

NORWOOD BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Norwood, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

Norwood Board of Education

Norwood, New Jersey

For The Fiscal Year Ended June 30, 2022

Prepared by

Business Office

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INTRODUCTORY SECTION

WE ARE NORWOOD

James Tevis
Interim School Business Administrator

HOME OF THE EAGLES

Mrs. Heather Garcia, President
Members of the Board of Education
Norwood School District
Norwood, New Jersey 07648

February 17, 2023

Dear Board Members:

The annual comprehensive financial report of the Norwood Board of Education for the fiscal year ended June 30, 2022, 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 2021-2022 fiscal year with an enrollment of 621 which is an increase of 17 students from the previous year's enrollment or a change of 0.50%. 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>
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%
2020-2021	604	0.50%
2021-2022	621	1.28%

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 2021-2022 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, 2022, the District has \$1,516,350, 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, & Bliss, 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.

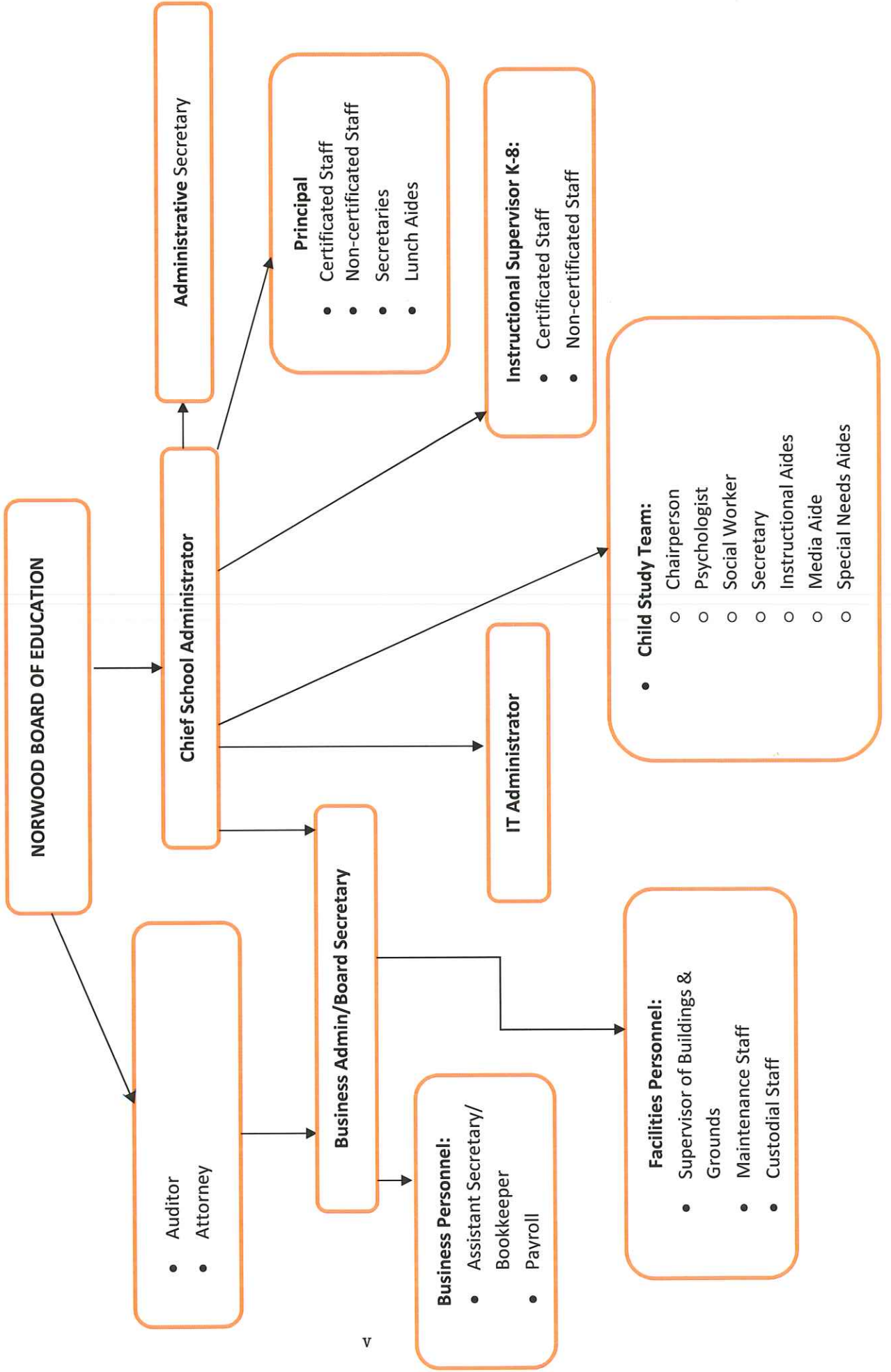
We would like to express appreciation to the members of the Norwood Board of Education for their commitment to provide fiscal accountability to the citizens and taxpayers of the school district and for their support of our financial operation. I would also like to express appreciation to the staff for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

Respectfully submitted,


Kevin Ulmer
Superintendent


James Tevis
Interim School Business Administrator/Board Secretary

Norwood Public School
2021-2022 Organizational Chart



NORWOOD BOARD OF EDUCATION

**NORWOOD, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Heather Garcia, Board President	2024
Mr. Michael Sprague, Board Vice President	2023
Dr. Carlos Guzman	2022
Ms. Jennifer Mendoza	2023
Mr. Sam Park	2025
Mr. Rahul Vaghasia	2022
Ms. Kelly Wilson	2023

Other Officials

Mr. Kevin Ulmer, Chief School Administrator

Mr. James Tevis, Business Administrator/Board Secretary

Consultants and Advisors

ATTORNEY

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

AUDITOR

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

OFFICIAL DEPOSITORY

Spencer Savings Bank
562 Washington Avenue
Dumont, NJ 07628

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, 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. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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

Opinions

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, 2022 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.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Norwood Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Norwood Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Norwood Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Norwood Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and 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.

Supplementary 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 accompanying combining and individual non-major fund financial statements, schedule of expenditures of federal awards 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. Such information is the responsibility of management and was derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major 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.

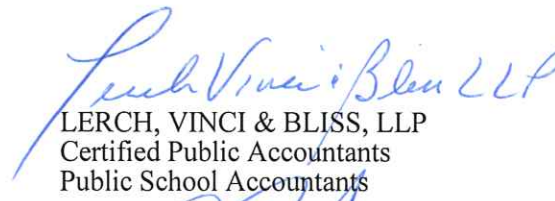
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

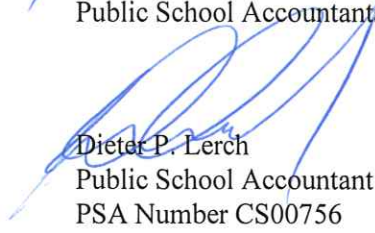
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 17, 2023 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 & BLISS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 17, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Norwood Board of Education

Management's Discussion and Analysis

This section of the Norwood Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. 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 2021-2022 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 \$6,148,975 (net position).
- Overall governmental revenues were \$15,048,865. General revenues accounted for \$11,425,726 or 76% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,623,139 or 24% of total revenues.
- The school district had \$13,945,279 in expenses for governmental activities; only \$3,623,139 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 \$2,618,575. Of this amount, \$156,482 is restricted for Unemployment Claims, \$43,869 is restricted for Student Activities and Scholarships, \$135,106 is restricted for year-end encumbrances, \$1,287,441 is restricted for future capital reserve, \$150,000 is restricted as excess surplus, \$512,769 is designated for use in the 2022/23 budget and \$332,908 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 Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Norwood Board of Education's, 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 two 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.

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, 2022 and 2021.

Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets						
Current Assets	\$ 2,733,587	\$ 2,531,969	\$ 4,717	\$ 4,589	\$ 2,738,304	\$ 2,536,558
Capital Assets	<u>7,191,170</u>	<u>6,940,470</u>	<u>-</u>	<u>-</u>	<u>7,191,170</u>	<u>6,940,470</u>
Total Assets	<u>9,924,757</u>	<u>9,472,439</u>	<u>4,717</u>	<u>4,589</u>	<u>9,929,474</u>	<u>9,477,028</u>
Deferred Outflows of Resources	<u>169,461</u>	<u>158,762</u>	<u>-</u>	<u>-</u>	<u>169,461</u>	<u>158,762</u>
Total Assets and Deferred Outflows of Resources	<u>10,094,218</u>	<u>9,631,201</u>	<u>4,717</u>	<u>4,589</u>	<u>10,098,935</u>	<u>9,635,790</u>
Liabilities						
Long-Term Liabilities	2,872,521	3,562,256			2,872,521	3,562,256
Other Liabilities	<u>127,349</u>	<u>117,582</u>	<u>-</u>	<u>-</u>	<u>127,349</u>	<u>117,582</u>
Total Liabilities	<u>2,999,870</u>	<u>3,679,838</u>	<u>-</u>	<u>-</u>	<u>2,999,870</u>	<u>3,679,838</u>
Deferred Inflows of Resources	<u>950,090</u>	<u>910,691</u>	<u>-</u>	<u>-</u>	<u>950,090</u>	<u>910,691</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,949,960</u>	<u>4,590,529</u>	<u>-</u>	<u>-</u>	<u>3,949,960</u>	<u>4,590,529</u>
Net Position						
Net Investment in Capital Assets	5,781,170	5,180,470			5,781,170	5,180,470
Restricted	1,487,792	1,799,219			1,487,792	1,799,219
Unrestricted (Deficit)	<u>(1,124,704)</u>	<u>(1,939,017)</u>	<u>4,717</u>	<u>4,589</u>	<u>(1,119,987)</u>	<u>(1,934,428)</u>
Total Net Position	<u>\$ 6,144,258</u>	<u>\$ 5,040,672</u>	<u>\$ 4,717</u>	<u>\$ 4,589</u>	<u>\$ 6,148,975</u>	<u>\$ 5,045,261</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, 2022 and 2021.

Change in Net Assets

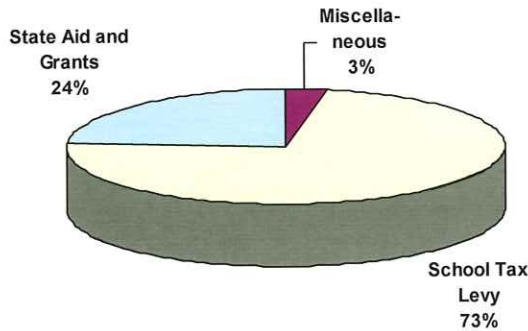
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues						
Charges for Services	\$ 69,000	\$ 39,000	\$ 11,087		\$ 80,087	\$ 39,000
Grants and Contributions	3,554,139	4,075,010			3,554,139	4,075,010
General Revenues						
Property Taxes	11,045,553	11,057,644			11,045,553	11,057,644
Interest	16,390	16,022			16,390	16,022
Other	363,783	363,779	-	-	363,783	363,779
Total Revenues	<u>15,048,865</u>	<u>15,551,455</u>	<u>11,087</u>	<u>-</u>	<u>15,059,952</u>	<u>15,551,455</u>
Expenses						
Instruction						
Regular	5,253,968	5,675,557			5,253,968	5,675,557
Special Education	3,670,584	3,575,427			3,670,584	3,575,427
Other Instruction	253,434	430,370			253,434	430,370
School Sponsored Activities and Athletics	104,115	6,364			104,115	6,364
Support Services						
Student and Instruction Related Services	2,134,715	2,368,627			2,134,715	2,368,627
General Administrative Services	491,188	529,766			491,188	529,766
School Administrative Services	375,446	428,383			375,446	428,383
Plant Operations and Maintenance	1,043,562	989,740			1,043,562	989,740
Pupil Transportation	220,108	128,940			220,108	128,940
Business Services	348,422	351,601			348,422	351,601
Food Service			10,959	-	10,959	-
Interest on Long-Term Debt	49,737	60,344	-	-	49,737	60,344
Total Expenses	<u>13,945,279</u>	<u>14,545,119</u>	<u>10,959</u>	<u>-</u>	<u>13,956,238</u>	<u>14,545,119</u>
Increase/(Decrease) in Net Position	\$ 1,103,586	\$ 1,006,336	\$ 128	\$ -	\$ 1,103,714	\$ 1,006,336
Net Position, Beginning of Year	<u>5,040,672</u>	<u>4,034,336</u>	<u>4,589</u>	<u>4,589</u>	<u>5,045,261</u>	<u>4,038,925</u>
Net Position, End of Year	<u>\$ 6,144,258</u>	<u>\$ 5,040,672</u>	<u>\$ 4,717</u>	<u>\$ 4,589</u>	<u>\$ 6,148,975</u>	<u>\$ 5,045,261</u>

