

**NORWOOD BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Norwood, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
**of the**  
**Norwood Board of Education**  
**Norwood, New Jersey**  
**For The Fiscal Year Ended June 30, 2020**

**Prepared by**  
**Business Office**

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## **INTRODUCTORY SECTION**

# WE ARE NORWOOD

Victor Anaya  
School Business Administrator

HOME OF THE EAGLES

Dr. Carlos Guzman, President  
Members of the Board of Education  
Norwood School District  
Norwood, New Jersey 07648

January 5, 2021

Dear Board Members:

The comprehensive annual financial report of the Norwood Board of Education for the fiscal year ended June 30, 2020, 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 2019-2020 fiscal year with an enrollment of 601 which is a increase of 10 students from the previous year's enrollment or a change of 1.69%. The following details the changes in the student enrollment of the District over the last ten years.

## **ENROLLMENT INCREASE/DECREASE PERCENTAGE**

<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
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	0.8%
2015-2016	594	1.5%
2016-2017	624	5.05%
2017-2018	599	(4.01)%
2018-2019	591	(1.34)%
2019-2020	601	1.69%

### **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 judgments 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 2019-2020 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 re-appropriation 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. No bonds from this issue remain outstanding.

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, 2020.

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, 2020, the District has \$2,115,000 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:**

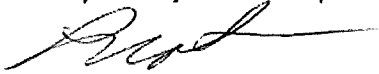
The Board is a member of NESBIG (Northeast School Boards Insurance Group). The Group is a risk sharing public entity pool, established for the purpose of insuring this Board and several other districts against workers compensation claims. The Board carries various forms of insurance, including but not 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 Lerch, Vinci, & Higgins, 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,

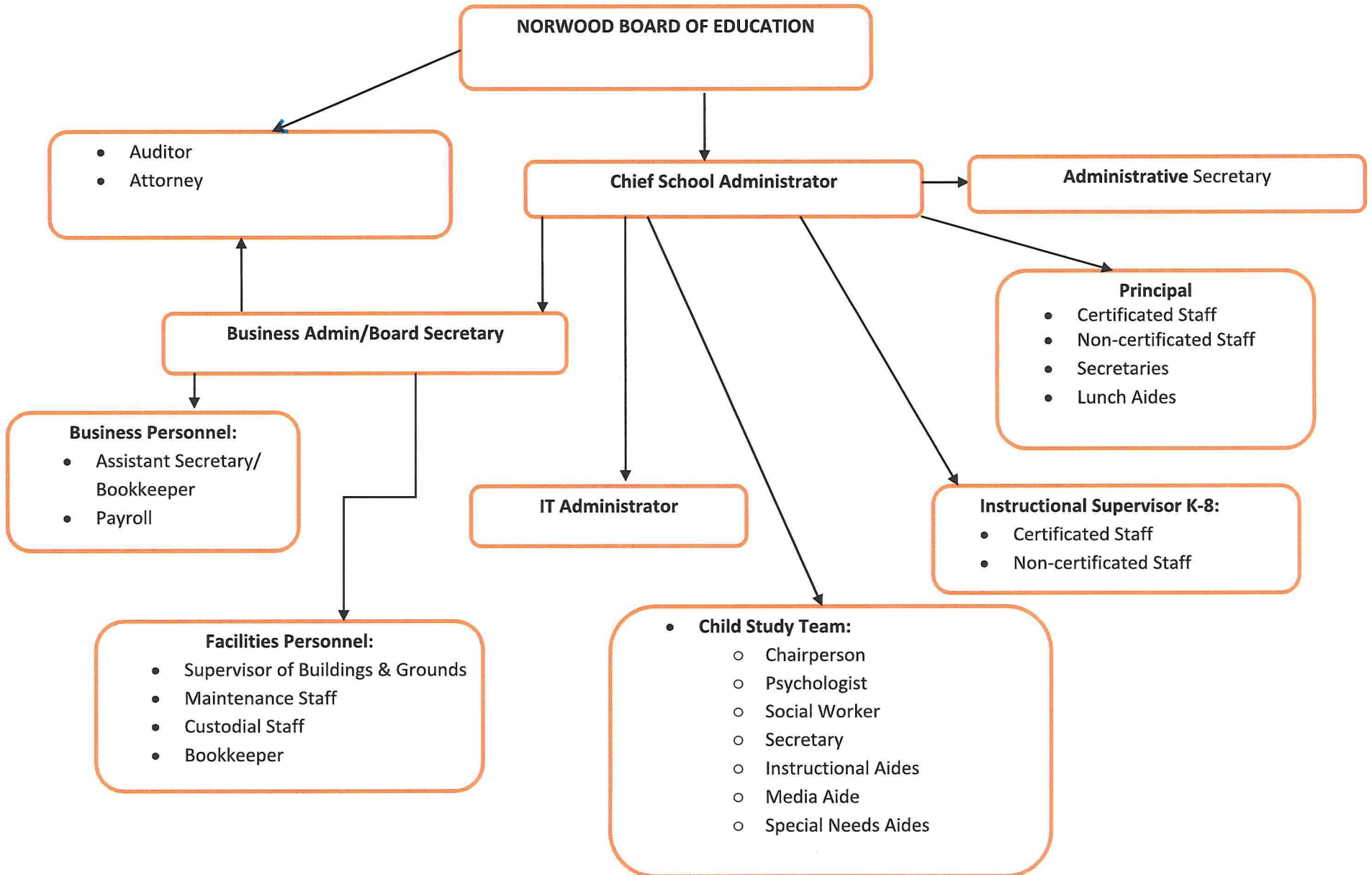


Lisa Gross  
Superintendent



Dr. Victor Araya  
School Business Administrator/Board Secretary

Norwood Public School  
2020 - 2021 Organizational Chart





**NORWOOD, NEW JERSEY  
ROSTER OF OFFICIALS  
JUNE 30, 2020**

**Members of the Board of Education**

**Term Expires**

Mr. Edward Cammarata	(21)
Ms. Heather Garcia	(21)
Ms. Tammy Greenberg	(20)
Dr. Carlos Guzman	(22)
Mr. Michael Sprague	(20)
Mr. Rahul Vaghasia	(22)
Ms. Kelly Wilson	(20)

**Other Officials**

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

**Dr. Victor Anaya Business Administrator/Board Secretary**

**Consultants and Advisors**

**ATTORNEY**

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

**AUDITOR**

Lerch, Vinci & Higgins  
17-17 Route 208  
Fair Lawn, NJ 07410

**OFFICIAL DEPOSITORY**

Mariners Bank  
562 Washington Avenue  
Dumont, NJ 07628

## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Norwood Board of Education  
Norwood, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Norwood Board of Education as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education'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 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 the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as 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 financial statements are free from 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 the 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 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 of the Norwood Board of Education as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance 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, budgetary comparison information, pension information and other postemployment benefits information 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 Norwood Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB 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 of the Norwood Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate 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 the 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 fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

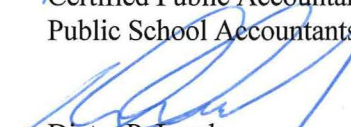
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated January 5, 2021 on our consideration of the Norwood Board of Education'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 solely 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 effectiveness of the Norwood Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Norwood Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
January 5, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Norwood Board of Education

## Management's Discussion and Analysis

This section of the Norwood Board of Educations' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 fiscal year are as follows:

- The assets and deferred outflows of resources of the Norwood Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,869,002 (net position).
- Overall governmental revenues were \$13,871,671. General revenues accounted for \$10,870,492 or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,991,179 or 21% of total revenues.
- The school district had \$13,655,597 in expenses for governmental activities; only \$2,993,140 of these expenses were offset by program specific charges, grants or contributions.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,874,154. Of this amount, \$222,727 is restricted for debt service, \$195,826 is restricted for existing capital projects, \$125,346 is restricted for year end encumbrances, \$1,035,573 is restricted for future capital reserve, \$52,701 is restricted as excess surplus, \$401,000 is designated for use in the 2020/21 budget and \$201,981 is unrestricted/undesignated fund balance.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Norwood Board of Education.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Board of Educations' overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Norwood Board of Educations', reporting the Board's operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

# Norwood Board of Education

## Management's Discussion and Analysis (continued)

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Board's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

District-Wide		Fund Financial Statements	
	Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education	Activities the district operates similar to private businesses: Food Service
Required financial Statements	Statements of Net Position Statement of Activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of fiduciary position Statement of revenues, expenses, and changes in fund net position Statement of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows/inflows of resources/liability information	All assets, liabilities and deferred outflows/inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.



# Norwood Board of Education

## Management's Discussion and Analysis (continued)

### District-Wide Statements

The district-wide statements report information about the Norwood Board of Education as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the district's property tax base and the condition of school building and other facilities.

In the district-wide financial statements the district's activities are shown in two categories:

- *Governmental activities*- Most of the district's basic services are included here, such as regular and special education, transportation, administration and community education. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to students to help it cover the costs of certain services it provides. The District's Food Service Fund is included here.

### Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds – focusing on its most significant or “major” funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The district uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

# Norwood Board of Education

## Management's Discussion and Analysis (continued)

The district has three kinds of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or fiduciary, for assets that belong to others such as payroll and payroll agency funds, as well as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District-wide financial statements because the Board cannot use these assets to finance its operations.

### FINANCIAL ANALYSIS OF THE NORWOOD BOARD OF EDUCATION AS A WHOLE

The district's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

# Norwood Board of Education

## Management's Discussion and Analysis (continued)

Table A-1 provides a summary of the school district's net position as of June 30, 2020 and 2019.

### Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>						
Current Assets	\$ 2,000,736	\$ 3,214,961	\$ 4,589	\$ 2,731	\$ 2,005,325	\$ 3,217,692
Capital Assets	<u>6,817,810</u>	<u>6,191,795</u>	<u>-</u>	<u>-</u>	<u>6,817,810</u>	<u>6,191,795</u>
<b>Total Assets</b>	<u>8,818,546</u>	<u>9,406,756</u>	<u>4,589</u>	<u>2,731</u>	<u>8,823,135</u>	<u>9,409,487</u>
<b>Deferred Outflows of Resources</b>	<u>272,107</u>	<u>594,361</u>	<u>-</u>	<u>-</u>	<u>272,107</u>	<u>594,361</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>9,090,653</u>	<u>10,001,117</u>	<u>4,589</u>	<u>2,731</u>	<u>9,095,242</u>	<u>10,003,848</u>
<b>Liabilities</b>						
Long-Term Liabilities	4,141,918	4,799,241			4,141,918	4,799,241
Other Liabilities	<u>145,088</u>	<u>241,868</u>	<u>-</u>	<u>1,000</u>	<u>145,088</u>	<u>242,868</u>
<b>Total Liabilities</b>	<u>4,287,006</u>	<u>5,041,109</u>	<u>-</u>	<u>1,000</u>	<u>4,287,006</u>	<u>5,042,109</u>
<b>Deferred Inflows of Resources</b>	<u>939,234</u>	<u>942,553</u>	<u>-</u>	<u>-</u>	<u>939,234</u>	<u>942,553</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>5,226,240</u>	<u>5,983,662</u>	<u>-</u>	<u>1,000</u>	<u>5,226,240</u>	<u>5,984,662</u>
<b>Net Position</b>						
Net Investment in Capital Assets	4,702,810	3,726,795			4,702,810	3,726,795
Restricted	1,258,300	2,654,096			1,258,300	2,654,096
Unrestricted (Deficit)	<u>(2,096,697)</u>	<u>(2,363,436)</u>	<u>4,589</u>	<u>1,731</u>	<u>(2,092,108)</u>	<u>(2,361,705)</u>
<b>Total Net Position</b>	<u>\$ 3,864,413</u>	<u>\$ 4,017,455</u>	<u>\$ 4,589</u>	<u>\$ 1,731</u>	<u>\$ 3,869,002</u>	<u>\$ 4,019,186</u>

# Norwood Board of Education

## Management's Discussion and Analysis (continued)

Table A-2 shows changes in net position for fiscal years ended June 30, 2020 and 2019.

### Change in Net Assets

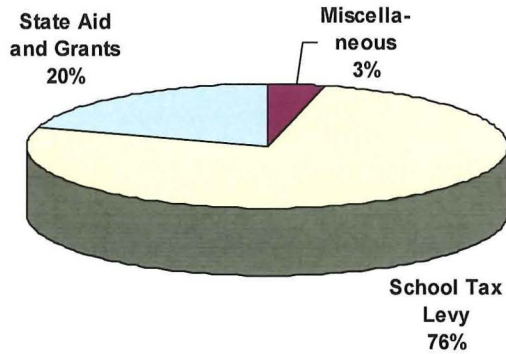
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 87,855	\$ 78,837	\$ 8,039	\$ 8,703	\$ 95,894	\$ 87,540
Grants and Contributions	2,905,285	3,712,095			2,905,285	3,712,095
General Revenues						
Property Taxes	10,423,551	10,150,318			10,423,551	10,150,318
State Aid - Formula Grants	-	41,376			-	41,376
Interest	27,638	35,980			27,638	35,980
Other	419,303	490,037	-	-	419,303	490,037
<b>Total Revenues</b>	<u>13,863,632</u>	<u>14,508,643</u>	<u>8,039</u>	<u>8,703</u>	<u>13,871,671</u>	<u>14,517,346</u>
<b>Expenses</b>						
Instruction						
Regular	5,182,749	5,378,150			5,182,749	5,378,150
Special Education	3,571,237	3,501,504			3,571,237	3,501,504
Other Instruction	337,029	364,334			337,029	364,334
School Sponsored Activities and Athletics	31,993	-			31,993	-
Support Services						
Student and Instruction Related Services	2,098,865	2,072,662			2,098,865	2,072,662
General Administrative Services	526,523	733,908			526,523	733,908
School Administrative Services	387,330	430,364			387,330	430,364
Plant Operations and Maintenance	954,630	1,177,339			954,630	1,177,339
Pupil Transportation	185,471	159,957			185,471	159,957
Business Services	308,883	211,924			308,883	211,924
Food Service			5,181	15,582	5,181	15,582
Interest on Long-Term Debt	70,887	78,837	-	-	70,887	78,837
<b>Total Expenses</b>	<u>13,655,597</u>	<u>14,108,979</u>	<u>5,181</u>	<u>15,582</u>	<u>13,660,778</u>	<u>14,124,561</u>
Transfers and Other Special Items	(99,401)	(2,783)	-	2,783	(99,401)	-
Increase/(Decrease) in Net Position	<u>\$ 108,634</u>	<u>\$ 396,881</u>	<u>\$ 2,858</u>	<u>\$ (4,096)</u>	<u>\$ 111,492</u>	<u>\$ 392,785</u>

# Norwood Board of Education

## Management's Discussion and Analysis (continued)

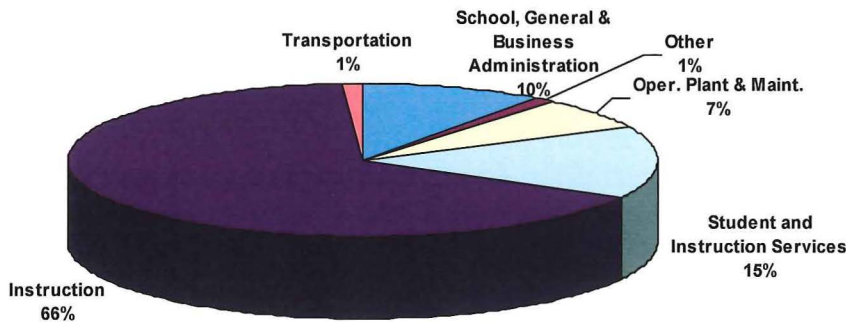
**Governmental Activities.** The District's total revenues were \$13,863,632. The local share of the revenues, that included property taxes, investment earnings, and miscellaneous revenue, amounted to \$10,870,492 or 79% of total revenues. Funding from state and federal sources amounted and charges for services to \$2,993,140 or 21%.

