

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

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

**For the Fiscal Year Ended June 30, 2018**

**Prepared by**

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

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

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## **Introductory Section**

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

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**Sacha Pouliot**  
School Business Administrator

October 1, 2018

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, 2018, 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 Amendments 1996 and the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" and State of New Jersey OMB 15.08, "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. REPORTING ENTITY AND ITS SERVICES:**

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with an enrollment of 599 which is a decrease of 25 students from the previous year's enrollment or a change of 4.01%. The following details the changes in the student enrollment of the District over the last ten years.

**Enrollment Increase/Decrease**

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2006-2007	643	(0.31)%
2007-2008	634	(1.42)%
2008-2009	635	0.2%
2009-2010	625	(1.02)%
2010-2011	625	0.0%
2011-2012	607	(2.88)%
2012-2013	580	(4.4)%
2013-2014	585	.8%
2015-2016	594	1.5%
2016-2017	624	5.05%
2017-2018	599	(4.01)%

**2. OUR COMMUNITY:**

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

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

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

**3. OUR SCHOOL:**

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

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

**4. INTERNAL ACCOUNTING CONTROLS:**

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

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

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

#### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of Norwood. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. A project-length budget is approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the 2017-2018 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 funded through the issuance of Bonds and the remaining \$541 was available through other funds of the Board. On March 22, 2006, the district funded the referendum with \$4,747,000 bond sale. The District refinanced the 2006 Bonds on March 18, 2015. No bonds from this issue remain outstanding as of June 30, 2017.

On March 18, 2015, the District issued \$3,510,000 Refunding School Bonds to refinance the callable maturities of the \$4,747,000 bonds described above, maturing in the years 2017 through 2026. The District realized total debt service savings of \$235,772 through fiscal year ending June 30, 2026. As of June 30, 2017, the District has \$2,465,000 serial bonds outstanding.



**8. CASH MANAGEMENT:**

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

**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 statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" and State Treasury Circular Letter 15-08 OMB. 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,

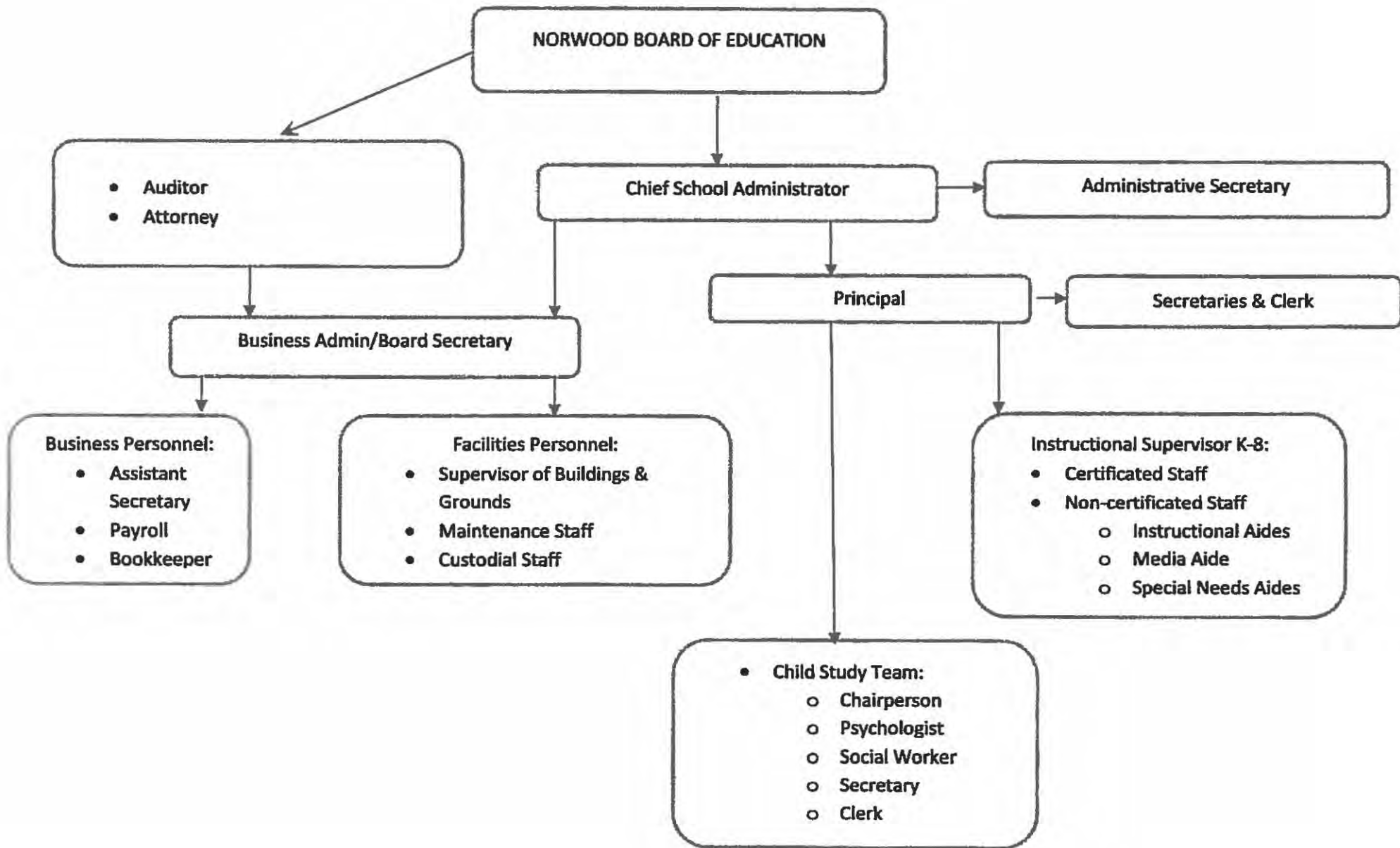


Lisa Gross  
Superintendent



Sacha Pouliot  
School Business Administrator/Board Secretary

Norwood Public School  
2017-2018 Organizational Chart



**NORWOOD BOARD OF EDUCATION  
NORWOOD, NEW JERSEY  
ROSTER OF OFFICIALS  
JUNE 30, 2018**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
<b>Michael Sprague, President</b>	<b>2021</b>
<b>Edward T. Cammarata, Vice President</b>	<b>2019</b>
<b>Anthony Foschino</b>	<b>2020</b>
<b>Tammy Greenberg</b>	<b>2021</b>
<b>Kelly Wilson</b>	<b>2021</b>
<b>Rahul Vaghasia</b>	<b>2019</b>
<b>Carlos Guzman</b>	<b>2020</b>

**Other Officials**

**Lisa Gross, Chief School Administrator/Principal**

**Sacha Pouliot, Business Administrator/Board Secretary**



**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 Street, 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, 2018, 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, 2018, 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*

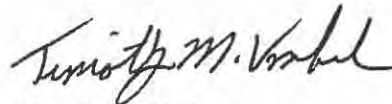
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Norwood School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, statistical tables and the Schedules of Expenditures of Federal Awards and State Financial Assistance as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey OMB's Circular 15-08, 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 September 26, 2018 on our consideration of the Borough of Norwood School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or 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  
September 26, 2018

**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, 2018. 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 \$278,000 as a result of this year's operations. Net position of our business-type activities increased/by \$4,000 or 200 percent, and net position of our governmental activities increased by \$274,000 or 8.2 percent.
- Total cost of all of the District's programs was \$14.128 million in 2017-2018 compared to \$11.278 million in 2016-2017.
- During the year, the District had expenses for governmental activities that were \$505,000 more than the \$12.783 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 \$3.348 million to \$3.626 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 Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	3,440	3,733	7	3	3,447	3,736
Long term receivables	99	99			99	99
Capital assets	5,848	5,350	-	-	5,848	5,350
Total assets	<u>9,387</u>	<u>9,182</u>	<u>7</u>	<u>3</u>	<u>9,394</u>	<u>9,185</u>
Deferred outflows of resources	842	1,187			842	1,187
Long-term debt outstanding	2,954	3,286			2,954	3,286
Aggregate net pension liability	2,674	3,538			2,674	3,538
Other liabilities	240	29	1	1	241	30
Total liabilities	<u>5,868</u>	<u>6,853</u>	<u>1</u>	<u>1</u>	<u>5,869</u>	<u>6,854</u>
Deferred inflows of resources	740	170			740	170
Net position:						
Net investment in capital assets	3,038	2,200			3,038	2,200
Restricted	3,033	3,593			3,033	3,593
Unrestricted (deficit)	<u>(2,451)</u>	<u>(2,447)</u>	<u>6</u>	<u>2</u>	<u>(2,445)</u>	<u>(2,445)</u>
Total net position	<u>3,620</u>	<u>3,346</u>	<u>6</u>	<u>2</u>	<u>3,626</u>	<u>3,348</u>

Net position of the District's governmental activities increased by 7.6 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 \$4,000. Restricted net position, those restricted mainly for capital projects decreased by \$560,000. 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 \$838,000.

**Table 2**  
**Changes in Net Position (in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues:						
Charges for Services	86	92	10	9	96	101
Operating Grants and Contributions	3,932	1,422			3,932	1,422
General revenues:						
Property Taxes	9,910	9,716			9,910	9,716
Tuition	21	25			21	25
Federal and State Aid	30	31			30	31
Interest and Investment Earnings	38	17			38	17
Other General Revenues	377	385	2	3	379	388
<b>Total Revenues:</b>	<b>14,394</b>	<b>11,688</b>	<b>12</b>	<b>12</b>	<b>14,406</b>	<b>11,700</b>
<b>Program expenses including indirect expenses</b>						
Instruction:						
Regular	5,624	4,415			5,624	4,415
Special	1,641	1,382			1,641	1,382
Other instruction	429	325			429	325
Support services:						
Tuition	1,437	1,164			1,437	1,164
Student and instruction related services	2,093	1,722			2,093	1,722
School administrative services	432	321			432	321
General and business administrative services	1,035	736			1,035	736
Plant operations and maintenance	1,196	969			1,196	969
Pupil transportation	137	131			137	131
SDA Debt Service Assessment	9	9			9	9
Interest on long-term debt	86	92			86	92
Business-type activities:						
Milk Program	-	-	9	12	9	12
<b>Total Expenses</b>	<b>14,119</b>	<b>11,266</b>	<b>9</b>	<b>12</b>	<b>14,128</b>	<b>11,278</b>
<b>Increase (Decrease) in Net Position</b>	<b>275</b>	<b>422</b>	<b>3</b>	<b>-</b>	<b>278</b>	<b>422</b>

**THE DISTRICT'S FUNDS****Governmental Activities****Table 3**

Information below compares revenues and expenditures for all governmental fund types for 2017-2018 and 2016-2017.

(\$000 omitted)			
<u>Revenues by Source:</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>% Change</u>
Local Tax Levy	9,995	9,809	1.90%
Tuition Charges	21	25	-16.00%
Interest Earned to Investments	38	17	123.53%
Miscellaneous	<u>379</u>	<u>439</u>	-13.67%
Total - Local Sources	10,433	10,290	1.39%
State Sources	2,128	1,202	77.04%
Federal Sources	<u>222</u>	<u>200</u>	11.00%
Total Revenues	<u>12,783</u>	<u>11,692</u>	9.33%

(\$000 omitted)			
<u>Expenditures by Function:</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>% Change</u>
Current:			
Regular Instruction	3,045	2,962	2.80%
Special education	951	987	-3.65%
Other instruction	237	227	4.41%
Support Services and undistributed costs:			
Tuition	1,437	1,164	23.45%
Student and instruction related services	1,246	1,288	-3.26%
School administrative services	234	220	6.36%
General and Business administrative services	602	598	0.67%
Plant operations and maintenance	800	756	5.82%
Pupil transportation	137	131	4.58%
Employee Benefits	3,310	2,280	45.18%
Capital Outlay	861	476	80.88%
Debt Service:			
Principal	340	335	1.49%
Interest on long-term debt	<u>88</u>	<u>94</u>	-6.38%
Total Expenditures	<u>13,288</u>	<u>11,518</u>	15.37%

### 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)

	<u>Milk Program</u>
Total Assets	7
Net Position	6
Change in Net Position	4
Return on Ending Total Assets	57.14%
Return on Ending Net Position	66.67%

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

**Table 5**

#### Capital Assets at Year-end

(Net of Depreciation, in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	68	68			68	68
Land Improvements	-	-			-	-
Buildings	11,335	10,483			11,335	10,483
Machinery and Equipment	500	500	1	1	501	501
Construction in Progress	-	-	-	-	-	-
Subtotal	<u>11,903</u>	<u>11,051</u>	<u>1</u>	<u>1</u>	<u>11,904</u>	<u>11,052</u>
Accumulated Depreciation	<u>(6,055)</u>	<u>(5,701)</u>	<u>(1)</u>	<u>(1)</u>	<u>(6,056)</u>	<u>(5,702)</u>
Totals	<u>5,848</u>	<u>5,350</u>	<u>-</u>	<u>-</u>	<u>5,848</u>	<u>5,350</u>

The District's 2018-2019 capital budget anticipates a spending level of \$804,377 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 \$ 2.810 million versus \$3,150 million last year – a decrease of 10.8 percent – as shown in Table 6.

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

	<u>Governmental</u> <u>Activities</u>	
	<u>2018</u>	<u>2017</u>
Serial Bonds	2,810	3,150
Loans		
Lease Purchase Agreement		
Temporary Notes		
Authorized but not Issued	-	-
	<u>2,810</u>	<u>3,150</u>

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 2017-2018 year, and the final budget were caused by the treatment of encumbrances that are added to the original budget. In addition, the State pension payments which are paid by the State on behalf of employees are not budgeted; however they are counted as an expense in the audit.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

**Section A**

**DISTRICT – WIDE FINANCIAL STATEMENTS**



**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Statement of Net Position  
June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ (440,788.14)	\$ 8,827.18	\$ (433,960.96)
Receivables, net	384,582.11		384,582.11
Interfund receivables	50,000.00		50,000.00
Restricted assets:			
Cash and cash equivalents	891,924.89		891,924.89
Capital reserve account - cash	2,653,255.03		2,653,255.03
Capital assets, net (Note III:C.):	<u>5,848,296.24</u>	-	<u>5,848,296.24</u>
Total Assets	<u>9,387,269.93</u>	<u>8,827.18</u>	<u>9,394,097.11</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>842,141.64</u>		<u>842,141.64</u>
Total Deferred Outflows of Resources	<u>842,141.64</u>		<u>842,141.64</u>
<b>LIABILITIES</b>			
Accounts payable		1,000.00	1,000.00
Bond interest payable	23,581.25		23,581.25
Interfund payable	500.78		500.78
Payable to federal government	694.82		694.82
Unearned revenue	861.56		861.56
Other	215,057.00		215,057.00
Long-term liabilities other than pensions(Note IV:B.):			
Due within one year	345,000.00		345,000.00
Due beyond one year	2,608,664.31		2,608,664.31
Aggregate net pension liability	<u>2,674,146.00</u>	-	<u>2,674,146.00</u>
Total liabilities	<u>5,868,505.52</u>	<u>1,000.00</u>	<u>5,869,505.52</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>740,332.00</u>		<u>740,332.00</u>
Total Deferred Inflows of Resources	<u>740,332.00</u>		<u>740,332.00</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,038,296.24		3,038,296.24
Restricted for:			
Capital projects	2,948,482.57		2,948,482.57
Debt service	(21,180.30)		(21,180.30)
Other purposes	106,327.21		106,327.21
Unrestricted	<u>(2,451,351.67)</u>	<u>5,827.18</u>	<u>(2,445,524.49)</u>
Total Net Position	<u>\$ 3,620,574.05</u>	<u>\$ 5,827.18</u>	<u>\$ 3,626,401.23</u>

