

Comprehensive Annual Financial Report

of the

**Linwood Board of Education**

Linwood, New Jersey

for the Fiscal Year ended June 30, 2018



Excellence in Education and Learning

*Prepared by:*

Linwood Board of Education Finance Department



## TABLE OF CONTENTS

Page

### INTRODUCTORY SECTION

Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9

### FINANCIAL SECTION

<b>Independent Auditor's Report</b>	10-11
-------------------------------------	-------

<b>Required Supplementary Information - Part I</b>	
Management's Discussion and Analysis	13-19

#### Basic Financial Statements

#### A DISTRICT - WIDE FINANCIAL STATEMENTS

A-1	Statement of Net Position	20
A-2	Statement of Activities	21

#### B FUND FINANCIAL STATEMENTS

##### Governmental Funds:

B-1	Balance Sheet	22
B-2	Statement of Revenues, Expenditures and Changes in Fund Balances	23
B-3	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24

##### Proprietary Funds:

B-4	Statement of Net Position	25
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6	Statement of Cash Flows	27

##### Fiduciary Funds:

B-7	Statement of Fiduciary Net Position	28
B-8	Statement of Changes in Fiduciary Net Position	N/A

<b>Notes to Financial Statements</b>	29-59
--------------------------------------	-------

## TABLE OF CONTENTS

	Page
<b>Required Supplementary Information - Part II</b>	
<b>C</b> Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	60-69
C-2 Budgetary Comparison Schedule - Special Revenue Fund	70-71
<b>Notes to the Required Supplementary Information</b>	
C-3 Budget - to - GAAP Reconciliation	72
<b>L Required Supplementary Information-Part III</b>	
L-1 Schedule of District's Proportionate Share of Net Position Liability (PERS)	73
L-2 Schedule of District Contributions (PERS)	74
L-3 Schedule of District's Proportionate Share of Net Position Liability (TPAF)	75
<b>M</b> M-1 Schedule of District's Proportionate Share of Net OPEB Liability	76
<b>Other Supplementary Information</b>	
<b>D</b> School Level Schedules (General Fund):	N/A
<b>E</b> Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	77-78
<b>F</b> Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis	N/A
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Various Improvements	N/A
<b>G</b> Proprietary Funds:	
Enterprise Fund:	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3 Statement of Cash Flows	N/A
<b>H</b> Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Position	79
H-2 Combining Statement of Changes in Fiduciary Net Position	80
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	81
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	82

## TABLE OF CONTENTS

**Page**

### Other Supplementary Information (Continued)

#### I Long-Term Debt

I-1	Schedule of Serial Bonds	N/A
I-2	Statement of Obligations Under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	N/A

#### J STATISTICAL SECTION (Unaudited)

##### Financial Trends

J-1	Net Position by Component	83
J-2	Changes in Net Position	84-85
J-3	Fund Balances, Governmental Funds	86
J-4	Changes in Fund Balances, Governmental Funds	87
J-5	General & Special Revenue Fund Other Local Revenue by Source	88

##### Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property	89
J-7	Direct and Overlapping Property Tax Rates	90
J-8	Principal Property Tax Payers	91
J-9	Property Tax Levies and Collections	92

##### Debt Capacity

J-10	Ratios of Outstanding Debt by Type	93
J-11	Ratios of Net General Bonded Debt Outstanding	94
J-12	Direct and Overlapping Governmental Activities Debt	95
J-13	Legal Debt Margin Information	96

##### Demographic and Economic Data

J-14	Demographic and Economic Statistics	97
J-15	Principal Employers	98

##### Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	99
J-17	Operating Statistics	100
J-18	School Building Information	101
J-19	Required Maintenance for School Facilities	102
J-20	Insurance Schedule	103

#### K SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	104-105
K-2	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and New Jersey OMB Circular 05-08	106-108
K-3	Schedule of Expenditures of Federal Awards, Schedule A	109
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	110
K-5	Notes to Schedules of Awards and Financial Assistance	111
K-6	Schedule of Findings and Questioned Costs	112-114



## **Introductory Section**





# Linwood Board of Education

51 Belhaven Avenue  
Belhaven Avenue School  
Linwood, New Jersey 08221



**Excellence in Teaching and Learning**

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January 25, 2019

Honorable President and  
Members of the Board of Education  
Linwood School District  
Atlantic County, NJ 08221

Dear Members of the Board:

The comprehensive annual financial report of the Linwood School District for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Linwood Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations 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.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of the principal officials. The financial section includes the basic financial statements and schedules, management's discussion and analysis, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, OMB Circular Uniform Guidance and NJ OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section report.

1) REPORTING ENTITY AND ITS SERVICES:

Linwood School District is a Type I district and therefore a component unit of the City of Linwood within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Linwood Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool Handicapped and Inclusion through grade 8. These include regular as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with an average daily enrollment of 820.0 students, which is a 2.75% decrease from the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last five years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2017-2018	820.0	-2.75%
2016-2017	843.2	0.52%
2015-2016	838.8	-2.91%
2014-2015	863.9	-0.47%
2013-2014	868.0	-2.43%

## **ECONOMIC OUTLOOK**

Economic demands placed on the district remain significant and continue to be driven by the challenge of meeting individual needs. While enrollment has decreased slightly, the demand for these unique and important programs continues to grow. Our economic outlook reflects the support we receive from local tax payers who fund over eighty percent of our general operating budget, excluding oh-behalf payments. During difficult economic times such as those we continue to experience, such support will most certainly be tested.

The District implemented, effective the 2012-2013 school year, a regular education tuition based program. Eligible students effective the 2016-2017 school year pay a tuition fee of 50% of the certified cost per pupil from the prior year. The District also provides an expanded day Kindergarten program for a fee of \$3,750 and a Preschool Inclusion program for a fee of \$2,750 for the 2016-2017 school year. Both programs have been very successful and are at capacity.

The District received notification on July 13, 2018 of reduced State aid in the amount of \$146,983 after the 2018-2019 budget was finalized in May 2018. The Board approved the use of additional fund balance to compensate for the loss of aid, however, programs and services will be significantly impacted this year and moving forward.

## **MAJOR INITIATIVES**

The Linwood Public Schools is committed to offering excellence in programs and services for the school community. The District staff work to provide instructional programming that meets the needs of individual students and meets the requirements of state mandates, regulations, and the expectations of the New Jersey Student Learning Standards. The Board, administration, and staff are committed to offering an educational experience within our schools where students are challenged, thrive, and develop a love of learning that extends beyond the walls of our schools.

Our school District has begun the process of implementing some changes to our English Language Arts (ELA) and Math programs that focus on student achievement and identifying student needs. Professional development opportunities have been introduced to train staff on benchmarking systems to identify student performance, data trainings have been held to develop staff ability to dissect data points to inform instruction, and math teachers will be trained by a university-level professional development provider to enhance instructional practices within the classroom. These math trainings will also provide staff with curriculum alignment and vertical and horizontal articulation opportunities. Overall, these changes in ELA and Math will allow staff to review multiple data points on students and develop action plans through benchmark assessments that will drive instruction.

As we continue to enhance the work of our schools and District, the staff will engage in a further development of using Linkit! as our data warehouse and as one basis for analysis of student performance. The data contained in this platform and the analysis of these data points will support instructional progress and further develop identified skills for students. Staff members will meet both as grade level teams and individually with administrative staff to review student performance, recommend areas for professional development, and support each other in fine-tuning our district instructional plans. Grade levels and content area teams will collaboratively meet and review data as we support student performance across the curriculum.

Our District curriculums have been updated in many content areas to meet the needs of our students. A review of our Gifted and Talented program and courses in Related Arts has also been a focus. Expanded options for students with wellness activities in the summer will pave the way for more social and emotional learning experiences. We are working to provide a five-year curriculum plan to support the review of our District programs and courses as well as to assist in planning for future decisions about materials and supports for student success. This includes the further enhancement and implementation of technology-based instruction with untethered devices. We support student learning across the curriculum in an almost one-to-one environment of Chromebooks. Students continue to cultivate their skills through the Google platform, which is heavily used throughout the District.

While we continue our efforts to develop our programming, the District has remained focused on the facilities and campus upgrades for the school community as well. In 2018-2019, we have a number of safety and security measures that will be funded as well as projects to support the lifespan of the buildings. Classroom furniture upgrades, new bleachers in the middle school gymnasium, and continued retrofits/upgrades for our HVAC systems remain a part of our plans. The entire school community takes pride in the appearance and functionality of our buildings and campuses. The District remains committed to offering excellent programs and services in facilities that support student, staff, and community safety and security, as well as school pride.

The Linwood Schools plan to engage in a new strategic planning process this year as well. This initiative will support a design fostering the District goals and objectives through the next three to five years. The strategic planning process offers an excellent venue for developing current initiatives and identifying key areas for educational and facilities' enhancements and progress. Our focused professional development planning has been tied to the previous strategic plan, but we look forward to a new plan that will provide a strong foundation for program decision-making, academic initiatives, and budget design as we move through a challenging fiscal time.

Ultimately, the Linwood School District continues to move forward. We will confront the challenges of funding changes and review the impacts that will have on our District planning. It is important to note, however, that our District staff, administration, and Board remain committed to providing an educational experience that offers excellence in all areas – teaching, learning, co-curricular activities, facilities, technology, and social growth.

#### 4) INTERNAL ACCOUNTING CONTROLS:

The management of the City of Linwood Board of Education is responsible for establishing and maintaining an internal control structure to ensure that the assets of the District are protected from the 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 principals. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits 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 management of the Linwood Board of Education 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 Linwood School 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 Linwood City Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Debt service is handled through the City of Linwood. Project length budgets are approved for the capital improvements and accounted for in the capital projects fund. The final budget amount as amended for the 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. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30th.

#### 6) ACCOUNTING SYSTEM AND REPORTS:

The Linwood School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

#### 7) DEBT ADMINISTRATION:

The Linwood School District was a Type I School District. Effective November 9, 2016, the District became a Type II School District. In the State of New Jersey, all Type I school debt is borne by the municipality rather than the school district. The District acquired debt previously held by the City of Linwood authorized pursuant to School Board Ordinance 10-2013 for school projects completed by the District June 2016. Title 18A:24-63 provides that Board of Education shall assume and pay any notes and other obligations, other than permanent bonds, therefore duly issued or incurred by the municipality pursuant to said ordinance. The temporary note in the amount of \$2,560,000 was transferred to the school district effective July 3, 2018. The School District held the bond sale June 19, 2018. The bond has a twelve year maturity schedule with a Net Interest Cost of 2.970632%.

#### 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 Linwood Board of Education 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) OTHER INFORMATION:

A) *Independent Audit* - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board. 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 Amendment of 1996 and the related State Treasury Circular Letter NJ OMB 15-08. 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.

The City of Linwood (the City) is a suburban community located in Atlantic County. The City comprises an area of four square miles lying approximately nine miles to the west of Atlantic City and bounded by the municipalities of Northfield, Egg Harbor Township and Somers Point.

Somers Point forms the southwestern boundary with the Patcong Creek providing much of the northwesterly boundary. The City of Northfield lies to the northeast, and Scull's Creek and Scull's Bay make up much of the boundary to the east and southeast. The Patcong Creek enlarges to form Mill Pond at the northern corner of the City.

The City of Linwood provides educational facilities for Preschool handicap and kindergarten through the eighth grade at two separate schools. The Seaview Elementary School accommodates Preschool handicap and Kindergarten through grade four. Grades five through eight attend the Belhaven Middle School.

High School students, grades nine through twelve, attend Mainland Regional High School, located centrally in the City of Linwood.

The original portion of the Seaview School was opened in 1961. Seaview School was renovated and new construction added to it with its completion in September 1995. Major renovation were completed to the pipe insulation, fire alarm and security systems for 2005. It contains 25 classrooms, LRC's, Gymnasium, Library/Media Center, Computer Lab, Art and Music Rooms and a Cafetorium. It occupies a thirteen acre site.

The Belhaven School occupies a 4.4 acre site at Belhaven and Wabash Avenue. This facility was constructed in five stages. The original two story, plus basement, was built in 1908 was expanded in 1926. A one story unit was added in 1957 and in 1970 a two story classroom wing was provided along with a gymnasium, industrial education area, home economics room and a large music room. The latest addition was completed in 1997 providing a new library, media center, ITV room, computer lab, art room, gymnasium, cafetorium, office areas and other building renovations.

The school system is governed by a nine member Board of Education who are elected to serve staggered three-year terms. As of June 30, 2017, the District employed 80.5 full time equivalent of instructional staff and 25.33 full time equivalent support services staff. Enrollment as of September 2016 was 843 students,

including preschool inclusion.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Linwood School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

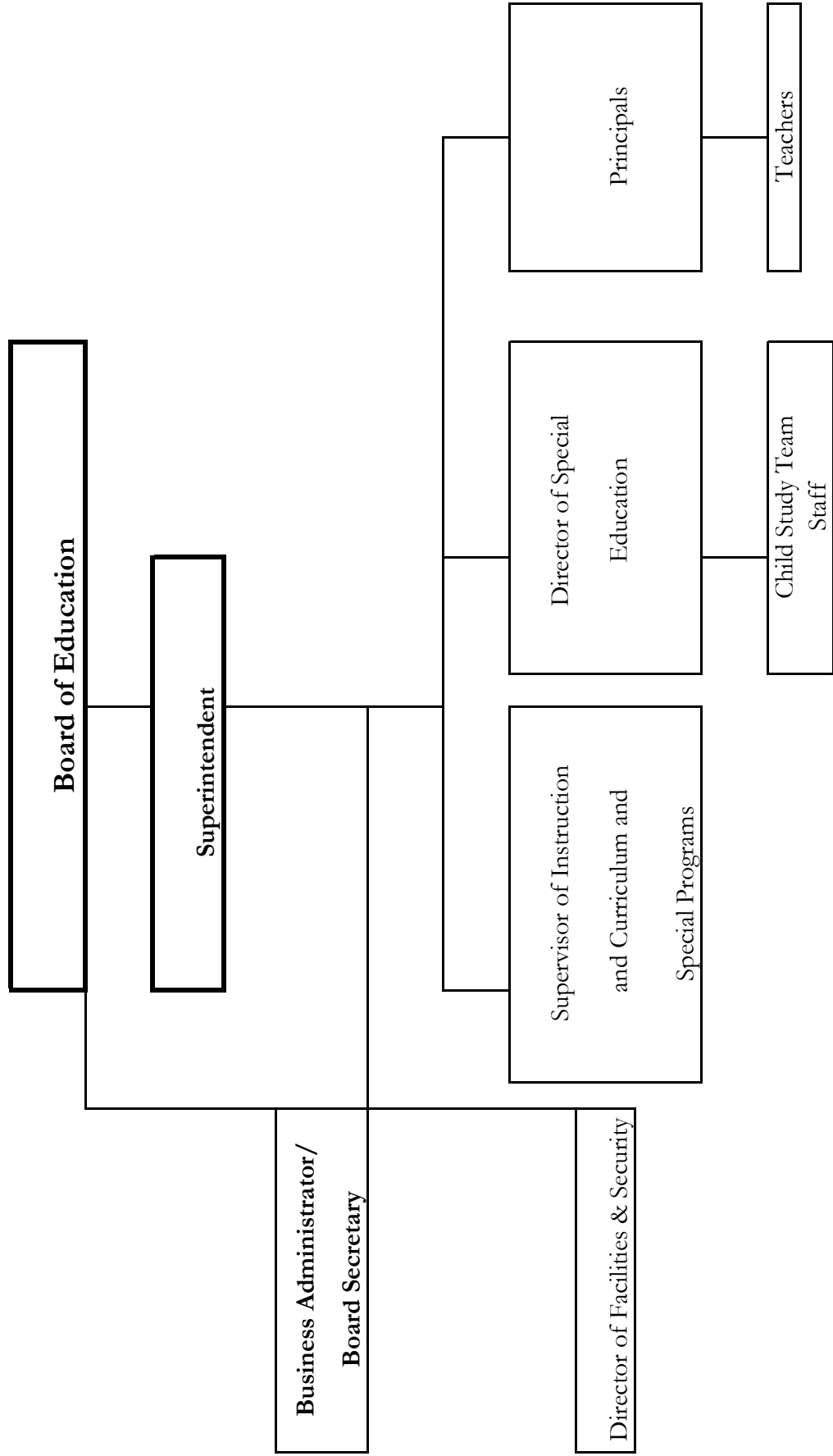
*Brian Pruitt*

Brian Pruitt  
Superintendent of Schools

*Teri J. Weeks*

Teri J. Weeks, CPA, SFO, RSBO  
Business Administrator  
Board Secretary

**CITY OF LINWOOD BOARD OF EDUCATION**  
**CHART OF ORGANIZATION**



**LINWOOD BOARD OF EDUCATION**

**LINWOOD, NEW JERSEY**

Roster of Officials

June 30, 2018

**Members of the Board of Education**

**Term Expires**

Donna Michael Ziereis, President	2018
Joanne Scannell, Vice President	2019
Judd McLaughlin	2019
Michele DeMorat	2018
Judge Daryl Todd	2018
Jason Goldstein	2020
Craig Kahn	2019
Casey Lowry	2020
Alexa D' Amato Barrera	2020

**Other Officials**

Brian Pruitt, Interim Superintendent

Teri J. Weeks, School Business Administrator/Board Secretary

Kelly A Batz, Treasurer

Will Donio, Esq., Solicitor



## **LINWOOD BOARD OF EDUCATION**

Consultants and Advisors

### **Audit Firm**

Ford Scott and Associates  
Ocean City, New Jersey

### **Attorney**

William Donio, Esq.  
Atlantic City, New Jersey

### **Architect of Record**

Daniel Scott Mascione  
Northfield, New Jersey

### **Official Depositories**

OceanFirst Bank  
New Road, Linwood, NJ 08221

Susquehanna Bank  
New Road, Linwood, NJ 08221

TD Bank  
New Road, Somers Point, NJ 08244



## **Financial Section**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable President and  
Members of the Board of Education  
City of Linwood School District  
City of Linwood, New Jersey  
County of Atlantic

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Linwood School District, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Linwood School District, in the County of Atlantic, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Linwood School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in 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, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019 on our consideration of the City of Linwood School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City of Linwood School District's internal control over financial reporting and compliance.