Revenues by Sources – Governmental Activities



The District's expenses are predominantly related to instruction and support services. Instruction totaled \$9,123,008 or (66%), student support services totaled \$4,461,702 or (33%) and Interest totaled \$70,887 or (1%) of total expenditures.

Expenses by Function – Governmental Activities



# Norwood Board of Education

## Management's Discussion and Analysis (continued)

**Table A-3**  
**Net Cost of Governmental Activities**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Governmental Activities				
Instruction				
Regular	\$ 5,182,749	\$ 5,378,150	\$ 3,755,680	\$ 4,068,287
Special Education	3,571,237	3,501,504	2,731,191	2,310,879
Other Instruction	337,029	364,334	241,255	265,468
School Sponsored Activities and Athletics	31,993	-	31,713	
Support Services				
Student and Instruction Related Services	2,098,865	2,072,662	1,637,719	1,551,506
General Admin. & Business Services	526,523	945,832	828,310	729,189
School Administrative Services	387,330	430,364	326,409	316,565
Plant Operations and Maintenance	954,630	1,177,339	906,707	969,037
Pupil Transportation	185,471	159,957	132,586	107,116
Business Services	308,883	-		
Interest on Long-Term Debt	70,887	78,837	70,887	-
Total	<u>\$ 13,655,597</u>	<u>\$ 14,108,979</u>	<u>\$ 10,662,457</u>	<u>\$ 10,318,047</u>

### Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2020 was \$5,181. These costs were funded by charges for services of \$8,039.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,874,154. The previous year's fund balance was restated to \$2,843,328.

# Norwood Board of Education

## Management's Discussion and Analysis (continued)

Revenues for the District's governmental funds were \$13,267,902, while total expenditures were \$14,137,675.

**General Fund** - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students for grades K through 8 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues.

	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 9,999,601	\$ 9,803,530	\$ 196,071	2.00%
Rentals	263,000	-	263,000	100.00%
Tuition	87,855	111,924	(24,069)	-21.50%
Investment Earnings	26,652	31,472	(4,820)	-15.32%
Miscellaneous	156,302	378,113	(221,811)	-58.66%
Intergovernmental				
State Sources	<u>2,055,238</u>	<u>2,155,944</u>	<u>(100,706)</u>	-4.67%
 Total Revenues	 <u>\$ 12,588,648</u>	 <u>\$ 12,480,983</u>	 <u>\$ 107,665</u>	 0.86%

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 8,154,053	\$ 4,065,682	\$ 4,088,371	100.56%
Undistributed Expenditures	4,310,568	8,023,334	(3,712,766)	-46.27%
Capital Outlay	<u>994,786</u>	<u>720,845</u>	<u>273,941</u>	38.00%
 Total Expenditures	 <u>\$ 13,459,407</u>	 <u>\$ 12,809,861</u>	 <u>\$ 649,546</u>	 5.07%

Total General Fund expenditures increased by \$649,546 or 5.07% from the previous year, predominantly due to an increase in instruction expenses.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$254,318 for the fiscal year ended June 30, 2020. Federal sources accounted for all of the Special Revenue Fund's revenue for the year.

# Norwood Board of Education

## Management's Discussion and Analysis (continued)

Total Special Revenue Fund revenues increased \$55,601 or 83% from the previous year all from Federal Sources.

Expenditures of the Special Revenue Fund were \$254,318. Instructional expenditures were \$230,522 or 91%.

**Capital Projects** - The capital projects revenues consisted of interest earnings of \$986.

**Proprietary Funds** - The District maintains an Enterprise Fund to account for activities which are supported in part through user fees.

**Enterprise Fund** - The District uses an Enterprise Fund to report activities related to the Food Services milk program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget revisions were related to:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating prior year purchase orders being carried over.
- Increases in appropriations for the funding of capital projects approved in the Long-Range Facilities Plan.
- Increases in the cost relating to the operation and maintenance of the plant.
- Increased costs in providing employee benefits and health insurance.



## Norwood Board of Education

### Management's Discussion and Analysis (continued)

**Capital Assets.** At June 30, 2020 and 2019, the school district had invested in land, construction in progress, buildings and building improvements, furniture, machinery and equipment as follows:

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Land	\$ 68,171	\$ 68,171
Construction in Progress	994,786	-
Building and Building Improvements	12,047,427	12,047,427
Machinery and Equipment	<u>500,341</u>	<u>500,341</u>
 Total	 13,610,725	 12,615,939
 Less: Accumulated Depreciation	 <u>(6,792,915)</u>	 <u>(6,424,144)</u>
 Total	 <u>\$ 6,817,810</u>	 <u>\$ 6,191,795</u>

Additional information about the district's capital assets can be found in the Notes to the Financial Statements of this report.

**Debt Administration.** As of June 30, 2020 and 2019 the school district had long-term debt and outstanding long-term liabilities in the amount of \$4,141,918 and \$4,799,241 and \$4,141,918, respectively.

#### Outstanding Long-Term Liabilities

	<u>2020</u>	<u>2019</u>
Serial Bonds Payable	\$ 2,115,000	\$ 2,465,000
Net Pension Liability	1,878,954	2,180,662
Compensated Absences Payable	<u>147,964</u>	<u>153,579</u>
 Total	 <u>\$ 4,141,918</u>	 <u>\$ 4,799,241</u>

Additional information about the district's long-term debt can be found in the Notes to the Financial Statements.

# **Norwood Board of Education**

## **Management's Discussion and Analysis (continued)**

### **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 demonstrate 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 Board of Education, 177 Summit Street, Norwood, New Jersey 07648.

## **BASIC FINANCIAL STATEMENTS**

**NORWOOD BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,900,126	\$ 4,589	\$ 1,904,715
Receivables, net			
Receivables from Other Governments	73,449		73,449
Other Receivables	27,161		27,161
Capital Assets, Net			
Not Being Depreciated	1,062,957		1,062,957
Being Depreciated, Net	<u>5,754,853</u>	<u>-</u>	<u>5,754,853</u>
Total Assets	<u>8,818,546</u>	<u>4,589</u>	<u>8,823,135</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>272,107</u>	<u>-</u>	<u>272,107</u>
Total Deferred Outflows of Resources	<u>272,107</u>	<u>-</u>	<u>272,107</u>
Total Assets and Deferred Outflows of Resources	<u>9,090,653</u>	<u>4,589</u>	<u>9,095,242</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	126,582		126,582
Accrued Interest Payable	18,506		18,506
Noncurrent Liabilities			
Due within one year	355,000		355,000
Due beyond one year	<u>3,786,918</u>	<u>-</u>	<u>3,786,918</u>
Total Liabilities	<u>4,287,006</u>	<u>-</u>	<u>4,287,006</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>939,234</u>	<u>-</u>	<u>939,234</u>
Total Deferred Inflows of Resources	<u>939,234</u>	<u>-</u>	<u>939,234</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,226,240</u>	<u>-</u>	<u>5,226,240</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,702,810		4,702,810
Restricted for			
Debt Service	222,727		222,727
Capital Projects	1,035,573		1,035,573
Unrestricted	<u>(2,096,697)</u>	<u>4,589</u>	<u>(2,092,108)</u>
Total Net Position	<u>\$ 3,864,413</u>	<u>\$ 4,589</u>	<u>\$ 3,869,002</u>

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

**NORWOOD BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	\$ 5,182,749	\$ 87,855	\$ 1,339,214		\$ (3,755,680)		\$ (3,755,680)
Special Education	3,571,237		840,046		(2,731,191)		(2,731,191)
Other Instruction	337,029		95,774		(241,255)		(241,255)
School Sponsored Activities and Athletics	31,993		280		(31,713)		(31,713)
Support Services							
Student and Instruction Related Services	2,098,865		461,146		(1,637,719)		(1,637,719)
General Administrative Services	526,523		3,737		(522,786)		(522,786)
School Administrative Services	387,330		60,921		(326,409)		(326,409)
Plant Operations and Maintenance	954,630		47,923		(906,707)		(906,707)
Pupil Transportation	185,471		52,885		(132,586)		(132,586)
Business Services	308,883		3,359		(305,524)		(305,524)
Interest on Long Term Debt	70,887	-	-	-	(70,887)	-	(70,887)
<b>Total Governmental Activities</b>	<b>13,655,597</b>	<b>87,855</b>	<b>2,905,285</b>	<b>-</b>	<b>(10,662,457)</b>	<b>-</b>	<b>(10,662,457)</b>
<b>Business-Type Activities</b>							
Food Service	5,181	\$ 8,039	-	-	-	\$ 2,858	2,858
<b>Total Business-Type Activities</b>	<b>5,181</b>	<b>8,039</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,858</b>	<b>2,858</b>
<b>Total Primary Government</b>	<b>\$ 13,660,778</b>	<b>\$ 95,894</b>	<b>\$ 2,905,285</b>	<b>\$ -</b>	<b>(10,662,457)</b>	<b>2,858</b>	<b>(10,659,599)</b>
<b>General Revenues</b>							
Property Taxes							
Levied for General Purposes					9,999,601		9,999,601
Levied for Debt Service					423,950		423,950
Investment Earnings					27,638		27,638
Rentals					263,000		263,000
Miscellaneous Income					156,303		156,303
<b>Total General Revenues</b>					<b>10,870,492</b>	<b>-</b>	<b>10,870,492</b>
Other Item							
Cancelled Receivable					(99,401)	-	(99,401)
<b>Change in Net Position</b>					<b>108,634</b>	<b>2,858</b>	<b>111,492</b>
<b>Net Position, Beginning of Year (Restated)</b>					<b>3,755,779</b>	<b>1,731</b>	<b>3,757,510</b>
<b>Net Position, End of Year</b>					<b>\$ 3,864,413</b>	<b>\$ 4,589</b>	<b>\$ 3,869,002</b>

**FUND FINANCIAL STATEMENTS**

NORWOOD BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,444,148	\$ 127,638	\$ 115,095	\$ 213,245	\$ 1,900,126
Receivables					
Intergovernmental	16,642	56,807			73,449
Due from Other Funds	211,606	-	90,213	9,482	311,301
	<u>211,606</u>	<u>-</u>	<u>90,213</u>	<u>9,482</u>	<u>311,301</u>
Total Assets	<u>\$ 1,672,396</u>	<u>\$ 184,445</u>	<u>\$ 205,308</u>	<u>\$ 222,727</u>	<u>\$ 2,284,876</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 126,582				\$ 126,582
Due to Other Funds	90,213	\$ 184,445	\$ 9,482	\$ -	284,140
	<u>90,213</u>	<u>184,445</u>	<u>9,482</u>	<u>-</u>	<u>284,140</u>
Total Liabilities	<u>216,795</u>	<u>184,445</u>	<u>9,482</u>	<u>-</u>	<u>410,722</u>
Fund Balances					
Restricted					
Capital Reserve	1,035,573				1,035,573
Debt Service				222,727	222,727
Capital Projects	-	-	195,826	-	195,826
Excess Surplus	52,701				52,701
Assigned					
Year-End Encumbrances	125,346				125,346
Designated for					
Subsequent Year's Budget	40,000				40,000
Unassigned, Reported in General Fund	201,981	-	-	-	201,981
	<u>201,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,981</u>
Total Fund Balances	<u>1,455,601</u>	<u>-</u>	<u>195,826</u>	<u>222,727</u>	<u>1,874,154</u>
Total Liabilities and Fund Balances	<u>\$ 1,672,396</u>	<u>\$ 184,445</u>	<u>\$ 205,308</u>	<u>\$ 222,727</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,610,725 and the accumulated depreciation is \$6,792,915. 6,817,810

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (18,506)

Amounts resulting from net pension liabilities are reported as deferred inflows and outflows of resources on the statement of net position.