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

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Statement of Activities  
For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Instruction:							
Regular	\$ 5,623,957.60	\$ -	\$ 1,527,147.75	\$ -	\$ (4,096,809.85)	\$ -	\$ (4,096,809.85)
Special education	1,640,719.85		707,712.44		(933,007.41)		(933,007.41)
Other instruction	429,399.06		124,459.83		(304,939.23)		(304,939.23)
Support services:							
Tuition	1,436,657.88		375,544.80		(1,061,113.08)		(1,061,113.08)
Student and instruction related services	2,093,040.00		539,808.53		(1,553,231.47)		(1,553,231.47)
School administrative services	431,886.63		122,003.31		(309,883.32)		(309,883.32)
General and business administrative services	1,035,466.86		281,859.17		(773,607.69)		(773,607.69)
Plant operations and maintenance	1,196,057.38		251,311.69		(944,745.69)		(944,745.69)
Pupil transportation	137,178.51		22,002.13		(115,176.38)		(115,176.38)
SDA Debt Service Assessment	8,576.00				(8,576.00)		(8,576.00)
Interest on long-term debt	85,666.67	85,666.67	-		-		-
<b>Total governmental activities</b>	<u>14,118,606.44</u>	<u>85,666.67</u>	<u>3,931,849.65</u>		<u>(10,101,090.12)</u>		<u>(10,101,090.12)</u>
<b>Business-type activities:</b>							
Milk Fund	8,620.76	10,508.01				1,887.25	1,887.25
<b>Total business-type activities</b>	<u>8,620.76</u>	<u>10,508.01</u>	<u>-</u>		<u>-</u>	<u>1,887.25</u>	<u>1,887.25</u>
<b>Total primary government</b>	<u>\$ 14,127,227.20</u>	<u>\$ 96,174.68</u>	<u>\$ 3,931,849.65</u>	<u>\$ -</u>	<u>\$ (10,101,090.12)</u>	<u>\$ 1,887.25</u>	<u>\$ (10,099,202.87)</u>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes					\$ 9,567,750.00	\$ -	\$ 9,567,750.00
Property taxes, levied for debt service principal					341,717.33		341,717.33
Federal and State aid not restricted					29,608.31		29,608.31
Tuition (other than special schools)					21,227.85		21,227.85
Investment Earnings					37,997.54		37,997.54
Miscellaneous Income					379,017.27		379,017.27
Transfers					(1,857.50)	1,857.50	-
<b>Total general revenues, special items, extraordinary items and transfers</b>					<u>10,375,660.80</u>	<u>1,857.50</u>	<u>10,377,318.30</u>
Change in Net Position					274,570.68	3,544.75	278,115.43
Net Assets—beginning, as restated					<u>3,346,003.37</u>	<u>2,282.43</u>	<u>3,348,285.80</u>
<b>Net Assets—ending</b>					<u>\$ 3,620,574.05</u>	<u>\$ 5,827.18</u>	<u>\$ 3,626,401.23</u>

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

**Section B**  
**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Balance Sheet  
Governmental Funds  
June 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ (598,834.05)	\$ (57,824.08)	\$ 891,924.89	\$ 213,469.97	\$ 451,136.55
Interfunds receivable	742,110.48			3,987.98	746,098.46
Receivables from other governments	225,000.58	59,180.24	99,401.31		383,582.11
Other receivables	1,000.00				1,000.00
Restricted cash and cash equivalents	<u>2,653,255.03</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,653,255.03</u>
<b>Total Assets</b>	<b><u>\$ 3,024,732.02</u></b>	<b><u>\$ 1,558.18</u></b>	<b><u>\$ 991,326.00</u></b>	<b><u>\$ 217,457.95</u></b>	<b><u>\$ 4,235,072.15</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfunds payable	\$ 500.78	\$ -	\$ 696,098.48	\$ -	\$ 696,599.24
Payable to federal government		894.82			894.82
Deferred revenue		861.58			861.58
Other (Tax Levy Overpaid)	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,057.00</u>	<u>215,057.00</u>
<b>Total Liabilities</b>	<b><u>500.78</u></b>	<b><u>1,558.18</u></b>	<b><u>696,098.48</u></b>	<b><u>215,057.00</u></b>	<b><u>913,212.42</u></b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	40,000.00				40,000.00
Capital Reserve Account	2,653,255.03				2,653,255.03
Capital Projects			295,227.54		295,227.54
Debt Service				2,400.95	2,400.95
<b>Assigned to:</b>					
Other Purposes	68,327.21				68,327.21
Unassigned	<u>264,649.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,649.00</u>
<b>Total Fund Balances</b>	<b><u>3,024,231.24</u></b>	<b><u>-</u></b>	<b><u>295,227.54</u></b>	<b><u>2,400.95</u></b>	<b><u>3,321,859.73</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 3,024,732.02</u></b>	<b><u>\$ 1,558.18</u></b>	<b><u>\$ 991,326.00</u></b>	<b><u>\$ 217,457.95</u></b>	

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 expense.	(23,581.25)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,903,689.53 and the accumulated depreciation is \$8,055,373.29	5,848,296.24
Pension liabilities net of deferred outflows and inflows of resources	(2,572,336.36)
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.)	<u>(2,953,664.31)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 3,620,574.05</u></b>

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

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**  
Statement of Revenues, Expenditures, And Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 9,587,750.00	\$ -	\$ -	\$ 427,384.00	\$ 9,995,134.00
Tuition charges	21,227.85				21,227.85
Interest earned on Investments	9,282.58		2,175.92		11,438.48
Interest earned on Capital Reserve Funds	26,559.08				26,559.08
Miscellaneous	<u>376,617.26</u>	<u>2,400.00</u>	<u>-</u>	<u>-</u>	<u>379,017.26</u>
Total - Local Sources	10,001,416.73	2,400.00	2,175.92	427,384.00	10,433,376.65
State sources	2,127,937.60				2,127,937.60
Federal sources	-	<u>221,538.37</u>	<u>-</u>	<u>-</u>	<u>221,538.37</u>
Total Revenues	<u>12,129,354.33</u>	<u>223,938.37</u>	<u>2,175.92</u>	<u>427,384.00</u>	<u>12,762,852.62</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	2,975,204.93	69,693.18			3,044,898.11
Special education instruction	800,885.05	150,508.00			951,391.05
Other instruction	237,577.29				237,577.29
Support services and undistributed costs:					
Tuition	1,436,657.88				1,436,657.88
Student and instruction related services	1,242,039.38	3,739.19			1,245,778.57
School administrative services	234,335.61				234,335.61
General and business administrative services	601,817.91				601,817.91
Plant operations and maintenance	799,718.77				799,718.77
Pupil transportation	137,178.51				137,178.51
Unallocated benefits	3,309,611.65				3,309,611.65
Capital outlay	861,327.89				861,327.89
Debt service:					
Principal				340,000.00	340,000.00
Interest and other charges	-	-		<u>67,650.00</u>	<u>67,650.00</u>
Total Expenditures	<u>12,636,354.87</u>	<u>223,938.37</u>	<u>-</u>	<u>427,650.00</u>	<u>13,287,943.24</u>
Excess (Deficiency) of revenues over expenditures	<u>(507,000.54)</u>	<u>-</u>	<u>2,175.92</u>	<u>(266.00)</u>	<u>(505,090.62)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Transfers in				2,175.92	2,175.92
Transfers (out)	<u>(1,657.50)</u>		<u>(2,175.92)</u>	<u>-</u>	<u>(3,833.42)</u>
Total Other Financing Sources and (Uses)	<u>(1,657.50)</u>	<u>-</u>	<u>(2,175.92)</u>	<u>2,175.92</u>	<u>(1,657.50)</u>
Net change in fund balances	(508,658.04)		-	1,909.92	(506,748.12)
Fund Balance—July 1	<u>3,532,889.28</u>	<u>-</u>	<u>295,227.54</u>	<u>491.03</u>	<u>3,828,607.85</u>
Fund Balance—June 30	<u>\$ 3,024,231.24</u>	<u>\$ -</u>	<u>\$ 295,227.54</u>	<u>\$ 2,400.95</u>	<u>\$ 3,321,859.73</u>

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

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**  
**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes In Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2018**

<b>Total net change in fund balances - governmental funds (from B-2)</b>		<b>(506,748.12)</b>
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	87,650.00
	Interest accrued	<u>(85,666.67)</u>
		1,983.33
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	(354,525.36)
	Capital outlays (exclusive of capital lease principal payments and SDA Debt Service Assessment)	<u>852,751.89</u>
		498,226.53
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 (+).		
		(7,228.70)
Governmental funds report district pension contributions as expenditures. In the statement of activities, however, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
	District pension contributions - PERS	106,787.84
	Cost of benefits earned net of employees contributions	<u>(158,450.00)</u>
		(51,662.36)
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	340,000.00
	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. (+)		
		-
<b>Change in net position of governmental activities</b>		<u><b>274,570.68</b></u>

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

**PROPRIETARY FUNDS**



**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Statement of Net Position  
Proprietary Funds  
June 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b><u>Milk Fund</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 6,827.18	\$ 6,827.18
Total Current Assets	6,827.18	6,827.18
Noncurrent assets:		
Furniture, machinery and equipment	846.00	846.00
Less accumulated depreciation	(846.00)	(846.00)
Total Noncurrent Assets	-	-
Total Assets	6,827.18	6,827.18
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	1,000.00	1,000.00
Total Current Liabilities	1,000.00	1,000.00
<b>NET POSITION</b>		
Unrestricted	5,827.18	5,827.18
Total Net Position	\$ 5,827.18	\$ 5,827.18

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

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Milk Fund</u>	<u>Totals</u>
<b>Operating Revenues:</b>		
Charges for services:		
Daily sales - non-reimbursable programs	<u>\$ 10,508.01</u>	<u>\$ 10,508.01</u>
Total Operating Revenues	<u>10,508.01</u>	<u>10,508.01</u>
<b>Operating Expenses:</b>		
Cost of sales	<u>8,620.76</u>	<u>8,620.76</u>
Total Operating Expenses	<u>8,620.76</u>	<u>8,620.76</u>
Operating Income (Loss)	<u>1,887.25</u>	<u>1,887.25</u>
<b>Transfers In (out)</b>	<u>1,657.50</u>	<u>1,657.50</u>
Change in net position	<u>3,544.75</u>	<u>3,544.75</u>
Total Net Position—Beginning	<u>2,282.43</u>	<u>2,282.43</u>
Total Net Position—Ending	<u>\$ 5,827.18</u>	<u>\$ 5,827.18</u>

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

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Milk Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 10,508.01	\$ 10,508.01
Payments to suppliers	<u>(8,620.76)</u>	<u>(8,620.76)</u>
Net cash provided by (used for) operating activities	<u>1,887.25</u>	<u>1,887.25</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating subsidies and transfers to other funds	<u>1,657.50</u>	<u>1,657.50</u>
Net cash provided by (used for) non-capital financing activities	<u>1,657.50</u>	<u>1,657.50</u>
Net increase (decrease) in cash and cash equivalents	3,544.75	3,544.75
Balances—beginning of year	<u>3,282.43</u>	<u>3,282.43</u>
Balances—end of year	<u>\$ 6,827.18</u>	<u>\$ 6,827.18</u>
<b>(used for) operating activities:</b>		
Operating income (loss)	<u>\$ 1,887.25</u>	<u>\$ 1,887.25</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Increase (decrease) in accounts payable	<u>-</u>	<u>-</u>
Total adjustments	<u>-</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ 1,887.25</u>	<u>\$ 1,887.25</u>

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

## **FIDUCIARY FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2018**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Private Purpose Scholarship <u>Fund</u></b>	<b>Agency <u>Fund</u></b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 93,030.65	\$ 3,551.39	\$ 122,795.16
	<u>\$ 93,030.65</u>	<u>\$ 3,551.39</u>	<u>\$ 122,795.16</u>
<b>Total Assets</b>			
	<u>\$ 93,030.65</u>	<u>\$ 3,551.39</u>	<u>\$ 122,795.16</u>
<b>LIABILITIES</b>			
Interfunds Payable			\$ 50,000.00
Payable to student groups			53,834.62
Payroll deductions and withholdings			18,960.54
Flexible Spending			<u>7,528.76</u>
<b>Total Liabilities</b>			<u>\$ 122,795.16</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u>\$ 93,030.65</u>		
Reserved for scholarships		<u>\$ 3,551.39</u>	

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

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2018**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Plan member	\$ 16,387.64	\$ -
Board Contribution	-	-
Other	-	-
Total Contributions	<u>16,387.64</u>	<u>-</u>
Investment earnings:		
Interest	<u>853.26</u>	<u>39.59</u>
Net investment earnings	<u>853.26</u>	<u>39.59</u>
Total Additions	<u>17,240.90</u>	<u>39.59</u>
<b>DEDUCTIONS</b>		
Unemployment claims	7,083.11	
Scholarships awarded	<u>-</u>	<u>950.00</u>
Total Deductions	<u>7,083.11</u>	<u>950.00</u>
Change in Net Position	10,157.79	(910.41)
Net Position—beginning	<u>82,872.86</u>	<u>4,461.80</u>
Net Position—ending	<u>\$ 93,030.65</u>	<u>\$ 3,551.39</u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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.



BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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, on-behalf TPAF and PERS OPEB 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 the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School districts must report 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.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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 trust principal.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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.



BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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

The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November.

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 \$429,588.60 were made during the year ended June 30, 2018. The Board of Education approved the following material budgetary appropriation transfers during the school year:

<u>Account Name</u>	<u>Amount</u>
<b>Regular Programs – Instruction:</b>	
Kindergarten – Salaries of Teachers	\$ 46,128.68
Grades 1-5 – Salaries of Teachers	(15,807.80)
<b>Regular Programs – Undistributed Instruction</b>	
Other Salaries for Instruction	28,851.53
General Supplies	(26,352.84)
<b>Learning and/or Language Disabilities:</b>	
Salaries of Teachers	20,350.30
Other Salaries for Instruction	(21,611.55)
<b>Resource Room/Resource Center:</b>	
Salaries of Teachers	51,015.86
Other Salaries for Instruction	(17,561.25)
<b>Basic Skills/Remedial – Instruction:</b>	
Salaries of Teachers	54,428.09

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

<u>Account Name</u>	<u>Amount</u>
<b>Undistributed Expenditures – Instruction:</b>	
Tuition to Other LEAs Within the State - Special	(55,896.56)
Tuition to Private Schools for the Disabled – Within State	(18,451.60)
<b>Undist. Expend.- Guidance:</b>	
Salaries of Other Professional Staff	64,594.60
<b>Undist. Expend. – Instructional Staff Training Serv.:</b>	
Other Purchased Prof. and Tech. Services	15,040.00
<b>Undist. Expend. – Supp. Serv. – General Admin.:</b>	
Salaries	37,933.31
<b>Undist. Expend. – Central Services:</b>	
Salaries	156,893.77
Purchased Professional Services	(176,190.00)
<b>Undist. Expend. – Custodial Services:</b>	
Salaries	19,345.36
Insurance	28,102.00
<b>Undist. Expend. – Student Transportation Serv.:</b>	
Contracted Svcs (Bet. Home and School) – Joint Agreements	(24,442.83)
<b>UNALLOCATED BENEFITS</b>	
Group Insurance	(21,000.00)
Social Security Contributions	(47,411.16)
Unemployment Compensation	(34,000.00)
Workmen’s Compensation	(23,273.50)
Health Benefits	(46,082.25)

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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.

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
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 12,130,369.33	\$ 221,538.37
<b>Difference - budget to GAAP:</b>		
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.	(1,015.00)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	2,400.00
<b>Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.</b>	<b>\$ 12,129,354.33</b>	<b>\$ 223,938.37</b>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 12,636,354.87	\$ 221,538.37
<b>Differences - budget to GAAP</b>		
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.	-	2,400.00
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</b>	<b>\$ 12,636,354.87</b>	<b>\$ 223,938.37</b>

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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.



BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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 XII)

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.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, could have significant effects on the entity's financial reporting and the provisions of this statement could require significant modifications to disclosure requirements.