***Ford, Scott & Associates, L.L.C.***  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

***Michael S. Garcia***

**Michael S. Garcia**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 2080**

**January 25, 2019**

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**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Linwood City School District's ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

### FINANCIAL HIGHLIGHTS

- The net position of the District decreased \$2,264,568 from FY 17 to FY 18 which represents a 16.3% decrease from the prior year.
- The State of New Jersey reimbursed the District \$436,212 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- The State of New Jersey contributed on behalf of the District \$1,489,184 during the fiscal year ended June 30, 2018 for the employer's share of pension and post retirement medical contributions for TPAF members. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- As required by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to the greater of 2% of the total general fund expenditures or \$250,000. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2018 the District had a total excess surplus of \$620,503.
- During the fiscal year ended June 30, 2018, the District's General Fund revenue realized was \$327,540 less than General Fund expenditures. During the prior fiscal year, revenue was more than expenses by \$34,263.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements*, *required supplementary information*, and an optional section that presents *combining statements for special revenue, capital projects, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
  - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.
  - The *proprietary fund statements* provide information on activities in which the District operates similar to *private business*.

- *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Major Features of Linwood City School District’s  
Government-Wide and Fund Financial Statements  
(Figure A-1)**

Scope	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; N/A	Instances in which the District is the trustee or agent for someone else’s resources, such as payroll agency and student activities.
Required financial statements	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures, and changes in fund balances	Statement of net position  Statement of revenues, expenses, and changes in net assets  Statement of cash flows	Statement of fiduciary net position  Statement of changes in fiduciary net position
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	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short- term and long- term.	All assets and liabilities, both short-term and long- term.
Type of inflow/outflow	All revenues and expenses during the	Revenues for which cash is	All revenues and expenses,	All revenues and expenses during

information	year, regardless of when cash is received or paid.	received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	regardless of when cash is received or paid.	year, regardless of when cash is received or paid.
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### Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets and liabilities. 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 government-wide statements report the District’s *net position* and how they have changed. Net position – the difference between the District’s assets and liabilities – 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 health 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 the District’s facilities.

The government-wide financial statements of the District are included in one category:

- *Governmental Activities* – most of the District’s basic services are included here, such as instruction, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-Type Activities* – this service is provided on a charge for services basis to recover expenses of the program. The Before and After School Program is reported as a business activity.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District’s most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental Funds* – Most of the District’s basic services are included in governmental funds, which 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 you 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 government-

wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.

- *Enterprise Funds* – The District is responsible for activities of the Before and After School Program. A fee is charged to users of the program that covers the cost of services provided by the District. The fund is operated in a manner similar to the private sector.
- *Fiduciary Funds* – The District is responsible for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net Position.** Net position of the District decreased due to an excess of revenues over expenditures, while depreciation expense exceeded capital outlay additions.

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Current and other assets	\$ 2,985,399	\$ 3,433,174	\$ 49,908	\$ 50,279
Capital assets	15,746,633	16,102,697		
Deferred Outflows	971,917	1,429,876		
<b>Total assets</b>	<b>19,703,949</b>	<b>20,965,747</b>	<b>49,908</b>	<b>50,279</b>
Long-term liabilities	6,668,445	6,323,801		
Other liabilities	201,552	321,786	3,543	267
Deferred Inflows	1,121,714	343,354	759	
<b>Total liabilities</b>	<b>7,991,711</b>	<b>6,988,941</b>	<b>4,302</b>	<b>267</b>
Net assets				
Invested in capital assets	15,746,633	16,102,697		
Restricted	2,510,474	2,852,806		
Unrestricted	(6,544,869)	(4,978,697)	45,606	50,012
<b>Total net position</b>	<b>\$ 11,712,238</b>	<b>\$ 13,976,806</b>	<b>\$ 45,606</b>	<b>\$ 50,012</b>

As required by New Jersey Statutes, the unassigned fund balance of the District is not permitted to exceed the greater of 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security and assets acquired under capital leases or \$250,000. Any excess must be appropriated as budgeted fund balance in the subsequent years’ budget. As of June 30, 2018, the District did have \$1,254,257 excess fund balance, of which \$633,754 is designated for use in the 2018-2019 district budget.

Changes in Net Position. The total revenue of the District increased approximately \$161,944 predominately due to the increases in tax levy, offset by the loss of state aid.

## Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2018 fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenue						
Charges for services	\$ 217,547	\$ 212,747	\$ 107,993	\$ 108,777	\$ 325,540	\$ 321,524
Federal grants	289,563	266,272			289,563	266,272
State grants and entitlements	1,985	764			1,985	764
Local Grants	17,516	71,032			17,516	71,032
General revenues						
Property taxes	11,354,178	11,218,084			11,354,178	11,218,084
State aid entitlements	6,655,534	6,690,759			6,655,534	6,690,759
Other	70,041	(159,457)	305	233	70,346	(159,224)
<b>Total revenues</b>	<b>18,606,364</b>	<b>18,300,201</b>	<b>108,298</b>	<b>109,010</b>	<b>18,714,662</b>	<b>18,409,211</b>
<b>Expenses</b>						
Instruction:						
Regular	8,928,769	8,628,752			8,928,769	8,628,752
Special Education	2,927,692	2,512,965			2,927,692	2,512,965
Other special instruction	844,759	676,317			844,759	676,317
Other instruction	192,466	197,821			192,466	197,821
Support services:						
Student & instruction related services	3,376,419	3,239,485			3,376,419	3,239,485
Tuition	199,815	144,291			199,815	144,291
School administration services	759,204	669,407			759,204	669,407
General & business admin services	1,526,904	1,293,827			1,526,904	1,293,827
Plant operations & maintenance	2,766,866	1,996,640			2,766,866	1,996,640
Pupil transportation	192,710	213,525			192,710	213,525
Business-type activities			112,704	115,205	112,704	115,205
<b>Total expenses</b>	<b>21,715,604</b>	<b>19,573,030</b>	<b>112,704</b>	<b>115,205</b>	<b>21,828,308</b>	<b>19,688,235</b>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$2,783,848 which is \$327,540 less than the beginning of the year. The decrease in fund balance was the result of the reliance of fund balance as a revenue source to support the 2017-2018 budget as planned. Overall, the financial position of the District remains sound.

Any projects or debt prior to November 9, 2016 was approved by the City of Linwood and would be a direct obligation of the City, unless held as a temporary note. The City authorized a bond ordinance in the amount of \$4,250,000 to fund projects beginning July 1, 2013. The District finished the projects by June 2016. The city held the debt as temporary notes due to the favorable temporary finance market. The temporary notes upon maturity were transferred to the District. The District held a bond sale June 19, 2018 for the sale date of July 3, 2018. The bonds have a twelve - year maturity schedule with a 2.970632% net interest cost.

## General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type II School District, are approved by voters. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30<sup>th</sup> carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, which are not budgeted, the District's actual expenditures was more than the budget by approximately \$327,540. The less revenue is from \$31,594 less state aid. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Contribution, actual expenditures were more than actual revenues by \$329,501. Audit exhibit C-1 does not include current year depreciation expense.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2018, the District had invested \$15,746,633 million in a broad range of capital assets, including land, buildings, vehicles and machinery. This amount represents a net decrease (including additions and deductions) of approximately \$356,064, or 2.26% over last year.

	<b>Governmental Activities</b>	
	<u>2018</u>	<u>2017</u>
Land	\$ 903,250	\$ 859,382
Construction In Progress	181,664	269,140
Buildings and Improvements	14,204,165	14,493,168
Machinery & Equipment	<u>457,554</u>	<u>481,008</u>
<b>Total</b>	<u>\$ 15,746,633</u>	<u>\$ 16,102,697</u>

During the 2018 fiscal year, the District substantially completed the Seaview School Field Drainage project. The District will continue to investigate a Lighting efficiency upgrades along with implementing security upgrades.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

New Jersey State Statutes governing Type I School Districts require the bonded debt be assumed by the City and provision for amortization of principal and interest on the outstanding debt is included in the City budget. The district was Type I prior to November 9, 2016. When the District became a Type II school district effective 2016 the City of Linwood held temporary notes authorized pursuant to School Board Ordinance 10-2013 for school projects completed by the District June 2016. Title 18A:24-63 provides that Board of Education shall assume and pay any notes and other obligations, other than permanent bonds, therefore duly issued or incurred by the municipality pursuant to said ordinance. The temporary note in the amount of \$2,560,000 was transferred to the school district effective July 3, 2018. The School District held



the bond sale June 19, 2018. The bond has a twelve year maturity schedule with a Net Interest Cost of 2.970632%.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District received notification on July 13, 2018 that the district's 2018-2019 state aid supporting the budget decreased \$146,983. This loss of aid impacts the programs and services the district is able to offer the students. The state required districts to respond to the loss of aid by August 1, 2018 with a plan of action. This short window of time was insufficient to address this significant loss. The Board voted to address the loss by utilizing unreserved fund balance to support the budget, however, they will be continually reviewing programs and services in an effort reduce overall expenditures. The loss of aid will continue in future budget cycles as the state reallocates the category of Adjustment aid. The taxpayers of the community currently support over 80% of the school district budget as the state aid received by the District continually decreases.

The District has provided tuition based Expanded Day kindergarten and Preschool Inclusion programs as a revenue source to support the programs offered. Additionally, the District offers a non-resident tuition program for the grades 1-8 regular education program at 50% of the most recent certified cost per pupil.

The District continues to streamline operations to reduce overall budget expenditures. The District is experiencing a slight decrease in enrollment effective the 2018-2019 school year, however, a there has been a large increase in the Preschool Disabled program.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's Business Administrator at 51 Belhaven Avenue, Linwood, New Jersey 08221.

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# **BASIC FINANCIAL STATEMENTS**



## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business - type activities of the District.



**City of Linwood School District**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,716,369	\$ 46,448	\$ 2,762,817
Receivable - State	170,932		170,932
Receivable - Federal	39,875		39,875
Due from Fiduciary Funds	9,841		9,841
Other Accounts Receivable	48,382	3,460	51,842
Capital assets:			
Land	903,250		903,250
Construction in Progress	181,664		181,664
Depreciable capital assets, net of depreciation	14,661,719		14,661,719
Total Assets	<u>18,732,032</u>	<u>49,908</u>	<u>18,781,940</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	<u>971,917</u>		<u>971,917</u>
<b>LIABILITIES</b>			
Accounts payable	133,285	3,543	136,828
Advances	68,267	759	69,027
Noncurrent liabilities:			
Due beyond one year	2,701,842		2,701,842
Net Pension Liability	3,966,603		3,966,603
Total liabilities	<u>6,869,996</u>	<u>4,302</u>	<u>6,874,300</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	<u>1,121,714</u>		<u>1,121,714</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	15,746,633		15,746,633
Restricted for:			
Other Purposes	17,268		17,268
Capital Reserve	439,354		439,354
Maintenance Reserve	343,442		343,442
Excess Surplus - Undesignated	620,503		620,503
Excess Surplus - Designated	633,754		633,754
Subsequent Year's Expenditures	456,153		456,153
Unrestricted	(6,544,868)	45,605	(6,499,263)
Total net position	<u>\$ 11,712,238</u>	<u>\$ 45,605</u>	<u>\$ 11,757,843</u>

See accompanying Notes to Financial Statements

**City of Linwood School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Program Revenues					Total
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Governmental activities:						
Instruction:						
Regular	\$ 6,305,123	\$ 2,623,646	\$ 217,547	\$ 2,973,923	\$ (5,737,299)	\$ (5,737,299)
Special education	2,067,081	860,611		1,098,963	(1,828,729)	(1,828,729)
Other special instruction	602,755	242,004		327,851	(516,908)	(516,908)
Other instruction	129,617	62,849		70,485	(121,981)	(121,981)
Support services:						
Tuition	199,815			36,000	(163,815)	(163,815)
Student & instruction related services	2,383,851	992,568		1,141,466	(2,234,953)	(2,234,953)
School administrative services	502,628	256,576		64,568	(694,636)	(694,636)
Central Services	549,488	235,159		59,178	(725,469)	(725,469)
General Administrative services	493,080	249,177		62,706	(679,551)	(679,551)
Plant operations and maintenance	1,834,209	931,657		241,851	(2,524,015)	(2,524,015)
Pupil transportation	127,798	64,912		16,335	(176,375)	(176,375)
Unallocated benefits	6,519,159	(6,519,159)		15,621	15,621	15,621
<b>Total governmental activities</b>	<u>21,714,605</u>	<u>(0)</u>	<u>217,547</u>	<u>6,108,947</u>	<u>(15,388,110)</u>	<u>(15,388,110)</u>
<b>Business Type Activities</b>						
Child Care	112,704		107,993			(4,711)
<b>Total government</b>	<u>\$ 21,827,309</u>	<u>\$ (0)</u>	<u>\$ 325,540</u>	<u>\$ 6,108,947</u>	<u>\$ (15,388,110)</u>	<u>\$ (15,392,822)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net					\$ 11,354,178	\$ 11,354,178
Federal and State aid not restricted					1,699,323	1,699,323
Miscellaneous Income					70,041	70,346
Loss on Disposal of Equipment						-
Total general revenues, special items and transfers					<u>13,123,542</u>	<u>13,123,847</u>
Change in Net Position					(2,264,568)	(2,268,975)
Net Position—beginning,					13,976,806	14,026,818
Net Position—ending					<u>\$ 11,712,238</u>	<u>\$ 11,757,843</u>

See accompanying Notes to Financial Statements



## **FUND FINANCIAL STATEMENTS**

The individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.