Deferred Inflows of Resources			
Net Pension Liability	\$	(939,234)	
Deferred Outflows of Resources			
Net Pension Liability		<u>272,107</u>	
			(667,127)

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

Serial Bonds Payable	\$	(2,115,000)	
Net Pension Liability		(1,878,954)	
Compensated Absences		<u>(147,964)</u>	
			<u>(4,141,918)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ 3,864,413

**NORWOOD BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 9,999,601			\$ 423,950	\$ 10,423,551
Rentals	263,000				263,000
Tuition	87,855				87,855
Interest	11,764		\$ 986		12,750
Interest - Capital Reserve	14,888				14,888
Miscellaneous	156,302	\$ -	-	-	156,302
Total - Local Sources	10,533,410	-	986	423,950	10,958,346
State Sources	2,055,238	-			2,055,238
Federal Sources	-	254,318	-	-	254,318
Total Revenues	12,588,648	254,318	986	423,950	13,267,902
<b>EXPENDITURES</b>					
Current					
Regular Instruction	4,467,580	84,269			4,551,849
Special Education Instruction	3,341,048	146,253			3,487,301
Other Instruction	311,538				311,538
School-Sponsored Activities and Athletics	32,826				32,826
Support Services					
Student and Instruction Related Services	1,959,737	23,796			1,983,533
General Administrative Services	510,934				510,934
School Administrative Services	369,830				369,830
Plant Operations and Maintenance	966,800				966,800
Pupil Transportation	185,471				185,471
Business Services / Central Services	318,857				318,857
Debt Service					
Principal				350,000	350,000
Interest and Other Charges				73,950	73,950
Capital Outlay	994,786	-	-	-	994,786
Total Expenditures	13,459,407	254,318	-	423,950	14,137,675
Excess (Deficiency) of Revenues Over Expenditures	(870,759)	-	986	-	(869,773)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	986	986
Transfers Out	-	-	(986)	-	(986)
Cancelled Receivable	-	-	(99,401)	-	(99,401)
Total Other Financing Sources and Uses	-	-	(100,387)	986	(99,401)
Net Change in Fund Balances	(870,759)	-	(99,401)	986	(969,174)
Fund Balance, Beginning of Year (Restated)	2,326,360	-	295,227	221,741	2,843,328
Fund Balance, End of Year	\$ 1,455,601	\$ -	\$ 195,826	\$ 222,727	\$ 1,874,154

The accompanying Notes to the Financial Statements are an Integral Part of this Statement



**NORWOOD BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (969,174)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Capital Outlay	\$ 994,786	
Depreciation Expense	<u>(368,771)</u>	
		626,015

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, for these items are measured by the amount of financial resources used (paid):

Net Decrease in Pension Expense	\$ 93,115	
Net Decrease in Compensated Absences	<u>5,615</u>	
		98,730

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

350,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>3,063</u>
------------------------------	--	--------------

**Change in net position of governmental activities (Exhibit A-2)** **\$ 108,634**

**NORWOOD BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2020**

	<b>Food Service Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ <u>4,589</u>
Total Current Assets	<u>4,589</u>
Capital Assets	
Equipment	846
Less: Accumulated Depreciation	<u>(846)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>4,589</u>
<b>NET POSITION</b>	
Unrestricted	<u>4,589</u>
Total Net Position	<u>\$ <u>4,589</u></u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NORWOOD BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Food Service Enterprise Fund <u>Totals</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 8,039
<b>OPERATING EXPENSES</b>	
Cost of Sales	<u>5,181</u>
Operating Income	<u>2,858</u>
Change in Net Position	2,858
Net Position, Beginning of Year	<u>1,731</u>
Net Position, End of Year	<u><u>\$ 4,589</u></u>

**NORWOOD BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Food Service Enterprise Fund <u>Totals</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 8,039
Cash Payments to Suppliers for Goods and Services	<u>(6,181)</u>
Net Cash Provided by Operating Activities	<u>1,858</u>
Cash and Cash Equivalents, Beginning of Year	<u>2,731</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,589</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	<u>\$ 2,858</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	<u>(1,000)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,858</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NORWOOD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2020**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Scholarship Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 108,989	\$ 2,715	\$ 159,722
Total Assets	<u>108,989</u>	<u>2,715</u>	<u>\$ 159,722</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 47,062
Accrued Salaries and Wages			12,091
Reserve for Flex Spending			15,279
Due to Other Funds			27,161
Due to Student Groups	-	-	58,129
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 159,722</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 108,989</u>	<u>\$ 2,715</u>	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NORWOOD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
<b>ADDITIONS</b>		
Employee Contributions	\$ 19,280	
Investment Earnings		
Interest	<u>895</u>	<u>\$ 28</u>
Total Additions	<u>20,175</u>	<u>28</u>
<b>DEDUCTIONS</b>		
Scholarships Awarded		400
Unemployment Claims	<u>14,237</u>	<u>-</u>
Total Deductions	<u>14,237</u>	<u>400</u>
Change in Net Position	5,938	(372)
Net Position, Beginning of Year	<u>103,051</u>	<u>3,087</u>
Net Position, End of Year	<u>\$ 108,989</u>	<u>\$ 2,715</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Norwood Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven 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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade eight (8) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Norwood Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

Accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.



**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

**Reclassifications**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**3. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

**4. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**4. *Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arises only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**5. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**6. *Pensions***

In the district-wide financial statements and proprietary fund types in the fund financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. 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.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B).

*Debt Service* – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

*Capital Projects* – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 original budget certified for taxes.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***8. Net Position/Fund Balance (Continued)***

**Governmental Fund Statements (Continued)**

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Year-End Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020/2021 District budget certified for taxes.

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

***9. Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.



**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

***2. Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

***3. Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs.

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

***4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$555,611. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**B. Capital Reserve**

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve 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 amounts 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. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$ 1,962,609
Increased by		
Interest Earnings	\$ 14,888	
Unexpended Balances From Capital Outlay	52,315	
Total Increases		<u>67,203</u>
Decreased by:		
Withdrawals Approved in District Budget	\$ 994,239	
Total Decreases		<u>994,239</u>
Balance, June 30, 2020		<u>\$ 1,035,573</u>

The June 30, 2020 LRFPP balance of local support costs of uncompleted capital projects is \$4,180,956. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**C. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$52,701. The full amount is required to be appropriated in the 2021/2022 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$2,176,141 and bank and brokerage firm balances of the Board's deposits amounted to \$2,538,655. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ 2,538,655
	<u>\$ 2,538,655</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2020 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2020, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

**B. Receivables**

Receivables as of June 30, 2020 for the district’s individual major funds, nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental-			
Federal		\$ 56,807	\$ 56,807
State	\$ 16,642		16,642
Local	-	-	-
Gross Receivables	16,642	56,807	73,449
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 16,642</u>	<u>\$ 56,807</u>	<u>\$ 73,449</u>

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance, July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2020</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 68,171			\$ 68,171
Construction in Progress	<u>-</u>	<u>994,786</u>	<u>-</u>	<u>994,786</u>
Total Capital Assets, Not Being Depreciated	<u>68,171</u>	<u>994,786</u>	<u>-</u>	<u>1,062,957</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	12,047,427			12,047,427
Machinery and Equipment	<u>500,341</u>	<u>-</u>	<u>-</u>	<u>500,341</u>
Total Capital Assets Being Depreciated	<u>12,547,768</u>	<u>-</u>	<u>-</u>	<u>12,547,768</u>
Less Accumulated Depreciation for:				
Buildings	(6,046,698)	(339,826)		(6,386,524)
Machinery and Equipment	<u>(377,446)</u>	<u>(28,945)</u>	<u>-</u>	<u>(406,391)</u>
Total Accumulated Depreciation	<u>(6,424,144)</u>	<u>(368,771)</u>	<u>-</u>	<u>(6,792,915)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,123,624</u>	<u>(368,771)</u>	<u>-</u>	<u>5,754,853</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,191,795</u>	<u>\$ 626,015</u>	<u>\$ -</u>	<u>\$ 6,817,810</u>
	<u>Balance, July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2020</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	<u>846</u>	<u>-</u>	<u>-</u>	<u>846</u>
Total Capital Assets Being Depreciated	<u>846</u>	<u>-</u>	<u>-</u>	<u>846</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(846)</u>	<u>-</u>	<u>-</u>	<u>(846)</u>
Total Accumulated Depreciation	<u>(846)</u>	<u>-</u>	<u>-</u>	<u>(846)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental Activities:**

Instruction

Regular	\$ 300,695
Special Education	<u>17,525</u>

Total Instruction	<u>318,220</u>
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Support Services

Student and Instruction Related Services	10,147
General Administrative Services	26,686
School Administrative Services	6,927
Central Services & Info. Technology	
Plant Operations and Maintenance	<u>6,791</u>

Total Support Services	<u>50,551</u>
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Total Governmental Funds	<u>368,771</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 368,771</u>
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**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2020:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Mechanical Upgrade Project	\$ 568,338	<u>\$ 54,517</u>
Total		<u>\$ 54,517</u>

The District has other significant commitments at June 30, 2020 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
Roof Replacement	<u>387,000</u>
Total	<u>\$ 387,000</u>

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2020, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 184,445
General Fund	Payroll Agency Fund	27,161
Capital Projects Fund	General Fund	90,213
Debt Service Fund	Capital Projects Fund	<u>9,482</u>
 Total		 <u>\$ 311,301</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**Interfund Transfers**

	<u>Transfer In:</u>	
	<u>Debt Service</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	<u>\$ 986</u>	<u>\$ 986</u>
 Total Transfers	 <u>\$ 986</u>	 <u>\$ 986</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2020 are comprised of the following issues:

\$3,510,000, Refunding Bonds, due in annual installments of \$345,000 to \$360,000 through March 15, 2026, interest at 3.00%	<u>\$2,115,000</u>
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**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	355,000	63,450	418,450
2022	350,000	52,800	402,800
2023	345,000	42,300	387,300
2024	350,000	31,950	381,950
2025	360,000	21,450	381,450
2026	<u>355,000</u>	<u>10,650</u>	<u>365,650</u>
Total	<u>\$ 2,115,000</u>	<u>\$ 222,600</u>	<u>\$ 2,337,600</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 38,498,358
Less: Net Debt	<u>2,115,000</u>
Remaining Borrowing Power	<u>\$ 36,383,358</u>

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Balance, <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2020</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 2,465,000	\$ -	\$ (350,000)	\$ 2,115,000	\$ 355,000
Total Bonds Payable	2,465,000	-	(350,000)	2,115,000	355,000
Compensated Absences	153,579	-	(5,615)	147,964	
Net Pension Liability	<u>2,180,662</u>	<u>14,373</u>	<u>(316,081)</u>	<u>1,878,954</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 4,799,241</u>	<u>\$ 14,373</u>	<u>\$ (671,696)</u>	<u>\$ 4,141,918</u>	<u>\$ 355,000</u>

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	None	\$ 19,280	\$ 14,237	\$ 108,989
2019	None	15,802	6,515	103,051
2018	None	16,388	7,083	93,031

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2020, the District had no estimated arbitrage earnings due to the IRS.

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

**Public Employees’ Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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:

Tier	Definition
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 reached 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 with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

**Teachers’ Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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.

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

The following represent the membership tiers for TPAF:

Tier	Definition
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 reached 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 with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include 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).

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

**Actuarial Methods and Assumptions**

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2020.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 101,434	\$ 903,390	\$ 299
2019	110,342	782,957	7,216
2018	106,788	579,139	3,507

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$289, \$179 and \$367, respectively for PERS and the State contributed \$847, \$705 and \$1,022, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$322,053 during the fiscal year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$1,878,954 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was 0.01043 percent, which was a decrease of 0.00065 percent from its proportionate share measured as of June 30, 2018 of 0.01108 percent.



**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$8,319 for PERS. The pension contribution made by the District during the current 2019/2020 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 33,725	\$ 8,300
Changes of Assumptions	187,620	652,179
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		29,660
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>50,762</u>	<u>249,095</u>
Total	<u>\$ 272,107</u>	<u>\$ 939,234</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (169,864)
2022	(169,864)
2023	(169,863)
2024	(138,556)
2025	(18,980)
Thereafter	<u>-</u>
	<u>\$ (667,127)</u>

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans 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 the PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%



**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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, 2019, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,411,488 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$23,930,551. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was 0.03899 percent, which was an increase of 0.0006 percent from its proportionate share measured as of June 30, 2018 of 0.03839 percent.

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

*Discount Rate*

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

\* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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.

*Sensitivity of Net Pension Liability*

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.60%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	<b>1% Decrease (4.60%)</b>	<b>Current Discount Rate (5.60%)</b>	<b>1% Increase (6.60%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 28,219,416</u>	<u>\$ 23,930,551</u>	<u>\$ 20,372,147</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.



**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report 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).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) 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. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
 Total	 <u>364,943</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which were rolled forward to June 30, 2019.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.

over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$335,141, \$355,148 and \$374,054, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$422,772. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$16,142,555. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was 0.04 percent, which was the same proportionate share measured as of June 30, 2018 of 0.04 percent.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions**

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

The discount rate 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**NORWOOD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2018 Measurement Date	\$ 17,190,663
Changes Recognized for the Fiscal Year:	
Service Cost	569,432
Interest on the Total OPEB Liability	678,100
Differences Between Expected and Actual Experience	(2,055,488)
Changes of Assumptions	240,687
Gross Benefit Payments	(495,528)
Contributions from the Member	14,689
<b>Net Changes</b>	<u>\$ (1,048,108)</u>
Balance, June 30, 2019 Measurement Date	<u>\$ 16,142,555</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.50%, as well as what the State’s proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	<b>1% Decrease <u>(2.50%)</u></b>	<b>Current Discount Rate <u>(3.50%)</u></b>	<b>1% Increase <u>(4.50%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 19,083,786	\$ 16,142,555	\$ 13,804,580

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 13,342,762	\$ 16,142,555	\$ 19,845,389

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 5 RESTATEMENT**

The District’s audit for June 30, 2019, as certified by other auditors, overstated the cash balance in the General Fund and overstated the liabilities in the Debt Service Fund, and overstated the net position on the District-Wide Statements. As a result thereof the balances have been restated.

