Media Serv./Sch. Library		147,654.00	(23,926.93)	123,727.07	123,727.07	-
Undist. Expend. - Instructional Staff Training Serv.						
Purchased Professional - Educational Service	000-223-320	13,780.00	3,578.00	17,358.00	17,358.00	-
Other Purchased Prof. and Tech. Services	000-223-390	760.00	5,056.00	5,816.00	3,310.98	2,505.02
Other Objects	000-223-800	2,000.00	609.88	2,609.88	2,609.88	-
Total Undist. Expend. - Instructional Staff Training Serv.		16,540.00	9,243.88	25,783.88	23,278.86	2,505.02
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	179,814.50	(10,000.00)	169,814.50	141,829.91	27,984.59
Legal Services	000-230-331	43,332.00	(20.00)	43,312.00	32,935.14	10,376.86
Audit Fees	000-230-332	15,100.00	200.00	15,300.00	15,300.00	-
Architectural/Engineering Services	000-230-334	10,885.00	(3,280.00)	7,605.00		7,605.00
Other Purchased Professional Services	000-230-339	18,100.00	-	18,100.00	6,635.00	11,465.00
Communications/Telephone	000-230-530	18,802.00	113.57	18,915.57	14,625.57	4,290.00
Other Purchased Services (400-500 series)	000-230-590	8,000.00	(2,005.47)	5,994.53	5,994.53	-
Supplies and Materials	000-230-600	13,800.00	(1,810.81)	11,989.19	7,064.57	4,924.62
BOE Membership Fees/Dues	000-230-895	30,462.00	(4,914.01)	25,567.99	16,680.16	8,887.83
Total Undist. Expend. - Supp. Serv. - General Admin.		338,115.50	(21,516.72)	316,598.78	241,064.88	75,533.90

Exhibit C-1

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Serv. - School Admin.						
Salaries of Principals/Assistant Principals	000-240-103	$ 77,625.00	$ (998.02)	$ 76,626.98	$ 76,626.98	$ -
Salaries of Other Professional Staff	000-240-104		200,868.00	200,868.00	200,868.00	-
Salaries of Secretarial and Clerical Assistants	000-240-105	92,562.00	(538.96)	92,023.04	92,023.04	-
Supplies and Materials	000-240-600	7,980.00	(906.75)	7,073.25	6,694.82	378.43
Other Objects	000-240-800	4,450.00	(1,295.97)	3,154.03	3,154.03	-
Total Undist. Expend. - Support Serv. - School Admin.		182,617.00	197,128.30	379,745.30	379,366.87	378.43
Undist. Expend. - Central Services						
Salaries	000-251-100	54,596.00	(17,803.86)	36,792.14	36,792.14	-
Purchased Professional Services	000-251-330	146,000.00	2,920.00	148,920.00	148,920.00	-
Purchased Technical Services	000-251-340	8,469.00	(1,257.60)	7,211.40	3,570.00	3,641.40
Supplies and Materials	000-251-600	2,000.00	(1,254.25)	745.75	745.05	0.70
Other Objects	000-251-890	4,400.00	77.28	4,477.28	4,477.28	-
Total Undist. Expend. - Central Services		215,465.00	(17,318.45)	198,146.55	194,504.45	3,642.10
Undist. Expend. - Allowable Maint. For School Facilities						
Salaries	000-261-100	168,766.00	16,323.06	185,089.06	174,059.69	11,029.37
Cleaning, Repair and Maintenance Services	000-261-420	58,554.03	(33,752.02)	24,802.01	14,607.63	10,194.38
General Supplies	000-261-610	29,550.00	(4,983.50)	24,566.50	24,566.50	-
Other Objects	000-261-800	11,280.00	(4,730.08)	6,549.92	6,337.00	212.92
Total Undist. Expend. - Allowable Maint. For School Facilities		268,150.03	(27,142.54)	241,007.49	219,570.82	21,436.67
Undist. Expend. - Custodial Services						
Salaries	000-262-100	257,272.00	(6,244.38)	251,027.62	231,764.45	19,263.17
Cleaning, Repair and Maintenance Services	000-262-420	10,000.00	19,639.97	29,639.97	24,429.96	5,210.01
Other Purchased Property Services	000-262-490	3,500.00	3,933.15	7,433.15	7,433.15	-
Insurance	000-262-520	63,920.00	7,758.00	71,678.00	71,678.00	-
Miscellaneous Purchased Services	000-262-590	27,424.61	(10,258.00)	17,166.61	14,191.70	2,974.91
General Supplies	000-262-610	26,640.00	4,337.00	30,977.00	15,006.35	15,970.65
Energy (Natural Gas)	000-262-621	38,600.00	610.62	39,210.62	39,074.35	136.27
Energy (Electricity)	000-262-622	91,740.00	-	91,740.00	85,814.21	5,925.79
Other Objects	000-262-800	3,000.00	(1,795.62)	1,204.38	166.00	1,038.38
Total Undist. Expend. - Custodial Services		522,096.61	17,980.74	540,077.35	489,558.17	50,519.18
Care and Upkeep of Grounds						
Cleaning, Repair, and Maintenance Services	000-263-420	22,900.00	-	22,900.00	9,870.00	13,030.00
Total Care and Upkeep of Grounds		22,900.00	-	22,900.00	9,870.00	13,030.00
Undist. Expend. - Student Transportation Serv.						
Contracted Services - Aid in Lieu of Payments	000-270-503	21,562.00	7,118.65	28,680.65	28,680.65	-
Contracted Services (Between Home and School) - Vendors	000-270-511	60,882.00	(31,101.00)	29,781.00	29,781.00	-
Contracted Services (Other than Between Home and School) - Vendo	000-270-512	15,100.00	(663.35)	14,436.65	13,136.18	1,300.47
Contracted Services (Between Home and School) - Joint Agreements	000-270-513	27,030.00	(3,118.85)	23,911.15	17,110.31	6,800.84
Contracted Services (Special Education Students) - Joint Agreements	000-270-515	120,000.00	21,818.00	141,818.00	91,575.76	50,040.24
Total Undist. Expend. - Student Transportation Serv.		244,574.00	(6,148.35)	238,425.65	180,284.10	58,141.55
UNALLOCATED BENEFITS						
Social Security Contributions	000-291-220	216,326.36	(74,463.89)	141,862.47	112,966.53	28,895.94
Other Retirement Contributions - PERS	000-291-241	125,670.00	(2,204.00)	123,466.00	95,111.94	28,354.06
Other Retirement Contributions - Regular	000-291-249		4,779.79	4,779.79	4,779.79	-
Unemployment Compensation	000-291-250	50,000.00	(49,796.00)	204.00	204.00	-
Workmen's Compensation	000-291-260	62,032.00	-	62,032.00	41,697.00	20,335.00
Health Benefits	000-291-270	1,399,151.00	(20,478.17)	1,378,672.83	1,307,250.05	71,422.78
Tuition Reimbursement	000-291-280	27,000.00	-	27,000.00	27,000.00	-
Other Employee Benefits	000-291-290	1,929.20	-	1,929.20	-	1,929.20
TOTAL UNALLOCATED BENEFITS		1,882,108.56	(142,162.27)	1,739,946.29	1,589,009.31	150,936.98
On-behalf TPAF pension Contributions (non-budgeted)			-		455,443.00	(455,443.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)					288,418.84	(288,418.84)
TOTAL ON-BEHALF CONTRIBUTIONS		-	-	-	743,861.84	(743,861.84)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		1,882,108.56	(142,162.27)	1,739,946.29	2,332,871.15	(592,924.86)
TOTAL UNDISTRIBUTED EXPENDITURES		5,715,148.20	(297,837.86)	5,420,308.34	5,756,566.98	(336,258.64)
TOTAL GENERAL CURRENT EXPENSE		9,867,510.10	-	9,867,510.10	9,966,718.30	(99,208.20)