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**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**

<b>Assets</b>	<b>Total Governmental Funds</b>	<b>Long - term Assets Liabilities (1)</b>	<b>Reclassifications and Eliminations</b>	<b>Statement of Net Position Totals</b>
Cash and cash equivalents	\$ 451,136.55	\$ -	\$ (891,924.69)	\$ (440,788.14)
Receivables, net			384,582.11	384,582.11
Interfund Receivables	746,098.46		(696,098.46)	50,000.00
Receivables from Other Governments	383,582.11		(383,582.11)	-
Other Receivables	1,000.00		(1,000.00)	-
Restricted assets:				
Cash and cash equivalents			891,924.69	891,924.69
Capital Reserve Account - cash	2,653,255.03			2,653,255.03
Capital Assets, net	-	5,848,296.24	-	5,848,296.24
<b>Total Assets</b>	<b>4,235,072.15</b>	<b>5,848,296.24</b>	<b>(696,098.46)</b>	<b>9,387,269.93</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pensions		842,141.64		842,141.64
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>842,141.64</b>	<b>-</b>	<b>842,141.64</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 4,235,072.15</b>	<b>\$ 6,690,437.88</b>	<b>\$ (696,098.46)</b>	<b>\$ 10,229,411.57</b>
<b>Liabilities</b>				
Interfunds Payable	\$ 696,599.24	\$ -	(696,098.46)	\$ 500.78
Payable to Federal Government	694.62			694.62
Bond Interest Payable			23,581.25	23,581.25
Deferred Revenue	861.56			861.56
Other	215,057.00			215,057.00
Noncurrent Liabilities	-	5,484,146.00	143,664.31	5,627,810.31
<b>Total Liabilities</b>	<b>913,212.42</b>	<b>5,484,146.00</b>	<b>(528,852.90)</b>	<b>5,868,505.52</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions		740,332.00		740,332.00
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>740,332.00</b>	<b>-</b>	<b>740,332.00</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>913,212.42</b>	<b>6,224,478.00</b>	<b>(528,852.90)</b>	<b>6,608,837.52</b>
<b>Fund Balances/Net Position</b>				
<b>Net Position</b>				
Net investment in capital assets		3,038,296.24		3,038,296.24
Restricted for:				
Capital projects	2,948,482.57			2,948,482.57
Debt Service	2,400.95		(23,581.25)	(21,180.30)
Other purposes	106,327.21			106,327.21
Unrestricted	264,649.00	(2,572,336.36)	(143,664.31)	(2,451,351.67)
<b>Total Fund Balances/Net Position</b>	<b>3,321,859.73</b>	<b>465,959.88</b>	<b>(167,245.56)</b>	<b>3,620,574.05</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position</b>	<b>\$ 4,235,072.15</b>	<b>\$ 6,690,437.88</b>	<b>\$ (696,098.46)</b>	<b>\$ 10,229,411.57</b>

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

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

**Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Position (Continued)**

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	\$	11,903,669.53
Accumulated depreciation		<u>(6,055,373.29)</u>
		<u>\$ 5,848,296.24</u>

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

Net PERS Pension Liability	\$	2,674,146.00
Deferred outflows related to pensions		(842,141.64)
Deferred inflows related to pensions		<u>740,332.00</u>
		<u>\$ 2,572,336.36</u>

Serial Bonds	\$	2,810,000.00
Compensated Absences		<u>143,664.31</u>
		<u>\$ 2,953,664.31</u>

Adjustment to Debt Service Fund net position for the accrual of interest expense.	\$	<u>(23,581.25)</u>
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**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

**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 differences 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**

	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
<b>Revenues and Other Sources</b>						
Local Tax Levy	\$ 9,995,134.00	\$ -	\$ -	\$ -	\$ -	\$ 9,995,134.00
Tuition Charges	21,227.85					21,227.85
Interest Earned on Investments	37,997.54					37,997.54
Miscellaneous	379,017.26					379,017.26
State Sources	2,127,937.60				1,611,982.00	3,739,919.60
Federal Sources	221,538.37					221,538.37
<b>Total</b>	<b>12,782,852.62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,611,982.00</b>	<b>14,394,834.62</b>
<b>Expenditures</b>						
<b>Current:</b>						
Regular instruction	3,044,898.11	-	288,443.63	82,677.66	2,207,938.20	5,623,957.60
Special education	951,391.05		16,812.92	28,544.88	643,971.00	1,640,719.85
Other instruction	237,577.29			3,274.13	188,547.64	429,399.06
<b>Support Services and undistributed costs:</b>						
Tuition	1,436,657.88					1,436,657.88
Student and instruction related services	1,245,778.57		9,861.40	25,293.78	812,106.25	2,093,040.00
School administrative services	234,335.61		6,642.40	6,082.43	184,826.19	431,886.63
General and business administrative services	601,817.91		25,974.01	10,977.24	396,697.70	1,035,466.86
Plant operations and maintenance	799,718.77		6,791.00	8,828.58	380,719.03	1,196,037.38
Pupil transportation	137,178.51					137,178.51
Unallocated Benefits	3,309,611.65				(3,309,611.65)	-
Capital Outlay	861,327.89		(852,751.89)	-		8,576.00
<b>Debt Service:</b>						
Principal	340,000.00			(340,000.00)		-
Interest	87,650.00	(1,983.33)				85,666.67
<b>Total</b>	<b>13,287,943.24</b>	<b>(1,983.33)</b>	<b>(498,226.33)</b>	<b>(174,321.30)</b>	<b>1,503,194.36</b>	<b>14,118,606.44</b>
<b>Other Financing Uses/Changes in Net Assets:</b>						
Net Transfers to/from other funds	(1,657.50)					(1,657.50)
<b>Total</b>	<b>(1,657.50)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,657.50)</b>
<b>Net Change for the Year</b>	<b>\$ (506,748.12)</b>	<b>\$ 1,983.33</b>	<b>\$ 498,226.33</b>	<b>\$ 174,321.30</b>	<b>\$ 106,787.64</b>	<b>\$ 274,370.68</b>

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

\$ 1,983.33

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	\$ (354,525.36)
Capital outlays (exclusive of capital lease principal payments and SDA Debt Service Assessment)	852,751.89
	<u>\$ 498,226.53</u>

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 difference is an addition to the reconciliation (+).

\$ (7,228.70)

Governmental funds report district pension contributions as expenditures. In the statement of activities, however, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Cost of benefits earned net of employee contributions	(158,450.00)
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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	340,000.00
Capital lease principal	-
	<u>\$ 174,321.30</u>

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

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

5. Allocate Benefits expenditures and eliminate PERS contribution (\$106,787.64)

5. GASB 68 and 75 adjustments: Replace OPEB on-behalf payments and revenues with Pension and OPEB Expenses and Revenues (\$1,611,982.00)

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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, 2018 the Borough of Norwood School District's cash and cash equivalent's amounted to \$3,500,230.28. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$3,250,230.28 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2018 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, 2018, none of the Borough of Norwood School District's cash and cash equivalents of \$3,500,230.28 was exposed to custodial credit risk.



BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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

A. Deposits and Investments (Continued)

Investments

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

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

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

(2) Government money market mutual funds;

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

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

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

(6) Local government investment pools;

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

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

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

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

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

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

The Borough of Norwood School District had no investments as described in Note I:G.1 at June 30, 2018.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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

B. Interfund Receivables and Payables

As of June 30, 2018, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$742,110.48	\$ 500.78
Capital Projects Fund		696,098.46
Debt Service Fund	3,987.98	
Trust and Agency Fund	<u>500.78</u>	<u>50,000.00</u>
	<u>\$746,599.24</u>	<u>\$746,599.24</u>

New Jersey statute requires that interest earned on the investments in capital projects fund be credited to the general fund or debt service based on Board resolution. In accordance with Board resolution, accrued interest as of June 30, 2018 in the amount of \$2,175.92 was transferred to debt service fund to offset future interest payments to bondholders. Accordingly, an interfund accounts receivable and payable for \$3,987.98 was established in the debt service and capital projects funds, respectively.



BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals or Adjustments</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 68,171.00	\$ -	\$ -	\$ 68,171.00
Construction in Progress	-	-	-	-
<b>Total Capital assets not being depreciated</b>	<u>68,171.00</u>	<u>-</u>	<u>-</u>	<u>68,171.00</u>
Buildings and Improvements	10,482,405.53	852,751.89		11,335,157.42
Machinery and Equipment	500,341.11	-	-	500,341.11
<b>Totals at historical cost</b>	<u>10,982,746.64</u>	<u>852,751.89</u>	<u>-</u>	<u>11,835,498.53</u>
<b>Less accumulated depreciation for:</b>				
Buildings and Improvements	(5,381,291.83)	(325,580.34)		(5,706,872.17)
Machinery and Equipment	(319,556.10)	(28,945.02)	-	(348,501.12)
<b>Total accumulated depreciation</b>	<u>(5,700,847.93)</u>	<u>(354,525.36) (1)</u>	<u>-</u>	<u>(6,055,373.29)</u>
<b>Net capital assets being depreciated</b>	<u>5,281,898.71</u>	<u>498,226.53</u>	<u>-</u>	<u>5,780,125.24</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 5,350,069.71</u>	<u>\$ 498,226.53</u>	<u>\$ -</u>	<u>\$ 5,848,296.24</u>
<b>Business - type activities:</b>				
Equipment	\$ 846.00	\$ -	\$ -	\$ 846.00
Less accumulated depreciation	(846.00)	-	-	(846.00)
<b>Business - type activities capital assets, net</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Instruction	\$ 288,443.63
Special Education	16,812.92
Other Instruction (Athletic and Media)	-
Student and Instruction Related Services	9,861.40
School Administrative Services	6,642.40
General and Business Administrative Services	25,974.01
Plant Operations and Maintenance	6,791.00
Pupil Transportation	-
	<u>\$ 354,525.36</u>

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments to lease copiers and computer equipment under operating leases which expire in 2020. Total operating lease payments made during the year ended June 30, 2018 were \$96,728.69. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2019	\$ 96,728.70
June 30, 2020	8,232.36
June 30, 2021	<u>686.03</u>
Total future minimum lease payments	<u>\$ 105,647.09</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Long - Term debt:					
Serial Bonds	\$ 3,150,000.00	\$ -	\$ (340,000.00)	\$ 2,810,000.00	\$ 345,000.00
Total debt payable	<u>3,150,000.00</u>	<u>-</u>	<u>(340,000.00)</u> (1)	<u>2,810,000.00</u>	<u>345,000.00</u>
Other liabilities:					
Compensated absences	136,435.61	18,728.70	(11,500.00)	143,664.31	-
Total other liabilities	<u>136,435.61</u>	<u>18,728.70</u>	<u>(11,500.00)</u> (2)	<u>143,664.31</u>	<u>-</u>
Governmental activities					
long - term liabilities	<u>\$ 3,286,435.61</u>	<u>\$ 18,728.70</u>	<u>\$ (351,500.00)</u>	<u>\$ 2,953,664.31</u>	<u>\$ 345,000.00</u>

(1) Paid by debt service fund

(2) Paid by general fund

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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, 2018 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Refunding School Bond	Various	3/15	2026	\$3,510,000.00	\$2,810,000.00

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

<u>Fiscal years,</u>	<u>Principal</u>	<u>Interest</u>
2018-2019	\$ 345,000.00	\$ 80,850.00
2019-2020	350,000.00	73,950.00
2020-2021	355,000.00	63,450.00
2021-2022	350,000.00	52,800.00
2022-2023	345,000.00	42,300.00
2023-2024	350,000.00	31,950.00
2024-2025	360,000.00	21,450.00
2025-2026	355,000.00	10,650.00
	<u>\$ 2,810,000.00</u>	<u>\$ 377,400.00</u>

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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, 2018.

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2018.

4. Capital Leases Payable

There were no capital leases payable as of June 30, 2018.

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, 2018 is \$40,000.00. The reserved fund balance of \$40,000.00 has been appropriated in the fiscal year 2018-2019.

B. Capital Reserve Account

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

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

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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, 2018 is as follows:

Beginning balance, July 1, 2010	\$139,519.21
2010-2011 Interest 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)
2014-2015 Interest Earnings	4,656.01
2014-2015 Resolution (Unreserved Fund Balance)	851,041.16
2014-2015 Transfer to Fund 30	(353,903.00)
2014-2015 Budget Expenditures	(142,000.00)
2015-2016 Interest Earnings	5,191.10
2015-2016 Resolution (Unreserved Fund Balance)	448,852.31
2015-2016 Budget Expenditures	(406,600.00)
2016-2017 Interest Earnings	12,076.41
2016-2017 Resolution (Unreserved Fund Balance)	632,380.12
2016-2017 Budget Expenditures	(693,465.46)
2017-2018 Interest Earnings	26,559.06
2017-2018 Resolution (Unreserved Fund Balance)	417,533.29
2017-2018 Budget Expenditures	<u>(604,100.00)</u>
Balance June 30, 2018	<u>\$2,653,255.03</u>

The June 30, 2018 LRF balance of local support costs of uncompleted capital projects at June 30, 2018 is \$4,180,956.00.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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) or the Defined Contribution Retirement Program (DCRP). 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 DCRP is considered a cost sharing multiple-employer defined contribution 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.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.



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BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note VI: Pension Plans (Continued)

The Teachers' Pension and Annuity Fund (TPAF) was established in 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 for post-retirement health care coverage.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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](http://www.state.nj.us/treasury/pensions).

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note VI: Pension Plans (Continued)

Contribution Requirements

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the employer. The employer's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2016, the employer's pension contribution was less than the actuarial determined amount.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2016, the State's pension contribution was less than the actuarial determined amount.

The District's total payroll for the year ended June 30, 2018 was \$5,918,309.10 and covered payroll was \$4,333,116.00 for TPAF, \$826,966.00 for PERS and \$116,901.18 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:

		<u>TPAF</u>	<u>Percent of Covered Payroll</u>	<u>PERS</u>	<u>Percent of Covered Payroll</u>	<u>DCRP</u>	<u>Percent of Covered Payroll</u>
Employees	6/30/16	\$289,836.19	7.18 %	\$57,804.60	7.09 %	\$5,104.73	5.50 %
	6/30/17	300,635.74	7.39 %	53,913.88	7.20 %	9,107.43	5.60 %
	6/30/18	329,231.36	7.60 %	62,032.72	7.50 %	6,435.03	5.50 %
District	6/30/16	N/A	N/A %	\$94,899.00	11.64 %	\$2,784.28	3.00 %
	6/30/17	N/A	N/A %	106,117.00	14.17 %	4,357.38	2.57 %
	6/30/18	N/A	N/A %	106,787.64	12.91 %	3,507.04	3.00 %
State of NJ	6/30/16	\$309,365.00	7.66 %	N/A	N/A %	N/A	N/A %
	6/30/17	421,961.00	10.37 %	N/A	N/A %	N/A	N/A %
	6/30/18	579,139.00	13.37 %	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 \$312,246.60 during the year ended June 30, 2018 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 and PERS for OPEB 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.



BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note VII: Public Employees Retirement System

**Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2018, the District reported a liability of \$2,674,146.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was 0.0114876707%, which was a decrease of 3.82% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$160,334.00. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 62,967	\$
Changes of assumptions	538,748	536,773
Net difference between projected and actual earnings on pension plan investments	18,209	
Changes in proportion and differences between District contributions and proportionate share of contributions	115,430	203,559
District contributions subsequent to the measurement date	<u>106,787</u>	
<b>Total</b>	<b><u>\$842,141</u></b>	<b><u>\$740,332</u></b>

\$106,774.64 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2018	\$ 62,952
2019	94,996
2020	57,563
2021	(76,559)
2022	<u>(55,801)</u>
<b>Total</b>	<b><u>\$ 83,151</u></b>

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note VII: Public Employees Retirement System (PERS) (Continued)

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disability Mortality Tables (setback 3 years for males and setforward 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note VII: Public Employees Retirement System (PERS) (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.00%) or 1-percentage point higher (6.00%) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's proportionate share of the net pension liability	\$3,317,545	2,674,146	2,138,247

Note VIII: Teachers Pension and Annuity Fund (TPAF)

**Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note VIII: Teachers Pension and Annuity Fund (TPAF)(Continued)

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the District	<u>25,293,464</u>
Total	<u>\$25,293,464</u>

The net pension liability was measured as of June 30, 2016 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State (for the District) recognized pension expense of \$1,752,203 and revenue of \$1,752,203 for support provided by the State. At June 30, 2017, the State (for the District) reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 164,878	\$ 43,127
Changes of assumptions	5,000,464	4,367,513
Net difference between projected and actual earnings on pension plan investments	114,142	
Changes in proportion and differences between State contributions associated with the District and proportionate share of contributions	53,488	18,758
State's contribution associated with the District subsequent to the measurement date	<u>579,139</u>	
Total	<u>\$5,912,111</u>	<u>\$4,429,398</u>

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note VIII: Teachers Pension and Annuity Fund (TPAF)(Continued)

\$579,139.00 reported as deferred outflows of resources related to pensions resulting from State contributions associated with the District subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2018	\$ 277,733
2019	441,036
2020	368,768
2021	206,761
2022	234,408
Thereafter	<u>(643,131)</u>
Total	<u>\$ 885,576</u>

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return:	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.



BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note VIII: Teachers Pension and Annuity Fund (TPAF)(Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

*Discount Rate*

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note VIII: Teachers Pension and Annuity Fund (TPAF)(Continued)

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.25%) or 1-percentage point higher (5.25%) than the current rate:

	1% Decrease <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
District's proportionate share of the net pension liability	\$30,049,394	25,293,464	21,375,506

Note IX: 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 Retired (including Prescription Drug Program Fund)- The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from 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. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired stated employees and retired educational employees. As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits and the state contributed \$1.39 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 a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in fiscal year 2016.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note IX: Health Benefit and Post-Retirement Medical Benefits (Continued)

**Summary of Significant Accounting Policies**

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the State Health Benefits Local Education Retired Employees Plan (OPEB), information about OPEB's fiduciary net position and additions to/deductions from OPEB's fiduciary net position have been determined on the same basis as they are reported by OPEB. For this purpose, OPEB recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

At June 30, 2018, the District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>19,814,574</u>
Total	<u>\$19,814,574</u>

The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State (for the District) recognized OPEB expense of \$1,112,972 and revenue of \$1,112,972 for support provided by the State. At June 30, 2017, the State (for the District) reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$	\$
Changes of assumptions		(2,319,737)
Net difference between projected and actual earnings on OPEB plan investments		(48,374)
Changes in proportion State contributions subsequent to the measurement date	<u>374,054</u>	
Total	<u>\$ 374,054</u>	<u>\$ (2,368,111)</u>



BOARD OF EDUCATION

7X

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 7h

Note IX: Health Benefit and Post-Retirement Medical Benefits (Continued)

**Actuarial Assumptions**

The collective total OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.5%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases: Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.14% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 - June 30, 2014 for TPAF and PERS, respectively.

*Discount Rate*

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note IX: Health Benefit and Post-Retirement Medical Benefits (Continued)

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate*

The following presents the District's proportionate share of the new OPEB liability calculated using the discount rate of 3.58%, as well as what the District's proportional share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58%) or 1-percentage point higher (4.58%) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
District's proportionate share of the net pension liability	\$23,519,899	\$19,814,574	\$16,874,091

*Health Care Trend*

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates*

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
District's proportionate share of the net OPEB liability	\$16,295,506	\$19,814,574	\$24,487,841

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note X: Deferred Compensation Plan

The Board offers its employees a deferred compensation plan (the "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 or upon death to their beneficiaries. The plan administrators are as follows:

Equitable  
New York Met Life

All amounts of compensation deferred under this plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property and rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Borough of Norwood School District (without being restricted to the provisions of benefits under the Plan) subject only to the claims of the Borough of Norwood School District's general creditors. Participants' right under the Plan are equivalent to those of general creditors of the Borough of Norwood School District in an amount equal to the fair market value of the deferred account for each participant.

The maximum amount of deferred compensation for any participant for any taxable year shall not exceed the lesser of \$18,500.00 or 100 percent of the participant's includible compensation for the taxable year except as provided by the limited catch-up provision which may effect a participant's last three taxable years ending before a participant attains normal retirement age as defined by plan.

During the year ended June 30, 2017 and 2018, the employees' contributions to the plan were \$168,003.00 and \$149,538.00.

Note XI: Risk Management

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 0.00	\$ 14,263.37	\$ 7,058.30	\$ 73,566.90
2016-2017	0.00	15,467.48	6,506.57	82,872.86
2017-2018	0.00	16,387.64	7,083.11	93,030.65

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").

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

Note XI: Risk Management (Continued)

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 reinsuror to secure the payment of benefits.

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

Note XII: 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, 2018, no liability existed for compensated absences in the Milk Fund.

Note XIII: 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 XIV : Subsequent Events

The Borough of Norwood School District has evaluated subsequent events through September 26, 2018, 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**

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 8,567,750.00	\$ -	\$ 9,567,750.00	\$ 9,567,750.00	\$ -
Tuition	-	-	-	21,227.85	21,227.85
Interest Earned on Investments	-	-	-	9,262.56	9,262.56
Interest Earned on Capital Reserve Funds	4,000.00	-	4,000.00	29,559.08	22,559.08
Miscellaneous	288,800.00	-	288,800.00	376,617.26	87,817.26
<b>Total - Local Sources</b>	<u>9,860,550.00</u>	-	<u>9,860,550.00</u>	<u>10,001,418.73</u>	<u>140,868.73</u>
State Sources:					
Categorical Transportation Aid	16,203.00	-	16,203.00	16,203.00	-
Categorical Special Education Aid	360,001.00	-	360,001.00	370,142.00	10,141.00
Categorical Security Aid	10,070.00	-	10,070.00	10,070.00	-
Additional Adjustment Aid	3,920.00	-	3,920.00	3,920.00	-
Per Pupil Growth Aid	8,000.00	-	8,000.00	8,000.00	-
PARCC Readiness Aid	8,000.00	-	8,000.00	8,000.00	-
Professional Learning Community Aid	8,020.00	-	8,020.00	8,020.00	-
Extraordinary Aid	88,712.00	-	88,712.00	138,538.00	49,826.00
Non-Public Transportation Aid	-	-	-	5,800.00	5,800.00
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	879,139.00	879,139.00
TPAF PRM (On-Behalf - Non-Budgeted)	-	-	-	374,054.00	374,054.00
TPAF LTDI (On-Behalf - Non-Budgeted)	-	-	-	820.00	820.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	312,246.60	312,246.60
<b>Total State Sources</b>	<u>498,926.00</u>	-	<u>498,926.00</u>	<u>2,129,952.60</u>	<u>1,632,026.60</u>
<b>Total Revenues</b>	<u>10,357,476.00</u>	-	<u>10,357,476.00</u>	<u>12,130,369.33</u>	<u>1,772,893.33</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	110-100-101 302,111.00	46,128.68	348,239.68	346,209.68	2,030.00
Grades 1-5 - Salaries of Teachers	120-100-101 1,336,308.30	(15,807.80)	1,320,500.50	1,204,426.93	116,073.57
Grades 6-8 - Salaries of Teachers	130-100-101 998,848.00	(1,851.53)	996,996.47	982,119.93	4,874.54
Regular Programs - Home Instruction:					
Salaries of Teachers	150-100-101 5,000.00	1,338.00	6,338.00	6,338.00	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	180-100-106 56,368.00	28,851.53	85,217.53	83,264.53	1,953.00
Purchased Professional-Educational Services	190-100-320 2,400.00	-	2,400.00	2,400.00	-
Other Purchased Services (400-500 series)	190-100-500 30,000.00	(4,601.00)	25,399.00	22,399.00	3,000.00
General Supplies	190-100-610 291,227.76	(26,352.84)	264,874.92	248,873.58	16,001.34
Textbooks	190-100-640 39,558.00	29,616.28	69,172.28	69,172.28	-
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>3,061,615.06</u>	<u>57,322.32</u>	<u>3,119,137.38</u>	<u>2,975,204.93</u>	<u>143,932.45</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	204-100-101 170,511.00	20,350.30	190,861.30	124,538.60	66,322.70
Other Salaries for Instruction	204-100-106 181,289.56	(21,811.55)	159,678.00	157,772.45	1,905.55
General Supplies	204-100-610 2,000.00	(1,290.65)	709.35	709.35	-
<b>Total Learning and/or Language Disabilities</b>	<u>353,800.56</u>	<u>(2,551.90)</u>	<u>351,248.65</u>	<u>283,020.40</u>	<u>68,228.25</u>



**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2018**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Resource Room/Resource Center:</b>						
Salaries of Teachers	213-100-101	\$ 481,788.00	\$ 51,015.86	\$ 512,803.86	\$ 512,663.86	\$ 140.00
Other Salaries for Instruction	213-100-106	21,359.00	(17,561.25)	3,797.75	3,797.75	-
General Supplies	213-100-610	3,750.00	(2,348.98)	1,403.04	1,403.04	-
<b>Total Resource Room/Resource Center</b>		<u>488,897.00</u>	<u>31,107.65</u>	<u>518,004.65</u>	<u>517,864.65</u>	<u>140.00</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>		<u>840,697.55</u>	<u>28,555.75</u>	<u>869,253.30</u>	<u>800,885.05</u>	<u>68,368.25</u>
<b>Basic Skills/Remedial - Instruction</b>						
Salaries of Teachers	230-100-101	98,822.00	54,428.09	151,250.09	151,250.09	-
General Supplies	230-100-610	1,500.00	139.10	1,639.10	1,639.10	-
<b>Total Basic Skills/Remedial - Instruction</b>		<u>98,322.00</u>	<u>54,567.19</u>	<u>152,889.19</u>	<u>152,889.19</u>	<u>-</u>
<b>Bilingual Education - Instruction</b>						
Salaries of Teachers	240-100-101	54,913.00	1,185.00	56,098.00	56,098.00	-
General Supplies	240-100-610	250.00	(139.10)	110.90	30.93	79.97
<b>Total Bilingual Education - Instruction</b>		<u>55,163.00</u>	<u>1,045.90</u>	<u>56,208.90</u>	<u>56,128.93</u>	<u>79.97</u>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>						
Salaries	401-100-100	13,020.00	5,843.20	18,863.20	17,443.20	1,520.00
Other Objects	401-100-800	3,290.00	7,625.97	11,115.97	11,115.97	-
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>		<u>16,310.00</u>	<u>13,789.17</u>	<u>30,079.17</u>	<u>28,559.17</u>	<u>1,520.00</u>
<b>Total Instruction</b>		<u>4,072,307.81</u>	<u>155,260.33</u>	<u>4,227,567.94</u>	<u>4,013,586.29</u>	<u>213,981.65</u>
<b>Undistributed Expenditures - Instruction:</b>						
Tuition to Other LEAs Within the State - Special	000-100-562	1,380,780.00	(55,690.56)	1,324,883.44	1,323,171.48	1,711.96
Tuition to Private Schools for the Disabled - Within State	000-100-566	131,938.00	(18,451.60)	113,486.40	113,486.40	-
<b>Total Undistributed Expenditures - Instruction;</b>		<u>1,512,718.00</u>	<u>(74,348.16)</u>	<u>1,438,369.84</u>	<u>1,436,657.88</u>	<u>1,711.96</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>						
Purchased Professional and Technical Services	000-211-300	7,000.00	-	7,000.00	7,000.00	-
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>		<u>7,000.00</u>	<u>-</u>	<u>7,000.00</u>	<u>7,000.00</u>	<u>-</u>
<b>Undist. Expend. - Health Services</b>						
Salaries	000-213-100	117,541.00	2,449.48	119,990.48	119,990.48	-
Purchased Professional and Technical Services	000-213-300	10,000.00	(9,200.00)	800.00	800.00	-
Supplies and Materials	000-213-600	5,301.00	(1,630.20)	3,670.80	3,623.55	47.25
<b>Total Undistributed Expenditures - Health Services</b>		<u>132,842.00</u>	<u>(6,380.72)</u>	<u>124,461.28</u>	<u>124,414.03</u>	<u>47.25</u>
<b>Undist. Expend. - Speech,OT,PT &amp; Related Services</b>						
Salaries of Other Professional Staff	000-218-100	94,071.00	467.81	94,538.81	94,538.81	-
Purchased Professional - Educational Services	000-218-320	112,000.00	6,310.00	118,310.00	118,310.00	-
Supplies and Materials	000-218-600	675.00	(327.78)	347.22	347.22	-
<b>Total Undist. Expend. - Speech,OT,PT &amp; Related Services</b>		<u>206,746.00</u>	<u>6,450.03</u>	<u>213,198.03</u>	<u>213,198.03</u>	<u>-</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>						
Purchased Professional - Educational Services	000-217-320	3,690.00	9,463.00	13,153.00	13,153.00	-
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>		<u>3,690.00</u>	<u>9,463.00</u>	<u>13,153.00</u>	<u>13,153.00</u>	<u>-</u>
<b>Undist. Expend. - Guidance</b>						
Salaries of Other Professional Staff	000-218-104	53,313.00	64,594.60	117,907.60	117,907.60	-
Supplies and Materials	000-218-600	500.00	(56.31)	441.69	441.69	-
<b>Total Undist. Expend. - Guidance</b>		<u>53,813.00</u>	<u>64,538.29</u>	<u>118,349.29</u>	<u>118,349.29</u>	<u>-</u>
<b>Undist. Expend. - Child Study Team</b>						
Salaries of Other Professional Staff	000-218-104	332,102.00	(1,846.68)	330,255.32	330,255.32	-
Salaries of Secretarial and Clerical Assistants	000-219-105	41,578.00	0.00	41,578.00	41,578.00	-
Purchased Professional - Educational Services	000-219-320	58,700.00	1,838.00	61,538.00	61,538.00	-
Other Purchased Services (400-500 series)	000-219-500	250.00	(66.21)	183.79	183.79	-
Supplies and Materials	000-219-600	2,900.00	-	2,900.00	2,900.00	-
<b>Total Undist. Expend. - Child Study Team</b>		<u>436,530.00</u>	<u>(74.81)</u>	<u>436,455.19</u>	<u>436,455.19</u>	<u>-</u>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>						
Salaries of Supervisor of Instruction	000-221-102	104,535.00	0.12	104,535.12	104,535.12	-
Purchased Prof- Educational Services	000-221-320	25,000.00	(357.00)	24,643.00	24,643.00	-
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>		<u>129,535.00</u>	<u>(356.88)</u>	<u>129,178.12</u>	<u>129,178.12</u>	<u>-</u>