<u>General Fund</u>	Balance, Prior to Restatement	Adjustment	Balance, Restated
Cash	\$ 496,906	\$ (366,290)	\$ 130,616
Fund Balance	2,692,750	(366,390)	2,326,360
 <u>Debt Service Fund</u>			
Tax Levy Overpayment	215,057	(215,057)	-
Fund Balance	6,684	215,057	221,741
 <u>District-Wide</u>			
Net Position	4,017,455	(261,676)	3,755,779

**NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.



**BUDGETARY COMPARISON SCHEDULES**

**NORWOOD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 9,999,601	-	\$ 9,999,601	\$ 9,999,601	
Interest	-	-	-	11,764	\$ 11,764
Interest on Capital Reserve	4,000	-	4,000	14,888	10,888
Rentals	263,800	-	263,800	263,000	(800)
Tuition	80,000	-	80,000	87,855	7,855
Miscellaneous	25,000	-	25,000	156,302	131,302
Total Local Sources	<u>10,372,401</u>	<u>-</u>	<u>10,372,401</u>	<u>10,533,410</u>	<u>161,009</u>
State Sources					
Categorical Special Education Aid	401,962		401,962	401,962	-
Transportation Aid	52,474		52,474	52,474	-
Categorical Security Aid	41,806		41,806	41,806	-
Extraordinary Aid	88,712		88,712	-	(88,712)
Additional Non-Public Transportation Aid				748	748
On-behalf TPAF Pension Payments (Non-Budget) - Pension				887,483	887,483
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				15,907	15,907
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				335,141	335,141
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.				847	847
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	322,053	322,053
Total State Sources	<u>584,954</u>	<u>-</u>	<u>584,954</u>	<u>2,058,421</u>	<u>1,473,467</u>
Total Revenues	<u>10,957,355</u>	<u>-</u>	<u>10,957,355</u>	<u>12,591,831</u>	<u>1,634,476</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	375,124	49,672	424,796	423,527	1,269
Grades 1-5	1,271,282	(34,578)	1,236,704	1,235,910	794
Grades 6-8	888,079	(36,595)	851,484	851,390	94
Regular Program - Home Instruction					
Salaries of Teachers	5,000	(1,495)	3,505	715	2,790
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	85,612	3,508	89,120	78,866	10,254
Purchased Professional/Educational Services	19,400	(13,314)	6,086	2,686	3,400
Other Purchased Services	33,456	-	33,456	30,890	2,566
General Supplies	205,938	71,126	277,064	223,646	53,418
Textbooks	27,000	5,892	32,892	30,482	2,410
Other Objects	-	-	-	-	-
Total Regular Programs	<u>2,910,891</u>	<u>44,216</u>	<u>2,955,107</u>	<u>2,878,112</u>	<u>76,995</u>

**NORWOOD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 142,177	(31,772)	\$ 110,405	\$ 109,455	\$ 950
Other Salaries for Instruction	198,558	87,639	286,197	247,350	38,847
General Supplies	<u>2,000</u>	<u>(262)</u>	<u>1,738</u>	<u>662</u>	<u>1,076</u>
Total Learning and/or Language Disabilities	<u>342,735</u>	<u>55,605</u>	<u>398,340</u>	<u>357,467</u>	<u>40,873</u>
Resource Room					
Salaries of Teachers	456,613	31,871	488,484	472,906	15,578
Other Salaries for Instruction	19,092	25,767	44,859		44,859
General Supplies	<u>3,250</u>	<u>(2,590)</u>	<u>660</u>	<u>660</u>	<u>-</u>
Total Resource Room	<u>478,955</u>	<u>55,048</u>	<u>534,003</u>	<u>473,566</u>	<u>60,437</u>
Total Special Education	<u>821,690</u>	<u>110,653</u>	<u>932,343</u>	<u>831,033</u>	<u>101,310</u>
Basic Skills/Remedial					
Salaries of Teachers	136,571	(4,995)	131,576	130,576	1,000
General Supplies	<u>1,500</u>	<u>(905)</u>	<u>595</u>	<u>595</u>	<u>-</u>
Total Basic Skills/Remedial	<u>138,071</u>	<u>(5,900)</u>	<u>132,171</u>	<u>131,171</u>	<u>1,000</u>
Bilingual Education					
Salaries of Teachers	57,858	3,420	61,278	61,278	-
General Supplies	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total Bilingual Education	<u>57,858</u>	<u>3,920</u>	<u>61,778</u>	<u>61,278</u>	<u>500</u>
School Sponsored Cocurricular Activities					
Salaries	11,520	9,100	20,620	18,786	1,834
Other Objects	<u>7,000</u>	<u>(116)</u>	<u>6,884</u>	<u>6,884</u>	<u>-</u>
Total School Sponsored Cocurricular Activities	<u>18,520</u>	<u>8,984</u>	<u>27,504</u>	<u>25,670</u>	<u>1,834</u>
Total Instruction	<u>3,947,030</u>	<u>161,873</u>	<u>4,108,903</u>	<u>3,927,264</u>	<u>181,639</u>

**NORWOOD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	\$ 1,530,936	284,704	\$ 1,815,640	\$ 1,815,307	\$ 333
Tuition to CSSD & Reg. Day Schools					
Tuition to Priv. Sch. for the Handicap					
Within the State	296,576	(35,957)	260,619	237,608	23,011
Tuition - State Facilities	-	-	-	-	-
Total Undistributed Expenditures - Instruction	<u>1,827,512</u>	<u>248,747</u>	<u>2,076,259</u>	<u>2,052,915</u>	<u>23,344</u>
Attendance and Social Work Services					
Salaries					
Purchased Prof. and Tech. Services	7,000	(1,240)	5,760	5,760	-
Total Attendance and Social Work Services	<u>7,000</u>	<u>(1,240)</u>	<u>5,760</u>	<u>5,760</u>	<u>-</u>
Health Services					
Salaries					
Purchased Professional and Technical Services	120,489	2,477	122,966	122,966	-
Supplies and Materials	4,000	6,221	10,221	10,212	9
Supplies and Materials	4,000	(1,284)	2,716	2,716	-
Total Health Services	<u>128,489</u>	<u>7,414</u>	<u>135,903</u>	<u>135,894</u>	<u>9</u>
Other Support Serv. Students - Related Serv.					
Salaries					
Purchased Professional - Educational Services	155,954	23,611	179,565	179,564	1
Supplies and Materials	102,205	10,702	112,907	112,907	-
Supplies and Materials	2,175	(2,175)	-	-	-
Total Other Support Serv. Students - Related Serv.	<u>260,334</u>	<u>32,138</u>	<u>292,472</u>	<u>292,471</u>	<u>1</u>
Other Support Serv. Students - Extra. Serv.					
Salaries					
Purchased Professional - Educational Services	10,000	(1,683)	8,317	8,314	3
Total Other Support Serv. Students - Extra. Serv.	<u>10,000</u>	<u>(1,683)</u>	<u>8,317</u>	<u>8,314</u>	<u>3</u>
Guidance					
Salaries of Other Professional Staff					
Other Objects	133,517	3,489	137,006	136,349	657
Other Objects	600	-	600	218	382
Total Guidance	<u>134,117</u>	<u>3,489</u>	<u>137,606</u>	<u>136,567</u>	<u>1,039</u>

**NORWOOD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures					
Child Study Teams					
Salaries of Other Professional Staff	\$ 325,712	15,639	\$ 341,351	\$ 341,351	-
Salaries of Secretarial and Clerical Assistants	44,297	(754)	43,543	43,543	-
Purchased Professional - Educational Services	54,492	(71)	54,421	24,680	\$ 29,741
Travel	250	(10)	240	145	95
Supplies and Materials	2,900	18	2,918	2,458	460
<b>Total Child Study Teams</b>	<u>427,651</u>	<u>14,822</u>	<u>442,473</u>	<u>412,177</u>	<u>30,296</u>
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	111,118	(4,166)	106,952	106,952	-
Purchased Professional/Educational Services	26,595	(560)	26,035	23,803	2,232
<b>Total Improvement of Instructional Services</b>	<u>137,713</u>	<u>(4,726)</u>	<u>132,987</u>	<u>130,755</u>	<u>2,232</u>
Educational Media Serv./School Library					
Salaries	104,309	1,262	105,571	104,937	634
Salaries of Technology Coordinator	65,766	-	65,766	65,766	-
Supplies and Materials	15,200	(8,201)	6,999	6,003	996
Other Objects	2,250	(1,316)	934	924	10
<b>Total Educational Media Serv./School Library</b>	<u>187,525</u>	<u>(8,255)</u>	<u>179,270</u>	<u>177,630</u>	<u>1,640</u>
Instructional Staff Training Services					
Purchased Professional/Educational Services	21,718	9,865	31,583	31,581	2
<b>Total Staff Training Services</b>	<u>21,718</u>	<u>9,865</u>	<u>31,583</u>	<u>31,581</u>	<u>2</u>
Support Services General Administration					
Salaries	243,049	7,389	250,438	250,346	92
Legal Services	53,000	30,026	83,026	82,472	554
Audit Fees	17,500	-	17,500	17,500	-
Communications/Telephone	18,802	(3,333)	15,469	13,185	2,284
Other Purchased Services	7,750	8,205	15,955	15,954	1
Supplies and Materials	8,500	1,046	9,546	9,546	-
BOE In-House Training/Meeting Supplies					-
Miscellaneous Expenditures	17,786	201	17,987	17,987	-
<b>Total Support Services General Administration</b>	<u>366,387</u>	<u>43,534</u>	<u>409,921</u>	<u>406,990</u>	<u>2,931</u>

**NORWOOD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	\$ 114,960	\$ 3,583	\$ 118,543	\$ 118,543	-
Salaries of Secretarial and Clerical Assistants	117,540	429	117,969	116,801	\$ 1,168
Supplies and Materials	7,300	4,411	11,711	11,699	12
Other Objects	5,500	(109)	5,391	5,373	18
Total Support Services School Administration	<u>245,300</u>	<u>8,314</u>	<u>253,614</u>	<u>252,416</u>	<u>1,198</u>
Undistributed Expenditures - Business Office					
Salaries	215,783	10,700	226,483	225,005	1,478
Computer Service	3,000	-	3,000	2,542	458
Travel	500	-	500	200	300
Supplies and Materials	1,500	1,000	2,500	2,496	4
Miscellaneous Expenditures	2,000	1,000	3,000	2,900	100
Total Undistributed Expenditures - Business Office	<u>222,783</u>	<u>12,700</u>	<u>235,483</u>	<u>233,143</u>	<u>2,340</u>
Custodial Services					
Salaries	227,674	(46,836)	180,838	164,465	16,373
Other Employee Benefits	5,500	(2,731)	2,769	1,519	1,250
Other Purchased Property Services					-
Maintenance	9,600	214	9,814	9,433	381
Insurance					-
Miscellaneous Purchased Services	110,671	12,835	123,506	121,128	2,378
General Supplies	73,000	1,611	74,611	63,912	10,699
Energy	120,000	-	120,000	102,409	17,591
Other Objects	1,500	(965)	535	535	-
Total Custodial Services	<u>547,945</u>	<u>(35,872)</u>	<u>512,073</u>	<u>463,401</u>	<u>48,672</u>
Required Maintenance for School Facilities					
Salaries	219,540	47,722	267,262	263,262	4,000
Other Employee Benefits					-
Cleaning, Repair and Maintenance	42,150	(4,202)	37,948	37,662	286
Maintenance Supplies	24,000	(9,000)	15,000	14,048	952
Other Objects	2,000	(2,000)	-	-	-
Total Required Maintenance for School Fac.	<u>287,690</u>	<u>32,520</u>	<u>320,210</u>	<u>314,972</u>	<u>5,238</u>
Grounds Repair and Maintenance					
Cleaning, Repair and Maintenance	<u>20,500</u>	<u>18,986</u>	<u>39,486</u>	<u>25,486</u>	<u>14,000</u>
Total Grounds Repair and Maintenance	<u>20,500</u>	<u>18,986</u>	<u>39,486</u>	<u>25,486</u>	<u>14,000</u>

**NORWOOD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Student Transportation Services					
Transportation - Aid in Lieu	\$ 13,000	-	\$ 13,000	\$ 13,000	-
Contracted Serv.-(Bet.Home and Sch)-Vendors	31,000	\$ (3,000)	28,000	28,000	-
Contracted Serv.-( Other thanBet.Home and Sch)-Vendors	14,100	(5,331)	8,769	8,768	\$ 1
Transportation - Non Public Joint Agreement	25,000	-	25,000	25,000	-
Misc. Purchased Serv. - Transportation	105,000	5,703	110,703	110,703	-
	<u>188,100</u>	<u>(2,628)</u>	<u>185,472</u>	<u>185,471</u>	<u>1</u>
Total Student Transportation Services					
Unallocated Benefits - Employee Benefits					
Group Insurance					
Social Security Contributions	140,448	(16,332)	124,116	107,821	16,295
Other Retirement Contribution - DCRP	7,321	(3,741)	3,580	299	3,281
Other Retirement Contribution - PERS	125,000	(23,201)	101,799	101,723	76
Unemployment Compensation	10,000	(10,000)	-	-	-
Workmen's Compensation	63,511	4,776	68,287	32,343	35,944
Health Benefits	1,637,281	(200,942)	1,436,339	1,433,519	2,820
Tuition Reimbursement	27,000	(6,764)	20,236	20,236	-
Other Employee Benefits	10,000	(10,000)	-	-	-
	<u>2,020,561</u>	<u>(266,204)</u>	<u>1,754,357</u>	<u>1,695,941</u>	<u>58,416</u>
Total Unallocated Benefits - Employee Benefits					
Food Services					
Other Objects	-	5,466	5,466	5,466	-
	<u>-</u>	<u>5,466</u>	<u>5,466</u>	<u>5,466</u>	<u>-</u>
Total Undistributed Expenditures - Food Services					
Non-Budget					
On-behalf TPAF Pension Payments (Non-Budget) - Pension				887,483	(887,483)
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				15,907	(15,907)
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				335,141	(335,141)
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.				847	(847)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	322,053	(322,053)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,561,431</u>	<u>(1,561,431)</u>
Total On-Behalf TPAF					
Total Undistributed Expenditures	<u>7,041,325</u>	<u>117,386</u>	<u>7,158,711</u>	<u>8,528,781</u>	<u>(1,370,070)</u>
Total Current Expenditures	<u>10,988,355</u>	<u>279,259</u>	<u>11,267,614</u>	<u>12,456,045</u>	<u>(1,188,431)</u>