Exhibit C-1

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY						
Equipment						
Special Education - Instruction:						
Undistributed Expenditures - Instruction	000-100-730	$ 16,062.00	$ (15,808.12)	$ 253.88	$ -	$ 253.88
Undistributed Expenditures - Operation of Plant Services	000-260-730	-	4,648.00	4,648.00		4,648.00
Total Equipment		16,062.00	(11,160.12)	4,901.88	-	4,901.88
Facilities Acquisition and Construction Services						
Construction Services	000-400-450	446,145.00	6,292.12	452,437.12	417,067.09	35,370.03
Assessment for Debt Service on SDA Funding	000-400-898	13,224.00	(4,648.00)	8,576.00	8,576.00	-
Total Facilities Acquisition and Construction Services		459,369.00	1,644.12	461,013.12	425,643.09	35,370.03
TOTAL CAPITAL OUTLAY		475,431.00	(9,516.00)	465,915.00	425,643.09	40,271.91
TOTAL EXPENDITURES		10,342,941.10	(9,516.00)	10,333,425.10	10,392,361.39	(58,936.29)
Excess (Deficiency) of Revenues Over (Under) Expenditures		(760,871.10)	9,516.00	(751,355.10)	193,168.42	944,523.52
Other Financing Sources (Uses):						
Operating Transfer Out:						
Transfer to Debt Service Fund			(9,516.00)	(9,516.00)	(9,516.00)	-
Total Other Financing Sources (Uses)		-	(9,516.00)	(9,516.00)	(9,516.00)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)		(760,871.10)	-	(760,871.10)	183,652.42	944,523.52
Fund Balance, July 1		2,821,783.86	-	2,821,783.86	2,821,783.86	-
Fund Balance, June 30		$ 2,060,912.76	$ -	$ 2,060,912.76	$ 3,005,436.28	$ 944,523.52
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):						
Increase in Capital Reserve		$ 2,200.00	-	$ 2,200.00	$ 690,836.27	$ 688,636.27
Withdrawal from Capital Reserve		(375,000.00)	-	(375,000.00)	(375,000.00)	-
Adjustment for Prior Year Encumbrances		(324,421.10)	-	(324,421.10)	(324,421.10)	-
Budgeted Fund Balance		(63,650.00)	-	(63,650.00)	192,237.25	255,887.25
Total		$ (760,871.10)	$ -	$ (760,871.10)	$ 183,652.42	$ 944,523.52

Analysis of Fund Balance June 30, 2014:

Restricted Fund Balance:	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	$ 40,000.00
Reserve for Excess Surplus	40,000.00
Capital Reserve Account	2,459,549.03
Assigned Fund Balance:	
Year-end Encumbrances	215,887.25
Unassigned Fund Balance	250,000.00
	$ 3,005,436.28

Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:

Fund Balance June 30, 2014	$ 3,005,436.28
Last Two Current Year State Aid Payments Not Realized on GAAP Basis	(37,965.00)
	$ 2,967,471.28

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	$ -	$ -	$ -	$ -	$ -
Federal Sources	117,484.00	88,134.00	205,618.00	197,658.00	7,960.00
Local Sources	-	89,163.95	89,163.95	89,163.95	-
Total Revenues	$ 117,484.00	$ 177,297.95	$ 294,781.95	$ 286,821.95	$ 7,960.00
EXPENDITURES:					
Instruction					
Other Purchased Services (400-500 series)	$ 113,645.00	$ 61,425.00	$ 175,070.00	$ 167,110.00	$ 7,960.00
General Supplies	3,839.00	955.00	4,794.00	4,794.00	-
Total Instruction	117,484.00	62,380.00	179,864.00	171,904.00	7,960.00
Support Services					
Purchased Property Services		89,163.95	89,163.95	89,163.95	-
Other Purchased Services (400-500 series)		25,754.00	25,754.00	25,754.00	-
Total Support Services	-	114,917.95	114,917.95	114,917.95	-
Total Expenditures	117,484.00	177,297.95	294,781.95	286,821.95	7,960.00
Total Outflows	$ 117,484.00	$ 177,297.95	$ 294,781.95	$ 286,821.95	$ 7,960.00

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, 2014

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

	Exhibit	General Fund	Special Revenue Fund
Sources/Inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1&C-2]	$ 10,585,529.81	$ 286,821.95
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.		-	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	507.50
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	$ 10,585,529.81	$ 287,329.45
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1&C-2]	$ 10,392,361.39	$ 286,821.95
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for *budgetary* purposes, but in the year the supplies are received for *financial reporting* purposes.			507.50
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]	$ 10,392,361.39	$ 287,329.45

OTHER SUPPLEMENTARY INFORMATION

Section D

SCHOOL LEVEL SCHEDULES

Section E

SPECIAL REVENUE FUND

Exhibit E-1

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, 2014

		Total	State Aid	Federal Aid	Local Aid
REVENUES					
State Sources		$ -	$ -	$ -	$ -
Federal Sources		197,658.00	-	197,658.00	-
Local Sources		89,163.95	-	-	89,163.95
Total Revenues		$ 286,821.95	$ -	$ 197,658.00	$ 89,163.95
EXPENDITURES:					
Instruction:					
Other Purchased Services (400-500 series)	100-500	$ 167,110.00	$ -	$ 167,110.00	$ -
General Supplies	100-610	4,794.00	-	4,794.00	-
Total Instruction		171,904.00	-	171,904.00	-
Support Services:					
Purchased Property Services	200-400	89,163.95	-	-	89,163.95
Other Purchased Services (400-500 series)	200-500	25,754.00	-	25,754.00	-
Total Support Services		114,917.95	-	25,754.00	89,163.95
Total Expenditures		$ 286,821.95	$ -	$ 197,658.00	$ 89,163.95