**City of Linwood School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,755,602	\$ 37,194	\$ 51,200	\$ 1,843,996
Capital Reserve Account	528,931			528,931
Maintenance Reserve Account	343,442			343,442
Receivable - Federal		39,875		39,875
Receivable - State	170,932			170,932
Tuition Receivable	28,582			28,582
Due from other funds	83,444			83,444
Other Accounts Receivable	11,291	8,509		19,800
Total assets	\$ 2,922,224	\$ 85,578	\$ 51,200	\$ 3,059,002
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 121,876	\$ 11,409		\$ 133,285
Interfund Accounts Payable		73,603		73,603
Unearned revenue	16,500	567	51,200	68,267
Total liabilities	138,376	85,578	51,200	275,154
Fund Balances:				
Restricted for:				
Excess surplus Undesignated	620,503			620,503
Excess surplus Designated	633,754			633,754
Committed to:				
Capital Reserve	439,354			439,354
Maintenance Reserve	343,442			343,442
Assigned to:				
Designated for subsequent year's expenditures	456,153			456,153
Other purposes	17,268			17,268
Unreserved, reported in:				
General fund	273,375			273,375
Total Fund balances	2,783,848	-	-	2,783,848
Total liabilities and fund balances	\$ 2,922,224	\$ 85,578	\$ 51,200	
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.				15,746,633
Pension Liabilities Net of Deferred Outflows & Inflows				(4,116,401)
Some liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.				(2,701,842)
Net position of governmental activities				\$ 11,712,238

See accompanying Notes to Financial Statements

**City of Linwood School District**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local tax levy	\$ 11,354,178		\$ 11,354,178
Miscellaneous	287,588		287,588
State sources	5,265,275	1,985	5,267,260
Federal sources		289,563	289,563
Local sources		17,517	17,517
Total revenues	<u>16,907,041</u>	<u>309,065</u>	<u>17,216,106</u>
<b>EXPENDITURES</b>			
Current:			
Regular instruction	4,153,697	31,509	4,185,206
Special education instruction	1,239,046	133,789	1,372,835
Other special instruction	329,597	56,444	386,041
Other instruction	100,255		100,255
Support services and undistributed costs:			
Tuition - Special Education	128,766	36,000	164,766
Student & instruction related services	1,555,031	28,302	1,583,333
School administrative services	409,287		409,287
Other administrative services	397,483		397,483
Central Services	445,222		445,222
Plant operations and maintenance	1,486,166		1,486,166
Pupil transportation	103,548		103,548
Unallocated Benefits	6,503,538	15,621	6,519,159
Capital Outlay	382,945	7,398	390,343
Total expenditures	<u>17,234,581</u>	<u>309,063</u>	<u>17,543,645</u>
Excess (Deficiency) of revenues over expenditures	<u>(327,540)</u>	<u>0</u>	<u>(327,540)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
			0
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>0</u>
Net change in fund balances	(327,540)	0	(327,540)
Fund balance—July 1	3,111,388		3,111,388
Fund balance—June 30	<u>\$ 2,783,848</u>	<u>\$ 0</u>	<u>\$ 2,783,848</u>

See accompanying Notes to Financial Statements

**City of Linwood School District**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2018**

**Total net change in fund balances - governmental funds (from B-2)** \$ (327,540)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	\$ (746,407)	
Loss on Disposal of Fixed Assets		
Capital outlays	<u>390,343</u>	(356,064)

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions-PERS	(218,870)	
Cost of benefits earned net of employee contributions	<u>157,856</u>	(61,014)

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

(1,519,950)

**Change in net position of governmental activities** \$ (2,264,568)

**City of Linwood School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2018**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Before and After School Program</b>	<b>Totals</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 46,448	\$ 46,448
Other receivables	3,460	3,460
Interfund Accounts Receivable		-
Total current assets	49,908	49,908
Total assets	\$ 49,908	\$ 49,908
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 3,543	\$ 3,543
Prepaid program fees	759	759
Total current liabilities	4,302	4,302
Noncurrent Liabilities:		
Compensated absences		-
Total noncurrent liabilities	-	-
Total liabilities	4,302	4,302
<b>NET POSITION</b>		
Invested in capital assets net of related debt	-	-
Unrestricted	45,605	45,605
Total net position	\$ 45,605	\$ 45,605

See accompanying Notes to Financial Statements

**City of Linwood School District**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<u>Before and After School Program</u>	<u>Total Proprietary</u>
Operating revenues:		
Charges for services:		
Tuition - net of discounts	\$ 107,993	\$ 107,993
		-
Total operating revenues	<u>107,993</u>	<u>107,993</u>
Operating expenses:		
Salaries	69,458	69,458
Benefits - FICA, DCRP, and Unemployment	6,940	6,940
Educational Services	2,228	2,228
Rent	13,000	13,000
Audit	500	500
Services	17,360	17,360
General supplies	3,218	3,218
Total Operating Expenses	<u>112,704</u>	<u>112,704</u>
Operating income	<u>(4,711)</u>	<u>(4,711)</u>
Nonoperating revenues (expenses):		
Interest	305	305
Total nonoperating revenues (expenses)	<u>305</u>	<u>305</u>
Capital Assest		
Equipment		-
Net Capital	<u>-</u>	<u>-</u>
Income before contributions & transfers	(4,407)	(4,407)
Transfers in (out)	-	-
Change in net position	<u>(4,407)</u>	<u>(4,407)</u>
Total net position—beginning	50,012	50,012
Total net position—ending	<u>\$ 45,605</u>	<u>\$ 45,605</u>

See accompanying Notes to Financial Statements

**City of Linwood School District  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2018**

	<b>Before and After School Program</b>	<b>Total Proprietary</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 109,564	\$ 109,564
Payments for salaries and benefits	(72,855)	(72,855)
Educational Services	(2,228)	(2,228)
Rent	(13,000)	(13,000)
Services	(17,360)	(17,360)
Other costs	(500)	(500)
Supplies	(3,218)	(3,218)
Net cash provided by operating activities	<u>403</u>	<u>403</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating subsidies and transfers (to)from other funds		-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets		-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest	305	305
Net cash provided by investing activities	<u>305</u>	<u>305</u>
Net increase in cash and cash equivalents	708	708
Balances—beginning of year	45,740	45,740
Balances—end of year	<u>\$ 46,448</u>	<u>\$ 46,448</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (4,711)	\$ (4,711)
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase/(Decrease) in Accounts Payable	3,543	3,543
Increase/(Decrease) in Deferred Revenues	492	492
(Increase)/Decrease in accounts receivable, net	1,078	1,078
Total adjustments	<u>5,114</u>	<u>5,114</u>
Net cash provided by operating activities	<u>\$ 402</u>	<u>\$ 402</u>

See accompanying Notes to Financial Statements



**City of Linwood School District  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2018**

		<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$	61,091
Accounts Receivable		3,416
		64,507
Total assets	\$	64,507
<b>LIABILITIES</b>		
Accounts Payable	\$	-
Interfund Accounts Payable		0
Payable to student groups		64,012
Payroll deductions and withholdings		495
		64,507
Total liabilities	\$	64,507

See accompanying Notes to Financial Statements

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**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Linwood School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board became a Type II school district effective November 9, 2016, and currently consists of appointed and elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the City of Linwood School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

Pensions: 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 Teacher's Pension and Annuity Fund (TPAF) and Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**A. REPORTING ENTITY**

The City of Linwood School District is a Type II district effective November 9, 2016 located in the County of Atlantic, State of New Jersey. As a Type II district, the Board of Education members are elected. The Board is comprised of nine members appointed or elected to three-year terms. The purpose of the district is to educate students in grades PreK -8. The City of Linwood School District had an approximate enrollment at June 30, 2018 of 829 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

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

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS - CONTINUED**

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

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

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

The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The government-wide statements do not include fiduciary activity.

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

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

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

City of Linwood School District  
Notes to Financial Statements  
June 30, 2018  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - CONTINUED**

The following fund types are used by the District:

**1. Governmental Funds**

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds.
- d. **Debt Service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Fund Balances – Governmental Funds**

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

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

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

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

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

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

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

City of Linwood School District  
Notes to Financial Statements  
June 30, 2018  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - CONTINUED**

**2. Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District.

**3. Enterprise Funds**

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District's enterprise funds consist of an after school program.

**4. Fiduciary Funds**

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

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

**D. BASIS OF ACCOUNTING**

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

**1. Accrual**

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

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**2. Modified Accrual**

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

**E. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For the purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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

Additionally, the District has adopted a cash management plan that 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.

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

**2. Investments**

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate).

**3. Inventories**

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2018, the District did not have inventory in the general fund or the enterprise fund.

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**E. FINANCIAL STATEMENT AMOUNTS - CONTINUED**

**4. Capital Assets**

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

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years

GASBS No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District has included all infrastructure assets in the current fiscal year.

**5. Revenues**

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

**6. Expenditures**

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

**7. Compensated Absences**

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.



City of Linwood School District  
Notes to Financial Statements  
June 30, 2018  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**E. FINANCIAL STATEMENT AMOUNTS - CONTINUED**

**8. Interfund Activity**

Interfund activity is reported as either: loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**9. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and are approved by the board of school estimates. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). The Board of Education did not make any material supplementary appropriations during the fiscal year. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. The following material transfers were made to/(from) budgetary line items:

<u>Account Description</u>	<u>Account Number</u>	<u>Amount</u>
Tuition	11-000-100-xxx	\$38,200
Extraordinary Services	11-000-217-xxx	\$48,780
Child Study Team Services	11-000-219-xxx	\$22,500
Curriculum and Instruction	11-000-221-xxx	(\$12,000)
General Administration	11-000-230-xxx	\$23,050
Administrative Technology	11-000-252-xxx	\$36,500
Plant Operations and Maintenance	1x-000-26x-xxx	(\$16,585)
Regular Instruction	11-1xx-100-xxx	(\$174,200)
Special Education	11-2xx-100-xxx	\$30,420

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

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**E. FINANCIAL STATEMENT AMOUNTS - CONTINUED**

**9. Budgets/Budgetary Control - Continued**

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.

**10. Tuition Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The Board of Education began charging tuition to district students for Preschool Regular Education services for a set rate approved by the Board annually, beginning September 1, 2008. The district also began an expanded day kindergarten program with tuition set annually by the Board of Education. Students participating in the 2017-2018 school year in the Preschool program pay a fee of \$2,750 and Expanded Day Kindergarten Program pay a fee of \$3,750 annually. Students eligible for free or reduced meals receive the programs at a reduced rate set annually by the Board. As of June 30, 2018, there was no tuition receivable.

The district also receives student in regular education grades 1-8 in a parent paid program with tuition fees set annually by the Board of Education. These fees are based on 50% certified cost per pupil fees from the most recent certification.

**11. Tuition Payable**

Tuition charges for the fiscal years 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. The district sent three students to Atlantic County Special Services in the 2015-2016 school year and anticipate notification of an adjustment in the next budget cycle.

The District also had a student attend private schools for the disabled during the 2015-2016, 2016-2017, and 2017-2018 school years. Tuition adjustment notifications are anticipated next budget cycle.

**12. Use of Estimates**

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

**13. Allocation of Costs**

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

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**F. ACCOUNTING CHANGES**

The District has implemented GASB No. 63, which modified the terminology of *net assets* to *net position*. This change did not result in any monetary restatement, but the District has restated prior years to reflect *net position* instead of *net assets*. GASB No. 65 was also effective in the current year, but had no impact on the District.

**NOTE 2. CASH**

**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 district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2018, \$0 of the government's bank balance of \$3,435,969.35 was exposed to custodial credit risk.

**NOTE 3. INVESTMENTS**

As of June 30, 2018, the district did not have any investments.

**Interest Rate Risk.** The district 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. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk.** New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The district places no limit on the amount the district may invest in any one issuer.

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 4. FIXED ASSETS**

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

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 859,382	\$ 43,868		\$ 903,250
Construction in Progress	269,140	181,664	(269,140.00)	181,664
Total capital assets not being depreciated	<u>1,128,522</u>	<u>225,532</u>	<u>(269,140.00)</u>	<u>1,084,914</u>
Capital assets being depreciated:				
Site Improvements	-			-
Buildings and building improvements	26,480,247	122,097	269,140	26,871,483
Machinery & Equipment	1,744,567	42,714	(91,484)	1,695,797
Total capital assets being depreciated at historical cost	<u>28,224,814</u>	<u>164,811</u>	<u>177,656</u>	<u>28,567,280</u>
Less accumulated depreciation for:				
Site Improvements	-	-		-
Buildings and improvements	(11,987,080)	(680,239)		(12,667,320)
Equipment	(1,263,559)	(66,168)	91,484	(1,238,243)
Total Accumulated Depreciation	<u>(13,250,639)</u>	<u>(746,407)</u>	<u>91,484</u>	<u>(13,905,563)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>14,974,175</u>	<u>(581,596)</u>	<u>269,140</u>	<u>14,661,717</u>
Governmental activity capital assets, net	<u>\$ 16,102,697</u>	<u>\$ (356,064)</u>	<u>\$ -</u>	<u>\$ 15,746,631</u>

Depreciation expense as charged to governmental functions as follows:

Regular Instruction	\$ 497,605
Direct Expense of Various Functions	<u>248,802</u>
	<u>\$ 746,407</u>

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 5. GENERAL LONG-TERM DEBT**

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Issued</u>	<u>Retired/ Adjustment</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due in</u> <u>One Year</u>
Compensated Absences Payable	\$ 1,181,892	\$ 2,004,000	\$ 484,050	\$ 2,701,842	\$ 41,809
	<u>\$ 1,181,892</u>	<u>\$ 2,004,000</u>	<u>\$ 484,050</u>	<u>\$ 2,701,842</u>	<u>\$ 41,809</u>

**A. Bonds Payable** – The City of Linwood School District was a Type I School District. When the District became a Type II school district, effective 2016, the City of Linwood held temporary notes authorized pursuant to School Board Ordinance 10-2013 for school projects completed by the District June 2016. Title 18A:24-63 provides that Board of Education shall assume and pay any notes and other obligations, other than permanent bonds, therefore duly issued or incurred by the municipality pursuant to said ordinance. The temporary note in the amount of \$2,560,000 was transferred to the school district effective July 3, 2018. The School District held the bond sale June 19, 2018. The bond has a twelve year maturity schedule with a Net Interest Cost of 2.970632%.

**B. Bonds Authorized But Not Issued** - As of June 30, 2018, the District had authorized but not issued bonds in the amount of \$2,560,000. The bonds were issued July 3, 2018.

**NOTE 6. OPERATING LEASES**

The District is leasing various copy machines for the schools and administrative office. The lease terms vary from three to five years. The monthly payment is \$1,987. The following are minimum lease payments due for the lease on an annual basis. The District has various agreements expiring during 2018-2019 and will enter into new lease agreements.

Future minimum lease payments are as follows:

<u>June 30,</u>	
2019	19,876
2020	13,606
2021	13,606

**NOTE 7. PENSION PLANS**

*Description of Plans*

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 7. PENSION PLANS - CONTINUED**

publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

*Teachers' Pension and Annuity Fund*

The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

*Public Employees' Retirement System*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

*Funding Policy*

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The School District's contributions to TPAF for the years ending June 30, 2018, 2017, and 2016, were \$904,380, \$708,240, and \$507,311 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2018, 2017, and 2016, were \$159,015, \$154,900, and \$167,374, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2018, 2017, and 2016, the State of New Jersey contributed \$584,120, \$590,125, and \$604,066, respectively, to the TPAF for post-retirement medical benefits and life insurance premiums on behalf of the Board. The State of New Jersey contributed \$684 to TPAF for long-term disability insurance. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$436,213, \$431,155, and \$468,728, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 7. PENSION PLANS - CONTINUED**

to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 7. PENSION PLANS - CONTINUED**

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

At June 30, 2018, the District reported a liability of \$3,966,604 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was .01703984870 %, which was a decrease of 1.85% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District recognized pension expense of \$218,870. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:



**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	93,400	
Changes of assumptions	799,134	(796,204)
Net difference between projected and actual earnings on pension plan investments	27,010	
Changes in proportion and differences between District contributions and proportionate share of contributions	52,373	(325,510)
District contributions subsequent to the measurement date	157,856	
Total	\$ 1,129,773.00	(1,121,714)

\$157,856 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ (119,175)
2020	(173,143)
2021	(102,846)
2022	137,499
2023	107,868
Total	\$ (149,797)

**Actuarial Assumptions**

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

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

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED**

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

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

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED**

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

*Discount Rate*

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participated employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

City of Linwood School District  
Notes to Financial Statements  
June 30, 2018  
(Continued)

**NOTE 8. PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED**

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 4,758,967	3,966,604	3,307,322

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**NOTE 9. TEACHERS PENSION AND ANNUITY FUND (TPAF)**

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

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		42,453,738
Total	\$	42,453,738

The net pension liability was measured as of June 30, 2017 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,940,980 and revenue of \$2,940,980 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 9. TEACHERS PENSION AND ANNUITY FUND (TPAF)- CONTINUED**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 277,752	(72,651)
Changes of assumptions	\$ 8,423,711	(7,357,452)
Net difference between projected and actual earnings on pension plan investments	\$ 215,033	
Changes in proportion and differences between District contributions and proportionate share of contributions		(1,667,847)
District contributions subsequent to the measurement date	\$ 707,049	
Total	\$ 9,623,545	\$ (9,097,950)

\$707,049 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ (56,907)
2020	(90,368)
2021	(75,560)
2022	(42,365)
2023	(48,030)
Thereafter	131,776
Total	\$ (181,454)

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

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

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 9. TEACHERS PENSION AND ANNUITY FUND (TPAF)- CONTINUED**

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

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

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

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

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

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 9. TEACHERS PENSION AND ANNUITY FUND (TPAF)- CONTINUED**

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

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

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

	1% Decrease (3.25)	Current Discount Rate (4.25%)	1% Increase (5.25%)
District's proportionate share of the net pension liability	\$ -	-	-

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

**NOTE 10. OTHER POST-RETIREMENT BENEFITS**

P.L. 1987, Chapter 384 and P.L. 1990 Chapter 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007 c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for funding and payment of post-retirement medical benefits for retired State employees and educational employees. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 53, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 10. OTHER POST-RETIREMENT BENEFITS-CONTINUED**

Title 17, Chapter 9 of the New Jersey Administrative Code.