Norwood Board of Education

Management's Discussion and Analysis (continued)

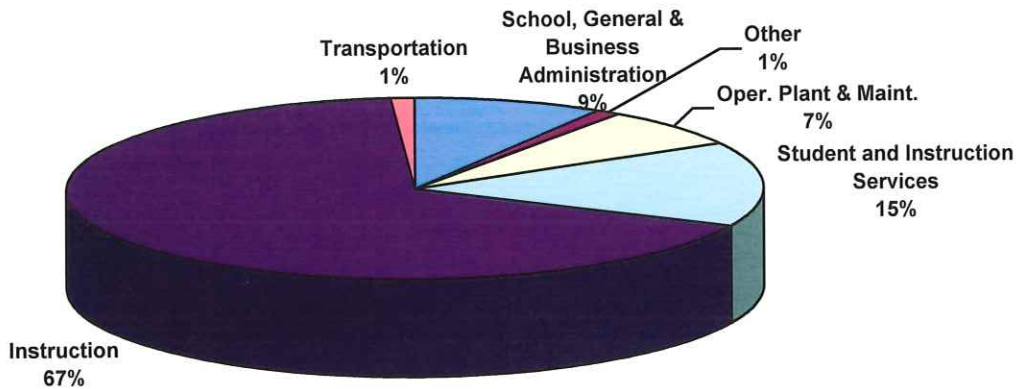
Governmental Activities. The District's total revenues were \$15,048,865. The local share of the revenues, that included property taxes, investment earnings, and miscellaneous revenue, amounted to \$11,425,726 or 76% of total revenues. Funding from state and federal sources amounted and charges for services to \$3,623,139 or 24%.

Revenues by Sources – Governmental Activities



Governmental expenses totaled \$13,945,279. The District's expenses are predominantly related to instruction and support services. Instruction totaled \$9,282,101 or (67%), student support services totaled \$4,613,441 or (33%) and Interest totaled \$49,737 or (less than 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, 2022 and 2021

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Governmental Activities				
Instruction				
Regular	\$ 5,253,968	\$ 5,675,557	\$ 4,023,026	\$ 3,846,252
Special Education	3,670,584	3,575,427	2,281,630	2,532,997
Other Instruction	253,434	430,370	191,068	276,787
School Sponsored Activities and Athletics	104,115	6,364	55,131	4,159
Support Services				
Student and Instruction Related Services	2,134,715	2,368,627	1,715,056	1,644,105
General Administrative Services	491,188	529,766	457,949	494,247
School Administrative Services	375,446	428,383	310,334	326,249
Plant Operations and Maintenance	1,043,562	989,740	762,890	853,879
Pupil Transportation	220,108	128,940	164,337	76,468
Business Services	348,422	351,601	310,982	315,622
Interest on Long-Term Debt	49,737	60,344	49,737	60,344
Total	<u>\$ 13,945,279</u>	<u>\$ 14,545,119</u>	<u>\$ 10,322,140</u>	<u>\$ 10,431,109</u>

Business-Type Activities

There was \$11,087 in revenues in Business Type Activities for charges of service along with \$10,959 in expenses resulting in a fund balance of \$4,717 as of June 30, 2022.

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 \$2,618,575. The previous year’s fund balance was \$2,429,787.

Norwood Board of Education

Management's Discussion and Analysis (continued)

Revenues for the District's governmental funds were \$15,345,966, while total expenditures were \$15,157,178.

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.

	Year Ended June 30, 2022	Year Ended June 30, 2021	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources:				
Property Taxes	\$ 10,858,796	\$ 10,645,878	\$ 212,918	2.00%
Rentals	299,356	282,970	16,386	100.00%
Tuition	69,000	39,000	30,000	76.92%
Investment Earnings	16,362	16,022	340	2.12%
Miscellaneous	64,427	80,809	(16,382)	-20.27%
Intergovernmental State Sources	<u>3,401,405</u>	<u>2,393,295</u>	<u>1,008,110</u>	42.12%
 Total Revenues	 <u>\$ 14,709,346</u>	 <u>\$ 13,457,974</u>	 <u>\$ 1,251,372</u>	 9.30%

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30, 2022	Year Ended June 30, 2021	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 9,112,890	\$ 8,274,596	\$ 838,294	10.13%
Undistributed Expenditures	4,696,550	4,298,899	397,651	9.25%
Capital Outlay	<u>478,693</u>	<u>491,430</u>	<u>(12,737)</u>	-2.59%
 Total Expenditures	 <u>\$ 14,288,133</u>	 <u>\$ 13,064,925</u>	 <u>\$ 1,223,208</u>	 9.36%

Total General Fund expenditures increased by \$1,223,208 or 9% from the previous year.

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 \$449,835 for the fiscal year ended June 30, 2022. Federal sources accounted for most of the Special Revenue Fund's revenue for the year. The remaining revenue was from local sources from student activity revenues and scholarship donations.

Total Special Revenue Fund revenues increased \$156,130 or 53% from the previous year mostly from Federal Sources.

Norwood Board of Education

Management's Discussion and Analysis (continued)

Expenditures of the Special Revenue Fund were \$466,245. Instructional expenditures were \$259,660 or 56%.

Capital Projects – There was interest earned of \$28 transferred to General Fund.

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, 2022 and 2021, the school district had invested in land, construction in progress, buildings and building improvements, furniture, machinery and equipment as follows:

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Land	\$ 68,171	\$ 68,171
Construction in Progress	642,804	-
Building and Building Improvements	13,533,643	13,533,643
Machinery and Equipment	<u>511,643</u>	<u>500,341</u>
 Total	 14,756,261	 14,102,155
 Less: Accumulated Depreciation	 <u>(7,565,091)</u>	 <u>(7,161,685)</u>
 Total	 <u>\$ 7,191,170</u>	 <u>\$ 6,940,470</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, 2022 and 2021 the school district had long-term debt and outstanding long-term liabilities in the amount of \$2,872,521 and \$3,562,256, respectively.

Outstanding Long-Term Liabilities

	<u>2022</u>	<u>2021</u>
Serial Bonds Payable	\$ 1,410,000	\$ 1,760,000
Net Pension Liability	1,297,725	1,654,292
Compensated Absences Payable	<u>164,796</u>	<u>147,964</u>
 Total	 <u>\$ 2,872,521</u>	 <u>\$ 3,562,256</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, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,595,593	\$ 4,717	\$ 2,600,310
Receivables, net			
Receivables from Other Governments	137,994		137,994
Capital Assets, Net			
Not Being Depreciated	710,975		710,975
Being Depreciated, Net	<u>6,480,195</u>	<u>-</u>	<u>6,480,195</u>
Total Assets	<u>9,924,757</u>	<u>4,717</u>	<u>9,929,474</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>169,461</u>	<u>-</u>	<u>169,461</u>
Total Deferred Outflows of Resources	<u>169,461</u>	<u>-</u>	<u>169,461</u>
Total Assets and Deferred Outflows of Resources	<u>10,094,218</u>	<u>4,717</u>	<u>10,098,935</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	49,266		49,266
Payroll Deductions & Withholdings Payable	65,746		65,746
Accrued Interest Payable	12,337		12,337
Noncurrent Liabilities			
Due within one year	345,000		345,000
Due beyond one year	<u>2,527,521</u>	<u>-</u>	<u>2,527,521</u>
Total Liabilities	<u>2,999,870</u>	<u>-</u>	<u>2,999,870</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>950,090</u>	<u>-</u>	<u>950,090</u>
Total Deferred Inflows of Resources	<u>950,090</u>	<u>-</u>	<u>950,090</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,949,960</u>	<u>-</u>	<u>3,949,960</u>
NET POSITION			
Net Investment in Capital Assets	5,781,170		5,781,170
Restricted for			
Capital Projects	1,287,441		1,287,441
Other	200,351		200,351
Unrestricted	<u>(1,124,704)</u>	<u>4,717</u>	<u>(1,119,987)</u>
Total Net Position	<u>\$ 6,144,258</u>	<u>\$ 4,717</u>	<u>\$ 6,148,975</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, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Instruction							
Regular	\$ 5,253,968	\$ 69,000	\$ 1,161,942		\$ (4,023,026)		\$ (4,023,026)
Special Education	3,670,584		1,388,954		(2,281,630)		(2,281,630)
Other Instruction	253,434		62,366		(191,068)		(191,068)
School Sponsored Activities and Athletics	104,115		48,984		(55,131)		(55,131)
Support Services							
Student and Instruction Related Services	2,134,715		419,659		(1,715,056)		(1,715,056)
General Administrative Services	491,188		33,239		(457,949)		(457,949)
School Administrative Services	375,446		65,112		(310,334)		(310,334)
Plant Operations and Maintenance	1,043,562		280,672		(762,890)		(762,890)
Pupil Transportation	220,108		55,771		(164,337)		(164,337)
Business Services	348,422		37,440		(310,982)		(310,982)
Interest on Long Term Debt	49,737		-		(49,737)		(49,737)
Total Governmental Activities	13,945,279	69,000	3,554,139	-	(10,322,140)	-	(10,322,140)
Business-Type Activities							
Food Service - Non Major	10,959	\$ 11,087	-	-	-	\$ 128	128
Total Business-Type Activities	10,959	11,087	-	-	-	128	128
Total Primary Government	\$ 13,956,238	\$ 80,087	\$ 3,554,139	\$ -	(10,322,140)	128	(10,322,012)
General Revenues							
Property Taxes					10,858,796		10,858,796
Levied for General Purposes					186,757		186,757
Levied for Debt Service					16,390		16,390
Investment Earnings					299,356		299,356
Rentals					64,427		64,427
Miscellaneous Income					-		-
Total General Revenues					11,425,726	-	11,425,726
Change in Net Position					1,103,586	128	1,103,714
Net Position, Beginning of Year					5,040,672	4,589	5,045,261
Net Position, End of Year					\$ 6,144,258	\$ 4,717	\$ 6,148,975

FUND FINANCIAL STATEMENTS

**NORWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,526,494	\$ 63,400	\$ 5,699		\$ 2,595,593
Receivables					
Intergovernmental	19,670	118,324			137,994
Due from Other Funds	<u>126,045</u>	<u>-</u>	<u>-</u>	\$ -	<u>126,045</u>
Total Assets	<u>\$ 2,672,209</u>	<u>\$ 181,724</u>	<u>\$ 5,699</u>	<u>\$ -</u>	<u>\$ 2,859,632</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 31,757	\$ 8,718			\$ 40,475
Due to Other Funds		120,346	\$ 5,699		126,045
Deferred Revenues		8,791			8,791
Payroll Deductions & Withholdings	<u>65,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,746</u>
Total Liabilities	<u>97,503</u>	<u>137,855</u>	<u>5,699</u>	<u>-</u>	<u>241,057</u>
Fund Balances					
Restricted					
Capital Reserve	1,287,441				1,287,441
Unemployment Compensation	156,482				156,482
Scholarships		2,304			2,304
Student Activities		41,565			41,565
Excess Surplus	150,000				150,000
Excess Surplus - Designated for Subsequent Year's Budget	205,993				205,993
Assigned					
Year-End Encumbrances	135,106				135,106
Designated for Subsequent Year's Budget	306,776				306,776
Unassigned, Reported in General Fund	<u>332,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,908</u>
Total Fund Balances	<u>2,574,706</u>	<u>43,869</u>	<u>-</u>	<u>-</u>	<u>2,618,575</u>
Total Liabilities and Fund Balances	<u>\$ 2,672,209</u>	<u>\$ 181,724</u>	<u>\$ 5,699</u>	<u>\$ -</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 \$14,756,261 and the accumulated depreciation is \$7,565,091. 7,191,170