Exhibit E-1b

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, 2014

		Total	E.S.E.A. Title III	I.D.E.A. Part B Basic
REVENUES				
Federal Sources		$ 197,658.00	$ 4,794.00	$ 192,864.00
Total Federal Revenues		$ 197,658.00	$ 4,794.00	$ 192,864.00
EXPENDITURES:				
Instruction:				
Other Purchased Services (400-500 series)	100-500	$ 167,110.00		$ 167,110.00
General Supplies	100-610	4,794.00	4,794.00	-
Total Instruction		171,904.00	4,794.00	167,110.00
Support Services:				
Other Purchased Services (400-500 series)	200-500	25,754.00		25,754.00
Total Support Services		25,754.00	-	25,754.00
Total Expenditures		$ 197,658.00	$ 4,794.00	$ 192,864.00

Exhibit E-1c

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Special Revenue Fund
Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014

		Total	PTO Donattions
REVENUES			
Local Sources		$ 89,163.95	$ 89,163.95
Total Local Revenues		$ 89,163.95	$ 89,163.95
EXPENDITURES:			
Support Services:			
Purchased Property Services	200-400	89,163.95	89,163.95
Total Support Services		89,163.95	89,163.95
Total Expenditures		$ 89,163.95	$ 89,163.95

Section F

CAPITAL PROJECTS FUND

Exhibit F-1

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Year Ended June 30, 2014

Project Title/Issue	Approval Date	Revised GAAP Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/14
			Prior Years	Current Year	
School Addition	9/1/94	$ 2,850,000.00	$ 2,661,167.35	$ 137,071.35	$ 51,761.30
Windows and Roof Replacement	6/13/14	235,935.00	-	-	235,935.00
		-	-	-	-
Totals		$ 3,085,935.00	$ 2,661,167.35	$ 137,071.35	$ 287,696.30

Exhibit F-2

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2014

REVENUES AND OTHER FINANCING SOURCES	
State Sources - SDA Grant	$ 235,935.00
Bond Proceeds	-
Lease Purchase Agreement	-
Transfer from capital reserve	-
Transfer from capital outlay	-
Total Revenues	235,935.00
EXPENDITURES AND OTHER FINANCING USES	
Equipment (73X)	67,190.11
Salaries (100)	-
Legal Services (331)	-
Other Purchased Professional and Technical Services (390)	-
Construction Services (450)	69,881.24
General Supplies (610)	-
Land and Improvements (710)	-
Lease Purchase Agreements - Principal (721)	-
Buildings other than Lease Purchase Agreements - Principal (722)	-
Other Objects (800)	-
Transfer to Fund 40	-
Total Expenditures	137,071.35
Excess (deficiency) of revenues over (under) expenditures	98,863.65
Fund Balance - July 1	188,832.65
Fund Balance - June 30	$ 287,696.30

Exhibit F-2a

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, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
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	2,850,000.00	-	2,850,000.00	2,850,000.00
EXPENDITURES AND OTHER FINANCING USES				
Equipment (73X)	65,398.24	67,190.11	132,588.35	70,000.00
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)	286,925.65		286,925.65	300,000.00
Construction Services (450)	2,258,843.46	69,881.24	2,328,724.70	2,480,000.00
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)			-	
Transfer to Fund 40	50,000.00	-	50,000.00	-
Total Expenditures	2,661,167.35	137,071.35	2,798,238.70	2,850,000.00
Excess (deficiency) of revenues over (under) expenditures	188,832.65	(137,071.35)	51,761.30	-

ADDITIONAL PROJECT INFORMATION	
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	11/30/93
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	98.18%
Original Target Completion Date	9/1/95
Revised Target Completion Date	9/1/95

Exhibit F-2b

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Windows and Roof Replacement
From Inception and for the Year Ended June 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	$ -	$ 235,935.00	$ 235,935.00	$ 235,935.00
Bond Proceeds			-	
Contribution from private sources			-	
Transfer from capital reserve			-	353,903.00
Transfer from capital outlay	-	-	-	-
Total Revenues	-	235,935.00	235,935.00	589,838.00
EXPENDITURES AND OTHER FINANCING USES				
Equipment (73X)			-	
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)			-	20,000.00
Construction Services (450)			-	569,838.00
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)			-	
Transfer to Fund 40	-	-	-	-
Total Expenditures	-	-	-	589,838.00
Excess (deficiency) of revenues over (under) expenditures	-	235,935.00	235,935.00	-

ADDITIONAL PROJECT INFORMATION	
Project Number	3740-020-14-G3CY
Grant Date	6/13/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	$ 589,838.00
Additional Authorized Cost	$ -
Revised Authorized Cost	$ 589,838.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completed	0.00%
Original Target Completion Date	9/1/15
Revised Target Completion Date	9/1/15

Section G

PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

Section H

FIDUCIARY FUND

Exhibit H-3

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2014

Schools	Balance June 30, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Elementary School	$ 48,581.14	$ 84,552.79	$ 77,447.68	$ 55,686.25
	$ 48,581.14	$ 84,552.79	$ 77,447.68	$ 55,686.25

Exhibit H-4

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2014

	Balance June 30, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Payroll Deductions and Withholdings	$ 42,258.49	$ 2,652,479.22	$ 2,655,445.85	$ 39,291.86
Net Salaries and Wages	10,279.17	3,381,346.66	3,381,293.24	10,332.59
Flexible Spending	636.60	16,032.20	16,185.83	482.97
Interfunds Payable	50,000.00	618.34	618.34	50,000.00
	$ 103,174.26	$ 6,050,476.42	$ 6,053,543.26	$ 100,107.42

Section I

LONG – TERM DEBT

Exhibit I-1

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Long - Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2014

Purpose	Date of Issue	Amount of Issue	Annual Maturities of Bonds Outstanding June 30, 2014 Date	Amount	Interest Rate	Balance June 30, 2013	Retired Current Year	Balance June 30, 2014
School Improvements	9/1/94	$ 2,850,000.00	9/1/14	$ 185,000.00	5.85%	$ 370,000.00	$ 185,000.00	$ 185,000.00
School Improvements	3/15/06	4,747,000.00	3/15/15	150,000.00	4.00%	4,042,000.00	140,000.00	3,902,000.00
			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%	-	-	-
						$ 4,412,000.00	$ 325,000.00	$ 4,087,000.00