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

*Employees covered by benefit terms:*

At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

*Total OPEB Liability*

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportional share percentage determined under paragraphs 193 and 203 through 205 of GASBS no. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

*Actuarial assumptions and other imputes:*

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate used for the fiscal year ending June 30, 2017 is 3.58%.

Health Care Trend: For pre-Medicare PPO medical benefits, the initial amount is 5.9% and decreases to 5.0% long term trend rate after 9 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after 9 years. For prescription drug benefits, the initial trend rate is 10/5% decreasing to a 5.0% long-term trend rate after 8years. For Medicare Part-B reimbursement, the trend rate is 5.0%.

Salary Scale: The salary scale assumptions will be consistent with the salary scale assumptions used in the pension plans and the calculation of the retiree health contributions for current and future retirees who are subject to Chapter 78. The PERS and TPAF pension actuarial reports are used for the fiscal year ending June 30, 2018.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based on the following:



**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 10. OTHER POST-RETIREMENT BENEFITS-CONTINUED**

Pre-retirement Healthy Mortality: RP-2014 headcount-weighted healthy employee male/female mortality table with fully generational mortality improvement projections from the central year using scale MP-2017.

Post-retirement Healthy Mortality: RP-2014 headcount-weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using scale MP-2017.

Disabled Mortality: RP-2014 headcount-weighted disabled male/female mortality table with fully generational improvement projections from the central year using scale MP-2017

*Changes in the Total OPEB liability reported by the State of New Jersey:*

Balance at 6/30/16	\$	57,831,784,184
Changes for the year:		
Service cost		2,391,878,884
Interest		1,699,441,736
Changes in assumptions or other inputs		(7,086,599,129)
Contributions: Member		45,748,749
Benefit payments		<u>(1,242,412,566)</u>
Net changes	\$	<u>(4,191,942,326)</u>
Balance at 6/30/17	\$	<u><u>53,639,841,858</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability of the State for school board retirees, as well as what the state's total OPEB liability for school boards would be if it were calculated using a discount rate that 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease</u> (2.58%)	<u>Discount Rate</u> (3.58%)	<u>1% Increase</u> (4.58%)
Total OPEB Liability (School Retirees)	63,674,362,200	53,639,841,858	45,680,364,953

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 10. OTHER POST-RETIREMENT BENEFITS-CONTINUED**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.*

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	44,113,584,560	53,639,841,858	66,290,599,457

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$2,224,676 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	
Changes of assumptions		\$ 6,343,769,032
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	\$ 1,190,373,242	
Total	\$ 1,190,373,242	\$ 6,343,769,032

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB will be recognized in OPEB expense as follows:

Year ended <u>June 30,</u>	
2019	\$ (742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
2023	(742,830,097)
Thereafter	(2,629,618,547)
Total	\$ (6,343,769,032)

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 10. OTHER POST-RETIREMENT BENEFITS-CONTINUED**

(Contributions made after June 30, 2017 are reported as deferred outflow of resources but are not amortized in the expense.)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

**NOTE 11. COMPENSATED ABSENCES**

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

The liability for vested compensated absences of the governmental fund types is recorded in the entity wide statement of financial position. The current portion of the compensated absence balance is not considered

material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

**NOTE 12. DEFERRED COMPENSATION**

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

Lincoln Investment Planning, Inc.  
Syracusa  
Equitable  
Vanguard

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 13. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The District joined the SPELL Joint Insurance Fund (JIF) effective July 1, 2017 for commercial insurance coverage for property, liability and surety bonds. The JIF is an established Self-Funded program. Premiums are paid into the fund and are available to pay claims, claim reserves and administrative costs of the program. The trust was established to pay legitimate claims against the Board, which the Board has the obligation to pay such claims. During the fiscal year ended June 30, 2018 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**Worker's Compensation Fund Joint Insurance Fund** – The District is retaining risk by the established self-funded workers' compensation fund through SPELL JIF. Premiums are paid into the fund and are available to pay claims, claim reserves and administrative costs of the program. The trust was established to pay legitimate claims against the Board, which the Board has the obligation to pay such claims. As of June 30, 2018, the amounts of any claims or settlements did not exceed insurance coverage.

**New Jersey Unemployment Compensation Insurance** – The District has been included in the State of New Jersey plan since January 1996.

**NOTE 14. COMMITMENTS**

The District has adopted an encumbrance policy for the fiscal year June 30, 2018 to consider significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund and Special Revenue Fund. There were no significant encumbrances outstanding at year end.

**NOTE 15. CONTINGENT LIABILITIES**

**Federal and State Grants**

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs.

**NOTE 16. ECONOMIC DEPENDENCY**

The District receives support from the federal government and from the state government in the form of aid and specific grants. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 17. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2018:

Fund	Inter-fund Receivable	Inter-fund Payable
General	\$ 83,444	
Special Revenue		73,603
Other Funds		9,841
	\$ 83,444	\$ 83,444

Inter-funds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. The fund financial inter-funds were eliminated in the governmental-wide statements.

**NOTE 18. RECEIVABLES**

Receivables at June 30, 2018, consisted of accounts (other), interfund, and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State Aid	\$ 170,377	170,377
Federal Aid	20,057	20,057
Interfunds	83,444	83,444
Other	51,841	51,841
Gross Receivables	325,719	325,719
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 325,719	\$ 325,719

**NOTE 19. FUND BALANCE APPROPRIATED**

The District follows the State of New Jersey’s minimum fund balance policy for New Jersey Regular Public School Districts (N.J.S.A. 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below;

Non-Spendable Fund Balance – The District had no non-spendable fund balance at June 30, 2018.

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 19. FUND BALANCE APPROPRIATED- CONTINUED**

Restricted Fund Balance

Excess Surplus – At June 30, 2018, excess surplus created in FY17 of \$633,754 will be utilized for expenditures in the 2018-19 budget, while excess surplus created in FY18 of \$620,503 restricted and will be utilized for budget expenditures in 2019-20.

Committed Fund Balance

Capital Reserve Account – Of the \$439,354 balance in the capital reserve account at June 30, 2018, \$0 has been designated for utilization in the 2018-19 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan (LRFP).

Maintenance Reserve Account – Of the \$343,442 balance in the maintenance reserve account at June 30, 2018, \$123,900 has been designated for utilization in the 2018-19 budget. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Assigned Fund Balance – At June 30, 2018, the Board of School Estimates has assigned \$456,153 of general fund balance to expenditures in the 2018-19 budget. \$17,268 was assigned for other purposes as of year-end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance – At June 30, 2018, the District has \$273,375 of unassigned fund balance in the general fund.

**NOTE 20. EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004m c73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance calculated for the year ended June 30, 2018 is \$620,503.

**NOTE 21. LITIGATION**

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any legal proceedings will not have any adverse affect on the accompanying financial statements.

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 22. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Linwood Board of Education by inclusion of \$250,000, June 2005 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) 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 Board of School Estimates has been obtained either by a separate proposal at budget time or by a special question authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 525,215
Interest earnings	3,717
Deposits June 30, 2017	
Deposit Refund from Capital Projects	
Withdrawals:	
Budget 2017-18 (Expended)	89,577
Ending balance, June 30, 2018	<u>439,354</u>

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects at June 30, 2018 is \$4,351,000. The withdrawals from the capital reserve, if any, are for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

**NOTE 23. MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the Linwood Board of Education by inclusion of \$50,000, June 2008 for the accumulation of funds for use as required maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the Maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 341,034
Interest earnings	2,408
Withdrawals:	
Per Approved Budget (Expended):	
Deposit Board resolution June 30, 2018	
Ending balance, June 30, 2018	<u>\$343,442</u>

**City of Linwood School District**  
**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**NOTE 24. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and January 25, 2019 the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure that have not been accounted for in the financial statements. The District received notice on July 13, 2018 that the State of New Jersey had reduced their budgeted state aid in the amount of \$146,983. This loss of aid and planned reduction of aid going forward places the district in significant fiscal distress, impacting programs and services.



**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**



## **Budgetary Comparison Schedules**



**City of Linwood School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 11,354,178	-	\$ 11,354,178	\$ 11,354,178	-
Miscellaneous	136,000		136,000	287,588	151,588
<b>Total - Local Sources</b>	<b>11,490,178</b>	<b>-</b>	<b>11,490,178</b>	<b>11,641,766</b>	<b>151,588</b>
Federal Sources:					
Education Jobs Fund Act			-		-
<b>Total - Federal Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
State Sources:					
Transportation Aid	102,504		102,504	102,504	-
Special Education Aid	487,951		487,951	487,951	-
Equalization Aid	128,197		128,197	128,197	-
Security Aid	64,088		64,088	64,088	-
Adjustment Aid	773,175	(31,594)	741,581	741,581	-
Other State Aid					
- Per Pupil Growth	8,005		8,005	8,005	-
- PARCC Readiness	8,005		8,005	8,005	-
- Professional Learning Communities	7,770		7,770	7,770	-
- Tuition for Homeless out of State and State Placements				5,040	5,040
- Non-Public Transportation				870	870
- Extraordinary				143,351	143,351
On-Behalf TPAF Pension Contributions (non-budgeted)				1,489,184	1,489,184
Reimbursed TPAF Social Security Contributions (non-budgeted)				436,212	436,212
On-Behalf OPEB-GASB 75				1,640,556	1,640,556
<b>Total - State Sources</b>	<b>1,579,695</b>	<b>(31,594)</b>	<b>1,548,101</b>	<b>5,263,314</b>	<b>3,715,213</b>
<b>Total Revenues</b>	<b>\$ 13,069,873</b>	<b>\$ (31,594)</b>	<b>\$ 13,038,279</b>	<b>\$ 16,905,080</b>	<b>\$ 3,866,801</b>

**City of Linwood School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 55,341		\$ 55,341	\$ 55,341	\$ 0
Kindergarten	238,452	4,000	242,452	235,732	6,720
Grades 1-5	2,280,832	(2,35,000)	2,045,832	1,981,068	64,764
Grades 6-8	1,571,602	58,700	1,630,302	1,600,206	30,096
Regular Programs - Home Instruction:					
Salaries of Teachers	\$ 4,000		\$ 4,000		\$ 4,000
Purchased Professional - Educational Services			-		-
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services			-		-
Other Purchased Services	74,129	12,000	86,129	86,103	26
General Supplies	217,660	(13,900)	203,760	162,142	41,618
Textbooks	40,000		40,000	32,544	7,456
Other Objects	750		750	560	190
Total Regular Programs	4,482,766	(174,200)	4,308,566	4,153,697	154,869
Multiple Disabilities					
Salaries of Teachers	146,978	46,000	192,978	177,145	15,833
Other Salaries for Instruction	3,181	11,300	14,481	13,858	623
General Supplies	4,200	650	4,850	4,724	126
Textbooks			-		-
Total Multiple Disabilities	154,359	57,950	212,309	195,727	16,582
Resource Room/Resource Center:					
Salaries of Teachers	828,648	(124,880)	703,768	664,209	39,559
Other Salaries for Instruction	180,974	(23,500)	157,474	151,906	5,568
General Supplies	22,500	(17,100)	5,400	4,001	1,399
Textbooks	7,500	5,360	12,860	12,731	129
Total Resource Room/Resource Center	1,039,622	(160,120)	879,502	832,847	46,655

**City of Linwood School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Preschool Disabilities - Part Time:					
Salaries of Teachers	\$ 83,263		\$ 83,263	\$ 77,542	\$ 5,721
Other Salaries for Instruction	12,242	30,300	42,542	41,004	1,538
General Supplies	3,800	(510)	3,290	2,091	1,199
<b>Total Preschool Disabilities - Part Time</b>	<b>99,305</b>	<b>29,790</b>	<b>129,095</b>	<b>120,637</b>	<b>8,458</b>
Preschool Disabilities - Full Time					
Salaries of Teachers	25,841	51,000	76,841	71,164	5,677
Other Salaries for Instruction	13,875	(1,800)	12,075	9,486	2,589
Supplies	4,000		4,000	3,865	135
<b>Total Preschool Disabilities -Full Time</b>	<b>43,716</b>	<b>49,200</b>	<b>92,916</b>	<b>84,515</b>	<b>8,401</b>
Special Education - Home Instruction					
Salaries of Teachers	4,000	1,600	5,600	5,320	280
Purchased Educational Services			-		-
<b>Total Special Education - Home Instruction</b>	<b>4,000</b>	<b>1,600</b>	<b>5,600</b>	<b>5,320</b>	<b>280</b>
<b>Total Special Education - Instruction</b>	<b>1,341,002</b>	<b>(21,580)</b>	<b>1,319,422</b>	<b>1,239,046</b>	<b>80,376</b>
Basic Skills/Remedial- Instruction					
Salaries of Teachers	218,081	80,000	298,081	295,079	3,002
Other Salaries for Instruction	65,221	(25,000)	40,221	29,828	10,393
General Supplies	3,000		3,000	1,690	1,310
Textbooks	7,500	(3,000)	4,500	3,000	1,500
<b>Total Basic Skills/Remedial - Instruction</b>	<b>293,802</b>	<b>52,000</b>	<b>345,802</b>	<b>329,597</b>	<b>16,205</b>

**City of Linwood School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
School Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 26,313		\$ 26,313	\$ 22,136	\$ 4,177
Purchased Services	500		500		500
Supplies	2,500		2,500	449	2,051
<b>Total School Sponsored Cocurricular Activities - Instruction</b>	<b>29,313</b>	<b>-</b>	<b>29,313</b>	<b>22,585</b>	<b>6,728</b>
School Sponsored Athletics - Instruction					
Salaries	66,203		66,203	60,934	5,269
Purchased Services	6,500		6,500	4,937	1,563
Supplies and Materials	6,800		6,800	4,423	2,377
<b>Total School Sponsored Athletics - Instruction Before/After School Programs/Instruction</b>	<b>79,503</b>	<b>-</b>	<b>79,503</b>	<b>70,294</b>	<b>9,209</b>
Salaries	5,000		5,000	4,340	660
Supplies	500		500	30	470
Transfer to Enterprise Fund			-		-
<b>Total Before/After School Programs</b>	<b>5,500</b>	<b>-</b>	<b>5,500</b>	<b>4,370</b>	<b>1,130</b>
Summer School Instruction					
Salaries	12,800	(2,100)	10,700	3,006	7,694
Supplies			-		-
Transfer to Enterprise Fund			-		-
<b>Total Summer School Programs</b>	<b>12,800</b>	<b>(2,100)</b>	<b>10,700</b>	<b>3,006</b>	<b>7,694</b>
<b>Total Instruction Undistributed Expenditures - Instruction:</b>	<b>6,244,686</b>	<b>(145,880)</b>	<b>6,098,806</b>	<b>5,822,594</b>	<b>276,212</b>
Tuition to CSSD & Regional Day Schools	90,840	(42,300)	48,540	48,500	40
Tuition - Private School for the Handicapped		80,500	80,500	80,266	234
Tuition - Out of State			-		-
<b>Total Undistributed Expenditures - Instruction</b>	<b>90,840</b>	<b>38,200</b>	<b>129,040</b>	<b>128,766</b>	<b>274</b>



City of Linwood School District  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 60,131		\$ 60,131	\$ 59,253	\$ 878
Other Purchased Services	2,500		2,500		2,500
<b>Total Undistributed Expenditures - Attendance and Social Work</b>	<b>62,631</b>	<b>-</b>	<b>62,631</b>	<b>59,253</b>	<b>3,378</b>
Undistributed Expenditures - Health Services:					
Salaries	144,627	(10,500)	134,127	131,381	2,746
Other Purchased Services	8,000	2,000	10,000	7,783	2,217
Supplies and Materials	6,000	1,000	7,000	6,870	130
Other Objects	200		200	149	52
<b>Total Undistributed Expenditures - Health Services</b>	<b>158,827</b>	<b>(7,500)</b>	<b>151,327</b>	<b>146,181</b>	<b>5,146</b>
Undistributed Expenditures - Speech, OT, PT & Related Services					
Salaries	342,476	6,800	349,276	341,441	7,835
Purchased Professional Educational Services	15,000	10,000	25,000	21,974	3,026
Supplies and Materials	4,500	(800)	3,700	3,452	248
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>361,976</b>	<b>16,000</b>	<b>377,976</b>	<b>366,867</b>	<b>11,109</b>
Undistributed Expenditures - Other Support Services - Students - Extra Services					
Salaries	244,670	(1,500)	243,170	231,768	11,402
Purchased Professional Educational Services	11,500	50,280	61,780	58,246	3,534
Supplies and Materials	1,000		1,000	662	338
Other Objects			-		-
<b>Total Undistributed Expenditures - Other Support Services - Students - Extra Services</b>	<b>257,170</b>	<b>48,780</b>	<b>305,950</b>	<b>290,676</b>	<b>15,274</b>