**NORWOOD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Facilities Acquisition and Construction Services					
Construction Services	\$ 990,663	\$ 150,413	\$ 1,141,076	\$ 994,786	\$ 146,290
Other Objects (Debt Service Assessment)	8,576	-	8,576	8,576	-
Total Facilities Acquisition and Construction Services	<u>999,239</u>	<u>150,413</u>	<u>1,149,652</u>	<u>1,003,362</u>	<u>146,290</u>
Total Capital Outlay	<u>999,239</u>	<u>150,413</u>	<u>1,149,652</u>	<u>1,003,362</u>	<u>146,290</u>
Total Expenditures	<u>11,987,594</u>	<u>429,672</u>	<u>12,417,266</u>	<u>13,459,407</u>	<u>(1,042,141)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,030,239)</u>	<u>(429,672)</u>	<u>(1,459,911)</u>	<u>(867,576)</u>	<u>592,335</u>
Other Financing Sources (Uses)					
Transfers from Other Funds	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing sources Over/(Under) Expenditures and Other Financing Uses	<u>(1,030,239)</u>	<u>(429,672)</u>	<u>(1,459,911)</u>	<u>(867,576)</u>	<u>592,335</u>
Fund Balance, Beginning of Year (Restated)	<u>2,371,944</u>	<u>-</u>	<u>2,371,944</u>	<u>2,371,944</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,341,705</u>	<u>\$ (429,672)</u>	<u>\$ 912,033</u>	<u>\$ 1,504,368</u>	<u>\$ 592,335</u>
<b>Recapitulation of Fund Balance</b>					
Restricted					
Capital Reserve				\$ 1,035,573	
Excess Surplus				52,701	
Year-End Encumbrances				125,346	
Assigned, Designated for Subsequent Years Budget				40,000	
Unassigned (Budgetary Basis)				<u>250,748</u>	
				1,504,368	
Less: Final State Aid Payments Not Recognized on GAAP Basis				<u>(48,767)</u>	
Fund Balance Per Governmental Funds (GAAP Basis)				<u>\$ 1,455,601</u>	



**NORWOOD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 160,406	\$ 125,939	\$ 286,345	\$ 286,318	\$ (27)
Total Revenues	<u>160,406</u>	<u>125,939</u>	<u>286,345</u>	<u>286,318</u>	<u>(27)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries	\$ 42,626	\$ (9,961)	\$ 32,665	\$ 32,665	-
Tuition	117,780	28,473	146,253	146,253	-
General Supplies		8,491	8,491	8,475	16
Textbooks	-	40,659	40,659	40,659	-
Total Instruction	<u>160,406</u>	<u>67,662</u>	<u>228,068</u>	<u>228,052</u>	<u>16</u>
Support Services					
Personnel Services - Employee Benefits		2,481	2,481	2,470	11
Purchased Professional/Educational Services		15,427	15,427	15,427	-
Other Purchased Professional Service	-	8,369	8,369	8,369	-
Total Support Services	<u>-</u>	<u>26,277</u>	<u>26,277</u>	<u>26,266</u>	<u>11</u>
Facilities Acquisitions & Construction					
Instructional Equipment	-	32,000	32,000	32,000	-
Total Facilities Acquisitions & Construction	<u>-</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
Total Expenditures	<u>160,406</u>	<u>125,939</u>	<u>286,345</u>	<u>286,318</u>	<u>27</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**NORWOOD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 12,591,831		(C-2) \$ 286,318
Difference - Budget to GAAP:			
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes (2018/2019 State Aid)	45,584		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2019/2020 State Aid)	<u>(48,767)</u>		<u>(32,000)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>12,588,648</u>		(B-2) \$ <u>254,318</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 13,459,407		(C-2) \$ 286,318
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 financial reporting purposes.	<u>-</u>		<u>(32,000)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>13,459,407</u>		(B-2) \$ <u>254,318</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

**NORWOOD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Seven Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01043%	0.01108%	0.01149%	0.01194%	0.01104%	0.01149%	0.01260%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,878,954	\$ 2,180,662	\$ 2,674,146	\$ 3,537,744	\$ 2,477,857	\$ 2,151,767	\$ 2,408,835
District's Covered-Employee Payroll	\$ 788,746	\$ 741,220	\$ 826,966	\$ 748,803	\$ 815,428	\$ 801,002	\$ 791,442
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	238.22%	294.20%	323.37%	472.45%	303.87%	268.63%	304.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORWOOD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Seven Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 101,434	\$ 110,342	\$ 106,788	\$ 106,117	\$ 94,899	\$ 94,745	\$ 94,567
Contributions in Relation to the Contractually Required Contribution	<u>101,434</u>	<u>110,342</u>	<u>106,788</u>	<u>106,117</u>	<u>94,899</u>	<u>94,745</u>	<u>94,567</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 779,751	\$ 741,220	\$ 826,966	\$ 748,803	\$ 815,428	\$ 801,002	\$ 791,442
Contributions as a Percentage of Covered-Employee Payroll	13.01%	14.88%	12.90%	14.16%	11.63%	11.82%	11.95%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORWOOD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

Last Seven Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0.03899%	0.03839%	0.03751%	0.03864%	0.03862%	0.04079%	0.03649%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 23,930,551</u>	<u>\$ 24,425,863</u>	<u>\$ 25,293,464</u>	<u>\$ 30,396,556</u>	<u>\$ 24,408,454</u>	<u>\$ 21,798,752</u>	<u>\$ 18,442,243</u>
<b>Total</b>	<u>\$ 23,930,551</u>	<u>\$ 24,425,863</u>	<u>\$ 25,293,464</u>	<u>\$ 30,396,556</u>	<u>\$ 24,408,454</u>	<u>\$ 21,798,752</u>	<u>\$ 18,442,243</u>
District's Covered-Employee Payroll	\$ 4,407,816	\$ 4,378,498	\$ 4,333,116	\$ 4,067,346	\$ 4,037,728	\$ 3,639,784	\$ 3,817,045
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.74%	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORWOOD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4d.



**NORWOOD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last Three Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 569,432	\$ 637,707	\$ 768,831
Interest on Total OPEB Liability	678,100	717,158	620,167
Changes of Benefit Terms			
Differences Between Expected and Actual Experience	(2,055,488)	(1,362,276)	
Changes of Assumptions	240,687	(1,972,715)	(2,545,506)
Gross Benefit Payments	(495,528)	(459,672)	(454,315)
Contribution from the Member	<u>14,689</u>	<u>15,887</u>	<u>16,729</u>
<b>Net Change in Total OPEB Liability</b>	(1,048,108)	(2,423,911)	(1,594,094)
<b>Total OPEB Liability - Beginning</b>	<u>17,190,663</u>	<u>19,614,574</u>	<u>21,208,668</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 16,142,555</u>	<u>\$ 17,190,663</u>	<u>\$19,614,574</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>16,142,555</u>	<u>17,190,663</u>	<u>19,614,574</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 16,142,555</u>	<u>\$ 17,190,663</u>	<u>\$19,614,574</u>
District's Covered-Employee Payroll	<u>\$ 5,196,562</u>	<u>\$ 5,119,718</u>	<u>\$ 5,160,082</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORWOOD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 4E.

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**NORWOOD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>IDEA Part B</u>		<u>ESEA</u>			
	<u>Basic</u>	<u>Preschool</u>	<u>Title I</u>	<u>CARES Act</u>	<u>Alyssa Law</u>	<u>Total</u>
<b>REVENUES</b>						
Intergovernmental						
State						\$ -
Federal	\$ 146,253	\$ 8,369	\$ 59,037	\$ 40,659	\$ 32,000	\$ 286,318
Total Revenues	<u>\$ 146,253</u>	<u>\$ 8,369</u>	<u>\$ 59,037</u>	<u>\$ 40,659</u>	<u>\$ 32,000</u>	<u>\$ 286,318</u>
<b>EXPENDITURES</b>						
Instruction						
Salaries			\$ 32,665			\$ 32,665
Purchased Prof. and Technical Services						-
Tuition	\$ 146,253					146,253
General Supplies			8,475			8,475
Textbooks	-	-	-	\$ 40,659	\$ -	40,659
Total Instruction	<u>146,253</u>	<u>-</u>	<u>41,140</u>	<u>40,659</u>	<u>-</u>	<u>228,052</u>
Support Services						
Personnel Services - Employee Benefits			2,470			2,470
Purchased Professional/Educational Services			15,427			15,427
Other Purchased Professional Service	-	\$ 8,369	-	-	-	8,369
Total Support Services	<u>-</u>	<u>8,369</u>	<u>17,897</u>	<u>-</u>	<u>-</u>	<u>26,266</u>
Facilities Acquisitions & Construction						
Noninstructional Equipment	-	-	-	-	32,000	32,000
Total Facilities Acquisitions & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,000</u>	<u>32,000</u>
Total Expenditures	<u>\$ 146,253</u>	<u>\$ 8,369</u>	<u>\$ 59,037</u>	<u>\$ 40,659</u>	<u>\$ 32,000</u>	<u>\$ 286,318</u>

**NORWOOD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**NORWOOD BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date Prior Years</u>	<u>Cancellation of SDA Receivable</u>	<u>Balance, June 30, 2010</u>
Construction of School Addition	\$ 2,850,000	\$ 2,798,239		\$ 51,761
Window and Roof Replacement	<u>589,838</u>	<u>346,372</u>	<u>99,401</u>	<u>144,065</u>
	<u>\$ 3,439,838</u>	<u>\$ 3,144,611</u>	<u>\$ 99,401</u>	<u>\$ 195,826</u>
				Project Balance, June 30, 2020 \$ 195,826
				Unearned State Grant -
				Bonds Authorized But Not Issued -
				Reserve for Debt Service -
				<u>Fund Balance, June 30, 2020 (GAAP Basis) \$ 195,826</u>



**NORWOOD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>Revenues and Other Financing Sources</b>	
Interest on Investments	\$ <u>986</u>
Total Revenues and Other Financing Sources	<u>986</u>
 <b>Expenditures and Other Financing Uses</b>	
Transfers to Other Funds	986
Cancelled SDA Receivable	<u>99,401</u>
Total Expenditures and Other Financing Uses	<u>100,387</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(99,401)
Fund Balance, Beginning of Year	<u>295,227</u>
Fund Balance, End of Year	<u><u>\$ 195,826</u></u>
<u>Reconciliation of Fund Balance</u>	
Fund Balance, June 30, 2010 (Budgetary Basis)	\$ 195,826
Less: Deferred Revenue - State Aid	<u>-</u>
Fund Balance, June 30, 2010 (GAAP Basis)	<u><u>\$ 195,826</u></u>

**NORWOOD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
RENOVATIONS PROJECT - BUDGETARY BASIS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 2,850,000	\$ -	\$ 2,850,000	\$ 2,850,000
Total Revenues and Other Financing Sources	<u>2,850,000</u>	<u>-</u>	<u>2,850,000</u>	<u>2,850,000</u>
<b>Expenditures and Other Financing Uses</b>				
Equipment	132,588		132,588	70,000
Other Purchased Prof and Tech Services	286,926		286,926	300,000
Construction Services	2,328,725	-	2,328,725	2,480,000
Transfer to Fund 40	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>2,798,239</u>	<u>-</u>	<u>2,798,239</u>	<u>2,850,000</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 51,761</u>	<u>\$ -</u>	<u>\$ 51,761</u>	<u>\$ -</u>

**Additional project information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	11/30/1993
Bonds Authorized	\$2,850,000
Bonds Issued	\$2,850,000
Original Authorized Cost	\$2,850,000
Additional Authorized Cost	\$0
Revised Authorized Cost	\$2,850,000
Percentage Increase Over Original	
Authorized Cost	0.00%
Percentage Completion	100%
Original Target Completion Date	9/1/1995
Revised Target Completion Date	9/1/1995

**NORWOOD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ADDITIONS AND RENOVATIONS PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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		\$ 235,935	\$ 235,935
Transfer from Capital Reserve	353,903	-	353,903	353,903
	<u>589,838</u>	<u>-</u>	<u>589,838</u>	<u>589,838</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased Prof and Tech Services	18,968	-	18,968	20,000
Construction Services	327,404	-	327,404	569,838
Cancel SDA Receivable	-	99,401	99,401	-
	<u>346,372</u>	<u>99,401</u>	<u>445,773</u>	<u>589,838</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 243,466</u>	<u>\$ (99,401)</u>	<u>\$ 144,065</u>	<u>\$ -</u>

**Additional project information:**

Project Number	3740-020-14-G3CY
Grant Date	6/13/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$589,838
Additional Authorized Cost	\$0
Revised Authorized Cost	\$589,838
Percentage Increase Over Original	
Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	9/1/2015
Revised Target Completion Date	9/1/2015

**ENTERPRISE FUND**

**EXHIBIT G-1**

**NORWOOD BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NORWOOD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 58,129	\$ 101,593	\$ 159,722
Total Assets	<u>\$ 58,129</u>	<u>\$ 101,593</u>	<u>\$ 159,722</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 47,062	\$ 47,062
Accrued Salaries and Wages		12,091	12,091
Reserve for Flex Spending		15,279	15,279
Due to Other Funds		27,161	27,161
Due to Student Groups	<u>\$ 58,129</u>	<u>-</u>	<u>58,129</u>
Total Liabilities	<u>\$ 58,129</u>	<u>\$ 101,593</u>	<u>\$ 159,722</u>

**NORWOOD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance, July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2020</u>
Elementary School				
General Organization	\$ 56,312	\$ 17,700	\$ 15,883	\$ 58,129
Total All Schools	<u>\$ 56,312</u>	<u>\$ 17,700</u>	<u>\$ 15,883</u>	<u>\$ 58,129</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance, July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2020</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 132,913	\$ 3,074,843	\$ 3,160,694	\$ 47,062
Accrued Salaries and Wages - Regular	12,509	3,489,132	3,489,550	12,091
Accrued Salaries and Wages - Summer Pay		193,276	193,276	-
Reserve for Flex Spending	7,050	30,889	22,660	15,279
Due to / from Other Funds	<u>50,000</u>	<u>1,931</u>	<u>24,770</u>	<u>27,161</u>
Total	<u>\$ 202,472</u>	<u>\$ 6,790,071</u>	<u>\$ 6,890,950</u>	<u>\$ 101,593</u>



**LONG-TERM DEBT**

**NORWOOD BOARD OF EDUCATION**  
**LONG-TERM DEBT**  
**SCHEDULE OF SERIAL BONDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2020</u>
Refunding Bonds	3/15/2015	\$ 3,510,000	3/15/2021	\$ 355,000	3.00%				
			3/15/2022	350,000	3.00%				
			3/15/2023	345,000	3.00%				
			3/15/2024	350,000	3.00%				
			3/15/2025	360,000	3.00%				
			3/15/2026	355,000	3.00%				
						\$ 2,465,000	\$ -	\$ 350,000	\$ 2,115,000
						<u>\$ 2,465,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 2,115,000</u>