Exhibit I-3

BOARD OF EDUCATION
BOROUGH OF NORWOOD
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 431,842.00	$ -	$ 431,842.00	$ 431,842.00	$ -
	431,842.00		431,842.00	431,842.00	-
Total Revenues	431,842.00	-	431,842.00	431,842.00	-
EXPENDITURES:					
Regular Debt Service:					
Interest	181,842.00	-	181,842.00	181,841.25	0.75
Redemption of Principal	325,000.00	-	325,000.00	325,000.00	-
Total Regular Debt Service	506,842.00	-	506,842.00	506,841.25	0.75
Total Expenditures	506,842.00	-	506,842.00	506,841.25	0.75
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,000.00)	-	(75,000.00)	(74,999.25)	0.75
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Reserve	9,516.00		9,516.00	9,516.00	
Interest Earned in Capital Projects Fund	-	-	-	721.26	(721.26)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(65,484.00)	-	(65,484.00)	(64,761.99)	(720.51)
Fund Balance, July 1	66,156.55	-	66,156.55	66,156.55	-
Fund Balance, June 30	$ 672.55	$ -	$ 672.55	$ 1,394.56	$ (720.51)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Budgeted Fund Balance	$ (65,484.00)	$ -	$ (65,484.00)	$ (64,761.99)	$ (720.51)

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 Position by Component
J-2	Changes in Net Position
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

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Exhibit J-1

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	$ 1,052,665.36	$ 493,962.17	$ 464,384.65	$ 312,719.90	$ 842,393.00	$ 870,535.00	$ 1,365,375.00	$ 726,540.00	$ 122,513.00	$ -
Restricted	2,994,250.96	2,747,605.54	2,064,894.65	1,395,874.55	506,415.00	578,845.00	334,557.00	388,912.00	221,767.00	281,573.00
Unrestricted	88,907.62	96,934.91	103,562.88	141,556.31	160,261.00	19,750.00	404,070.00	273,230.00	30,039.00	10,549.00
Total governmental activities net position	$ 4,135,823.94	$ 3,338,502.62	$ 2,632,842.18	$ 1,849,950.76	$ 1,509,069.00	$ 1,469,130.00	$ 2,104,002.00	$ 1,388,682.00	$ 374,319.00	$ 292,122.00
Business-type activities										
Net investment in capital assets										
Restricted										
Unrestricted	1,601.95	3,656.17	3,065.46	2,163.58	12,044.00	10,420.00	8,367.00	6,386.00	2,907.00	20,661.00
Total business-type activities net position	$ 1,601.95	$ 3,656.17	$ 3,065.46	$ 2,163.58	$ 12,044.00	$ 10,420.00	$ 8,367.00	$ 6,386.00	$ 2,907.00	$ 20,661.00
District-wide										
Net investment in capital assets	$ 1,052,665.36	$ 493,962.17	$ 464,384.65	$ 312,719.90	$ 842,393.00	$ 870,535.00	$ 1,365,375.00	$ 726,540.00	$ 122,513.00	$ -
Restricted	2,994,250.96	2,747,605.54	2,064,894.65	1,395,874.55	506,415.00	578,845.00	334,557.00	388,912.00	221,767.00	281,573.00
Unrestricted	90,509.57	100,591.08	106,628.34	143,719.89	172,305.00	30,170.00	412,437.00	279,616.00	32,946.00	31,210.00
Total district net position	$ 4,137,425.89	$ 3,342,158.79	$ 2,635,907.64	$ 1,852,114.34	$ 1,521,113.00	$ 1,479,550.00	$ 2,112,369.00	$ 1,395,068.00	$ 377,226.00	$ 312,783.00

Source: District records

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities										
Instruction										
Regular	$ 4,769,611.85	$ 4,427,983.50	$ 4,376,709.53	$ 4,081,684.00	$ 4,218,404.00	$ 4,182,541.00	$ 4,082,913.00	$ 3,903,565.00	$ 3,578,246.00	$ 3,519,443.00
Special education	1,207,300.80	1,218,336.24	1,068,088.32	1,026,616.65	1,766,974.00	1,704,522.00	1,376,731.00	1,486,634.00	1,657,106.00	1,537,821.00
Other instruction	281,667.34	319,853.51	318,865.74	287,312.98	304,341.00	333,818.00	314,216.00	289,145.00	254,126.00	231,366.00
Support Services:										
Tuition	793,399.07	595,896.76	473,791.88	617,219.24						
Student and instruction related services	1,345,749.69	1,407,815.11	1,357,678.11	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
School administrative services	547,792.72	347,954.64	306,628.39	297,933.53	651,169.00	587,469.00	719,870.00	577,608.00	531,707.00	503,192.00
Administrative information technology	528,836.83	570,055.88	558,443.60	590,505.94	403,915.00	450,566.00	427,291.00	400,281.00	452,424.00	466,391.00
Plant operations and maintenance	904,217.88	885,099.09	927,344.91	833,398.38	972,473.00	1,150,328.00	946,607.00	810,963.00	845,446.00	734,267.00
Pupil transportation	180,284.10	187,535.41	184,182.63	175,017.30	219,532.00	252,928.00	257,483.00	275,541.00	281,876.00	267,100.00
SDA Debt Service Assessment	8,576.00	8,576.00	8,249.00	10,746.00						
Special Schools										
Charter Schools										
Interest on long-term debt	176,599.92	192,690.83	208,103.58	222,779.34	236,808.00	251,178.00	261,705.00	274,832.00	147,544.00	98,976.00
Total governmental activities expenses	10,744,036.20	10,161,796.95	9,798,085.71	9,585,972.33	10,170,723.00	10,208,972.00	9,636,319.00	9,148,168.00	8,804,827.00	8,190,971.00
Business-type activities:										
Food service	8,906.66	2,376.10	4,495.52	16,934.05	6,269.00	7,114.00	8,003.00	6,631.00	29,613.00	6,929.00
Total business-type activities expense	8,906.66	2,376.10	4,495.52	16,934.05	6,269.00	7,114.00	8,003.00	6,631.00	29,613.00	6,929.00
Total district-wide expenses	10,752,942.86	10,164,173.05	9,798,581.23	9,602,906.38	10,176,992.00	10,216,086.00	9,644,322.00	9,154,799.00	8,834,440.00	8,197,900.00
Program Revenues										
Governmental activities:										
Charges for services:										
Pupil transportation										
Special Schools							2,759.00	14,550.00	28,250.00	42,375.00
Interest on long-term debt	176,599.92	192,690.83	208,103.58	222,779.34						
Operating grants and contributions	1,512,510.65	1,432,638.23	1,258,061.85	1,099,496.52	1,581,889.00	1,366,417.00	1,687,173.00	1,689,571.00	1,443,651.00	1,353,700.00
Capital grants and contributions				-	-		539,531.00	509,335.00	77,207.00	
Total governmental activities program revenues	1,689,110.57	1,625,329.06	1,466,165.44	1,322,275.86	1,581,889.00	1,366,417.00	2,229,463.00	2,213,456.00	1,549,308.00	1,396,075.00