City of Linwood School District  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Other Support Services - Guidance	\$ 116,076	\$ 1,200	\$ 117,276	\$ 117,183	\$ 93
Salaries of Other Professional Staff	11,000	(3,000)	8,000	5,720	2,280
Other Salaries	1,200		1,200	651	549
Other Purchased Prof & Technical Services	900	605	1,505	1,255	250
Other Purchased Services	7,000	(605)	6,395	3,583	2,812
Supplies and Materials	360		360	258	102
Other Objects					
Total Undistributed Expenditures - Other Support Services - Guidance	136,536	(1,800)	134,736	128,650	6,086
Undistributed Expenditures - Other Support Services - Child Study Team	301,453	15,000	316,453	312,886	3,567
Salaries of Other Professional Staff	45,441	(7,500)	37,941	35,424	2,517
Salaries of Secretarial and Clerical Assistants	5,000		5,000	3,299	1,701
Other Salaries					
Unused Vacation Payment					
Purchased Professional - Educational Services	9,500	10,000	19,500	5,520	13,980
Purchased Professional - Technical Services	12,000		12,000	9,790	2,210
Misc. Purchased Services	3,750	5,000	8,750	6,578	2,172
Supplies and Materials	8,000		8,000	5,625	2,375
Other Objects	2,000		2,000	1,323	677
Total Undistributed Expenditures - Other Support Services - Child Study Team	387,144	22,500	409,644	380,446	29,198
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	92,250	(12,000)	80,250	66,819	13,431
Salaries of Other Professional Staff	15,520		15,520	10,045	5,475
Salaries of Secretarial & Clerical					
Purchased Professional - Educational Services					
Other Purchased Services	6,500		6,500	4,618	1,882
Supplies and Materials	2,000		2,000	830	1,170
Other Objects	2,000		2,000	1,154	846
Total Undistributed Expenditures - Improv. of Instr. Services	118,270	(12,000)	106,270	83,466	22,804

**City of Linwood School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries - Media Specialist	\$ 7,381	\$ (5,000)	\$ 2,381	78,690	2,381
Salaries - Technology Coordinators	80,409		80,409	3,042	1,719
Other Purchased Services	6,000		6,000	7,044	2,958
Supplies and Materials	7,000	300	7,300		256
Other Objects			-		-
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>100,790</b>	<b>(4,700)</b>	<b>96,090</b>	<b>88,776</b>	<b>7,314</b>
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	2,800	2,000	4,800	2,380	2,420
Other Purchased Professional and Technical Services	14,500		14,500	2,681	11,819
Other Purchased Services	7,650	(500)	7,150	5,654	1,496
Supplies and Materials	500		500		500
<b>Total Undistributed Expenditures - Instructional Staff Training</b>	<b>25,450</b>	<b>1,500</b>	<b>26,950</b>	<b>10,715</b>	<b>16,235</b>
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	218,707	(13,750)	204,957	204,001	956
Legal Services	50,000	27,000	77,000	74,280	2,720
Audit Fees	19,000	(1,000)	18,000	17,900	100
Other Purchased Professional Services			-		-
Purchased Technical Services	7,500	(3,000)	4,500	4,185	315
Communications/Telephone	45,000	9,800	54,800	47,598	7,202
Other Purchased Services	47,000	4,000	51,000	50,147	853
Other Purchased Service - Board Expense	500		500		500
General Supplies	5,000		5,000	3,707	1,293
Board Training and Meeting Supplies	500		500	490	10
Board Memberships	8,000		8,000	6,703	1,297
Judgements Against the District			-		-
Miscellaneous Expenditures	2,000		2,000	275	1,725

**City of Linwood School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Total Undistributed Expenditures - Support Services - Gen. Admin.	403,207	23,050	426,257	409,287	16,970
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	\$ 233,000		\$ 233,000	\$ 232,987	\$ 13
Salaries of Secretarial and Clerical Assistants	130,678	1,000	131,678	131,363	315
Unused Vacation Payment			-		-
Other Purchased Services	30,500	(1,000)	29,500	19,031	10,469
Supplies and Materials	20,000	(500)	19,500	11,625	7,875
Other Objects	2,800		2,800	2,477	323
Total Undistributed Expenditures - Support Serv. - School Admin.	416,978	(500)	416,478	397,483	18,995
Undistributed Expenditures - Business Administration					
Salary	199,971		199,971	199,465	506
Purchased Professional Services		12,500	12,500	12,500	-
Miscellaneous Purchased Services	48,000	(13,500)	34,500	24,097	10,403
Supplies and Materials	6,000		6,000	4,141	1,859
Miscellaneous Expense	2,500		2,500	2,135	365
Total Undistributed Expenditures - Support Serv. - Business Admin.	256,471	(1,000)	255,471	242,337	13,134
Undistributed Expenditures - Technical Services					
Salary	106,694	42,500	149,194	140,904	8,290
Other Purchased Services	58,020	(6,000)	52,020	45,363	6,657
Supplies and Materials	15,900		15,900	15,799	101
Other Objects	1,000		1,000	820	180
Total Undistributed Expenditures - Support Serv. - Technical Services	181,614	36,500	218,114	202,885	15,229
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	152,514	(4,000)	148,514	146,891	1,623
Cleaning Repairs and Maintenance Services	250,125	27,500	277,625	272,189	5,436
Lead Testing			-		-
General Supplies	29,980	(7,000)	22,980	15,198	7,781
Other Objects	500		500	500	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	433,119	16,500	449,619	434,778	14,840

**City of Linwood School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	\$ 308,616	\$ (800)	\$ 307,816	\$ 300,890	\$ 6,926
Salaries of Non-Instructional	47,899	(13,785)	34,114	33,563	551
Cleaning, Repair and Maintenance Services	34,000	(1,500)	32,500	26,228	6,272
Other Purchased Property Services	37,000		37,000	35,349	1,651
Insurance	57,500	(3,000)	54,500	54,199	301
Miscellaneous Purchased Services	54,000	(11,100)	42,900	23,597	19,303
General Supplies	102,895	(45,800)	57,095	50,631	6,465
Energy (Heat)	110,000	(5,000)	105,000	82,136	22,864
Energy (Electricity)	300,000		300,000	284,153	15,848
Energy (Gas)	2,000		2,000	1,077	923
Other Objects	1,000		1,000	808	192
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>1,054,910</b>	<b>(80,985)</b>	<b>973,925</b>	<b>892,631</b>	<b>81,294</b>
Undistributed Expenditures - Grounds					
Salaries	1,828	4,300	6,128	6,044	84
Cleaning, Repairs & Maintenance Services	22,500		22,500	21,199	1,301
General Supplies	8,000		8,000	5,049	2,951
<b>Total Undistributed Expenditures - Grounds</b>	<b>32,328</b>	<b>4,300</b>	<b>36,628</b>	<b>32,291</b>	<b>4,337</b>
Undistributed Expenditures - Security					
Salaries	40,294	5,550	45,844	44,021	1,823
Purchased Property Services			-		-
Purchased Services	26,709		26,709	26,139	571
General Supplies	52,410	5,000	57,410	56,307	1,103
<b>Total Undistributed Expenditures - Security</b>	<b>119,413</b>	<b>10,550</b>	<b>129,963</b>	<b>126,466</b>	<b>3,497</b>
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other Than Between Home and School) - Vendors	\$ 10,000		\$ 10,000	\$ 8,120	\$ 1,880
Contracted Services - (Between Home and School) - Joint Agmts	27,000		27,000	23,600	3,400
Contracted Services (Special Ed Students) - Joint Agreements	102,000	(25,520)	76,480	68,828	7,652
Contracted Services - Aid in Lieu of Payments	8,840		8,840	3,000	5,840
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>	<b>147,840</b>	<b>(25,520)</b>	<b>122,320</b>	<b>103,548</b>	<b>18,772</b>

**City of Linwood School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Unallocated Benefits:					
Social Security Contributions	172,000	(1,109)	170,891	166,249	4,642
Other Retirement - Regular	160,000		160,000	159,015	985
Defined Contribution Retirement Program	20,000		20,000	12,535	7,465
Unemployment Compensation	37,000	7,000	44,000	34,116	9,884
Workmen's Compensation	150,000	(20,000)	130,000	124,925	5,075
Health Benefits	2,407,850	20,520	2,428,370	2,367,630	60,740
Tuition Reimbursements	60,000	(35,800)	24,200	15,472	8,729
Disability	19,250		19,250	13,585	5,665
Other Employee Benefits	22,500	22,000	44,500	44,059	441
<b>Total Unallocated Benefits</b>	<b>3,048,600</b>	<b>(7,389)</b>	<b>3,041,211</b>	<b>2,937,586</b>	<b>103,625</b>
On-behalf TPAF Pension Contributions (non-budgeted)				1,489,184	(1,489,184)
Reimbursed TPAF Social Security Contributions (non-budgeted)				436,212	(436,212)
On-Behalf OPEB- GASB 75				1,640,556	(1,640,556)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,565,952</b>	<b>(3,565,952)</b>
<b>Total Undistributed Expenditures</b>	<b>7,794,114</b>	<b>76,486</b>	<b>7,870,600</b>	<b>11,029,042</b>	<b>(3,158,443)</b>
<b>Total Current Expense</b>	<b>14,038,800</b>	<b>(69,394)</b>	<b>13,969,406</b>	<b>16,851,636</b>	<b>(2,882,231)</b>
<b>Capital Outlay:</b>					
<b>Equipment:</b>					
Undistributed Expenditures:					
Support Services					\$ -
Administrative Technology	8,000		8,000	2,555	5,445
Technology					-
Maintenance					
Instructional Equipment		33,050	33,050	32,761	289
Grades 1-5					
<b>Total Equipment</b>	<b>8,000</b>	<b>33,050</b>	<b>41,050</b>	<b>35,316</b>	<b>5,734</b>

**City of Linwood School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Facilities Acquisition and Construction Services					
Architectural and Engineering Services	57,100	(1,250)	55,850	46,900	8,950
Construction Services	170,611		170,611	154,132	16,479
Land Improvements	125,000	6,000	131,000	127,750	3,250
Debt Service Assessment	18,847		18,847	18,847	-
Increase in Capital Reserve	1,000		1,000		1,000
Increase in Maintenance Reserve	500		500		500
<b>Total Facilities Acquisition and Construction Services</b>	<b>375,058</b>	<b>4,750</b>	<b>377,808</b>	<b>347,629</b>	<b>30,179</b>
<b>Total Capital Outlay</b>	<b>381,058</b>	<b>37,800</b>	<b>418,858</b>	<b>382,945</b>	<b>35,913</b>
<b>Total Expenditures</b>	<b>14,419,858</b>	<b>(31,594)</b>	<b>14,388,264</b>	<b>17,234,581</b>	<b>(2,846,318)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,349,985)	\$ -	\$ (1,349,985)	\$ (329,501)	\$ 1,020,484
Other Sources and (Uses) of Funds			-		-
Fund Balances, July 1	3,257,568		3,257,568	3,257,568	
Fund Balances, June 30	\$ 1,907,583	\$ -	\$ 1,907,583	\$ 2,928,067	\$ 1,020,484
<b>Reconciliation of Fund Balance</b>					
Reserve for Encumbrances				\$ 17,268	
Excess Surplus - Undesignated				620,503	
Capital Reserve				439,354	
Maintenance Reserve				343,442	
Excess Surplus Designated for Subsequent Year's Expenditures				633,754	
Unreserved Surplus Designated for Subsequent Year's Expenditures				309,170	
Additional Unreserved Surplus Designated for Subsequent Year's Expenditures to address loss of State Aid				146,983	
Unrestricted Fund Balance				417,594	
				2,928,067	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized				(144,219)	
Fund Balance per Governmental Funds				\$ 2,783,848	

**City of Linwood School District  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	-	\$ 40,222	\$ 40,222	\$ 37,514	\$ (2,708)
Total - Local Sources	-	40,222	40,222	37,514	(2,708)
State Sources:					
Non Public Aids	2,150	752	2,902	1,985	(917)
Total - State Sources	2,150	752	2,902	1,985	(917)
Federal Sources:					
Impact Aid		18,000	18,000	18,000	-
Title I	39,797	31,082	70,879	61,489	(9,390)
Title II A	13,000	8,368	21,368	21,368	-
Title IV		10,000	10,000	10,000	-
I.D.E.A., Part B	180,447	1,032	181,479	181,479	-
I.D.E.A., Preschool	6,890	2,554	9,444	9,444	-
Total - Federal Sources	240,134	71,036	311,170	301,780	(9,390)
<b>Total Revenues</b>	<b>242,284</b>	<b>112,010</b>	<b>354,294</b>	<b>341,279</b>	<b>(13,015)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	120,964	38,988	159,952	153,423	6,529
Tuition	36,000		36,000	36,000	-
Other Purchased Services (400-500 series)		1,125	1,125	750	375
General Supplies	20,000	35,832	55,832	51,387	4,445
Textbooks	500	103	603	600	3
Other Objects		245	245	245	-
<b>Total instruction</b>	<b>177,464</b>	<b>76,293</b>	<b>253,757</b>	<b>242,405</b>	<b>11,352</b>



**City of Linwood School District  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>Support Services</b>					
Salaries of Other Professional Staff	\$ 10,500	\$ 10,337	\$ 20,837	\$ 20,005	\$ 832
Personal Services - Employee Benefits	11,570	4,612	16,182	15,620	562
Purchased Professional - Educational Services	42,000	5,178	47,178	47,178	-
Other Purchased Services		3,300	3,300	3,300	-
Supplies & Materials	750	4,892	5,642	5,373	269
<b>Total support services</b>	<u>64,820</u>	<u>28,319</u>	<u>93,139</u>	<u>91,476</u>	<u>1,663</u>
Contribution to Charter Schools			-	-	
<b>Facilities acquisition and construction services:</b>					
Equipment		7,398	7,398	7,398	-
<b>Total facilities acquisition and construction services</b>	<u>-</u>	<u>7,398</u>	<u>7,398</u>	<u>7,398</u>	<u>-</u>
<b>Total expenditures</b>	<u>242,284</u>	<u>112,010</u>	<u>354,294</u>	<u>341,279</u>	<u>13,015</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**NOTES TO THE  
REQUIRED SUPPLEMENTARY INFORMATION**



**City of Linwood School District  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2018**

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

		General Fund	Special Revenue
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1; C-2	\$ 16,905,080	\$ 341,279
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
Prior Year			33,306
Current Year			(1,090)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		146,180	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(144,219)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	\$ 16,907,041	\$ 373,496
 <b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1; C-2	17,234,581	341,279
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			
Prior Year			33,306
Current Year			(1,090)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to capital projects fund.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 17,234,581	\$ 373,496

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART III**





**City of Linwood School District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employee Retirement System**  
**Last Two Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.01703984870%	0.01736126520%	0.01917167650%	0.01926610610%	0.01879825340%
District's proportionate of the net pension liability (asset)	\$ 3,966,604	\$ 5,141,909	\$ 4,370,213	\$ 3,607,142	\$ 3,592,720
District's covered payroll	\$ 1,172,186	\$ 1,172,944	\$ 1,178,942	\$ 1,331,545	\$ 1,329,423
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	338.39%	438.38%	370.69%	270.90%	270.25%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	47.93%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.  
However, information is only currently available for two years.  
Additional years will be presented as they become available.

**City of Linwood School District  
 Schedule of District Contributions  
 Public Employee Retirement System  
 Last Two Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 157,856	\$ 154,235	\$ 167,374	\$ 158,827	\$ 141,641
Contributions in relation to the contractually required contribution	<u>157,856</u>	<u>154,235</u>	<u>167,374</u>	<u>158,827</u>	<u>141,641</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,172,186	\$ 1,172,944	\$ 1,178,942	\$ 1,331,545	\$ 1,329,423
Contributions as a percentage of covered-employee payroll	13.47%	13.15%	14.20%	11.93%	10.65%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.  
 However, information is only currently available for two years.  
 Additional years will be presented as they become available.