**NORWOOD BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**NORWOOD BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>REVENUES</b>	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Local Sources					
Local Tax Levy	\$ 423,950	-	\$ 423,950	\$ 423,950	-
Total Revenues	<u>423,950</u>	<u>-</u>	<u>423,950</u>	<u>423,950</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	350,000		350,000	350,000	
Interest	<u>73,950</u>	<u>-</u>	<u>73,950</u>	<u>73,950</u>	<u>-</u>
Total Expenditures	<u>423,950</u>	<u>-</u>	<u>423,950</u>	<u>423,950</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources					
Operating Transfer In	<u>-</u>	<u>-</u>	<u>-</u>	986	\$ 986
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	986	986
Fund Balance, Beginning of Year (Restated)	<u>221,741</u>	<u>-</u>	<u>221,741</u>	<u>221,741</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 221,741</u>	<u>\$ -</u>	<u>\$ 221,741</u>	<u>\$ 222,727</u>	<u>\$ 986</u>
Recapitulation:					
Restricted for Debt Service					
Designated for Subsequent Year's Expenditures				\$ 6,684	
Available for Future Debt Service Obligations				<u>216,043</u>	
				<u>\$ 222,727</u>	

## STATISTICAL SECTION

This part of the Norwood Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**NORWOOD BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 312,720	\$ 464,385	\$ 493,962	\$ 1,052,665	\$ 1,321,282	\$ 1,735,306	\$ 2,200,070	\$ 3,038,296	\$ 3,726,795	\$ 4,702,810
Restricted	1,395,675	2,064,895	2,747,606	2,994,251	3,358,054	3,421,210	3,593,005	3,033,629	2,654,096	1,258,300
Unrestricted	141,556	103,563	96,935	88,908	(2,213,657)	(2,233,064)	(2,447,072)	(2,451,352)	(2,363,436)	(2,096,697)
<b>Total Governmental Activities Net Position</b>	<u>\$ 1,849,951</u>	<u>\$ 2,632,843</u>	<u>\$ 3,338,503</u>	<u>\$ 4,135,824</u>	<u>\$ 2,465,679</u>	<u>\$ 2,923,452</u>	<u>\$ 3,346,003</u>	<u>\$ 3,620,573</u>	<u>\$ 4,017,455</u>	<u>\$ 3,864,413</u>
<b>Business-Type Activities</b>										
Unrestricted	\$ 2,163	\$ 3,065	\$ 3,656	\$ 1,602	\$ 1,531	\$ 2,136	\$ 2,202	\$ 5,827	\$ 1,731	\$ 4,589
<b>Total Business-Type Activities Net Position</b>	<u>\$ 2,163</u>	<u>\$ 3,065</u>	<u>\$ 3,656</u>	<u>\$ 1,602</u>	<u>\$ 1,531</u>	<u>\$ 2,136</u>	<u>\$ 2,202</u>	<u>\$ 5,827</u>	<u>\$ 1,731</u>	<u>\$ 4,589</u>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 312,720	\$ 464,385	\$ 493,962	\$ 1,052,665	\$ 1,321,282	\$ 1,735,306	\$ 2,200,070	\$ 3,038,296	\$ 3,726,795	\$ 4,702,810
Restricted	1,395,675	2,064,895	2,747,606	2,994,251	3,358,054	3,421,210	3,593,005	3,033,629	2,654,096	1,258,300
Unrestricted	143,719	106,628	100,591	90,510	(2,212,126)	(2,230,928)	(2,444,870)	(2,445,525)	(2,361,705)	(2,092,108)
<b>Total District Net Position</b>	<u>\$ 1,852,114</u>	<u>\$ 2,635,908</u>	<u>\$ 3,342,159</u>	<u>\$ 4,137,426</u>	<u>\$ 2,467,210</u>	<u>\$ 2,925,588</u>	<u>\$ 3,348,205</u>	<u>\$ 3,626,400</u>	<u>\$ 4,019,186</u>	<u>\$ 3,869,002</u>

**NORWOOD BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 4,081,684	\$ 4,376,710	\$ 4,427,984	\$ 4,769,612	\$ 4,592,436	\$ 4,598,551	\$ 4,415,092	\$ 5,823,958	\$ 5,378,150	\$ 5,182,749
Special Education	1,028,617	1,068,088	1,218,336	1,207,301	1,252,655	1,137,660	1,381,542	1,640,720	1,725,749	3,571,237
Other Instruction	287,313	318,866	319,654	281,667	291,602	285,589	325,366	429,399	384,334	337,029
School Sponsored Activities/Athletics										31,993
<b>Support Services:</b>										
Tuition	617,219	473,791	595,897	793,399	844,871	1,283,738	1,184,476	1,438,858	1,775,755	-
Student & Instruction Related Services	1,442,759	1,357,678	1,407,815	1,345,750	1,326,860	1,560,408	1,721,878	2,093,040	2,072,662	2,098,865
School Administrative Services	297,934	306,628	347,955	547,793	559,160	353,800	320,742	431,887	430,384	387,330
General Administrative Services	590,506	558,444	570,056	528,837	474,178	622,420	735,720	1,035,467	937,256	526,523
Business Services										308,883
Plant Operations and Maintenance	833,398	927,345	865,099	904,218	919,962	950,758	969,018	1,196,057	1,177,339	954,630
Pupil Transportation	175,017	184,183	187,535	180,284	123,068	170,749	131,091	137,179	159,957	185,471
SDA Debt Service Assessment	10,748	6,249	8,578	8,578	8,578	8,578	8,578	8,578	8,578	-
Interest on Long-term Debt	222,779	208,104	192,691	176,600	145,846	102,875	92,396	85,669	78,838	70,887
<b>Total Governmental Activities Expenses</b>	<b>9,587,974</b>	<b>9,786,086</b>	<b>10,141,600</b>	<b>10,744,039</b>	<b>10,539,216</b>	<b>11,075,126</b>	<b>11,285,897</b>	<b>14,320,812</b>	<b>14,129,000</b>	<b>13,655,597</b>
<b>Business-Type Activities:</b>										
Food Service	16,934	4,496	2,376	8,907	8,565	6,834	12,324	8,621	15,581	5,181
<b>Total Business-Type Activities Expense</b>	<b>16,934</b>	<b>4,496</b>	<b>2,376</b>	<b>8,907</b>	<b>8,565</b>	<b>6,834</b>	<b>12,324</b>	<b>8,621</b>	<b>15,581</b>	<b>5,181</b>
<b>Total District Expenses</b>	<b>\$ 9,604,908</b>	<b>\$ 9,790,582</b>	<b>\$ 10,143,976</b>	<b>\$ 10,752,946</b>	<b>\$ 10,547,781</b>	<b>\$ 11,081,960</b>	<b>\$ 11,298,221</b>	<b>\$ 14,329,433</b>	<b>\$ 14,144,581</b>	<b>\$ 13,660,778</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Regular Instruction	\$ 222,779	\$ 208,104	\$ 192,691	\$ 176,600	\$ 145,846	\$ 102,875	\$ 92,396	\$ 85,667	\$ 78,838	\$ 87,855
Operating Grants and Contributions	1,099,497	1,258,082	1,432,638	1,512,511	1,322,842	1,487,735	1,421,788	3,931,850	3,712,095	2,905,285
Capital Grants and Contributions										-
<b>Total Governmental Activities Program Revenues</b>	<b>1,322,276</b>	<b>1,466,186</b>	<b>1,625,329</b>	<b>1,689,111</b>	<b>1,468,688</b>	<b>1,590,610</b>	<b>1,514,184</b>	<b>4,017,517</b>	<b>3,790,933</b>	<b>2,993,140</b>
<b>Business-Type Activities:</b>										
<b>Charges for Services</b>										
Food Service	7,054	5,397	2,967	6,852	8,494	7,440	9,262	10,508	8,703	8,039
Operating Grants and Contributions										-
<b>Total Business Type Activities Program Revenues</b>	<b>7,054</b>	<b>5,397</b>	<b>2,967</b>	<b>6,852</b>	<b>8,494</b>	<b>7,440</b>	<b>9,262</b>	<b>10,508</b>	<b>8,703</b>	<b>8,039</b>
<b>Total District Program Revenues</b>	<b>\$ 1,329,330</b>	<b>\$ 1,471,583</b>	<b>\$ 1,628,296</b>	<b>\$ 1,695,963</b>	<b>\$ 1,477,182</b>	<b>\$ 1,598,050</b>	<b>\$ 1,523,446</b>	<b>\$ 4,028,025</b>	<b>\$ 3,799,636</b>	<b>\$ 3,001,179</b>

**NORWOOD BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (8,265,698)	\$ (8,319,900)	\$ (8,516,271)	\$ (9,054,928)	\$ (9,070,528)	\$ (9,484,516)	\$ (9,771,713)	\$ (10,303,295)	\$ (10,338,067)	\$ (10,662,457)
Business-Type Activities	(9,880)	901	591	(2,055)	(71)	606	(3,062)	1,887	(6,878)	2,858
Total District-Wide Net Expense	<u>\$ (8,275,578)</u>	<u>\$ (8,318,999)</u>	<u>\$ (8,515,680)</u>	<u>\$ (9,056,983)</u>	<u>\$ (9,070,599)</u>	<u>\$ (9,483,910)</u>	<u>\$ (9,774,775)</u>	<u>\$ (10,301,408)</u>	<u>\$ (10,344,945)</u>	<u>\$ (10,659,599)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,353,332	\$ 8,520,399	\$ 8,665,807	\$ 8,839,123	\$ 9,015,905	\$ 9,196,223	\$ 9,380,147	\$ 9,567,750	\$ 9,803,530	\$ 9,999,601
Property Taxes Levied for Debt Service Principal	244,614	249,798	240,028	255,242	293,901	327,463	336,353	341,717	348,788	423,950
Unrestricted State Aid	252,588	21,324	7,945	12,288	23,490	24,685	31,290	29,608	41,376	-
Tuition (Other Than Special Schools)		19,909	17,694	23,902	5,883	-	24,693	21,228	111,924	
Investment Earnings	126,989	3,544	6,570	7,420	10,292	10,338	16,728	37,998	35,980	27,638
Miscellaneous Income	259,850	263,890	294,085	478,338	423,179	383,599	388,062	379,017	378,113	419,303
Adjustment to Capital Assets	(540,749)	23,947								
N.J. School Development Authority Grants				235,935						
Refunding Bond Proceeds					(58,000)					
Transfers and Other Special Items							(3,208)	(1,858)	(2,783)	(99,401)
Total Governmental Activities	<u>8,696,624</u>	<u>9,102,811</u>	<u>9,232,129</u>	<u>9,852,248</u>	<u>9,714,650</u>	<u>9,942,308</u>	<u>10,174,065</u>	<u>10,375,460</u>	<u>10,716,928</u>	<u>10,771,091</u>
Business-Type Activities:										
Transfers	(1,391)						3,208	1,658	2,783	-
Total Business-Type Activities	<u>(1,391)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,208</u>	<u>1,658</u>	<u>2,783</u>	<u>-</u>
Total District-Wide	<u>\$ 8,695,233</u>	<u>\$ 9,102,811</u>	<u>\$ 9,232,129</u>	<u>\$ 9,852,248</u>	<u>\$ 9,714,650</u>	<u>\$ 9,942,308</u>	<u>\$ 10,177,273</u>	<u>\$ 10,377,118</u>	<u>\$ 10,719,711</u>	<u>\$ 10,771,091</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 430,926	\$ 782,911	\$ 715,858	\$ 797,320	\$ 644,122	\$ 457,792	\$ 402,352	\$ 72,165	\$ 378,861	\$ 108,634
Business-Type Activities	(11,271)	901	591	(2,055)	(71)	606	146	3,545	(4,095)	2,858
Total District	<u>\$ 419,655</u>	<u>\$ 783,812</u>	<u>\$ 716,449</u>	<u>\$ 795,265</u>	<u>\$ 644,051</u>	<u>\$ 458,398</u>	<u>\$ 402,498</u>	<u>\$ 75,710</u>	<u>\$ 374,766</u>	<u>\$ 111,492</u>



**NORWOOD BOARD OF EDUCATION**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									Restated	
General Fund										
Restricted	\$ 937,876	\$ 1,738,357	\$ 2,223,713	\$ 2,539,549	\$ 2,899,343	\$ 2,946,787	\$ 2,893,283	\$ 2,693,255	\$ 1,851,274	\$ 1,088,274
Assigned	32,222	82,765	348,071	215,887	73,758	205,847	429,589	66,327	371,145	165,346
Unassigned	270,279	254,943	212,035	212,035	210,835	210,835	210,038	264,649	318,997	201,981
Total General Fund	<u>\$ 1,240,377</u>	<u>\$ 2,076,065</u>	<u>\$ 2,783,819</u>	<u>\$ 2,967,471</u>	<u>\$ 3,183,936</u>	<u>\$ 3,363,469</u>	<u>\$ 3,532,910</u>	<u>\$ 3,024,231</u>	<u>\$ 2,541,416</u>	<u>\$ 1,455,601</u>
All Other Governmental Funds										
Restricted										
Capital Projects Fund	\$ 375,904	\$ 238,833	\$ 188,833	\$ 287,696	\$ 412,333	\$ 295,228	\$ 295,228	\$ 295,228	\$ 295,228	\$ 195,826
Debt Service Fund	115,014	65,484	66,159	1,395	1,322	867	491	2,401	6,684	222,727
Total All Other Governmental Funds	<u>\$ 490,918</u>	<u>\$ 304,317</u>	<u>\$ 254,992</u>	<u>\$ 289,091</u>	<u>\$ 413,655</u>	<u>\$ 296,095</u>	<u>\$ 295,719</u>	<u>\$ 297,629</u>	<u>\$ 301,912</u>	<u>\$ 418,553</u>
Total Fund Balances	<u>\$ 1,731,295</u>	<u>\$ 2,380,382</u>	<u>\$ 3,038,811</u>	<u>\$ 3,256,562</u>	<u>\$ 3,597,591</u>	<u>\$ 3,659,564</u>	<u>\$ 3,828,629</u>	<u>\$ 3,321,860</u>	<u>\$ 2,843,328</u>	<u>\$ 1,874,154</u>