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-type activities:										
Charges for services										
Food service	$ 6,852.44	$ 2,966.81	$ 5,397.40	$ 7,054.10	$ 7,893.00	$ 9,167.00	$ 9,984.00	$ 10,110.00	$ 6,961.00	$ 6,458.00
Operating grants and contributions				-	-	-	-	-	4,898.00	6,009.00
Total business-type activities program revenues	6,852.44	2,966.81	5,397.40	7,054.10	7,893.00	9,167.00	9,984.00	10,110.00	11,859.00	12,467.00
Total district-wide program revenues	1,695,963.01	1,628,295.87	1,471,562.84	1,329,329.96	1,589,782.00	1,395,584.00	2,239,447.00	2,223,566.00	1,561,167.00	1,408,542.00
Net (Expense)/Revenue										
Governmental activities	(9,054,925.63)	(8,526,467.69)	(8,319,920.27)	(8,263,696.47)	(8,588,834.00)	(8,822,555.00)	(7,406,856.00)	(6,934,712.00)	(7,255,499.00)	(6,794,835.00)
Business-type activities	(2,054.22)	590.71	901.88	(9,879.95)	1,624.00	2,053.00	1,981.00	3,479.00	(17,754.00)	5,538.00
Total district-wide net expense	(9,056,979.85)	(8,525,877.18)	(8,319,018.39)	(8,273,576.42)	(8,587,210.00)	(8,820,502.00)	(7,404,875.00)	(6,931,233.00)	(7,273,253.00)	(6,789,358.00)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	8,839,123.00	8,665,807.00	8,520,399.00	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
Property taxes, levied for debt service principal	255,242.08	240,028.17	249,788.41	244,613.66						
Federal and State aid not restricted	12,287.64	7,944.87	21,324.00	252,588.00	99,765.00	125,626.00	140,611.00	121,710.00	122,529.00	122,128.00
Tuition (other than special schools)	23,902.00	17,694.00	19,909.00							
Investment earnings	7,419.53	6,589.68	3,544.40	126,989.46	20,243.00	23,414.00	110,786.00	275,151.00	113,131.00	38,074.00
Miscellaneous income	478,337.70	294,084.62	263,890.00	259,850.46	256,686.00	178,360.00	37,955.00	3,658.00	37,448.00	22,708.00
Special item - proceeds from sale of assets										
Adjustment to Capital Assets			23,946.88	(540,749.00)						
Lease-Purchase Agreement Canceled										
N.J. School Development Authority grants	235,935.00									
Transfers										
Total governmental activities	9,852,246.95	9,232,128.34	9,102,811.69	8,696,622.60	8,620,184.00	8,187,683.00	8,122,176.00	7,949,075.00	7,337,696.00	6,931,038.00
Business-type activities:										
Investment earnings										
Miscellaneous income										
Transfers	-	-	-	-	(1,391.00)					
Total business-type activities	-	-	-	-	(1,391.00)	-	-	-	-	-
Total district-wide general revenues	9,852,246.95	9,232,128.34	9,102,811.69	8,696,622.60	8,628,773.00	8,187,683.00	8,122,176.00	7,949,075.00	7,337,696.00	6,931,038.00
Change in Net Position										
Governmental activities	797,321.32	705,660.45	782,891.42	432,926.13	41,350.00	(634,872.00)	715,320.00	1,014,363.00	82,197.00	136,142.00
Business-type activities	(2,054.22)	590.71	901.88	(9,879.95)	233.00	2,053.00	1,981.00	3,479.00	(17,754.00)	5,538.00
Total district-wide change in net position	$ 795,267.10	$ 706,251.16	$ 783,793.30	$ 423,046.18	$ 41,583.00	$ (632,819.00)	$ 717,301.00	$ 1,017,842.00	$ 64,443.00	$ 141,680.00

Source: District records

Exhibit J-3

BOARD OF EDUCATION
BOROUGH OF NORWOOD

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

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Restricted	$ 2,539,549.03	$ 2,223,712.76	$ 1,738,357.14	$ 937,875.63	$ -	$ -	$ -	$ -	$ -	$ -
Assigned	215,887.25	348,071.10	82,764.82	32,222.32						
Unassigned	212,035.00	212,035.00	254,943.00	270,278.80						
Reserved					250,801.00	182,330.00	227,400.00	218,806.00	58,512.00	225,192.00
Unreserved					84,438.00	35,175.00	357,881.00	233,236.00	141,004.00	128,435.00
Total general fund	$ 2,967,471.28	$ 2,783,818.86	$ 2,076,064.96	$ 1,240,376.75	$ 335,239.00	$ 217,505.00	$ 585,281.00	$ 452,042.00	$ 199,516.00	$ 353,627.00
All Other Governmental Funds										
Restricted, reported in:										
Capital projects fund	$ 287,696.30	$ 188,832.65	$ 238,832.65	$ 375,904.00	$ -	$ -	$ -	$ -	$ -	$ -
Debt service fund	1,394.56	66,156.55	65,484.22	115,014.44						
Assigned, reported in:										
Capital projects fund										
Reserved					326,896.00	346,727.00	57,435.00	2,723,701.00	106,804.00	579,039.00
Unreserved, reported in:										
Special revenue fund										
Capital projects fund					181,053.00	234,764.00	808,950.00	519,624.00	5,091,682.00	75,001.00
Debt service fund										
Total all other governmental funds	$ 289,090.86	$ 254,989.20	$ 304,316.87	$ 490,918.44	$ 507,949.00	$ 581,491.00	$ 866,385.00	$ 3,243,325.00	$ 5,198,486.00	$ 654,040.00
Total Fund Balances	$ 3,256,562.14	$ 3,038,808.06	$ 2,380,381.83	$ 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