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (12,337)

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	\$	(950,090)
Deferred Outflows of Resources		
Net Pension Liability		<u>169,461</u>
		(780,629)

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	\$	(1,410,000)
Net Pension Liability		(1,297,725)
Compensated Absences		<u>(164,796)</u>
		<u>(2,872,521)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ 6,144,258

**NORWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 10,858,796			\$ 186,757	\$ 11,045,553
Rentals	299,356				299,356
Tuition	69,000				69,000
Interest	7,528		\$ 28		7,556
Interest - Capital Reserve	8,834				8,834
Miscellaneous	64,427	\$ 44,389	-	-	108,816
Total - Local Sources	11,307,941	44,389	28	186,757	11,539,115
State Sources	3,401,405				3,401,405
Federal Sources	-	405,446	-	-	405,446
Total Revenues	14,709,346	449,835	28	186,757	15,345,966
EXPENDITURES					
Current					
Regular Instruction	5,207,007	41,698			5,248,705
Special Education Instruction	3,589,792	157,163			3,746,955
Other Instruction	271,454				271,454
School-Sponsored Activities and Athletics	44,637	60,799			105,436
Support Services					
Student and Instruction Related Services	2,204,645	31,172			2,235,817
General Administrative Services	471,557				471,557
School Administrative Services	386,659				386,659
Plant Operations and Maintenance	1,054,389				1,054,389
Pupil Transportation	220,108				220,108
Business Services / Central Services	359,192				359,192
Debt Service					
Principal				350,000	350,000
Interest and Other Charges				52,800	52,800
Capital Outlay	478,693	175,413	-	-	654,106
Total Expenditures	14,288,133	466,245	-	402,800	15,157,178
Excess (Deficiency) of Revenues Over Expenditures	421,213	(16,410)	28	(216,043)	188,788
OTHER FINANCING SOURCES (USES)					
Transfers In	28	-		-	28
Transfers Out	-	-	(28)	-	(28)
Total Other Financing Sources and Uses	28	-	(28)	-	-
Net Change in Fund Balances	421,241	(16,410)	-	(216,043)	188,788
Fund Balance, Beginning of Year	2,153,465	60,279	-	216,043	2,429,787
Fund Balance, End of Year	\$ 2,574,706	\$ 43,869	\$ -	\$ -	\$ 2,618,575

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, 2022**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 188,788

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	\$ 654,106	
Depreciation Expense	<u>(403,406)</u>	
		250,700

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	\$ 327,867	
Net Increase in Compensated Absences	<u>(16,832)</u>	
		311,035

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>
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Change in net position of governmental activities (Exhibit A-2) **\$ 1,103,586**

**NORWOOD BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2022**

	Food Service Enterprise Fund Totals <u>Non-Major</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ <u>4,717</u>
Total Current Assets	<u>4,717</u>
Capital Assets	
Equipment	846
Less: Accumulated Depreciation	<u>(846)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>4,717</u>
 NET POSITION	
Unrestricted	<u>4,717</u>
Total Net Position	<u>\$ 4,717</u>

**NORWOOD BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Food Service Enterprise Fund Totals <u>Non-Major</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	11,087
OPERATING EXPENSES	
Cost of Sales	10,959
	128
Operating Income	128
Change in Net Position	128
Net Position, Beginning of Year	\$ 4,589
Net Position, End of Year	\$ 4,717

**NORWOOD BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Food Service Enterprise Fund Totals <u>Non-Major</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	11,087
Cash Payments to Suppliers for Goods and Services	<u>(10,959)</u>
Net Cash Provided by Operating Activities	<u>128</u>
Cash and Cash Equivalents, Beginning of Year	\$ <u>4,589</u>
Cash and Cash Equivalents, End of Year	\$ <u>4,717</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ <u>128</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	<u>-</u>
Net Cash Provided by Operating Activities	\$ <u>128</u>

NOTES TO THE FINANCIAL STATEMENTS

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 of Schools is appointed by the Board and is responsible for the administrative control of the District. A School 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 of Schools is the Chief Administrative Officer of the District who is responsible for planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools 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

During fiscal year 2022, the District adopted the following GASB statements:

- GASB Statement No. 87, *Leases*. 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 Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. 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.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 92, *Omnibus 2020*. 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 Statement 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 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.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

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

- GASB Statement 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 Statement No. 99, *Omnibus 2022*, the section applicable to the District will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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. Currently the District has no fiduciary funds.

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 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, 2022

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 student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

The *capital projects fund* accounts for the proceeds from the sale of bonds, financing agreements 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.

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.

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 financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations 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.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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, acquisitions under financing agreements and leases payable for intangible right-to-use leased assets 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.

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.

**NORWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Assets (Continued)

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.

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.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences 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.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

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.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that is required to be appropriated in the 2023/2024 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that was appropriated in the 2022/2023 original budget certified for taxes.

Unemployment Compensation – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method).

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Scholarship Awards – This restriction was created to represent the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

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 2022/2023 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 (special revenue, 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.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Board of Education 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 District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district 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 Board of Education 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.

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 1st 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 2021-2022 and 2022-2023 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, 2022**

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. 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 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$318,717. The increase was funded by grant awards, student activity revenues, scholarship donations 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, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021		\$ 1,395,016
Increased by		
Interest Earnings	\$ 8,834	
Unexpended Balances From Capital Outlay	130,517	
Deposits Approved by Board Resolution	<u>476,875</u>	
Total Increases		<u>616,226</u>
Decreased by:		
Withdrawals Approved in District Budget	<u>\$ 723,801</u>	
Total Decreases		<u>723,801</u>
Balance, June 30, 2022		<u>\$ 1,287,441</u>

The June 30, 2022 LRFP 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 4% 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, 2022 is \$355,993. Of this amount \$205,993 was designated and appropriated in the 2022/2023 original budget certified for taxes and remaining amount of \$150,000 will be appropriated in the 2023/2024 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, 2022**

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, 2022, the book value of the Board's deposits were \$2,600,310 and bank and brokerage firm balances of the Board's deposits amounted to \$3,057,654. 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	\$ 2,465,252
Uninsured and Collateral held by pledging financial institution's trust department but not in the Board's Name	<u>592,402</u>
	<u>\$ 3,057,654</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, 2022 \$592,402 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, 2022, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. 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, 2022 for the district’s individual major funds and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental-			
Federal		\$ 118,324	\$ 118,324
State	\$ 19,670	-	19,670
	19,670	118,324	137,994
Gross Receivables			
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 19,670</u>	<u>\$ 118,324</u>	<u>\$ 137,994</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Grant Draw Downs Reserved for Encumbrances	\$ <u>8,791</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>8,791</u>

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	<u>Balance, July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2022</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 68,171			\$ 68,171
Construction in Progress	-	642,804	-	642,804
Total Capital Assets, Not Being Depreciated	<u>68,171</u>	<u>642,804</u>	<u>-</u>	<u>710,975</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	13,533,643			13,533,643
Machinery and Equipment	500,341	11,302	-	511,643
Total Capital Assets Being Depreciated	<u>14,033,984</u>	<u>11,302</u>	<u>-</u>	<u>14,045,286</u>
Less Accumulated Depreciation for:				
Buildings	(6,726,349)	(339,826)		(7,066,175)
Machinery and Equipment	(435,336)	(63,580)	-	(498,916)
Total Accumulated Depreciation	<u>(7,161,685)</u>	<u>(403,406)</u>	<u>-</u>	<u>(7,565,091)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,872,299</u>	<u>(392,104)</u>	<u>-</u>	<u>6,480,195</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,940,470</u>	<u>\$ 250,700</u>	<u>\$ -</u>	<u>\$ 7,191,170</u>
	<u>Balance, July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2022</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 846	-	-	\$ 846
Total Capital Assets Being Depreciated	<u>846</u>	<u>-</u>	<u>-</u>	<u>846</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(846)	-	-	(846)
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, 2022**

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		\$ 328,937
Special Education		<u>19,171</u>
Total Instruction		<u>348,108</u>
Support Services		
Student and Instruction Related Services		11,100
General Administrative Services		29,192
School Administrative Services		7,578
Plant Operations and Maintenance		<u>7,428</u>
Total Support Services		<u>55,298</u>
Total Governmental Funds		<u>403,406</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 403,406</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 120,346
General Fund	Capital Projects Fund	<u>5,699</u>
Total		<u>\$ 126,045</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.

**NORWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers

	<u>Transfer In:</u>	
		<u>General</u>
Transfer Out:		
Capital Projects Fund	\$	<u>28</u>
 Total Transfers	 \$	 <u>28</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, 2022 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>\$1,410,000</u>
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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>	
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>\$ 1,410,000</u>	 <u>\$ 106,350</u>	 <u>\$ 1,516,350</u>

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2022 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 39,413,481
Less: Net Debt	<u>1,410,000</u>
Remaining Borrowing Power	<u>\$ 38,003,481</u>

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	Balance, July 1, 2021	Additions	Reductions	Balance, June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 1,760,000	\$ -	\$ (350,000)	\$ 1,410,000	\$ 345,000
Total Bonds Payable	1,760,000	-	(350,000)	1,410,000	345,000
Compensated Absences	147,964	16,832	-	164,796	
Net Pension Liability	1,654,292	-	(356,567)	1,297,725	-
Governmental Activity Long-Term Liabilities	<u>\$ 3,562,256</u>	<u>\$ 16,832</u>	<u>\$ (706,567)</u>	<u>\$ 2,872,521</u>	<u>\$ 345,000</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 Annual Comprehensive 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, 2022**

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, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	None	\$ 28,120	\$ 694	\$ 213	\$ 156,482
2021	None	28,296	577	9,981	127,881
2020	None	19,280		14,237	108,989

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, 2022, 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, 2022, 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, 2022**

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) Annual Comprehensive Financial Report (ACFR) which can be found at 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 1/55th 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 1/60th 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) Annual Comprehensive Financial Report (ACFR) which can be found at 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, 2022**

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 1/55th 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 1/60th 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 or TPAF 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 or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments 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.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

**NORWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2021 is \$12.0 billion and the plan fiduciary net position as a percentage of the total pension liability is 70.33%. The collective net pension liability of the State funded TPAF at June 30, 2021 is \$48.2 billion and the plan fiduciary net position as a percentage of total pension liability is 35.52%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 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 2022.

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, 2022 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 local 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 2022, 2021 and 2020 were equal to the required contributions.