**NORWOOD BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Property Tax Levy	\$ 8,820,725	\$ 8,978,301	\$ 9,098,526	\$ 9,270,965	\$ 9,455,652	\$ 9,626,581	\$ 9,808,896	\$ 9,995,134	\$ 10,229,155	\$ 10,423,551
Tuition Charges		19,908	17,694	23,902	5,893		24,893	21,228	111,924	87,855
Rentals										263,000
Interest Earnings	126,989	3,544	6,570	7,420	10,292	10,339	16,728	37,998	35,980	27,638
Miscellaneous	259,850	263,890	314,069	567,502	438,148	421,633	439,172	379,017	378,113	156,302
State Sources	1,217,079	1,101,831	1,264,484	1,237,489	1,124,261	1,285,099	1,201,682	2,127,938	2,155,944	2,055,238
Federal Sources	135,004	177,555	156,138	198,166	208,102	209,268	200,306	221,538	198,717	254,318
<b>Total Revenues</b>	<b>10,559,647</b>	<b>10,545,029</b>	<b>10,857,481</b>	<b>11,305,444</b>	<b>11,242,348</b>	<b>11,552,920</b>	<b>11,691,677</b>	<b>12,782,853</b>	<b>13,109,833</b>	<b>13,267,902</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	2,882,457	3,083,509	3,013,571	3,299,951	3,203,690	3,159,371	2,961,991	3,044,898	3,033,049	4,551,849
Special Education Instruction	776,927	800,284	894,532	681,712	945,170	838,078	988,939	951,391	1,013,704	3,487,301
Other Instruction	213,434	229,536	230,063	200,899	212,749	205,684	226,684	237,577	205,591	311,538
<b>Support Services:</b>										
Tuition	617,219	473,792	595,899	793,399	844,871	1,283,738	1,164,478	1,436,658	1,775,755	
Student & Inst. Related Services	1,158,032	1,073,377	1,092,491	1,030,995	1,012,781	1,168,802	1,288,391	1,245,779	1,244,726	1,983,533
School Administrative Services	218,581	173,609	188,532	379,369	395,783	244,809	219,689	234,336	240,785	369,830
General Administrative Services	503,530	456,446	468,822	435,589	399,966	521,687	598,429	601,818	563,673	510,934
Business Services										318,857
Plant Operations and Maintenance	696,252	771,729	891,493	719,999	738,215	782,218	756,119	799,719	826,742	966,800
Pupil Transportation	175,017	184,183	197,535	180,284	123,068	170,748	131,091	137,179	159,957	185,471
Employee Benefits	1,784,406	1,996,008	2,290,852	2,332,871	2,203,109	2,240,916	2,280,235	3,309,612	3,223,571	-
Capital Outlay	35,521	139,321	37,506	562,714	322,318	425,726	475,810	861,328	720,645	994,786
<b>Debt Service:</b>										
Principal	260,000	295,000	310,000	325,000	325,000	325,000	335,000	340,000	345,000	350,000
Interest and Other Charges	227,392	212,001	197,718	181,841	165,419	106,060	94,350	87,650	80,850	73,950
<b>Total Expenditures</b>	<b>9,548,768</b>	<b>9,888,795</b>	<b>10,409,014</b>	<b>11,124,623</b>	<b>10,892,139</b>	<b>11,472,837</b>	<b>11,521,206</b>	<b>13,287,945</b>	<b>13,434,048</b>	<b>14,137,675</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,010,879	656,234	448,467	180,821	350,209	80,083	170,471	(505,092)	(324,215)	(869,773)
<b>Other Financing Sources (Uses)</b>										
Other Sources/Uses				255,935						(99,401)
Transfers In	115,014	469	75,671	10,237	414,503	266	225	2,176	4,508	986
Transfers Out	(115,014)	(469)	(75,671)	(10,237)	(414,503)	(266)	(3,433)	(3,833)	(7,290)	(986)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255,935</b>	<b>-</b>	<b>-</b>	<b>(3,208)</b>	<b>(1,657)</b>	<b>(2,782)</b>	<b>(99,401)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,010,879</b>	<b>\$ 656,234</b>	<b>\$ 448,467</b>	<b>\$ 436,756</b>	<b>\$ 350,209</b>	<b>\$ 80,083</b>	<b>\$ 167,263</b>	<b>\$ (506,749)</b>	<b>\$ (326,997)</b>	<b>\$ (969,174)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	5.12%	5.20%	4.90%	4.80%	4.64%	3.90%	3.89%	3.44%	3.35%	3.23%

**NORWOOD BOARD OF EDUCATION  
GENERAL FUND  
OTHER MISCELLANEOUS LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Rentals</u>	<u>Interest</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2011	\$ 259,320	\$ 11,976		\$ 530	\$ 271,826
2012	248,880	3,075	\$ 19,909	15,010	286,874
2013	293,085	5,899	17,694	1,000	317,678
2014	329,821	6,698	23,902	148,517	508,938
2015	369,018	9,692	5,883	54,161	438,754
2016	344,330	10,071		39,269	393,670
2017	344,935	16,503	154,893	43,127	559,458
2018	329,884	35,822	21,228	46,733	433,667
2019	325,106	31,472	111,924	53,007	521,509
2020	263,000	26,652	87,855	156,302	533,809

Source: District Records

**NORWOOD BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)**

	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 <sup>a</sup>
2011	\$ 6,542,400	\$ 987,650,600	\$ 44,300	\$ 70,677,800	\$ 98,608,900	\$ 17,529,800	\$ 1,181,053,800	\$ 1,288,727	\$ 1,182,342,527	\$ 1,281,719,006	0.585
2012	7,705,900	966,809,800	44,300	70,643,900	97,495,300	16,500,000	1,159,199,200	1,103,992	1,160,303,192	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	987,504,000	44,300	70,643,900	97,495,300	16,500,000	1,179,246,600		1,179,246,600	1,225,344,833	0.556
2015	8,850,100	988,459,100	44,300	71,289,200	97,395,300	16,500,000	1,182,538,000		1,182,538,000	1,240,810,250	0.567
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	1,291,038,183	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	999,496,600	44,300	63,525,800	96,999,600	16,500,000	1,184,779,400		1,184,779,400	1,274,815,010	0.854
2019	8,991,100	1,000,494,000	44,300	82,870,900	100,799,100	16,500,000	1,209,699,400		1,209,699,400	1,305,700,439	0.854
2020	8,555,900	1,003,243,300	44,300	81,331,300	95,983,200	16,500,000	1,205,658,000	-	1,205,658,000	1,300,794,605	0.891

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

**NORWOOD BOARD OF EDUCATION  
PROPERTY TAX RATES (ROUNDED)  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Regional School District Note (1)</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>County</u>	<u>County Open Space</u>
2011	\$ 2.133		\$ 1.294	\$ 0.615		\$ 0.224	
2012	2.218		1.334	0.639		0.245	
2013	2.249		1.351	0.650		0.248	
2014	2.255		1.350	0.662		0.243	
2015	2.281		1.357	0.671		0.253	
2016	2.374		1.424	0.682		0.268	
2017	2.430		1.466	0.690		0.274	
2018	2.442		1.471	0.708		0.263	
2019	2.444		1.475	0.707		0.262	
2020	2.517	0.891	0.641	0.711	0.010	0.253	0.011

Source: Tax Duplicate, Borough of Norwood

Note (1) - Years 2011 through 2019 are combined local and regional school tax rates

**NORWOOD BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
CSH NORWOOD LLC	\$ 22,385,100	1.86%		
BUCKINGHAM AT NORWOOD REAL ESTATE	20,700,000	1.72%		
NORWOOD ASSOCIATES II LLC	16,500,000	1.37%		
335 CHESTNUT STREET LLC	9,198,200	0.76%		
LIFE STORAGE LP	6,310,900	0.52%		
355 CHESTNUT ASSOC.C/O SANZAI,A.	5,024,000	0.42%		
WINPAK CONTROL GROUP INC	4,199,900	0.35%		
NORWEST LLC	3,700,000	0.31%		
NORWOOD SELF STRGE C/O YELLAND PROP	3,650,900	0.30%		
GHIA,ROBERT M.	3,602,200	0.30%		
	<u>\$ 95,271,200</u>	<u>7.90%</u>		

INFORMATION NOT AVAILABLE

Source: Municipal Tax Assessor

**NORWOOD BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST FIVE FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	9,626,561	9,626,561	100.00%	-
2017	9,808,896	9,808,896	100.00%	-
2018	9,995,134	9,995,134	100.00%	-
2019	10,229,155	10,229,155	100.00%	-
2020	10,423,551	10,423,551	100.00%	-

**NORWOOD BOARD OF EDUCATION**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	Debt Authorized But Not Issued			
2011	\$ 5,017,000		\$ 5,017,000	5,711	\$ 878
2012	4,722,000		4,722,000	5,815	812
2013	4,412,000		4,412,000	5,797	761
2014	4,087,000		4,087,000	5,826	702
2015	3,810,000		3,810,000	5,869	649
2016	3,485,000		3,485,000	5,858	595
2017	3,150,000		3,150,000	5,895	534
2018	2,810,000		2,810,000	5,806	484
2019	2,465,000		2,465,000	5,793	426
2020	2,115,000	-	2,115,000	5,793 (Est.)	365

Source: District records



**NORWOOD BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property
	General Obligation Bonds	Deductions		
2011	\$ 5,017,000		\$ 5,017,000	0.42%
2012	4,722,000		4,722,000	0.41%
2013	4,412,000		4,412,000	0.37%
2014	4,087,000		4,087,000	0.35%
2015	3,810,000		3,810,000	0.32%
2016	3,485,000		3,485,000	0.29%
2017	3,150,000		3,150,000	0.27%
2018	2,810,000		2,810,000	0.24%
2019	2,465,000		2,465,000	0.20%
2020	2,115,000		2,115,000	0.18%

Source: District records

**NORWOOD BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2019  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Norwood Board of Education	\$ 2,465,000	\$ 2,465,000	
Northern Valley Regional School District	2,166,126	2,166,126	
Borough of Norwood	<u>9,744,046</u>	<u>102,946</u>	\$ 9,641,100
	<u>\$ 14,375,172</u>	<u>\$ 4,734,072</u>	9,641,100
Overlapping Debt Apportioned to the Municipality:			
Bergen County: (2) and (3)			
County of Bergen (A)			10,200,524
Bergen County Utilities Authority (BCUA) - Water Pollution			<u>1,088,677</u>
			<u>11,289,201</u>
Total Direct and Overlapping Debt			<u>\$ 20,930,301</u>

## Sources:

- (1) Borough of Norwood Annual Debt Statement, December 31, 2019
- (2) BCUA audit, December 31, 2019
- (3) County of Bergen Debt Statement, December 31, 2019

**NORWOOD BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 59,437,974	\$ 56,042,484	\$ 52,978,364	\$ 50,904,666	\$ 49,727,111	\$ 49,902,891	\$ 50,895,959	\$ 51,357,625	\$ 51,267,458	\$ 38,498,358
Total net debt applicable to limit	<u>5,017,000</u>	<u>4,722,000</u>	<u>4,412,000</u>	<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>	<u>2,465,000</u>	<u>2,115,000</u>
Legal debt margin	<u>\$ 54,420,974</u>	<u>\$ 51,320,484</u>	<u>\$ 48,566,364</u>	<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>	<u>\$ 48,802,458</u>	<u>\$ 36,383,358</u>
Total net debt applicable to the limit as a percentage of debt limit	8.44%	8.43%	8.33%	8.03%	7.66%	6.98%	6.19%	5.47%	4.81%	5.49%

**Legal Debt Margin Calculation for Fiscal Year 2009**

	Equalized valuation basis
	2019 \$ 1,302,432,601
	2018 1,276,152,090
	2017 <u>1,271,251,127</u>
	<u>\$ 3,849,835,818</u>
Average equalized valuation of taxable property	\$ 1,283,278,606
Debt limit (3 % of average equalization value)	38,498,358
Total Net Debt Applicable to Limit	<u>2,115,000</u>
Legal debt margin	<u>\$ 36,383,358</u>

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

**NORWOOD BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income - Bergen County</u>	<u>Population</u>
2011	6.2%	\$ 69,053	5,711
2012	9.0%	72,152	5,815
2013	7.2%	71,679	5,797
2014	5.2%	74,452	5,826
2015	4.0%	77,666	5,869
2016	3.4%	79,145	5,858
2017	3.6%	81,483	5,895
2018	3.0%	85,951	5,831
2019	2.6%	Not Available	5,831
2020	Not Available	Not Available	5,793 *

\* Estimate

Source: NJ Department of Labor, US Bureau of the Census  
School District Records

NORWOOD BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS,  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)

<u>Employer</u>	<u>2020</u>		<u>2011</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

**NORWOOD BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST FIVE FISCAL YEARS**  
(Unaudited)

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Instruction</b>										
Regular	45.5	45.5	45.5	46.5	46	46	46	45	43	47
Special Education	13	13	13	13	13	13	13	13	13	13
Other Instruction	11	11	11	11	11	11	11	9	13	13
<b>Support Services:</b>										
Student & Instruction Related Services	5	5	5	5	5	5	5	5	5	5
General Administration	2	3	3	3	3	3	3	3	3	3
School Administrative Services	3	3	3	3	3	3	3	3	3	3
Other Administrative Services	3	3	3	3	3	3	3	2	3	3
Central Services										
Plant Operations and Maintenance	6.5	6.5	7.0	6.8	6.5	6.5	6.5	6.5	6.5	6.5
Pupil Transportation										
Other Support Services										
<b>Total</b>	<b>89.0</b>	<b>90.0</b>	<b>90.5</b>	<b>91.25</b>	<b>90.5</b>	<b>90.5</b>	<b>90.5</b>	<b>86.5</b>	<b>89.5</b>	<b>93.5</b>

Source: District Personnel Records

NORWOOD BOARD OF EDUCATION  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2011	623.00	\$ 9,025,836	\$ 14,488	1.25%	55	1:12	621.40	597.10	-0.34%	96.09%
2012	607.00	9,394,633	15,477	6.83%	55	1:11	609.20	587.60	-1.96%	96.45%
2013	580.00	9,501,114	16,381	5.84%	55	1:11	580.00	555.00	-4.79%	95.69%
2014	585.00	10,254,048	17,528	7.00%	55	2:11	583.10	563.50	0.53%	96.64%
2015	589.00	10,077,571	17,110	-2.39%	55	3:11	587.00	565.00	0.67%	96.25%
2016	614.00	10,614,141	17,287	1.04%	55	3:11	613.00	611.70	4.43%	99.79%
2017	624.00	10,614,245	17,010	-1.60%	55	3:11	623.00	621.10	1.63%	99.70%
2018	599.00	11,998,965	20,032	17.76%	58	3:10	593.00	571.00	-4.82%	96.29%
2019	598.00	12,287,553	20,548	2.58%	53	3:10	594.90	573.70	0.32%	96.44%
2020	618.00	12,718,939	20,581	0.16%	60	3:10	608.00	584.00	2.20%	96.05%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.