Source: District records

BOARD OF EDUCATION
BOROUGH OF NORWOOD

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

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Tax levy	$ 9,270,965.00	$ 9,096,525.00	$ 8,978,201.00	$ 8,820,725.00	$ 8,243,490.00	$ 7,860,283.00	$ 7,832,824.00	$ 7,548,546.00	$ 7,094,588.00	$ 6,748,128.00
Tuition charges	23,902.00	17,894.00	19,909.00				2,759.00	14,550.00	28,250.00	42,375.00
Transportation fees										
Interest earnings	7,419.53	6,569.68	3,544.40	126,989.48	20,243.00	23,414.00	110,786.00	275,151.00	113,131.00	38,074.00
Miscellaneous	567,501.65	314,066.66	263,890.00	259,850.46	266,666.00	178,360.00	37,955.00	3,668.00	13,001.00	14,561.00
State sources	1,237,468.84	1,264,463.54	1,101,830.85	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
Federal sources	196,165.50	166,137.50	177,555.00	135,003.73	319,730.00	196,454.00	180,105.00	172,344.00	155,547.00	185,580.00
Total revenues	11,305,422.52	10,867,457.40	10,545,030.25	10,559,647.48	10,212,053.00	9,574,100.00	10,344,395.00	10,162,531.00	8,882,557.00	8,318,966.00
Expenditures										
Instruction										
Regular instruction	3,299,951.34	3,013,571.07	3,083,508.91	2,882,487.41	3,936,807.00	3,872,881.00	3,958,055.00	3,772,401.00	3,479,398.00	3,399,661.00
Special education instruction	881,712.29	894,521.87	800,283.79	776,927.23	1,787,502.00	1,711,384.00	1,375,338.00	1,494,394.00	1,860,009.00	1,532,915.00
Other instruction	200,896.19	230,083.26	229,535.52	213,434.34	304,341.00	333,818.00	314,218.00	286,323.00	254,527.00	231,366.00
Support Services:										
Tuition	793,399.07	595,896.76	473,791.89	617,219.24						
Student and instruction related services	1,030,965.42	1,092,490.50	1,073,377.05	1,158,032.04	1,393,436.00	1,285,772.00	1,239,920.00	1,116,966.00	1,053,933.00	824,789.00
School administrative services	379,366.87	188,532.10	173,608.76	218,561.32	324,858.00	298,616.00	299,172.00	293,423.00	265,700.00	251,092.00
General and business administrative services	435,569.33	468,821.53	456,445.75	503,530.01	720,504.00	731,396.00	840,303.00	676,810.00	708,678.00	710,335.00
Plant operations and maintenance	718,998.99	691,492.94	771,729.38	896,251.89	984,538.00	1,151,164.00	932,542.00	797,608.00	639,361.00	728,869.00
Pupil transportation	180,284.10	197,535.41	184,182.63	175,017.30	219,532.00	252,928.00	257,463.00	276,541.00	281,878.00	257,100.00
Employee benefits	2,332,871.15	2,280,862.17	1,996,008.38	1,794,405.62						
Special Schools										
Charter Schools										
Capital outlay	662,714.44	37,606.00	139,321.35	35,621.00	28,690.00	83,531.00	2,869,376.00	2,647,068.00	437,334.00	16,709.00
Debt service:										
Principal	325,000.00	310,000.00	295,000.00	280,000.00	265,000.00	250,000.00	235,000.00	225,000.00	145,000.00	140,000.00
Interest and other charges	181,641.25	197,717.50	212,901.25	227,392.50	241,192.00	254,298.00	266,711.00	278,632.00	93,418.00	101,683.00
Total expenditures	11,323,603.44	10,199,031.17	9,889,694.61	9,568,749.90	10,156,470.00	10,226,770.00	12,588,096.00	11,845,166.00	9,219,222.00	8,203,579.00
Excess (Deficiency) of revenues over (under) expenditures	(18,180.92)	668,426.23	655,335.64	990,897.58	45,583.00	(652,670.00)	(2,243,701.00)	(1,702,635.00)	(336,665.00)	115,387.00

BOARD OF EDUCATION
BOROUGH OF NORWOOD

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

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Other Financing sources (uses)										
Capital leases (non-budgeted)										
Lease-Purchase Agreements										
N.J. Economic Development Authority Grants	235,935.00									
Serial Bond Proceeds									4,747,000.00	
Transfers in	10,237.26	75,870.83	469.03	115,013.94	26,163.00	13,837.00	84,173.00	238,414.00	274,401.00	75,001.00
Transfers out	(10,237.26)	(75,870.83)	-469.03	(115,013.94)	(27,554.00)	(13,837.00)	(84,173.00)	(238,414.00)	(274,401.00)	(75,001.00)
Total other financing sources (uses)	235,935.00	-	-	-	(1,391.00)	-	-	-	4,747,000.00	-
Net change in fund balances	$ 217,754.08	$ 658,426.23	$ 655,335.64	$ 990,897.56	$ 44,192.00	$ (652,670.00)	$ (2,243,701.00)	$ (1,702,835.00)	$ 4,390,335.00	$ 115,387.00
Debt service as a percentage of noncapital expenditures	4.71%	5.00%	5.21%	5.32%	4.99%	4.97%	5.16%	5.46%	2.71%	2.95%

Source: District records

Exhibit J-5

BOARD OF EDUCATION
BOROUGH OF NORWOOD

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

Fiscal Year Ended June 30,	Total	Tuition	Transportation Fees	Interest	Summer Enrichment	Rentals	Health Benefits Rebate	Pre-School Inclusion Fees	Miscellaneous
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
2012	286,874.37	19,909.00		3,075.37		248,880.00			15,010.00
2013	317,677.47	17,694.00		5,896.85		293,084.62			1,000.00
2014	508,937.97	23,902.00		6,696.27		329,820.82			148,516.88

Source: District records

Exhibit J-6

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
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	1,507,082,584	0.564
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
2012	7,705,900	986,809,800	44,300	70,643,900	97,495,300	16,500,000	1,179,199,200	1,103,992	1,180,303,192	1,327,086,242	0.568
2013	7,230,100	988,084,400	44,300	70,643,900	97,495,300	16,500,000	1,179,998,000	-	1,179,998,000	1,273,704,913	0.572
2014	7,059,100	987,504,100	44,300	70,643,900	97,495,300	16,500,000	1,179,246,700		1,179,246,700	1,225,344,833	0.556

Source: Municipal Tax Assessor

Exhibit J-7

BOARD OF EDUCATION
BOROUGH OF NORWOOD

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

	School District Direct Rate			Overlapping Rates		
Fiscal Year Ended December 31,	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	Total Direct and Overlapping Tax Rate
						8
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	1.251	0.043	1.294	0.615	0.224	2.133
2012	1.291	0.043	1.334	0.639	0.245	2.218
2013	1.308	0.043	1.351	0.650	0.248	2.249
2014	1.307	0.043	1.350	0.662	0.243	2.255

Source: Municipal Tax Collector

Exhibit J-8

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited

	2014		2005	
Fiscal Year Ended June 30,	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Buckingham at Norwood	$ 23,000,000	1.95%		
Norwood Associates II	16,500,000	1.40%		
Alfred Sanzari	7,559,600	0.64%		
Livingston 535	6,400,700	0.54%	N/A	
Norwood Projist, LLC	6,310,900	0.53%		
355 Chestnut Street	5,499,600	0.47%		
Levingal Realty	4,199,900	0.36%		
Alsan Realty	3,647,600	0.31%		
Individual Taxpayer #1	3,602,200	0.30%		
Mitsui Foods	3,314,100	0.28%		
Total	$ 80,034,600	6.77%	$ -	0.00%

Source: Municipal Tax Assessor

Exhibit J-9

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 Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	454,556	25,477,435	99.53%
2011	25,178,411	24,717,721	98.17%	507,856	25,225,577	100.18%
2012	26,268,723	25,783,987	98.15%	480,857	26,264,844	99.98%
2013	26,551,147	25,942,070	97.70%		25,942,070	97.70%