**City of Linwood School District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund**  
**Last Two Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>42,453,738</u>	<u>49,845,542</u>	<u>40,683,913</u>	<u>36,468,438</u>	<u>33,698,008</u>
<b>Total</b>	<u>\$ 42,453,738</u>	<u>\$ 49,845,542</u>	<u>\$ 40,683,913</u>	<u>\$ 36,468,438</u>	<u>\$ 33,698,008</u>
District's covered payroll	\$ 5,958,815	\$ 6,277,658	\$ 6,445,788	\$ 6,435,835	\$ 6,435,914
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%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	28.71%	28.71%	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

**CITY OF LINWOOD SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**Public Employee Retirement System and Teachers' Pension and Annuity Fund**  
**Last Two Fiscal Years**

	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	-
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 38,670,539</u>	<u>\$ 41,871,109</u>
Total	<u><u>\$ 38,670,539</u></u>	<u><u>\$ 41,871,109</u></u>
District's covered payroll	7,131,001	7,450,602
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.

However, information is only currently available for two years.

Additional years will be presented as they become available.

## **Other Supplementary Information**



## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for a specific purpose.





City of Linwood School District  
Special Revenue Fund  
Combining Schedule of Revenue and Expenditures  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2018

	Linwood Education Foundation	Parent and Teacher Association	Community And Other Local Grants	Non Public Nursing	Non Public Textbook	Non Public Technology & Security	Subtotal State Grants	Subtotal Local Grants	Total
REVENUES:									
State Sources				172	600	1,213	1,985	\$	1,985
Federal Sources	30,222	4,678	2,614						301,780
Local Sources	30,222	4,678	2,614	172	600	1,213	1,985	37,514	37,514
Total revenues									341,279
EXPENDITURES									
Instruction:									
Salaries of teachers									-
Tuition									153,423
Other purchased services		750							36,000
General supplies	21,824	768	2,614					750	750
Textbooks					600		600		51,387
Other Objects									600
Total instruction	21,824	1,518	2,614	-	600	-	600	25,956	242,405
Support services:									
Salaries of Other Professional Staff				160			160		-
Personal services- employee benefits				12			12		20,005
Purchased professional educational service									15,620
Other Purchased Services									47,178
Supplies and materials	1,000	3,160				1,213	1,213		3,300
Total support services	1,000	3,160		172		1,213	1,385	4,160	5,373
Facilities acquisition and const. serv.:									91,476
Equipment	7,398							7,398	7,398
Faculties									-
Total facilities acquisition and construction services	7,398							7,398	7,398
Total expenditures	30,222	4,678	2,614	172	600	1,213	1,985	37,514	341,279
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$

**City of Linwood School District  
Special Revenue Fund  
Combining Schedule of Revenue and Expenditures  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2018**

	Title I	Title II A	Title IV	IDEA Basic	IDEA Preschool	Impact Aid	Subtotal Projects
<b>REVENUES:</b>							
State Sources	\$ 61,489	\$ 21,368	\$ 10,000	\$ 181,479	9,444	18,000	\$ 301,780
Federal Sources							
Local Sources							
Total revenues	61,489	21,368	10,000	181,479	9,444	18,000	301,780
<b>EXPENDITURES</b>							
Instruction:							
Salaries of teachers	48,860			82,701	7,328	14,534	153,423
Tuition				36,000			36,000
Other purchased services							
General supplies	8,891		9,755	5,979	1,556		26,181
Textbooks							
Other objects			245				245
Total instruction	57,751		10,000	124,680	8,884	14,534	215,849
Support services:							
Salaries of Other Professional Staff				19,845			19,845
Personal services- employee benefits	3,738			7,844	560	3,466	15,608
Purchased professional educational service		19,263		27,915			47,178
Other purchased services		2,105		1,195			3,300
Supplies and materials							
Total support services	3,738	21,368		56,799	560	3,466	85,931
Facilities acquisition and const. serv.:							
Equipment							
Facilities							
Total facilities acquisition and construction services							
Total expenditures	61,489	21,368	10,000	181,479	9,444	18,000	301,780
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school district.



**City of Linwood School District  
Fiduciary Fund  
Combining Statement of Fiduciary Net Position  
For the Year Ended June 30, 2018**

	Agency		
	Student Activity	Payroll	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 61,012	\$ 79	\$ 61,091
Accounts receivable	3,000	-	3,000
Other Receivables		416	416
Total Assets	\$ 64,012	\$ 495	\$ 64,507
<b>LIABILITIES:</b>			
Liabilities:			
Payroll deductions and withholdings		\$ 495	\$ 495
Interfund payable - general fund		0	0
Due to student groups	64,012		64,012
Encumbrance	0		-
Accounts Payable			-
Total Liabilities	\$ 64,012	\$ 495	\$ 64,507

Exhibit H-2

City of Linwood School District  
 Student Activity Agency Fund  
 Statement of Changes in Assets and Liabilities  
 For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 63,638	\$ 229,003	\$ 231,629	\$ 61,012
Accounts Receivable	0	3,000		3,000
Total assets	<u>\$ 63,638</u>	<u>\$ 232,003</u>	<u>\$ 231,629</u>	<u>\$ 64,012</u>
<b>LIABILITIES:</b>				
Due to Student groups	\$ 59,500	\$ 232,003	\$ 227,491	\$ 64,012
Encumbrance	4,138		4,138	-
Accounts Payable				-
Total liabilities	<u>\$ 63,638</u>	<u>\$ 232,003</u>	<u>\$ 231,629</u>	<u>\$ 64,012</u>

**Exhibit H-3**

**City of Linwood School District  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2018**

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Elementary School	\$ 12,182	\$ 18,811	\$ 19,125	\$ 11,868
Middle School	33,246	40,376	41,600	32,022
Middle School - Band	8,431	151,135	146,831	12,735
Middle School - Renaissance	363	15,382	13,510	2,236
Middle School - Athletics	<u>5,278</u>	<u>6,299</u>	<u>6,425</u>	<u>5,152</u>
Total all schools	<u>\$ 59,500</u>	<u>\$ 232,003</u>	<u>\$ 227,491</u>	<u>\$ 64,012</u>

City of Linwood School District  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 14,867	\$ 9,647,524	\$ 9,662,313	\$ 78
Other Receivables	506	781	871	416
Accounts receivable	-			-
Total assets	<u>\$ 15,373</u>	<u>\$ 9,648,305</u>	<u>\$ 9,663,184</u>	<u>\$ 495</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 14,610	\$ 9,648,305	\$ 9,662,420	\$ 495
Interfund Accounts Payable	764		764	0
Total liabilities	<u>\$ 15,374</u>	<u>\$ 9,648,305</u>	<u>\$ 9,663,183</u>	<u>\$ 495</u>



## Statistical Section



City of Linwood School District  
 Net Position by Component,  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 17,165,012	\$ 17,038,553	\$ 16,735,301	\$ 16,269,790	\$ 15,896,090	\$ 16,404,629	\$ 16,626,933	\$ 16,624,520	\$ 16,102,697	\$ 15,746,633
Restricted	2,205,568	1,425,420	2,095,182	2,620,255	2,508,318	2,470,817	2,503,873	2,873,673	2,852,806	2,510,474
Unrestricted	(235,109)	(135,094)	(68,925)	(89,862)	(135,743)	(165,443)	(3,757,514)	(4,249,099)	(4,978,697)	(6,544,868)
<b>Total governmental activities net position</b>	<b>\$ 19,135,471</b>	<b>\$ 18,328,879</b>	<b>\$ 18,761,558</b>	<b>\$ 18,800,183</b>	<b>\$ 18,268,665</b>	<b>\$ 18,710,003</b>	<b>\$ 15,373,292</b>	<b>\$ 15,249,094</b>	<b>\$ 13,976,806</b>	<b>\$ 11,712,239</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 10,428	\$ 12,998	\$ 8,247	\$ 3,504	\$ 15,640	\$ 23,345	\$ 21,426	\$ 56,208	\$ 50,012	\$ 45,605
Restricted										
Unrestricted										
<b>Total business-type activities net position</b>	<b>\$ 10,428</b>	<b>\$ 12,998</b>	<b>\$ 8,247</b>	<b>\$ 3,504</b>	<b>\$ 15,640</b>	<b>\$ 23,345</b>	<b>\$ 21,426</b>	<b>\$ 56,208</b>	<b>\$ 50,012</b>	<b>\$ 45,605</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 17,165,012	\$ 17,038,553	\$ 16,735,301	\$ 16,269,790	\$ 15,896,090	\$ 16,404,629	\$ 16,626,933	\$ 16,624,520	\$ 16,102,697	\$ 15,746,633
Restricted	2,205,568	1,425,420	2,095,182	2,620,255	2,508,318	2,470,817	2,503,873	2,873,673	2,852,806	2,510,474
Unrestricted	(224,681)	(122,096)	(60,678)	(86,358)	(120,103)	(142,098)	(3,736,088)	(4,192,891)	(4,928,685)	(6,499,263)
<b>Total district net position</b>	<b>\$ 19,145,899</b>	<b>\$ 18,341,877</b>	<b>\$ 18,769,805</b>	<b>\$ 18,803,687</b>	<b>\$ 18,284,305</b>	<b>\$ 18,733,348</b>	<b>\$ 15,394,718</b>	<b>\$ 15,305,302</b>	<b>\$ 14,026,818</b>	<b>\$ 11,757,844</b>

Source: CAFR Schedule A-1

**City of Linwood School District**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Unaudited

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 5,875,586	\$ 5,442,124	\$ 5,520,145	\$ 5,899,699	\$ 6,225,783	\$ 6,556,097	\$ 7,829,568	\$ 7,964,606	\$ 8,628,752	\$ 8,928,769
Special education	1,886,210	1,998,542	2,079,317	1,947,629	1,910,498	2,006,509	2,054,226	2,181,381	2,512,965	2,927,692
Other special education	367,224	456,919	462,302	467,334	537,332	606,976	690,759	645,998	676,317	844,759
Vocational										
Other instruction	92,712	110,236	106,716	108,608	131,952	176,888	206,036	197,938	197,821	192,466
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	41,919	76,634	51,602	54,485	50,062	122,377	130,598	159,964	144,291	199,815
Student & instruction related services	1,902,933	2,123,052	2,046,076	2,208,777	2,400,283	2,293,476	2,251,394	2,730,790	3,239,485	3,376,419
General administrative services	493,990	481,801	627,900	537,265	681,491	622,165	641,990	703,286	669,407	742,257
School administrative services	511,239	572,223	542,144	542,144	633,132	520,678	544,828	726,228	626,851	759,204
Business administrative and technology services	576,479	568,960	504,207	590,664	588,051	428,886	550,854	598,379	666,976	784,647
Plant operations and maintenance	1,839,031	1,900,082	1,731,066	1,844,198	1,831,614	1,857,886	2,096,898	2,034,279	1,996,640	2,765,866
Pupil transportation	137,510	164,673	132,531	124,999	132,802	132,096	136,680	148,906	213,525	192,710
Special Schools										
Charter Schools										
Interest on long-term debt										
Unallocated depreciation										
Total governmental activities expenses	<u>13,724,833</u>	<u>13,895,246</u>	<u>13,833,998</u>	<u>14,325,802</u>	<u>15,123,000</u>	<u>15,324,034</u>	<u>17,133,831</u>	<u>18,091,755</u>	<u>19,573,030</u>	<u>21,714,604</u>
Business-type activities:										
Child Care	49,463	48,658	51,897	48,093	55,568	72,969	74,414	81,403	115,205	112,704
Total business-type activities expense	49,463	48,658	51,897	48,093	55,568	72,969	74,414	81,403	115,205	112,704
Total district expenses	<u>\$ 13,774,296</u>	<u>\$ 13,943,904</u>	<u>\$ 13,885,895</u>	<u>\$ 14,373,895</u>	<u>\$ 15,178,568</u>	<u>\$ 15,397,003</u>	<u>\$ 17,208,245</u>	<u>\$ 18,173,158</u>	<u>\$ 19,688,235</u>	<u>\$ 21,827,308</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 30,896	\$ 22,500	\$ 34,392	\$ 28,000	\$ 10,452	88,885	144,055	162,002	212,747	217,547
Pupil transportation										
General Administrative Services		116,798	122,762	96,555	138,605	82,837	32,273	-	-	-
Plant operations and maintenance			72,032	62,799	71,117					
Operating grants and contributions	1,148,190	1,289,999	1,306,089	1,360,720	1,664,215	1,555,990	3,301,697	4,033,833	5,308,931	6,108,947
Capital grants and contributions										
Total governmental activities program revenues	<u>1,179,086</u>	<u>1,429,297</u>	<u>1,535,275</u>	<u>1,548,074</u>	<u>1,884,389</u>	<u>1,727,712</u>	<u>3,478,025</u>	<u>4,195,835</u>	<u>5,521,678</u>	<u>6,326,494</u>
Business-type activities:										
Charges for services	42,541	51,021	47,008	43,301	67,639	80,632	72,442	116,110	108,777	107,993
Operating grants and contributions										
Capital grants and contributions										
Total business-type activities program revenues	<u>42,541</u>	<u>51,021</u>	<u>47,008</u>	<u>43,301</u>	<u>67,639</u>	<u>80,632</u>	<u>72,442</u>	<u>116,110</u>	<u>108,777</u>	<u>107,993</u>
Total district program revenues	<u>\$ 1,221,627</u>	<u>\$ 1,480,318</u>	<u>\$ 1,582,283</u>	<u>\$ 1,591,375</u>	<u>\$ 1,952,028</u>	<u>\$ 1,808,344</u>	<u>\$ 3,550,467</u>	<u>\$ 4,311,945</u>	<u>\$ 5,630,455</u>	<u>\$ 6,434,487</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (12,545,747)	\$ (12,465,949)	\$ (12,298,723)	\$ (12,777,728)	\$ (13,238,611)	\$ (13,596,322)	\$ (13,655,806)	\$ (13,895,920)	\$ (14,051,352)	\$ (15,388,110)
Business-type activities	(6,922)	2,563	(4,889)	(4,792)	12,071	7,663	(1,972)	34,707	(6,428)	(4,711)
Total district-wide net expense	<u>\$ (12,552,669)</u>	<u>\$ (12,463,386)</u>	<u>\$ (12,303,612)</u>	<u>\$ (12,782,520)</u>	<u>\$ (13,226,540)</u>	<u>\$ (13,588,659)</u>	<u>\$ (13,657,778)</u>	<u>\$ (13,861,213)</u>	<u>\$ (14,057,780)</u>	<u>\$ (15,392,821)</u>

**City of Linwood School District**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**Unaudited**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,151,229	\$ 10,005,884	\$ 11,030,881	\$ 10,841,517	\$ 10,936,586	\$ 11,153,974	\$ 11,376,075	\$ 11,517,868	\$ 11,218,084	\$ 11,354,178
Taxes levied for debt service										
Unrestricted grants and contributions	1,919,639	1,547,814	1,593,406	1,862,286	1,668,517	1,702,738	1,620,550	1,658,433	1,720,436	1,699,323
Funds received from the City of Linwood	(25,909)	(13,019)	(309)	(309)	(3,366)	(297,966)	(173,228)	559,411	(222,098)	
Loss on Disposal of Equipment	120,636	118,677	107,414	112,549	105,357	123,852	115,181	73,897	62,641	70,041
Miscellaneous income										
Transfer to Enterprise Fund										
Cancellation of Construction in Progress										
Total governmental activities	<u>12,165,595</u>	<u>11,659,556</u>	<u>12,731,392</u>	<u>12,816,352</u>	<u>12,707,094</u>	<u>14,037,660</u>	<u>13,770,174</u>	<u>13,771,722</u>	<u>12,779,064</u>	<u>13,123,542</u>
Business-type activities:										
Investment earnings	287	207	138	49	65	42	53	75	233	305
Transfers										
Total business-type activities	<u>287</u>	<u>207</u>	<u>138</u>	<u>49</u>	<u>65</u>	<u>42</u>	<u>53</u>	<u>75</u>	<u>233</u>	<u>305</u>
Total district-wide	<u>\$ 12,165,882</u>	<u>\$ 11,659,563</u>	<u>\$ 12,731,530</u>	<u>\$ 12,816,401</u>	<u>\$ 12,707,159</u>	<u>\$ 14,037,702</u>	<u>\$ 13,770,227</u>	<u>\$ 13,771,797</u>	<u>\$ 12,779,297</u>	<u>\$ 13,123,847</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (380,152)	\$ (806,593)	\$ 432,669	\$ 38,624	\$ (531,517)	\$ 441,338	\$ 114,368	\$ (124,198)	\$ (1,272,288)	\$ (2,264,568)
Business-type activities	(6,635)	2,570	(4,751)	(4,743)	12,136	7,705	(1,919)	34,782	(6,196)	(4,406)
Total district	<u>\$ (386,787)</u>	<u>\$ (804,023)</u>	<u>\$ 427,918</u>	<u>\$ 33,881</u>	<u>\$ (519,381)</u>	<u>\$ 449,043</u>	<u>\$ 112,449</u>	<u>\$ (89,416)</u>	<u>\$ (1,278,484)</u>	<u>\$ (2,268,974)</u>