During the fiscal years ended June 30, 2022, 2021 and 2020 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>
2022	\$ 128,876	\$ 1,673,278	\$ 16,060
2021	110,959	1,182,285	16,711
2020	101,434	903,390	299

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2022, 2021 and 2020 the District contributed \$0, \$0 and \$289, respectively for PERS and the State contributed \$736, \$742 and \$847, 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 \$337,980 during the fiscal year ended June 30, 2022 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, 2020 through June 30, 2021. 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, 2021 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022, the District reported in the statement of net position (accrual basis) a liability of \$1,297,725 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the District's proportionate share was 0.01095 percent, which was an increase of 0.00081 percent from its proportionate share measured as of June 30, 2020 of 0.01014 percent.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$199,577 for PERS. The pension contribution made by the District during the current 2021/2022 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, 2022 with a measurement date of the prior fiscal year end of June 30, 2020. 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, 2022 for contributions made subsequent to the measurement date. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 20,467	\$ 9,290
Changes of Assumptions	6,759	461,999
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		341,855
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>142,235</u>	<u>136,946</u>
Total	<u>\$ 169,461</u>	<u>\$ 950,090</u>

At June 30, 2022, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2022	\$ (286,036)
2023	(244,190)
2024	(175,399)
2025	(80,273)
2026	5,269
Thereafter	<u>-</u>
	<u>\$ (780,629)</u>

**NORWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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 Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022**

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, 2021 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**NORWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>1,767,238</u>	\$ <u>1,297,725</u>	\$ <u>899,276</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2021. A sensitivity analysis specific to the District's net pension liability at June 30, 2021 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS 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.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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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, 2020 through June 30, 2021. 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, 2021, 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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$451,503 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, 2022 the State's proportionate share of the net pension liability attributable to the District is \$19,188,042. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the State's share of the net pension liability attributable to the District was 0.03991 percent, which was a decrease of 0.00055 percent from its proportionate share measured as of June 30, 2020 of 0.04046 percent.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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 Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 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
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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, 2021) 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**NORWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

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 7.00%, 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 (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 22,702,659	\$ 19,188,042	\$ 16,235,985

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, 2021. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2021 was not provided by the pension system.

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.

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 a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified 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 multiple-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.

**NORWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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. 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.

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2020:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>149,304</u>
Total	<u>366,108</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plan is 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 plan. 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.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2021 is \$60.0 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, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the June 30, 2020 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 \$1.23 billion to the OPEB plan in fiscal year 2021.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an 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. 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, 2022, 2021 and 2020 were \$390,945, \$370,510 and \$335,141, 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, 2020 through June 30, 2021. 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.

**NORWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,315,619. 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, 2022 the State’s proportionate share of the OPEB liability attributable to the District is \$22,563,214. 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, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, 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, 2020 of 0.04 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
Salary Increases*	<u>PERS</u>	<u>TPAF</u>
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.55% to 4.45%
Rate Thereafter	3.00% to 7.00%	2.75% to 5.65%

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

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

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, 2022 (measurement date June 30, 2021) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2020 Measurement Date	\$ 25,081,115
Changes Recognized for the Fiscal Year:	
Service Cost	1,183,450
Interest on the Total OPEB Liability	585,314
Changes in Benefit Terms	(24,016)
Differences Between Expected and Actual Experience	(3,838,810)
Changes of Assumptions	22,260
Gross Benefit Payments	(461,063)
Contributions from the Member	14,964
Net Investment Income	
Net Changes	<u>\$ (2,517,901)</u>
Balance, June 30, 2021 Measurement Date	<u>\$ 22,563,214</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% percent in 2020 to 2.16% percent in 2021.

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, 2021.

**NORWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 2.16%, 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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 27,027,188</u>	<u>\$ 22,563,214</u>	<u>\$ 19,048,102</u>

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 18,264,995</u>	<u>\$ 22,563,214</u>	<u>\$ 28,335,404</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021 were not provided by the pension system.

**NORWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS

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 has been 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. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

In the State, 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 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. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that day by the Governor. The Board expects ongoing actions 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 may continue to negatively affect economic growth and financial markets worldwide. These negative impacts could reduce or negatively affect property values within the School District.

Since the pandemic began, the federal government had enacted rescue legislation to address the pandemic and alleviate its economic and health effects, including significant support for education. The legislation includes various forms of financial relief including direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. Federal aid for public education has been provided under three 5 separate laws: The Coronavirus Aid, Relief, and Economic Security Act in March 2020 (CARES Act), and the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020 (CRRSA) and the American Rescue Plan Act in March 2021 (ARP). The Elementary and Secondary School Emergency Relief (ESSER) Fund is the main source of funding for public elementary and secondary education under each law. The School District has been awarded up to \$887,733 to address certain expenses incurred as a result of the pandemic. Because of the evolving nature of the outbreak and federal, state and local responses, the Board cannot predict how the outbreak will impact the financial condition or operations of the Board, 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 School District 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 its facilities either before or after an outbreak of an infectious disease. To date the School District has not been materially and adversely affected financially due to the virus.

BUDGETARY COMPARISON SCHEDULES

**NORWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 10,858,796	-	\$ 10,858,796	\$ 10,858,796	
Interest	5,749	-	5,749	7,528	\$ 1,779
Interest on Capital Reserve	9,711	-	9,711	8,834	(877)
Rentals	282,000	-	282,000	299,356	17,356
Tuition	-	-	-	69,000	69,000
Miscellaneous	45,000	-	45,000	64,427	19,427
Total Local Sources	<u>11,201,256</u>	<u>-</u>	<u>11,201,256</u>	<u>11,307,941</u>	<u>106,685</u>
State Sources					
Categorical Special Education Aid	499,399	-	499,399	499,399	-
Transportation Aid	52,474	-	52,474	52,474	-
Categorical Security Aid	41,806	-	41,806	41,806	-
Extraordinary Aid	87,299	-	87,299	713,679	626,380
Additional Non-Public Transportation Aid	-	-	-	3,310	3,310
On-behalf TPAF Pension Payments (Non-Budget) - Pension	-	-	-	1,649,999	1,649,999
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium	-	-	-	23,279	23,279
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.	-	-	-	390,945	390,945
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.	-	-	-	736	736
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	337,980	337,980
Total State Sources	<u>680,978</u>	<u>-</u>	<u>680,978</u>	<u>3,713,607</u>	<u>3,032,629</u>
Total Revenues	<u>11,882,234</u>	<u>-</u>	<u>11,882,234</u>	<u>15,021,548</u>	<u>3,139,314</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	-	-	-	-	-
Kindergarten	392,157	15,253	407,410	402,664	4,746
Grades 1-5	1,429,746	13,400	1,443,146	1,438,815	4,331
Grades 6-8	922,223	65,000	987,223	976,495	10,728
Regular Program - Home Instruction	-	-	-	-	-
Salaries of Teachers	2,500	-	2,500	-	2,500
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	96,664	(55,262)	41,402	39,571	1,831
Purchased Professional/Educational Services	6,400	(325)	6,075	-	6,075
Other Purchased Services	-	9,116	9,116	325	8,791
General Supplies	267,197	125,912	393,109	303,846	89,263
Textbooks	67,650	(30,240)	37,410	18,651	18,759
Total Regular Programs	<u>3,184,537</u>	<u>142,854</u>	<u>3,327,391</u>	<u>3,180,367</u>	<u>147,024</u>

**NORWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 125,731	\$ (7,940)	\$ 117,791	\$ 117,596	\$ 195
Other Salaries for Instruction	430,496	(63,835)	366,661	363,333	3,328
General Supplies	2,000	-	2,000	1,953	47
Total Learning and/or Language Disabilities	<u>558,227</u>	<u>(71,775)</u>	<u>486,452</u>	<u>482,882</u>	<u>3,570</u>
Resource Room					
Salaries of Teachers	519,821	67,279	587,100	587,061	39
Other Salaries for Instruction	-	-	-	-	-
General Supplies	1,000	-	1,000	897	103
Total Resource Room	<u>520,821</u>	<u>67,279</u>	<u>588,100</u>	<u>587,958</u>	<u>142</u>
Total Special Education	<u>1,079,048</u>	<u>(4,496)</u>	<u>1,074,552</u>	<u>1,070,840</u>	<u>3,712</u>
Basic Skills/Remedial					
Salaries of Teachers	163,402	(57,698)	105,704	99,616	6,088
General Supplies	1,000	500	1,500	1,124	376
Total Basic Skills/Remedial	<u>164,402</u>	<u>(57,198)</u>	<u>107,204</u>	<u>100,740</u>	<u>6,464</u>
Bilingual Education					
Salaries of Teachers	67,914	(9,705)	58,209	58,066	143
General Supplies	-	50	50	22	28
Total Bilingual Education	<u>67,914</u>	<u>(9,655)</u>	<u>58,259</u>	<u>58,088</u>	<u>171</u>
School Sponsored Cocurricular Activities					
Salaries	40,000	(3,991)	36,009	31,990	4,019
Other Objects	7,000	-	7,000	1,455	5,545
Total School Sponsored Cocurricular Activities	<u>47,000</u>	<u>(3,991)</u>	<u>43,009</u>	<u>33,445</u>	<u>9,564</u>
Total Instruction	<u>4,542,901</u>	<u>67,514</u>	<u>4,610,415</u>	<u>4,443,480</u>	<u>166,935</u>

**NORWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	\$ 1,693,000	\$ 32,300	\$ 1,725,300	\$ 1,655,803	\$ 69,497
Tuition to Priv. Sch. for the Handicap Within the State	315,000	(80,000)	235,000	232,504	2,496
Total Undistributed Expenditures - Instruction	<u>2,008,000</u>	<u>(47,700)</u>	<u>1,960,300</u>	<u>1,888,307</u>	<u>71,993</u>
Attendance and Social Work Services					
Purchased Prof. and Tech. Services	13,000	-	13,000	-	13,000
Total Attendance and Social Work Services	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>
Health Services					
Salaries	123,993	11,005	134,998	134,027	971
Purchased Professional and Technical Services	93,400	(92,448)	952	897	55
Supplies and Materials	4,000	(840)	3,160	966	2,194
Total Health Services	<u>221,393</u>	<u>(82,283)</u>	<u>139,110</u>	<u>135,890</u>	<u>3,220</u>
Other Support Serv. Students - Related Serv.					
Salaries	185,507	4,631	190,138	190,137	1
Purchased Professional - Educational Services	112,000	22,595	134,595	132,730	1,865
Supplies and Materials	1,200	(890)	310	303	7
Total Other Support Serv. Students - Related Serv.	<u>298,707</u>	<u>26,336</u>	<u>325,043</u>	<u>323,170</u>	<u>1,873</u>
Other Support Serv. Students - Extra. Serv.					
Supplies and Materials	-	2,150	2,150	706	1,444
Purchased Professional - Educational Services	23,500	62,306	85,806	62,317	23,489
Total Other Support Serv. Students - Extra. Serv.	<u>23,500</u>	<u>64,456</u>	<u>87,956</u>	<u>63,023</u>	<u>24,933</u>
Guidance					
Salaries of Other Professional Staff	152,878	2,279	155,157	155,157	-
Supplies and Materials	400	-	400	13	387
Total Guidance	<u>153,278</u>	<u>2,279</u>	<u>155,557</u>	<u>155,170</u>	<u>387</u>

**NORWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures					
Child Study Teams					
Salaries of Other Professional Staff	\$ 367,808	\$ (34,647)	\$ 333,161	\$ 320,847	\$ 12,314
Salaries of Secretarial and Clerical Assistants	45,917	2,725	48,642	48,642	-
Purchased Professional - Educational Services	59,000	3,789	62,789	61,879	910
Travel	150	(100)	50	50	50
Supplies and Materials	2,300	3,650	5,950	5,406	544
Total Child Study Teams	475,175	(24,583)	450,592	436,774	13,818
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	107,159	525	107,684	107,682	2
Purchased Professional/Educational Services	36,500	(1,394)	35,106	33,806	1,300
Total Improvement of Instructional Services	143,659	(869)	142,790	141,488	1,302
Educational Media Serv./School Library					
Salaries	116,536	270	116,806	116,206	600
Salaries of Technology Coordinator	69,055	2,137	71,192	71,192	-
Supplies and Materials	14,700	1,472	16,172	7,056	9,116
Other Objects	2,250	-	2,250	1,896	354
Total Educational Media Serv./School Library	202,541	3,879	206,420	196,350	10,070
Instructional Staff Training Services					
Other purchased prof. and tech. services	20,000	8,734	28,734	28,733	1
Other purchased services	-	-	-	-	-
Travel - All other	1,600	(100)	1,500	-	1,500
Purchased Professional/Educational Services	-	140	140	44	96
Total Staff Training Services	21,600	8,774	30,374	28,777	1,597
Support Services General Administration					
Salaries	235,563	(4,155)	231,408	231,405	3
Unused Vac. Payment to terminated/Retired staff	5,000	(5,000)	-	-	-
Legal Services	50,000	39,400	89,400	68,273	21,127
Audit Fees	22,800	500	23,300	23,000	300
Architectural/Engineering	3,000	(1,500)	1,500	-	1,500
Other Purchased Professional Services	18,375	(3,000)	15,375	9,747	5,628
Communications/Telephone	18,000	-	18,000	11,421	6,579
BOE Other Purchased Services	11,000	-	11,000	8,847	2,153
Misc. Purchased Services	13,000	4,500	17,500	14,743	2,757
BOE In-House Training/Meeting Supplies	-	-	-	-	-
Miscellaneous dues and fees	20,850	-	20,850	14,583	6,267
Total Support Services General Administration	397,588	30,745	428,333	382,019	46,314

**NORWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	\$ 125,063	\$ (5,948)	\$ 119,115	\$ 119,115	\$ -
Salaries of Secretarial and Clerical Assistants	124,802	515	125,317	125,317	-
Supplies and Materials	7,100	4,000	11,100	9,410	1,690
Other Objects	8,000	(2,000)	6,000	3,964	2,036
	<u>264,965</u>	<u>(3,433)</u>	<u>261,532</u>	<u>257,806</u>	<u>3,726</u>
Total Support Services School Administration					
Undistributed Expenditures - Business Office					
Salaries	242,928	17,726	260,654	260,653	1
Purchased Technical Services	3,500	700	4,200	4,200	-
Miscellaneous Purchased Services	500	-	500	-	500
Supplies and Materials	1,500	-	1,500	1,211	289
Miscellaneous Expenditures	2,000	-	2,000.00	1,933	67.00
	<u>250,428</u>	<u>18,426</u>	<u>268,854</u>	<u>267,997</u>	<u>857</u>
Total Undistributed Expenditures - Business Office					
Custodial Services					
Salaries	168,809	36,828	205,637	199,942	5,695
Unused vac. Payment to term./Ret. staff	-	-	-	-	-
Maintenance services	7,700	1,471	9,171	8,753	418
Other Employee Benefit	35,000	(29,000)	6,000	3,898	2,102
Other Purchased Property Services	12,000	2,500	14,500	13,845	655
Insurance	107,150	22,046	129,196	129,196	-
Misc. Purchased Services	14,000	(7,500)	6,500	5,755	745
Energy (Natural Gas)	40,000	17,500	57,500	52,780	4,720
Energy (Electricity)	85,000	6,100	91,100	89,644	1,456
General Supplies	74,500	8,794	83,294	78,567	4,727
Other Objects	500	-	500	450	50
	<u>544,659</u>	<u>58,739</u>	<u>603,398</u>	<u>582,830</u>	<u>20,568</u>
Total Custodial Services					
Required Maintenance for School Facilities					
Salaries	280,803	(35,000)	245,803	241,866	3,937
Other Employee Benefits	-	-	-	-	-
Cleaning, Repair and Maintenance	15,735	1,040	16,775	9,958	6,817
Maintenance Supplies	51,500	(24,884)	26,616	20,575	6,041
Lead Testing	-	-	-	-	-
General Supplies	22,500	(8,785)	13,715	9,099	4,616
Other Objects	-	-	-	-	-
	<u>370,538</u>	<u>(67,629)</u>	<u>302,909</u>	<u>281,498</u>	<u>21,411</u>
Total Required Maintenance for School Fac.					
Grounds Repair and Maintenance					
Cleaning, Repair and Maintenance	33,500	24,875	58,375	35,486	22,889
	<u>33,500</u>	<u>24,875</u>	<u>58,375</u>	<u>35,486</u>	<u>22,889</u>
Total Grounds Repair and Maintenance					

**NORWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Student Transportation Services					
Transportation - Aid in Lieu	\$ 13,000	\$ -	\$ 13,000	12,094	\$ 906
Contracted Serv.-(Bet.Home and Sch)-Vendors	32,000	-	32,000	31,639	361
Contracted Serv.-(Other thanBet.Home and Sch)-Vendors	14,100	8,000	22,100	16,661	5,439
Contracted Serv.-(Bet.Home and Sch)-Joint Agree	25,000	(19,500)	5,500		5,500
Contracted Serv.-(SP Ed students)-Joint Agree	<u>140,000</u>	<u>19,875</u>	<u>159,875</u>	<u>159,714</u>	<u>161</u>
 Total Staff Training Services	 <u>224,100</u>	 <u>8,375</u>	 <u>232,475</u>	 <u>220,108</u>	 <u>12,367</u>
 Unallocated Benefits - Employee Benefits					
Group Insurance	13,500	(11,815)	1,685	132	1,553
Social Security Contributions	112,000	25,000	137,000	136,881	119
Other Retirement Contribution - DCRP	10,000	6,173	16,173	16,060	113
Other Retirement Contribution - PERS	115,000	13,876	128,876	128,876	-
Workmen's Compensation	38,000	13,833	51,833	51,833	-
Health Benefits	1,419,158	(111,144)	1,308,014	1,190,177	117,837
Tuition Reimbursement	27,000	-	27,000	2,429	24,571
Other Employee Benefits	<u>2,750</u>	<u>29,091</u>	<u>31,841</u>	<u>31,364</u>	<u>477</u>
 Total Unallocated Benefits - Employee Benefits	 <u>1,737,408</u>	 <u>(34,986)</u>	 <u>1,702,422</u>	 <u>1,557,752</u>	 <u>144,670</u>
 Food Services					
Other Objects	-	-	-	-	-
 Total Undistributed Expenditures - Food Services	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Non-Budget					
On-behalf TPAF Pension Payments (Non-Budget) - Pension				1,649,999	(1,649,999)
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				23,279	(23,279)
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				390,945	(390,945)
On-behalf TPAF Pension Payments (Non-Budget) - Long-Term Disability Ins.				736	(736)
On-behalf TPAF Social Security Payments (Non-Budget)	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,980</u>	<u>(337,980)</u>
 Total On-Behalf TPAF	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>2,402,939</u>	 <u>(2,402,939)</u>
 Total Undistributed Expenditures	 <u>7,384,039</u>	 <u>(14,599)</u>	 <u>7,369,440</u>	 <u>9,357,384</u>	 <u>(1,987,944)</u>
 Total Current Expenditures	 <u>11,926,940</u>	 <u>52,915</u>	 <u>11,979,855</u>	 <u>13,800,864</u>	 <u>(1,821,009)</u>

NORWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY					
Increase in Capital Reserve			-		-
Interest Deposit to Capital Reserve	\$ -	\$ -	-	-	-
	-	-	-	-	-
Total Capital Reserve					
Equipment					
Undistributed Expenditures - Instruction		14,913	14,913	11,302	3,611
	-	14,913	14,913	11,302	3,611
Total Equipment					
Facilities Acquisition and Construction Services					
Architectural/Engineering services		19,750	\$ 19,750	\$ 17,775	\$ 1,975
Construction Services	723,220	(16,665)	706,555	449,616	256,939
Other Objects (Debt Service Assessment)	8,576	4,000	12,576	8,576	4,000
Total Facilities Acquisition and Construction Services	731,796	7,085	738,881	475,967	262,914
Total Capital Outlay	731,796	21,998	753,794	487,269	266,525
Total Expenditures	12,658,736	74,913	12,733,649	14,288,133	(1,554,484)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(776,502)	(74,913)	(851,415)	733,415	1,584,830
Other Financing Sources (Uses)					
Transfers from Other Funds	-	-	-	28	28
Total Other Financing Sources (Uses)	-	-	-	28	28
Excess (Deficiency) of Revenues and Other Financing sources Over/(Under) Expenditures and Other Financing Uses	(776,502)	(74,913)	(851,415)	733,443	1,584,858
Fund Balance, Beginning of Year	2,613,453	-	2,613,453	2,613,453	-
Fund Balance, End of Year	\$ 1,836,951	\$ (74,913)	\$ 1,762,038	\$ 3,346,896	\$ 1,584,858
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 1,287,441	
Excess Surplus				150,000	
Excess Surplus - Designated for Subsequent Years Budget				205,993	
Unemployment Compensation				156,482	
Assigned					
Year-End Encumbrances				135,106	
Designated for Subsequent Years Budget				306,776	
Unassigned (Budgetary Basis)				1,105,098	
				3,346,896	
Less: Final State Aid Payments Not Recognized on GAAP Basis				(772,190)	
Fund Balance Per Governmental Funds (GAAP Basis)				\$ 2,574,706	

**NORWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 242,246	\$ 233,804	\$ 476,050	\$ 414,236	\$ (61,814)
Local	60,000	10,000	70,000	44,389	(25,611)
Total Revenues	<u>302,246</u>	<u>243,804</u>	<u>546,050</u>	<u>458,625</u>	<u>(87,425)</u>
EXPENDITURES					
Instruction					
Salaries	\$ 55,529	\$ (21,893)	\$ 33,636	\$ 22,445	\$ 11,191
Purchased Professional/Technical Services		6,250	6,250	2,450	3,800
Tuition	151,402	34,008	185,410	157,163	28,247
General Supplies	15,434	3,365	18,799	8,085	10,714
Student Activities	60,000	10,000	70,000	60,549	9,451
Scholarships Awarded (Non-Budget)	-	-	-	250	(250)
Total Instruction	<u>282,365</u>	<u>31,730</u>	<u>314,095</u>	<u>250,942</u>	<u>63,153</u>
Support Services					
Personnel Services - Employee Benefits	-	9,179	9,179	8,718	461
Purchased Professional/Educational Services	8,354	22,719	31,073	24,823	6,250
Other Purchased Professional Service	11,527	(6,527)	5,000	4,124	876
General Supplies	-	2,500	2,500	2,225	275
Total Support Services	<u>19,881</u>	<u>27,871</u>	<u>47,752</u>	<u>39,890</u>	<u>7,862</u>
Facilities Acquisitions & Construction					
Instructional Equipment	-	184,203	184,203	184,203	-
Total Facilities Acquisitions & Construction	<u>-</u>	<u>184,203</u>	<u>184,203</u>	<u>184,203</u>	<u>-</u>
Total Expenditures	<u>302,246</u>	<u>243,804</u>	<u>546,050</u>	<u>475,035</u>	<u>71,015</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,410)</u>	<u>16,410</u>
Fund Balances, Beginning of Year (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,279</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,869</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, 2022**

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.