NORWOOD BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Square Feet	82,891	82,891	82,891	82,891	82,891	82,891	82,891	82,891	82,891	82,891
Capacity (students) - N/A										
Enrollment	623.0	607.0	580.0	585.0	589.0	614.0	624.0	599.0	598.0	618.0
<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, 2020  
Elementary = 1

Source: District Records

N/A = Not Available



**NORWOOD BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
(Unaudited)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
School Facilities										
Elementary School	\$ 188,639	\$ 248,973	\$ 213,377	\$ 219,571	\$ 211,127	\$ 251,735	\$ 235,984	\$ 251,222	\$ 282,271	\$ 314,972
Administrative Offices	-	-	-	-	-	-	-	-	-	-
Grand Total	<u>\$ 188,639</u>	<u>\$ 248,973</u>	<u>\$ 213,377</u>	<u>\$ 219,571</u>	<u>\$ 211,127</u>	<u>\$ 251,735</u>	<u>\$ 235,984</u>	<u>\$ 251,222</u>	<u>\$ 282,271</u>	<u>\$ 314,972</u>

Source: School District Records

**NORWOOD BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2020  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Northeast Bergen County School Board Insurance Group:		
Property - Blanket Building and Contents	\$ 18,441,639	\$ 5,000
Boiler 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	15,000,000	
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: School District's records

**SINGLE AUDIT SECTION**



**LERCH, VINCI & HIGGINS, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
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ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Norwood Board of Education  
Norwood, New Jersey

We have audited, in accordance with the 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 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 the Norwood Board of Education as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Norwood Board of Education's basic financial statements and have issued our report thereon dated January 5, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Norwood of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Norwood Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Norwood Board of Education's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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 a 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-01 to be a material weakness.

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. We consider the deficiency described in the schedule of findings and questioned as item 2020-02 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Norwood Board of Education’s financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the schedule of findings and questioned costs as items 2020-01 and 2020-02.

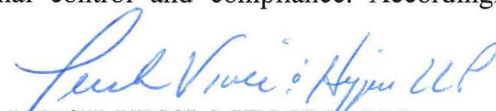
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Norwood Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated January 5, 2021.

### **Norwood Board of Education’s Responses to Findings**

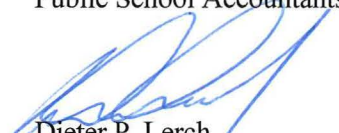
The Norwood Board of Education’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Norwood Board of Education’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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 Norwood Board of Education’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 Norwood Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
January 5, 2021





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY OMB  
CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Norwood Board of Education  
Norwood, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Norwood Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Norwood Board of Education's major state programs for the fiscal year ended June 30, 2020. The Norwood Board of Education'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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Norwood Board of Education'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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular 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 the Norwood Board of Education'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 on compliance for each major state program. However, our audit does not provide a legal determination of the Norwood Board of Education's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Norwood Board of Education 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 fiscal year ended June 30, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2020-03 and 2020-04. Our opinion on each major state program is not modified with respect to these matters.

The Norwood Board of Education's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Norwood Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the Norwood Board of Education 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 the Norwood Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Norwood Board of Education'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 program 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 a 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.

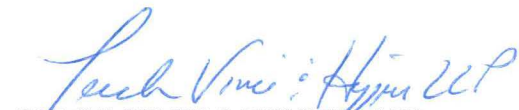
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-03 that we consider to be a material weakness. We also identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-04 that we consider to be a significant deficiency.

The Norwood Board of Education's responses to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Norwood Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.


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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Norwood Board of Education, as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements. We have issued our report thereon dated January 5, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic 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 basic 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 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
January 5, 2021



**NORWOOD BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019	Carrvoer	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2020			Memo GAAP Receivable
											(Accounts Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Education</b>														
<b>Passed-Through State Department of Education</b>														
<b>Special Revenue Fund:</b>														
I.D.E.A. Part B, Basic	84.027	H027A190100	IDEA520020	7/1/19-6/30/20	\$ 146,253			\$ 134,475	\$ 146,253		\$ (11,778)			\$ 11,778
I.D.E.A. Part B, Preschool	84.173	H173A190114	IDEA520020	7/1/19-6/30/20	8,369			8,133	8,369	-	(236)			236
<b>Subtotal Cluster</b>								<u>142,608</u>	<u>154,622</u>	<u>-</u>	<u>(12,014)</u>			
ESEA Title IA	84.010	S010A190030	ESEA520020	7/1/19-6/30/20	50,573		\$ 8,491	54,903	59,037	\$ (8,491)	(4,161)	\$ 27		4,134
ESEA Title IA	84.010	S010A180030	ESEA520019	7/1/18-6/30/19	50,047	\$ (51,555)	(8,491)	51,555		8,491				
ESEA Title IA	84.010	S010A170030	ESEA520018	7/1/17-6/30/18	59,641	(5,436)				5,436				
CARES	84.425	S425D200027	N/A	3/13/20-9/30/22	40,659			-	40,659		(40,659)			40,659
Alyssa's Law				7/1/19-6/30/20	32,000			-	32,000		(32,000)			-
<b>Total U.S. Department of Education</b>						<u>(56,991)</u>	<u>-</u>	<u>249,066</u>	<u>286,318</u>	<u>5,436</u>	<u>(88,834)</u>	<u>27</u>	<u>-</u>	<u>\$ 56,807</u>
<b>Total</b>						<u>\$ (56,991)</u>	<u>\$ -</u>	<u>\$ 249,066</u>	<u>\$ 286,318</u>	<u>\$ 5,436</u>	<u>\$ (88,834)</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 56,807</u>

Note: This schedule was not subject to a Federal Single Audit.

**NORWOOD BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019			Cash Received	Adjustment	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2020			MEMO	
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>															
<b>General Fund</b>															
Special Education	20-495-034-5120-089	7/1/19-6/30/20	\$ 401,962				\$ 362,460		\$ 401,962		\$ (39,502)				\$ 401,962
Special Education	19-495-034-5120-089	7/1/18-6/30/19	370,142	\$ (36,331)			36,331								
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	52,474				47,317	52,474			(5,157)				52,474
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	52,474	(5,151)			5,151								
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	41,806				37,698	41,806			(4,108)				41,806
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	41,606	(3,903)			3,903								
Additional Nonpublic Transportation Aid	N/A	7/1/19-6/30/20	748					748			(748)			\$ (748)	748
Additional Nonpublic Transportation Aid	N/A	7/1/18-6/30/19	3,931	(3,931)			3,931								
Extraordinary Aid	19-100-034-5120-473	7/1/18-6/30/19	237,645	(237,645)			237,645								
On-Behalf TPAF Pension	20-495-034-5094-002	7/1/19-6/30/20	887,483				887,483	887,483							887,483
On-Behalf TPAF NCGI Premium	20-100-034-5094-004	7/1/19-6/30/20	15,907				15,907	15,907							15,907
On-Behalf TPAF Post Retirement Contrib.	20-495-034-5094-001	7/1/19-6/30/20	335,141				335,141	335,141							335,141
On-Behalf TPAF LTDI	20-100-034-5094-004	7/1/19-6/30/20	847				847	847							847
Reimbursed TPAF Social Security Contrib.	20-495-034-5094-003	7/1/19-6/30/20	322,053	-	-	-	306,159	322,053	-		(15,894)	-	-	(15,894)	322,053
<b>Total General Fund</b>				<b>(286,961)</b>	<b>-</b>	<b>-</b>	<b>2,279,973</b>	<b>-</b>	<b>2,058,421</b>	<b>-</b>	<b>(65,409)</b>	<b>-</b>	<b>-</b>	<b>(16,642)</b>	<b>2,058,421</b>
<b>Total State Financial Assistance</b>				<b>(286,961)</b>	<b>-</b>	<b>-</b>	<b>2,279,973</b>	<b>-</b>	<b>2,058,421</b>	<b>-</b>	<b>(65,409)</b>	<b>-</b>	<b>-</b>	<b>(16,642)</b>	<b>2,058,421</b>
<b>Less:</b>															
State Financial Assistance Not Subject to Single Audit Determination															
<b>General Fund</b>															
On-Behalf TPAF Pension	20-495-034-5094-002	7/1/19-6/30/20	887,483				\$ (887,483)	\$ (887,483)							(887,483)
On-Behalf TPAF NCGI Premium	20-100-034-5094-004	7/1/19-6/30/20	15,907				(15,907)	(15,907)							(15,907)
On-Behalf TPAF Post Retirement Contrib.	20-495-034-5094-001	7/1/19-6/30/20	335,141				(335,141)	(335,141)							(335,141)
On-Behalf TPAF LTDI	20-100-034-5094-004	7/1/19-6/30/20	847				(847)	(847)							(847)
<b>Total State Financial Assistance Subject to Single Audit</b>				<b>\$ (286,961)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,040,595</b>	<b>\$ -</b>	<b>\$ 819,043</b>	<b>\$ -</b>	<b>\$ (65,409)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (16,642)</b>	<b>\$ 819,043</b>

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Norwood Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal 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 are prepared and 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$3,183 for the general fund and a decrease of \$32,000 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,055,238	\$ 2,055,238
Special Revenue Fund	\$ 254,318	-	254,318
Total Awards and Financial Assistance	<u>\$ 254,318</u>	<u>\$ 2,055,238</u>	<u>\$ 2,309,556</u>

**NORWOOD BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$322,053 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$903,390, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$335,141 and TPAF Long-Term Disability Insurance in the amount of \$847 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.



**NORWOOD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*Part II – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

**Finding 2020-01**

The Board Secretary Report and Treasurer of School Monies Report cash balances were overstated by \$366,391.

**Criteria or specific requirement**

State Department of Education's GAAP Technical Accounting Manual.

**Condition**

The cash balance per the prior year audit was overstated by \$366,391. As a result, the Board Secretary and Treasurer of School Monies reports were also overstated.

**Context**

Numerous reconciling items were carried on the District's bank reconciliation that were invalid.

**Effect**

The General Fund balance was overstated.

**Cause**

Unknown

**Recommendation**

It is recommended that the Board Secretary and Treasurer of School Monies reports be reviewed to ensure they are in agreement with the reconciled cash balances.

**View of Responsible Officials and Planned Corrective Action**

Management has reviewed this finding and has indicated corrective action will be taken.

**NORWOOD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*Part II – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

**Finding 2020-02**

A contract was awarded for computer services, the cost of which exceeded the bid threshold, through a state cooperative purchasing program. The contract was not approved in the minutes. Furthermore, supporting documentation was not available for audit.

**Criteria or specific requirement**

N.J.S.A. 18A:18A – Public School Contracts Law

**Condition**

A contract was awarded to Presidio Network Solutions. The vendor was paid \$103,376 in 2019/20. The contract was not approved in Board minutes. Furthermore, supporting documentation was not available for audit.

**Context**

See Condition

**Effect**

Noncompliance with requirements of the Public School Contracts law.

**Cause**

Unknown

**Recommendation**

It is recommended that contracts awarded through state cooperative purchasing programs, the cost of which exceed the bid threshold, be approved in the minutes and supporting documentation be retained for audit.

**View of Responsible Officials and Planned Corrective Action**

Management has reviewed this finding and has indicated corrective action will be taken.

NORWOOD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

*Part III – Schedule of Federal and State Award 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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable



**NORWOOD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*Part III – Schedule of Federal and State Award 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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

**Finding 2020-03**

The Board Secretary Report and Treasurer of School Monies Report cash balances were overstated by \$366,391.

**State Program Information**

Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

**Criteria or specific requirement**

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions  
State Department of Education's GAAP Technical Accounting Manual

**Condition**

The cash balance per the prior year audit was overstated by \$366,391. As a result, the Board Secretary and Treasurer of School Monies reports were also overstated.

**Questioned Costs**

Unknown

**Context**

Numerous reconciling items were carried on the District's bank reconciliation that were invalid.

**Effect**

The General Fund balance was overstated.

**Cause**

Unknown

**Recommendation**

It is recommended that the Board Secretary and Treasurer of School Monies reports be reviewed to ensure they are in agreement with the reconciled cash balances.

**View of Responsible Officials and Planned Corrective Action**

Management has reviewed this finding and has indicated corrective action will be taken.

**NORWOOD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*Part III – Schedule of Federal and State Award 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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

**Finding 2020-04**

A contract was awarded for computer services, the cost of which exceeded the bid threshold, through a state cooperative purchasing program. The contract was not approved in the minutes. Furthermore, supporting documentation was not available for audit.

**State Program Information**

Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

**Criteria or specific requirement**

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions  
N.J.S.A. 18A:18A – Public School Contracts Law

**Condition**

A contract was awarded to Presidio Network Solutions. The vendor was paid \$103,376 in 2019/20. The contract was not approved in Board minutes. Furthermore, supporting documentation was not available for audit.

**Questioned Costs**

Unknown

**Context**

See Condition

**Effect**

Noncompliance with requirements state aid award requirements with respect to the Public School Contracts law.

**Cause**

Unknown

**Recommendation**

It is recommended that contracts awarded through state cooperative purchasing programs, the cost of which exceed the bid threshold, be approved in the minutes and supporting documentation be retained for audit.

**View of Responsible Officials and Planned Corrective Action**

Management has reviewed this finding and has indicated corrective action will be taken.

**NORWOOD BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Letter 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.