**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2018**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>						
Salaries	000-222-100	\$ 96,739.00	\$ 0.28	\$ 96,739.28	\$ 96,739.28	\$ -
Salaries of Technology Coordinators	000-222-177	62,669.00	0.04	62,669.04	62,669.04	-
Supplies and Materials	000-222-600	5,740.00	(3,034.10)	2,705.90	2,705.90	-
Other Objects	000-222-800	2,285.93	(2,100.00)	195.93	195.93	-
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>		<b>167,443.93</b>	<b>(5,133.78)</b>	<b>162,310.15</b>	<b>162,310.15</b>	<b>-</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>						
Purchased Professional - Educational Service	000-223-320	17,358.00	-	17,358.00	17,358.00	-
Other Purchased Prof. and Tech. Services	000-223-390	4,000.00	15,040.00	19,040.00	19,040.00	-
Other Purchased Services (400-500 series)	000-223-500	2,000.00	(414.43)	1,585.57	1,585.57	-
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>		<b>23,358.00</b>	<b>14,625.57</b>	<b>37,983.57</b>	<b>37,983.57</b>	<b>-</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>						
Salaries	000-230-100	238,212.00	37,933.31	276,145.31	276,145.31	-
Unused Vacation Paymenr to Terminated/Retired Staff	000-230-199	15,000.00	(10,600.00)	4,400.00	4,400.00	4,400.00
Legal Services	000-230-331	48,332.00	(9,371.96)	38,960.04	38,960.04	-
Audit Fees	000-230-332	16,650.00	50.00	16,700.00	16,700.00	-
Architectural/Engineering Services	000-230-334	5,000.00	(5,000.00)	-	-	-
Other Purchased Professional Services	000-230-339	18,100.00	(6,026.25)	12,073.75	12,073.75	-
Communications/Telephone	000-230-530	18,802.00	(4,812.13)	14,189.87	14,189.87	-
BOE Other Purchased Services	000-230-585	500.00	747.74	1,247.74	1,247.74	-
Other Purchased Services (400-500 series)	000-230-590	7,000.00	5,375.68	12,375.68	12,375.68	-
Supplies and Materials	000-230-610	8,500.00	(913.73)	7,586.27	7,586.27	-
BOE Membership Fees/Dues	000-230-895	19,370.00	(1,034.35)	15,335.65	15,335.65	-
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>		<b>392,466.00</b>	<b>6,548.31</b>	<b>399,014.31</b>	<b>394,614.31</b>	<b>4,400.00</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>						
Salaries of Principals/Assistant Principals	000-240-103	108,150.00	-	108,150.00	108,150.00	-
Salaries of Secretarial and Clerical Assistants	000-240-105	104,280.00	7,924.48	112,204.48	112,204.48	-
Supplies and Materials	000-240-600	7,300.00	(571.04)	6,728.96	6,728.96	-
Other Objects	000-240-800	7,000.00	252.17	7,252.17	7,252.17	-
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>		<b>226,730.00</b>	<b>7,605.61</b>	<b>234,335.61</b>	<b>234,335.61</b>	<b>-</b>
<b>Undist. Expend. - Central Services</b>						
Salaries	000-251-100	39,914.00	156,893.77	196,807.77	196,807.77	-
Purchased Professional Services	000-251-330	176,190.00	(176,190.00)	-	-	-
Purchased Technical Services	000-251-340	3,500.00	(2,740.00)	760.00	760.00	-
Miscellaneous Purchased Services (400-500 series)	000-251-582	500.00	(305.23)	194.77	194.77	-
Supplies and Materials	000-251-600	1,500.00	(1.70)	1,498.30	1,348.82	151.48
Other Objects	000-251-890	2,000.00	8,094.24	8,094.24	8,094.24	-
<b>Total Undist. Expend. - Central Services</b>		<b>223,604.00</b>	<b>(18,248.92)</b>	<b>207,355.08</b>	<b>207,203.60</b>	<b>151.48</b>
<b>Undist. Expend. - Allowable Maint. For School Facilities</b>						
Salaries	000-261-100	200,060.00	(3,117.39)	196,942.61	196,942.61	-
Cleaning, Repair and Maintenance Services	000-261-420	35,580.62	(4,453.74)	31,126.88	31,126.88	-
General Supplies	000-261-610	23,215.00	(62.69)	23,152.31	23,152.31	-
Other Objects	000-261-800	4,500.00	(4,500.00)	-	-	-
<b>Total Undist. Expend. - Allowable Maint. For School Facilities</b>		<b>263,355.62</b>	<b>(12,133.82)</b>	<b>251,221.80</b>	<b>251,221.80</b>	<b>-</b>
<b>Undist. Expend. - Custodial Services</b>						
Salaries	000-262-100	243,299.00	19,345.36	262,644.36	260,326.36	2,318.00
Cleaning, Repair and Maintenance Services	000-262-420	11,818.00	(30.39)	11,787.61	11,787.61	-
Other Purchased Property Services	000-262-490	7,000.00	1,623.50	8,623.50	8,623.50	-
Insurance	000-262-520	54,000.00	28,102.00	82,102.00	82,102.00	-
Miscellaneous Purchased Services	000-262-580	18,491.00	(589.59)	17,901.41	11,701.41	6,200.00
General Supplies	000-262-610	27,345.13	5,181.43	32,526.56	27,526.56	5,000.00
Energy (Natural Gas)	000-262-621	35,000.00	3,270.41	38,270.41	38,270.41	-
Energy (Electricity)	000-262-622	91,740.00	(14,668.52)	77,071.48	77,073.48	-
Other Objects	000-262-800	3,000.00	(1,853.97)	1,146.03	1,046.03	-
<b>Total Undist. Expend. - Custodial Services</b>		<b>491,893.13</b>	<b>40,282.23</b>	<b>531,975.36</b>	<b>518,457.36</b>	<b>13,518.00</b>
<b>Care and Upkeep of Grounds</b>						
Cleaning, Repair, and Maintenance Services	000-263-420	20,980.00	11,039.61	32,019.61	30,039.61	1,980.00
<b>Total Care and Upkeep of Grounds</b>		<b>20,980.00</b>	<b>11,039.61</b>	<b>32,019.61</b>	<b>30,039.61</b>	<b>1,980.00</b>

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2018**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Student Transportation Serv.</b>						
Contracted Services - Aid in Lieu of Payments	000-270-503	\$ 13,000.00	\$ 5,674.00	\$ 18,674.00	\$ 18,674.00	\$ -
Contracted Services (Between Home and School) - Vendors	000-270-511	31,000.00	(43.60)	30,956.40	30,956.40	-
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	13,100.00	1,586.00	14,686.00	14,686.00	-
Contracted Services (Between Home and School) - Joint Agreements	000-270-513	25,000.00	(24,442.83)	557.17	557.17	-
Contracted Services (Special Education Students) - Joint Agreements	000-270-515	70,000.00	2,294.94	72,294.94	72,294.94	-
<b>Total Undist. Expend. - Student Transportation Serv.</b>		<u>152,100.00</u>	<u>(14,921.49)</u>	<u>137,178.51</u>	<u>137,178.51</u>	<u>-</u>
<b>UNALLOCATED BENEFITS</b>						
Group Insurance	000-291-210	21,000.00	(21,000.00)			-
Social Security Contributions	000-291-220	191,966.60	(47,411.16)	144,555.44	119,488.84	28,066.60
Other Retirement Contributions - PERS	000-291-241	109,400.00	(2,612.36)	106,787.64	106,787.64	-
Other Retirement Contributions - DCRP	000-291-249	2,924.58	5,683.37	8,617.95	5,697.32	2,920.63
Unemployment Compensation	000-291-250	34,000.00	(34,000.00)			-
Workers' Compensation	000-291-260	80,487.00	(23,273.50)	37,213.50	37,213.50	-
Health Benefits	000-291-270	1,507,431.00	(48,082.25)	1,461,348.75	1,461,348.75	-
Tuition Reimbursement	000-291-280	27,000.00	(11,184.00)	15,816.00	15,816.00	-
Other Employee Benefits	000-291-290	1,000.00	(1,000.00)			-
<b>TOTAL UNALLOCATED BENEFITS</b>		<u>1,955,209.18</u>	<u>(180,869.90)</u>	<u>1,774,339.28</u>	<u>1,743,352.05</u>	<u>30,987.23</u>
TPAF Pension (On-Behalf - Non-Budgeted)					879,139.00	(879,139.00)
TPAF Pension PRM (On-Behalf - Non-Budgeted)					374,054.00	(374,054.00)
TPAF Pension LTDI (On-Behalf - Non-Budgeted)					820.00	(820.00)
TPAF Social Security (Reimbursed - Non-Budgeted)					312,248.60	(312,248.60)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>					<u>1,566,259.60</u>	<u>(1,566,259.60)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>		<u>1,955,209.18</u>	<u>(180,869.90)</u>	<u>1,774,339.28</u>	<u>3,309,611.65</u>	<u>(1,535,272.37)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>		<u>6,399,813.86</u>	<u>(151,917.83)</u>	<u>6,247,896.03</u>	<u>7,781,359.71</u>	<u>(1,513,463.68)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>		<u>10,472,121.47</u>	<u>3,342.50</u>	<u>10,475,463.97</u>	<u>11,775,026.96</u>	<u>(1,299,563.01)</u>
<b>CAPITAL OUTLAY</b>						
<b>Facilities Acquisition and Construction Services</b>						
Construction Services	000-400-450	941,467.13	-	941,467.13	852,751.89	88,715.24
Assessment for Debt Service on SDA Funding	000-400-898	8,578.00	-	8,578.00	8,578.00	-
<b>Total Facilities Acquisition and Construction Services</b>		<u>950,043.13</u>	<u>-</u>	<u>950,043.13</u>	<u>861,327.89</u>	<u>88,715.24</u>
<b>TOTAL CAPITAL OUTLAY</b>		<u>950,043.13</u>	<u>-</u>	<u>950,043.13</u>	<u>861,327.89</u>	<u>88,715.24</u>
<b>TOTAL EXPENDITURES</b>		<u>11,422,164.60</u>	<u>3,342.50</u>	<u>11,425,507.10</u>	<u>12,636,354.87</u>	<u>(1,210,847.77)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<u>(1,064,688.60)</u>	<u>(3,342.50)</u>	<u>(1,068,031.10)</u>	<u>(505,885.54)</u>	<u>562,045.56</u>
<b>Other Financing Sources (Uses):</b>						
Operating Transfer Out:						
Transfer to Food Service Fund		(5,000.00)	3,342.50	(1,657.50)	(1,657.50)	-
<b>Total Other Financing Sources (Uses)</b>		<u>(5,000.00)</u>	<u>3,342.50</u>	<u>(1,657.50)</u>	<u>(1,657.50)</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>		<u>(1,068,688.60)</u>	<u>0.00</u>	<u>(1,068,688.60)</u>	<u>(507,643.04)</u>	<u>562,045.56</u>
<b>Fund Balance, July 1</b>		<u>3,572,851.28</u>	<u>-</u>	<u>3,572,851.28</u>	<u>3,572,851.28</u>	<u>-</u>
<b>Fund Balance, June 30</b>		<u>\$ 2,503,162.68</u>	<u>\$ 0.00</u>	<u>\$ 2,503,162.68</u>	<u>\$ 3,065,208.24</u>	<u>\$ 562,045.56</u>

BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2018

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):</b>					
Increase in Capital Reserve	\$ 4,000.00	\$ -	\$ 4,000.00	\$ 498,087.37	\$ 494,087.37
Withdrawals from Capital Reserve	(604,100.00)	-	(604,100.00)	(604,100.00)	-
Adjustment for Prior Year Encumbrances	(428,588.60)	-	(428,588.60)	(428,588.60)	-
Budgeted Fund Balance	<u>(40,000.00)</u>	<u>-</u>	<u>(40,000.00)</u>	<u>27,958.19</u>	<u>67,958.19</u>
<b>Total</b>	<b>\$ (1,069,688.60)</b>	<b>\$ -</b>	<b>\$ (1,069,688.60)</b>	<b>\$ (507,643.04)</b>	<b>\$ 562,045.56</b>
<b>Analysis of Fund Balance June 30, 2018:</b>					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 40,000.00	
Reserve for Excess Surplus				-	
Capital Reserve Account				2,653,255.03	
Assigned Fund Balance:					
Year-end Encumbrances				66,327.21	
Unassigned Fund Balance				<u>305,628.00</u>	
				<b>\$ 3,065,208.24</b>	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>					
Fund Balance June 30, 2018				\$ 3,065,208.24	
Last Two Current Year State Aid Payments Not Realized on GAAP Basis				<u>(40,977.00)</u>	
				<b>\$ 3,024,231.24</b>	

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	164,962.00	60,680.00	225,642.00	221,538.37	4,103.63
Local Sources	-	-	-	-	-
<b>Total Revenues</b>	<u>\$ 164,962.00</u>	<u>\$ 60,680.00</u>	<u>\$ 225,642.00</u>	<u>\$ 221,538.37</u>	<u>\$ 4,103.63</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Personal Services - Salaries	\$ 42,626.00	\$ 374.00	\$ 43,000.00	\$ 54,420.98	\$ (11,420.98)
Other Purchased Services (400-500 series)	117,780.00	32,728.00	150,506.00	150,506.00	-
General Supplies	4,556.00	20,790.00	25,346.00	14,522.20	10,823.80
Other Objects	-	600.00	600.00	750.00	(150.00)
<b>Total Instruction</b>	<u>164,962.00</u>	<u>54,490.00</u>	<u>219,452.00</u>	<u>220,199.18</u>	<u>(747.18)</u>
<b>Support Services</b>					
Personal Services - Employee Benefits		3,290.00	3,290.00	-	3,290.00
Purchased Professional and Technical Services		2,900.00	2,900.00	989.69	1,910.31
Other Objects		-	-	349.50	(349.50)
<b>Total Support Services</b>	<u>-</u>	<u>6,190.00</u>	<u>6,190.00</u>	<u>1,339.19</u>	<u>4,850.81</u>
<b>Total Expenditures</b>	<u>164,962.00</u>	<u>60,680.00</u>	<u>225,642.00</u>	<u>221,538.37</u>	<u>4,103.63</u>
<b>Total Outflows</b>	<u>\$ 164,962.00</u>	<u>\$ 60,680.00</u>	<u>\$ 225,642.00</u>	<u>\$ 221,538.37</u>	<u>\$ 4,103.63</u>

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION –  
PART II**

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to RSI  
For the Fiscal Year Ended June 30, 2018**

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1&C-2]	\$ 11,551,230.33	\$ 221,538.37
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.		(1,015.00)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	<u>2,400.00</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 11,550,215.33</u>	<u>\$ 223,938.37</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1&C-2]	\$ 12,057,215.87	\$ 221,538.37
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			2,400.00
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	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 12,057,215.87</u>	<u>\$ 223,938.37</u>

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART III**



**Section L**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS  
(GASB 68)**

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**  
Schedule of the District's Proportionate Share of the Net Pension Liability- PERS

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0114876707%	0.0119449241%	0.0110382098%	0.0114928017%	0.0128037922%
District's proportionate share of the net pension liability	\$ 2,674,146.00	\$ 3,537,744.00	\$ 2,477,857.00	\$ 2,151,767.00	\$ 2,408,835.00
District's covered employee payroll	\$ 826,966.00	\$ 748,803.00	\$ 815,428.00	\$ 801,002.00	\$ 791,442.00
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	323.37%	472.45%	303.87%	268.63%	304.38%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.92%	52.08%	48.72%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during fiscal year ended June 30, 2015.

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Schedule of District Contributions- PERS**

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 108,787.64	\$ 108,117.00	\$ 94,899.00	\$ 94,745.00	\$ 94,567.00
Contributions in relation to the contractually required contribution	<u>(108,787.64)</u>	<u>(108,117.00)</u>	<u>(94,899.00)</u>	<u>(94,745.00)</u>	<u>(94,567.00)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 826,966.00	\$ 748,803.00	\$ 815,428.00	\$ 801,002.00	\$ 791,442.00
Contributions as a percentage of covered employee payroll	12.91%	14.17%	11.64%	11.83%	11.95%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during fiscal year ended June 30, 2015.

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**  
Schedule of the District's Proportionate Share of the Net Pension Liability- TPAF

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
District's proportion of the State's net pension liability	0.0375142558%	0.0386396365%	0.0386183621%	0.0407859288%	0.0384909570%
District's proportionate share of the State's net pension liability	\$ 25,293,464.00	\$ 30,398,558.00	\$ 24,408,454.00	\$ 21,798,751.51	\$ 18,442,242.68
District's covered employee payroll	\$ 4,333,116.00	\$ 4,087,346.00	\$ 4,037,728.00	\$ 3,839,784.00	\$ 3,817,045.00
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	583.72%	747.33%	604.51%	598.90%	483.15%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during fiscal year ended June 30, 2015.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2018

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**A. Benefit Changes**

There were none.

**B. Changes of Assumptions**

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

**TEACHERS' PENSION AND ANNUITY FUND**

**A. Benefit Changes**

There were none.

**B. Changes of Assumptions**

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**  
Schedule of Changes In the Total OPEB Liability and Related Ratios

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
Total OPEB liability					
Service cost	\$ 788,831.00	\$ -	\$ -	\$ -	\$ -
Interest	620,167.00				
Changes of benefit terms	-				
Differences between expected and actual experience	-				
Changes of assumptions or other inputs	(2,545,506.00)				
Member contributions	16,729.00				
Gross benefit payments	<u>(454,315.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	(1,594,084.00)	-	-	-	-
Total OPEB liability - beginning	<u>21,208,688.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB liability - ending	<u>\$ 19,614,574.00</u>	<u>\$ 21,208,688.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 5,160,082.00	\$ 4,816,149.00	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered - employee payroll	380.12%	440.37%			

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during fiscal year ended June 30, 2018.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2018

**LOCAL EDUCATION**

**A. Benefit Changes**

There were none.

**B. Changes of Assumptions**

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.