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 15,021,548	(C-2)	\$ 458,625
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2022			(8,790)
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes (2020/2021 State Aid)	459,988		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2021/2022 State Aid)	<u>(772,190)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>14,709,346</u>	(B-2)	\$ <u>449,835</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 14,288,133	(C-2)	\$ 475,035
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>(8,790)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>14,288,133</u>	(B-2)	\$ <u>466,245</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 Nine Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0.01095%	0.01014%	0.01043%	0.01108%	0.01149%	0.01194%	0.01104%	0.01149%	0.01260%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,297,725	\$ 1,654,292	\$ 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	\$ 876,046	\$ 779,751	\$ 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	148.13%	212.16%	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	70.33%	58.32%	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 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 Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 128,876	\$ 110,959	\$ 101,434	\$ 110,342	\$ 106,788	\$ 106,117	\$ 94,899	\$ 94,745	\$ 94,567
Contributions in Relation to the Contractually Required Contribution	128,876	110,959	101,434	110,342	106,788	106,117	94,899	94,745	94,567
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 796,638	\$ 876,046	\$ 779,751	\$ 788,746	\$ 741,220	\$ 826,966	\$ 748,803	\$ 815,428	\$ 801,002
Contributions as a Percentage of Covered-Employee Payroll	16.17%	12.66%	13.00%	13.98%	14.40%	12.82%	12.66%	11.61%	11.81%

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 Nine Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0.03991%	0.04046%	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	\$19,188,042	\$ 26,643,640	\$23,930,551	\$ 24,425,863	\$ 25,293,464	\$ 30,396,556	\$ 24,408,454	\$ 21,798,752	\$18,442,243
Total	\$19,188,042	\$ 26,643,640	\$23,930,551	\$ 24,425,863	\$ 25,293,464	\$ 30,396,556	\$ 24,408,454	\$ 21,798,752	\$18,442,243
District's Covered-Employee Payroll	\$ 4,559,902	\$ 4,428,043	\$ 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%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.52%	24.60%	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, 2022**

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 Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 1,183,450	\$ 691,359	\$ 569,432	\$ 637,707	\$ 768,831
Interest on Total OPEB Liability	585,314	581,841	678,100	717,158	620,167
Changes of Benefit Terms	\$ (24,016)				
Differences Between Expected and Actual Experience	(3,838,810)	3,507,309	(2,055,488)	(1,362,276)	
Changes of Assumptions	22,260	4,581,458	240,687	(1,972,715)	(2,545,506)
Gross Benefit Payments	(461,063)	(436,642)	(495,528)	(459,672)	(454,315)
Contribution from the Member	<u>14,964</u>	<u>13,235</u>	<u>14,689</u>	<u>15,887</u>	<u>16,729</u>
Net Change in Total OPEB Liability	(2,517,901)	8,938,560	(1,048,108)	(2,423,911)	(1,594,094)
Total OPEB Liability - Beginning	<u>25,081,115</u>	<u>16,142,555</u>	<u>17,190,663</u>	<u>19,614,574</u>	<u>21,208,668</u>
Total OPEB Liability - Ending	<u>\$ 22,563,214</u>	<u>\$ 25,081,115</u>	<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>22,563,214</u>	<u>25,081,115</u>	<u>16,142,555</u>	<u>17,190,663</u>	<u>19,614,574</u>
Total OPEB Liability - Ending	<u>\$ 22,563,214</u>	<u>\$ 25,081,115</u>	<u>\$ 16,142,555</u>	<u>\$ 17,190,663</u>	<u>\$ 19,614,574</u>
District's Covered-Employee Payroll	<u>\$ 5,435,948</u>	<u>\$ 5,207,794</u>	<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%	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, 2022**

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, 2022

	IDEA Part B		CRRSA - ESSER II			ARP - ESSER III	Scholarship	Student Activities	Total
	Basic	Preschool	ESSER II	Learning Acceleration	Mental Health				
REVENUES									
Intergovernmental									
Federal	\$ 157,163	\$ 8,472	\$ 175,413	\$ 9,138	\$ 27,295	\$ 9,924	\$ 175	\$ 44,214	\$ 414,236
Local	-	-	-	-	-	-	-	-	44,389
Total Revenues	\$ 157,163	\$ 8,472	\$ 175,413	\$ 9,138	\$ 27,295	\$ 9,924	\$ 175	\$ 44,214	\$ 458,625
EXPENDITURES									
Instruction									
Salaries									\$ 22,445
Purchased Prof. and Technical Services	\$ 157,163			\$ 3,650	\$ 2,383				2,450
Tuition				2,450					157,163
General Supplies				3,038	3,913	1,134		\$ 60,549	8,085
Student Activities									60,549
Scholarships							\$ 250		250
Total Instruction	157,163	-	-	9,138	6,296	1,134	250	60,549	250,942
Support Services									
Personnel Services - Employee Benefits									8,718
Purchased Professional/Educational Services	\$ 8,472				14,650				24,823
Other Purchased Professional Service					4,124				4,124
General Supplies					2,225				2,225
Total Support Services	-	8,472	-	-	20,999	-	-	-	39,890
Facilities Acquisitions & Construction									
Noninstructional Equipment			175,413			8,790			184,203
Total Facilities Acquisitions & Construction			175,413			8,790			184,203
Total Expenditures	\$ 157,163	\$ 8,472	\$ 175,413	\$ 9,138	\$ 27,295	\$ 9,924	\$ 250	\$ 60,549	\$ 475,035
Excess (Deficiency) of Revenues Over/(Under) Expenditures							(75)	(16,335)	(16,410)
Fund Balances, Beginning of Year							2,379	57,900	60,279
Fund Balances, End of Year							\$ 2,304	\$ 41,565	\$ 43,869

**NORWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NORWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date Prior Years</u>	<u>Transfer to General Fund</u>	<u>Balance, June 30, 2021</u>
	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2022**

Revenues and Other Financing Sources	
Interest on Investments	\$ <u>28</u>
Total Revenues and Other Financing Sources	<u>28</u>
Expenditures and Other Financing Uses	
Transfers to General Fund	<u>28</u>
Total Expenditures and Other Financing Uses	<u>28</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-
Fund Balance, Beginning of Year	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>

ENTERPRISE FUND

EXHIBIT G-1

**NORWOOD BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

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, 2022**

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, 2022**

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

**FIDUCIARY FUNDS
NOT APPLICABLE**

LONG-TERM DEBT

NORWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2021</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2022</u>
Refunding Bonds	3/15/2015	\$ 3,510,000	3/15/2023	\$ 345,000	3.00%	\$ 1,760,000	\$ -	\$ 350,000	\$ 1,410,000
			3/15/2024	350,000	3.00%				
			3/15/2025	360,000	3.00%				
			3/15/2026	355,000	3.00%				
						\$ 1,760,000	\$ -	\$ 350,000	\$ 1,410,000

**NORWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

**NORWOOD BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

REVENUES	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources					
Local Tax Levy	\$ 186,757	-	\$ 186,757	\$ 186,757	-
Total Revenues	<u>186,757</u>	<u>-</u>	<u>186,757</u>	<u>186,757</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	350,000		350,000	350,000	
Interest	<u>52,800</u>	<u>-</u>	<u>52,800</u>	<u>52,800</u>	<u>-</u>
Total Expenditures	<u>402,800</u>	<u>-</u>	<u>402,800</u>	<u>402,800</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(216,043)	-	(216,043)	(216,043)	-
Fund Balance, Beginning of Year	<u>216,043</u>	<u>-</u>	<u>216,043</u>	<u>216,043</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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,									
	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 493,962	\$ 1,052,665	\$ 1,321,282	\$ 1,735,306	\$ 2,200,070	\$ 3,038,296	\$ 3,726,795	\$ 4,702,810	\$ 5,180,470	\$ 5,781,170
Restricted	2,747,606	2,994,251	3,358,054	3,421,210	3,593,005	3,033,629	2,654,096	1,428,223	1,799,219	1,487,792
Unrestricted	96,935	88,908	(2,213,657)	(2,233,064)	(2,447,072)	(2,451,352)	(2,363,436)	(2,096,697)	(1,939,017)	(1,124,704)
Total Governmental Activities Net Position	\$ 3,338,503	\$ 4,135,824	\$ 2,465,679	\$ 2,923,452	\$ 3,346,003	\$ 3,620,573	\$ 4,017,455	\$ 4,034,336	\$ 5,040,672	\$ 6,148,258
Business-Type Activities										
Unrestricted	\$ 3,656	\$ 1,602	\$ 1,531	\$ 2,136	\$ 2,202	\$ 5,827	\$ 1,731	\$ (1,124,704)	\$ 4,589	\$ 4,717
Total Business-Type Activities Net Position	\$ 3,656	\$ 1,602	\$ 1,531	\$ 2,136	\$ 2,202	\$ 5,827	\$ 1,731	\$ (1,124,704)	\$ 4,589	\$ 4,717
District-Wide										
Net Investment in Capital Assets	\$ 493,962	\$ 1,052,665	\$ 1,321,282	\$ 1,735,306	\$ 2,200,070	\$ 3,038,296	\$ 3,726,795	\$ 4,702,810	\$ 5,180,470	\$ 5,781,170
Restricted	2,747,606	2,994,251	3,358,054	3,421,210	3,593,005	3,033,629	2,654,096	1,428,223	1,799,219	1,487,792
Unrestricted	100,591	90,510	(2,212,126)	(2,230,928)	(2,444,876)	(2,445,525)	(2,361,705)	(3,221,401)	(1,934,428)	(1,119,987)
Total District Net Position	\$ 3,342,159	\$ 4,137,426	\$ 2,467,210	\$ 2,923,588	\$ 3,348,203	\$ 3,625,400	\$ 4,019,186	\$ 2,909,632	\$ 5,045,261	\$ 6,148,975

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,427,984	\$ 4,769,612	\$ 4,592,436	\$ 4,598,551	\$ 4,415,092	\$ 5,823,958	\$ 5,378,150	\$ 5,182,749	\$ 5,182,749	\$ 5,253,968
Special Education	1,218,336	1,207,301	1,252,655	1,137,660	1,381,542	1,640,720	1,725,749	3,571,237	3,571,237	3,670,584
Other Instruction	319,654	281,667	291,602	285,589	325,366	429,399	384,334	337,029	337,029	253,434
School Sponsored Activities/Athletics								31,993	31,993	104,115
Support Services:										
Tuition	595,897	793,399	844,871	1,283,738	1,184,476	1,438,858	1,775,755	-	-	-
Student & Instruction Related Services	1,407,815	1,345,750	1,326,860	1,560,408	1,721,878	2,093,040	2,072,662	2,098,865	2,098,865	2,134,715
School Administrative Services	347,955	547,793	539,160	353,800	320,742	431,887	430,384	387,330	387,330	375,446
General Administrative Services	570,056	528,837	474,178	622,420	735,720	1,035,467	937,256	526,523	526,523	491,188
Business Services								308,883	308,883	348,422
Plant Operations and Maintenance	865,099	904,218	919,962	950,758	969,018	1,196,057	1,177,339	954,630	954,630	1,043,562
Pupil Transportation	187,535	180,284	123,068	170,749	131,091	137,179	159,957	185,471	185,471	220,108
SDA Debt Service Assessment	8,578	8,578	8,578	8,578	8,576	8,578	8,576	-	-	-
Interest on Long-term Debt	192,691	176,600	145,846	102,875	92,396	85,669	78,838	70,887	70,887	49,737
Total Governmental Activities Expenses	10,141,600	10,744,039	10,539,216	11,075,126	11,285,897	14,320,812	14,129,000	13,655,597	13,655,597	13,945,279
Business-Type Activities:										
Food Service	2,376	8,907	8,565	6,834	12,324	8,621	15,581	5,181	5,181	10,959
Total Business-Type Activities Expense	2,376	8,907	8,565	6,834	12,324	8,621	15,581	5,181	5,181	10,959
Total District Expenses	\$ 10,143,976	\$ 10,752,946	\$ 10,547,781	\$ 11,081,960	\$ 11,298,221	\$ 14,329,433	\$ 14,144,581	\$ 13,660,778	\$ 13,660,778	\$ 13,956,238
Program Revenues										
Governmental Activities:										
Charges for Services:										
Regular Instruction	\$ 192,691	\$ 176,600	\$ 145,846	\$ 102,875	\$ 92,396	\$ 85,667	\$ 78,838	\$ 87,855	\$ 87,855	\$ 69,000
Operating Grants and Contributions	1,432,638	1,512,511	1,322,842	1,487,735	1,421,788	3,931,850	3,712,095	2,905,285	2,905,285	3,554,139
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	1,625,329	1,689,111	1,468,688	1,590,610	1,514,184	4,017,517	3,790,933	2,993,140	2,993,140	3,623,139
Business-Type Activities:										
Charges for Services	2,967	6,852	8,494	7,440	9,262	10,508	8,703	8,039	8,039	11,087
Food Service										
Operating Grants and Contributions										
Total Business Type Activities Program Revenues	2,967	6,852	8,494	7,440	9,262	10,508	8,703	8,039	8,039	11,087
Total District Program Revenues	\$ 1,628,296	\$ 1,695,963	\$ 1,477,182	\$ 1,598,050	\$ 1,523,446	\$ 4,028,025	\$ 3,799,636	\$ 3,001,179	\$ 3,001,179	\$ 3,634,226