Source: Municipal Tax Collector

Exhibit J-10

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

	Governmental Activities				Business-Type Activities			
Fiscal Year Ended June 30,	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income	Per Capita
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	2.39%	928
2011	5,017,000					5,017,000	2.06%	815
2012	4,722,000					4,722,000	2.17%	812
2013	4,412,000					4,412,000	2.01%	761
2014	4,087,000					4,087,000	1.84%	705

Exhibit J-11

BOARD OF EDUCATION
BOROUGH OF NORWOOD

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

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
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%	928
2011	5,017,000		5,017,000	0.42%	815
2012	4,722,000		4,722,000	0.40%	812
2013	4,412,000		4,412,000	0.37%	761
2014	4,087,000		4,087,000	0.35%	705

Exhibit J-12

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Direct and Overlapping Governmental Activities Debt
As of December 31,2013
Unaudited

Net Direct Debt of School District as of December 31,2013		$ 4,042,000
Net Overlapping Debt of School District:		
Borough of Norwood (100%)	$ 8,063,287	
Northern Valley Regional School District	2,153,435	
County of Bergen - Borough's share of $849.429,738 at December 31, 2013 (.77124%)	6,551,151	
Bergen County Utilities Authority - Water Pollution Control System - Borough's share of $207,287,977 at December 31, 2013 (.8207%)	1,701,212	
		18,469,085
Total Direct and Overlapping Bonded Debt as of December 31,2013		$ 22,511,085

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

Exhibit J-13

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis	
2011	1,324,942,787
2012	1,269,731,022
2013	1,223,176,117
	$ 3,817,849,926
Average equalized valuation of taxable property	$ 1,272,616,642
Debt limit (4 % of average equalization value)	50,904,666
Total Net Debt Applicable to Limit	4,087,000
Legal debt margin	$ 46,817,666

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt limit	$ 45,912,575	$ 59,437,974	$ 56,042,484	$ 52,978,364	$ 50,904,666
Total net debt applicable to limit	5,297,541	5,017,000	4,722,000	4,412,000	4,087,000
Legal debt margin	$ 40,615,034	$ 54,420,974	$ 51,320,484	$ 48,566,364	$ 46,817,666
Total net debt applicable to the limit as a percentage of debt limit	11.54%	8.44%	8.43%	8.33%	8.03%

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt limit	$ 29,431,850	$ 32,988,488	$ 38,270,368	$ 42,524,470	$ 45,870,130
Total net debt applicable to limit	1,670,000	6,272,541	6,047,541	5,812,541	5,562,541
Legal debt margin	$ 27,761,850	$ 26,715,947	$ 32,222,827	$ 36,711,929	$ 40,307,589
Total net debt applicable to the limit as a percentage of debt limit	5.67%	19.01%	15.80%	13.67%	12.13%

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

Exhibit J-14

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
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	5,711 (Actual)	221,329,805	38,755 (Actual)	9.0%
2011	6,158	243,426,356	39,530	6.2%
2012	5,815	217,870,605	37,467	9.0%
2013	5,797	219,584,563	37,879	7.2%
2014	5,797 (Est.)	222,001,912	38,296 (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 2010 Census published by the US Bureau of Economic Analysis.
Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Principal Employers
Current Year and Ten Years Ago
Unaudited

	2014			2004		
Employer	**Employees**	**Rank [Optional]**	**Percentage of Total Municipal Employment**	**Employees**	**Rank [Optional]**	**Percentage of Total Municipal Employment**
		Not Available			**Not Available**	
	0		0.00%	0		0.00%

Source: _____

Exhibit J-16

BOARD OF EDUCATION
BOROUGH OF NORWOOD

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Regular		43	42	42	46	46	46	46	46	47
Special education		13	10	10	13	13	13	13	13	13
Other instruction		6	9	9	11	11	11	11	11	11
Support Services:										
Student and instruction related services		5	5	5	5	5	5	5	5	5
General administrative services		2	2	2	2	2	2	3	3	3
School administrative services		3	3	3	4	4	3	3	3	3
Other administrative services		3	3	3	3	3	3	3	3	3
Central Services										
Administrative information technology										
Plant operations and maintenance		7	7	8	8	8	7	7	7	7
Pupil transportation										
Other support sevices										
Total	0	83.25	80	81.5	91.5	91.5	89	90	90.5	91.25

Source: District Personnel Records

Exhibit J-17

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio: Elementary	Pupil/Teacher Ratio: Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	649	$ 7,946,187	$ 12,244	4.89%	57	1:12		656.6	628.3	6.16%	95.69%
2006	645	8,543,470	13,246	8.18%	57	1:11		644.9	622.5	-1.78%	96.53%
2007	643	8,714,466	13,553	2.32%	56	1:11		643.4	619.6	-0.23%	96.30%
2008	634	9,217,009	14,538	7.27%	57	1:11		631.6	605.5	-1.83%	95.87%
2009	635	9,638,941	15,179	4.41%	54	1:12		633.6	607.1	0.32%	95.82%
2010	625	9,631,588	15,411	1.53%	54	1:12		623.5	598.2	-1.59%	95.94%
2011	623	9,025,836	15,604	1.25%	55	1:12		621.4	597.1	-0.34%	96.09%
2012	607	9,394,633	15,477	-0.81%	55	1:11		609.2	587.6	-1.96%	96.45%
2013	580	9,501,114	16,381	5.84%	55	1:11		580.0	555.0	-4.79%	95.69%
2014	585	10,254,048	17,528	7.00%	55	1:11		583.1	563.5	0.53%	96.64%

Source: District records

Note: Enrollment based on annual October district count.

Exhibit J-18

BOARD OF EDUCATION
BOROUGH OF NORWOOD

School Building Information
Last Ten Fiscal Years
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
District Building										
Elementary										
Elementary School (K-5)										
Square Feet	71,522	71,522	71,522	71,522	82,891	82,891	82,891	82,891	82,891	82,891
Capacity (students)										
Enrollment	649	645	643	634	635	625	623	623	580	585
Other										
Square Feet	4,176	4,176	4,176	4,176	4,176	4,176	4,176	4,176	4,176	4,176

Number of Schools at June 30, 2014
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

*School Facility	Pending Projects (w/DOE Project #)	Gross Building Area (SF)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Elementary School		82,891	$ 219,571	$ 213,377	$ 248,973	$ 188,639	$ 174,372	$ 184,670	$ 176,492	$ 165,806	$ 192,930	$ 155,511
Administrative Building							-	-	3,602	3,384	3,937	2,588
District Total		82,891	$ 219,571	$ 213,377	$ 248,973	$ 188,639	$ 174,372	$ 184,670	$ 180,094	$ 169,190	$ 196,867	$ 158,099

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

Exhibit J-20

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Insurance Schedule
As of June 30, 2014
Unaudited

	Coverage	Deductible
Northest Bergen County School Board Insurance Group:		
Selective Way Insurance Company:		
Property - Blanket Building & Contents	$ 18,054,377	$ 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	1,000,000	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
Selective Insurance Company of America:		
Employee Dishonesty	100,000	5,000
Surety Bonds:		
Treasurer of School Moneys	200,000	
School Business Administrator/Board Secretary	50,000	

Source: District records.