**OTHER SUPPLEMENTARY INFORMATION**

**Section D**  
**SCHOOL LEVEL SCHEDULES**

**Section E**  
**SPECIAL REVENUE FUND**

BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2018

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
<b>REVENUES</b>				
State Sources	\$ -	\$ -	\$ -	\$ -
Federal Sources	221,538.37	-	221,538.37	-
Local Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<b><u>\$ 221,538.37</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 221,538.37</u></b>	<b><u>\$ -</u></b>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Personal Services - Salaries	100-100 \$ 54,420.98	\$ -	\$ 54,420.98	\$ -
Other Purchased Services (400-500 series)	100-500 150,506.00	-	150,506.00	-
General Supplies	100-610 14,522.20	-	14,522.20	-
Other Objects	100-800 <u>750.00</u>	-	<u>750.00</u>	-
<b>Total Instruction</b>	<b><u>220,199.18</u></b>	<b>-</b>	<b><u>220,199.18</u></b>	<b>-</b>
<b>Support Services:</b>				
Purchased Professional and Technical Services	200-300 989.69	-	989.69	-
Other Objects	200-800 <u>349.50</u>	-	<u>349.50</u>	-
<b>Total Support Services</b>	<b><u>1,339.19</u></b>	<b>-</b>	<b><u>1,339.19</u></b>	<b>-</b>
<b>Total Expenditures</b>	<b><u>\$ 221,538.37</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 221,538.37</u></b>	<b><u>\$ -</u></b>

**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, 2018**

		<u>Total</u>	<u>E.S.E.A.</u>		<u>I.D.E.A. Part B</u>		
			<u>Title I</u>	<u>Title III</u>	<u>Title IV</u>	<u>Basic</u>	<u>Preschool</u>
<b>REVENUES</b>							
Federal Sources		\$ 221,538.37	\$ 59,641.00	\$ 2,128.00	\$ 9,263.37	\$ 142,348.00	\$ 8,158.00
<b>Total Federal Revenues</b>		<u>\$ 221,538.37</u>	<u>\$ 59,641.00</u>	<u>\$ 2,128.00</u>	<u>\$ 9,263.37</u>	<u>\$ 142,348.00</u>	<u>\$ 8,158.00</u>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Personal Services - Salaries	100-100	\$ 54,420.98	\$ 54,420.98	\$ -	\$ -	\$ -	\$ -
Other Purchased Services (400-500 series)	100-500	150,506.00				142,348.00	8,158.00
General Supplies	100-610	14,522.20	3,130.83	2,128.00	9,263.37	-	-
Other Objects	100-800	750.00	750.00	-	-	-	-
<b>Total Instruction</b>		<u>220,199.18</u>	<u>58,301.81</u>	<u>2,128.00</u>	<u>9,263.37</u>	<u>142,348.00</u>	<u>8,158.00</u>
<b>Support Services:</b>							
Purchased Professional and Technical Services	200-300	989.69	989.69				
Other Objects	200-800	349.50	349.50				
<b>Total Support Services</b>		<u>1,339.19</u>	<u>1,339.19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>		<u>\$ 221,538.37</u>	<u>\$ 59,641.00</u>	<u>\$ 2,128.00</u>	<u>\$ 9,263.37</u>	<u>\$ 142,348.00</u>	<u>\$ 8,158.00</u>

**Section F**  
**CAPITAL PROJECTS FUND**

BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Capital Projects Fund  
Summary Schedule of Project Expenditures  
For the Year Ended June 30, 2018

Project Title/Issue	Approval Date	Revised GAAP Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/18
			Prior Years	Current Year	
School Addition	9/1/94	\$ 2,850,000.00	\$ 2,798,238.70	\$ -	\$ 51,761.30
Windows and Roof Replacement	6/13/14	589,838.00	346,371.76	-	243,466.24
Totals		\$ 3,439,838.00	\$ 3,144,610.46	\$ -	\$ 285,227.54

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis**  
**For the Year Ended June 30, 2018**

**REVENUES AND OTHER FINANCING SOURCES**

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

**EXPENDITURES AND OTHER FINANCING USES**

Equipment (73X)	-
Salaries (100)	-
Legal Services (331)	-
Other Purchased Professional and Technical Services (390)	-
Construction Services (450)	-
General Supplies (610)	-
Land and Improvements (710)	-
Lease Purchase Agreements - Principal (721)	-
Buildings other than Lease Purchase Agreements - Principal (722)	-
Other Objects (800)	-
Transfer to Fund 40	-
<b>Total Expenditures</b>	<u>-</u>

Excess (deficiency) of revenues over (under) expenditures	-
Fund Balance - July 1	<u>295,227.54</u>
Fund Balance - June 30	<u>\$ 295,227.54</u>



**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**  
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis  
School Addition  
From Inception and for the Year Ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
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	-	-	-	-
<b>Total Revenues</b>	<u>2,850,000.00</u>	<u>-</u>	<u>2,850,000.00</u>	<u>2,850,000.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Equipment (73X)	132,588.35		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)	2,328,724.70		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	-
<b>Total Expenditures</b>	<u>2,798,238.70</u>	<u>-</u>	<u>2,798,238.70</u>	<u>2,850,000.00</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>51,761.30</u>	<u>-</u>	<u>51,761.30</u>	<u>-</u>
<b>ADDITIONAL PROJECT INFORMATION</b>				
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			

**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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
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		353,903.00	353,903.00
Transfer from capital outlay	-	-	-	-
<b>Total Revenues</b>	<u>589,838.00</u>	<u>-</u>	<u>589,838.00</u>	<u>589,838.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Equipment (73X)			-	
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)	18,967.53		18,967.53	20,000.00
Construction Services (450)	327,404.23		327,404.23	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	-	-	-	-
<b>Total Expenditures</b>	<u>346,371.76</u>	<u>-</u>	<u>346,371.76</u>	<u>589,838.00</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>243,466.24</u>	<u>-</u>	<u>243,466.24</u>	<u>-</u>
<b>ADDITIONAL PROJECT INFORMATION</b>				
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	58.72%			
Original Target Completion Date	9/1/15			
	9/1/15			

**Section G**  
**PROPRIETARY FUNDS**

**ENTERPRISE FUND**

**INTERNAL SERVICE FUND**

**Section H**  
**FIDUCIARY FUND**

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2018**

<u>Schools</u>	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Elementary School	\$ 57,900.05	\$ 58,593.90	\$ 62,659.33	\$ 53,834.62
	<u>\$ 57,900.05</u>	<u>\$ 58,593.90</u>	<u>\$ 62,659.33</u>	<u>\$ 53,834.62</u>

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2018**

	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Payroll Deductions and Withholdings	\$ 7,343.30	\$ 3,432,975.15	\$ 3,431,137.10	\$ 9,181.35
Net Salaries and Wages	10,013.45	3,919,435.98	3,919,670.24	9,779.19
Flexible Spending	11,287.03	15,541.30	19,299.57	7,528.76
Interfunds Payable	<u>50,000.00</u>	<u>2,441.70</u>	<u>2,441.70</u>	<u>50,000.00</u>
	<u>\$ 78,643.78</u>	<u>\$ 7,370,394.13</u>	<u>\$ 7,372,548.61</u>	<u>\$ 76,489.30</u>



**Section I**  
**LONG - TERM DEBT**

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Long - Term Debt  
Schedule of Serial Bonds  
For the Fiscal Year Ended June 30, 2018**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2018</u>			<u>Interest Rate</u>	<u>Balance June 30, 2017</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds	3/15/15	\$ 3,510,000.00	3/15/19	\$ 345,000.00	2.00%	\$ 3,150,000.00	\$ 340,000.00	\$ 2,810,000.00	
			3/15/20	350,000.00	3.00%				
			3/15/21	355,000.00	3.00%				
			3/15/22	350,000.00	3.00%				
			3/15/23	345,000.00	3.00%				
			3/15/24	350,000.00	3.00%				
			3/15/25	360,000.00	3.00%				
			3/15/26	355,000.00	3.00%				
			3/15/28	355,000.00	3.00%				
						\$ 3,150,000.00	\$ 340,000.00	\$ 2,810,000.00	

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
Budgetary Comparison Schedule  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 427,384.00	\$ -	\$ 427,384.00	\$ 427,384.00	\$ -
	<u>427,384.00</u>		<u>427,384.00</u>	<u>427,384.00</u>	<u>-</u>
<b>Total Revenues</b>	<u>427,384.00</u>	<u>-</u>	<u>427,384.00</u>	<u>427,384.00</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	87,650.00	-	87,650.00	87,650.00	-
Redemption of Principal	<u>340,000.00</u>	<u>-</u>	<u>340,000.00</u>	<u>340,000.00</u>	<u>-</u>
Total Regular Debt Service	<u>427,650.00</u>	<u>-</u>	<u>427,650.00</u>	<u>427,650.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>427,650.00</u>	<u>-</u>	<u>427,650.00</u>	<u>427,650.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(266.00)	-	(266.00)	(266.00)	-
<b>Other Financing Sources:</b>					
Operating Transfers In:					
Interest Eamed in Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,175.92</u>	<u>2,175.92</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(266.00)	-	(266.00)	1,909.92	2,175.92
Fund Balance, July 1	<u>491.03</u>	<u>-</u>	<u>491.03</u>	<u>491.03</u>	<u>-</u>
Fund Balance, June 30	\$ <u>225.03</u>	\$ <u>-</u>	\$ <u>225.03</u>	\$ <u>2,400.95</u>	\$ <u>2,175.92</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures: Budgeted Fund Balance	\$ <u>(266.00)</u>	\$ <u>-</u>	\$ <u>(266.00)</u>	\$ <u>1,909.92</u>	\$ <u>2,175.92</u>

## **STATISTICAL SECTION (UNAUDITED)**

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

## STATISTICAL SECTION (Unaudited)

### Financial Trends

J-1	Net 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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental activities</b>										
Net investment in capital assets	\$ 3,038,296.24	\$ 2,200,069.71	\$ 1,735,306.40	\$ 1,321,282.29	\$ 1,062,665.36	\$ 493,962.17	\$ 464,384.65	\$ 312,719.90	\$ 842,393.00	\$ 870,535.00
Restricted	3,033,629.48	3,593,005.27	3,421,209.80	3,358,053.67	2,994,250.98	2,747,605.54	2,064,894.85	1,395,674.55	506,415.00	578,845.00
Unrestricted	(2,451,351.67)	(2,447,071.61)	(2,233,063.96)	(2,213,657.34)	88,907.62	98,934.81	103,562.88	141,558.31	160,281.00	19,750.00
<b>Total governmental activities net position</b>	<b>\$ 3,620,574.05</b>	<b>\$ 3,346,003.37</b>	<b>\$ 2,923,452.24</b>	<b>\$ 2,463,678.62</b>	<b>\$ 4,135,823.94</b>	<b>\$ 3,336,502.62</b>	<b>\$ 2,632,842.18</b>	<b>\$ 1,849,950.78</b>	<b>\$ 1,509,069.00</b>	<b>\$ 1,469,130.00</b>
<b>Business-type activities</b>										
Net investment in capital assets										
Restricted										
Unrestricted	5,827.18	2,282.43	2,136.47	1,530.58	1,601.95	3,656.17	3,065.46	2,163.58	12,044.00	10,420.00
<b>Total business-type activities net position</b>	<b>\$ 5,827.18</b>	<b>\$ 2,282.43</b>	<b>\$ 2,136.47</b>	<b>\$ 1,530.58</b>	<b>\$ 1,601.95</b>	<b>\$ 3,656.17</b>	<b>\$ 3,065.46</b>	<b>\$ 2,163.58</b>	<b>\$ 12,044.00</b>	<b>\$ 10,420.00</b>
<b>District-wide</b>										
Net investment in capital assets	\$ 3,038,296.24	\$ 2,200,069.71	\$ 1,735,306.40	\$ 1,321,282.29	\$ 1,062,665.36	\$ 493,962.17	\$ 464,384.65	\$ 312,719.90	\$ 842,393.00	\$ 870,535.00
Restricted	3,033,629.48	3,593,005.27	3,421,209.80	3,358,053.67	2,994,250.98	2,747,605.54	2,064,894.85	1,395,674.55	506,415.00	578,845.00
Unrestricted	(2,445,524.49)	(2,444,789.18)	(2,230,927.49)	(2,212,126.76)	90,509.57	100,591.08	106,628.34	143,719.89	172,305.00	30,170.00
<b>Total district net position</b>	<b>\$ 3,628,401.23</b>	<b>\$ 3,348,285.60</b>	<b>\$ 2,925,588.71</b>	<b>\$ 2,485,209.20</b>	<b>\$ 4,137,425.89</b>	<b>\$ 3,342,158.79</b>	<b>\$ 2,635,907.64</b>	<b>\$ 1,852,114.34</b>	<b>\$ 1,521,113.00</b>	<b>\$ 1,479,550.00</b>

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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 5,623,957.60	\$ 4,415,091.54	\$ 4,596,551.22	\$ 4,592,436.32	\$ 4,769,611.85	\$ 4,427,983.50	\$ 4,376,709.53	\$ 4,081,684.00	\$ 4,218,404.00	\$ 4,182,541.00
Special education	1,640,719.85	1,381,542.37	1,137,660.08	1,252,655.03	1,207,300.80	1,218,336.24	1,068,088.32	1,026,616.65	1,768,974.00	1,704,522.00
Other instruction	429,399.06	325,365.91	285,589.16	291,802.42	281,667.34	319,853.51	318,865.74	287,312.98	304,341.00	333,618.00
Support Services:										
Tuition	1,436,657.88	1,164,476.23	1,283,738.09	844,871.08	793,399.07	595,898.76	473,781.89	617,219.24		
Student and instruction related services	2,093,040.00	1,721,877.93	1,560,408.31	1,328,860.35	1,345,749.69	1,407,815.11	1,357,678.11	1,442,758.97	1,395,107.00	1,295,602.00
School administrative services	431,888.63	320,741.67	353,799.54	559,159.73	547,792.72	347,954.84	306,628.39	297,933.53	651,169.00	587,489.00
Administrative information technology	1,035,466.86	735,720.27	622,420.12	474,178.05	528,836.83	570,055.88	558,443.60	590,505.94	403,915.00	450,568.00
Plant operations and maintenance	1,196,057.39	969,018.20	950,758.19	919,961.72	904,217.88	865,099.09	927,344.91	633,398.38	972,473.00	1,150,328.00
Pupil transportation	137,178.51	131,091.42	170,748.32	123,067.98	180,284.10	197,535.41	184,182.63	175,017.30	219,532.00	252,928.00
SDA Debt Service Assessment	8,576.00	8,576.00	8,576.00	8,576.00	8,576.00	8,576.00	6,249.00	10,746.00		
Special Schools										
Charter Schools										
Interest on long-term debt	85,668.67	92,395.83	102,874.82	145,846.07	176,599.92	192,690.83	208,103.59	222,779.34	236,808.00	251,178.00
<b>Total governmental activities expenses</b>	<b>14,118,606.44</b>	<b>11,265,897.37</b>	<b>11,073,123.85</b>	<b>10,541,214.75</b>	<b>10,744,036.20</b>	<b>10,151,796.95</b>	<b>9,786,085.71</b>	<b>9,585,972.33</b>	<b>10,170,723.00</b>	<b>10,208,972.00</b>
Business-type activities:										
Food service	8,620.76	12,323.79	6,834.35	8,565.01	8,908.66	2,378.10	4,495.52	16,934.05	6,269.00	7,114.00
<b>Total business-type activities expense</b>	<b>8,620.76</b>	<b>12,323.79</b>	<b>6,834.35</b>	<b>8,565.01</b>	<b>8,908.66</b>	<b>2,378.10</b>	<b>4,495.52</b>	<b>16,934.05</b>	<b>6,269.00</b>	<b>7,114.00</b>
<b>Total district-wide expenses</b>	<b>14,127,227.20</b>	<b>11,278,221.16</b>	<b>11,079,958.20</b>	<b>10,549,779.76</b>	<b>10,752,944.86</b>	<b>10,154,173.05</b>	<b>9,790,581.23</b>	<b>9,602,906.38</b>	<b>10,176,992.00</b>	<b>10,216,086.00</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Pupil transportation										
Special Schools										
Interest on long-term debt	85,668.67	92,395.83	102,874.82	145,846.07	176,599.92	192,690.83	208,103.59	222,779.34		
Operating grants and contributions	3,931,849.65	1,421,788.16	1,487,735.48	1,322,841.30	1,512,510.65	1,432,838.23	1,258,081.85	1,099,496.52	1,581,889.00	1,386,417.00
Capital grants and contributions										
<b>Total governmental activities program revenues</b>	<b>4,017,516.32</b>	<b>1,514,183.99</b>	<b>1,590,610.30</b>	<b>1,468,687.37</b>	<b>1,689,110.57</b>	<b>1,625,329.06</b>	<b>1,466,165.44</b>	<b>1,322,275.86</b>	<b>1,581,889.00</b>	<b>1,386,417.00</b>