Source: CAFR Schedule A-2

**City of Linwood School District  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
Unaudited**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted										
Committed	\$ -	\$ -	\$ 1,859,907	\$ 2,495,255	\$ 1,112,779	\$ 930,624	\$ 824,903	\$ 912,772	\$ 633,754	\$ 620,503
Assigned			235,275	125,000	1062,588	1,175,166	1,158,161	1,472,763	1,779,019	1,872,702
Unassigned			275,259	278,585	332,993	365,027	520,809	488,138	340,033	17,268
Reserved	2,109,149	1,425,419			240,723	267,005	173,632	203,452	258,582	273,375
Unreserved	60,603	174,676								
Total general fund	\$ 2,169,752	\$ 1,600,095	\$ 2,370,441	\$ 2,898,840	\$ 2,749,083	\$ 2,737,822	\$ 2,677,505	\$ 3,077,125	\$ 3,011,388	\$ 2,783,848
All Other Governmental Funds										
Reserved	\$ 182,569	\$ 96,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Total all other governmental funds	\$ 182,569	\$ 96,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: CAFR Schedule B-1

City of Linwood School District  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	10,151,229	10,005,884	11,030,881	10,841,517	10,936,586	11,153,974	11,376,075	11,517,868	11,218,084	11,354,178
Tuition charges	43,466	22,500	34,392	28,000	10,452	88,885	144,055	162,002	212,747	217,547
Interest earnings	2,010	43,466	30,626	35,321	21,613	7,227	4,646	6,428	17,617	22,735
Miscellaneous	12,465	240,106	368,394	262,451	331,266	250,345	219,323	124,075	116,057	64,822
State sources	2,787,982	2,245,376	2,499,772	2,880,138	3,060,981	2,912,569	3,000,729	3,239,709	2,152,355	5,267,260
Federal sources	233,208	544,340	299,559	317,000	233,952	295,276	228,878	259,551	266,271	289,563
Total revenue	13,230,360	13,101,672	14,263,624	14,364,427	14,594,850	14,708,276	14,975,488	15,307,851	13,983,131	17,216,106
<b>Expenditures</b>										
Instruction										
Regular Instruction	4,352,544	3,950,965	3,975,422	4,192,618	4,274,823	4,558,263	4,587,761	4,451,480	4,351,507	4,185,206
Special education instruction	1,391,567	1,439,633	1,495,039	1,384,081	1,314,662	1,395,067	1,203,680	1,219,191	1,267,296	1,372,835
Other special instruction	248,242	298,514	303,072	300,685	331,907	384,454	373,873	309,639	341,069	386,041
Other instruction	92,712	110,236	106,716	108,608	109,104	123,252	117,197	116,562	99,762	100,255
Support Services:										
Tuition	31,075	55,202	37,162	38,720	50,062	122,377	130,598	159,964	144,291	164,766
Student & instruction related services	1,410,658	1,529,323	1,473,515	1,569,666	1,648,111	1,594,587	1,547,111	1,526,260	1,633,683	1,583,333
General administrative services	378,985	449,689	452,185	381,807	422,777	298,192	441,162	445,944	399,135	397,483
School Administrative services	460,123	412,196	412,033	419,755	434,729	432,573	374,394	431,856	400,590	409,287
Business Administrative & Technology Services	333,422	307,218	363,113	385,275	402,754	362,012	378,535	367,438	375,123	445,222
Plant operations and maintenance	1,363,287	1,368,709	1,246,655	1,310,578	1,325,880	1,291,734	1,437,144	1,249,159	1,274,720	1,486,167
Pupil transportation	101,937	118,621	95,444	88,831	74,456	91,843	94,284	98,697	131,680	103,548
Unallocated employee benefits	2,055,131	2,271,701	2,303,257	2,373,003	2,571,533	2,697,307	2,665,760	2,717,064	3,195,920	6,519,159
On Behalf Payments - TPAF & FICA	864,498	860,243	904,379	1,082,988	1,392,381	1,208,934	1,379,112	1,580,105		
Charter Schools										
Capital outlay	375,867	595,324	325,287	199,412	391,428	1,514,004	1,136,790	794,283	330,093	390,344
Debt service:										
Principal										
Interest and other charges										
Total expenditures	13,460,048	13,767,574	13,493,279	13,836,027	14,744,607	16,074,599	15,867,401	15,467,642	13,948,869	17,543,645
Excess (Deficiency) of revenues over (under) expenditures	(229,688)	(665,902)	770,345	528,400	(149,757)	(1,366,323)	(891,913)	(159,791)	34,262	(327,540)
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)										
Bond proceeds										
Transfer from capital reserves										
Transfers in	165,000					1,355,062	831,596	559,411		
Transfers out										
Total other financing sources (uses)	165,000	-	-	-	-	1,355,062	831,596	559,411	-	-
Net change in fund balances	\$ (64,688)	\$ (665,902)	\$ 770,345	\$ 528,400	\$ (149,757)	\$ (11,261)	\$ (60,317)	\$ 399,620	\$ 34,262	\$ (327,540)
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

**City of Linwood School District**  
**General & Special Revenue Fund Other Local Revenue By Source**  
**Last Ten Years**  
**Unaudited**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Building</u> <u>Use And</u> <u>Rentals</u>	<u>Shared</u> <u>Services</u> <u>Revenue</u>	<u>Misc.</u>	<u>Total</u>
2009	52,849	30,896	13,650		100,775	198,170
2010	43,466	22,500	20,091	116,798	103,217	306,072
2011	30,626	34,392	29,225	194,794	144,375	433,412
2012	35,321	28,000	32,275	159,354	70,822	325,772
2013	21,614	10,452	10,840	209,722	110,703	363,331
2014	7,227	88,885	14,475	82,837	153,033	346,457
2015	6,428	144,055	14,213	32,273	172,837	369,806
2016	4,646	162,002	19,775	-	104,300	290,723
2017	17,617	212,747	19,505	-	40,854	290,723
2018	22,735	217,547	17,380	-	47,442	305,104

Source: District Records



**City of Linwood School District**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2009	14,640,900	676,693,900	749,400	34,600	87,633,100	779,751,900	694,344	780,446,244	1.444	1,266,655,076
2010	14,155,200	683,098,000	749,400	34,600	86,453,100	784,490,300	653,040	785,143,340	1.492	1,198,611,612
2011	14,045,800	681,296,900	749,400	34,600	96,181,000	792,307,700	568,851	792,876,551	1.527	1,212,931,431
2012	14,045,800	677,447,400	749,400	34,600	96,181,000	788,458,200	584,044	789,042,244	1.381	1,059,201,391
2013	13,303,800	668,610,000	749,400	34,600	96,528,400	779,226,200	577,697	779,803,897	1.417	1,058,617,347 <sup>c</sup>
2014	17,950,900	860,628,300	841,900	38,300	129,366,000	1,008,825,400	591,504	1,009,416,904	1.116	1,015,360,682
2015	18,239,300	845,963,100	876,200	38,300	120,935,300	986,052,200		986,052,200	1.160	996,616,333
2016	17,526,500	842,408,500	876,200	38,300	117,900,700	978,750,200		978,750,200	1.162	958,713,096
2017	15,718,000	828,083,400			117,749,100	961,550,500		961,550,500	1.174	958,713,096
2018	14,122,400	817,881,000			117,903,400	949,906,800		949,906,800	1.203	949,695,300

Source: District records Tax list summary & Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

**a** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

**b** Tax rates are per \$100 of Assessed Valuation

**c** A majority of the difference between the net valuation taxable and the estimated actual value is due to a tax abatement program within the District which is not deducted from the estimated actual value.

**City of Linwood School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	City of Linwood School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total District	Mainland Regional High School District	City of Linwood	Atlantic County <sup>c</sup>	
2009	1.291	0.153	1.444	0.647	0.922	0.436	3.449
2010	1.340	0.152	1.492	0.733	0.954	0.473	3.652
2011	1.380	0.147	1.527	0.776	0.976	0.505	3.784
2012	1.381	0.129	1.510	0.784	0.992	0.491	3.777
2013	1.417	0.131	1.548	0.799	0.999	0.582	3.928
2014	1.116	0.040	1.156	0.629	0.877	0.438	3.100
2015	1.160	0.043	1.203	0.648	0.902	0.472	3.225
2016	1.162	0.050	1.212	0.645	0.900	0.465	3.222
2017	1.174	0.057	1.231	0.684	0.928	0.491	3.334
2018	1.203	0.059	1.262	0.708	0.948	0.484	3.402

Source: District Records and Municipal Tax Collector

**Note:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements. The District is a Type I District and does not issue debt directly.

**c** Includes the general County tax as well as the County Health and Open Spaces taxes.

**City of Linwood School District  
Principal Property Tax Payers,  
Current Year and Ten Years Ago**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Stablis Master Fund, LLC	\$ 21,913,063	1	2.31%			
Central Square	9,668,012	2	1.02%	7,107,100	3	0.91%
Brandall Estates, LLC	7,350,088	3	0.77%	7,065,500	2	0.91%
Linwood Care Property LLC	6,693,382	4	0.70%			
Central Park East	5,880,071	5	0.62%	5,388,200	4	0.69%
Linwood Golf & Country Club	3,528,042	6	0.37%	4,190,800	5	0.54%
Edmunds, Robert	3,060,464	7	0.32%			
Linwood Professional Plaza	2,959,342	8	0.31%	2,436,600	7	0.31%
New Road Associates	2,770,101	9	0.29%			
Alexon Enterprises	2,538,720	10	0.27%	2,024,600	8	0.26%
CPL				9,208,000	1	1.18%
CCC Atlantic				4,236,900	6	0.54%
Access 1 Communications				2,019,900	9	0.26%
<b>Total</b>	<b>\$ 66,361,286</b>		<b>6.99%</b>	<b>\$ 43,677,600</b>		<b>5.60%</b>

Source: District CAFR & Municipal Tax Assessor

**City of Linwood School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

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	
2009	10,151,229	10,151,229	100.00%	-
2010	10,005,884	10,005,884	100.00%	-
2011	11,030,881	11,030,881	100.00%	-
2012	10,841,517	10,841,517	100.00%	-
2013	10,936,586	10,936,586	100.00%	-
2014	11,153,974	11,153,974	100.00%	-
2015	11,376,075	11,376,075	100.00%	-
2016	11,517,868	11,517,868	100.00%	-
2017	11,517,868	11,517,868	100.00%	-
2018	11,354,178	11,354,178	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

**Note:** School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**City of Linwood School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <b>b</b>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2009	8,095,000			230,778		8,325,778	3.00%	32,702
2010	7,814,251			230,778		8,045,029	2.96%	38,348
2011	6,618,881					6,618,881	2.35%	38,305
2012	5,487,514					5,487,514	1.92%	39,718
2013	4,591,815			2265000		6,856,815	2.38%	40,453
2014	3,316,323			2,265,000		5,581,323	1.90%	40,848
2015	3,076,007			3,502,000		6,578,007	2.20%	41,945
2016	2,740,691			3,502,000		6,242,691	1.87%	42,974
2017	2,410,375			3,447,000		5,857,375	1.93%	44,254
2018	2,057,864			3,362,000		5,419,864	1.79%	44,254

Source: City of Linwood Finance Office Records

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**b** The District was a Type I District and did not directly issue debt. Bonds were issued by the City of Linwood.

**City of Linwood School District**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>c</sup>
	General Obligation Bonds <sup>b</sup>	Deductions	Net General Bonded Debt Outstanding		
2009	8,095,000	-	8,095,000	1.55%	32,702
2010	7,814,251	-	7,814,251	1.00%	38,348
2011	6,618,881	-	6,618,881	0.84%	38,305
2012	5,487,514	-	5,487,514	0.70%	39,718
2013	4,591,815	-	4,591,815	0.58%	40,453
2014	3,316,323	-	3,316,323	0.42%	40,848
2015	3,076,007	-	3,076,007	0.39%	41,945
2016	2,740,691	-	2,740,691	0.27%	42,974
2017	2,410,375	-	2,410,375	0.24%	44,254
2018	2,057,864	-	2,057,864	0.21%	44,254

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** The District was a Type I District and did not directly issue debt. Bonds were issued by the City of Linwood.

**c** Population data can be found in Exhibit NJ J-14.

**City of Linwood School District**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of December 31, 2017**  
**Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
City of Linwood	\$ 11,294,227	100.00%	\$ 11,294,227
<b>Other debt</b>			
Mainland Regional High School Debt (City's Share)		32.39%	-
County of Atlantic (City's Share)		2.44%	-
Subtotal, Overlapping Debt			<u>11,294,227</u>
<b>Linwood School District Direct Debt</b>			<u>5,419,864</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 16,714,091</u>

**Sources:** Linwood Finance Officer, Atlantic County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Linwood. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**City of Linwood School District  
Legal Debt Margin Information,  
Last Ten Fiscal Years  
Unaudited**

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

Equalized valuation basis	
2017	
2016	933,209,573
2015	965,865,609
[A]	<u>\$ 1,899,075,182</u>
[A/3]	\$ 633,025,061
Debt Limit (3% of Avg Equal Value)	[B] 18,990,752 <sup>a</sup>
Net school debt	[C] 5,419,864
Legal debt margin	<u>[B-C] \$ 13,570,888</u>

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Average equalized valuation of taxable property										
Debt limit	\$ 33,914,251	\$ 36,486,737	\$ 37,607,291	\$ 37,175,817	\$ 36,387,943	\$ 31,776,042	\$ 32,179,753	\$ 30,058,294	\$ 29,187,087	\$ 18,990,752
Total net debt applicable to limit	<u>11,484,210</u>	<u>8,095,000</u>	<u>7,814,251</u>	<u>6,618,881</u>	<u>5,487,514</u>	<u>4,591,815</u>	<u>7,806,323</u>	<u>6,242,691</u>	<u>5,857,375</u>	<u>5,419,864</u>
Legal debt margin	<u>\$ 22,430,041</u>	<u>\$ 28,391,737</u>	<u>\$ 29,793,040</u>	<u>\$ 30,556,936</u>	<u>\$ 30,900,429</u>	<u>\$ 27,184,227</u>	<u>\$ 24,373,430</u>	<u>\$ 23,815,603</u>	<u>\$ 23,329,712</u>	<u>\$ 13,570,888</u>
Total net debt applicable to the limit as a percentage of debt limit	33.86%	22.19%	20.78%	17.80%	15.08%	14.45%	24.26%	20.77%	20.07%	28.54%

Source: Abstract of Rates and District Records CAFR Schedule J-7

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts



**City of Linwood School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2009	7,225	277,064,300	38,348	8.3%
2010	7,091	271,620,755	38,305	8.5%
2011	7,082	281,282,876	39,718	8.6%
2012	7,074	286,164,522	40,453	8.6%
2013	7,062	288,468,576	40,848	9.0%
2014	7,016	294,286,120	41,945	7.2%
2015	6,944	298,411,456	42,974	6.6%
2016	6,892	304,998,568	44,254	5.8%
2017	6,855	303,361,170	44,254	5.8%
2018	6,855	303,361,170	44,254	5.8%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development - most current information is as of 7/1/2014

<sup>b</sup> Personal income provided by the NJ Dept of Labor and Workforce Development- most current information is as of March 2017

<sup>c</sup> Per Capita information provided by Labor Report of Per Capita Income, Atlantic County

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

City of Linwood School District  
Principal Employers,  
Current Year and Nine Years Ago

Employer	2018		2009		Percentage of Total Employment
	Employees	Rank (Optional)	Employees	Rank (Optional)	
		NOT AVAILABLE		NOT AVAILABLE	
	-		-		0.00%