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental Activities	\$ (8,516,271)	\$ (9,054,928)	\$ (9,070,528)	\$ (9,484,516)	\$ (9,771,713)	\$ (10,303,295)	\$ (10,338,067)	\$ (10,662,457)	\$ (10,662,457)	\$ (10,322,140)
Business-Type Activities	591	(2,055)	(71)	606	(3,062)	1,887	(6,878)	2,858	2,858	128
Total District-Wide Net Expense	\$ (8,515,680)	\$ (9,056,983)	\$ (9,070,599)	\$ (9,483,910)	\$ (9,774,775)	\$ (10,301,408)	\$ (10,344,945)	\$ (10,659,599)	\$ (10,659,599)	\$ (10,322,012)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,665,807	\$ 8,839,123	\$ 9,015,905	\$ 9,196,223	\$ 9,380,147	\$ 9,567,750	\$ 9,804,530	\$ 9,999,601	\$ 9,999,601	\$ 10,858,796
Property Taxes Levied for Debt Service Principal	240,028	255,242	293,901	327,463	336,353	341,717	348,788	423,950	423,950	186,757
Unrestricted State Aid	7,945	12,288	23,490	24,685	31,290	29,608	41,376	-	-	-
Tuition (Other Than Special Schools)	17,694	23,902	5,883	-	24,693	21,228	111,924	-	-	16,390
Investment Earnings	6,570	7,420	10,292	10,338	16,728	37,998	35,980	27,638	27,638	363,783
Miscellaneous Income	294,085	478,338	423,179	383,599	388,062	379,017	378,113	419,303	419,303	-
Adjustment to Capital Assets	-	-	-	-	-	-	-	-	-	-
N.J. School Development Authority Grants	-	235,935	(58,000)	-	(3,208)	(1,858)	(2,783)	(99,401)	(99,401)	-
Refunding Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Transfers and Other Special Items	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	9,232,129	9,852,248	9,714,650	9,942,308	10,174,065	10,375,460	10,716,928	10,771,091	10,771,091	11,425,726
Business-Type Activities:										
Transfers	-	-	-	-	3,208	1,658	2,783	-	-	-
Total Business-Type Activities	-	-	-	-	3,208	1,658	2,783	-	-	-
Total District-Wide	\$ 9,232,129	\$ 9,852,248	\$ 9,714,650	\$ 9,942,308	\$ 10,177,273	\$ 10,377,118	\$ 10,719,711	\$ 10,771,091	\$ 10,771,091	\$ 11,425,726
Change in Net Position										
Governmental Activities	\$ 715,858	\$ 797,320	\$ 644,122	\$ 457,792	\$ 402,352	\$ 72,165	\$ 378,861	\$ 108,634	\$ 108,634	\$ 1,103,586
Business-Type Activities	591	(2,055)	(71)	606	146	3,545	(4,095)	2,858	2,858	128
Total District	\$ 716,449	\$ 795,265	\$ 644,051	\$ 458,398	\$ 402,498	\$ 75,710	\$ 374,766	\$ 111,492	\$ 111,492	\$ 1,103,714

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 2,223,713	\$ 2,539,549	\$ 2,899,343	\$ 2,946,787	\$ 2,893,283	\$ 2,693,255	\$ 1,851,274	\$ 1,197,263	\$ 1,781,591	\$ 1,799,916
Assigned	348,071	215,887	73,758	205,847	429,589	66,327	371,145	165,346	74,914	441,882
Unassigned	212,035	212,035	210,835	210,835	210,038	264,649	318,997	201,981	296,960	332,908
Total General Fund	\$ 2,783,819	\$ 2,967,471	\$ 3,183,936	\$ 3,363,469	\$ 3,533,910	\$ 3,024,231	\$ 2,541,416	\$ 1,564,590	\$ 2,153,465	\$ 2,574,706
All Other Governmental Funds										
Restricted										
Capital Projects Fund	\$ 188,833	\$ 287,696	\$ 412,333	\$ 295,228	\$ 295,728	\$ 295,228	\$ 295,228	\$ 195,826	\$ -	\$ -
Special Revenue Fund								60,934	60,279	43,869
Debt Service Fund	66,159	1,395	1,322	867	491	2,401	6,684	222,727	216,043	-
Total All Other Governmental Funds	\$ 254,992	\$ 289,091	\$ 413,655	\$ 296,095	\$ 295,719	\$ 297,629	\$ 301,912	\$ 479,487	\$ 276,322	\$ 43,869
Total Fund Balances	\$ 3,038,811	\$ 3,256,562	\$ 3,597,591	\$ 3,659,564	\$ 3,829,629	\$ 3,321,860	\$ 2,843,328	\$ 2,044,077	\$ 2,429,787	\$ 2,618,575

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,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Property Tax Levy	\$ 9,098,526	\$ 9,270,965	\$ 9,455,652	\$ 9,626,581	\$ 9,808,896	\$ 9,995,134	\$ 10,229,155	\$ 10,423,551	\$ 11,057,644	\$ 11,045,553
Tuition Charges	17,694	23,902	5,893	24,893	24,893	21,228	111,924	87,865	39,000	69,000
Rentals	6,570	7,420	10,292	10,339	16,728	37,998	35,980	27,638	16,022	16,390
Interest Earnings	314,069	567,502	438,148	421,633	439,172	379,017	378,113	156,302	82,605	108,816
Miscellaneous	1,264,484	1,237,489	1,124,261	1,285,099	1,201,682	2,127,938	2,155,944	2,055,238	2,393,295	3,401,405
State Sources	156,138	198,166	208,102	209,268	200,306	221,538	198,717	254,318	291,909	405,446
Federal Sources	10,857,481	11,303,444	11,242,348	11,552,920	11,691,677	12,782,853	13,109,833	13,267,932	14,163,445	15,345,966
Total Revenues										
Expenditures										
Instruction	3,013,571	3,299,951	3,203,690	3,159,371	2,961,991	3,044,898	3,033,049	4,551,849	4,712,660	5,248,705
Regular Instruction	894,532	681,712	945,170	838,078	988,939	951,391	1,013,704	3,487,301	3,376,002	3,746,955
Special Education Instruction	230,063	200,899	212,749	203,684	226,684	237,577	205,591	311,538	372,352	271,454
Other Instruction									6,189	105,436
School Sponsored Activities and Athletics										
Support Services:										
Tuition	595,899	793,399	844,871	1,283,738	1,164,478	1,436,658	1,775,755	1,983,533	2,109,371	2,235,817
Student & Inst. Related Services	1,092,491	1,030,995	1,012,781	1,168,802	1,288,391	1,245,779	1,244,726	1,983,533	381,939	386,659
School Administrative Services	188,532	379,369	395,783	244,809	219,689	234,336	240,785	369,830	487,860	471,557
General Administrative Services	468,822	433,589	399,966	521,687	598,429	601,818	563,673	510,934	336,184	359,192
Business Services	891,493	719,999	738,215	782,218	756,119	799,719	826,742	966,800	956,358	1,054,389
Plant Operations and Maintenance	197,535	180,284	123,068	170,748	131,091	137,179	159,957	185,471	128,940	220,108
Pupil Transportation	2,290,852	2,332,871	2,203,109	2,280,235	2,280,235	3,309,612	3,223,571	-	-	-
Employee Benefits	37,506	562,714	322,318	425,726	475,810	861,328	720,645	994,786	491,430	654,106
Capital Outlay	310,000	325,000	325,000	325,000	335,000	340,000	345,000	350,000	355,000	350,000
Debt Service:	197,718	181,841	165,419	106,060	94,350	87,650	80,850	73,950	63,450	52,800
Principal	10,409,014	11,124,623	10,892,139	11,472,837	11,521,206	13,287,945	13,434,048	14,104,849	13,777,735	15,157,178
Interest and Other Charges	448,467	180,821	350,209	80,083	170,471	(305,092)	(324,215)	(836,917)	385,710	188,788
Total Expenditures										
Excess (Deficiency) of Revenues										
Over (Under) Expenditures										
Other Financing Sources (Uses)										
Other Sources/Uses	75,671	10,237	414,503	266	225	2,176	4,508	986	195,826	28
Transfers In	(75,671)	(10,237)	(414,503)	(266)	(3,433)	(3,833)	(7,290)	(986)	(195,826)	(28)
Transfers Out	-	255,935	-	-	(3,208)	(1,657)	(2,782)	(99,401)	-	-
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ 448,467	\$ 436,756	\$ 350,209	\$ 80,083	\$ 167,263	\$ (506,749)	\$ (326,997)	\$ (936,318)	\$ 385,710	\$ 188,788
Debt Service as a Percentage of Noncapital Expenditures	4.90%	4.80%	4.64%	3.90%	3.89%	3.44%	3.35%	3.23%	3.15%	2.78%

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

Fiscal Year Ended <u>June 30,</u>	<u>Rentals</u>	<u>Interest</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2021	282,970	15,445	39,000	80,809	418,224
2022	299,356	16,362	69,000	64,427	449,145

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 ^a
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
2021	6,244,400	1,008,455,300	44,300	82,173,500	95,983,200	16,500,000	1,209,400,700		1,209,400,700	1,317,628,166	0.920
2022	7,502,500	1,013,979,700	44,300	88,603,100	99,977,000	16,500,000	1,226,608,600		1,226,608,600	1,349,485,012	0.918

Source: County Abstract of Ratables

^a 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</u> <u>Note (1)</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>County</u>	<u>County Open Space</u>
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
2021	2.575	0.914	0.658	0.719	0.010	0.263	0.011
2022	2.584	0.918	0.663	0.728	0.009	0.255	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 TEN YEARS AGO
(Unaudited)**

Taxpayer	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
SHP VI NORWOOD LLC DL	\$ 22,385,100	1.86%		
BUCKINGHAM AT NORWOOD REAL ESTATE	21,337,400	1.77%		
NORWOOD ASSOCIATES II LLC	16,500,000	1.37%		
525 LIVINGSTON DFT 2017 LLC	11,870,500	0.98%		
335 CHESTNUT STREET LLC	9,198,200	0.76%		
NORWOOD INCOME FUND LLC	7,419,100	0.62%		
LIFE STORAGE LP	6,310,900	0.52%		
445PROPERTY COMPANY LLC NJ ETAL	6,097,600	0.51%		
355 CHESTNUT ASSOC.C/O SANZAI,A.	5,024,000	0.42%		
WINPAK CONTROL GROUP INC	4,199,900	0.35%		
	\$ 110,342,700	9.15%		

INFORMATION NOT AVAILABLE

Source: Municipal Tax Assessor

**NORWOOD BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SEVEN 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%	-
2021	11,057,644	11,057,644	100.00%	-
2022	11,045,553	11,045,553	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			
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	365
2021	1,760,000		1,760,000	5,595	315
2022	1,410,000		1,410,000	5,595 (Est.)	252

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		
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%
2021	1,760,000		1,760,000	0.15%
2022	1,410,000		1,410,000	0.11%

Source: District records

**NORWOOD BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2021
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Norwood Board of Education	\$ 1,760,000	\$ 1,760,000	
Northern Valley Regional School District	11,912,000	11,912,000	
Borough of Norwood	<u>11,232,431</u>	<u>102,946</u>	\$ 11,129,485
	<u>\$ 24,904,431</u>	<u>\$ 13,774,946</u>	<u>11,129,485</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County: (2) and (3)			
County of Bergen (A)			10,453,884
Bergen County Utilities Authority (BCUA) - Water Pollution			<u>1,983,182</u>
			<u>12,437,066</u>
Total Direct and Overlapping Debt			<u>\$ 23,566,551</u>

Sources:

- (1) Borough of Norwood Annual Debt Statement, December 31, 2021
- (2) BCUA audit, December 31, 2021
- (3) County of Bergen Debt Statement, December 31, 2021