Single Audit Section

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

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

K-1
Sheet 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

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, 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of Norwood School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Borough of Norwood School District's basic financial statements, and have issued our report thereon dated October 2, 2014.

Internal Control Over Financial Reporting

Management of the Borough of Norwood School District is responsible for establishing and maintaining effective 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 to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinions 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Norwood School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Norwood School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Timothy M. Vrabel
Public School Accountant
License No. CS000698

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

Montville, New Jersey
October 2, 2014

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

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

K-2
Sheet 1

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR LETTER 04-04

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Borough of Norwood School District's compliance 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 Compliance Manual State Grants Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014. Borough of Norwood School District's major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Borough of Norwood School District's major state programs based on our audit of the types of compliance requirements referred to above. 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; in compliance with the audit requirements as prescribed by the Office of School 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 Grants, State Grants and State Aid. Those

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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 of Borough of Norwood School District's compliance with those requirements.

Opinion on Each Major State program

In our opinion, the Borough of Norwood School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of Borough of Norwood School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Borough of Norwood School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB 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 over compliance 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 will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and New Jersey OMB Circular 04-04

We have audited the financial statements of the Borough of Norwood School District as of and for the year ended June 30, 2014, and have issued our report thereon dated October 2, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Expenditure of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the financial statements as a whole.

Timothy M. Vrabel
Public School Accountant
License No. CS000698

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

Montville, New Jersey
October 2, 2014

BOARD OF EDUCATION
BOROUGH OF NORWOOD

Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2013	Adjustments	Cash Received	BUDGETARY EXPENDITURES Disbursements	Accounts Payable	Encumbrances	Total	Repayment of Prior Years' Balances	Balance June 30, 2014 Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education Passed - Through State Department of Education:														
Special Revenue Funds:														
E.S.E.A. Title III	84.365A	8/1/13-6/30/14	$ 4,794.00	$ -	$ -	$ 4,794.00	$ 4,794.00	$ -	$ -	$ 4,794.00	$ -	$ -	$ -	$ -
I.D.E.A. Part B, Basic	84.027A	8/1/13-6/30/14	192,864.00			171,943.50	192,864.00			192,864.00		(20,920.50)		
I.D.E.A. Part B, Basic	84.027A	8/1/12-8/31/13	208,841.00	(123,398.00)		123,398.00				-		-		
I.D.E.A. Part B, Preschool	84.173A	8/1/13-6/30/14	7,960.00							-		-		
I.D.E.A. Part B, Preschool	84.173A	8/1/12-8/31/13	9,747.00	-		-	-			-		-		
Total U.S. Department of Education (Fund 20)				(123,398.00)	-	300,135.50	197,658.00	-	-	197,658.00	-	(20,920.50)	-	-
Total Federal Financial Assistance				$ (123,398.00)	$ -	$ 300,135.50	$ 197,658.00	$ -	$ -	$ 197,658.00	$ -	$ (20,920.50)	$ -	$ -

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, 2014

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2013	Adjustments	Cash Received	BUDGETARY EXPENDITURES Disbursements	Accounts Payable	Encumbrances	Total	Repayment of Prior Years' Balances	Balance June 30, 2014 Accounts Receivable	Deferred Revenue	Due to Grantor
State Department of Education:														
General Fund:														
Categorical Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	$ 14,300.00	$ -	$ -	$ 12,901.82	$ 14,300.00	$ -	$ -	$ 14,300.00	$ -	$ (1,398.18)	$ -	$ -
Categorical Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	14,171.00	(1,365.76)		1,365.76				-		-		
Categorical Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	361,270.00			325,941.87	361,270.00			361,270.00		(35,328.13)		
Categorical Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	365,358.00	(35,716.11)		35,716.11				-		-		
Categorical Security Aid	14-495-034-5120-084	7/1/13-6/30/14	8,745.00			7,889.84	8,745.00			8,745.00		(855.16)		
Categorical Security Aid	13-495-034-5120-084	7/1/12-6/30/13	8,808.00	(861.13)		861.13				-		-		
Additional Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	3,920.00			3,536.67	3,920.00			3,920.00		(383.33)		
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	97,828.00				97,828.00			97,828.00		(97,828.00)		
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	84,006.00	(84,006.00)		84,006.00				-		-		
Non-Public Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	7,544.00				7,544.00			7,544.00		(7,544.00)		
Non-Public Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	6,107.60	(6,107.60)		6,107.60				-		-		
Reimbursed TPAF Social Security Contribution	14-495-034-5095-002	7/1/13-6/30/14	288,418.84			273,982.38	288,418.84			288,418.84		(14,436.46)		
Reimbursed TPAF Social Security Contribution	13-495-034-5095-002	7/1/12-6/30/13	302,968.84	(29,551.01)		29,551.01				-		-		
On-Behalf TPAF Pension Contributions	13-495-034-5095-001	7/1/11-6/30/12	455,443.00	-		455,443.00	455,443.00			455,443.00		-		
Total General Funds				(157,629.91)		1,237,324.96	1,237,468.84			1,237,468.84		(157,773.48)		
Capital Project Funds:														
N.J. Schools Development Authority Grant	3740-020-05-1000		1,065,886.00	(357,847.77)		357,847.77				-		-		
N.J. Schools Development Authority Grant	3740-020-14-03CY		235,035.00	-		-				-		-		
Total Capital Project Funds				(357,847.77)	-	357,847.77	-	-	-	-	-	-	-	-
Total All Funds				$ (365,477.38)	$ -	$ 1,445,172.73	$ 1,237,468.84	$ -	$ -	$ 1,237,468.84	$ -	$ (157,773.48)	$ -	$ -

(1) Reallocated
(2) Returned to State

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, 2014

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, 2014
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $-0- for the general fund and $507.50 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:

	Federal	State	Total
General Fund	$	$ 1,237,468.84	$ 1,237,468.84
Special Revenue Fund	198,165.50	-0-	198,165.50
Total Awards and Financial Assistance	$ 198,165.50	$ 1,237,468.84	$ 1,435,634.34

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, 2014. 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, 2014.

BOARD OF EDUCATION
BOROUGH OF NORWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Part I – Summary of Auditor's Results

Financial Statement Section

A) Type of auditor's report issued: ___Unmodified_____

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, 2014

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? — X yes ___ no

L) Type of auditor's report on compliance for major programs. — Unmodified

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:

GMIS Number(s)	Name of State Program
14-495-034-5120-089	Special Education Aid
14-495-034-5120-84	Security Aid
14-495-034-5120-85	Additional Adjustment Aid

BOARD OF EDUCATION
BOROUGH OF NORWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014
(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, 2014
(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, 2014

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