**City of Linwood School District  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	60.8	64.0	59.5	60.3	60.1	60.4	59.5	58.1	53.2	53.9
Special education	37.8	45.2	45.4	45.0	42.0	37.5	37.4	40.5	41.3	39.4
Other special education	4.2	7.6	6.0	5.4	6.3	8.1	7.6	6.5	5.0	6.0
Other instruction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & instruction related services	19.5	11.2	15.7	15.3	15.0	15.7	15.7	11.9	15.2	15.1
General administrative services	2.2	2.2	2.3	2.2	2.3	2.3	2.3	2.3	1.7	2.2
School administrative services	6.1	6.0	6.1	6.1	5.6	5.6	5.6	5.0	5.0	5.0
Business administrative & Technology services	3.9	3.8	4.1	4.1	4.4	4.2	4.3	4.0	3.8	4.8
Plant operations and maintenance	21.8	18.0	17.5	17.1	15.3	15.8	15.9	15.9	15.8	15.6
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Child Care	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
<b>Total</b>	<b>157.0</b>	<b>158.7</b>	<b>157.1</b>	<b>156.2</b>	<b>151.6</b>	<b>150.4</b>	<b>149.0</b>	<b>144.9</b>	<b>141.8</b>	<b>142.1</b>

**Source:** District Personnel Records

City of Linwood School District  
Operating Statistics  
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2009	977	13,084,181	13,392	2.19%	84.1	1:11	1:14	977.6	940.4	-2.80%	96.50%	
2010	945	13,172,250	13,939	4.08%	88.6	1:13	1:13	941.2	903.4	-3.72%	96.20%	
2011	901	13,167,992	14,615	4.85%	86.3	1:11	1:11	910.3	875.9	-3.28%	96.00%	
2012	890	13,636,615	15,322	4.84%	81.6	1:11	1:11	884.7	856.8	-2.81%	96.20%	
2013	885	14,353,179	16,218	5.85%	81.8	1:10	1:12	889.6	856.1	0.55%	96.80%	
2014	863	14,560,595	16,872	4.03%	83.1	1:13	1:12	868.0	835.1	-2.43%	96.20%	
2015	860	14,730,611	17,129	1.52%	82.6	1:14	1:15	863.9	828.8	-0.47%	96.22%	
2016	835	14,673,359	17,573	2.59%	81.5	1:15	1:19	838.8	804.6	-2.90%	95.93%	
2017	836	13,618,776	16,290	-7.30%	79.1	1:16	1:20	843.2	806.6	0.52%	95.66%	
2018	822	17,153,302	20,868	28.10%	78.4	1:16	1:19	820.0	782.8	-2.75%	95.47%	

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

City of Linwood School District  
 School Building Information  
 Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Elementary</b>										
Seaview Elementary School (1961)										
Square Feet	72,019	72,019	72,019	72,019	72,019	72,019	72,019	72,019	72,019	72,019
Capacity (students)	417	417	417	417	417	417	417	417	417	417
Enrollment	531	504	435	462	438	444	446	435	439	423
<b>Middle School</b>										
Belhaven Middle School (1908)										
Square Feet	109,278	109,278	109,278	109,278	109,278	109,278	109,278	109,278	109,278	109,278
Capacity (students)	537	537	537	537	537	537	537	537	537	537
Enrollment	446	441	466	428	448	419	417	403	397	399
<b>Other</b>										
Poplar School Building (1961)										
Square Feet	17,305	17,305	17,305	17,305	17,305	17,305	-	-	-	-

Note: Poplar School was turned over to the City effective June 23, 2014

Number of Schools at June 30, 2017  
 Early Learning Center = 0  
 Elementary = 1  
 Middle School = 1  
 Other = 0

Source: District records, ASSA

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-XXX

School Facilities	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Seaview Elementary	144,929	72,360	66,538	71,848	\$ 38,662	\$ 76,307	\$ 102,084	\$ 33,799	\$ 76,136	\$ 70,743
Belhaven Middle School	142,458	96,895	108,467	157,556	63,307	118,863	103,730	91,521	107,891	100,139
Poplar Avenue School	-	-	-	-	1,618	6,702	1,957	3,259	3,310	1,591
<b>Total School Facilities</b>	<b>287,387</b>	<b>169,255</b>	<b>175,005</b>	<b>229,403</b>	<b>103,587</b>	<b>201,872</b>	<b>207,770</b>	<b>128,579</b>	<b>187,337</b>	<b>172,473</b>
Other Facilities	147,391	147,790	140,144	165,480	202,925	195,835	190,527	187,292	169,038	172,078
<b>Grand Total</b>	<b>\$ 434,778</b>	<b>\$ 317,045</b>	<b>\$ 315,149</b>	<b>\$ 394,883</b>	<b>\$ 306,512</b>	<b>\$ 397,707</b>	<b>\$ 398,297</b>	<b>\$ 315,871</b>	<b>\$ 356,375</b>	<b>\$ 344,551</b>

**City of Linwood School District  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2018  
Unaudited**

Company	Type of Coverage	Coverage	Deductible
Atlantic and Cape May Counties School Business Officials Joint Insurance Fund	Package Policy		
	Property- Blanket Building & Contents including Equip.	\$175,000 Pool Limit	\$500 per loss
	Auto Physical Damage	ACV	\$500 per loss
Reinsurer	Crime	\$50,000 per loss	\$500 per loss
Great American Insurance Company	Boiler & Machinery	\$125,000 Pool Limit	\$1,000 per loss
	General Liability	\$20,000,000 per Occurrence	None
	Auto Liability	Included in above	None
	Uninsured Motorist Coverage	\$15,000/30,000/5,000	None
	Employee Benefits Liability	\$20,000,000 Aggregate	None
Spell	Educator's Legal Liability	\$20,000,000 per claim \$20,000,000 Aggregate	None None
Spell & Safety National Causalty Corp.	Workers Compensation	Coverage A Statutory Coverage B \$10,000,000 per Occurrence/Aggregate	None None
Beazley/Lloyds of London	Pollution Liability	\$3,000,000 per Incident \$6,000,000 Aggregate \$100,000 First Party Clean Up	\$25,000
Lexington Insurance	Cyber Liability	\$1,000,000 Security & Privacy \$1,000,000 Extortion	\$25,000 \$25,000
Zurich Insurance (Bollinger)	Student & Volunteer Accident Coverage	\$1,000,000 Full Excess 5 Year Benefit	None
Selective Insurance Company	Public Official Bonds		-
	Treasurer- Kelly Batz	\$200,000	None
	Business Administrator-Teri Weeks	\$100,000	None

Source: District Insurance Policies

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## **Single Audit Section**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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**K-1 INDEPENDENT AUDITOR'S REPORT  
ON FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable President and  
Members of the Board of Education  
City of Linwood School District School District  
City of Linwood, New Jersey  
County of Atlantic

We have audited the basic financial statements of the Board of Education of the City of Linwood School District School State of New Jersey, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 25, 2019. 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 audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Linwood School District's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of City of Linwood School internal control. Accordingly, we do not express an opinion on the effectiveness of District'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.

### **Compliance and Other Matters**

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

### **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 City of Linwood School District's internal control over compliance. This report is an integral part of the audit performed in accordance with Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Ford, Scott & Associates, L.L.C.***  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

***Michael S. Garcia***

Michael S. Garcia  
Certified Public Accountant  
Licensed Public School Accountant  
No. 2080

January 25, 2019



# FORD - SCOTT

& ASSOCIATES, L.L.C.

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**K-2 INDEPENDENT AUDITOR'S REPORT**  
**ON COMPLIANCE FOR EACH MAJOR PROGRAM; ON INTERNAL CONTROL OVER**  
**COMPLIANCE; AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**

The Honorable President and  
Members of Board of Education  
City of Linwood School District  
City of Linwood, New Jersey  
County of Atlantic

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

We have audited the City of Linwood School District's State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018. The City of Linwood School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Linwood School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB 15-08. Those standards, the Uniform Guidance and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the City of Linwood School District's (a component unit of the City of Linwood) compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of the City of Linwood School District's compliance.

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

In our opinion, the City of Linwood School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

### **Report on Internal Control over Compliance**

Management of the City of Linwood School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Linwood School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Linwood School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 federal 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 federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedules of Expenditures of Federal Awards Required by the Uniform Guidance and Expenditures of State Financial Assistance Required by NJ OMB 15-08**

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the City of Linwood School District as of and for the year ended June 30, 2018, and have issued our report thereon dated January 25, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Michael S. Garcia*

Michael S. Garcia  
Certified Public Accountant  
Licensed Public School Accountant  
No. 2080

January 25, 2019

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**CITY OF LINWOOD SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Fiscal Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance 6/30/17	Carryover/Amount	Cash Received	Budgetary Expenditures			Repayment of Prior Years' Balances	Deferred Revenue 6/30/18	(Accounts Receivable) 6/30/18	Due to Grantor at 6/30/18	
									Pass Through	Source	Total					
									Direct		Adjustments					
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education:</b>																
General Fund																
None																
Total General Fund																
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education</b>																
<b>Special Revenue Fund:</b>																
No Child Left Behind (NCLB)																
Title I	84.010A	5010A150030	NCLB-2680-17	07/01/16-06/30/17	56,930	(18,899)	18,899	18,899	68,307	61,489	-	-	-	-	-	-
Title I	84.010A	5010A150030	NCLB-2680-18	07/01/17-06/30/18	68,307		61,547	61,547	10,000	10,000				(6,760)		
Title IV	84.424	S424A170031	NCLB-2680-18	07/01/17-06/30/18	10,000		10,000	10,000	21,368	21,368				(724)		
Title II A	84.367A	S367A150029	NCLB-2680-18	07/01/17-06/30/18	21,368		20,644	20,644	18,000	18,000				(18,000)		
Impact Aid	84.938C	S938C18005	N/A	07/01/17-6/30/18	18,000											
<b>Special Education Cluster (IDEA)</b>																
IDEA Part B, Basic Regular	84.027	H027A150100	FT-2680-17	07/01/16-06/30/17	180,710	(41,947)	41,947	41,947	181,479	181,479				(15,712)		
IDEA Part B, Basic Regular	84.027	H027A150100	FT-2680-18	07/01/17-06/30/18	181,479		165,767	165,767	9,444	9,444						
IDEA Part B, Preschool	84.173	H173A150114	PT-2680-18	07/01/17-06/30/18	9,471	(215)	9,444	9,444								
IDEA Part B, Preschool	84.173	H173A150114	PT-2680-17	07/01/16-06/30/17	9,471		215	215								
Total Special Revenue Fund					328,463	(61,061)	328,463	328,463	308,598	301,780				(41,196)		
Total Federal Financial Assistance					(61,061)				308,598	301,780				(41,196)		

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

**City of Linwood School District  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year Ended June 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Balance	Carryover/Amount	Cash 6/30/18	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments	Deferred Revenue 6/30/18	(Accounts Receivable) 6/30/18	Due to Grantor at 6/30/18	Budgetary Receivable 6/30/18	Cumulative Total Expenditures	Memo
<b>State Department of Education</b>														
General Fund:														
State Aid Public Cluster:														
Security Aid	18-495-034-5120-084	07/01/17-06/30/18	\$ 64,088	\$	\$	\$ 64,088	\$ 64,088	\$	\$	\$	\$	\$ 6,009	\$ 64,088	
Transportation Aid	18-495-034-5120-014	07/01/17-06/30/18	102,504			102,504	102,504					9,612	102,504	
Special Education Aid	18-495-034-5120-089	07/01/17-06/30/18	487,951			487,951	487,951					45,755	487,951	
Equalization Aid	18-495-034-5120-078	07/01/17-06/30/18	128,197			128,197	128,197					12,021	128,197	
Adjustment Aid	18-495-045-5120-085	07/01/17-06/30/18	773,175			741,581	741,581					68,592	741,581	
Per Pupil Growth Aid	18-495-034-5120-097	07/01/17-06/30/18	8,005			8,005	8,005					760	8,005	
PARCC Readiness Aid	18-495-034-5120-098	07/01/17-06/30/18	8,005			8,005	8,005					760	8,005	
Professional Learning Communities	18-495-034-5120-101	07/01/17-06/30/18	7,770			7,770	7,770					710	7,770	
Other State Aid														
Non-Public Transportation Aid	18-495-045-5120-014	07/01/17-06/30/18	870				870			(870)			870	
Non-Public Transportation Aid	17-495-045-5120-014	07/01/16-06/30/17	174	(174)		174								
Extraordinary Aid	17-100-034-5120-473	07/01/16-06/30/17	140,995	(140,995)		140,995								
Extraordinary Aid	18-100-034-5120-473	07/01/17-06/30/18	142,796				143,351			(143,351)			143,351	
On-Behalf TPAF Pension Contribution	18-495-034-5094-003	07/01/17-06/30/18	1,489,184			1,489,184	1,489,184						1,489,184	
On-Behalf OPEB- GASB 75	18-495-034-5094-003	07/01/17-06/30/18	1,640,556			1,640,556	1,640,556						1,640,556	
Reimbursed TPAF														
Social Security Contributions	18-495-034-5094-003	07/01/17-06/30/18	436,213	(18,924)		436,213	436,213			0			436,213	
Social Security Contributions	17-495-034-5094-003	07/01/16-06/30/17	431,155			18,924								
Total General Fund														
				(160,093)	0	5,274,147	5,258,275	0	0	(144,221)	0	144,219	5,258,275	
Special Revenue Fund:														
Non-Public Textbook Aid	18-100-034-5120-064	07/01/17-06/30/18	603			603	600				3		600	
Non-Public Technology Aid	18-100-034-5120-373	07/01/17-06/30/18	407			407	390				17		390	
Non-Public Technology Aid	17-100-034-5120-373	07/01/16-06/30/17	286	286				286						
Non-Public Security Aid	17-100-034-5120-509	07/01/16-06/30/17	550	550				550						
Non-Public Security Aid	18-100-034-5120-509	07/01/17-06/30/18	825			825	823				2		823	
Non-Public Nursing	18-100-034-5120-070	07/01/17-06/30/18	1,067			1,067	172				895		172	
Non-Public Nursing	17-100-034-5120-070	07/01/16-06/30/17	990	860				860						
Total Special Revenue Fund														
				1,696	0	2,902	1,985	1,696	0	0	917	0	1,985	
Total State Financial Assistance														
				(158,397)	-	5,277,049	5,260,260	1,696	-	(144,221)	917	144,219	5,260,260	
Less: On-Behalf Contributions														
							(3,129,740)							
							2,130,520							

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

**NOTE 1. GENERAL**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the City of Linwood School District. The School District is defined in Note 1(A) to the District’s basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies, is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food services fund, which are presented using the accrual basis of accounting, and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1(C) and 1(D) to the District’s basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the District’s basic financial statements. The basic financial statements present the General Fund and Special Revenue Fund on the GAAP basis. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$32,216. See the Note to the Required Supplementary Information/Budget to GAAP Reconciliation (Exhibit C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the General Fund and the Special Revenue Fund.

Federal and state award revenues are reported in the District’s basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>TPAF Pension</u>	<u>Total</u>
General Fund	\$ -	\$ 5,286,391	\$ (3,129,740)	\$ 2,156,651
Special Revenue Fund	257,347	1,985		259,332
	<u>257,347</u>	<u>5,288,376</u>	<u>(3,129,740)</u>	<u>2,415,983</u>
Total Financial Award Revenues	\$ <u>257,347</u>	\$ <u>5,288,376</u>	\$ <u>(3,129,740)</u>	\$ <u>2,415,983</u>

The On-Behalf Pension Contributions made for the district by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

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

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

**NOTE 5. OTHER**

The amount reported as TPAF Pension Contributions represent the amount paid by the state on behalf of the District for the year ended June 30, 2018. TPAF Social Security Contributions represent the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2018.

**City of Linwood School District  
 Schedule of Findings and Questioned Costs  
 For the Year Ending June 30, 2018**

**I. Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
1) Material weakness identified?	No
2) Significant Deficiencies identified?	No
Noncompliance material to basic financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
1) Material weakness identified?	N/A
2) Significant Deficiencies identified?	N/A
Type of auditor’s report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	N/A

Identification of major programs:		
	<b><u>CFDA Numbers</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
		N/A
Dollar threshold used to distinguish between type A and type B programs:		N/A
Auditee qualified as low-risk auditee?		N/A

City of Linwood School District  
 Schedule of Findings and Questioned Costs  
 For the Year Ending June 30, 2018  
 (Continued)

**I. Summary of Auditor’s Results (Continued)**

**State Awards**

Dollar threshold used to distinguish between type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Internal Control over major programs:	
1) Material weakness identified?	No
2) Significant Deficiencies identified?	None Reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08?	No
Identification of major programs:	

**GMIS Numbers**

**Name of State Program**

18-495-034-5120-084

Reimbursed TPAF Social Security Contributions

City of Linwood School District  
Schedule of Findings and Questioned Costs  
For the Year Ending June 30, 2018  
(Continued)

II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

None

III. Federal Awards and State Financial Assistance Findings and Questioned Costs.

Federal:

N/A

State:

Our audit disclosed no material Findings or Questioned Costs.

Status of Prior Year Findings

None noted.