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 52,978,364	\$ 50,904,666	\$ 49,727,111	\$ 49,902,891	\$ 50,895,959	\$ 51,357,625	\$ 51,267,458	\$ 51,463,391	\$ 38,597,544	\$ 39,413,481
Total net debt applicable to limit	4,412,000	4,087,000	3,810,000	3,485,000	3,150,000	2,810,000	2,465,000	2,115,000	1,760,000	1,410,000
Legal debt margin	\$ 48,566,364	\$ 46,817,666	\$ 45,917,111	\$ 46,417,891	\$ 47,745,959	\$ 48,547,625	\$ 48,802,458	\$ 49,348,391	\$ 36,837,544	\$ 38,003,481
Total net debt applicable to the limit as a percentage of debt limit	8.33%	8.03%	7.66%	6.98%	6.19%	5.47%	4.81%	5.46%	3.64%	3.58%

Legal Debt Margin Calculation for Fiscal Year 2022

Equalized valuation basis	
2021	\$ 1,327,990,227.00
2020	\$ 1,310,925,302.00
2019	\$ 1,302,432,601.00
	<u>\$ 3,941,348,130</u>
Average equalized valuation of taxable property	\$ 1,313,782,710
Debt limit (3 % of average equalization value)	39,413,481
Total Net Debt Applicable to Limit	<u>1,410,000</u>
Legal debt margin	<u>\$ 38,003,481</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>
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%	89,456	5,831
2020	7.8%	91,972	5,793
2021	5.0%	Not Available	5,595
2022	Not Available	Not Available	5,595 *

* 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>2021</u>		<u>2013</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 TEN FISCAL YEARS
 (Unaudited)**

<u>Function/Program</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>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	45.5	46.5	46	46	46	45	43	47	43	42
Special Education	13	13	13	13	13	13	13	13	15	14
Other Instruction	11	11	11	11	11	9	13	13	16	17
Support Services:										
Student & Instruction Related Services	5	5	5	5	5	5	5	5	5	5
General Administration	3	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	2	3	3	3	3
Central Services										
Plant Operations and Maintenance	7.0	6.8	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Pupil Transportation										
Other Support Services										
Total	90.5	91.25	90.5	90.5	90.5	86.5	89.5	93.5	94.5	93.5

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
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	601.00	12,287,553	20,445	2.06%	53	3:10	594.90	573.70	0.32%	96.44%
2020	631.00	12,718,939	20,157	-1.41%	60	3:10	608.00	584.00	2.20%	96.05%
2021	629.00	12,867,855	20,458	1.49%	58	1:11	611.00	600.80	0.49%	98.33%
2022	621.00	14,100,272	22,706	10.99%	56	1:11	614.60	598.20	0.59%	97.33%

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.

EXHIBIT J-18

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
<u>Elementary</u>										
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	580.0	585.0	589.0	614.0	624.0	599.0	598.0	618.0	629.0	621.0
<u>Other</u>										
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, 2022

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
School Facilities										
Elementary School	\$ 213,377	\$ 219,571	\$ 211,127	\$ 251,735	\$ 235,984	\$ 251,222	\$ 282,271	\$ 314,972	\$ 321,938	\$ 281,498
Administrative Offices	-	-	-	-	-	-	-	-	-	-
Grand Total	\$ 213,377	\$ 219,571	\$ 211,127	\$ 251,735	\$ 235,984	\$ 251,222	\$ 282,271	\$ 314,972	\$ 321,938	\$ 281,498

Source: School District Records

**NORWOOD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2022
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Northeast Bergen County School Board Insurance Group:		
Property - Blanket Building and Contents	\$ 19,179,305	\$ 5,000
Boiler and Machinery	250,000	
Comprehensive General Liability	2,000,000	
Employee Benefits Liability	1,000,000/2,000,000	5,000
Environmental Legal Liability	4,000,000	25,000
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	10,000,000	
Selective Insurance Company of America Employee Dishonesty	100,000	5,000
Fireman's Fund Insurance Company Excess Liability Coverages	40,000,000	
Surety Bonds:		
School Business Administrator/Board Secretary	50,000	

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, 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. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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, 2022 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 February 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Norwood Board of Education's internal control over financial reporting (internal control) as a basis for designing 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.

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. 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.

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

Report on Compliance and Other Matters

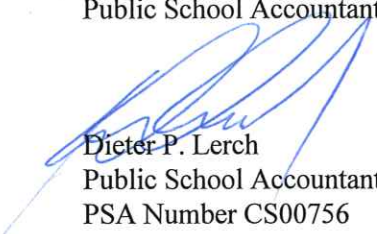
As part of obtaining reasonable assurance about whether the Norwood Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we 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 February 17, 2023.

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 & BLISS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 17, 2023



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

**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 AS
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

Opinion on Each Major State Program

We have audited the Norwood Board of Education’s compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Norwood Board of Education’s major state programs for the fiscal year ended June 30, 2022. 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.

In our opinion, the Norwood Board of Education complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major State Program

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 of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards and New Jersey OMB Circular are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Norwood Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Norwood Board of Education’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Norwood Board of Education's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Norwood Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Norwood Board of Education's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Norwood Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Norwood Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Norwood Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

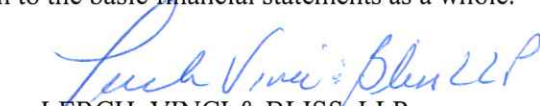
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.


Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 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, 2022, 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 February 17, 2023, 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 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 17, 2023

**NORWOOD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal AL Number	Federal/Grantor/Pass-Through Grantor/ Program Title	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2021	Carryover	Cash Received	Budgetary Expenditures	(Accounts Receivable)	June 30, 2022 Unearned Revenue	Due to Grantor	Memo GAAP Receivable
	U.S. Department of Education												
	Passed-Through State Department												
	of Education												
	Special Revenue Funds:												
84.027	I.D.E.A. Part B, Basic	H027A210100	IDEAS20022	7/1/21-9/30/22	\$ 152,014	\$ (29,570)	\$ 95,786	\$ 157,163	\$ (56,228)				\$ 56,228
84.027	I.D.E.A. Part B, Basic	H027A200100	IDEAS20021	7/1/20-9/30/21	151,402		29,570						
84.173	I.D.E.A. Part B, Preschool	H173A210114	IDEAS20022	7/1/21-9/30/22	8,472	(2,254)	5,694	8,472	(2,778)				2,778
84.173	I.D.E.A. Part B, Preschool	H173A200114	IDEAS20021	7/1/20-9/30/21	8,354		2,254						
84.027X	ARP I.D.E.A. Part B, Basic	H027X210100		7/1/21-9/30/22	26,024				(26,024)		26,024		
84.173X	ARP I.D.E.A. Part B, Preschool	H173X210114		7/1/21-9/30/22	2,223				(2,223)		2,223		
	Subtotal IDEA Cluster					(31,824)	133,304	165,635	(87,253)		28,247		59,006
84.010	ESEA Title IA	S010A210030	ESEA520022	7/1/21-9/30/22	26,831		14,828	26,831	(12,003)				12,003
84.010	ESEA Title IA	S010A200030	ESEA520021	7/1/20-9/30/21	55,529	(14,977)	14,977						
	Subtotal ESEA Cluster					(14,977)	29,805	26,831	(12,003)				12,003
84.425D	CRRSA ESSER II	S425D210027		3/13/20-9/30/23	175,413		175,413	175,413					
84.425D	Learning Acceleration	S425D210027		3/13/20-9/30/23	25,000		7,136	9,138	(17,864)		15,862		2,002
84.425D	Mental Health	S425D210027		3/13/20-9/30/23	45,000		23,906	27,295	(21,094)		17,705		3,389
84.425U	ARP - ESSER III	S425U210027		3/13/20-9/30/24	394,229			9,924	(394,229)		384,305		9,924
84.425U	ARP - Accelerated Learning Coach	S425U210027		3/13/20-9/30/24	54,185				(54,185)		54,185		
84.425U	ARP - Evidence Based Summer	S425U210027		3/13/20-9/30/24	40,000				(40,000)		40,000		
84.425U	ARP - Evidence Based Comprehensive	S425U210027		3/13/20-9/30/24	40,000				(40,000)		40,000		
84.425U	ARP - NJTSS Mental Health	S425U210027		3/13/20-9/30/24	45,000				(45,000)		45,000		
	Subtotal ESSER Cluster						206,455	221,770	(612,372)		597,057		15,315
	Alyssa's Law			7/1/19-6/30/20	32,000	(32,000)				(32,000)			32,000
	Total U.S. Department of Education					(78,801)	369,564	414,236	(743,628)		625,304		118,324

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, 2022**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2021		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2022		MEMO	
				(Accounts Receivable)	Deferred Revenue					(Accounts Receivable)	Deferred Revenue	GAAP Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund													
Special Education	22-495-034-5120-089	7/1/21-6/30/22	\$ 499,399				\$ 450,180	\$ 499,399		\$ (49,219)		\$	\$ 499,399
Special Education Transportation Aid	21-495-034-5120-089	7/1/20-6/30/21	417,396	\$ (41,040)		41,040	47,302	52,474		(5,172)			52,474
Transportation Aid	21-495-034-5120-014	7/1/21-6/30/22	52,474	(5,159)		5,159	37,686	41,806		(4,120)			41,806
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	41,806	(4,111)		4,111		3,310		(3,310)		\$ (3,310)	3,310
Additional Nonpublic Transportation Aid	N/A	7/1/21-6/30/22	713,679					713,679		(713,679)			713,679
Extraordinary Aid	22-100-034-5120-473	7/1/21-6/30/22	409,678	(409,678)		409,678		1,649,999					1,649,999
On-Behalf TPAF Pension	22-495-034-5094-002	7/1/21-6/30/22	23,279			23,279	390,945	736					390,945
On-Behalf TPAF NCGI Premium	22-495-034-5094-004	7/1/21-6/30/22	337,980			337,980							337,980
On-Behalf TPAF Post Retirement Contrib.	22-495-034-5094-001	7/1/21-6/30/22											736
On-Behalf TPAF LTDI	22-100-034-5094-004	7/1/21-6/30/22											
Reimbursed TPAF Social Security Contrib.	22-495-034-5094-003	7/1/21-6/30/22											
Total General Fund				(459,988)		3,381,735		3,713,607		(791,860)			3,713,607
Total State Financial Assistance				(459,988)		3,381,735		3,713,607		(791,860)			3,713,607
Less:													
State Financial Assistance Not Subject to Single Audit Determination													
General Fund													
On-Behalf TPAF Pension	22-495-034-5094-002	7/1/21-6/30/22					\$ (1,649,999)	\$ (1,649,999)					(1,649,999)
On-Behalf TPAF NCGI Premium	22-100-034-5094-004	7/1/21-6/30/22					(23,279)	(23,279)					(23,279)
On-Behalf TPAF Post Retirement Contrib.	22-495-034-5094-001	7/1/21-6/30/22					(390,945)	(390,945)					(390,945)
On-Behalf TPAF LTDI	22-100-034-5094-004	7/1/21-6/30/22					(736)	(736)					(736)
Total State Financial Assistance Subject to Single Audit				(459,988)		1,316,776		1,648,648		(791,860)			1,648,648

**NORWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 \$312,202 for the general fund and a decrease of \$8,790 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		\$ 3,401,405	\$ 3,401,405
Special Revenue Fund	\$ 405,446	-	405,446
Total Awards and Financial Assistance	<u>\$ 405,446</u>	<u>\$ 3,401,405</u>	<u>\$ 3,806,851</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, 2022**

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 \$337,980 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, 2022. The amount reported as TPAF Pension System Contributions in the amount of \$1,673,278, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$390,945 and TPAF Long-Term Disability Insurance in the amount of \$736 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2022.

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, 2022**

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.

There are none.

NORWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022**

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

There are none.

**NORWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.