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

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

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Business-type activities:</b>										
Charges for services										
Food service	\$ 10,508.01	\$ 9,262.00	\$ 7,440.24	\$ 8,493.64	\$ 6,852.44	\$ 2,968.81	\$ 5,397.40	\$ 7,054.10	\$ 7,893.00	\$ 9,167.00
Operating grants and contributions										
Total business-type activities program revenues	10,508.01	9,262.00	7,440.24	8,493.64	6,852.44	2,968.81	5,397.40	7,054.10	7,893.00	9,167.00
Total district-wide program revenues	4,028,024.33	1,523,445.99	1,598,050.54	1,477,181.01	1,695,963.01	1,628,295.87	1,471,562.84	1,329,329.96	1,589,782.00	1,395,584.00
<b>Net (Expense)/Revenue</b>										
Governmental activities	(10,101,090.12)	(9,751,713.38)	(9,482,513.55)	(9,072,527.38)	(9,054,925.83)	(8,526,467.89)	(8,319,920.27)	(8,263,696.47)	(8,588,834.00)	(8,822,555.00)
Business-type activities	1,887.25	(3,061.79)	605.89	(71.37)	(2,054.22)	590.71	901.88	(9,879.95)	1,624.00	2,053.00
Total district-wide net expense	(10,099,202.87)	(9,754,775.17)	(9,481,907.66)	(9,072,598.75)	(9,056,979.85)	(8,525,877.18)	(8,319,018.39)	(8,273,576.42)	(8,587,210.00)	(8,820,502.00)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	9,567,750.00	9,380,147.00	9,196,223.00	9,015,905.00	8,839,123.00	8,665,807.00	8,520,399.00	8,353,332.00	8,243,490.00	7,860,283.00
Property taxes, levied for debt service principal	341,717.33	336,353.17	327,483.18	293,900.93	255,242.08	240,028.17	249,798.41	244,613.68		
Federal and State aid not restricted	29,608.31	31,289.97	24,665.00	23,489.90	12,267.84	7,944.87	21,324.00	252,586.00	99,765.00	125,626.00
Tuition (other than special schools)	21,227.85	24,892.54		5,683.00	23,902.00	17,694.00	18,909.00			
Investment earnings	37,997.54	16,727.82	10,336.61	10,292.07	7,419.53	6,569.68	3,544.40	126,989.48	20,243.00	23,414.00
Miscellaneous income	379,017.27	388,061.76	383,599.38	423,179.17	478,337.70	294,084.82	263,890.00	259,850.48	266,666.00	178,360.00
Special item - proceeds from sale of assets										
Adjustment to Capital Assets							23,948.88	(540,749.00)		
Lease-Purchase Agreement Canceled										
N.J. School Development Authority grants					235,935.00					
Refunding bond proceeds				(58,000.00)						
Transfers	(1,657.50)	(3,207.75)								
Total governmental activities	10,375,660.80	10,174,264.51	9,942,287.17	9,714,650.07	9,852,246.95	9,232,128.34	9,102,811.69	8,696,622.60	8,630,164.00	8,187,683.00
Business-type activities:										
Investment earnings										
Miscellaneous income										
Transfers	1,657.50	3,207.75						(1,391.00)		
Total business-type activities	1,657.50	3,207.75						(1,391.00)		
Total district-wide general revenues	10,377,318.30	10,177,472.26	9,942,287.17	9,714,650.07	9,852,246.95	9,232,128.34	9,102,811.69	8,695,231.60	8,630,164.00	8,187,683.00
<b>Change in Net Position</b>										
Governmental activities	274,570.68	422,551.13	459,773.62	642,122.69	797,321.32	705,660.45	782,891.42	432,926.13	41,330.00	(634,872.00)
Business-type activities	3,544.75	145.98	605.89	(71.37)	(2,054.22)	590.71	901.88	(11,270.95)	1,624.00	2,053.00
Total district-wide change in net position	\$ 278,115.43	\$ 422,697.09	\$ 460,379.51	\$ 642,051.32	\$ 795,267.10	\$ 706,251.16	\$ 783,793.30	\$ 421,655.18	\$ 42,954.00	\$ (632,819.00)

Source: District records



**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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Fund</b>										
Restricted	\$ 2,693,255.03	\$ 2,693,262.68	\$ 2,946,786.61	\$ 2,699,343.20	\$ 2,539,549.03	\$ 2,223,712.76	\$ 1,738,357.14	\$ 937,875.63	\$ -	\$ -
Assigned	66,327.21	429,588.60	205,847.13	73,757.66	215,887.25	348,071.10	82,764.82	32,222.32		
Unassigned	264,649.00	210,038.00	210,835.00	210,835.00	212,035.00	212,035.00	254,943.00	270,278.80		
Reserved									250,801.00	182,330.00
Unreserved									84,438.00	35,175.00
<b>Total general fund</b>	<b>\$ 3,024,231.24</b>	<b>\$ 3,532,889.28</b>	<b>\$ 3,363,468.74</b>	<b>\$ 3,183,935.86</b>	<b>\$ 2,967,471.28</b>	<b>\$ 2,783,818.86</b>	<b>\$ 2,076,064.96</b>	<b>\$ 1,240,376.75</b>	<b>\$ 335,239.00</b>	<b>\$ 217,505.00</b>
<b>All Other Governmental Funds</b>										
Restricted, reported in:										
Capital projects fund	\$ 295,227.54	\$ 295,227.54	\$ 295,227.54	\$ 333,833.38	\$ 287,696.30	\$ 188,832.65	\$ 238,832.65	\$ 375,904.00	\$ -	\$ -
Debt service fund	2,400.95	491.03	667.27	1,322.94	1,394.56	68,156.55	65,484.22	115,014.44		
Assigned, reported in:										
Capital projects fund				78,500.00						
Reserved									326,896.00	346,727.00
Unreserved, reported in:										
Special revenue fund									181,053.00	234,764.00
Capital projects fund										
Debt service fund										
<b>Total all other governmental funds</b>	<b>\$ 297,628.49</b>	<b>\$ 295,718.57</b>	<b>\$ 296,094.81</b>	<b>\$ 413,656.32</b>	<b>\$ 289,090.86</b>	<b>\$ 254,989.20</b>	<b>\$ 304,316.87</b>	<b>\$ 490,918.44</b>	<b>\$ 507,949.00</b>	<b>\$ 581,491.00</b>
<b>Total Fund Balances</b>	<b>\$ 3,321,859.73</b>	<b>\$ 3,828,607.85</b>	<b>\$ 3,659,563.55</b>	<b>\$ 3,597,592.18</b>	<b>\$ 3,256,562.14</b>	<b>\$ 3,038,808.06</b>	<b>\$ 2,380,381.83</b>	<b>\$ 1,731,295.19</b>	<b>\$ 843,188.00</b>	<b>\$ 798,996.00</b>

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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Tax levy	\$ 9,995,134.00	\$ 9,908,898.00	\$ 9,626,561.00	\$ 9,455,652.00	\$ 9,270,965.00	\$ 9,098,526.00	\$ 8,978,301.00	\$ 8,820,725.00	\$ 8,243,490.00	\$ 7,980,283.00
Tuition charges	21,227.65	24,892.54		5,883.00	23,902.00	17,694.00	19,909.00			
Transportation fees										
Interest earnings	37,997.54	16,727.82	10,338.81	10,292.07	7,418.53	8,568.68	3,544.40	126,989.48	20,243.00	23,414.00
Miscellaneous	379,017.28	439,171.72	421,632.78	436,147.85	567,501.65	314,068.88	263,890.00	259,850.48	266,668.00	178,360.00
State sources	2,127,937.60	1,201,682.37	1,265,098.64	1,124,260.52	1,237,468.84	1,264,463.54	1,101,830.85	1,217,078.79	1,361,824.00	1,313,589.00
Federal sources	221,538.37	200,305.80	209,268.44	209,102.00	186,165.50	156,137.50	177,555.00	135,003.73	319,730.00	198,454.00
<b>Total revenues</b>	<b>12,782,652.62</b>	<b>11,691,656.25</b>	<b>11,532,897.47</b>	<b>11,241,337.44</b>	<b>11,305,422.52</b>	<b>10,857,457.40</b>	<b>10,545,030.25</b>	<b>10,558,647.46</b>	<b>10,212,053.00</b>	<b>9,574,100.00</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	3,044,896.11	2,961,690.51	3,159,371.06	3,203,869.67	3,299,951.34	3,013,571.07	3,083,508.91	2,882,467.41	3,936,807.00	3,872,881.00
Special education instruction	951,391.05	886,839.28	836,078.07	945,170.41	881,712.29	894,531.87	800,283.79	776,927.23	1,767,502.00	1,711,364.00
Other instruction	237,577.29	226,683.84	205,684.35	212,748.14	200,899.19	230,083.26	229,535.52	213,424.34	304,341.00	333,618.00
<b>Support Services:</b>										
Tuition	1,438,657.88	1,164,476.23	1,283,738.09	844,871.06	793,398.07	585,896.76	473,791.89	617,219.24		
Student and instruction related services	1,245,778.57	1,289,391.45	1,188,801.98	1,012,761.38	1,030,995.42	1,082,490.50	1,073,377.05	1,158,032.04	1,383,406.00	1,288,772.00
School administrative services	234,335.61	219,888.76	244,898.87	395,792.50	375,366.87	188,532.10	173,608.75	218,561.32	324,858.00	296,616.00
General and business administrative services	601,817.91	598,428.82	521,686.55	399,965.73	435,569.33	468,821.59	458,445.75	503,530.01	720,504.00	731,398.00
Plant operations and maintenance	799,718.77	756,119.33	762,217.50	736,215.22	718,998.99	691,482.94	771,729.39	686,251.89	964,638.00	1,151,164.00
Pupil transportation	137,178.51	131,091.42	170,748.32	123,067.98	180,284.10	197,535.41	184,182.63	175,017.30	219,532.00	252,928.00
Employee benefits	3,309,611.65	2,280,234.83	2,240,915.99	2,203,108.84	2,332,871.15	2,280,652.17	1,996,008.36	1,784,405.82		
<b>Special Schools</b>										
Charter Schools										
Capital outlay	861,327.89	475,809.63	425,725.76	322,317.70	562,714.44	37,506.00	139,321.35	35,521.00	28,690.00	83,531.00
<b>Debt service:</b>										
Principal	340,000.00	335,000.00	325,000.00	335,000.00	325,000.00	310,000.00	295,000.00	280,000.00	265,000.00	250,000.00
Interest and other charges	67,650.00	84,350.00	106,059.58	165,418.75	181,841.25	197,717.50	212,901.25	227,392.50	241,182.00	254,296.00
<b>Total expenditures</b>	<b>13,267,943.24</b>	<b>11,519,404.20</b>	<b>11,470,928.10</b>	<b>10,900,307.40</b>	<b>11,323,603.44</b>	<b>10,199,031.17</b>	<b>9,889,694.61</b>	<b>9,568,749.80</b>	<b>10,168,470.00</b>	<b>10,226,770.00</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(505,090.62)</b>	<b>172,252.05</b>	<b>61,971.37</b>	<b>341,030.04</b>	<b>(16,180.92)</b>	<b>658,426.23</b>	<b>655,335.64</b>	<b>990,897.66</b>	<b>45,583.00</b>	<b>(652,670.00)</b>

BOARD OF EDUCATION  
BOROUGH OF MORWOOD

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

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Other Financing sources (uses)					235,935.00					
Capital leases (non-budgeted)										
Lease-Purchase Agreements										
N.J. Economic Development Authority Grants										
Serial Bond Proceeds										
Transfers in	2,175.92	224.76	285.81	414,503.13	10,237.26	75,670.83	469.03	115,013.94	26,163.00	13,837.00
Transfers out	(3,833.42)	(3,432.51)	(265.91)	(414,503.13)	(10,237.26)	(75,670.83)	(469.03)	(115,013.94)	(27,554.00)	(13,837.00)
Total other financing sources (uses)	(1,657.50)	(3,207.75)	-	-	235,935.00	-	-	-	(1,391.00)	-
Net change in fund balances	\$ (506,748.12)	\$ 169,044.30	\$ 61,971.37	\$ 341,030.04	\$ 217,754.08	\$ 659,428.23	\$ 655,335.64	\$ 990,897.56	\$ 44,192.00	\$ (652,670.00)
Debt service as a percentage of noncapital expenditures	3.61%	3.89%	3.50%	4.73%	4.71%	5.00%	5.21%	5.32%	4.86%	4.97%

Source: District records

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

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

<u>Fiscal Year Ended June 30,</u>	<u>Total</u>	<u>Tuition</u>	<u>Transportation Fees</u>	<u>Interest</u>	<u>Summer Enrichment</u>	<u>Rentals</u>	<u>Health Benefits Rebate</u>	<u>Pre-School Inclusion Fees</u>	<u>Miscellaneous</u>
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		5,898.85		293,084.62			1,000.00
2014	508,937.97	23,902.00		6,698.27		329,820.82			148,516.88
2015	438,754.11	5,883.00		9,691.94		369,017.91			54,161.26
2016	393,670.08			10,070.70		344,330.00			39,269.38
2017	559,457.36	154,892.54		16,503.06		344,934.92			43,126.84
2018	433,666.73	21,227.85		35,821.62		329,884.43			46,732.83

Source: District records

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

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

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2009	\$ 11,621,100	\$ 1,274,524,800	\$ 44,300	\$ 74,498,700	\$ 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	8,542,400	987,650,800	44,300	70,877,800	98,608,900	17,529,800	1,181,054,000	1,286,727	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
2015	8,850,100	988,459,100	44,300	71,289,200	97,395,300	16,500,000	1,180,538,000	-	1,180,538,000	1,240,810,250	0.587
2016	11,878,400	990,623,100	44,300	69,189,200	97,173,900	16,500,000	1,185,408,900	-	1,185,408,900	1,291,038,163	0.820
2017	8,763,400	996,442,100	44,300	65,125,900	97,167,600	16,500,000	1,184,043,300	-	1,184,043,300	1,298,979,351	0.855
2018	8,213,100	999,496,800	44,300	63,525,800	96,999,600	16,500,000	1,184,779,600	-	1,184,779,600	1,274,815,010	0.854

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

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

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	
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
2015	1.315	0.042	1.357	0.671	0.253	2.281
2016	1.388	0.036	1.424	0.682	0.268	2.374
2017	1.430	0.036	1.466	0.690	0.274	2.430
2018	1.435	0.036	1.471	0.708	0.263	2.442

Source: Municipal Tax Collector

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

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

Fiscal Year Ended June 30,	2018		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Buckingham at Norwood	\$ 20,700,000	1.75%		
Norwood Associates II	16,500,000	1.40%		
Alfred Sanzari	7,559,600	0.64%		
Norwood Project, LLC	6,310,900	0.53%		N/A
355 Chestnut Street	5,499,600	0.47%		
Levingal Realty	4,199,900	0.36%		
Norwest LLC	4,093,200	0.35%		
525 Livingston St Assoc. LLC	3,832,000	0.32%		
Norwood Self Strge C/O Yelland Prop.	3,850,900	0.33%		
Alsan Realty Company L.P	3,647,600	0.31%		
<b>Total</b>	<b>\$ 76,193,700</b>	<b>6.44%</b>	<b>\$ -</b>	<b>0.00%</b>

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	590,840	26,532,910	99.93%
2014	26,612,943	26,214,789	98.50%	391,888	26,606,677	99.97%
2015	26,946,358	26,548,710	98.52%	388,910	26,937,620	99.96%
2016	28,182,656	27,660,298	98.14%	438,358	28,098,656	99.70%
2017	28,810,564	28,450,523	98.75%		28,450,523	98.75%

Source: Municipal Tax Collector



**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	\$ 5,562,000	\$ -	\$ -	\$ 541	\$ -	\$ 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	1.58%	702	
2015	3,810,000					3,810,000	1.35%	649	
2016	3,485,000					3,485,000	1.04%	595	
2017	3,150,000					3,150,000	0.82%	534	
2018	2,810,000					2,810,000	0.69%	477	

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	702
2015	3,810,000		3,810,000	0.32%	649
2016	3,485,000		3,485,000	0.29%	595
2017	3,150,000		3,150,000	0.27%	534
2018	2,810,000		2,810,000	0.24%	477

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

**Direct and Overlapping Governmental Activities Debt  
As of December 31,2017  
Unaudited**

Net Direct Debt of School District as of December 31,2017		\$ 3,150,000
Net Overlapping Debt of School District:		
Borough of Norwood (100%)	\$ 9,402,875.76	
Northern Valley Regional School District	2,793,446	
County of Bergen - Borough's share of \$1,047,260,320.13 at December 31, 2017 (.7551%)	7,907,707	
Bergen County Utilities Authority - Water Pollution Control System - Borough's share of \$162,251,651 at December 31, 2017 (.8612%)	1,397,311	
		<u>21,501,340</u>
Total Direct and Overlapping Bonded Debt as of December 31,2017		<u>\$ 24,651,340</u>

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

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

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

**Legal Debt Margin Calculation for Fiscal Year 2017**

	Equalized valuation basis	
	2015	1,282,914,584
	2016	1,297,656,158
	2017	1,271,251,127
		<u>\$ 3,851,821,869</u>
	Average equalized valuation of taxable property	<u>\$ 1,283,940,623</u>
	Debt limit (4 % of average equalization value)	51,357,625
	Total Net Debt Applicable to Limit	<u>2,810,000</u>
	Legal debt margin	<u>\$ 48,547,625</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 50,904,666	\$ 49,727,111	\$ 49,902,891	\$ 50,895,959	\$ 51,357,625
Total net debt applicable to limit	<u>4,087,000</u>	<u>3,810,000</u>	<u>3,485,000</u>	<u>3,150,000</u>	<u>2,810,000</u>
Legal debt margin	<u>\$ 46,817,666</u>	<u>\$ 45,917,111</u>	<u>\$ 46,417,891</u>	<u>\$ 47,745,959</u>	<u>\$ 48,547,625</u>
Total net debt applicable to the limit as a percentage of debt limit	8.03%	7.66%	6.98%	6.19%	5.47%

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 45,870,130	\$ 45,912,575	\$ 59,437,974	\$ 56,042,484	\$ 52,978,364
Total net debt applicable to limit	<u>5,562,541</u>	<u>5,297,541</u>	<u>5,017,000</u>	<u>4,722,000</u>	<u>4,412,000</u>
Legal debt margin	<u>\$ 40,307,589</u>	<u>\$ 40,615,034</u>	<u>\$ 54,420,974</u>	<u>\$ 51,320,484</u>	<u>\$ 48,566,364</u>
Total net debt applicable to the limit as a percentage of debt limit	12.13%	11.54%	8.44%	8.43%	8.33%

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

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	5,826	259,315,260	44,510	5.2%
2015	5,869	283,202,726	48,254	4.0%
2016	5,858	336,471,804	57,438 (Est.)	3.4%
2017	5,895 (Est.)	385,562,475	65,405 (Est.)	3.6%
2018	5,895 (Est.)	404,840,599	68,675 (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

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

**Principal Employers  
Current Year and Ten Years Ago  
Unaudited**

<u>Employer</u>	<u>2018</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
		<b>Not Available</b>			<b>Not Available</b>	
	<u>0</u>		<u>0.00%</u>	<u>0</u>		<u>0.00%</u>

Source: \_\_\_\_\_

**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Instruction</b>										
Regular	45.5	45.5	45.5	45.5	45.5	46.5	46.0	46	46	45
Special education	13	13	13	13	13	13	13	13	13	13
Other instruction	11	11	11	11	11	11	11	11	11	9
<b>Support Services:</b>										
Student and instruction related services	5	5	5	5	5	5	5	5	5	5
General administrative services	2	2	2	3	3	3	3	3	3	3
School administrative services	4	4	3	3	3	3	3	3	3	3
Other administrative services	3	3	3	3	3	3	3	3	3	2
Central Services										
Administrative information technology										
Plant operations and maintenance	8	8	6.5	6.5	7	6.75	6.5	6.5	6.5	6.5
Pupil transportation										
Other support services										
<b>Total</b>	<u>91.5</u>	<u>91.5</u>	<u>89</u>	<u>90</u>	<u>91</u>	<u>91.25</u>	<u>90.5</u>	<u>90.5</u>	<u>90.5</u>	<u>86.5</u>

Source: District Personnel Records

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		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Senior High School				
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	2:11		583.1	563.5	0.53%	96.64%
2015	589	10,077,571	17,110	-2.39%	55	3:11		587.0	565.0	0.67%	96.25%
2016	614	10,614,141	17,287	1.04%	55	3:11		613.0	611.7	4.43%	99.79%
2017	624	10,614,245	17,010	-1.60%	55	3:11		623.0	621.1	1.63%	99.70%
2018	599	11,419,826	19,065	12.08%	58	3:10		593.0	571.0	-4.82%	96.29%

Source: District records

Note: Enrollment based on annual October district count.



BOARD OF EDUCATION  
BOROUGH OF NORWOOD

School Building Information  
Last Ten Fiscal Years  
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Elementary School (K-5)										
Square Feet	82,891	82,891	82,891	82,891	82,891	82,891	82,891	82,891	82,891	82,891
Capacity (students)										
Enrollment	635	625	623	623	580	585	589	614	624	599
<b><u>Other</u></b>										
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, 2018										
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/DQE Project #)	Gross Building Area (SF)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Elementary School		82,891	\$ 251,222	\$ 235,984	\$ 251,735	\$ 211,127	\$ 219,571	\$ 213,377	\$ 248,973	\$ 188,639	\$ 174,372	\$ 184,670
Administrative Building											-	-
<b>District Total</b>		<u>82,891</u>	<u>\$ 251,222</u>	<u>\$ 235,984</u>	<u>\$ 251,735</u>	<u>\$ 211,127</u>	<u>\$ 219,571</u>	<u>\$ 213,377</u>	<u>\$ 248,973</u>	<u>\$ 188,639</u>	<u>\$ 174,372</u>	<u>\$ 184,670</u>

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


**BOARD OF EDUCATION  
BOROUGH OF NORWOOD**

**Insurance Schedule  
As of June 30, 2018  
Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
Northeast Bergen County School Board Insurance Group:		
Selective Way Insurance Company:		
Property - Blanket Building & Contents	\$ 18,441,639	\$ 5,000
Boller and Machinery	250,000	
Comprehensive General Liability	2,000,000	
Employee Benefits Liability	1,000,000/2,000,000	1,000
Environmental Legal Liability	4,000,000	15,000
Commercial Automobile Liability	1,000,000	
Safety National Casualty Company		
Workers' Compensation (Employer's Liability)	1,000,000	
Darwin National Assu.		
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
Fireman's Fund Insurance Company		
Excess Liability Coverages	50,000,000	
Surety Bonds:		
School Business Administrator/Board Secretary	50,000	

Source: District records.

## **Single Audit Section**



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

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*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, 2018, 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 September 26, 2018.

**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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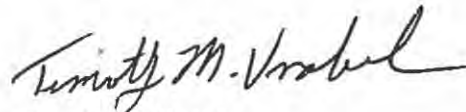
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given 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  
September 26, 2018

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

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

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 TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS AND NEW JERSEY OMB CIRCULAR LETTER 15-08

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, 2018. 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; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey Office of Management and Budget Circular Letter 15-08 Single Audit Policy for Recipients of Grants, State Grants and State Aid. Those

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standards, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular Letter 15-08 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, 2018.

#### **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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08, 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.

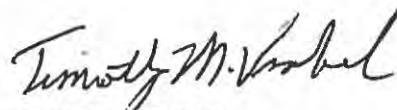
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



**Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08**

We have audited the financial statements of the Borough of Norwood School District as of and for the year ended June 30, 2018, and have issued our report thereon dated September 26, 2018, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08 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  
September 26, 2018

BOARD OF EDUCATION  
BOROUGH OF NORWOOD

Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2018

Federal Grant/Pass-Through Grant/Program Title	Federal CFDA or Grant Number	Federal FA# Number	Grant Period	Award Amount	Balance July 1, 2017	Adjustments	Cash Received	Disbursements	BUDGETARY EXPENDITURES Accounts Payable	Encumbrances	Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2018 Deferred Revenue	Due to Auditor	
U.S. Department of Education Passed - Through State Department of Education:																
Special Revenue Funds:																
E.S.E.A. Title I	84.010	S010A170030	7/1/17-6/30/18	\$ 59,641.00			\$ 460.78	\$ 59,641.00			\$ 59,641.00		\$ (59,180.24)		\$ -	
E.S.E.A. Title I	84.010	S010A160030	7/1/16-6/30/17	53,203.00	(10,329.24)		10,329.24									
E.S.E.A. Title I	84.010	S010A150030	7/1/15-6/30/16	63,304.00	157.89											
E.S.E.A. Title III	84.385	S685A170030	7/1/17-6/30/18	2,128.00			2,128.00	2,128.00			2,128.00				157.99	
E.S.E.A. Title IV	84.424	S429A170031	7/1/17-6/30/18	9,900.00			9,900.00	9,283.37			6,283.37				536.63	
I.D.E.A. Part B, Basic	84.027	H027A170100	7/1/17-6/30/18	142,348.00			142,348.00	142,348.00			142,348.00					
I.D.E.A. Part B, Preschool	84.173	H173A170114	7/1/17-6/30/18	8,158.00			8,158.00	8,158.00			8,158.00					
Total U.S. Department of Education (Fund 20)					(10,171.25)		173,224.00	221,538.37			221,538.37		(59,180.24)		694.62	
Total Federal Financial Assistance					(10,171.25)		173,224.00	221,538.37			221,538.37		(59,180.24)		694.62	

(1) Prior Year Encumbrances Canceled

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

BOARD OF EDUCATION  
SCHOOL OF HOORWOOD

Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Fiscal Year Ended June 30, 2019

State Department of Education Major Classification Title	Grant or State Contract Number	On Cost Incurred	Award Amount	Balance Available	Administrative	Cash Returned	EXPENDITURES		Total	Repayment of Prior Years' Balances	Accounts Payable	Delivered	Due to Grants	Miscellaneous
							Salaries	Materials						
General Funds:														
Categorical Transportation Aid	17-602-004-0120-014	7/1/17-6/30/18	10,200.00	\$		14,815.06	\$	14,815.06	\$					
Categorical Transportation Aid	17-602-004-0120-014	7/1/16-6/30/17	10,200.00			1,096.19								
Categorical Special Education Aid	17-602-004-0120-008	7/1/17-6/30/18	370,142.00			333,897.36		370,142.00						
Categorical Special Education Aid	17-602-004-0120-008	7/1/16-6/30/17	370,142.00			333,897.36								
Categorical Security Aid	17-602-004-0120-004	7/1/17-6/30/18	10,070.00			9,083.85		10,070.00						
Categorical Security Aid	17-602-004-0120-004	7/1/16-6/30/17	10,070.00			9,083.85								
Categorical Security Aid	17-602-004-0120-004	7/1/16-6/30/17	3,600.00			3,536.04		3,600.00						
Additional Adjustment Aid	17-602-004-0120-005	7/1/16-6/30/17	3,600.00			3,600.00								
Additional Adjustment Aid	17-602-004-0120-005	7/1/16-6/30/17	3,600.00			3,600.00								
Per Pupil Growth Aid	17-602-004-0120-007	7/1/17-6/30/18	6,000.00			5,412.31		6,000.00						
Per Pupil Growth Aid	17-602-004-0120-007	7/1/16-6/30/17	6,000.00			5,412.31								
PARCC Reimburse Aid	17-602-004-0120-006	7/1/17-6/30/18	6,000.00			5,972.31		6,000.00						
PARCC Reimburse Aid	17-602-004-0120-006	7/1/16-6/30/17	6,000.00			5,972.31								
Professional Learning Community Aid	17-602-004-0120-101	7/1/17-6/30/18	8,000.00			8,000.00		8,000.00						
Professional Learning Community Aid	17-602-004-0120-101	7/1/16-6/30/17	8,000.00			8,000.00								
Professional Learning Community Aid	17-602-004-0120-101	7/1/16-6/30/17	8,000.00			8,000.00								
Professional Learning Community Aid	17-602-004-0120-101	7/1/16-6/30/17	8,000.00			8,000.00								
Non-Public Transportation Aid	17-602-004-0120-014	7/1/17-6/30/18	5,000.00			143,143.00		5,000.00						
Non-Public Transportation Aid	17-602-004-0120-014	7/1/16-6/30/17	5,000.00			143,143.00								
Non-Public Transportation Aid	17-602-004-0120-014	7/1/16-6/30/17	5,000.00			143,143.00								
Reimbursed TRAF Social Security Contributions	17-602-004-0204-003	7/1/17-6/30/18	312,246.00			3,910.00		312,246.00						
Reimbursed TRAF Social Security Contributions	17-602-004-0204-003	7/1/16-6/30/17	312,246.00			3,910.00								
Reimbursed TRAF Social Security Contributions	17-602-004-0204-003	7/1/16-6/30/17	203,090.37			14,026.28								
Reimbursed TRAF Social Security Contributions	17-602-004-0204-003	7/1/16-6/30/17	203,090.37			14,026.28								
On-Behalf TRAF LTD Contributions	18-602-004-0204-001	7/1/17-6/30/18	620.00			674,064.00		620.00						
On-Behalf TRAF LTD Contributions	18-602-004-0204-001	7/1/16-6/30/17	620.00			674,064.00								
Total General Funds			2,428,652.00			2,384,005.33		2,428,652.00						
Capital Project Funds:														
N.J. Schools Development Authority Grant	27-602-14-000Y	7/1/17-6/30/18	208,000.00			208,000.00								
Total Capital Project Funds			208,000.00			208,000.00								
Total All Funds			\$ 2,636,652.00			\$ 2,592,005.33		\$ 2,636,652.00						

Deduct:

On-Behalf TRAF Pension Contributions 674,130.00

On-Behalf TRAF FRM Contributions 574,064.00

On-Behalf TRAF LTD Contributions 620.00

Total State Expenditures Subject to Major Program Description 1,248,814.00

(1) Reimbursed  
(2) Returned to State

The accompanying notes to Schedule of Awards and Financial Assistance are an integral part of the schedules.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2018

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Board has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 DUMONT  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2018  
(CONCLUDED)**

**Note 3: Relationship to Basic Financial Statements (Continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$243.00 for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 27,511.57	\$2,127,937.60	\$ 2,127,937.60
Special Revenue Fund	791,111.00		791,111.00
Debt Service Fund		54,502.00	54,502.00
Food Service Fund	<u>134,507.90</u>	<u>4,686.86</u>	<u>139,194.76</u>
 Total Awards and Financial Assistance	 <u>\$ 953,130.47</u>	 <u>\$ 2,127,937.60</u>	 <u>\$ 2,349,475.97</u>

**Note 4: Relationship to Federal and State Financial Reports**

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

**Note 5: Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. 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, 2018. 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, 2018. The amount reported as PERS Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits for the year ended June 30, 2018.

BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

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

**State Financial Assistance Section**

- F) Dollar threshold used to determine Type A Programs \$ 750,000.00
- 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 15-08?      yes X no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-089	Special Education Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-085	Additional Adjustment Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-101	Professional Learning Community Aid

BOARD OF EDUCATION  
BOROUGH OF NORWOOD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018  
(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, 2018  
(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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08.

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  
FOR THE YEAR ENDED JUNE 30, 2018

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, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08.

Not Applicable